



Q3 2017 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement

	Group					
	3 months ended			9 months ended		
	30/9/2017	30/9/2016	Change	30/9/2017	30/9/2016	Change
	\$000	\$000	(%)	\$000	\$000	(%)
<u>Continuing operations</u>						
Revenue	142,950	101,727	41	366,231	358,188	2
Cost of sales	(94,128)	(56,755)	66	(225,455)	(215,410)	5
Gross profit	48,822	44,972	9	140,776	142,778	(1)
Other items of income						
Interest income	642	766	(16)	2,263	1,456	55
Other income	3,278	11,050	(70)	50,342	17,382	190
Other items of expense						
Distribution costs	(8,836)	(7,371)	20	(23,586)	(21,643)	9
Administrative expenses	(24,853)	(25,945)	(4)	(73,989)	(75,460)	(2)
Finance costs	(4,123)	(8,862)	(53)	(15,811)	(27,949)	(43)
Other expenses	(1,378)	(997)	38	(12,544)	(3,891)	222
Operating profit	13,552	13,613	–	67,451	32,673	106
Share of (loss)/profit from equity-accounted associates and joint ventures	(785)	739	NM	1,447	3,678	(61)
Profit before tax from continuing operations	12,767	14,352	(11)	68,898	36,351	90
Income tax expense	(2,690)	(3,634)	(26)	(10,183)	(5,237)	94
Profit from continuing operations, net of tax	10,077	10,718	(6)	58,715	31,114	89
<u>Discontinued operations⁽¹⁾</u>						
Profit from discontinued operations, net of tax	–	179,163	NM	–	153,746	NM
Profit net of tax	10,077	189,881	(95)	58,715	184,860	(68)
Profit/(loss) attributable to:						
Owners of the Company						
- Continuing operations, net of tax	10,597	11,683	(9)	64,185	32,314	99
- Discontinued operations, net of tax	–	122,969	NM	–	112,148	NM
	10,597	134,652	(92)	64,185	144,462	(56)
Non-controlling interests						
- Continuing operations, net of tax	(520)	(966)	(46)	(5,470)	(1,201)	355
- Discontinued operations, net of tax	–	56,195	NM	–	41,599	NM
	(520)	55,229	NM	(5,470)	40,398	NM

NM: Not meaningful

⁽¹⁾ Discontinued operations relate to Multi-Finline Electronix, Inc. and its subsidiaries and the Group's Environmental Engineering businesses.

1(a)(ii) Continuing operations - Other information

	Group			
	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$000	\$000	\$000	\$000
Depreciation and amortisation	(4,551)	(4,868)	(13,792)	(14,013)
Foreign exchange loss	(201)	(146)	(802)	(404)
Gain on disposal of available-for-sale financial assets	–	23	–	3,911
Inventories written-back/(written-down)	65	(96)	(53)	(432)
Loss on disposal of subsidiaries	–	(337)	–	(337)
(Loss)/gain on disposal of property, plant and equipment	(9)	(3)	(31)	26
Over/(under) provision of prior years' tax	2	–	(148)	1,339
Properties held for sale written-down	(711)	–	(9,613)	–
(Impairment loss)/reversal of impairment loss on trade receivables	(112)	277	(12)	203
Surplus on revaluation of investment properties	–	–	45,400	–

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$000	\$000	\$000	\$000
Profit net of tax for the period	10,077	189,881	58,715	184,860
Other comprehensive income				
Items that may be reclassified subsequently to income statement:				
(Losses)/gains on exchange differences on translation, net of tax	(270)	5,576	(11,871)	(62,721)
Gains on remeasuring available-for-sale financial assets, net of tax	1,622	1,782	5,631	1,782
Realisation of reserves to income statement on disposal of subsidiaries and available-for-sale financial assets, net of tax	–	(8,452)	–	(8,452)
Share of other comprehensive income from equity-accounted associates, net of tax	(21)	728	(454)	(461)
Other comprehensive income for the period, net of tax	1,331	(366)	(6,694)	(69,852)
Total comprehensive income for the period	11,408	189,515	52,021	115,008
Attributable to:				
Owners of the Company	11,972	133,005	61,209	104,354
Non-controlling interests	(564)	56,510	(9,188)	10,654
	11,408	189,515	52,021	115,008

1(b)(i) Statements of financial position

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	\$000	\$000	\$000	\$000
ASSETS				
Non-current assets				
Property, plant and equipment	158,101	162,909	22,536	22,735
Investment properties	1,908,820	1,859,418	722,400	679,500
Intangible assets	4,658	4,704	–	–
Interests in subsidiaries	–	–	956,531	1,005,749
Interests in associates	113,203	112,619	326	337
Interests in joint ventures	43,341	45,478	–	–
Deferred tax assets	35,380	46,162	–	–
Other investments	30,605	25,069	1,130	1,130
Total non-current assets	2,294,108	2,256,359	1,702,923	1,709,451
Current assets				
Inventories	31,467	31,146	–	–
Income tax receivables	344	352	–	–
Trade and other receivables	85,891	217,492	4,018	4,259
Gross amount due from customers for contract work	13,067	13,466	–	–
Prepayments	9,898	8,131	762	1,538
Properties held for sale	602,637	654,315	–	–
Bank balances and deposits	367,236	623,976	63,359	420,959
Total current assets	1,110,540	1,548,878	68,139	426,756
Total assets	3,404,648	3,805,237	1,771,062	2,136,207
EQUITY AND LIABILITIES				
Equity				
Share capital	745,701 ⁽¹⁾	745,625 ⁽¹⁾	808,014	807,938
Retained earnings	1,157,706	1,167,482	778,935	802,687
Other reserves	(33,034)	(30,100)	3,981	3,981
Equity attributable to owners of the Company	1,870,373	1,883,007	1,590,930	1,614,606
Non-controlling interests	302,352	311,885	–	–
Total equity	2,172,725	2,194,892	1,590,930	1,614,606
Non-current liabilities				
Provisions	65,515	70,204	–	–
Deferred tax liabilities	56,382	75,188	–	–
Trade and other payables	1,849	4,300	–	–
Borrowings	513,990	896,720	150,000	150,000
Total non-current liabilities	637,736	1,046,412	150,000	150,000
Current liabilities				
Provisions	13,939	17,005	–	–
Income tax payable	40,999	31,679	4,947	4,303
Trade and other payables	205,180	218,839	25,185	117,275
Borrowings	331,009	294,728	–	250,023
Gross amount due to customers for contract work	3,060	1,682	–	–
Total current liabilities	594,187	563,933	30,132	371,601
Total liabilities	1,231,923	1,610,345	180,132	521,601
Total equity and liabilities	3,404,648	3,805,237	1,771,062	2,136,207

⁽¹⁾ This excludes 21,712,000 stock units held by a subsidiary.

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 30/9/2017		As at 31/12/2016	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
314,686	16,323	32,057	262,671

(b) Amount repayable after one year

As at 30/9/2017		As at 31/12/2016	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
363,990	150,000	746,720	150,000

(c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group			
	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax from continuing operations	12,767	14,352	68,898	36,351
Profit before tax from discontinued operations	–	197,259	–	172,645
Profit before tax	12,767	211,611	68,898	208,996
Amortisation of intangible assets	522	510	1,472	1,631
Depreciation of property, plant and equipment	4,029	4,228	12,320	39,999
Dividend income from other investments	(553)	(519)	(1,410)	(1,182)
Finance costs	4,123	9,022	15,811	28,634
Gain on disposal of available-for-sale financial assets	–	(23)	–	(3,911)
Impairment loss on intangible assets	–	–	73	–
Interest income	(642)	(898)	(2,263)	(2,906)
Loss/(gain) on disposal of property, plant and equipment	9	3	31	(427)
Inventories (written-back)/written-down	(65)	102	53	(519)
Net gain on disposal of subsidiaries and associates	–	(195,756)	–	(195,756)
Properties held for sale written-down	711	–	9,613	–
Property, plant and equipment written-off	73	3	128	59
Share-based compensation expenses	–	–	–	2,683
Share of loss/(profit) from equity-accounted associates and joint ventures	785	(739)	(1,447)	(4,460)
Surplus on revaluation of investment properties	–	–	(45,400)	–
Unrealised foreign exchange loss/(gain)	606	(2,966)	3,623	(419)
Operating cash flows before changes in working capital	22,365	24,578	61,502	72,422
Decrease/(increase) in properties held for sale	34,473	(9,388)	31,109	(44,681)
Proceeds from progress billings from properties held for sale	6,803	23,140	31,141	402,913
(Decrease)/increase in trade and other payables and provisions	(29,121)	4,130	(55,111)	(82,398)
Decrease/(increase) in trade and other receivables	8,918	(6,079)	129,287	(93,386)
Decrease in gross amount due from customers for contract work	3,057	7,693	399	13,649
Increase/(decrease) in gross amount due to customers for contract work	206	(2,342)	1,379	(754)
(Increase)/decrease in inventories	(2,288)	(2,861)	(401)	22,596
Cash flows from operations	44,413	38,871	199,305	290,361
Income taxes paid	(3,032)	(3,488)	(9,511)	(20,578)
Interest paid	(712)	(11,662)	(15,899)	(31,438)
Interest received	646	1,459	2,919	3,551
Net cash flows from operating activities	41,315	25,180	176,814	241,896

1(c) Statement of cash flows (continued)

	Group			
	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$000	\$000	\$000	\$000
Cash flows from investing activities				
Acquisition of intangible assets	(445)	(1,490)	(1,498)	(1,859)
Acquisition of non-controlling interests	–	–	–	(2,903)
Change in restricted deposits	–	–	–	62,548
Disposal of subsidiaries, net of cash disposed of	–	233,877	–	233,877
Dividends received from associates	–	134	1,254	134
Dividends received from joint ventures	–	–	–	150
Dividends received from other investments	553	519	1,410	1,182
(Increase)/decrease in amounts due from associates and joint ventures	(3)	(9,491)	144	4,543
Acquisition of interests in an associate	–	–	(331)	–
Proceeds from disposal of available-for-sale financial assets	–	28	–	4,039
Proceeds from disposal of property, plant and equipment	4	12	74	1,141
Purchase of property, plant and equipment	(2,923)	(3,435)	(8,642)	(38,455)
Subsequent expenditure on investment properties	(271)	(3,921)	(4,058)	(4,754)
Net cash flows (used in)/from investing activities	(3,085)	216,233	(11,647)	259,643
Cash flows from financing activities				
(Decrease)/increase in trust receipts and bills payable	(2,342)	91	(3,195)	(1,417)
Cash distribution paid to non-controlling interests of subsidiaries	–	–	(206)	(12,586)
Dividends paid	–	–	(73,961)	(49,311)
Dividends paid to non-controlling interests of subsidiaries	(139)	–	(139)	(18,722)
Decrease in short-term loans	(4,579)	(26,057)	(13,600)	(70,731)
Proceeds from issuance of shares upon exercise of share options	–	–	76	84
Proceeds from issuance of medium term notes	–	–	–	150,000
Proceeds from long-term loans	1,347	5,169	187,103	45,195
Repayment of medium term notes	–	–	(246,773)	–
Repayment of long-term loans	(202)	(21,947)	(277,888)	(347,872)
Net cash flows used in financing activities	(5,915)	(42,744)	(428,583)	(305,360)
Net increase/(decrease) in cash and cash equivalents	32,315	198,669	(263,416)	196,179
Cash and cash equivalents, beginning balance	327,043	462,388	623,976	481,579
Effect of exchange rate changes on cash and cash equivalents	(25)	5,101	(1,227)	(11,600)
Cash and cash equivalents, ending balance	359,333	666,158	359,333	666,158
Cash and cash equivalents comprise:				
Bank balances and deposits	367,236	670,917	367,236	670,917
Bank overdrafts	(7,903)	(4,759)	(7,903)	(4,759)
Cash and cash equivalents	359,333	666,158	359,333	666,158

1(c) Statement of cash flows (continued)

The net assets and liabilities arising from the disposal of subsidiaries and associates and the cash flow effects of the disposal are as follows:-

	Group			
	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	\$000	\$000	\$000	\$000
Property, plant and equipment	-	178,779	-	178,779
Intangible assets	-	23,558	-	23,558
Investment in associates	-	16,345	-	16,345
Deferred tax assets	-	12,962	-	12,962
Inventories	-	57,853	-	57,853
Gross amount due from customers for contract work	-	11,610	-	11,610
Trade and other receivables	-	111,423	-	111,423
Bank balances and deposits	-	288,210	-	288,210
Income tax payables	-	(10,635)	-	(10,635)
Trade and other payables	-	(174,652)	-	(174,652)
Deferred tax liabilities	-	(227)	-	(227)
Borrowings	-	(29,818)	-	(29,818)
Net assets disposed	-	485,408	-	485,408
Foreign currency translation reserve realised	-	(8,452)	-	(8,452)
Less: Non-controlling interests	-	(150,625)	-	(150,625)
Net gain on disposal	-	195,756	-	195,756
Total consideration	-	522,087	-	522,087
Cash and cash equivalents in subsidiaries disposed	-	(288,210)	-	(288,210)
Cash flow arising from disposal of subsidiaries	-	233,877	-	233,877

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

GROUP

	Attributable to owners of the Company						
	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
Opening balance at 1/1/2017	2,194,892	1,883,007	807,938	(62,313)	1,167,482	(30,100)	311,885
Profit/(loss) for the period	48,638	53,588	–	–	53,588	–	(4,950)
Losses on exchange differences on translation, net of tax	(11,599)	(7,925)	–	–	–	(7,925)	(3,674)
Gains on remeasuring available-for-sale financial assets, net of tax	4,009	4,009	–	–	–	4,009	–
Share of other comprehensive income from equity-accounted associate, net of tax	(433)	(433)	–	–	–	(433)	–
Other comprehensive income for the period	(8,023)	(4,349)	–	–	–	(4,349)	(3,674)
Total comprehensive income for the period	40,615	49,239	–	–	53,588	(4,349)	(8,624)
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	76	76	76	–	–	–	–
Cash distribution paid to non-controlling interests of subsidiaries	(206)	–	–	–	–	–	(206)
Dividends paid	(73,961)	(73,961)	–	–	(73,961)	–	–
	(74,091)	(73,885)	76	–	(73,961)	–	(206)
Changes in ownership interests in subsidiaries							
Employee share option scheme/ share appreciation rights:							
- value of employee services	40	40	–	–	–	40	–
Total changes in ownership interests in subsidiaries	40	40	–	–	–	40	–
Total transactions with owners in their capacity as owners	(74,051)	(73,845)	76	–	(73,961)	40	(206)
Closing balance at 30/6/2017	2,161,456	1,858,401	808,014	(62,313)	1,147,109	(34,409)	303,055
Profit/(loss) for the period	10,077	10,597	–	–	10,597	–	(520)
Losses on exchange differences on translation, net of tax	(270)	(226)	–	–	–	(226)	(44)
Gains on remeasuring available-for-sale financial assets, net of tax	1,622	1,622	–	–	–	1,622	–
Share of other comprehensive income from equity-accounted associate, net of tax	(21)	(21)	–	–	–	(21)	–
Other comprehensive income for the period	1,331	1,375	–	–	–	1,375	(44)
Total comprehensive income for the period	11,408	11,972	–	–	10,597	1,375	(564)
Contributions by and distributions to owners							
Dividends paid to non-controlling interests	(139)	–	–	–	–	–	(139)
Total contributions by and distributions to owners	(139)	–	–	–	–	–	(139)
Total transactions with owners in their capacity as owners	(139)	–	–	–	–	–	(139)
Closing balance at 30/9/2017	2,172,725	1,870,373	808,014	(62,313)	1,157,706	(33,034)	302,352

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

GROUP

	Attributable to owners of the Company						
	Total equity \$000	Equity attributable to owners of the Company \$000	Share capital \$000	Treasury shares \$000	Retained earnings \$000	Other reserves \$000	Non-controlling interests \$000
Opening balance at 1/1/2016	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864
(Loss)/profit for the period	(5,021)	9,810	–	–	9,810	–	(14,831)
Losses on exchange differences on translation, net of tax	(68,297)	(37,272)	–	–	–	(37,272)	(31,025)
Share of other comprehensive income from equity-accounted associate, net of tax	(1,189)	(1,189)	–	–	–	(1,189)	–
Other comprehensive income for the period	(69,486)	(38,461)	–	–	–	(38,461)	(31,025)
Total comprehensive income for the period	(74,507)	(28,651)	–	–	9,810	(38,461)	(45,856)
Contributions by and distributions to owners							
Cash distribution paid to non-controlling interests of subsidiaries	(12,586)	–	–	–	–	–	(12,586)
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	84	–	–	–	–
Dividends paid	(49,311)	(49,311)	–	–	(49,311)	–	–
Dividend paid to non-controlling interests	(18,722)	–	–	–	–	–	(18,722)
	(80,535)	(49,227)	84	–	(49,311)	–	(31,308)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,903)	1,260	–	–	–	1,260	(4,163)
Dilution of interests in subsidiaries	(66)	(4,942)	–	–	–	(4,942)	4,876
Employee share option scheme/ share appreciation rights: - value of employee services	2,612	1,406	–	–	–	1,406	1,206
Total changes in ownership interests in subsidiaries	(357)	(2,276)	–	–	–	(2,276)	1,919
Total transactions with owners in their capacity as owners	(80,892)	(51,503)	84	–	(49,311)	(2,276)	(29,389)
Closing balance at 30/6/2016	2,232,068	1,750,449	807,603	(62,313)	1,039,328	(34,169)	481,619

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

GROUP

	Attributable to owners of the Company						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Other reserves	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Profit for the period	189,881	134,652	–	–	134,652	–	55,229
Gains on exchange differences on translation, net of tax	5,576	4,295	–	–	–	4,295	1,281
Gains on remeasuring available-for-sale financial assets, net of tax	1,782	1,782	–	–	–	1,782	–
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(8,452)	(8,452)	–	–	–	(8,452)	–
Share of other comprehensive income from equity-accounted associate, net of tax	728	728	–	–	–	728	–
Other comprehensive income for the period	(366)	(1,647)	–	–	–	(1,647)	1,281
Total comprehensive income for the period	189,515	133,005	–	–	134,652	(1,647)	56,510
Contributions by and distributions to owners							
Dividend paid to non-controlling interests	(72,914)	–	–	–	–	–	(72,914)
Total contributions by and distributions to owners	(72,914)	–	–	–	–	–	(72,914)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	(150,625)	–	–	–	–	–	(150,625)
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(599)	599	–
Total changes in ownership interests in subsidiaries	(150,625)	–	–	–	(599)	599	(150,625)
Total transactions with owners in their capacity as owners	(223,539)	–	–	–	(599)	599	(223,539)
Closing balance at 30/9/2016	2,198,044	1,883,454	807,603	(62,313)	1,173,381	(35,217)	314,590

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 1/1/2017	1,614,606	807,938	802,687	3,981
Profit for the period	50,393	–	50,393	–
Total comprehensive income for the period	50,393	–	50,393	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	76	76	–	–
Dividends paid	(76,567)	–	(76,567)	–
Total transactions with owners in their capacity as owners	(76,491)	76	(76,567)	–
Closing balance at 30/6/2017	1,588,508	808,014	776,513	3,981
Profit for the period	2,422	–	2,422	–
Total comprehensive income for the period	2,422	–	2,422	–
Closing balance at 30/9/2017	1,590,930	808,014	778,935	3,981
Opening balance at 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the period	13,374	–	13,374	–
Total comprehensive income for the period	13,374	–	13,374	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	–	–
Dividends paid	(51,048)	–	(51,048)	–
Total transactions with owners in their capacity as owners	(50,964)	84	(51,048)	–
Closing balance at 30/6/2016	1,558,952	807,603	747,420	3,929
Profit for the period	58,694	–	58,694	–
Total comprehensive income for the period	58,694	–	58,694	–
Closing balance at 30/9/2016	1,617,646	807,603	806,114	3,929

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

During Q3 2017, there was no ordinary stock unit issued arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the first 9 months of 2017, the Company issued 55,686 ordinary stock units arising from the exercising of the options under Scheme 2000.

As at 30 September 2017, there were 165,721 (30 September 2016: 565,271) unexercised options for ordinary shares under Scheme 2000.

<u>Share capital</u>	30/9/2017	30/9/2016
Number of issued stock units	637,508,148	637,276,493
Number of issued stock units (excluding subsidiary holdings)	615,796,148	615,564,493
Number of subsidiary holdings	21,712,000	21,712,000
Number of treasury shares	Nil	Nil
Percentage of the aggregate number of treasury shares and the subsidiary holdings held against the total number of shares outstanding	3.41%	3.41%

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 2017, the Company's issued and paid-up ordinary share capital excluding treasury shares was 637,508,148 ordinary stock units (31 December 2016: 637,452,462).

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 period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

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 figures have not been audited or reviewed by the Group's auditors.

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

Not applicable.

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 2016.

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 2017.

Amendments to FRS 7 Disclosure Initiative

The adoption of the above amendments to the 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 (cents)

	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
(a) Basic*:	1.7	21.1	10.1	22.7
(b) Diluted**:	1.7	21.1	10.1	22.7
<u>Continuing operations</u>				
(a) Basic*:	1.7	1.8	10.1	5.0
(b) Diluted**:	1.7	1.8	10.1	5.0
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,508,148	637,276,493	637,508,148	637,260,530
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>637,514,196</u>	<u>637,339,137</u>	<u>637,514,296</u>	<u>637,309,203</u>

* 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	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
Net asset per ordinary stock unit based on the total number of issued shares	<u>\$3.04⁽¹⁾</u>	<u>\$3.06⁽¹⁾</u>	<u>\$2.50</u>	<u>\$2.53</u>

⁽¹⁾ Based on total number of issued stock units excluding the number of stock units held by a subsidiary.

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

Q3 2017 compared with Q3 2016

Revenue increased 41% to \$143.0 million in Q3 2017 from \$101.7 million in Q3 2016. This was mainly due to revenue recognition from *The Manhattan* in Malaysia following project completion in Q3 2017 and higher revenue from sales of property units in Singapore. As a result, gross profit increased 9% to \$48.8 million in Q3 2017.

Interest income decreased 16% to \$0.6 million in Q3 2017 from \$0.8 million in Q3 2016 mainly due to lower interest income from fixed deposits.

Other income decreased 70% to \$3.3 million in Q3 2017 from \$11.1 million in Q3 2016 mainly due to the absence of \$5.0 million fidelity insurance compensation and \$5.0 million write back in the provision for development charge in relation to the divestment of the Group's Automotive business taken up in Q3 2016.

Distribution costs increased 20% to \$8.8 million in Q3 2017 from \$7.4 million in Q3 2016 mainly due to higher selling and marketing expenses for property development project in Malaysia.

Finance costs decreased 53% to \$4.1 million in Q3 2017 from \$8.9 million in Q3 2016 mainly due to lower borrowings.

Other expenses increased 38% to \$1.4 million in Q3 2017 from \$1.0 million in Q3 2016 mainly due to impairment loss in relation to *Shenyang Orchard Summer Palace* project.

In Q3 2017, the Group recorded share of loss from equity-accounted associates and joint ventures of \$0.8 million compared to share of profit of \$0.7 million in Q3 2016. Share of loss in Q3 2017 was mainly due to lower contribution from a joint venture in Singapore arising from revaluation deficit from its investment property.

Income tax expense decreased 26% to \$2.7 million in Q3 2017 from \$3.6 million in Q3 2016 mainly due to lower taxable profit.

9 months 2017 (9M 2017) compared with 9 months 2016 (9M 2016)

Revenue increased 2% to \$366.2 million in 9M 2017 from \$358.2 million in 9M 2016 mainly due to higher revenue from property development, which was partially offset by lower revenue from other business divisions. Gross profit decreased 1% to \$140.8 million in 9M 2017.

Interest income increased 55% to \$2.3 million in 9M 2017 from \$1.5 million in 9M 2016 mainly due to higher interest income from fixed deposits.

Other income increased 190% to \$50.3 million in 9M 2017 from \$17.4 million in 9M 2016 mainly due to revaluation gains of \$45.4 million from the Group's investment properties, which was partially offset by the absence of the following taken up in 9M 2016:

- a gain of \$3.9 million in relation to the disposal of an available-for-sale financial asset;
- \$5.0 million fidelity insurance compensation; and
- \$5.0 million reduction in the provision for development charge in relation to the divestment of the Group's Automotive business.

Finance costs decreased 43% to \$15.8 million in 9M 2017 from \$27.9 million in 9M 2016 mainly due to lower borrowings.

Other expenses increased 222% to \$12.5 million in 9M 2017 from \$3.9 million in 9M 2016 mainly due to impairment loss in relation to *Shenyang Orchard Summer Palace* project.

Share of profit from equity-accounted associates and joint ventures decreased 61% to \$1.4 million in 9M 2017 from \$3.7 million in 9M 2016 mainly due to lower contribution from a joint venture in Singapore arising from revaluation deficit from its investment property.

Income tax expense increased 94% to \$10.2 million in 9M 2017 from \$5.2 million in 9M 2016. The higher income tax expense in 9M 2017 was mainly due to higher losses incurred by certain overseas subsidiaries which were not available for group relief. The lower income tax expense in 9M 2016 was mainly due to the write-back of over provision of prior years' income tax.

The Group's attributable profit from continuing operations decreased 9% to \$10.6 million in Q3 2017 from \$11.7 million in Q3 2016. For 9M 2017, attributable profit from continuing operations increased 99% to \$64.2 million in 9M 2017 from \$32.3 million in 9M 2016.

Financial position review

- Current trade and other receivables decreased by \$132 million mainly due to the collection of balance receivables from *Eight Riversuites* project upon obtaining the Certificate of Statutory Completion.
- Total borrowings decreased by \$346 million mainly due to:
 - the repayment of the \$250 million 4.2% p.a. fixed rate notes previously issued pursuant to the \$500 million Multicurrency Medium Term Note Programme; and
 - the partial repayment of bank loans by certain subsidiaries.

Cash flow review

As at 30 September 2017, the Group had cash and cash equivalents of \$359 million. In 9M 2017, the Group received approximately \$116 million mainly from the collection of remaining receivables upon obtaining the Certificate of Statutory Completion for *Eight Riversuites* project. Separately, the Group utilised \$74 million for dividend payments and \$538 million for the repayment of external borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2016 to 30 September 2017 were mainly due to the Group's other ongoing operations.

Operation review

Property Rental & Hospitality

Revenue decreased 6% to \$32.7 million in Q3 2017 from \$34.7 million in Q3 2016 and 4% to \$98.3 million in 9M 2017 from \$101.9 million in 9M 2016. Operating profit before interest decreased 30% to \$16.2 million in Q3 2017 from \$23.1 million in Q3 2016 in the absence of \$5.0 million fidelity insurance compensation recorded in Q3 2016 as well as lower contribution from *UE Bizhub West* in Q3 2017. Operating profit before interest increased 48% to \$93.1 million in 9M 2017 from \$62.8 million in 9M 2016 mainly due to revaluation gains of \$45.4 million from the Group's investment properties. The higher operating profit was partially offset by the absence of a gain of \$3.9 million in relation to the disposal of an available-for-sale financial asset, \$5.0 million fidelity insurance compensation recorded in 9M 2016 as well as lower contribution from *UE Bizhub Tower* and *UE Bizhub West* in 9M 2017.

Property Development

Revenue increased to \$55.1 million in Q3 2017 from \$4.5 million in Q3 2016 mainly due to revenue recognition from *The Manhattan* in Malaysia following project completion in Q3 2017 and higher revenue from the property sales at *Eight Riversuites* and *Chengdu Orchard Villa*. Revenue increased 47% to \$81.8 million in 9M 2017 from \$55.8 million in 9M 2016 mainly due to revenue recognition from *The Manhattan* in Malaysia, higher revenue from the property sales at *Chengdu Orchard Villa* and *Shenyang Orchard Summer Palace*. The increase was partially offset by lower revenue from the property sales at *Eight Riversuites* in 9M 2017 as compared to 9M 2016. Operating profit before interest was \$3.6 million in Q3 2017 compared with operating loss of \$3.2 million in Q3 2016. Operating loss before interest increased 42% to \$10.2 million in 9M 2017 from \$7.2 million in 9M 2016 mainly due to impairment loss in relation to *Shenyang Orchard Summer Palace* project.

Engineering & Distribution

Revenue decreased 17% to \$29.4 million in Q3 2017 from \$35.5 million in Q3 2016 and 8% to \$92.3 million in 9M 2017 from \$100.0 million in 9M 2016 mainly due to lower revenue from distribution businesses. Operating profit before interest decreased 89% to \$0.1 million in Q3 2017 from \$0.9 million in Q3 2016 and 59% to \$2.3 million in 9M 2017 from \$5.6 million in 9M 2016 mainly due to lower profit contribution from the Distribution division.

Manufacturing

Revenue decreased 2% to \$19.9 million in Q3 2017 from \$20.3 million in Q3 2016 and 4% to \$62.2 million in 9M 2017 from \$64.7 million in 9M 2016. Operating profit before interest decreased 31% to \$0.9 million in Q3 2017 from \$1.3 million in Q3 2016 and 38% to \$3.1 million in 9M 2017 from \$5.0 million in 9M 2016 mainly due to lower revenue and profit margin as well as foreign exchange loss.

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

The Company did not make any forecast statement previously. The Group's Q3 2017 results are in line with the statement made in paragraph 10 of the Company's Q2 2017 results announcement on 11 August 2017.

10 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.

Although regional geopolitical uncertainties continue to persist, Singapore property market seemed to have stabilised with improved overall sentiments and strengthening global economic conditions. In China, the property cooling measures have brought about a relative slowdown in activity but the property market may continue to see sustainable growth in the longer term.

11 Dividend

- (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.

The Company had obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 25 April 2017 (IPT Mandate). The IPT Mandate covers mandated transactions with Oversea-Chinese Banking Corporation Limited and its associates (which include Great Eastern Holdings Limited and its subsidiaries) (collectively, "OCBC group") which were interested persons until 12 July 2017. Between 1 July 2017 and 12 July 2017, there was no IPT with an amount exceeding \$100,000 with OCBC group and for the period from 1 July 2017 till 30 September 2017, there was no IPT with an amount exceeding \$100,000 with any other interested persons other than OCBC group.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Tan Swee Hong
Secretary
13 November 2017

Confirmation by the Board

We, Zhong Sheng Jian and Roy Tan Chee Keong, 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 2017 and 9M 2017 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
Zhong Sheng Jian
Executive Chairman

.....
Roy Tan Chee Keong
Group Managing Director