



**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".

**Second Quarter Financial Statement & Dividend Announcement for the Period Ended 30 September 2009**

**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.**

<b>The Group (\$'000)</b>	<b>3 months ended 30/9/2009</b>	<b>3 months ended 30/9/2008</b>	<b>% Increase/ (Decrease)</b>	<b>6 months ended 30/9/2009</b>	<b>6 months ended 30/9/2008</b>	<b>% Increase/ (Decrease)</b>
Revenue	11,289	9,018	25.2	20,134	23,340	(13.7)
Other income	30	252	(88.1)	74	760	(90.3)
Changes in inventories	(50)	(253)	(80.2)	(96)	(190)	(49.5)
Material purchased, consumables used and subcontractors' fees	(4,294)	(5,122)	(16.2)	(9,121)	(15,319)	(40.5)
Employee benefits expense	(1,185)	(1,012)	17.1	(2,276)	(2,077)	9.6
Depreciation and amortisation expenses	(246)	(199)	23.6	(482)	(412)	17.0
Other operating expenses	(1,919)	(1,210)	58.6	(3,104)	(2,955)	5.0
Finance costs	(122)	(208)	(41.3)	(279)	(402)	(30.6)
Share of (loss) profit of associate	(32)	24	N/m	(71)	26	N/m
Share of (loss) profit of joint venture	(14)	-	N/m	1	-	N/m
<b>Profit before income tax</b>	<b>3,457</b>	<b>1,290</b>	<b>168.0</b>	<b>4,780</b>	<b>2,771</b>	<b>72.5</b>
Income tax expense	(345)	(188)	83.5	(570)	(304)	87.5
<b>Net profit for the period</b>	<b>3,112</b>	<b>1,102</b>	<b>182.4</b>	<b>4,210</b>	<b>2,467</b>	<b>70.7</b>
<b>Statement of Comprehensive Income</b>						
Net profit for the period	3,112	1,102	182.4	4,210	2,467	70.7
Currency translation (loss) gain	(1,579)	1,861	N/m	(4,355)	3,074	N/m
<b>Total comprehensive income (expense) for the period</b>	<b>1,533</b>	<b>2,963</b>	<b>(48.3)</b>	<b>(145)</b>	<b>5,541</b>	<b>N/m</b>

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

<b>The Group (\$'000)</b>	3 months ended 30/9/2009	3 months ended 30/9/2008	% Increase/ (Decrease)	6 months ended 30/9/2009	6 months ended 30/9/2008	% Increase/ (Decrease)
Depreciation expense	116	74	56.8	208	147	41.5
Amortisation of intangible assets	130	125	4.0	274	265	3.4
Interest expense	122	208	(41.3)	279	402	(30.6)
Interest income	(13)	(80)	(83.8)	(28)	(130)	(78.5)
Unrealised net foreign exchange loss (gain)	23	(152)	N/m	11	(599)	N/m

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 30/9/2009 \$'000	Group 31/3/2009 \$'000	Company 30/9/2009 \$'000	Company 31/3/2009 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	16,199	20,365	6,892	8,344
Trade receivables	26,492	23,470	450	1,125
Long term receivables	10	10	-	-
Other receivables and prepayments	2,611	3,405	3,688	3,472
Inventories	616	712	-	-
<b>Total current assets</b>	<b>45,928</b>	<b>47,962</b>	<b>11,030</b>	<b>12,941</b>
Non-current assets:				
Long term receivables	55,856	58,801	-	-
Subsidiaries	-	-	30,515	30,725
Associate	1,524	1,595	2,230	2,230
Joint venture	7,689	7,688	7,688	7,688
Property, plant and equipment	1,678	1,946	217	229
Goodwill	1,512	1,547	-	-
Intangible assets	458	747	200	200
Deferred tax assets	660	708	-	-
<b>Total non-current assets</b>	<b>69,377</b>	<b>73,032</b>	<b>40,850</b>	<b>41,072</b>
<b>Total assets</b>	<b>115,305</b>	<b>120,994</b>	<b>51,880</b>	<b>54,013</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank loans	5,183	5,667	100	700
Trade payables	2,702	2,413	-	-
Other payables	4,553	6,222	217	543
Finance leases	81	84	35	38
Income tax payable	571	791	18	17
<b>Total current liabilities</b>	<b>13,090</b>	<b>15,177</b>	<b>370</b>	<b>1,298</b>
Non-current liabilities:				
Bank loans	14,866	18,437	-	-
Deferred tax liabilities	1,231	1,066	-	-
Finance leases	155	206	32	48
<b>Total non-current liabilities</b>	<b>16,252</b>	<b>19,709</b>	<b>32</b>	<b>48</b>
Capital and reserves:				
Share capital	56,045	56,045	56,045	56,045
General reserve	1,046	1,046	-	-
Currency translation reserve	(75)	4,280	-	-
Accumulated profits (losses)	28,947	24,737	(4,567)	(3,378)
<b>Total equity</b>	<b>85,963</b>	<b>86,108</b>	<b>51,478</b>	<b>52,667</b>
<b>Total liabilities and equity</b>	<b>115,305</b>	<b>120,994</b>	<b>51,880</b>	<b>54,013</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 30/9/2009</u>		<u>As at 31/3/2009</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,303	961	4,151	1,600

**Amount repayable after one year**

<u>As at 30/9/2009</u>		<u>As at 31/3/2009</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
15,021	-	18,643	-

**Details of any collateral**

1. The finance leases of \$236,000 (31 March 2009: \$290,000) is secured over the Group's motor vehicles with carrying value of \$314,000 (31 March 2009: \$378,000).
2. The bank term loan of \$22,000 (31 March 2009: \$18,000) is secured over the freehold property of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$154,000 (31 March 2009: \$158,000).
3. The long term bank loans of \$19,066,000 (31 March 2009: \$22,486,000) are secured over the long term receivables of its two subsidiaries, United Envirotech Water Treatment (Liaoyang) Co Ltd and United Envirotech Water Treatment (Xintai) Co Ltd with carrying values of \$55,866,000 (31 March 2009: \$58,811,000).

**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.**

<b>The Group (\$'000)</b>	3 months ended 30/9/2009	3 months ended 30/9/2008	6 months ended 30/9/2009	6 months ended 30/9/2008
<b>Operating activities</b>				
Profit before income tax	3,457	1,290	4,780	2,771
Adjustments for:				
Interest income	(13)	(80)	(28)	(130)
Interest expense	122	208	279	402
Share of (loss) profit of associate	32	(24)	71	(26)
Share of (loss) profit of joint venture	14	-	(1)	-
Depreciation and amortization	246	199	482	412
Exchange difference arising on foreign currency translation	(1,332)	1,693	(894)	2,948
Operating profit before working capital changes	2,526	3,286	4,689	6,377
Trade receivables and accrued revenue	(1,280)	(1,977)	(3,022)	(3,732)
Other receivables and prepayment	(414)	1,285	794	5,056
Inventories	50	253	96	190
Trade payables	698	(710)	289	(3,262)
Other payables	(1,169)	(2,268)	(1,669)	(2,065)
Cash generated (used in) from operations	411	(131)	1,177	2,564
Interest received	13	80	28	130
Interest paid	(122)	(208)	(279)	(402)
Income tax paid	(61)	(71)	(577)	(272)
Net cash from (used in) operating activities	241	(330)	349	2,020
<b>Investing activities</b>				
Long term receivables	295	(1,790)	292	(4,678)
Purchase of property, plant and equipment	-	(73)	-	(73)
Purchase of intangible assets	-	(200)	-	(200)
Net cash used in investing activities	295	(2,063)	292	(4,951)
<b>Financing activities</b>				
Proceeds from issuing shares	-	-	-	13,891
Dividend paid	-	(1,193)	-	(1,193)
Repayment of obligations under finance leases	(26)	(21)	(54)	(51)

<b>The Group (\$'000) (Cont'd)</b>	<b>3 months ended 30/9/2009</b>	<b>3 months ended 30/9/2008</b>	<b>6 months ended 30/9/2009</b>	<b>6 months ended 30/9/2008</b>
Bank borrowings	(2,160)	2,543	(4,055)	2,149
Fixed deposits (pledged) released as security	-	-	-	1,101
Net cash from financing activities	(2,186)	1,329	(4,109)	15,897
Net (decrease) increase in cash and cash equivalents	(1,650)	(1,064)	(3,468)	12,966
Cash and cash equivalents at beginning of period	18,085	32,807	20,365	18,809
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(236)	104	(698)	72
Cash and cash equivalents at end of period	16,199	31,847	16,199	31,847

**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	Currency translation reserve \$'000	Accumulated profits \$'000	Total equity \$'000
<b><u>Group</u></b>					
At 1 April 2009	56,045	1,046	4,280	24,737	86,108
Total comprehensive income (expense) for the period	-	-	(2,776)	1,098	(1,678)
At 30 June 2009	56,045	1,046	1,504	25,835	84,430
Total comprehensive income (expense) for the period	-	-	(1,579)	3,112	1,533
At 30 September 2009	56,045	1,046	(75)	28,947	85,963

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
<b><u>Company</u></b>			
At 1 April 2009	56,045	(3,378)	52,667
Total comprehensive expense for the period	-	(522)	(522)
At 30 June 2009	56,045	(3,900)	52,145
Total comprehensive expense for the period	-	(667)	(667)
At 30 September 2009	56,045	(4,567)	51,478

**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.**

	30/9/2009	31/3/2009
Total number of issued shares ('000)	397,596	397,596

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 2009.

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs"), Interpretation of FRS ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2009. The adoption of the new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the financial statements except for the change in the basis for presentation and structure of the financial statements. There are no changes in the recognition, measurements or disclosure of specific transactions and other events.



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 3 months ended 30/9/2009	Group 3 months ended 30/9/2008	Group 6 months ended 30/9/2009	Group 6 months ended 30/9/2008
Net profit attributable to shareholders of the Company(\$'000)	3,112	1,102	4,210	2,467
Weighted average number of shares in issue (in '000)	397,596	397,596	397,596	369,351
Earning per share (cents)	0.78	0.28	1.06	0.67

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 30/9/2009	Group 31/3/2009	Company 30/9/2009	Company 31/3/2009
Net asset value (\$'000)	85,963	86,108	51,478	52,667
Net asset value per share (cents)	21.62	21.66	12.95	13.25

The net asset value per share is calculated based on the issued share capital of 397,596,000.

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 \$11.3 million, which was \$2.3 million or 25.2% higher than last corresponding period ended 30 September 2008 of \$9.0 million. The increase was mainly due to the higher engineering income and the recurring treatment revenue for the current period. The recurring treatment revenue increased \$0.6 million or 23% to \$3.2 million as compared to \$2.6 million in the last corresponding period ended 30 September 2008. This was due to the increase in the quantity of wastewater treated during the current period.

Other income pertained mainly to the unrealised foreign exchange gain and interest income. The decrease was mainly due to the lower unrealised foreign exchange gain for the current period of less than \$0.1 million as compared to \$0.2 million for the last corresponding period ended 30 September 2008. The unrealised foreign exchange gain arose from the revaluation of the Hong Kong Dollar denominated bank loans to our subsidiaries in PRC.

The decrease in material purchased, consumables used and subcontractors' fees of \$0.8 million or 16.2% as compared to the corresponding period ended 30 September 2008 was consistent with higher proportion of revenue recognised from the design stage of the newly secured contracts as compared to construction and installation stages of the projects recognised during the last corresponding period.

The increase in other operating expenses of \$0.7 million or 58.6% as compared to the last corresponding period ended 30 September 2008 was largely due to the higher costs associated with the recent contracts secured, namely design fee and pilot testing.

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

The Group generated profit after tax of \$3.1 million for the current period as compared to \$1.1 million in the corresponding period ended 30 September 2008, representing an increase of 182.4%.

For the 6-month ended 30 September 2009, the Group generated profit after tax of \$4.2 million as compared to \$2.5 million in the corresponding period ended 30 September 2008, representing an increase of 70.7%.

#### **Statement of financial position**

Total non-current assets amounted to \$69.4 million, which was \$3.6 million lower than \$73.0 million as at 31 March 2009. The decrease was mainly due to lower long term receivables of \$55.9 million, a decrease of \$2.9 million, from \$58.8 million as at 31 March 2009. Long term receivables pertained to the concession agreements of Liaoyang and Xintai. The decrease was mainly due to the differences for translating the Renminbi balances into Singapore dollar.

Total non-current liabilities amounted to \$16.3 million, which was \$3.4 million lower than \$19.7 million as at 31 March 2009. The decrease was mainly due to lower bank loans of \$14.9 million, a decrease of \$3.5 million from \$18.4 million as at 31 March 2009 due to the repayment of bank loans made 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.**

The Group experienced some recovery in the water industry, particularly in the last few months. The Group managed to secure 2 Build-Operate-Transfer projects with a total value of RMB390 million and an Engineering, Procurement and Construction project of RMB264 million during the last two months.

With the global economic seeing signs of recovery, the Group expects better operating environment in the forthcoming quarters ahead. The Group believes that its advanced membrane technologies, particularly Membrane Bioreactor (MBR), have a competitive edge in industrial water and greater complexity wastewater treatment, for example petrochemical and chemical industries and industrial parks, as well as municipal wastewater treatment.

The Group's treatment revenue stream continues to improve and the Group will continue to improve its treatment business by building or acquiring more treatment plants, operating its own treatment plants and providing operation and maintenance services to its customers.

**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 Second Quarter Results of the Group for the financial period ended 30 September 2009 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

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Dr Lin Yucheng

Director

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Yeung Koon Sang

Director

**BY ORDER OF THE BOARD**

**Lotus Isabella Lim Mei Hua**  
**Company secretary**  
**5 November 2009**