

NEWS RELEASE



United Engineers Achieved Record \$1.2 Billion Full Year Revenue and \$269.5 Million Net Profit

Directors Propose Dividend of 15 Cents Per Ordinary Stock

SINGAPORE, 28 February 2012 – United Engineers Limited (the “Group”) announced that its revenue for the year ended 31 December 2011 increased 108% to a record \$1.2 billion mainly due to the full revenue recognition from *Park Central @ AMK* and *The Rochester* for units sold under deferred payment scheme (DPS)*. Arising from the increased revenue, the Group’s net profit increased to \$269.5 million.

Based on the above financial performance, the directors are pleased to propose a first and final tax exempt (one-tier) dividend of 5 cents per ordinary stock and a special tax exempt (one-tier) dividend of 10 cents per ordinary stock to be paid out on 18 May 2012 to shareholders who are on the Register of Members on 7 May 2012.

Other income increased 23% to \$63.1 million due to higher revaluation gains from the Group’s investment properties and gain on disposal of investment properties at Tanjong Pagar. Other expenses increased 48% to \$29.5 million mainly due to impairment loss on available-for-sale investments, fair value losses from held for trading investments and higher foreign exchange losses. Finance costs increased 166% mainly due to the accounting treatment to cease the capitalisation of interest expense for projects that obtained TOP and higher borrowing used to finance working capital. Income tax expense increased 73% to \$58.5 million mainly due to higher operating profit.

* Following the adoption of INT FRS 115, the Group recognises revenue and profit for private residential projects sold under DPS only upon full completion based on the completion of construction (COC) method. This also includes public residential projects under Design, Build and Sell Scheme and executive condominiums. Construction is considered fully completed only upon obtaining temporary occupation permit (TOP).

Stable operations across all segments

In the Property Development segment, revenue increased 354% to \$767.5 million mainly due to the full revenue recognition from *Park Central @ AMK* and *The Rochester* for units sold under DPS. In addition, the sale of the remaining 58 units in *UE Print Media Hub* also contributed to the increase in revenue. Operating profit before interest increased 172% to \$228.9 million.

In the Property Rental & Services segment, revenue decreased 4% to \$142.6 million mainly due to lower rental contribution arising from the sale of the remaining 58 units in *UE Print Media Hub* which was partially offset by new rental contribution from *UE BizHub CENTRAL*. Operating profit before interest increased 28% to \$78.3 million.

In the Engineering & Construction segment, revenue increased 5% to \$415.5 million mainly due to the completion of projects. Operating profit before interest was \$55.0 million.

Recurring rental income as mainstay of revenue in 2012

The completion of major residential development projects like *The Rochester* and *Park Central @ AMK*, adoption of the COC method of recognising development profit, and a net surplus on revaluation of the Group's growing investment properties together contributed to a year of record profit. The COC method of accounting is expected to cause future development profit to fluctuate.

For 2012, the Group's focus will be on the execution of a number of major development projects – *UE BizHub EAST* in Changi Business Park, the Bendemeer Road/Whampoa East condominium, *Austville Residences* at Sengkang East Avenue/Buangkok Drive and *orchardgateway* at 277 Orchard Road (the former *Specialists' Centre/Hotel Phoenix*). However, these projects are not expected to contribute significantly to the Group's development profit in 2012. The Group expects that its turnover and operating profit will mainly be derived from recurring income from the Engineering & Construction and Property Rental & Services segments.

The Group's performance may also be affected by current global economic uncertainties and it will adopt a cautious approach in bidding for projects over the next 12 months.

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For more information, please contact:

David Lim
Corporate Communications & Investor Relations
United Engineers Limited
DID: 6818 8358
HP: 9677 3846
Email: davidlim@uel.sg

About United Engineers Limited

United Engineers Limited (“UEL”), founded in 1912, is one of Singapore’s pioneer companies and has played an integral role in the physical and economic transformation of Singapore. Building upon its early engineering roots, UEL has evolved into a dynamic corporation with key activities in engineering, construction and property. In view of the key role played by UEL in Singapore’s early development, the Singapore National Heritage Board has marked UEL’s flagship building, UE Square, a historic site in 2002. UEL is also the 11th oldest member in the Singapore International Chamber of Commerce.

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