



(Incorporated in Singapore)  
(Company Registration No. 191200018G)

## NEWS RELEASE

# Net Profit Increases 307% to \$172.9 Million, Revenue Decreases 12% to \$539.8

**SINGAPORE, 29 February 2008** – **United Engineers Limited** ('UE Group') today announced its net profit increased by 307% to \$172.9 million for 2007 although revenue fell by 12% to \$539.8 million.

For 2007, gross profit percentage improved to 19.3% compared to 15.8% for 2006 mainly due to more stringent project selection in the **Engineering and Construction ('E&C') Division** and higher rental rates from the **Integrated Facility Management ('IFM') Division**. Therefore, gross profit increased by \$7.5 million (8%) to \$104.4 million in 2007.

Other income increased by \$190.9 million (611%) to \$222.1 million in 2007 mainly due to a fair value gain of \$186.0 million in the valuation of UE Square, as well as fair value adjustments and gains from partial divestment of the Group's short-term investments in Yongnam and other investment properties.

Arising from the Group's development of its environmental engineering business in China, administrative expenses increased to \$66.6 million from \$48.5 million in 2006. Other expenses increased by \$56.8 million (423%) to \$70.2 million compared to \$13.4 million in 2006 mainly due to the following one-time items:

- A fair value charge of \$22.3 million (\$15 million after minority interest) arising from the Group's proposed disposal of its shareholding interest in Anhui Hefei United Power Generation Company Limited ('AHUP'); and
- Realisation of a foreign exchange translation reserve of \$18.8 million (cumulative since 1992) upon waiver of debts to an overseas subsidiary as well as higher provision for doubtful debts.

The share of profit from equity-accounted associates in 2007 declined by \$13.8 million (58%) to \$10.1 million mainly due to the lower contribution by AHUP as a result of increased coal prices. Arising from the proposed disposal, the Group ceased equity accounting of the results of AHUP with effect from 1 December 2007.

### **Attributable Profit**

The Group's attributable profit increased to \$176.2 million (406%) in 2007 compared to \$34.8 million in 2006.

Earnings per ordinary stock unit (EPS) increased to 80.4 cents compared to 16.1 cents in 2006.

Net asset per ordinary stock unit stood at \$3.55 as at 31 December 2007 compared to \$2.92 as at end of 2006. The increase in the net asset per ordinary stock unit was mainly due to fair value gains on disposal of investment properties and short-term investments.

### **Segment Review**

In the **E&C Division**, yearly comparison of results is not meaningful as progress billings of job completion vary from project to project. Revenue decreased by \$108.4 million (21%) to \$405.9 million in 2007. The E&C Division recorded fair value gains and gains from partial divestment of short-term investments and investment properties, resulting in an operating profit of \$14.3 million, compared to \$22.1 million in 2006.

The **IFM Division** (including property development activities) increased its revenue by \$22.4 million (19%) to \$138.1 million in 2007. This was mainly due to the higher rental income and occupancy in an improving economy. Its profit was also boosted by a fair value gain of \$186.0 million in the valuation of UE Square. Arising from higher revenue as well as fair value gain and gains on disposal of investment properties, the IFM Division's profit before interest and tax grew 456% to \$218.0 million.

## **Cash Flow and Balance Sheet Review**

In 2007, the Group divested UE Tech Park and its other smaller investment properties, and also partially divested its short-term investments. The Group also launched the sales of condominium project, *The Rochester*, located along South Buona Vista Road. Apart from the sales proceeds from these divestments, the Group's components of cash flow and balance sheet and changes in these components from 2006 to 2007 were the results of the Group's normal ongoing operations.

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### **About United Engineers Limited**

Established in 1912, the UE Group is a reputable corporation with key activities in Engineering, Construction and Integrated Facility Management. The Group's strong track record and end-to-end capabilities from Design, Build, and Manage have given it a competitive edge in today's business. One of the first listed companies in Singapore, the Group today has more than 5,000 employees and operations in about 12 countries across the Asia Pacific region.

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