



**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".

**Full Year Financial Statement & Dividend Announcement for the Year Ended 31 March 2008**

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

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

	Group 12 months ended 31/3/2008 \$'000	Group 12 months ended 31/3/2007 \$'000	% Increase/ (Decrease)
Revenue	51,209	23,679	116.3
Other income	1,969	154	1,178.6
Changes in inventories	278	(688)	N/m
Material purchased, consumables used and subcontractors' fees	(29,190)	(13,986)	108.7
Employee benefits expense	(4,186)	(3,969)	5.5
Depreciation and amortisation expenses	(2,625)	(2,451)	7.1
Other operating expenses	(6,376)	(5,206)	22.5
Finance costs	(1,408)	(512)	175.0
Share of loss of associate	(224)	(53)	322.6
<b>Profit (Loss) before income tax</b>	9,447	(3,032)	N/m
Income tax expense	(992)	(163)	508.6
<b>Net profit (loss) for the year</b>	<u>8,455</u>	<u>(3,195)</u>	N/m
Attributable to:			
Shareholders of the Company	8,455	(3,211)	N/m
Minority shareholders of subsidiary	-	16	N/m
	<u>8,455</u>	<u>(3,195)</u>	N/m

N/m: Not meaningful

**1(a)(ii) Breakdown to income statements**

	Group 12 months ended 31/3/2008 \$'000	Group 12 months ended 31/3/2007 \$'000	% Increase/ (Decrease)
Depreciation expense	1,802	1,414	27.4
Amortisation of lease premium of land	241	263	(8.4)
Amortisation of intangible assets	582	774	(24.8)
Impairment allowance on trade receivables	8	703	(98.9)
Interest expense	1,408	512	175.0
Interest income	(354)	(112)	216.1
Gain on disposal of property, plant and equipment	(53)	-	N/m
Unrealised net foreign exchange (gain) loss	(1,515)	33	N/m

N/m: Not meaningful

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

	Group 31/3/2008 \$'000	Group 31/3/2007 \$'000	Company 31/3/2008 \$'000	Company 31/3/2007 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	19,910	20,617	10,660	15,771
Trade receivables	19,636	16,667	558	1,394
Other receivables and prepayments	7,025	3,750	41	24
Inventories	722	444	-	-
Lease premium for land	241	239	-	-
<b>Total current assets</b>	<b>47,534</b>	<b>41,717</b>	<b>11,259</b>	<b>17,189</b>
Non-current assets:				
Subsidiaries	-	-	27,465	28,929
Associate	1,954	2,177	2,230	2,230
Lease premium for land	6,294	6,501	-	-
Property, plant and equipment	42,916	33,902	256	312
Goodwill	1,531	1,000	-	-
Intangible assets	1,055	1,626	-	-
Deferred tax assets	409	84	200	-
<b>Total non-current assets</b>	<b>54,159</b>	<b>45,290</b>	<b>30,151</b>	<b>31,471</b>
<b>Total assets</b>	<b>101,693</b>	<b>87,007</b>	<b>41,410</b>	<b>48,660</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank overdrafts and loans	3,473	5,960	1,200	5,950
Trade payables	8,081	6,313	-	66
Other payables	5,967	17,182	608	474
Current portion of finance leases	84	72	35	41
Income tax payable	1,095	539	19	99
<b>Total current liabilities</b>	<b>18,700</b>	<b>30,066</b>	<b>1,862</b>	<b>6,630</b>
Non-current liabilities:				
Bank loans	19,384	1,933	700	1,900
Finance leases	302	200	87	125
Deferred tax liability	28	-	-	-
<b>Total non-current liabilities</b>	<b>19,714</b>	<b>2,133</b>	<b>787</b>	<b>2,025</b>
Capital and reserves:				
Share capital	42,148	42,148	42,148	42,148
Currency translation deficit	(2,182)	(2,338)	-	-
Accumulated profits (losses)	23,313	14,858	(3,387)	(2,143)
Equity attributable to shareholders of the company	63,279	54,668	38,761	40,005
Minority interest	-	140	-	-
<b>Total equity</b>	<b>63,279</b>	<b>54,808</b>	<b>38,761</b>	<b>40,005</b>
<b>Total liabilities and equity</b>	<b>101,693</b>	<b>87,007</b>	<b>41,410</b>	<b>48,660</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 31/3/2008</u>		<u>As at 31/3/2007</u>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,218	2,339	82	5,950

**Amount repayable after one year**

<u>As at 31/3/2008</u>		<u>As at 31/3/2007</u>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
18,986	700	233	1,900

**Details of any collateral**

1. The finance leases of \$386,000 (31 March 2007: \$272,000) is secured over the Group's motor vehicles with carrying value of \$509,000 (31 March 2007: \$320,000).
2. The bank term loan of \$27,000 (31 March 2007: \$43,000) is secured over the freehold property of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$167,000 (31 March 2007: \$174,000).
3. The long term bank loans of \$19,791,000 (31 March 2007: \$Nil) 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 \$46,972,000 (31 March 2007: \$Nil).

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

	Group 12 months ended 31/3/2008 \$'000	Group 12 months ended 31/3/2007 \$'000
Operating activities		
Profit (Loss) before income tax	9,447	(3,032)
Adjustments for:		
Share of loss of associate	224	53
Depreciation and amortisation expense	2,625	2,451
Gain on disposal of property, plant and equipment	(53)	-
Interest expense	1,408	512
Interest income	(354)	(112)
Impairment allowance on trade receivables	8	703
Net foreign exchange loss (gain)	189	(138)
Operating profit before working capital changes	13,494	437
Trade receivables	(2,977)	(3,263)
Other receivables and prepayments	(3,275)	(711)
Inventories	(278)	870
Trade payables	1,768	4,450
Other payables	(11,215)	(2,077)
Cash used in operations	(2,483)	(294)
Interest paid	(1,408)	(512)
Income tax paid	(733)	(318)
Interest received	354	112
Net cash used in operating activities	(4,270)	(1,012)
Investing activity		
Purchase of property, plant and equipment (Note A)	(10,466)	(336)
Proceeds from sales of property, plant and equipment	62	-
Payment to minority interest	(671)	-
Acquisition of subsidiary	-	168
Acquisition of investment in an associate	-	(2,230)
Net cash used in investing activities	(11,075)	(2,398)
Financing activities		
Proceeds from issuing shares	-	13,099
Dividend paid	-	(553)
Repayment of obligations under finance lease	(192)	(73)
Bank borrowings	(1,966)	(4,576)
Proceeds from bank borrowing	20,930	-
Fixed deposits released as security	(92)	1,143
Net cash from financing activities	18,680	9,040
Net effect of exchange rate changes on the balance and cash held in foreign currencies	(134)	(74)
Net increase in cash and cash equivalents	3,201	5,556
Cash and cash equivalents at beginning of year	16,617	11,061
Cash and cash equivalents at end of year (Note B)	19,818	16,617

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$10,772,000, of which \$306,000 was acquired under finance lease arrangement. Cash payments of \$10,466,000 were made to purchase property, plant and equipment.

Note B

Cash and cash equivalents consist of:

	Group 31/3/2008 \$'000	Group 31/3/2007 \$'000
Cash at bank	8,534	7,227
Fixed deposits	11,358	13,371
Cash on hand	18	19
Bank overdrafts	-	(4,000)
	19,910	16,617
Less: Fixed deposit pledged	(92)	-
	19,818	16,617

**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	Currency translation deficit \$'000	Accumulated profits \$'000	Attributable to shareholders of the company \$'000	Minority interest \$'000	Total equity \$'000
<b><u>Group</u></b>						
At 1 April 2007	42,148	(2,338)	14,858	54,668	140	54,808
Currency translation difference	-	156	-	156	-	156
Profit for the year	-	-	8,455	8,455	-	8,455
Payment to minority interest	-	-	-	-	(140)	(140)
At 31 March 2008	42,148	(2,182)	23,313	63,279	-	63,279

	Share capital \$'000	Accumulated losses \$'000	Attributable to shareholders of the company \$'000
<b><u>Company</u></b>			
At 1 April 2007	42,148	(2,143)	40,005
Loss for the year	-	(1,244)	(1,244)
At 31 March 2008	42,148	(3,387)	38,761

**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 year, 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.**

	31/3/2008	31/3/2007
Total number of issues shares ('000)	331,330	331,330

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 financial statements are prepared under the historical cost convention in accordance with the Singapore Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS").

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 2007.



**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 are no changes in the accounting policies and methods of computation except that the application of FRS107- Financial Instruments: Disclosures and the consequential amendments to other FRS will not affect any of the amounts recognized in the financial statements but will change the disclosure presently made in relation to the Group's and Company's financial statements and the objectives, policies and processes for managing capital.

**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 31/3/2008	Group 31/3/2007
Net profit (loss) attributable to shareholders of the Company (\$'000)	8,455	(3,211)
Weighted average number of shares in issue (in '000)	331,330	286,060
Earning (loss) per share (cents)	2.55	(1.12)

**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 31/3/2008	Group 31/3/2007	Company 31/3/2008	Company 31/3/2007
Net asset value (\$'000)	63,279	54,668	38,761	40,005
Net asset value per share (cents)	19.10	16.50	11.70	12.07

The net asset value per share is calculated based on the issued share capital of 331,330,000.

**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.**

### **Profit and loss**

The Group's revenue for the year was \$51.2 million, which was \$27.5 million or 116.3% higher than last corresponding period ended 31 March 2007 of \$23.7 million. The increase was mainly due to the company's successful effort in securing engineering contracts during the year and the full revenue contribution from its subsidiary in Malaysia.

Other income pertained mainly to the unrealised foreign exchange gain and interest income. The increase was due to the unrealised foreign exchange gain of \$1.5 million in current year as compared to a loss in the last corresponding period. The unrealised foreign exchange gain arose from the revaluation of the Hong Kong Dollar denominated bank loans to our subsidiaries in China.

The increase in material purchased, consumables used and subcontractors' fees of \$15.2 million or 108.7% as compared to the corresponding period ended 31 March 2007 was consistent with the increase in revenue, particularly the engineering revenue.

The other operating expenses increased to \$6.4 million from \$5.2 million or 22.5% as compared to the corresponding period ended 31 March 2007. The increased was mainly due to the higher project-related expenses incurred during the current year to meet a higher engineering contracts.

Finance costs pertained mainly to the bank loans interest expenses. The increase in the interest expense was consistent with the drawn down of bank loans during the year for the payment of the outstanding amount relating to the TOT projects in Liaoyang city, Liaoning province and Xintai city, Shandong province.

The Group generated profit after tax of \$8.5 million for the current year as compared to loss of \$3.2 million in the corresponding period ended 31 March 2007.

### **Balance sheet**

The Group's shareholders' equity increased from \$54.7 million as at 31 March 2007 to \$63.3 million as at 31 March 2008. The increase was mainly attributed to the current year profit.

Total non-current assets as at 31 March 2008 amounted to \$54.2 million, an increase of \$8.9 million from \$45.3 as at 31 March 2007. The increase was mainly due to the acquisition of the second wastewater treatment plant in Xintai city, Shandong province of approximately \$9 million during May 2007 under the terms of the TOT project.

Total current liabilities as at 31 March 2008 amounted to \$18.7 million, a decrease of \$11.4 million from \$30.1 million as at 31 March 2007. The decrease was mainly due to the payment made for the remaining contractual value relating to the TOT projects for Liaoyang and Xintai of \$16 million, which was financed by the proceeds from the long term bank loan. The current balance outstanding under the TOT project was approximately \$4.0 million.

Total non-current liabilities as at 31 March 2008 amounted to \$19.7 million, an increase of \$17.6 million from \$2.1 million as at 31 March 2007. The increase was mainly due to long term bank loans drawn down during the year for the payment for the remaining contractual value relating to the TOT projects for Liaoyang and Xintai.

### **Cashflow statement**

Net cash used in investing activities increased from \$2.4 million to \$11.1 million. The increase was mainly due to the payment made for the remaining contractual value relating to the TOT projects in Liaoyang and Xintai, which was financed by the long term bank loans.

Net cash from financing activities for the current year was \$18.7 million as compared to \$9.0 million in the corresponding period ended 31 March 2007. The inflow for the current year was due to the draw-down of long term bank loans to finance the payment for the remaining contractual value relating to the TOT projects in Liaoyang and Xintai.

**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.**

The Group believed that its advanced membrane technologies, particularly Membrane Bioreactor (MBR), had gained acceptance in the industrial water treatment and recycling, mainly for petrochemical and chemical industries and industrial parks. The barrier to new entry for the treatment of these industrial waters was high and we have a competitive edge in these areas given our proven advanced membrane technology and our strong track record.

The Group had earlier raised \$13 million through a recent share placement exercise completed in early February 2007. As at the date of this announcement, we had utilised approximately \$8 million for BOT projects and are actively working into BOO, BOT and TOT opportunities.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Final
Dividend Amount per Share (in cents)	0.30
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	Tax exempt

**(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**

To be announced at a later date.

**(d) Books closure date**

Notice of books closure date for determining shareholders' entitlement of the proposed dividend will be announced at a later date.

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

NA.

**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.**

**12 months ended 31 March 2008**

	<b>Engineering \$'000</b>	<b>Treatment \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
External sales	42,889	8,320	51,209
<b>Results</b>			
Segment result	6,769	2,811	9,580
Finance costs			(299)
Unallocated corporate expenses			(1,479)
Foreign currency exchange gain			1,515
Share of loss of associate			(224)
Interest income			354
Profit before income tax			9,447
Income tax expense			(992)
Net profit for the year			8,455

	<b>Engineering \$'000</b>	<b>Treatment \$'000</b>	<b>Total \$'000</b>
<b>Other information</b>			
Segment assets	38,840	51,086	89,926
Unallocated corporate assets			11,767
Consolidated total assets			<u>101,693</u>
Segment liabilities	10,812	24,191	35,003
Unallocated corporate liabilities			3,411
Consolidated total liabilities			<u>38,414</u>
Capital expenditure	1,264	9,508	10,772
Depreciation and amortisation	862	1,763	2,625
Impairment allowance on trade receivables	8	-	8

#### **15 months ended 31 March 2007**

	<b>Engineering \$'000</b>	<b>Treatment \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>			
External sales	21,939	7,222	29,161
<b>Results</b>			
Segment result	(3,168)	3,283	115
Finance costs			(617)
Unallocated corporate expenses			(1,305)
Foreign currency exchange loss			(157)
Share of loss of associate			(53)
Interest income			149
Loss before income tax			(1,868)
Income tax expense			(289)
Net loss for the year			<u>(2,157)</u>
<b>Other information</b>			
Segment assets	32,730	41,039	73,769
Unallocated corporate assets			13,455
Consolidated total assets			<u>87,224</u>
Segment liabilities	10,409	13,303	23,712
Unallocated corporate liabilities			8,704
Consolidated total liabilities			<u>32,416</u>
Capital expenditure	342	108	450
Depreciation and amortisation	1,163	1,801	2,964
Impairment allowance on trade receivables	1,107	-	1,107

### Analysis By Geographical Segments (Secondary segment)

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment assets and capital expenditure: Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment and intangible assets.

#### **12 months ended 31 March 2008**

	<b>Revenue \$'000</b>	<b>Assets \$'000</b>	<b>Capital expenditure \$'000</b>
PRC	40,984	81,876	10,461
Singapore	1,144	11,615	5
Malaysia	9,081	8,202	306
Total	51,209	101,693	10,772

#### **15 months ended 31 March 2007**

	<b>Revenue \$'000</b>	<b>Assets \$'000</b>	<b>Capital expenditure \$'000</b>
PRC	18,254	63,541	191
Singapore	6,718	19,127	89
Malaysia	4,189	4,339	170
Total	29,161	87,007	450

#### **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.**

##### **Business segment analysis**

Engineering business remained a major contributor to our revenue and profit. The increase was mainly due to the significant engineering contracts secured for the year.

The segment revenue from the treatment business remained stable. With the increase in the treatment capacity of our TOT plants in Liaoyang and Xintai, we expect the contribution from the treatment business to increase in the coming years. Currently, the total treatment capacity was 160,000m<sup>3</sup>/day. In addition, our associated company had commenced treatment of industrial wastewater from the Nansha Industrial park during the year. The treatment business margin (segment results/segment revenue) had decreased from 45.5% to 33.8%. The decrease was mainly due to the bank loan interest incurred during the current year of \$1.8 million as compared to nil interest expenses for the corresponding period ended 31 March 2007.

##### **Geographical segment analysis**

PRC segment remained the major contributor for our Group's revenue due to the greater market and demand for our advanced membrane technology for the treatment and recycling of wastewater.

**15. A breakdown of sales.**

	Group 12 months ended 31/3/2008 \$'000	Group 12 months ended 31/3/2007 \$'000	% increase (decrease)
<b>Breakdown of sales</b>			
Sales reported for first half year	21,934	11,571	89.6
Operating profit (loss) after tax reported for first half year	5,235	(890)	N/m
Sales reported for second half year	29,275	12,108	141.8
Operating profit (loss) after tax reported for second half year	3,220	(2,305)	N/m

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

	Group 12 months ended 31/3/2008 \$'000	Group 12 months ended 31/3/2007 \$'000
<b>Total annual dividend</b>		
Ordinary	-	-

**BY ORDER OF THE BOARD**

**Lotus Isabella Lim Mei Hua**  
**Company secretary**  
**23 May 2008**