



**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 2013**

**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 30/6/2013 \$'000	Group 3 months ended 30/6/2012 \$'000	% Increase/ (Decrease)
Revenue	44,066	32,057	37.5
Other income	405	334	21.3
Changes in inventories	279	70	298.6
Material purchased, consumables used and subcontractors' fees	(25,010)	(17,857)	40.1
Employee benefits expense	(3,223)	(1,799)	79.2
Depreciation and amortisation expenses	(923)	(350)	163.7
Other operating expenses	(5,594)	(3,530)	58.5
Finance costs	(3,724)	(2,957)	25.9
Share of profit of associates	557	790	(29.5)
Share of profit of joint venture	670	161	316.1
<b>Profit before income tax</b>	<b>7,503</b>	<b>6,919</b>	8.4
Income tax expense	(1,416)	(1,035)	36.8
<b>Net profit for the period</b>	<b>6,087</b>	<b>5,884</b>	3.5

	Group 3 months ended 30/6/2013 \$'000	Group 3 months ended 30/6/2012 \$'000	% Increase/ (Decrease)
Profit attributable to:			
Owners of the Company	5,732	5,884	(2.6)
Non-controlling interests	355	-	N/m
<b>Profit for the period</b>	<b>6,087</b>	<b>5,884</b>	<b>3.5</b>
Fair value change in Available-for-sale investment	(4,642)	-	N/m
Currency translation profit (loss)	5,771	(575)	N/m
<b>Total other comprehensive income for the period</b>	<b>1,129</b>	<b>(575)</b>	<b>N/m</b>
<b>Total comprehensive income for the period</b>	<b>7,216</b>	<b>5,309</b>	<b>35.9</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	6,861	5,309	29.2
Non-controlling interests	355	-	N/m
<b>Total comprehensive income for the period</b>	<b>7,216</b>	<b>5,309</b>	<b>35.9</b>

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

	Group 3 months ended 30/6/2013 \$'000	Group 3 months ended 30/6/2012 \$'000	% Increase/ (Decrease)
Employees share option expense	1,300	153	749.7
Interest expense on bank borrowings	1,124	815	37.9
Finance cost on convertible bonds	2,600	2,142	21.4
Interest income	(91)	(214)	(57.5)
Foreign currency exchange gain	(217)	(120)	80.8

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 30/6/2013 \$'000	Group 31/3/2013 \$'000	Company 30/6/2013 \$'000	Company 31/3/2013 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	38,835	59,068	9,978	40,164
Trade receivables	105,393	99,184	-	-
Service concession receivables	139	135	-	-
Other receivables and prepayments	67,981	63,328	112,015	94,478
Inventories	639	360	-	-
Prepaid lease	184	183	-	-
<b>Total current assets</b>	<b>213,171</b>	<b>222,258</b>	<b>121,993</b>	<b>134,642</b>
Non-current assets:				
Trade receivables	685	665	-	-
Service concession receivables	183,582	181,087	-	-
Prepaid lease	9,775	9,756	-	-
Subsidiaries	-	-	151,835	139,097
Associates	9,571	9,014	6,507	6,317
Joint venture	10,664	9,994	7,919	7,688
Available-for-sale investment	28,350	32,900	28,350	32,900
Property, plant and equipment	13,171	13,276	234	249
Goodwill	1,431	1,438	-	-
Intangible assets	123,769	86,124	200	200
Deferred tax assets	624	606	-	-
<b>Total non-current assets</b>	<b>381,622</b>	<b>344,860</b>	<b>195,045</b>	<b>186,451</b>
<b>Total assets</b>	<b>594,793</b>	<b>567,118</b>	<b>317,038</b>	<b>321,093</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank loans	25,767	33,064	7,500	8,566
Trade payables	86,950	54,927	-	-
Other payables	28,788	36,797	14,246	17,743
Finance leases	85	68	54	54
Income tax payable	6,605	8,544	-	-
<b>Total current liabilities</b>	<b>148,195</b>	<b>133,400</b>	<b>21,800</b>	<b>26,363</b>
Non-current liabilities:				
Bank loans	37,590	37,238	-	-
Finance leases	32	47	24	38
Convertible bonds	122,386	118,677	122,386	118,677
Deferred tax liabilities	6,740	6,422	-	-
<b>Total non-current liabilities</b>	<b>166,748</b>	<b>162,384</b>	<b>122,410</b>	<b>118,715</b>

	Group 30/6/2013 \$'000	Group 31/3/2013 \$'000	Company 30/6/2013 \$'000	Company 31/3/2013 \$'000
Capital and reserves:				
Share capital	151,325	151,325	151,325	151,325
General reserve	3,683	3,683	-	-
Share option reserve	4,396	3,096	4,396	3,096
Revaluation reserve	(7,782)	(3,140)	(7,782)	(3,140)
Convertible bonds reserve	22,520	22,520	22,520	22,520
Currency translation reserves	1,805	(3,966)	3,609	(786)
Accumulated profits	93,627	87,895	(1,240)	3,000
<b>Total equity attributable to owners of the Company Total equity</b>	<b>269,574</b>	<b>261,413</b>	<b>172,828</b>	<b>176,015</b>
Non-controlling interests	10,276	9,921	-	-
<b>Total equity</b>	<b>279,850</b>	<b>271,334</b>	<b>172,828</b>	<b>176,015</b>
<b>Total liabilities and equity</b>	<b>594,793</b>	<b>567,118</b>	<b>317,038</b>	<b>321,093</b>

**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 30/6/2013</u>		<u>As at 31/3/2013</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,733	24,119	1,672	31,460

**Amount repayable after one year**

<u>As at 30/6/2013</u>		<u>As at 31/3/2013</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
6,941	30,681	6,758	30,527

**Details of any collateral**

1. The finance leases of \$117,000 (31 March 2013: \$115,000) is secured over the Group's motor vehicles.
2. The bank term loan of \$111,000 (31 March 2013: \$115,000) is secured over the freehold properties of its Malaysia subsidiary.
3. The long term bank loans of \$8,446,000 (31 March 2013: \$8,200,000) are secured over the concession receivables and the treatment plant and prepaid lease of its subsidiaries.

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

	Group 3 months ended 30/6/2013 \$'000	Group 3 months ended 30/6/2012 \$'000
<b>Operating activities</b>		
Profit before income tax	7,503	6,919
Adjustments for:		
Interest income	(91)	(214)
Interest expense	3,724	2,957
Share of profit of associates	(557)	(790)
Share of profit of joint venture	(670)	(161)
Depreciation and amortisation expense	923	350
Share option expense	1,300	153
Exchange differences arising on foreign currency translation	5,992	(823)
<b>Operating profit before working capital changes</b>	<b>18,124</b>	<b>8,391</b>
Trade receivables	(6,209)	(7,436)
Other receivables and prepayments	(4,673)	15,454
Inventories	(279)	(70)
Trade payables	32,023	1,825
Other payables	(8,905)	(5,739)
<b>Cash generated from operations</b>	<b>30,081</b>	<b>12,425</b>
Interest received	91	214
Interest paid	(1,124)	(815)
Income tax paid	(3,055)	(458)
<b>Net cash from operating activities</b>	<b>25,993</b>	<b>11,366</b>
<b>Investing activities</b>		
Addition to service concession receivables	(2,499)	-
Addition to intangible assets	(37,645)	-
Purchase of property, plant and equipment	(818)	(3,437)
<b>Net cash used in investing activities</b>	<b>(40,962)</b>	<b>(3,437)</b>
<b>Financing activities</b>		
New bank loans raised	-	1,215
Repayment of obligations under finance lease	(18)	(19)
Repayment of bank borrowings	(6,945)	-
<b>Net cash (used) from financing activities</b>	<b>(6,963)</b>	<b>1,196</b>
Net (decrease) increase in cash and cash equivalents	(21,932)	9,125
Cash and cash equivalents at beginning of year	59,068	89,458
Net effect of exchange rate changes on the balance and cash held in foreign currencies	1,699	(28)
Cash and cash equivalents at end of year	38,835	98,555

**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	Revaluation reserve \$'000	Convertible bonds reserves \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
<b>Group</b>										
At 1 April 2013	151,325	3,683	3,096	(3,140)	22,520	(3,966)	87,895	261,413	9,921	271,334
Total comprehensive income for the period	-	-	-	-	-	5,771	5,732	11,503	355	11,858
Recognition of share-based payment	-	-	1,300	-	-	-	-	1,300	-	1,300
Revaluation of investment	-	-	-	(4,642)	-	-	-	(4,642)	-	(4,642)
At 30 June 2013	151,325	3,683	4,396	(7,782)	22,520	1,805	93,627	269,574	10,276	279,850
At 1 April 2012	92,659	2,646	1,290	-	22,520	(1,799)	60,850	178,166	-	178,166
Total comprehensive income for the period	-	-	-	-	-	(575)	5,884	5,309	-	5,309
Recognition of share-based payment	-	-	153	-	-	-	-	153	-	153
At 30 June 2012	92,659	2,646	1,443	-	22,520	(2,374)	66,734	183,628	-	183,628

	Share capital \$'000	Share option reserve \$'000	Revaluation reserve \$'000	Convertible bonds reserves \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b><u>Company</u></b>							
At 1 April 2013	151,325	3,096	(3,140)	22,520	(786)	3,000	176,015
Total comprehensive income for the period	-	-	-	-	4,395	(4,240)	155
Recognition of share-based payment	-	1,300	-	-	-	-	1,300
Revaluation of investment	-	-	(4,642)	-	-	-	(4,642)
At 30 June 2013	151,325	4,396	(7,782)	22,520	3,609	(1,240)	172,828
At 1 April 2012	92,659	1,290	-	22,520	(1,813)	2,822	117,478
Total comprehensive income for the period	-	-	-	-	1	(1,030)	(1,029)
Recognition of share-based payment	-	153	-	-	-	-	153
At 30 June 2012	92,659	1,443	-	22,520	(1,812)	1,792	116,602

**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.

The total number of shares that may be issued on conversion of all the outstanding convertibles bonds and employees shares options were 305,000,007 (30 June 2012: 305,000,007) and 73,700,000 (30 June 2012: 11,850,000) respectively.

**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.**

	30/6/2013	31/3/2013
Total number of issued shares ('000)	594,132	594,132

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 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 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 30/6/2013	Group 30/6/2012
Net profit attributable to shareholders of the Company (\$'000)	5,732	5,884
Weighted average number of shares in issue (in '000) for computation of Basic EPS	594,132	477,596
Earning per share (cents)- Basic	0.96	1.23
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	972,832	794,446
Earning per share (cents) – Diluted	0.59	1.01

For the purpose of calculating diluted EPS, assumption was made that all the employee share options and convertible bonds 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 30/6/2013	Group 31/3/2013	Company 30/6/2013	Company 31/3/2012
Net asset value (\$'000)	279,850	271,334	172,828	176,015
Net asset value per share (cents)	47.10	45.67	29.09	29.63

The net asset value per share is calculated based on the issued share capital of 594,132,000 (31 March 2013: 594,132,000).

**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 year was \$44.1 million, which was \$12.0 million or 37.5% higher than last corresponding period ended 30 June 2012 of \$32.1 million. The increase was mainly due to the increase in the engineering business from \$25.3 million to \$31.2 million, representing an increase of \$5.9 million or 23.3%. In addition, revenue from the water treatment business also increased from \$6.8 million to \$12.9 million, representing an increase of \$6.1 million or 89.7%.

Materials purchased, consumables used and subcontractors' fees increased to \$25.0 million from \$17.9 million, representing an increase of \$7.1 million or 40.1% as compared to the corresponding period ended 30 June 2012. The increase was consistent with the increase in revenue.

Employee benefits expense increased to \$3.2 million from \$1.8 million, representing an increase of \$1.4 million or 79.2% as compared to the corresponding period ended 30 June 2012. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants acquired during the past last financial year.

Depreciation and amortization expenses increased to \$0.9 million from \$0.4 million, representing an increase of \$0.5 million or 163.7% as compared to the corresponding period ended 30 June 2012. The increase was mainly due to the amortization of intangible assets relating to the newly acquired concessions.

Other operating expenses increased to \$5.6 million from \$3.5 million, representing an increase of \$2.1 million or 58.5% as compared to the corresponding period ended 30 June 2012. The increase was mainly due to the operating expenses incurred for the operation and maintenance of the new treatment plants acquired during the past year and the increase in share option expense from \$0.2 million to \$1.3 million.

Finance costs increased from \$3.0 million to \$3.7 million, representing an increase of \$0.7 million or 25.9% as compared to the corresponding period ended 30 June 2012. The increase was mainly due to the finance costs relating to the convertible bonds of \$2.6 million as compared to \$2.1 million for the last corresponding period

ended 30 June 2012.

The Group generated net profit for the year of \$6.1 million for the current year as compared to \$5.9 million in the corresponding period ended 30 June 2012.

Fair value change in Available-for sale investment of \$4.6 million loss pertained to mark-to-market loss on the shares of Memstar Technology Ltd as at 30 June 2013.

Currency translation profit of \$5.8 million arose due to the strengthening of the RMB against S\$.

### **Statement of financial position**

The Group's non-current assets increased from \$344.9 million as at 31 March 2013 to \$381.6 million as at 30 June 2013. The increase was mainly due to the additions of intangible assets relating to the concessions arising from the acquisition of treatment plants and concessions during the period.

The Group's current liabilities increased from \$133.4 million as at 31 March 2013 to \$148.2 million as at 30 June 2013. The increase was mainly due to the increase in trade payables. Trade payables increased from \$54.9 million to \$87.0 million as at 30 June 2013, this was mainly for the raw materials purchased and subcontractors' fees incurred for the engineering projects.

**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 a long term growth strategy for the Group, the Group continues to expand its stable and recurring treatment income and it believes that there are opportunities for TOT/BOT/BOO investment projects in China. The Group will actively seek suitable engineering and investment projects.

The Group believes that there is a growing demand for membrane based water and wastewater treatment services, especially in China. This is mainly due to the stricter discharge limits imposed by the Chinese government and the shortage of water supply in various parts of China. The 12<sup>th</sup> Five-year plan by the Chinese government has incorporated clear directive to increase investment in environment and water related projects. The Group believe 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 and also to reclaim the treated wastewater for reuse more effectively and efficiently.

On 13 June 2013, the Company established a US\$300 million Medium Term Note (MTN) programme. Under the MTN programme, the Company may from time to time issue medium term notes. The proceeds from the issuance of notes will be used for refinancing of existing borrowings, making investments and/or acquisitions, general working capital and corporate purpose.

## Use of proceeds

An update of the use of proceeds was summarised below:

	\$ million
Unutilised balance as at last quarterly announcement	88
Increase in paid up capital for Novo Guangzhou	4
Increase in paid up capital for UE Dafeng	2
Total utilised	6
Unutilised balance	82

## 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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

### **13. Related parties and interested person transactions**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

#### **14. 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**

#### **15. 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**

#### **16. A breakdown of sales.**

**Not applicable**

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

**Not applicable**

#### **18. Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders**

**Not applicable**

### **Statement by Directors**

#### **Pursuant to SGX Listing Rule 705(5)**

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 2013 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  
5 August 2013**