



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 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 3 months ended 30/6/2008 \$'000	Group 3 months ended 30/6/2007 (restated) \$'000	% Increase/ (Decrease)
Revenue	14,322	9,581	49.5
Other income	508	271	87.5
Changes in inventories	63	33	90.9
Material purchased, consumables used and subcontractors' fees	(10,197)	(4,335)	135.2
Employee benefits expense	(1,065)	(917)	16.1
Depreciation and amortisation expenses	(213)	(200)	6.5
Other operating expenses	(1,745)	(1,782)	(2.1)
Finance costs	(194)	(340)	(42.9)
Share of profit (loss) of associate	2	(24)	N/m
Profit before income tax	1,481	2,287	(35.2)
Income tax expense	(116)	(178)	(34.8)
Net profit for the period	1,365	2,109	(35.3)
Attributable to:			
Shareholders of the Company	1,365	2,106	(35.2)
Minority shareholders of subsidiary	-	3	N/m
	1,365	2,109	(35.3)

N/m: Not meaningful

1(a)(ii) Breakdown to income statements

	Group 3 months ended 30/6/2008 \$'000	Group 3 months ended 30/6/2007 (restated) \$'000	% Increase/ (Decrease)
Depreciation expense	73	61	19.7
Amortisation of intangible assets	140	139	0.7
Impairment allowance on trade receivables	-	46	N/m
Interest expense	194	340	(42.9)
Interest income	(50)	(67)	(25.4)
Unrealised net foreign exchange gain	(447)	(204)	119.1

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 30/6/2008 \$'000	Group 31/3/2008 (restated) \$'000	Company 30/6/2008 \$'000	Company 31/3/2008 \$'000
ASSETS				
Current assets:				
Cash and bank balances	32,807	19,910	24,142	10,660
Trade receivables	21,391	19,636	-	558
Financial receivables	7,740	7,074	-	-
Other receivables and prepayments	3,254	7,025	338	41
Inventories	785	722	-	-
Total current assets	65,977	54,367	24,480	11,259
Non-current assets:				
Subsidiaries	-	-	27,465	27,465
Associate	1,956	1,953	2,230	2,230
Property, plant and equipment	1,516	1,572	241	256
Financial receivables	43,463	41,241	-	-
Goodwill	1,478	1,531	-	-
Intangible assets	940	1,055	-	-
Deferred tax assets	200	410	200	200
Total non-current assets	49,553	47,762	30,136	30,151
Total assets	115,530	102,129	54,616	41,410
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdrafts and loans	4,524	3,473	1,200	1,200
Trade payables	5,529	8,081	-	-
Other payables	6,170	5,967	276	608
Current portion of finance leases	87	84	41	35
Income tax payable	748	1,095	19	19
Total current liabilities	17,058	18,700	1,536	1,862
Non-current liabilities:				
Bank loans	17,939	19,384	400	700
Finance leases	269	302	74	87
Deferred tax liabilities	516	464	-	-
Total non-current liabilities	18,724	20,150	474	787
Capital and reserves:				
Share capital	56,039	42,148	56,039	42,148
Currency translation deficit	(969)	(2,182)	-	-
Accumulated profits (losses)	24,678	23,313	(3,433)	(3,387)
Total equity	79,748	63,279	52,606	38,761
Total liabilities and equity	115,530	102,129	54,616	41,410

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 30/6/2008</u>		<u>As at 31/3/2008</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,354	2,257	1,218	2,339

Amount repayable after one year

<u>As at 30/6/2008</u>		<u>As at 31/3/2008</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
17,808	400	18,986	700

Details of any collateral

1. The finance leases of \$356,000 (31 March 2008: \$386,000) is secured over the Group's motor vehicles with carrying value of \$488,000 (31 March 2008: \$509,000).
2. The bank term loan of \$24,000 (31 March 2008: \$27,000) is secured over the freehold property of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$166,000 (31 March 2008: \$167,000).
3. The long term bank loans of \$19,782,000 (31 March 2008: \$19,791,000) 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 \$51,203,000 (31 March 2008: \$48,312,000).

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 3 months ended 30/6/2008 \$'000	Group 3 months ended 30/6/2007 \$'000
Operating activities		
Profit before income tax	1,481	2,287
Adjustments for:		
Share of (profit) loss of associate	(2)	24
Depreciation and amortisation expense	213	200
Interest expense	194	340
Interest income	(50)	(67)
Impairment allowance on trade receivables	-	46
Exchange difference arising on foreign currency translation	1,255	(34)
Operating profit before working capital changes	3,091	2,796
Trade receivables	(1,399)	(2,084)
Financial receivables	(2,888)	(1,808)
Other receivables and prepayments	3,415	(157)
Inventories	(63)	(33)
Trade payables	(2,552)	(1,391)
Other payables	203	(14,447)
Cash used in operations	(193)	(17,124)
Interest paid	(194)	(340)
Income tax paid	(201)	(78)
Interest received	50	67
Net cash used in operating activities	(538)	(17,475)
Investing activity		
Purchase of property, plant and equipment	-	(89)
Net cash used in investing activity	-	(89)
Financing activities		
Proceeds from issuing shares	13,891	-
Repayment of obligations under finance lease	(30)	(30)
Bank borrowings	(394)	16,215
Release of pledged fixed deposits	1,101	-
Net cash from financing activities	14,568	16,185
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(32)	(134)
Net increase (decrease) in cash and cash equivalents	13,998	(1,513)
Cash and cash equivalents at beginning of period	18,809	16,617
Cash and cash equivalents at end of period	32,807	15,104

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	Total equity \$'000
<u>Group</u>				
At 1 April 2008	42,148	(2,182)	23,313	63,279
Issue of ordinary shares during share placement exercise	13,916			13,916
Share issue expenses	(25)			(25)
Currency translation difference	-	1,213	-	1,213
Profit for the period	-	-	1,365	1,365
At 30 June 2008	56,039	(969)	24,678	79,748

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
<u>Company</u>			
At 1 April 2008	42,148	(3,387)	38,761
Issue of ordinary shares during share placement exercise	13,916	-	13,916
Share issue expenses	(25)	-	(25)
Loss for the period	-	(46)	(46)
At 30 June 2008	56,039	(3,433)	52,606

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 period, the Company issued 66,266,000 new ordinary shares at \$0.21 each in the capital of the Company.

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.

	30/6/2008	31/3/2008
Total number of issued shares ('000)	397,596	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 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 2008 except for those disclosed in paragraph 5.

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.

With effect from 1 April 2008, the Group has adopted the new Interpretation of FRS (INT FRS) 112 Service Concession Agreements.

INT FRS 112 requires the recognition of construction revenue and the corresponding financial receivable and/or intangible assets for public-to-private service concession arrangement if:

The party grants the service agreement (the “grantor”) controls or regulates what services the entity (the “operator”) must provide with the infrastructure, to whom it must provide them, and at what price; and

The grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure asset at the end of the term of arrangement.

The Group has concession arrangements with various governing bodies or agencies of the government of the People’s Republic of China (the “grantor”) to operate wastewater treatment plants. Under the concession arrangements, the Group will modify and operate the treatment plants for Concession period of 30 years and transfer the plants to the grantors at the end of the concession period at no residual value. Such concession arrangements fall within the scope of the INT FRS 112. Under the Group’s accounting policies, the revenue for the construction services provided under the arrangements and the corresponding financial receivables and/or intangible assets arising are recognised based on the stage of completion method during the construction phase. FRSs 32, 39 and 107 apply to the financial receivable recognised.

The financial effects of the adoption on the profit and loss statement resulted in an increase in revenue of \$1.4 million and an increase in profit after tax of \$0.9 million. Moreover, certain material reclassifications were made to the consolidated balance sheet items as follows:

	30 June 2008 \$’000	31 March 2008 \$’000
Consolidated balance sheet		
<i>Increase/(decrease) in:</i>		
Property, plant and equipment	(51,203)	(48,315)
Financial receivables- non-current	43,463	41,241
Financial receivables- current	7,740	7,074

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 30/6/2008	Group 30/6/2007
Net profit attributable to shareholders of the Company (\$’000)	1,365	2,106
Weighted average number of shares in issue (in ’000)	340,797	331,330
Earning per share (cents)	0.40	0.64

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 30/6/2008	Group 31/3/2008	Company 30/6/2008	Company 31/3/2008
Net asset value (\$'000)	79,748	63,279	52,606	38,761
Net asset value per share (cents)	20.06	19.10	13.23	11.70

The net asset value per share is calculated based on the issued share capital of 397,596,000 (31/3/2008: 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 period was \$14.3 million, which was \$4.7 million or 49.5% higher than last corresponding period ended 30 June 2007 of \$9.6 million. The increase was mainly due to the company's successful effort in securing engineering contracts. The revenue contributed from treatment income increased from \$1.7 million to \$2.5 million representing an increase of 47.1%.

Other income pertained mainly to the unrealised foreign exchange gain and interest income. The increase was due to the unrealised foreign exchange gain of \$0.4 million in current period as compared to \$0.2 million 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 PRC.

The increase in material purchased, consumables used and subcontractors' fees of \$5.9 million or 135.2% as compared to the corresponding period ended 30 June 2007 was consistent with:

1. the increase in revenue
2. the increase in material costs, particularly steel and other building materials; and
3. the construction and installation stages of the projects recognised during the current period as compared to higher proportion of revenue recognised from the design stage in the corresponding period.

The employee benefits expense increased to \$1.1 million from \$0.9 million or 16.1% as compared to the corresponding period ended 30 June 2007. The increased was mainly due to the general increase in staff salaries and the compulsory retirement benefit costs in PRC.

Finance costs pertained mainly to the bank loans interest expenses. The decrease in the interest expense was consistent with the repayment of bank loans in the Company level and the decrease in the borrowing rate for the bank loans of Liaoyang and Xintai companies.

The Group generated profit after tax of \$1.4 million for the current period as compared to \$2.1 million in the corresponding period ended 30 June 2007.

Balance sheet

The Group's shareholders' equity increased from \$63.3 million as at 31 March 2008 to \$79.7 million as at 30 June 2008. The increase was mainly attributed to the issuance of 66.266 million new shares during the period. The Group received \$13.9 million net proceeds generated from the share placement exercise

Total current assets as at 30 June 2008 amounted to \$66.0 million, an increase of \$11.6 million from \$54.4 as at 31 March 2008. The increase was mainly due to the increase in cash and bank balances from \$19.9 million to \$32.8 million, an increase of \$12.9 million. The increase was due to the proceeds from the share placement exercise.

Cashflow statement

Net cash used in operating activities decreased from \$17.5 million to \$0.5 million. The decrease was mainly due to the payment made during the last corresponding period ended 30 June 2007 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 period was \$14.6 million as compared to \$16.2 million in the corresponding period ended 30 June 2007. The inflow for the current period was mainly due to the proceeds from the share placement. The net inflow for the last corresponding period was mainly due to the drawn down of the long term bank loans to finance the payment for the remaining contractual value of 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 believes that the demand for its advanced membrane technologies, particularly Membrane Bioreactor (MBR), remains to be strong. The Group will continue to source for engineering projects and tender for the Build-Operate-Transfer (BOT) projects.

The treatment capacity of the Group's existing Transfer-Operate-Transfer (TOT) projects in Xintai and Liaoyang continues to increase and the Group expects the recurring income from the treatment activity continues to contribute positively to the Group.

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 2008 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 2008