



UNITED ENVIROTECH LTD. (Company registration number: 200306466G)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

First Quarter Financial Statement & Dividend Announcement for the Period Ended 30 June 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 30/6/2010 \$'000	Group 3 months ended 30/6/2009 \$'000	% Increase/ (Decrease)
Revenue	22,357	8,845	152.8
Other income	192	44	336.4
Changes in inventories	276	(46)	N/m
Material purchased, consumables used and subcontractors' fees	(14,734)	(4,827)	205.2
Employee benefits expense	(1,295)	(1,091)	18.7
Depreciation and amortisation expenses	(82)	(236)	(65.3)
Other operating expenses	(1,830)	(1,185)	54.4
Finance costs	(143)	(157)	(8.9)
Share of loss of associate	(14)	(39)	(64.1)
Share of (loss) profit of joint venture	(20)	15	N/m
Profit before income tax	4,707	1,323	255.8
Income tax expense	(481)	(225)	113.8
Net profit for the period	4,226	1,098	284.9
<u>Statement of Comprehensive Income</u>			
Net profit for the period	4,226	1,098	284.9
Currency translation gain (loss)	445	(2,776)	N/m
Total comprehensive income (expense) for the period	4,671	(1,678)	N/m

N/m: Not meaningful

1(a)(ii) Breakdown to statement of comprehensive income

	Group 3 months ended 31/6/2010 \$'000	Group 3 months ended 31/6/2009 \$'000	% Increase/ (Decrease)
Depreciation of property, plant and equipment	82	92	(10.9)
Amortisation of intangible assets	-	144	N/m
Share option expense	132	-	N/m
Interest expense	143	157	(8.9)
Interest income	(38)	(15)	153.3
Foreign currency exchange gain	(25)	(12)	108.3

N/m: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group 30/6/2010 \$'000	Group 31/3/2010 \$'000	Company 30/6/2010 \$'000	Company 31/3/2010 \$'000
ASSETS				
Current assets:				
Cash and bank balances	25,889	37,253	8,386	17,447
Trade receivables	32,792	37,524	440	440
Service concession receivables	13	13	-	-
Other receivables and prepayments	10,807	5,638	19,076	13,386
Inventories	963	687	-	-
Total current assets	70,464	81,115	27,902	31,273
Non-current assets:				
Trade receivables	5,312	5,286	-	-
Service concession receivables	82,883	69,330	-	-
Subsidiaries	-	-	39,389	37,584
Associate	1,408	1,422	2,230	2,230
Joint venture	7,586	7,606	7,688	7,688
Property, plant and equipment	2,233	2,081	348	361
Goodwill	1,596	1,589	-	-
Intangible assets	200	200	200	200
Deferred tax assets	452	450	-	-
Total non-current assets	101,670	87,964	49,855	48,063
Total assets	172,134	169,079	77,757	79,336
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	6,627	6,437	1,200	1,200
Trade payables	25,323	25,093	-	-
Other payables	5,952	6,518	237	1,115
Current portion of finance leases	95	95	48	48
Income tax payable	1,026	1,935	-	-
Total current liabilities	39,023	40,078	1,485	2,363
Non-current liabilities:				
Bank loans	13,665	14,494	1,700	2,000
Deferred tax liabilities	1,943	1,787	-	-
Finance leases	286	306	183	195
Total non-current liabilities	15,894	16,587	1,883	2,195

	Group 30/6/2010 \$'000	Group 31/3/2010 \$'000	Company 30/6/2010 \$'000	Company 31/3/2010 \$'000
Capital and reserves:				
Share capital	72,437	72,437	72,437	72,437
General reserve	2,009	2,009	-	-
Share option reserve	176	44	176	44
Currency translation reserves	(256)	(701)	-	-
Accumulated profits	42,851	38,625	1,776	2,297
Total equity	117,217	112,414	74,389	74,778
Total liabilities and equity	172,134	169,079	77,757	79,336

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

<u>As at 30/6/2010</u>		<u>As at 31/3/2010</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,522	1,200	5,332	1,200

Amount repayable after one year

<u>As at 30/6/2010</u>		<u>As at 31/3/2010</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
12,251	1,700	12,800	2,000

Details of any collateral

1. The finance leases of \$381,000 (31 March 2010: \$401,000) is secured over the Group's motor vehicles with carrying value of \$442,000 (31 March 2010: \$464,000).
2. The bank term loan of \$939,000 (31 March 2010: \$775,000) is secured over the freehold properties of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$317,000 (31 March 2010: \$320,000).
3. The long term bank loans of \$16,453,000 (31 March 2010: \$16,956,000) are secured over the Wastewater treatment plant of its two subsidiaries, United Envirotech Water Treatment (Liaoyang) Co Ltd and United Envirotech Water Treatment (Xintai) Co Ltd with carrying value of \$53,735,000 (31 March 2010: \$53,477,000).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended 30/6/2010 \$'000	Group 3 months ended 30/6/2009 \$'000
Operating activities		
Profit before income tax	4,707	1,323
Adjustments for:		
Interest income	(38)	(15)
Interest expense	143	157
Share of loss of associate	14	39
Share of loss (profit) of joint venture	20	(15)
Depreciation and amortization	82	236
Share option expense	132	-
Exchange difference arising on foreign currency translation	118	438
Operating profit before working capital changes	5,178	2,163
Trade receivables	4,706	(1,742)
Other receivables and prepayments	(5,169)	1,208
Inventories	(276)	46
Trade payables	230	(409)
Other payables	(566)	(500)
Cash generated from operations	4,103	766
Interest received	38	15
Interest paid	(143)	(157)
Income tax paid	(1,236)	(516)
Net cash from operating activities	2,762	108
Investing activity		
Service concession receivables	(13,553)	(3)
Net cash used in investing activity	(13,553)	(3)
Financing activities		
Repayment of obligations under finance lease	(20)	(28)
Repayment of borrowings	(639)	(1,895)
Net cash used in financing activities	(659)	(1,923)
Net decrease in cash and cash equivalents	(11,450)	(1,818)
Cash and cash equivalents at beginning of period	37,253	20,365
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	86	(462)
Cash and cash equivalents at end of period	25,889	18,085

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

	Share capital \$'000	General reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<u>Group</u>						
At 1 April 2010	72,437	2,009	44	(701)	38,625	112,414
Total comprehensive income for the period	-	-	-	445	4,226	4,671
Recognition of share-based payment	-	-	132	-	-	132
At 30 June 2010	72,437	2,009	176	(256)	42,851	117,217

	Share capital \$'000	Share option reserve \$'000	Accumulated losses \$'000	Total \$'000
<u>Company</u>				
At 1 April 2010	72,437	44	2,297	74,778
Total comprehensive income for the period	-	-	(521)	(521)
Recognition of share-based payment	-	132	-	132
At 30 June 2010	72,437	176	1,776	74,389

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the current financial period, there is no change in the company's share capital.

1(d)(iii) To show the 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.

	30/6/2010	31/3/2010
Total number of issued shares ('000)	437,596	437,596

The company does not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

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

The accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the financial year ended 31 March 2010.

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 the effect of, the change.

There is no change in the accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 30/6/2010	Group 30/6/2009
Net profit attributable to shareholders of the Company (\$'000)	4,226	1,098
Weighted average number of shares in issue (in '000) for computation of Basic EPS	437,596	397,596
Earning per share (cents)- Basic	0.97	0.28
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	447,147	397,596
Earning per share (cents) – Diluted	0.95	0.28

For the purpose of calculating diluted EPS, assumption was made that the total employee share options issued will be converted to ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group 30/6/2010	Group 31/3/2010	Company 30/6/2010	Company 31/3/2010
Net asset value (\$'000)	117,217	112,414	74,389	74,778
Net asset value per share (cents)	26.79	25.69	17.00	17.09

The net asset value per share is calculated based on the issued share capital of 437,596,000.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) 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; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of comprehensive income

The Group's revenue for the period was \$22.4 million, which was \$13.6 million or 152.8% higher than last corresponding period ended 30 June 2009 of \$8.8 million. The increase was mainly due to the higher engineering income for the current period.

The increase in material purchased, consumables used and subcontractors' fees of \$9.9 million or 205.2% as compared to the corresponding period ended 30 June 2009 was consistent with the increase in the engineering revenue.

The increase in other operating expenses of \$0.6 million or 54.4% as compared to the last corresponding period ended 30 June 2009 was largely due to the higher engineering related expenses, which was consistent with the higher engineering revenue for the period. Engineering related expenses included site expenses, transport and traveling expenses.

The Group generated profit after tax of \$4.2 million for the current period as compared to \$1.1 million in the corresponding period ended 30 June 2009, representing an increase of 284.9%.

Statement of financial position

Total current assets amounted to \$70.5 million, which was \$10.6 million lower than \$81.1 million as at 31 March 2010. The decrease was mainly due to lower cash and bank balance and the trade receivables. The cash and bank balance decreased from \$37.3 million to \$25.9 million, a decrease of \$11.4 million. The decrease was mainly due to the utilisation of cash and bank balances for the BOT projects in Hegang city, Heilongjiang province. The trade receivables decreased from \$37.5 million to \$32.8 million, a decrease of \$4.7 million. The decrease was due to the prompt collection from the debtors. The decrease was offset by the increase in other debtors. Other debtors increased from \$5.6 million to \$10.8 million, an increase of \$5.2 million. The increase was mainly due to the deposit of \$6.2 million paid to Tongji Environment Asia Pte Ltd with an option to acquire the wastewater treatment plant in Xinmin, Shenyang.

Total non-current assets amounted to \$101.7 million, which was \$13.7 million higher than \$88.0 million as at 31 March 2010. The increase was mainly due to increase in service concession receivables. Service concession receivables increased from \$69.3 million to \$82.9 million, an increase of \$13.6 million. The increase was mainly due to the additions of Hegang and Hedong projects during the period.

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

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and 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.

As the overall economic conditions continue to improve, the Group expects a better operating environment in the forthcoming quarters ahead, and believes that the stricter discharge limits imposed by the Chinese government will compound the demand for membrane-based water and wastewater treatment services. As such, the Group is optimistic that there are opportunities for new and upgrading projects to be secured, both in the municipal and industrial sectors. The Group believes that its advanced membrane technologies, particularly Membrane Bioreactor (MBR), have a competitive edge in treating wastewater of a greater complexity to meet the stricter discharge limits more effectively and efficiently. The Group has successfully completed its 100,000m³/day Guangzhou EPC plant, demonstrating its capabilities of undertaking large-scale projects.

In addition, as a long-term growth strategy, the Group will actively seek suitable TOT/BOT/BOO projects in China to build or acquire to strengthen its recurring income base. After the completion of its two BOT projects in Heilongjiang and Liaoning in the coming 2 years, this will further improve our total treatment capacity as well as the recurring income stream of the Group.

The Group will also seek to provide operation and maintenance (O&M) services to further boost its recurring income stream. Beyond China, the Group also intends to explore overseas projects to expand its presence.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

15. A breakdown of sales.

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

Statement by Directors

Pursuant to SGX Listing Rule 705(4)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the First Quarter Results of the Group for the financial period ended 30 June 2010 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for the periods presented in this report.

On behalf of the Board

Dr Lin Yucheng

Director

Yeung Koon Sang

Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
10 August 2010