



**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".

**First Quarter Financial Statement & Dividend Announcement for the Period Ended 30 June 2011**

**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.**

	Group 3 months ended 30/6/2011 \$'000	Group 3 months ended 30/6/2010 \$'000	% Increase/ (Decrease)
Revenue	20,789	22,357	(7.0)
Other income	199	192	3.6
Changes in inventories	174	276	(37.0)
Material purchased, consumables used and subcontractors' fees	(11,930)	(14,734)	(19.0)
Employee benefits expense	(1,479)	(1,295)	14.2
Depreciation and amortisation expenses	(315)	(82)	284.1
Other operating expenses	(2,710)	(1,830)	48.1
Finance costs	(674)	(143)	371.3
Share of loss of associate	-	(14)	N/m
Share of profit (loss) of joint venture	295	(20)	N/m
<b>Profit before income tax</b>	<b>4,349</b>	<b>4,707</b>	<b>(7.6)</b>
Income tax expense	(810)	(481)	68.4
<b>Net profit for the period</b>	<b>3,539</b>	<b>4,226</b>	<b>(16.3)</b>
<b><u>Statement of Comprehensive Income</u></b>			
Net profit for the period	3,539	4,226	(16.3)
Currency translation (loss) gain	(1,281)	445	N/m
<b>Total comprehensive income for the period</b>	<b>2,258</b>	<b>4,671</b>	<b>(51.7)</b>

N/m: Not meaningful

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

	Group 3 months ended 31/6/2011 \$'000	Group 3 months ended 31/6/2010 \$'000	% Increase/ (Decrease)
Depreciation of property, plant and equipment	265	82	223.2
Amortisation of intangible assets	50	-	N/m
Share option expense	151	132	14.4
Interest expense	674	143	371.3
Interest income	(77)	(38)	102.6
Foreign currency exchange gain	(122)	(25)	388.0

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 30/6/2011 \$'000	Group 31/3/2011 \$'000	Company 30/6/2011 \$'000	Company 31/3/2011 \$'000
<b>ASSETS</b>				
Current assets:				
Cash and bank balances	44,900	47,235	9,670	15,639
Trade receivables	27,292	25,849	558	440
Service concession receivables	40	39	-	-
Other receivables and prepayments	10,888	9,966	18,530	18,509
Inventories	780	606	-	-
Prepaid lease	200	199	-	-
<b>Total current assets</b>	<b>84,100</b>	<b>83,894</b>	<b>28,758</b>	<b>34,588</b>
Non-current assets:				
Trade receivables	1,822	1,841	-	-
Prepaid lease	8,911	9,972	-	-
Service concession receivables	108,670	102,005	-	-
Subsidiaries	-	-	57,431	53,494
Associate	718	718	2,067	2,089
Joint venture	8,657	8,362	7,126	7,201
Property, plant and equipment	15,517	13,140	294	307
Goodwill	1,458	1,488	-	-
Intangible assets	200	200	200	200
Deferred tax assets	618	569	-	-
<b>Total non-current assets</b>	<b>146,571</b>	<b>138,295</b>	<b>67,118</b>	<b>63,291</b>
<b>Total assets</b>	<b>230,671</b>	<b>222,189</b>	<b>95,876</b>	<b>97,879</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Bank loans	16,591	12,938	4,200	4,200
Trade payables	12,807	12,391	-	-
Other payables	5,168	7,766	437	929
Current portion of finance leases	92	93	60	60
Income tax payable	3,458	2,796	-	-
<b>Total current liabilities</b>	<b>38,116</b>	<b>35,984</b>	<b>4,697</b>	<b>5,189</b>
Non-current liabilities:				
Bank loans	46,353	41,309	500	800
Finance leases	153	179	123	135
Deferred tax liabilities	2,730	3,807	-	-
<b>Total non-current liabilities</b>	<b>49,236</b>	<b>45,295</b>	<b>623</b>	<b>935</b>

	Group 30/6/2011 \$'000	Group 31/3/2010 \$'000	Company 30/6/2011 \$'000	Company 31/3/2010 \$'000
Capital and reserves:				
Share capital	92,659	92,659	92,659	92,659
General reserve	2,009	2,009	-	-
Share option reserve	762	611	762	611
Currency translation reserves	(8,095)	(6,814)	(3,620)	(3,011)
Accumulated profits	55,984	52,445	755	1,496
<b>Total equity</b>	<b>143,319</b>	<b>140,910</b>	<b>90,556</b>	<b>91,755</b>
<b>Total liabilities and equity</b>	<b>230,671</b>	<b>222,189</b>	<b>95,876</b>	<b>97,879</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 30/6/2011</u>		<u>As at 31/3/2011</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
6,403	10,280	6,527	6,504

**Amount repayable after one year**

<u>As at 30/6/2011</u>		<u>As at 31/3/2011</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
14,314	32,192	15,131	26,357

**Details of any collateral**

1. The finance leases of \$245,000 (31 March 2011: \$272,000) is secured over the Group's motor vehicles with carrying value of \$329,000 (31 March 2011: \$356,000).
2. The bank term loan of \$463,000 (31 March 2011: \$507,000) is secured over the freehold properties of its Malaysia subsidiary, Dataran Tenaga (M) Sdn Bhd with carrying value of \$303,000 (31 March 2011: \$306,000).
3. The long term bank loans of \$20,009,000 (31 March 2011: \$20,879,000) are secured over the Wastewater treatment plant of its three subsidiaries, United Envirotech Water Treatment (Liaoyang) Co Ltd, United Envirotech Water Treatment (Xintai) Co Ltd and Guangzhou Linhai Envirotech co Ltd with carrying value of \$62,335,000 (31 March 2011: \$62,944,000).

**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.**

	Group 3 months ended 30/6/2011 \$'000	Group 3 months ended 30/6/2010 \$'000
Operating activities		
Profit before income tax	4,349	4,707
Adjustments for:		
Interest income	(77)	(38)
Interest expense	674	143
Share of loss of associate	-	14
Share of (profit) loss of joint venture	(295)	20
Depreciation and amortization	315	82
Share option expense	151	132
Exchange difference arising on foreign currency translation	(879)	118
Operating profit before working capital changes	4,238	5,178
Trade receivables	(1,424)	4,706
Other receivables and prepayments	(922)	(5,169)
Inventories	(174)	(276)
Trade payables	416	230
Other payables	(2,598)	(566)
Cash generated from operations	(464)	4,103
Interest received	77	38
Interest paid	(674)	(143)
Income tax paid	(1,274)	(1,236)
Net cash (used in) from operating activities	(2,335)	2,762
Investing activities		
Purchase of property, plant and equipment	(1,632)	-
Service concession receivables	(6,666)	(13,553)
Net cash used in investing activities	(8,298)	(13,553)
Financing activities		
Repayment of obligations under finance lease	(27)	(20)
Addition (Repayment) of borrowings	8,697	(639)
Net cash from (used in) financing activities	8,670	(659)
Net decrease in cash and cash equivalents	(1,963)	(11,450)
Cash and cash equivalents at beginning of period	47,235	37,253
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(372)	86
Cash and cash equivalents at end of period	44,900	25,889

**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
<b><u>Group</u></b>						
At 1 April 2011	92,659	2,009	611	(6,814)	52,445	140,910
Total comprehensive income for the year	-	-	-	(1,281)	3,539	2,258
Recognition of share-based payment	-	-	151	-	-	151
At 30 June 2011	92,659	2,009	762	(8,095)	55,984	143,319

	Share capital \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b><u>Company</u></b>					
At 1 April 2011	92,659	611	(3,011)	1,496	91,755
Total comprehensive income for the year	-	-	(609)	(741)	(1,350)
Recognition of share-based payment	-	151	-	-	151
At 30 June 2011	92,659	762	(3,620)	755	90,556

**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.**

	30/6/2011	31/3/2011
Total number of issued shares ('000)	477,596	477,596

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 2011.

**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 30/6/2011	Group 30/6/2010
Net profit attributable to shareholders of the Company (\$'000)	3,539	4,226
Weighted average number of shares in issue (in '000) for computation of Basic EPS	477,596	437,596
Earning per share (cents)- Basic	0.74	0.97
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	490,147	447,147
Earning per share (cents) – Diluted	0.72	0.95

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 30/6/2011	Group 31/3/2011	Company 30/6/2011	Company 31/3/2011
Net asset value (\$'000)	143,319	140,910	90,556	91,755
Net asset value per share (cents)	30.01	29.50	18.96	19.21

The net asset value per share is calculated based on the issued share capital of 477,596,000.

**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 \$20.8 million, which was \$1.6 million or 7.0% lower than last corresponding period ended 30 June 2010 of \$22.4 million. The decrease was mainly due to the lower engineering revenue for the current period. The engineering revenue decreased from \$19.4 million to \$16.0 million, a decrease of 17.5%. The decrease was offset by an increase in treatment revenue. The treatment revenue increased from \$3.0 million to \$4.8 million, an increase of 60%.



The decrease in material purchased, consumables used and subcontractors' fees of \$2.8 million or 19.0% as compared to the last corresponding period ended 30 June 2010 was consistent with the decrease in the engineering revenue of 17.5%.

The increase in depreciation and amortization expenses from \$0.1 million to \$0.3 million, or 284.1% as compared to the last corresponding period ended 30 June 2010 was due to the depreciation and amortization expenses on the treatment plant and the land use right for Guangzhou Linhai. Guangzhou Linhai became the wholly-owned subsidiary of the Company during the third quarter of financial year 2011.

The increase in other operating expenses from \$1.8 million to \$2.7 million or 48.1% as compared to the last corresponding period ended 30 June 2010 was largely due to the additions of 2 subsidiaries, namely Guangzhou Linhai and Hegang. Both of these subsidiaries operate wastewater treatment facilities. Guangzhou Linhai became the wholly-owned subsidiary of the Company during the third quarter of financial year 2011 and Hegang started operation during the third quarter of financial year 2011.

Finance costs pertained to the interest expenses on the bank borrowings. The increase in finance costs from \$0.1 million to \$0.7 million, or 371.3% as compared to the last corresponding period ended 30 June 2010 was due to the increase in bank borrowings. The proceeds from the bank borrowings were used to finance the construction of the treatment facilities.

The Group generated profit after tax of \$3.5 million for the current period as compared to \$4.2 million in the last corresponding period ended 30 June 2010, representing a decrease of 16.3%.

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

Total non-current assets amounted to \$146.6 million, which was \$8.3 million higher than \$138.3 million as at 31 March 2011. The increase was mainly due to higher service concession receivables. Service concession receivables increased from \$102.0 million to \$108.7 million, an increase of \$6.7 million. The increase was mainly due to the additions of Hegang and Hedong projects during the period.

Total non-current liabilities amounted to \$49.2 million, which was \$3.9 million higher than \$45.3 million as at 31 March 2011. The increase was mainly due to higher bank loans. Bank loans increased from \$41.3 million to \$46.4 million, an increase of \$5.1 million. The increase was mainly due to the bank loans taken to finance the construction of the Hedong project 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. The recently endorsed 12<sup>th</sup> Five-year plan by the Chinese government has incorporated clear directive to increase investment in environment and water

related projects. We believe that there are more opportunities for TOT/BOT/BOO projects in China. As a long-term growth strategy, the Group will actively seek suitable TOT/BOT/BOO projects to build or acquire so as to strengthen its recurring income base.

In the past year, the Group has completed the 100,000 m<sup>3</sup>/day Guangzhou Jingxi MBR Plant, one of the biggest MBR plants in terms of treatment capacity in the world. The underground design of the Jingxi plant, the membrane technology and its small foot print has attracted a lot of interest from various parts of China and overseas. 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.

To fund its projects and working capital requirements, the Group is currently considering various funding arrangements. In the event that such transactions are entered into, an announcement will be made where appropriate.

**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 First Quarter Results of the Group for the financial period ended 30 June 2011 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

**BY ORDER OF THE BOARD**

**Lotus Isabella Lim Mei Hua**  
**Company secretary**  
**29 July 2011**

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Yeung Koon Sang

Director