UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Financial Statement Announcement
Unaudited Results For The Third Quarter And Nine Months Ended 30 September 2014

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q3 AND PERIOD ENDED 30 SEPTEMBER 2014 RESULTS

1(a)(i) Income statement

	Group					
	3 months ended			9 months ended		
	30/9/2014	30/9/2013	Change	**30/9/2014**	30/9/2013[1]	Change
	$000	$000	(%)	**$000**	$000	(%)
Revenue	**786,261**	731,957	7	**2,744,316**	1,171,933	134
Cost of sales	**(658,862)**	(638,618)	3	**(2,380,113)**	(977,477)	143
Gross profit	**127,399**	93,339	36	**364,203**	194,456	87
Other items of income						
Interest income	**1,389**	1,492	(7)	**4,953**	4,860	2
Other income	**2,305**	15,173	(85)	**32,269**	49,583	(35)
Other items of expense						
Distribution costs	**(29,545)**	(30,690)	(4)	**(89,260)**	(47,994)	86
Administrative expenses	**(46,074)**	(49,948)	(8)	**(140,152)**	(110,272)	27
Finance costs	**(9,821)**	(10,722)	(8)	**(33,099)**	(23,658)	40
Other expenses	**(7,282)**	(5,616)	30	**(26,236)**	(15,896)	65
Operating profit	**38,371**	13,028	195	**112,678**	51,079	121
Share of (loss)/profit from equity-accounted associates and joint ventures	**(994)**	6,664	NM	**(1,853)**	10,099	NM
Profit before tax	**37,377**	19,692	90	**110,825**	61,178	81
Income tax expense	**(10,450)**	(8,809)	19	**(50,963)**	(17,608)	189
Profit net of tax	**26,927**	10,883	147	**59,862**	43,570	37
Attributable to:						
Owners of the Company	**18,484**	12,548	47	**66,946**	35,403	89
Non-controlling interests	**8,443**	(1,665)	NM	**(7,084)**	8,167	NM
	26,927	10,883	147	**59,862**	43,570	37
Earnings per stock unit (cents)						
Basic	**2.9**	3.0		**10.5**	10.3	
Diluted	**2.9**	2.9		**10.5**	9.9	

NM: Not meaningful

[1] Include contribution from WBL Corporation Limited (WBL) and its subsidiaries (collectively WBL Group) for the period from June 2013 to September 2013 following the successful takeover offers for WBL which closed on 29 May 2013.

1(a)(ii) Other information

	Group			
	3 months ended		**9 months ended**	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Depreciation and amortisation	**(29,791)**	(32,798)	**(90,749)**	(49,573)
Foreign exchange gain/(loss)	**67**	(2,461)	**(554)**	(993)
Gain on deemed disposal of investments arising from business combinations	**–**	–	**–**	21,415
Gain on disposal of available-for-sale financial assets	**–**	12,317	**15**	12,317
Gain on disposal of held for trading investments	**–**	–	**–**	507
Gain on disposal of a joint venture	**7**	–	**727**	–
Gain on disposal of property, plant and equipment	**358**	74	**2,083**	792
Gain on sale of subsidiaries[(1)]	**6,862**	–	**15,086**	3,020
(Impairment loss)/reversal of impairment loss on property, plant and equipment[(2)]	**(1,812)**	–	**12,746**	–
Inventories written-down	**(2,659)**	(3,049)	**(6,190)**	(3,049)
(Loss)/gain on fair value adjustment on held for trading investments	**(27)**	4	**13**	1,519
Loss on disposal of assets of disposal group classified as held for sale	**(1,113)**	–	**(544)**	–
(Loss)/gain on re-measurement of a subsidiary reclassified as disposal group classified as held for sale[(1)]	**(6,939)**	–	**6,560**	–
Loss on liquidation of subsidiaries	**(500)**	–	**(4,401)**	–
Net impairment loss on trade and other receivables	**(1,022)**	(1,676)	**(1,838)**	(1,742)
Restructuring expenses[(2)]	**(1,256)**	–	**(20,396)**	–

Note:

(1) These relate mainly to the disposal of 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd (JWHY), which was announced in March 2014. The sale consideration and percentage of shareholding will be paid/transferred in three tranches. Following the disposal of the first and second tranche of 55.0% shareholding in JWHY, the remaining investment in JWHY have been re-measured to fair value and reclassified to disposal group classified as held for sale.

(2) In February 2014, one of the subsidiaries of the Group, Multi-Fineline Electronix, Inc. (MFLEX) announced its restructuring plan designed to return the company to profitability. The restructuring expenses were mainly incurred in connection with the restructuring plan and comprised mainly severance incurred for terminated employees, as announced by MFLEX in May 2014. These expenses were partially offset by a reversal of the impairment loss taken up by the Group in FY2013 on MFLEX's property, plant and equipment, so as to re-align with the impairment and restructuring charges as incurred and announced by MFLEX.

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		9 months ended	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Profit net of tax for the period	**26,927**	10,883	**59,862**	43,570
Other comprehensive income				
Items that will not be reclassified to income statement:				
Remeasurements of defined benefit pension plans	–	–	**(2,737)**	–
Items that may be reclassified subsequently to income statement:				
Gains/(losses) on exchange differences on translation, net of tax	**11,151**	(9,591)	**(441)**	(6,840)
Gains on remeasuring available-for-sale financial assets, net of tax*	**297**	11,922	**743**	12,120
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	**–**	–	**–**	(1,895)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax*	**–**	(11,922)	**–**	(11,922)
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	**–**	–	**–**	(19,520)
Share of other comprehensive income from equity-accounted associates, net of tax	**(1,977)**	982	**435**	(4,626)
	9,471	(8,609)	**737**	(32,683)
Other comprehensive income for the period, net of tax	**9,471**	(8,609)	**(2,000)**	(32,683)
Total comprehensive income for the period	**36,398**	2,274	**57,862**	10,887
Attributable to:				
Owners of the Company	**26,062**	4,932	**66,763**	2,681
Non-controlling interests	**10,336**	(2,658)	**(8,901)**	8,206
	36,398	2,274	**57,862**	10,887

* Mainly due to movement in available-for-sale reserve arising from fair value adjustment of an available-for-sale investment held by the Group.

1(b)(i) Statements of financial position

	Group		Company	
	30/9/2014	31/12/2013	**30/9/2014**	31/12/2013
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**443,231**	782,243	**23,666**	23,766
Investment properties	**1,852,043**	1,870,923	**675,096**	675,000
Intangible assets	**38,442**	86,938	**–**	–
Investments in subsidiaries	**–**	–	**1,478,610**	1,698,498
Investments in associates	**183,322**	195,059	**315**	315
Investments in joint ventures	**97,586**	114,565	**–**	–
Deferred tax assets	**33,791**	63,176	**–**	–
Other investments	**32,898**	32,274	**7,202**	7,202
Trade and other receivables	**11,024**	11,499	**–**	–
Total non-current assets	**2,692,337**	3,156,677	**2,184,889**	2,404,781
Current assets				
Inventories	**131,394**	303,099	**–**	–
Income tax receivables	**2,404**	2,614	**–**	–
Trade and other receivables	**478,201**	573,877	**48,399**	42,352
Other investments	**318**	305	**–**	–
Gross amount due from customers for contract work	**33,378**	23,953	**–**	–
Prepayments	**13,519**	15,601	**819**	1,285
Properties held for sale	**1,133,484**	1,609,536	**–**	–
Bank balances and deposits	**649,810**	905,399	**22,938**	38,399
	2,442,508	3,434,384	**72,156**	82,036
Assets of disposal group classified as held for sale[1]	**747,830**	349,174	**–**	–
Total current assets	**3,190,338**	3,783,558	**72,156**	82,036
Total assets	**5,882,675**	6,940,235	**2,257,045**	2,486,817
EQUITY AND LIABILITIES				
Equity				
Share capital	**806,661**	793,811	**806,661**	793,811
Treasury shares[2]	**(62,313)**	(62,313)	**–**	–
Retained earnings	**980,094**	943,447	**654,285**	657,678
Other reserves	**16,809**	36,715	**10,053**	24,705
Equity attributable to owners of the Company	**1,741,251**	1,711,660	**1,470,999**	1,476,194
Non-controlling interests	**651,406**	809,696	**–**	–
Total equity	**2,392,657**	2,521,356	**1,470,999**	1,476,194
Non-current liabilities				
Provisions	**72,791**	85,929	**–**	–
Deferred tax liabilities	**86,503**	116,184	**–**	68
Trade and other payables	**14,267**	15,493	**–**	–
Borrowings	**1,466,775**	1,769,209	**321,136**	354,341
Total non-current liabilities	**1,640,336**	1,986,815	**321,136**	354,409
Current liabilities				
Provisions	**22,460**	19,584	**–**	–
Income tax payable	**52,418**	114,333	**2,735**	4,580
Trade and other payables	**685,182**	1,114,435	**15,080**	20,412
Borrowings	**739,546**	1,113,067	**447,095**	631,222
Gross amount due to customers for contract work	**16,859**	20,059	**–**	–
	1,516,465	2,381,478	**464,910**	656,214
Liabilities of disposal group classified as held for sale[1]	**333,217**	50,586	**–**	–
Total current liabilities	**1,849,682**	2,432,064	**464,910**	656,214
Total liabilities	**3,490,018**	4,418,879	**786,046**	1,010,623
Total equity and liabilities	**5,882,675**	6,940,235	**2,257,045**	2,486,817

[1] Please refer to paragraph 8 for further details on the assets/liabilities of disposal group classified as held for sale.
[2] Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 30/9/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
139,174	600,372	501,295	611,772

(b) Amount repayable after one year

As at 30/9/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
1,147,869	318,906	1,198,424	570,785

(c) Details of any collaterals

The borrowings are secured by fixed and floating charges over certain assets of certain subsidiaries.

The borrowings within the liabilities of disposal group classified as held for sale is $165,824,000, of which $34,019,000 is secured against certain assets of certain subsidiaries within the disposal group.

1(c) Statement of cash flows

	Group			
	3 months ended		9 months ended	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Cash flows from operating activities				
Profit before tax	**37,377**	19,692	**110,825**	61,178
Amortisation of intangible assets	**1,036**	410	**3,062**	1,024
Depreciation of property, plant and equipment	**28,755**	32,388	**87,687**	48,549
Dividend income from other investment	**(442)**	–	**(1,839)**	(629)
Finance costs	**9,821**	10,722	**33,099**	23,658
Gain on deemed disposal of investments arising from business combinations	**–**	–	**–**	(21,415)
Gain on disposal of available-for sale financial assets	**–**	(12,317)	**(15)**	(12,317)
Gain on disposal of a joint venture	**(7)**	–	**(727)**	–
Gain on disposal of held for trading investments	**–**	–	**–**	(507)
Gain on disposal of property, plant and equipment	**(358)**	(74)	**(2,083)**	(792)
Impairment loss/(reversal of impairment loss) on property, plant and equipment	**1,812**	–	**(12,746)**	–
Interest income	**(1,389)**	(1,492)	**(4,953)**	(4,860)
Inventories written-down	**2,659**	3,049	**6,190**	3,049
Loss on disposal of assets of disposal group classified as held for sale	**1,113**	–	**544**	–
Loss/(gain) on fair value adjustment on held for trading investments	**27**	(4)	**(13)**	(1,519)
Loss/(gain) on re-measurement of a subsidiary reclassified as disposal group held for sale	**6,939**	–	**(6,560)**	–
Net gain on disposal of subsidiaries	**(6,362)**	–	**(10,685)**	(3,020)
Property, plant and equipment written-off	**12**	–	**594**	–
Share-based compensation expenses	**479**	–	**3,926**	–
Share of loss/(profit) from equity-accounted associates and joint ventures	**994**	(6,664)	**1,853**	(10,099)
Unrealised translation loss/(gain)	**1,737**	(6,434)	**(2,160)**	(8,008)
Operating cash flows before changes in working capital	**84,203**	39,276	**205,999**	74,292
Properties held for sale				
- Development expenditure	**(61,998)**	(70,838)	**(142,142)**	(147,853)
- Proceeds from progress billings	**26,209**	55,920	**297,105**	112,736
Increase/(decrease) in trade and other payables and provisions	**51,424**	106,493	**(24,158)**	98,797
(Increase)/ decrease in trade and other receivables	**(30,532)**	(110,178)	**(19,697)**	61,122
(Decrease)/Increase in gross amount due to customers for contract work	**(6,855)**	6,285	**(3,199)**	164
(Increase)/decrease in gross amount due from customers for contract work	**(4,484)**	104	**(8,916)**	(2,718)
(Increase)/decrease in inventories	**(41,925)**	(27,389)	**25,724**	(34,630)
Cash flows from/(used in) operations	**16,042**	(327)	**330,716**	161,910
Share-based payments	**–**	–	**(149)**	–
Income taxes paid	**(39,673)**	(10,415)	**(73,527)**	(24,546)
Interest paid	**(17,260)**	(18,277)	**(43,048)**	(30,550)
Interest received	**1,470**	1,918	**4,622**	4,865
Net cash flows (used in)/from operating activities	**(39,421)**	(27,101)	**218,614**	111,679

1(c) Statement of cash flows (*continued*)

	Group			
	3 months ended		9 months ended	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Cash flows from investing activities				
Acquisition of intangible assets	**(112)**	(527)	**(376)**	(8,825)
Acquisition of non-controlling interests	**(1,093)**	(19,384)	**(132,450)**	(19,384)
Acquisition of subsidiaries, net of cash acquired (Note A)	**–**	(274)	**–**	(307,523)
Addition to investment properties	**–**	–	**–**	(424,061)
Disposal of subsidiaries and a joint venture, net of cash disposed of (Note B)	**34,759**	–	**55,891**	4,471
Dividends received from joint ventures	**188**	–	**9,039**	–
Dividends received from other investments	**442**	–	**1,839**	629
Decrease/(increase) in amounts due from associates and joint ventures	**13,264**	(233)	**2,613**	2,686
Decrease/(increase) in loans to associates	**3,485**	(2,113)	**6,977**	(27,532)
Decrease in loans to joint ventures	**–**	34,100	**–**	34,100
Investments in associates	**–**	–	**–**	(300)
Investments in joint ventures	**–**	–	**(3,132)**	–
Proceeds from disposal of assets of disposal group classified as held for sale	**10,766**	–	**16,091**	–
Proceeds from dilution of interest in subsidiaries	**–**	3,230	**–**	3,230
Proceeds from disposal of available-for-sale financial assets	**–**	12,317	**132**	12,317
Proceeds from disposal of intangible assets	**–**	–	**68**	–
Proceeds from disposal of other investments	**–**	–	**–**	9,189
Proceeds from disposal of property, plant and equipment	**1,205**	2,669	**8,956**	4,648
Proceeds from repayment of loans	**353,326**	–	**353,326**	–
Purchase of property, plant and equipment	**(29,113)**	(42,236)	**(62,417)**	(56,352)
Properties development expenditure	**(4,233)**	(59,238)	**(126,394)**	(120,977)
Net cash flows from/(used in) investing activities	**382,884**	(71,689)	**130,163**	(893,684)
Cash flows from financing activities				
Contribution from non-controlling interests	**44**	–	**984**	–
(Decrease)/increase in trust receipts and bills payable	**(229)**	954	**900**	(743)
Dividends paid	**–**	–	**(43,110)**	(30,896)
Dividends paid to non-controlling interests of subsidiaries	**(301)**	(6,313)	**(12,207)**	(10,606)
(Decrease)/increase in short-term loans	**(100,245)**	(19,564)	**(38,571)**	17,564
Proceeds from issuance of shares upon exercise of share options	**–**	65	**806**	1,292
Proceeds from issuance of new ordinary shares	**–**	463,644	**–**	463,644
Proceeds from issuance of medium term notes	**–**	–	**–**	101,830
Proceeds from long-term loans	**74,757**	81,007	**148,147**	979,985
Repayment of long-term loans	**(328,354)**	(536,217)	**(591,584)**	(540,910)
Shares issuance expenses	**–**	(8,640)	**–**	(8,640)
Net cash flows (used in)/from financing activities	**(354,328)**	(25,064)	**(534,635)**	972,520
Net (decrease)/increase in cash and cash equivalents	**(10,865)**	(123,854)	**(185,858)**	190,515
Cash and cash equivalents, beginning balance	**713,953**	759,983	**888,946**	445,614
Cash and cash equivalents, ending balance	**703,088**	636,129	**703,088**	636,129
Cash and cash equivalents comprise:				
Bank balances and deposits	**649,810**	661,592	**649,810**	661,592
Bank balances and deposits within disposal group classified as held for sale	**76,427**	–	**76,427**	–
Bank overdrafts	**(23,149)**	(25,463)	**(23,149)**	(25,463)
Cash and cash equivalents	**703,088**	636,129	**703,088**	636,129

1(c) Statement of cash flows (*continued)*

Note A: The net assets arising from the acquisition of subsidiaries were computed based on provisional values and the cash flow effects of the acquisition were as follows:-

	Group			
	3 months ended		**9 months ended**	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Property, plant and equipment	**–**	–	**–**	601,606
Investment properties	**–**	–	**–**	38,455
Intangible assets	**–**	–	**–**	54,929
Investments in associates	**–**	–	**–**	38,549
Investments in joint ventures	**–**	–	**–**	78,771
Deferred tax assets	**–**	–	**–**	45,392
Other investments	**–**	–	**–**	64,503
Inventories	**–**	–	**–**	257,889
Trade and other receivables	**–**	–	**–**	335,512
Properties held for sale	**–**	–	**–**	499,786
Bank balances and deposits	**–**	–	**–**	400,669
Assets of disposal group classified as held for sale	**–**	–	**–**	4,540
Deferred tax liabilities	**–**	–	**–**	(23,106)
Other long term liabilities	**–**	–	**–**	(4,035)
Income tax payable	**–**	–	**–**	(25,319)
Trade and other payables	**–**	–	**–**	(444,722)
Borrowings	**–**	–	**–**	(604,876)
Net assets acquired	**–**	–	**–**	1,318,543
Less: Non-controlling interests	**–**	–	**–**	(756,102)
Net identifiable assets acquired	**–**	–	**–**	562,441
Goodwill on acquisition	**–**	274*	**–**	145,751
Cash flow arising from acquisition of subsidiaries	**–**	274*	**–**	708,192
Less: Cash and cash equivalents in subsidiaries acquired	**–**	–	**–**	(400,669)
Cash flow arising on acquisition, net of cash acquired	**–**	274*	**–**	307,523

* Pursuant to the acceptance of 61,000 offer stock units announced on 19 July 2013 after the close of the Group's takeover offers for WBL.

Note B: The net assets and liabilities arising from the disposal of subsidiaries and a joint venture and the cash flow effects of the disposal were as follows:-

	Group			
	3 months ended		**9 months ended**	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
	$000	$000	**$000**	$000
Property, plant and equipment	**–**	–	**396**	425
Properties development costs	**441,448**	–	**441,448**	–
Deferred tax assets	**–**	–	**1,638**	–
Investments in joint ventures	**(52)**	–	**1,212**	–
Inventories	**–**	–	**450**	1,615
Trade and other receivables	**18,647**	–	**21,672**	2,187
Gross amount due from customers for contract work	**–**	–	**43**	1,276
Properties held for sale	**–**	–	**149,927**	–
Bank balances and deposits	**7,929**	–	**27,489**	1,214
Deferred tax liabilities	**–**	–	**(2,157)**	–
Trade and other payables	**(459,899)**	–	**(506,327)**	(2,790)
Borrowings	**–**	–	**(23,831)**	(1,323)
Net assets disposed	**8,073**	–	**111,960**	2,604
Foreign currency translation reserve gain realised	**420**	–	**2,603**	61
Deemed disposal of subsidiary retained as associate	–	–	**(369)**	–
Less: Carrying value transferred to assets of disposal group classified as held for sale	**27,925**	–	**(23,122)**	–
Less: Non-controlling interests	**(99)**	–	**(19,104)**	–
Net gain on disposal/liquidation	**6,369**	–	**11,412**	3,020
Total consideration	**42,688**	–	**83,380**	5,685
Cash and cash equivalents in subsidiaries and joint venture disposed/liquidated	**(7,929)**	–	**(27,489)**	(1,214)
Cash flow arising from disposal/liquidation of subsidiaries and joint venture	**34,759**	–	**55,891**	4,471

1(d)(i) Statements of Changes in Equity

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit/(loss) for the period	32,935	48,462	–	–	48,462	–	(15,527)
Remeasurements of defined benefit pension plans	(2,737)	(1,847)	–	–	(1,847)	–	(890)
Losses on exchange differences on translation, net of tax	(11,592)	(8,772)	–	–	–	(8,772)	(2,820)
Gains on remeasuring available-for-sale financial assets, net of tax	446	446	–	–	–	446	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,412	2,412	–	–	–	2,412	–
Other comprehensive income for the period	(11,471)	(7,761)	–	–	(1,847)	(5,914)	(3,710)
Total comprehensive income for the period	21,464	40,701	–	–	46,615	(5,914)	(19,237)
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	806	806	806	–	–	–	–
Equity portion of convertible bonds	(677)	(677)	–	–	–	(677)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividend paid	(43,110)	(43,110)	–	–	(43,110)	–	–
Dividend paid to non-controlling interests	(11,906)	–	–	–	–	–	(11,906)
Total contributions by and distributions to owners	(42,843)	(30,937)	12,850	–	(28,452)	(15,335)	(11,906)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiary	(131,357)	(9,038)	–	–	–	(9,038)	(122,319)
Contribution from non-controlling interests	940	–	–	–	–	–	940
Disposal of interests in subsidiaries	(19,005)	–	–	–	–	–	(19,005)
Dilution of interests in subsidiaries	(257)	(257)	–	–	–	(257)	–
Employee share option scheme/ share appreciation rights:							
- value of employee services	2,658	1,493	–	–	–	1,493	1,165
Income tax benefit arising from share-based compensation	1,125	1,125	–	–	–	1,125	–
Total changes in ownership interests in subsidiaries	(145,896)	(6,677)	–	–	–	(6,677)	(139,219)
Total transactions with owners in their capacity as owners	(188,739)	(37,614)	12,850	–	(28,452)	(22,012)	(151,125)
Closing balance at 30/6/2014	2,354,081	1,714,747	806,661	(62,313)	961,610	8,789	639,334

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Profit for the period	26,927	18,484	–	–	18,484	–	8,443
Gains on exchange differences on translation, net of tax	11,151	9,258	–	–	–	9,258	1,893
Gains on remeasuring available-for-sale financial assets, net of tax	297	297	–	–	–	297	–
Share of other comprehensive income from equity-accounted associate, net of tax	(1,977)	(1,977)	–	–	–	(1,977)	–
Other comprehensive income for the period	9,471	7,578	–	–	–	7,578	1,893
Total comprehensive income for the period	36,398	26,062	–	–	18,484	7,578	10,336
Contributions by and distributions to owners							
Dividend paid to non-controlling interests	(301)	–	–	–	–	–	(301)
Total contributions by and distributions to owners	(301)	–	–	–	–	–	(301)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(1,093)	544	–	–	–	544	(1,637)
Contribution from non-controlling interests	44	–	–	–	–	–	44
Disposal of interests in subsidiaries	(99)	–	–	–	–	–	(99)
Dilution of interests in subsidiaries	96	(1,551)	–	–	–	(1,551)	1,647
Employee share option scheme/ share appreciation rights:							
- value of employee services	866	436	–	–	–	436	430
Income tax benefit arising from share-based compensation	2,665	1,013	–	–	–	1,013	1,652
Total changes in ownership interests in subsidiaries	2,479	442	–	–	–	442	2,037
Total transactions with owners in their capacity as owners	2,178	442	–	–	–	442	1,736
Closing balance at 30/9/2014	2,392,657	1,741,251	806,661	(62,313)	980,094	16,809	651,406

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of Changes in Equity *(continued)*

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2013	1,305,939	1,238,851	327,989	–	854,713	56,149	67,088
Profit for the period	32,687	22,855	–	–	22,855	–	9,832
Gains on exchange differences on translation, net of tax	2,751	1,719	–	–	–	1,719	1,032
Gains on remeasuring available-for-sale financial assets, net of tax	198	198	–	–	–	198	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	(1,895)	–	–	–	(1,895)	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	(19,520)	(19,520)	–	–	–	(19,520)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(5,608)	(5,608)	–	–	–	(5,608)	–
Other comprehensive income for the period	(24,074)	(25,106)	–	–	–	(25,106)	1,032
Total comprehensive income for the period	8,613	(2,251)	–	–	22,855	(25,106)	10,864
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	3,787	3,787	3,787	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,227	1,227	1,227	–	–	–	–
Acquisition of treasury shares arising from business combinations	(62,313)	(62,313)	–	(62,313)	–	–	–
Equity portion of convertible bonds	6	6	–	–	–	6	–
Dividends paid	(41,185)	(30,896)	–	–	(30,896)	–	(10,289)
Total contributions by and distributions to owners	(98,478)	(88,189)	5,014	(62,313)	(30,896)	6	(10,289)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	755,868	(234)	–	–	–	(234)	756,102
Movement in non-controlling interests arising from business combination	(49,381)	–	–	–	–	–	(49,381)
Total changes in ownership interests in subsidiaries	706,487	(234)	–	–	–	(234)	706,721
Total transactions with owners in their capacity as owners	608,009	(88,423)	5,014	(62,313)	(30,896)	(228)	696,432
Closing balance at 30/6/2013	1,922,561	1,148,177	333,003	(62,313)	846,672	30,815	774,384
Profit/(loss) for the period	10,883	12,548	–	–	12,548	–	(1,665)
Losses on exchange differences on translation, net of tax	(9,591)	(8,482)	–	–	–	(8,482)	(1,109)
Gains on remeasuring available-for-sale financial assets, net of tax	11,922	11,922	–	–	–	11,922	–
Share of other comprehensive income from equity-accounted associate, net of tax	982	866	–	–	–	866	116
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(11,922)	(11,922)	–	–	–	(11,922)	–
Other comprehensive income for the period	(8,609)	(7,616)	–	–	–	(7,616)	(993)
Total comprehensive income for the period	2,274	4,932	–	–	12,548	(7,616)	(2,658)

1(d)(i) Statements of Changes in Equity *(continued)*

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
	$000	$000	$000	$000	$000	$000	$000
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	41	41	41	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	65	65	65	–	–	–	–
Issuance of new ordinary stocks pursuant to rights issue	463,644	463,644	463,644	–	–	–	–
Ordinary shares issuance expenses	(8,640)	(8,640)	(8,640)	–	–	–	–
Dividend paid	(317)	–	–	–	–	–	(317)
Gain on sale of the Company nil-paid rights held by subsidiary	2,659	2,659	–	–	–	2,659	–
Total contributions by and distributions to owners	457,452	457,769	455,110	–	–	2,659	(317)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	(19,384)	(867)	–	–	–	(867)	(18,517)
Dilution of interests in subsidiaries	4,241	170	–	–	–	170	4,071
Employee share option scheme/ share appreciation rights:							
- value of employee services	924	924	–	–	–	924	–
Income tax benefit arising from share-based compensation	(650)	(368)	–	–	–	(368)	(282)
Total changes in ownership interests in subsidiaries	(14,869)	(141)	–	–	–	(141)	(14,728)
Total transactions with owners in their capacity as owners	442,583	457,628	455,110	–	–	2,518	(15,045)
Closing balance at 30/9/2013	2,367,418	1,610,737	788,113	(62,313)	859,220	25,717	756,681

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of Changes in Equity *(continued)*

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	$000	$000	$000	$000
Opening balance at 1/1/2014	1,476,194	793,811	657,678	24,705
Profit for the period	20,257	–	20,257	–
Total comprehensive income for the period	20,257	–	20,257	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	806	806	–	–
Dividends paid	(44,630)	–	(44,630)	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	(31,774)	12,850	(29,972)	(14,652)
Closing balance at 30/6/2014	1,464,677	806,661	647,963	10,053
Profit for the period	6,322	–	6,322	–
Total comprehensive income for the period	6,322	–	6,322	–
Closing balance at 30/9/2014	1,470,999	806,661	654,285	10,053
Opening balance at 1/1/2013	869,534	327,989	517,118	24,427
Profit for the period	96,135	–	96,135	–
Total comprehensive income for the period	96,135	–	96,135	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	3,787	3,787	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,227	1,227	–	–
Dividends paid	(30,896)	–	(30,896)	–
Equity portion of convertible bonds	6	–	–	6
Total transactions with owners in their capacity as owners	(25,876)	5,014	(30,896)	6
Closing balance at 30/6/2013	939,793	333,003	582,357	24,433
Profit for the period	9,366	–	9,366	–
Total comprehensive income for the period	9,366	–	9,366	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	41	41	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	65	65	–	–
Issuance of new ordinary stocks pursuant to rights issue	463,644	463,644	–	
Ordinary shares issuance expenses	(8,640)	(8,640)	–	–
Total transactions with owners in their capacity as owners	455,110	455,110	–	–
Closing balance at 30/9/2013	1,404,269	788,113	591,723	24,433

1(d)(ii) Details of any changes in the company's issued share capital

During Q3 2014, there was no ordinary share issued arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the nine months, the Company issued 11,783,195 ordinary shares on conversion of $12,018,972 convertible bonds and 487,755 ordinary shares arising from the exercising of the options under the Scheme 2000.

As at 30 September 2014, there were 2,332,078 (30 September 2013: 3,377,751) unexercised options for ordinary shares under Scheme 2000. There were no convertible bonds outstanding as at 30 September 2014 (as at 30 September 2013, there were $19,260,114 convertible bonds which are convertible into 18,882,464 shares at the conversion price of $1.34 per share).

Deemed treasury shares arising from acquisition of WBL

WBL has a shareholding of 21,712,000 ordinary stock units in the capital of United Engineers Limited (UEL). WBL became a subsidiary of UEL on 29 May 2013, as such the stock units are deemed and provisionally classified as treasury shares under the consolidated group.

Under the Singapore Companies Act, Chapter 50, WBL is required to dispose of its shareholding in UEL within 12 months of becoming subsidiary of UEL. WBL has successfully applied and obtained extension from the Court of Singapore which ruled that the period within which WBL shall dispose of its UEL shares be extended to 24 months from the date WBL became a subsidiary of UEL.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2014, the Company's issued and paid-up ordinary share capital including treasury shares (include 21,712,000 ordinary stock units held by WBL) was 636,699,889 ordinary stock units (31 December 2013: 624,428,939).

As at 30 September 2014, the Group's issued and paid-up ordinary share capital excluding treasury shares was 614,987,889 ordinary stock units (31 December 2013: 602,716,939).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on (except as disclosed in section 1d(ii) above in relation to the 21,712,000 ordinary stock units of the Company held by WBL).

2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The consolidated financial information of the Group for the 9 months ended 30 September 2014 as set out in Sections 1(a), 1(b)(i) and 1(c) to 1(d)(i) of this announcement have been extracted from the interim condensed financial statements that has been prepared in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting, which has been reviewed by the independent auditor in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("SSRE 2410"). The results for the 3rd quarter ended 30 September 2014, 3rd quarter ended 30 September 2013 and the 9 months ended 30 September 2013 have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to the independent auditor's review report dated 14 November 2014 appended to this announcement.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2014.

Revised FRS 27 Separate Financial Statements
Revised FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interests in Other Entities
Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

6 Earnings per stock unit

	3 months ended		**9 months ended**	
	30/9/2014	30/9/2013	**30/9/2014**	30/9/2013
(a) Basic*:	**2.9¢**	3.0¢	**10.5¢**	10.3¢
(b) Diluted**:	**2.9¢**	2.9¢	**10.5¢**	9.9¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**636,699,899**	412,117,918	**635,242,352**	342,328,400
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**637,092,724**	431,107,820	**635,523,547**	361,628,885

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		**Company**	
	30/9/2014	31/12/2013	**30/9/2014**	31/12/2013
Net asset per ordinary stock unit based on the total number of issued shares	**$2.83**[1]	$2.84[1]	**$2.31**	$2.36

[1] Based on total number of issued stock units excluding the number of stock units held by WBL.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Overview

The Group's major businesses comprise Property Development, Property Rental & Services, Engineering & Construction and the businesses of its 67.6% subsidiary WBL, which engages in Automotive, China Property, Technology and Engineering, Manufacturing & Distribution (EMD).

Q3 2014 compared with Q3 2013 performance

Revenue increased 7% to $786.3 million in Q3 2014 from $732.0 million in Q3 2013 mainly due to the progressive revenue recognition from the property sales at *Eight Riversuites*. Gross profit increased 36% to $127.4 million in Q3 2014 from $93.3 million in Q3 2013 mainly due to positive contribution by the Group's NASDAQ-listed subsidiary, Multi-Fineline Electronix, Inc. (MFLEX), in which the Group has a 43% effective interest. Accordingly, gross profit margin increased to 16.2% in Q3 2014 as compared with 12.8% in Q3 2013.

Other income decreased 85% to $2.3 million in Q3 2014 from $15.2 million in Q3 2013 mainly due to the absence of the gain from disposal of available-for-sale financial assets held by one of the subsidiaries in Q3 2013.

Other expenses increased 30% to $7.3 million in Q3 2014 from $5.6 million in Q3 2013 mainly due to an impairment charge of approximately $3.0 million made by the Group against its carrying value of an environmental engineering plant in China.

In Q3 2014, the Group recorded share of loss from equity-accounted associates and joint ventures of $1.0 million mainly from associates of the UE E&C Group. In Q3 2013, the Group recorded share of profit from equity-accounted associates and joint ventures of $6.7 million mainly due to profit recorded by joint ventures companies involved in property development.

Income tax expense increased 19% to $10.5 million in Q3 2014 from $8.8 million in Q3 2013 mainly due to higher taxable operating profit.

9 months 2014 (9M 2014) compared with 9 months 2013 (9M 2013) performance

(Note: 9M 2014 included consolidation of WBL Group's nine (9) months results from January to September 2014 whereas corresponding 9M 2013 only included consolidation of WBL Group's four (4) months results from June to September 2013[1].)

Revenue increased 134% to $2.74 billion in 9M 2014 from $1.17 billion in 9M 2013 mainly due to the full revenue recognition from the property sales at *Austville Residences* in accordance with the completion-of-construction accounting method. The progressive revenue recognition from the property sales at *Eight Riversuites* and the consolidation of WBL Group's revenue of approximately $1.57 billion (as compared with $722.5 million in 9M 2013) have also contributed to the higher revenue in 9M 2014.

In line with the increase in revenue, gross profit increased 87% to $364.2 million for 9M 2014. Gross profit margin, however, declined to 13.3% in 9M 2014 as compared with 16.6% in 9M 2013 which was mainly attributable to the losses incurred by MFLEX in the first half of 2014.

[1] WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, WBL Group was consolidated with the Group from the month of June 2013.

Other income decreased 35% to $32.3 million in 9M 2014 from $49.6 million in 9M 2013 mainly due to:

- Absence of the following which were recorded in 9M 2013
  - deemed disposal gain of approximately $21.4 million from available-for-sale financial assets arising from the acquisition of WBL;
  - disposal gain of approximately $12.3 million from available-for-sale financial assets;
  - disposal gain of approximately $3.0 million from the sale of a subsidiary in Hong Kong.

- Offset by
  - divestment and re-measurement gain of approximately $21.6 million from the disposal of a subsidiary in China which was recorded in 9M 2014.

Distribution costs increased 86% to $89.3 million in 9M 2014 from $48.0 million in 9M 2013 mainly due to inclusion of WBL Group's distribution costs of approximately $78.7 million for 9M 2014 compared with approximately $38.7 million in 9M 2013.

Administrative expenses increased 27% to $140.2 million in 9M 2014 from $110.3 million in 9M 2013 mainly due to the inclusion of WBL Group's expenses of approximately $64.0 million for 9M 2014 compared with approximately $25.4 million in 9M 2013. The absence of professional fee and related expenses incurred for the takeover offers for WBL and the consent fees paid to UEL's Multicurrency Medium Term Note bondholders provided partial offset to the increase in administrative expenses in 9M 2014.

Finance costs increased 40% to $33.1 million in 9M 2014 from $23.7 million in 9M 2013 mainly due to inclusion of WBL Group's finance costs of approximately $6.2 million for 9M 2014 compared with approximately $1.7 million in 9M 2013. The acquisition of *UE BizHub WEST* towards the end of 2013 has also contributed to the increase in financing costs in 9M 2014.

Other expenses increased 65% to $26.2 million in 9M 2014 from $15.9 million in 9M 2013 mainly due to inclusion of WBL Group's expenses of approximately $16.5 million for 9M 2014 compared with approximately $7.1 million in 9M 2013.

In 9M 2014, the Group recorded share of loss from equity-accounted associates and joint ventures of $1.9 million mainly from associates of the UE E&C Group. In 9M 2013, the Group recorded share of profit from equity-accounted associates and joint ventures of $10.1 million mainly due to profit recorded by joint ventures companies involved in property development.

Income tax expense increased 189% to $51.0 million in 9M 2014 from $17.6 million in 9M 2013 mainly due to higher taxable operating profit, non-availability for group relief of losses incurred by certain overseas subsidiaries as well as a tax charge from the reversal of the deferred tax assets recorded by MFLEX.

The Group's **attributable profit** was $18.5 million in Q3 2014 compared with $12.5 million in Q3 2013. For 9M 2014 attributable profit was $66.9 million in 9M 2014 compared with $35.4 million in 9M 2013.

Earnings per ordinary stock unit (EPS) was 2.9 cents compared with 3.0 cents in Q3 2013. EPS for 9M 2014 and 9M 2013 was 10.5 cents and 10.3 cents respectively.

Net asset per ordinary stock unit stood at $2.83 as at 30 September 2014 compared with $2.84 as at 31 December 2013.

Financial position review

- Properties held for sale declined by $476 million mainly due to the completion of *Austville Residences* project which has obtained its temporary occupation permit in April 2014. The divestment of the residential housing development project in Suzhou, China has also contributed to the decline. This project was held through JWHY which was partially divested as announced in Q1 2014. The decline was also partly attributable to the progress billing received on the sale of private residential properties in Singapore.

- The increase in "Assets and Liabilities of disposal group classified as held for sale[1]" is mainly due to the reclassification of the respective assets and liabilities of certain disposal groups in connection to the following events:

  1. In March 2014, the Group announced the disposal of 78% shareholding interest in JWHY.

  2. In August 2014, the Group has announced the proposed disposal of WBL's Automotive Division for a consideration of $455.0 million on a debt-free, cash-free basis. The shareholders of WBL have approved the sale at the Extraordinary General Meeting on 14 November 2014.

  3. In August 2014, the Group has announced that its subsidiary, MFS Technology Ltd (MFS) 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 the MFS' balance sheet for an aggregate consideration of approximately $124.2 million. The shareholders of MFS have approved the sale at the Extraordinary General Meeting on 11 November 2014.

  The increase was partially offset by the completion of the disposal of UE Orchard Pte Ltd and UE Somerset Pte Ltd to a wholly-owned subsidiary of Oversea-Chinese Banking Corporation Limited in Q3 2014.

- Property, plant and equipment, inventories and trade and other receivables declined by $339 million, $172 million and $96 million respectively mainly due to the reclassification of assets relating to WBL's Automotive Division and MFS to assets of disposal group classified as held for sale. The reduction in trade and other receivables was partially offset by retention sums receivables for *Austville Residences*.

- Trade and other payable declined by $430 million mainly due to the reclassification of liabilities relating to WBL's Automotive Division and MFS to liabilities of disposal group classified as held for sale. The decrease in trade and other payables was also due to the absence of the progress billing received in advance from apartment buyers, upon the completion of *Austville Residences*.

- Borrowings decreased by $676 million mainly due to repayment of project loans following the completion of *orchardgateway and Austville Residences.*

Cash flow review

As at 30 September 2014, the Group had cash and cash equivalents of $703 million. During the 9 months 2014, the Group received the progress billings of $297 million mainly from *Austville Residences* and *Eight Riversuites*, and incurred total development expenditure of $268 million mainly for *orchardgateway, Austville Residences, Eight Riversuites* and WBL's China development projects. The Group also utilised $131 million for the delisting offers for WBL Group. In addition, the Group received $353 million from the repayment of loans extended for the *orchardgateway* project. The Group also utilised $592 million for repayment of loans and $55 million for dividends payments. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2013 to 30 September 2014 were the result of the Group's other ongoing operations.

[1] Under Financial Reporting Standard 105 (FRS105), re-classification of the carrying value of assets and liabilities of disposal group as held for sale is required if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such sale should be expected to qualify for recognition as a completed sale within 12 months from the date of such classification.

Segment review

Property Development

Revenue recorded in Q3 2014 of $74.0 million related to the progressive revenue recognition from the property sales at *Eight Riversuites* and in 9M 2014 of $718.3 million related mainly to the full revenue recognition for *Austville Residences* as well as progressive revenue recognition from the property sales at *Eight Riversuites*. Operating profit before interest increased to $4.7 million in Q3 2014 and $59.5 million in 9M 2014 compared with an operating loss before interest of $0.4 million in Q3 2013 and $0.4 million in 9M 2013 mainly due to the contribution from *Austville Residences* and *Eight Riversuites*.

Property Rental & Services

Revenue increased 14% to $59.2 million in Q3 2014 from $52.0 million in Q3 2013 and 17% to $176.2 million in 9M 2014 from $150.0 million in 9M 2013 mainly due to rental contribution from *UE BizHub WEST* which was acquired in Q4 2013. Operating profit before interest increased 24% to $19.1 million in Q3 2014 from $15.4 million in Q3 2013 and 44% to $63.4 million in 9M 2014 from $44.0 million in 9M 2013 mainly due to higher revenue.

Engineering & Construction

Revenue decreased 14% to $107.0 million in Q3 2014 from $125.0 million in Q3 2013 mainly due to lower contribution from the Group's listed subsidiary UE E&C Ltd. Revenue declined 3% to $328.9 million in 9M 2014 from $339.3 million in 9M 2013 mainly due to lower contribution from the Group's listed subsidiary UE E&C Ltd. which was partially offset by higher contribution from the Group's environmental engineering projects. Operating profit before interest decreased 19% to $12.1 million in Q3 2014 from $15.0 million in Q3 2013 and increase 3% to $36.9 million in 9M 2014 from $35.7 million in 9M 2013 mainly due to higher profit contribution from certain completed projects in 9M 2014.

WBL Group

Revenue contribution was primarily from WBL Group's Automotive and Technology businesses. Operating profit before interest for WBL Group in Q3 2014 was mainly due to the restructuring effort undertaken by MFLEX to return the company to profitability. Operating loss before interest in 9M 2014 was mainly due to excess manufacturing capacity by MFLEX in the first half of 2014 due to lower net sales, as well as losses from the overseas property development 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.

Contributions by the various business divisions within WBL Group are as follows:

$'M	Revenue				Operating profit/(loss) before interest			
Business divisions	Q3 2014	Q3 2013	9M 2014	9M 2013[1]	Q3 2014	Q3 2013	9M 2014	9M 2013[1]
Automotive	203.6	218.8	650.4	280.4	2.5	2.1	8.7	3.7
Property	2.0	4.1	16.4	4.5	(3.5)	(3.7)	(12.4)	(4.4)
Technology[2]	269.5	281.0	678.8	345.0	13.6	(19.6)	(34.1)	(28.6)
EMD	64.5	60.4	185.1	81.9	2.8	6.4	10.6	7.5
Others	7.3	8.8	40.6	10.7	(1.5)	(2.5)	0.3	(5.5)
Operating profit/(loss)	–	–	–	–	13.9	(17.3)	(26.9)	(27.3)
Exceptional items (EI)[3]	–	–	–	–	(0.6)	12.3	16.1	12.3
Total	546.9	573.1	1,571.3	722.5	13.3	(5.0)	(10.8)	(15.0)

[1]: Consist of four (4) months (i.e. June 2013 to September 2013) results. WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, WBL Group was consolidated with the Group from the month of June 2013.
[2]: Include MFLEX and MFS Technology Ltd group of companies.
[3]: This relate to gain/(loss) arising from dissolution/divestment of subsidiaries, associates and joint ventures as well as disposal of available-for-sale investment.
EI in Q3 2014 mainly relate to losses incurred in relation to dissolution of subsidiaries.
EI in Q3 2013 mainly relate to gain from the disposal of investment in Amlogic Inc.
EI in 9M 2014 mainly relate to divestment and re-measurement gain on disposal of WBL's investment in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.
EI in 9M 2013 mainly relate to gain from the disposal of investment in Amlogic Inc.

9 <u>Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results</u>.

The Group did not make any forecast statement previously. The Group's Q3 2014 results are in line with the statement made in paragraph 10 of the Company's Q2 2014 results announcement on 14 August 2014.

10 <u>A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months</u>.

The ongoing property cooling measures implemented by the Singapore and Chinese Governments continue to weigh on the sentiment of home buyers. The progress of property development projects of the Group are on track. The accounting treatment on revenue recognition for certain projects using the completion-of-construction method will result in volatility in the recognition of revenues and profits. Nevertheless, the Group's expanded portfolio of investment properties will help to reduce this volatility.

On 7 November 2014, MFLEX has announced that it intends to focus on continued customers and product diversification, maintaining solid relationship with its current customers and to continue with cost management to support recovery in profitability.

As part of the Group's ongoing strategic review of its operations and portfolio of businesses, the Group will continue to explore and capitalise on opportunities to further enhance and unlock shareholder value.

<u>Other Matters</u>

On 21 August 2014, UEL announced that its controlling shareholders, Oversea-Chinese Banking Corporation Limited ("OCBC") and Great Eastern Holdings Limited ("GEH") have been approached by a party in connection with a possible transaction relating to their combined stakes in the Company and WBL Corporation Limited ("WBL"), which may or may not lead to an offer for the shares of the Company and WBL (the "Possible Transaction"). On 27 August 2014, UEL announced that OCBC and GEH have entered into an exclusivity agreement with TCC Top Enterprise Limited ("TCC") in relation to the Possible Transaction and the period of exclusivity will expire on the date falling six weeks from the date that due diligence access on the Group is granted to TCC and its representatives/advisers.

On 3 October 2014, the Group announced that it has entered into a binding term sheet with Universal EC Investments Pte. Ltd. ("UECI") and Southern Capital Group Private Limited pursuant to which UECI has agreed that subject to the fulfilment of certain pre-conditions, it shall make a voluntary conditional offer (the "UE E&C Offer") to acquire UE E&C Ltd ("UE E&C") and the Group has undertaken to accept the UE E&C Offer in respect of its entire 68.2% equity interest in UE E&C for a consideration of approximately $230.2 million. It was announced on 15 October 2014 that the due diligence pre-condition has been satisfied and subject to the satisfaction of the remaining pre-condition, being the approval of the shareholders of the Company to be obtained at an extraordinary general meeting to be held on 28 November 2014, UECI will make the UE E&C Offer.

11 <u>Dividend</u>

(a) Current Financial Period Reported on
Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

During the quarter ended 30 September 2014, the following IPTs were entered into by the Group.

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
	$000	**$000**
OCBC Group*		
Others:		
- Marketing fees & commissions	684[#]	–

* Oversea-Chinese Banking Corporation Limited Group (other than Great Eastern Holdings Limited Group).

[#] The value of transactions are based on the Group's effective interest pursuant to Rule 909 of the SGX Listing Manual.

BY ORDER OF THE BOARD
Heng Fook Pyng, Jeslyn
Secretary
14 November 2014

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2014 and period ended 30 September 2014 financial results to be false or misleading in any material aspect.

On behalf of the Board,

…………………………………………………	…………………………………………………
TAN NGIAP JOO	NORMAN IP KA CHEUNG
Chairman	Non-Executive Director

Responsibility Statement

The Directors of the Company (including those who have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

UNITED ENGINEERS LIMITED AND ITS SUBSIDIARIES

Independent Auditor's Review Report on Unaudited Interim Condensed Consolidated Financial Statements of United Engineers Limited and its Subsidiaries for the nine months ended 30 September 2014

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of United Engineers Limited and its subsidiaries (collectively, the "Group") as at 30 September 2014 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the period from 1 January 2014 to 30 September 2014 and selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Singapore Financial Reporting Standard 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

The interim consolidated statements of comprehensive income, changes in equity and cash flows for the corresponding period from 1 January 2013 to 30 September 2013 included in these interim condensed consolidated financial statements are based on management financial information of the Group. We have not performed an audit or a review of this comparative financial information.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FRS 34.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

14 November 2014