



**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 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 31/12/2009</b>	<b>3 months ended 31/12/2008</b>	<b>% Increase/ (Decrease)</b>	<b>9 months ended 31/12/2009</b>	<b>9 months ended 31/12/2008</b>	<b>% Increase/ (Decrease)</b>
Revenue	18,752	8,752	114.3	38,886	32,092	21.2
Other income	28	104	(73.1)	102	864	(88.2)
Changes in inventories	1,067	65	1,541.5	971	(125)	N/m
Material purchased, consumables used and subcontractors' fees	(11,074)	(4,283)	158.6	(20,195)	(19,602)	3.0
Employee benefits expense	(1,272)	(1,111)	14.5	(3,548)	(3,188)	11.3
Depreciation and amortisation expenses	(233)	(201)	15.9	(715)	(613)	16.6
Other operating expenses	(1,588)	(1,788)	(11.2)	(4,692)	(4,743)	(1.1)
Finance costs	(116)	(257)	(54.9)	(395)	(659)	(40.1)
Share of profit (loss) of associate	64	(93)	N/m	(7)	(67)	(89.6)
Share of loss of joint venture	(68)	-	N/m	(67)	-	N/m
<b>Profit before income tax</b>	<b>5,560</b>	<b>1,188</b>	<b>368.0</b>	<b>10,340</b>	<b>3,959</b>	<b>161.2</b>
Income tax expense	(410)	(123)	233.3	(980)	(427)	129.5
<b>Net profit for the period</b>	<b>5,150</b>	<b>1,065</b>	<b>383.6</b>	<b>9,360</b>	<b>3,532</b>	<b>165.0</b>
<b>Statement of Comprehensive Income</b>						
Net profit for the period	5,150	1,065	383.6	9,360	3,532	165.0
Currency translation (loss) gain	(466)	610	N/m	(4,821)	3,684	N/m
<b>Total comprehensive income for the period</b>	<b>4,684</b>	<b>1,675</b>	<b>179.6</b>	<b>4,539</b>	<b>7,216</b>	<b>(37.1)</b>

N/m: Not meaningful

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

<b>The Group (\$'000)</b>	<b>3 months ended 31/12/2009</b>	<b>3 months ended 31/12/2008</b>	<b>% Increase/ (Decrease)</b>	<b>9 months ended 31/12/2009</b>	<b>9 months ended 31/12/2008</b>	<b>% Increase/ (Decrease)</b>
Depreciation expense	103	75	37.3	311	222	40.1
Amortisation of intangible assets	130	126	3.2	404	391	3.3
Interest expense	116	257	(54.9)	395	659	(40.1)
Interest income	(24)	(81)	(70.4)	(52)	(211)	(75.4)
Loss on disposal of property, plant and equipment	31	-	N/m	31	-	N/m
Unrealised net foreign exchange (gain) loss	(4)	136	N/m	7	(463)	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 31/12/2009 \$'000	Group 31/3/2009 \$'000	Company 31/12/2009 \$'000	Company 31/3/2009 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	23,401	20,365	5,950	8,344
Trade receivables	24,062	23,470	449	1,125
Long term receivables	10	10	-	-
Other receivables and prepayments	26,826	3,405	23,704	3,472
Inventories	1,683	712	-	-
<b>Total current assets</b>	<b>75,982</b>	<b>47,962</b>	<b>30,103</b>	<b>12,941</b>
Non-current assets:				
Long term receivables	58,579	58,801	-	-
Subsidiaries	-	-	30,515	30,725
Associate	1,588	1,595	2,230	2,230
Joint venture	7,621	7,688	7,688	7,688
Property, plant and equipment	2,145	1,946	400	229
Goodwill	1,523	1,547	-	-
Intangible assets	319	747	200	200
Deferred tax assets	657	708	-	-
<b>Total non-current assets</b>	<b>72,432</b>	<b>73,032</b>	<b>41,033</b>	<b>41,072</b>
<b>Total assets</b>	<b>148,414</b>	<b>120,994</b>	<b>71,136</b>	<b>54,013</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank loans	6,396	5,667	1,200	700
Trade payables	11,268	2,413	-	-
Other payables	4,552	6,222	230	543
Finance leases	99	84	52	38
Income tax payable	630	791	3	17
<b>Total current liabilities</b>	<b>22,945</b>	<b>15,177</b>	<b>1,485</b>	<b>1,298</b>
Non-current liabilities:				
Bank loans	16,726	18,437	2,400	-
Deferred tax liabilities	1,357	1,066	-	-
Finance leases	316	206	202	48
<b>Total non-current liabilities</b>	<b>18,399</b>	<b>19,709</b>	<b>2,602</b>	<b>48</b>
Capital and reserves:				
Share capital	72,468	56,045	72,468	56,045
General reserve	1,046	1,046	-	-
Currency translation reserve	(541)	4,280	-	-
Accumulated profits (losses)	34,097	24,737	(5,419)	(3,378)
<b>Total equity</b>	<b>107,070</b>	<b>86,108</b>	<b>67,049</b>	<b>52,667</b>
<b>Total liabilities and equity</b>	<b>148,414</b>	<b>120,994</b>	<b>71,136</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 31/12/2009</u>		<u>As at 31/3/2009</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,301	2,194	4,151	1,600

**Amount repayable after one year**

<u>As at 31/12/2009</u>		<u>As at 31/3/2009</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
14,642	2,400	18,643	-

**Details of any collateral**

1. The finance leases of \$415,000 (31 March 2009: \$290,000) is secured over the Group's motor vehicles with carrying value of \$535,000 (31 March 2009: \$378,000).
2. The bank term loan of \$147,000 (31 March 2009: \$18,000) is secured over the properties of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$357,000 (31 March 2009: \$158,000).
3. The long term bank loans of \$18,381,000 (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 \$53,748,000 (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 31/12/2009	3 months ended 31/12/2008	9 months ended 31/12/2009	9 months ended 31/12/2008
<b>Operating activities</b>				
Profit before income tax	5,560	1,188	10,340	3,959
Adjustments for:				
Interest income	(24)	(81)	(52)	(211)
Interest expense	116	257	395	659
Share of (profit) loss of associate	(64)	93	7	67
Share of loss of joint venture	68	-	67	-
Depreciation and amortisation	233	201	715	613
Loss on disposal of property, plant and equipment	31	-	31	-
Exchange difference arising on foreign currency translation	(402)	251	(1,296)	3,199
Operating profit before working capital changes	5,518	1,909	10,207	8,286
Trade receivables and accrued revenue	2,430	(311)	(592)	(4,043)
Other receivables and prepayment	(24,215)	(5,248)	(23,421)	(192)
Inventories	(1,067)	(65)	(971)	125
Trade payables	8,566	473	8,855	(2,789)
Other payables	(1)	(980)	(1,670)	(3,045)
Cash used in operations	(8,769)	(4,222)	(7,592)	(1,658)
Interest received	24	81	52	211
Interest paid	(116)	(257)	(395)	(659)
Income tax paid	(222)	(194)	(799)	(466)
Net cash used in operating activities	(9,083)	(4,592)	(8,734)	(2,572)
<b>Investing activities</b>				
Long term receivables	(2,723)	(151)	(2,431)	(4,829)
Purchase of property, plant and equipment	(399)	-	(399)	(73)
Purchase of intangible assets	-	-	-	(200)
Proceeds from sale of property, plant and equipment	94	-	94	-
Investment in associate	-	(7,688)	-	(7,688)
Net cash used in investing activities	(3,028)	(7,839)	(2,736)	(12,790)
<b>Financing activities</b>				
Proceeds from issuing shares	16,423	-	16,423	13,891
Dividend paid	-	-	-	(1,193)
Repayment of obligations under finance leases	(108)	(24)	(162)	(75)

<b>The Group (\$'000) (Cont'd)</b>	3 months ended 31/12/2009	3 months ended 31/12/2008	9 months ended 31/12/2009	9 months ended 31/12/2008
Bank borrowings	3,073	(851)	(982)	1,298
Fixed deposits (pledged) released as security	(2,809)	-	(2,809)	1,101
Net cash from (used in) financing activities	16,579	(875)	12,470	15,022
Net increase (decrease) in cash and cash equivalents	4,468	(13,306)	1,000	(340)
Cash and cash equivalents at beginning of period	16,199	31,847	20,365	18,809
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(75)	-	(773)	72
Cash and cash equivalents at end of period	20,592	18,541	20,592	18,541

<b>The Group (\$'000)</b>	3 months ended 31/12/2009	3 months ended 31/12/2008	9 months ended 31/12/2009	9 months ended 31/12/2008
<b>Cash and cash equivalents consist of:</b>				
Cash and bank balances	23,401	18,541	23,401	18,541
Less: fixed deposits pledged	(2,809)	-	(2,809)	-
Cash and cash equivalents	20,592	18,541	20,592	18,541

**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 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 for the period	-	-	(1,579)	3,112	1,533
At 30 September 2009	56,045	1,046	(75)	28,947	85,963
Issue of ordinary shares, net of share issue expenses	16,423	-	-	-	16,423
Total comprehensive income for the period	-	-	(466)	5,150	4,684
At 31 December 2009	72,468	1,046	(541)	34,097	107,070

	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 income for the period	-	(522)	(522)
At 30 June 2009	56,045	(3,900)	52,145
Total comprehensive income for the period	-	(667)	(667)
At 30 September 2009	56,045	(4,567)	51,478
Issue of ordinary shares, net of share issue expenses	16,423	-	16,423
Total comprehensive income for the period	-	(852)	(852)
At 31 December 2009	72,468	(5,419)	67,049

**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, the company issued 40 million new ordinary shares for cash amounting to \$16.4 million.

**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.**

	31/12/2009	31/3/2009
Total number of issued shares ('000)	437,596	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 adoption of FRS1-Presentation of Financial Statements (Revised) which has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.



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 31/12/2009	Group 3 months ended 31/12/2008	Group 9 months ended 31/12/2009	Group 9 months ended 31/12/2008
Net profit attributable to shareholders of the Company(\$'000)	5,150	1,065	9,360	3,532
Weighted average number of shares in issue (in '000)	432,379	397,596	409,232	378,801
Earning per share (cents)	1.19	0.27	2.29	0.93

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 31/12/2009	Group 31/3/2009	Company 31/12/2009	Company 31/3/2009
Net asset value (\$'000)	107,070	86,108	67,049	52,667
Net asset value per share (cents)	24.47	21.66	15.32	13.25

The net asset value per share is calculated based on the issued share capital of 437,596,000 (31/3/2009: 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 \$18.8 million, which was \$10.0 million or 114.3% higher than last corresponding period ended 31 December 2008 of \$8.8 million. The increase was mainly due to the higher engineering income and the recurring treatment revenue for the current period. The higher engineering income was due to the recent projects secured, mainly the Guangzhou project. The recurring treatment revenue increased \$1.0 million or 38.5% to \$3.6 million as compared to \$2.6 million in the last corresponding

period ended 31 December 2008. This was due to the increase in the quantity of wastewater treated during the current period.

The increase in material purchased, consumables used and subcontractors' fees of \$6.8 million or 158.6% as compared to the corresponding period ended 31 December 2008 was consistent with the higher engineering revenue for the current period.

The decrease in other operating expenses of \$0.2 million or 54.9% as compared to the last corresponding period ended 31 December 2008 was largely due to the unrealised foreign exchange loss of \$0.1 million in the corresponding period ended 31 December 2008.

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 \$5.2 million for the current period as compared to \$1.1 million in the corresponding period ended 31 December 2008, representing an increase of 383.6%.

For the 9-month ended 31 December 2009, the Group generated profit after tax of \$9.4 million as compared to \$3.5 million in the corresponding period ended 31 December 2008, representing an increase of 165.0%.

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

Total current assets amounted to \$76.0 million, which was \$28.0 million higher than \$48.0 million as at 31 March 2009. The increase was mainly due to higher other receivables of \$26.8 million, an increase of \$23.4 million, from \$3.4 million as at 31 March 2009. The increase in other receivables was mainly due to the \$20.0 million tender deposit that the company placed for a project just before the period ended 31 December 2009. Subsequently the tender deposit was returned to the company.

Total current liabilities amounted to \$22.9 million, which was \$7.7 million higher than \$15.2 million as at 31 March 2009. The increase was mainly due to higher trade payables of \$11.3 million, an increase of \$8.9 million, from \$2.4 million as at 31 March 2009. The increase in trade payables pertained mainly to the increase in the payables to the suppliers for the goods and services supplied to the engineering projects.

Total equity amounted to \$107.1 million, which was \$21.0 million higher than \$86.1 million as at 31 March 2009. The increase was mainly due to proceeds from the issuance of new ordinary shares of \$16.4 million and the profit generated by the group during the 9-month period of \$9.4 million.

#### **Statement of cash flows**

The deficit in net cash used in operating activities of \$9.1 million was mainly due to the \$20.0 million tender deposit placed for a project before the end of the period. The money was returned to the company subsequently after 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.**

With the global economic seeing signs of recovery, the Group expects better operating environment in the forthcoming quarters ahead. The Group will continue to target on petrochemical and chemical industries and industrial parks. In addition, due to the stricter discharge limits imposed by the Chinese government, the group believes there are opportunities for upgrading work to existing wastewater treatment, both industrial and municipal. The group believes that its advanced membrane technologies, particularly Membrane Bioreactor (MBR), have a competitive edge in treating wastewater of a greater complexity.

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/recommendeded, 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 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**  
**1 February 2010**