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United Engineers H1 2014 Revenue Increases to \$1.96 Billion and Net Attributable Profit Rises to \$48.5 Million

SINGAPORE, 14 August 2014 – United Engineers Limited (the “Group”) today announced revenue for the first half ended 30 June 2014 (“H1 2014”) increased 345% to \$1.96 billion mainly due to the consolidation of half year revenue from WBL Corporation Limited (“WBL”) and its group of subsidiaries (the “WBL Group”). The full revenue recognition of *Austville Residences* which obtained Temporary Occupation Permit in April 2014 and progressive revenue recognition from sales of *Eight Riversuites* have also contributed to the increase in revenue. In line with the revenue increase, the Group’s gross profit increased 134% to \$236.8 million. Net attributable profit increased to \$48.5 million driven primarily by profit contribution from *Austville Residences*.

“The Group has been enhancing and unlocking value of the enlarged operations as well as growing its core businesses, following the successful integration with the WBL Group. We believe that we will be able to capitalise on the resources and geographical presence of the enlarged Group to expand its core businesses for the next phase of growth,” said Mr Norman Ip, Chairman of the Corporate Office.

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Segment Review

Business Segments	Revenue (\$ million)			Operating profit/(loss) before interest (\$ million)		
	H1 2014	H1 2013	Change (%)	H1 2014	H1 2013	Change (%)
Property Development	644.4	0.12	NM	54.8	(0.002)	NM
Property Rental & Services	117.0	98	19	44.3	28.5	55
Engineering & Construction	221.9	214.3	4	24.8	20.9	19
WBL Group	1,024.4	149.5 ¹	NM	(24.2)	(10.0) ¹	NM

NM: not meaningful

Property Development revenue was \$644.4 million with full revenue recognition from *Austville Residences* as well as progressive revenue from sales of *Eight Riversuites*. Operating profit before interest was \$54.8 million, compared with a marginal loss before interest in H1 2013 due to the absence of any revenue from property development.

Property Rental & Services revenue increased 19% to \$117.0 million mainly due to rental contribution from *UE BizHub WEST*. As a result, operating profit before interest increased 55% to \$44.3 million as compared to \$28.5 million in H1 2013.

Engineering & Construction revenue increased 4% to \$221.9 million mainly due to higher contributions from the Group's environmental engineering projects. Operating profit before interest increased 19% to \$24.8 million due to higher profit contributions from some of the completed projects in H1 2014.

In H1 2014, the **WBL Group** recorded a revenue of \$1.02 billion which was primarily contributed by its **Automotive** and **Technology** businesses. It recorded an operating loss before interest of \$24.2 million which was mainly due to losses incurred by the Group's NASDAQ-listed subsidiary Multi-Fineline Electronix, Inc. ("MFLEX") arising from excess manufacturing capacity, as well as losses from overseas property projects in China due to lower sales as a result of the cooling measures implemented by the Chinese government. These losses were partially offset by profits from its other business divisions.

¹ Consist of one month (June 2013) results. WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, the WBL Group was consolidated with the Group from the month of June 2013.

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Outlook

The property sector cooling measures implemented by the Singapore and Chinese governments will continue to affect sales and as such, the Group will remain cautious in bidding for new land sites in Singapore and China.

The Group is cautiously optimistic in the longer term about the **Automotive** business in view of the policy changes in Singapore's automotive industry and expects a sustained demand for its luxury and premium marques. The **Automotive** division will continue to focus on growing its businesses in Singapore and the Asia-Pacific region.

The construction demand in Singapore for 2014 is expected to remain relatively strong and this will likely have a positive impact on the Group's **Engineering & Construction** businesses. However, in view of the tightened foreign labour policies, the Group will continue to raise productivity through improving work processes and adopting new technologies.

As part of the Group's on-going strategic review of its operations and portfolio of businesses, the Group will continue to explore opportunities in enhancing and unlocking shareholder value. MFS Technology Ltd ("MFS"), which the Group has an effective interest of 57%, announced on 5 August 2014 that it has entered into a legally binding letter of offer with Novo Tellus PE Fund 1, L.P. and Navis Asia VII Management Company Limited for the sale of all assets and liabilities as identified on MFS' balance sheet for an aggregate consideration of approximately \$124.2 million.

On 8 August 2014, MFLEX, which the Group has an effective interest of 43%, announced that its capacity consolidation and restructuring exercise was substantially completed as at 30 June 2014, and the expected cost savings from the restructuring plan is on track. The improved cost structure is expected to continue to support recovery in profitability.

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About United Engineers Limited

United Engineers Limited (the "Group"), founded in 1912, is one of Singapore's pioneer companies that has played an integral role in the physical and economic transformation of Singapore. Building on its early engineering roots, the Group has evolved into a dynamic corporation with key businesses in property, engineering and construction. On 29 May 2013, the Group acquired a 56.8% stake in another centennial company, WBL Corporation Limited ("WBL"). Following this acquisition, the Group's businesses now include Automotive and Technology. On 8 May 2014, the Group increased its shareholding in WBL to 67.50%. The

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Group's flagship building *UE Square* was marked a historic site in 2002 by the Singapore National Heritage Board; the Group was also honoured as the 11th oldest company in the Singapore Chamber of Commerce.

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