



MEDIA RELEASE

For Immediate Release

Rotary Engineering records strong first quarter 2014 with S\$199m revenue and net profit of S\$14.4m

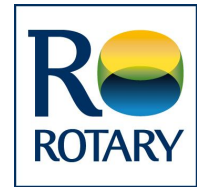
Highlights

- Strong Revenue from execution of on-going projects
- Productivity improvements contributed to better margins
- Strong net cash position of S\$147 million

SINGAPORE, 7 May 2014 – MAINBOARD-LISTED Rotary Engineering Limited (Rotary or the Group), a leading provider of engineering, procurement, construction and maintenance (EPCM) services supporting the oil and gas and petrochemical industry, today announced that it recorded a 94% increase in revenue to S\$199 million for the quarter ended 31 March 2014 (1Q14).

Significant increase in revenue culminated from a busy quarter with execution of our on-going projects picking up pace and momentum. Singapore and the Middle East continue to contribute the bulk of the Group's revenue.

This year began on the right note. Gross profit margin of 17% in this quarter exceeded 2013 full year's gross margin of 12% by 5%. Corresponding, net profit margin also significantly improved from 3.5% last year to 7.2% this quarter. This is partly attributed to productivity improvement efforts. The Group will constantly adopt a productivity mindset as it plans and executes its projects.



Rotary is therefore pleased to announce its net profit attributable to shareholders for the quarter is at S\$14.4 million compared to S\$2.5 million for the same quarter last year. This translates to a 6.3 times increase in earnings per share of 2.5 Singapore cents for 1Q14 compared to 0.4 Singapore cent in 1Q13.

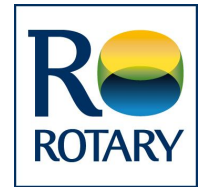
Mr Roger Chia Kim Piow (谢金标), Rotary's Chairman and Managing Director, said, **"I am glad that we have achieved a set of good results. We are indeed moving up the ladder of productivity. Productivity is not only about cutting costs but also about being innovative and adding value. This is especially important in today's competitive business environment."**

Ongoing Major Projects

The Group is currently working on several major projects. The two major projects in Singapore are the S\$300 million project for expansion of oil terminal at Pulau Busing and an EPC contract for the construction of approximately 80 tanks, common pipelines, import/export jetty topsides and other infrastructures of the shared lubricant storage facility in Tuas South which is a joint venture by three oil majors. The major project in the Middle East is the US\$250 million EPC contract for the Fujairah Oil Terminal in Fujairah, UAE.

Strong Balance Sheet – Healthy operating cashflow

Accompanying the improvement in profitability was its strong balance sheet. As at 31 March 2014, net asset value attributable to shareholders was S\$225 million, a 6.5% increase as compared to S\$211 million at 31 December 2013. Correspondingly, net cash position also improved from S\$134 million at 31 December 2013 to S\$147 million as at 31 March 2014.



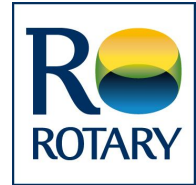
Market capitalisation was S\$ 406 million based on the closing share price of S\$ 0.715 as at 5 May 2014. Net asset value per share is 39.6 Singapore cents as at 31 March 2014.

Business Outlook

The outlook for Rotary's business continues to be encouraging. Strong economic growth in Asia and the Middle East increases the consumption of energy and products derived from crude oil. This in turn creates a demand for storage infrastructure of petroleum and petrochemical products, pharmaceuticals and specialty chemicals.

In Singapore, the highly developed ecosystem of Jurong Island continues to attract investments. The emphasis is now on higher value-added companies such as specialty chemicals, lubricants, pharmaceuticals and LNG. On Rotary's move up the value chain, Mr Chia said, **"Rotary's projects now involve not just tank farm construction but EPC of plants that are able to integrate the owners' proprietary technology. For the LNG projects, Rotary is well positioned with strategic partners to extend our core tankage capabilities to LNG. This will add on to our track record of building cryogenic tanks including ethylene, ammonia and LPG tanks."**

The Middle East countries are intent on not merely being producers of crude oil but want to add value by refining, by being storage and distribution hubs, and by going downstream to produce higher value-add petrochemicals. As such, countries like Saudi Arabia, Oman and Kuwait all have huge development plans for their oil and gas industries. The Group has reorganised its operational structure to undertake projects in Saudi Arabia as a specialist tankage and E&I sub-contractor, and shop fabrication works. Rotary has established a



representative office in Oman where the government has announced plans for developing its oil and gas infrastructure.

“We are seeing activities in the Middle East, in ASEAN and here in Singapore. We are actively participating in tenders and holding negotiations. My business development team is continually assessing opportunities to ensure that we follow up on all leads and do our best to secure those that will give us decent returns. In addition, we are also seeking related opportunities to complement our existing activities” Mr Chia said.

This press release should be read in conjunction with the full SGX announcement released by Rotary dated 7 May 2014. A copy of the announcement is available on www.sgx.com.

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About Rotary Engineering Limited (www.rotaryeng.com.sg)

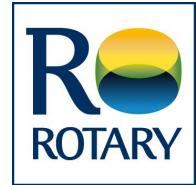
Rotary Engineering Limited (罗德里工程有限公司) is one of the region's oil and gas infrastructure services company with extensive international experience, offering EPCM services to the oil and gas, petroleum, petrochemical and pharmaceutical industries.

Headquartered in Singapore, Rotary has established a strong presence in the Asia Pacific and the Middle East, and continues to make its mark as a global player.

Established in 1972, Rotary has forged a reputation built on its hallmark traits of providing quality services, within budget and on-time delivery. Today, the Group boasts a total strength of about 7,000 employees, which includes a highly and multi-skilled workforce that forms the mainstay of its core EPCM services.

Singapore remains a focus for the Group while it actively seeks business opportunities overseas. The Group has subsidiaries in Malaysia, Thailand, Indonesia, India, China, Australia, Saudi Arabia and the United Arab Emirates.

The Group has won numerous awards and accolades. It was the winner for "Most Transparent Company" in the Construction Category at the Securities Investors Association (Singapore)'s Investors Choice Awards 2007, 2011 and 2012. It was also the winner in the Enterprise category in 2008. Mr Roger Chia Kim Piow (谢金标), Rotary's Chairman and Managing Director, won in the Businessman category for 2011 at the Singapore Business Awards which was jointly organised by the Business Times and DHL Worldwide Express Singapore. He also won the Joint



Best Chief Executive Officer for 2008 in the "S\$300 million to less than S\$1 billion in market capitalisation" category at the Singapore Corporate Awards 2009.

Rotary is ISO 9000, ISO14000, OHSAS certified and is listed on the Mainboard of the Singapore Exchange since 1993.

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