



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 2010

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.

The Group (\$'000)	3 months ended 30/9/2010	3 months ended 30/9/2009	% Increase/ (Decrease)	6 months ended 30/9/2010	6 months ended 30/9/2009	% Increase/ (Decrease)
Revenue	23,012	11,289	103.8	45,369	20,134	125.3
Other income	635	30	2,016.7	827	74	1,017.6
Changes in inventories	(22)	(50)	(56.0)	254	(96)	N/m
Material purchased, consumables used and subcontractors' fees	(13,245)	(4,294)	208.5	(27,979)	(9,121)	206.8
Employee benefits expense	(1,215)	(1,185)	2.5	(2,510)	(2,276)	10.3
Depreciation and amortisation expenses	(91)	(246)	(63.0)	(173)	(482)	(64.1)
Other operating expenses	(2,088)	(1,919)	8.8	(3,918)	(3,104)	26.2
Finance costs	(113)	(122)	(7.4)	(256)	(279)	(8.2)
Share of loss of associate	(5)	(32)	(84.4)	(19)	(71)	(73.2)
Share of profit (loss) of joint venture	298	(14)	N/m	278	1	27,700.0
Profit before income tax	7,166	3,457	107.3	11,873	4,780	148.4
Income tax expense	(1,110)	(345)	221.7	(1,591)	(570)	179.1
Net profit for the period	6,056	3,112	94.6	10,282	4,210	144.2
Statement of Comprehensive Income						
Net profit for the period	6,056	3,112	94.6	10,282	4,210	144.2
Currency translation loss	(4,103)	(1,579)	159.8	(3,658)	(4,355)	(16.0)
Total comprehensive income (expense) for the period	1,953	1,533	27.4	6,624	(145)	N/m

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

The Group (\$'000)	3 months ended 30/9/2010	3 months ended 30/9/2009	% Increase/ (Decrease)	6 months ended 30/9/2010	6 months ended 30/9/2009	% Increase/ (Decrease)
Depreciation expense	91	116	(21.6)	173	208	(16.8)
Amortisation of intangible assets	-	130	N/m	-	274	N/m
Share option expense	150	-	N/m	282	-	N/m
Interest expense	113	122	(7.4)	256	279	(8.2)
Interest income	(44)	(13)	238.5	(82)	(28)	192.9
Unrealised net foreign exchange (gain) loss	(178)	23	N/m	(203)	11	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 30/9/2010 \$'000	Group 31/3/2010 \$'000	Company 30/9/2010 \$'000	Company 31/3/2010 \$'000
ASSETS				
Current assets:				
Cash and bank balances	30,869	37,253	8,684	17,447
Trade receivables	31,986	37,524	440	440
Service concession receivables	12	13	-	-
Other receivables and prepayments	10,100	5,638	16,297	13,386
Inventories	941	687	-	-
Total current assets	73,908	81,115	25,421	31,273
Non-current assets:				
Trade receivables	5,079	5,286	-	-
Service concession receivables	85,170	69,330	-	-
Subsidiaries	-	-	41,696	37,584
Associate	1,403	1,422	2,230	2,230
Joint venture	7,884	7,606	7,688	7,688
Property, plant and equipment	2,107	2,081	333	361
Goodwill	1,578	1,589	-	-
Intangible assets	200	200	200	200
Deferred tax assets	253	450	-	-
Total non-current assets	103,674	87,964	52,147	48,063
Total assets	177,582	169,079	77,568	79,336
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	10,286	6,437	4,200	1,200
Trade payables	17,829	25,093	-	-
Other payables	5,876	6,518	213	1,115
Current portion of finance leases	94	95	48	48
Income tax payable	956	1,935	-	-
Total current liabilities	35,041	40,078	4,461	2,363
Non-current liabilities:				
Bank loans	23,138	14,494	1,400	2,000
Deferred tax liabilities	2,052	1,787	-	-
Finance leases	219	306	171	195
Total non-current liabilities	25,409	16,587	1,571	2,195

	Group 30/9/2010 \$'000	Group 31/3/2010 \$'000	Company 30/9/2010 \$'000	Company 31/3/2010 \$'000
Capital and reserves:				
Share capital	72,437	72,437	72,437	72,437
General reserve	2,009	2,009	-	-
Share option reserve	326	44	326	44
Currency translation reserves	(4,359)	(701)	-	-
Accumulated profits (losses)	46,719	38,625	(1,227)	2,297
Total equity	117,132	112,414	71,536	74,778
Total liabilities and equity	177,582	169,079	77,568	79,336

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/9/2010

As at 31/3/2010

Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,909	5,471	5,332	1,200

Amount repayable after one year

As at 30/9/2010

As at 31/3/2010

Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
21,957	1,400	12,800	2,000

Details of any collateral

1. The finance leases of \$313,000 (31 March 2010: \$401,000) is secured over the Group's motor vehicles with carrying value of \$420,000 (31 March 2010: \$464,000).
2. The bank term loan of \$130,000 (31 March 2010: \$138,000) is secured over the freehold properties of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$145,000 (31 March 2010: \$320,000).
3. The long term bank loans of \$26,423,000 (31 March 2010: \$16,956,000) are secured over the Wastewater treatment plants of its three subsidiaries, United Envirotech Water Treatment (Liaoyang) Co Ltd, United Envirotech Water Treatment (Xintai) Co Ltd and United Envirotech Water Treatment (Hegang) Co Ltd with carrying value of \$70,202,000 (31 March 2010: \$53,477,000).

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.

The Group (\$'000)	3 months ended 30/9/2010	3 months ended 30/9/2009	6 months ended 30/9/2010	6 months ended 30/9/2009
Operating activities				
Profit before income tax	7,166	3,457	11,873	4,780
Adjustments for:				
Interest income	(44)	(13)	(82)	(28)
Interest expense	113	122	256	279
Share of loss of associate	5	32	19	71
Share of (profit) loss of joint venture	(298)	14	(278)	(1)
Depreciation and amortization	91	246	173	482
Share option expense	150	-	282	-
Exchange difference arising on foreign currency translation	(3,117)	(1,332)	(2,999)	(894)
Operating profit before working capital changes	4,066	2,526	9,244	4,689
Trade receivables	2,139	(1,280)	6,845	(3,022)
Other receivables	707	(414)	(4,462)	794
Inventories	22	50	(254)	96
Trade payables	(8,594)	698	(8,364)	289
Other payables	(76)	(1,169)	(642)	(1,669)
Cash generated (used in) from operations	(1,736)	411	2,367	1,177
Interest received	44	13	82	28
Interest paid	(113)	(122)	(256)	(279)
Income tax paid	(872)	(61)	(2,108)	(577)
Net cash (used in) from operating activities	(2,677)	241	85	349
Investing activity				
Service concession receivables representing net cash (used in) from investing activity	(2,286)	295	(15,839)	292
Financing activities				
Dividend paid	(2,188)	-	(2,188)	-
Repayment of obligations under finance leases	(68)	(26)	(88)	(54)
Proceeds from bank borrowings	15,590	-	15,590	-
Repayment of bank borrowings	(2,458)	(2,160)	(3,097)	(4,055)
Net cash from financing activities	10,876	(2,186)	10,217	(4,109)
Net increase (decrease) in cash and cash equivalents	5,913	(1,650)	(5,537)	(3,468)
Cash and cash equivalents at beginning of period	25,889	18,085	37,253	20,365
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(933)	(236)	(847)	(698)
Cash and cash equivalents at end of period	30,869	16,199	30,869	16,199

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	Share option reserves \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
Group						
At 1 April 2010	72,437	2,009	44	(701)	38,625	112,414
Total comprehensive income for the period	-	-	-	445	4,226	4,671
Recognition of share-based payment	-	-	132	-	-	132
At 30 June 2010	72,437	2,009	176	(256)	42,851	117,217
Total comprehensive income for the period	-	-	-	(4,103)	6,056	1,953
Recognition of share-based payment	-	-	150	-	-	150
Dividend paid	-	-	-	-	(2,188)	(2,188)
At 30 September 2010	72,437	2,009	326	(4,359)	46,719	117,132

	Share capital \$'000	Share option reserve \$'000	Accumulated losses \$'000	Total \$'000
Company				
At 1 April 2010	72,437	44	2,297	74,778
Total comprehensive income for the period	-	-	(521)	(521)
Recognition of share-based payment	-	132	-	132
At 30 June 2010	72,437	176	1,776	74,389
Total comprehensive income for the period	-	-	(815)	(815)
Recognition of share-based payment	-	150	-	150
Dividend paid	-	-	(2,188)	(2,188)
At 30 September 2010	72,437	326	(1,227)	71,536

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.

	30/9/2010	31/3/2010
Total number of issued shares ('000)	437,596	437,596

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 2010.

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 30/9/2010	Group 3 months ended 30/9/2009	Group 6 months ended 30/9/2010	Group 6 months ended 30/9/2009
Net profit attributable to shareholders of the Company(\$'000)	6,056	3,112	10,282	4,210
Weighted average number of shares in issue (in '000) for computation of Basic EPS	437,596	397,596	437,596	397,596
Earning per share (cents)- Basic	1.38	0.78	2.35	1.06
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	450,147	397,596	450,147	397,596
Earning per share (cents) – Diluted	1.35	0.78	2.28	1.06

For the purpose of calculating diluted EPS, assumption was made that the total employee share options issued will be converted to ordinary shares.

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 30/9/2010	Group 31/3/2009	Company 30/9/2010	Company 31/3/2009
Net asset value (\$'000)	117,132	112,414	71,536	74,778
Net asset value per share (cents)	26.77	25.69	16.35	17.09

The net asset value per share is calculated based on the issued share capital of 437,596,000.

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 \$23.1 million, which was \$11.8 million or 103.8% higher than last corresponding period ended 30 September 2009 of \$11.3 million. The increase was mainly due to the higher engineering income for the current period.

Other income pertained mainly to the foreign exchange gain and interest income. The increase was mainly due to the foreign exchange gain on the Hong Kong Dollar denominated bank loans for the current period of \$0.2 million as compared to a loss for the last corresponding period ended 30 September 2009. The increase was also due to the income earned from the loan to Tongji Environment Asia Pte Ltd of \$0.2 million as compared to nil for the last corresponding period ended 30 September 2009.

The increase in material purchased, consumables used and subcontractors' fees of \$9.0 million or 208.5% as compared to the corresponding period ended 30 September 2009 was consistent with the increase in the engineering revenue and most of the engineering projects were in the construction and commissioning stages.

The Group generated profit after tax of \$6.1 million for the current period as compared to \$3.1 million in the corresponding period ended 30 September 2009, representing an increase of 94.6%.

For the 6-month ended 30 September 2010, the Group generated profit after tax of \$10.3 million as compared to \$4.2 million in the corresponding period ended 30 September 2009, representing an increase of 144.2%.

Statement of financial position

Total current assets amounted to \$73.9 million, which was \$7.2 million lower than \$81.1 million as at 31 March 2010. The decrease was mainly due to the lower cash and bank balance and the trade receivables. The cash and bank balance decreased from \$37.3 million to \$30.9 million, representing a decrease of \$6.4 million. The decrease was mainly due to the utilisation of cash and bank balances for the BOT projects in Hedong city, Heilongjiang province. The trade receivables decreased from \$37.5 million to \$32.0 million, representing a decrease of \$5.5 million. The decrease was due to the collection from the debtors. The decrease was offset by the increase in other debtors. Other debtors increased from \$5.6 million to \$10.1 million, an increase of \$4.5 million. The increase was mainly due to the loan of \$6.2 million made to Tongji Environment Asia Pte Ltd with an option to acquire the wastewater treatment plant in Xinmin, Shenyang.

Total non-current assets amounted to \$103.7 million, which was \$15.7 million higher than \$88.0 million as at 31 March 2010. The increase was mainly due to higher service concession receivables of \$85.2 million, an increase of \$15.9 million, from \$69.3 million as at 31 March 2010. The increase in service concession receivables was mainly due to the additions of Hegang and Hedong projects during the period.

Total current liabilities amounted to \$35.0 million, which was \$5.1 million lower than \$40.1 million as at 31 March 2010. The decrease was mainly due to payment made to creditors for the supplies of materials and services during the period. The decrease was offset by the increase in the bank loans from \$6.4 million to \$10.3 million, an increase of \$3.9 million. During the period, bank loan of \$3.0 million was drawn down to finance the working capital of the Group.

Total non-current liabilities amounted to \$25.4 million, which was \$8.8 million higher than \$16.6 million as at 31 March 2010. The increase was mainly due to higher bank loans of \$23.1 million, an increase of \$8.6 million from \$14.5 million as at 31 March 2010 due to the additions of bank loans to finance the BOT project in Hegang 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 believes that there is a growing demand for the membrane based water and wastewater treatment services, especially in China. This is mainly due to the stricter discharge limits imposed by the Chinese government and the shortage of water supply in various parts of China. As such, the Group is optimistic that there are opportunities for new and upgrading projects to be secured, both in wastewater treatment as well as reclamation of water for both municipal and industrial sectors. The Group believes that its advanced membrane technologies, particularly Membrane Bioreactor (MBR), have a competitive edge in treating wastewater of a greater complexity to meet the stricter discharge limits and also to reclaim the treated wastewater for reuse more effectively and efficiently. The Group has successfully completed Asia's largest underground MBR wastewater treatment plant in Guangzhou with a treatment capacity of 100,000m³/day.

In addition, as a long-term growth strategy, the Group will actively seek suitable TOT/BOT/BOO projects in China to build or acquire to strengthen its recurring income base. The Group has recently completed a 50,000m³/day wastewater treatment plant in Hegang. The Group is still in the process of completing its 2 remaining BOT projects in Hegang and Hedong, this will further improve the Group's total treatment capacity as well as the recurring income.

The Group will also seek to provide operation and maintenance (O&M) services to further boost its recurring income stream. Beyond China, the Group also intends to explore overseas projects to expand its presence.

On 22 October 2010, the Group successfully launched its Taiwan Depository Receipts (TDR) in Taiwan Stock Exchange. The Group issued 40 million ordinary shares or 32 million TDRs to raise net proceeds of approximately \$20 million. The proceeds will be used to meet its long-term growth strategy of investing in water treatment projects.

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 2010 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
29 October 2010