



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 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 31/12/2010	3 months ended 31/12/2009	% Increase/ (Decrease)	9 months ended 31/12/2010	9 months ended 31/12/2009	% Increase/ (Decrease)
Revenue	12,789	18,752	(31.8)	58,158	38,886	49.6
Other income	2,008	28	7,071.4	2,835	102	2,679.4
Changes in inventories	749	1,067	(29.8)	1,003	971	3.3
Material purchased, consumables used and subcontractors' fees	(5,879)	(11,074)	(46.9)	(33,858)	(20,195)	67.7
Employee benefits expense	(1,378)	(1,272)	8.3	(3,888)	(3,548)	9.6
Depreciation and amortisation expenses	(248)	(233)	6.4	(421)	(715)	(41.1)
Other operating expenses	(3,188)	(1,588)	100.8	(7,106)	(4,692)	51.4
Finance costs	(401)	(116)	245.7	(657)	(395)	66.3
Share of profit (loss) of associate	-	64	N/m	(19)	(7)	171.4
Share of profit (loss) of joint venture	221	(68)	N/m	499	(67)	N/m
Profit before income tax	4,673	5,560	(16.0)	16,546	10,340	60.0
Income tax expense	(595)	(410)	45.1	(2,186)	(980)	123.1
Net profit for the period	4,078	5,150	(20.8)	14,360	9,360	53.4
Statement of Comprehensive Income						
Net profit for the period	4,078	5,150	(20.8)	14,360	9,360	53.4
Currency translation loss	(1,099)	(466)	135.8	(4,757)	(4,821)	(1.3)
Total comprehensive income for the period	2,979	4,684	(36.4)	9,603	4,539	111.6

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

The Group (\$'000)	3 months ended 31/12/2010	3 months ended 31/12/2009	% Increase/ (Decrease)	9 months ended 31/12/2010	9 months ended 31/12/2009	% Increase/ (Decrease)
Depreciation expense	248	103	140.8	421	311	35.4
Amortisation of intangible assets	-	130	N/m	-	404	N/m
Share option expense	170	-	N/m	452	-	N/m
Interest expense	401	116	245.7	657	395	66.3
Interest income	(66)	(24)	175.0	(148)	(52)	184.6
Loss on disposal of property, plant and equipment	-	31	N/m	-	31	N/m
Gain on deemed disposal of associate	(1,454)	-	N/m	(1,454)	-	N/m
Unrealised net foreign exchange (gain) loss	(201)	(4)	4,925.0	(404)	7	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 31/12/2010 \$'000	Group 31/3/2010 \$'000	Company 31/12/2010 \$'000	Company 31/3/2010 \$'000
ASSETS				
Current assets:				
Cash and bank balances	45,977	37,253	25,028	17,447
Trade receivables	23,527	37,524	440	440
Service concession receivables	12	13	-	-
Other receivables and prepayments	12,653	5,638	16,464	13,386
Inventories	192	687	-	-
Total current assets	82,361	81,115	41,932	31,273
Non-current assets:				
Trade receivables	5,028	5,286	-	-
Service concession receivables	86,583	69,330	-	-
Subsidiaries	-	-	44,696	37,584
Associate	-	1,422	2,230	2,230
Joint venture	8,105	7,606	7,688	7,688
Property, plant and equipment	19,506	2,081	318	361
Goodwill	1,547	1,589	-	-
Intangible assets	200	200	200	200
Deferred tax assets	251	450	-	-
Total non-current assets	121,220	87,964	55,132	48,063
Total assets	203,581	169,079	97,064	79,336
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	10,702	6,437	4,200	1,200
Trade payables	15,096	25,093	-	-
Other payables	3,142	6,518	345	1,115
Current portion of finance leases	93	95	48	48
Income tax payable	612	1,935	-	-
Total current liabilities	29,645	40,078	4,593	2,363
Non-current liabilities:				
Bank loans	30,849	14,494	1,100	2,000
Deferred tax liabilities	2,213	1,787	-	-
Finance leases	199	306	159	195
Total non-current liabilities	33,261	16,587	1,259	2,195

	Group 31/12/2010 \$'000	Group 31/3/2010 \$'000	Company 31/12/2010 \$'000	Company 31/3/2010 \$'000
Capital and reserves:				
Share capital	92,831	72,437	92,831	72,437
General reserve	2,009	2,009	-	-
Share option reserve	496	44	496	44
Currency translation reserves	(5,458)	(701)	-	-
Accumulated profits (losses)	50,797	38,625	(2,115)	2,297
Total equity	140,675	112,414	91,212	74,778
Total liabilities and equity	203,581	169,079	97,064	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 31/12/2010

As at 31/3/2010

Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,833	4,962	5,332	1,200

Amount repayable after one year

As at 31/12/2010

As at 31/3/2010

Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
29,948	1,100	12,800	2,000

Details of any collateral

1. The finance leases of \$292,000 (31 March 2010: \$401,000) is secured over the Group's motor vehicles with carrying value of \$398,000 (31 March 2010: \$464,000).
2. The bank term loan of \$128,000 (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 \$35,361,000 (31 March 2010: \$16,956,000) are secured over the Wastewater treatment plants of its four subsidiaries, United Envirotech Water Treatment (Liaoyang) Co Ltd, United Envirotech Water Treatment (Xintai) Co Ltd, United Envirotech Water Treatment (Hegang) Co Ltd and Guangzhou Linhai Envirotech Co Ltd with carrying value of \$84,406,000 (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 31/12/2010	3 months ended 31/12/2009	9 months ended 31/12/2010	9 months ended 31/12/2009
Operating activities				
Profit before income tax	4,673	5,560	16,546	10,340
Adjustments for:				
Interest income	(66)	(24)	(148)	(52)
Interest expense	401	116	657	395
Share of (profit) loss of associate	-	(64)	19	7
Share of (profit) loss of joint venture	(221)	68	(499)	67
Depreciation and amortization	248	233	421	715
Loss on disposal of property, plant and equipment	-	31	-	31
Share option expense	170	-	452	-
Gain on deemed disposal of associate	(1,454)	-	(1,454)	-
Exchange difference arising on foreign currency translation	(839)	(402)	(3,838)	(1,296)
Operating profit before working capital changes	2,912	5,518	12,156	10,207
Trade receivables	8,796	2,430	15,641	(592)
Other receivables	(2,651)	(24,215)	(7,113)	(23,421)
Inventories	740	(1,067)	486	(971)
Trade payables	(3,472)	8,566	(11,836)	8,855
Other payables	(3,084)	(1)	(3,726)	(1,670)
Cash generated (used in) from operations	3,241	(8,769)	5,608	(7,592)
Interest received	66	24	148	52
Interest paid	(401)	(116)	(657)	(395)
Income tax paid	(776)	(222)	(2,884)	(799)
Net cash (used in) from operating activities	2,130	(9,083)	2,215	(8,734)
Investing activities				
Service concession receivables	(1,413)	(2,723)	(17,252)	(2,431)
Acquisition of subsidiary	(3,674)	-	(3,674)	-
Purchase of property, plant and equipment	(269)	(399)	(269)	(399)
Proceeds from sale of property, plant and equipment	-	94	-	94
Net cash used in investing activities	(5,356)	(3,028)	(21,195)	(2,736)
Financing activities				
Proceeds from issuing shares	20,394	16,423	20,394	16,423
Dividend paid	-	-	(2,188)	-
Repayment of obligations under finance leases	(21)	(108)	(109)	(162)
Proceeds from bank borrowings	-	3,073	15,590	-
Repayment of bank borrowings	(1,818)	-	(4,915)	(982)
Fixed deposits (pledged) released as security	-	(2,809)	-	(2,809)
Net cash from financing activities	18,555	16,579	28,772	12,470

The Group (\$'000)	3 months ended 31/12/2010	3 months ended 31/12/2009	9 months ended 31/12/2010	9 months ended 31/12/2009
Net increase in cash and cash equivalents	15,329	4,468	9,792	1,000
Cash and cash equivalents at beginning of period	30,869	16,199	37,253	20,365
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(221)	(75)	(1,068)	(773)
Cash and cash equivalents at end of period	45,977	20,592	45,977	20,592

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
Issue of ordinary shares net of share issue expenses	20,394	-	-	-	-	20,394
Total comprehensive income for the period	-	-	-	(1,099)	4,078	2,979
Recognition of share-based payment	-	-	170	-	-	170
At 31 December 2010	92,831	2,009	496	(5,458)	50,797	140,675

	Share capital \$'000	Share option reserve \$'000	Accumulated profits (losses) \$'000	Total \$'000
<u>Company</u>				
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
Issue of ordinary shares net of share issue expenses	20,394	-	-	20,394
Total comprehensive income for the period	-	-	(888)	(888)
Recognition of share-based payment	-	170	-	170
At 31 December 2010	92,831	496	(2,115)	91,212

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 period, the Company issued 40 million new ordinary shares listed as Taiwan Depository Receipts (TDR) in Taiwan Stock Exchange to raise net proceeds of approximately \$20 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.

	31/12/2010	31/3/2010
Total number of issued shares ('000)	477,596	437,596

The company does not have any treasury shares as at the end of the current 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 31/12/2010	Group 3 months ended 31/12/2009	Group 9 months ended 31/12/2010	Group 9 months ended 31/12/2009
Net profit attributable to shareholders of the Company(\$'000)	4,078	5,150	14,360	9,360
Weighted average number of shares in issue (in '000) for computation of Basic EPS	460,547	397,596	447,778	397,596
Earning per share (cents)- Basic	0.89	1.30	3.21	2.35
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	473,097	397,596	459,117	397,596
Earning per share (cents) – Diluted	0.86	1.30	3.13	2.35

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 31/12/2010	Group 31/3/2009	Company 31/12/2010	Company 31/3/2009
Net asset value (\$'000)	140,675	112,414	91,212	74,778
Net asset value per share (cents)	29.45	25.69	19.10	17.09

The net asset value per share is calculated based on the issued share capital of 477,596,000 (31/3/2009: 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 current period was \$12.8 million, which was \$6.0 million or 31.8% lower than last corresponding period ended 31 December 2009 of \$18.8 million. The decrease was mainly due to the lower engineering income for the current period. The decrease was partly offset by an increase in the recurring income from the treatment business. The treatment revenue was \$5.4 million, which was \$1.8 million or 50% higher than last corresponding period ended 31 December 2009 of \$3.6 million. The increase was mainly due to the contributions from the newly acquired subsidiary, Guangzhou Linhai Envirotech Co Ltd (Lin Hai) and the newly completed Build-Operate-Transfer (BOT) plant in Hegang.

Other income was \$2.0 million, an increase of \$2.0 million over the last corresponding period ended 31 December 2009. The increase was mainly due to the fair value gain of \$1.5 million on its deemed disposal of an associate.

The decrease in material purchased, consumables used and subcontractors' fees of \$5.2 million or 46.9% as compared to the corresponding period ended 31 December 2009 was consistent with the decrease in the engineering revenue. The engineering revenue for the current period was \$7.4 million, which was \$7.8 million or 51.3% lower than the last corresponding period ended 31 December 2009 of \$15.2 million.

Other operating expenses for the current period was \$3.2 million, an increase of \$1.6 million over the last corresponding period ended 31 December 2009 of \$1.6 million. The increase was mainly due to the costs of operating the treatment plants. During the current period, the Group had 2 new plants, namely Lin Hai and Hegang. In addition, the Group also provided Operation and Maintenance services to 2 new plants in Liaoning province.

The Group generated profit after tax of \$4.1 million for the current period as compared to \$5.2 million in the last corresponding period ended 31 December 2009, representing a decrease of 20.8%.

For the 9-month ended 31 December 2010, the Group generated profit after tax of \$14.4 million as compared to \$9.4 million in the last corresponding period ended 31 December 2009, representing an increase of 53.4%.

Statement of financial position

Total current assets amounted to \$82.4 million, which was \$1.3 million higher than \$81.1 million as at 31 March 2010. The increase was mainly due to the higher cash and bank balance. The cash and bank balance increased from \$37.3 million to \$46.0 million, representing an increase of \$8.7 million. The increase was mainly due to the issuance of TDRs in Taiwan to raise net proceeds of approximately \$20 million. This was partly offset from the utilisation of cash and bank balances for the BOT projects in Hedong and Hegang. The trade receivables decreased from \$37.5 million to \$23.5 million, representing a decrease of \$14.0 million. The decrease was due to the collection from the debtors. Other debtors increased from \$5.6 million to \$12.7 million, an increase of \$7.1 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 \$121.2 million, which was \$33.2 million higher than \$88.0 million as at 31 March 2010. The increase was mainly due to higher service concession receivables of \$86.6 million, an increase of \$17.3 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 \$29.6 million, which was \$10.5 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 \$10.7 million, an increase of \$4.3 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 \$33.3 million, which was \$16.7 million higher than \$16.6 million as at 31 March 2010. The increase was mainly due to higher bank loans of \$30.8 million, an increase of \$16.3 million from \$14.5 million as at 31 March 2010 due to the additions of bank loans to finance the BOT project in Hegang and the bank loans of the newly acquired subsidiary, Linhai 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 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. It also 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.

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 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. As at the date of the announcement, the proceeds have not been utilised.

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 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
31 January 2011