

## NEWS RELEASE



### **Attributable profit up 770% to \$52 million**

#### **Growth underpinned by progressive property sales recognition**

**SINGAPORE, 24 February 2010** – **United Engineers Limited** ('the Group') increased revenue by \$79.1 million (13%) to \$703.7 million from \$624.6 million in 2008 mainly due to the progressive recognition of revenue from residential development projects, *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio, as well as an engineering project for the *Marina Bay Sands Integrated Resort*. Arising from the increased revenue, gross profit rose \$17.4 million (12%) to \$162.0 million in 2009. Gross profit percentage was 23.0% compared with 23.2% for 2008.

Other income increased \$6.0 million (133%) from \$4.6 million in 2008 to \$10.6 million mainly due to fair value gains from the Group's short-term investments.

In 2009, the Group recognised a surplus of \$745,000 on the revaluation of investment properties, compared with a deficit of \$570,000 in 2008. Other expenses decreased \$32.7 million (65%) from \$50.4 million in 2008 to \$17.7 million. Finance costs decreased from \$11.5 million in 2008 to \$10.1 million due to lower interest rates in 2009.

Income tax expense increased \$9.7 million (132%) from \$7.3 million in 2008 to \$17.0 million in line with higher operating profit as well as expenses not deductible for tax purposes.

The share of loss from equity-accounted associates and joint ventures was \$1.2 million compared with the share of profit of \$2.8 million in 2008.

### Improved Attributable Profit

The Group's attributable profit increased to \$52.2 million compared with \$6.0 million in 2008.

Earnings per ordinary stock unit was 22.1 cents compared with 2.7 cents in 2008.

Net asset per ordinary stock unit stood at \$3.43 as at 31 December 2009 compared with \$3.46 as at 31 December 2008.

### Segment Review

In the Engineering & Construction (E&C) Division, yearly comparison of results is not meaningful as progress billings of job completion vary from project to project. In 2009, revenue increased \$7.3 million (2%) to \$425.5 million mainly due to the completion of projects in the E&C Division. However gross margin decreased by \$1.7 million (3%) to \$47.0 million due to reduced margins for certain projects. The E&C Division recorded a fair value gain on short-term investments of \$6.0 million, resulting in an operating gain of \$10.7 million in 2009, compared with an operating loss of \$22.5 million in 2008 (which included provisions made for the *Fusionopolis* project and fair value losses on short-term investments).

The Integrated Facility Management (IFM) Division (including property development) increased its revenue by \$111.1 million (50%) to \$331.7 million in 2009. This was mainly due to the progressive recognition of revenue from residential development projects, *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio. The IFM Division's profit before interest and tax increased \$24.4 million (47%) to \$76.9 million in 2009 mainly due to the higher revenue.

### Healthy Cash Position

As at 31 December 2009, the Group had cash and cash equivalents of \$318 million. In 2009, the Group received net proceeds of \$128 million from the Rights Issue (as defined in the Company's Offer Information Statement dated 6 February 2009) and the balance of the sales proceeds of US\$60.4 (\$86) million arising from the disposal of the Group's shareholding interest in Anhui Hefei United Power Generation Company Limited. Out of the Rights Issue proceeds, \$50 million was utilised for the Group's property development projects, general working capital and repayment of amounts outstanding under a 5-year committed revolving credit facility. In 2009, the Group incurred total development expenditure of \$166 million for the *Vista Xchange* in one-north, *Park Central @ AMK* in Ang Mo Kio and *UE Biz Hub* in Changi Business Park.

### Cautious Outlook

The Group will continue to execute several large-scale building and infrastructure projects over the next 12 months. While existing projects will keep the Group busy, the Group will face stiffer competition in replenishing its order books due to the challenging environment brought about by the economic slowdown in Singapore and the countries it operates in. As the Singapore economy has improved, the Group remains cautiously positive about the outlook for 2010 and beyond.

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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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