



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".

Third Quarter Financial Statement & Dividend Announcement for the Period Ended 31 December 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.

The Group (\$'000)	3 months ended 31/12/2008	3 months ended 31/12/2007	% Increase/ (Decrease)	9 months ended 31/12/2008	9 months ended 31/12/2007	% Increase/ (Decrease)
Revenue	8,752	13,984	(37.4)	32,092	35,918	(10.7)
Other income	104	721	(85.6)	864	1,161	(25.6)
Changes in inventories	65	(20)	N/m	(125)	314	N/m
Material purchased, consumables used and subcontractors' fees	(4,283)	(8,599)	(50.2)	(19,602)	(19,092)	2.7
Employee benefits expense	(1,111)	(1,016)	9.4	(3,188)	(2,965)	7.5
Depreciation and amortisation expenses	(201)	(242)	(16.9)	(613)	(684)	(10.4)
Other operating expenses	(1,788)	(1,910)	(6.4)	(4,743)	(5,124)	(7.4)
Finance costs	(257)	(398)	(35.4)	(659)	(1,107)	(40.5)
Share of loss of associate	(93)	(100)	(7.0)	(67)	(172)	(61.0)
Profit before income tax	1,188	2,420	(50.9)	3,959	8,249	(52.0)
Income tax expense	(123)	(271)	(54.6)	(427)	(865)	(50.6)
Net profit for the period	1,065	2,149	(50.4)	3,532	7,384	(52.2)
Attributable to:						
Equity holders of the Company	1,065	2,149	(50.4)	3,532	7,381	(52.1)
Minority interests	-	-	-	-	3	N/m
	1,065	2,149	(50.4)	3,532	7,384	(52.2)

N/m: Not meaningful

1(a)(ii) Breakdown to income statements

The Group (\$'000)	3 months ended 31/12/2008	3 months ended 31/12/2007	% Increase/ (Decrease)	9 months ended 31/12/2008	9 months ended 31/12/2007	% Increase/ (Decrease)
Depreciation expense	75	103	(27.2)	222	267	(16.9)
Amortisation of intangible assets	126	139	(9.4)	391	417	(6.2)
Impairment of allowance of trade receivables	-	-	-	-	166	N/m
Interest expense	257	398	(35.4)	659	1,107	(40.5)
Interest income	(81)	(114)	(28.9)	(211)	(266)	(20.7)
Unrealised net foreign exchange loss (gain)	136	(607)	N/m	(463)	(1,161)	(60.1)

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 31/12/2008 \$'000	Group 31/3/2008 \$'000	Company 31/12/2008 \$'000	Company 31/3/2008 \$'000
ASSETS				
Current assets:				
Cash and bank balances	18,541	19,910	10,124	10,660
Trade receivables	23,679	19,636	543	558
Financial receivables	9	7	-	-
Other receivables and prepayments	7,217	7,025	3,667	41
Inventories	597	722	-	-
Total current assets	50,043	47,300	14,334	11,259
Non-current assets:				
Subsidiaries	-	-	29,706	27,465
Associates	9,575	1,953	9,918	2,230
Property, plant and equipment	1,843	1,572	212	256
Financial receivables	53,135	48,308	-	-
Goodwill	1,475	1,531	-	-
Intangible assets	918	1,055	200	-
Deferred tax assets	200	410	200	200
Total non-current assets	67,146	54,829	40,236	30,151
Total assets	117,189	102,129	54,570	41,410
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdrafts and loans	4,629	3,473	1,000	1,200
Trade payables	5,292	8,081	-	-
Other payables	2,922	5,967	217	608
Current portion of finance leases	87	84	41	35
Income tax payable	771	1,095	17	19
Total current liabilities	13,701	18,700	1,275	1,862
Non-current liabilities:				
Bank loans	19,526	19,384	-	700
Finance leases	224	302	55	87
Deferred tax liabilities	539	464	-	-
Total non-current liabilities	20,289	20,150	55	787
Capital and reserves:				
Share capital	56,045	42,148	56,045	42,148
Statutory reserve	1,048	-	-	-
Currency translation reserve	1,502	(2,182)	-	-
Accumulated profits (losses)	24,604	23,313	(2,805)	(3,387)
Total equity	83,199	63,279	53,240	38,761
Total liabilities and equity	117,189	102,129	54,570	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 31/12/2008</u>		<u>As at 31/3/2008</u>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
2,844	1,872	1,218	2,339

Amount repayable after one year

<u>As at 31/12/2008</u>		<u>As at 31/3/2008</u>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19,750	-	18,986	700

Details of any collateral

1. The finance leases of \$311,000 (31 March 2008: \$386,000) is secured over the Group's motor vehicles with carrying value of \$446,000 (31 March 2008: \$509,000).
2. The bank term loan of \$28,000 (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 \$22,255,000 (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 \$53,144,000 (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.

The Group (\$'000)	3 months ended 31/12/2008	3 months ended 31/12/2007	9 months ended 31/12/2008	9 months ended 31/12/2007
Operating activities				
Profit before income tax	1,188	2,420	3,959	8,249
Adjustments for:				
Share of loss of associate	93	100	67	172
Depreciation and amortisation expense	201	242	613	684
Interest expense	257	398	659	1,107
Interest income	(81)	(114)	(211)	(266)
Impairment allowance on trade receivables	-	-	-	166
Exchange difference arising on foreign currency translation	251	148	3,199	113
Operating profit before working capital changes	1,909	3,194	8,286	10,225
Trade receivables and accrued revenue	(311)	(3,127)	(4,043)	(3,080)
Financial receivables	(151)	(293)	(4,829)	(2,194)
Other receivables and prepayment	(5,248)	(2,199)	(192)	(4,253)
Inventories	(65)	20	125	(314)
Trade payables	473	1,599	(2,789)	1,619
Other payables	(980)	(1,167)	(3,045)	(17,574)
Cash used in operations	(4,373)	(1,973)	(6,487)	(15,571)
Interest paid	(257)	(398)	(659)	(1,107)
Income tax paid	(194)	(467)	(466)	(687)
Interest received	81	114	211	266
Net cash used in operating activities	(4,743)	(2,724)	(7,401)	(17,099)
Investing activities				
Purchase of property, plant and equipment	-	-	(73)	(89)
Purchase of intangible assets	-	-	(200)	-
Investment in associate	(7,688)	-	(7,688)	-
Acquisition of additional shares from minority shareholders	-	-	-	(478)
Net cash used in investing activities	(7,688)	-	(7,961)	(567)
Financing activities				
Proceeds from issuing shares	-	-	13,891	-
Dividend paid	-	-	(1,193)	-
Repayment of obligations under finance leases	(24)	(24)	(75)	(78)

The Group (\$'000) (Cont'd)	3 months ended 31/12/2008	3 months ended 31/12/2007	9 months ended 31/12/2008	9 months ended 31/12/2007
Bank borrowings	(851)	1,868	1,298	20,105
Fixed deposits (pledged) released as security	-	(16)	1,101	(76)
Net cash (used in) from financing activities	(875)	1,828	15,022	19,951
Net effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	-	(79)	72	(213)
Net (decrease) increase in cash and cash equivalents	(13,306)	(975)	(268)	2,072
Cash and cash equivalents at beginning of period	31,847	19,664	18,809	16,617
Cash and cash equivalents at end of period	18,541	18,689	18,541	18,689

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	Statutory reserve \$'000	Currency translation reserve \$'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	(19)	-			(19)
Currency translation difference	-	-	1,213	-	1,213
Profit for the period	-	-	-	1,365	1,365
At 30 June 2008	56,045	-	(969)	24,678	79,754
Currency translation difference	-	-	1,861	-	1,861
Dividend paid	-	-	-	(1,193)	(1,193)
Profit for the period	-	-	-	1,102	1,102
At 30 September 2008	56,045	-	892	24,587	81,524
Transfer from accumulated profits to statutory reserve	-	1,048	-	(1,048)	-
Currency translation difference	-	-	610	-	610
Profit for the period	-	-	-	1,065	1,065
At 31 December 2008	56,045	1,048	1,502	24,604	83,199

	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	(19)	-	(19)
Loss for the period	-	(46)	(46)
At 30 June 2008	56,045	(3,433)	52,612
Dividend paid	-	(1,193)	(1,193)
Profit for the period	-	2,051	2,051
At 30 September 2008	56,045	(2,575)	53,470
Loss for the period	-	(230)	(230)
At 31 December 2008	56,045	(2,805)	53,240

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, 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.

	31/12/2008	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 profit after tax of \$0.4 million. Moreover, certain material reclassifications were made to the consolidated balance sheet items as follows:

	31 December 2008 \$’000	31 March 2008 \$’000
Consolidated balance sheet		
<i>Increase/(decrease) in:</i>		
Property, plant and equipment	(53,144)	(48,315)
Financial receivables- non-current	53,135	48,308
Financial receivables- current	9	7

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 3 months ended 31/12/2008	Group 3 months ended 31/12/2007	Group 9 months ended 31/12/2008	Group 9 months ended 31/12/2007
Net profit after tax (\$’000)	1,065	2,149	3,532	7,381
Weighted average number of shares in issue (in ’000)	397,596	331,330	378,801	331,330
Earning per share (cents)	0.27	0.65	0.93	2.23

- 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 31/12/2008	Group 31/3/2008	Company 31/12/2008	Company 31/3/2008
Net asset value (\$'000)	83,199	63,279	53,240	38,761
Net asset value per share (cents)	20.93	19.10	13.39	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 \$8.8 million, which was \$5.2 million or 37.4% lower than last corresponding period ended 31 December 2007 of \$14.0 million. The decrease was mainly due to the lower revenue contributed from the one-off and non-recurring engineering services. The contribution from our recurring treatment fee revenue remained stable at \$2.6 million as compared to \$2.3 million for the corresponding period ended 31 December 2007.

Other income pertained mainly to interest income and unrealised foreign exchange gain. The decrease in the other income was mainly due to the unrealised foreign exchange loss of \$0.1 million for the current period as compared to a gain of \$0.6 million for the corresponding period ended 31 December 2007. The unrealised foreign exchange gain/loss arose from the translation of the Hong Kong Dollar denominated bank loans.

The decrease in material purchased, consumables used and subcontractors' fees of \$4.3 million or 50.2% as compared to the corresponding period ended 31 December 2007 was consistent with the decrease in the engineering revenue.

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

The Group generated profit after tax of \$1.1 million for the current period as compared to \$2.1 million in the corresponding period ended 31 December 2007.

Balance sheet

The Group's shareholders' equity increased from \$63.3 million as at 31 March 2008 to \$83.2 million as at 31 December 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 from the share placement exercise.

Total non current assets as at 31 December 2008 amounted to \$67.1 million, an increase of \$12.3 million from \$54.8 million as at 31 March 2008. The increase was mainly due to the following:

- a. the increase in the investment in associates from \$2.0 million to \$9.6 million, an increase of \$7.6 million. During the period, the Company invested \$7.7 million in Dafeng city, Jiangsu province to undertake a MBR wastewater treatment plant for the industrial park.
- b. the increase in the financial receivables from \$48.3 million to \$53.1 million, an increase of \$4.8 million. The financial receivables pertained to the Transfer-Operate-Transfer projects in China. The increase in financial receivables was mainly due to the strengthening of the RMB against SGD, which translated into a higher SGD value for the Group and an upgrading of one of the existing plant of \$2.6 million to meet a higher discharge limits during the period.

Total current liabilities as at 31 December 2008 amounted to \$13.7 million, a decrease of \$5.0 million from \$18.7 million as at 31 March 2008. The decrease was mainly due to the decrease in other payables from \$6.0 million to \$2.9 million, a decrease of \$3.1 million. The decrease was mainly due to the payment made for the remaining contractual value relating to the TOT project for 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 experiences a general slow-down in the business activities due to the weak economy.

The Group continues to source for engineering projects, particularly industrial wastewater treatment, and tender for the Build-Operate-Transfer (BOT) and Transfer-Operate-Transfer (TOT) projects. In addition, the Group is also actively pursuing Operating and Maintenance (O&M) projects with its customers.

The treatment capacity of the Group's existing Transfer-Operate-Transfer (TOT) projects in Xintai and Liaoyang will continue to increase and the Group expects the recurring income from the treatment activity to be stable and 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 Third Quarter Results of the Group for the financial period ended 31 December 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
9 February 2009