



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 2014

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 31/12/2014	3 months ended 31/12/2013	% Increase/ (Decrease)	9 months ended 31/12/2014	9 months ended 31/12/2013	% Increase/ (Decrease)
Revenue	116,068	64,271	80.6	287,764	160,300	79.5
Other income	1,298	887	46.3	16,249	1,462	1,011.4
Changes in inventories	2,368	962	146.2	13,194	2,177	506.1
Material purchased, consumables used and subcontractors' fees	(72,432)	(35,040)	106.7	(173,478)	(88,945)	95.0
Employee benefits expense	(6,102)	(3,749)	62.8	(15,058)	(9,912)	51.9
Depreciation and amortisation expenses	(2,653)	(1,378)	92.5	(6,470)	(3,435)	88.4
Other operating expenses	(15,966)	(10,196)	56.6	(37,069)	(24,495)	51.3
Finance costs	(6,667)	(4,697)	41.9	(20,666)	(12,305)	67.9
Share of profit of associate	-	489	N/m	-	1,312	N/m
Share of profit of joint venture	567	-	N/m	1,283	1,828	(29.8)
Profit before income tax	16,481	11,549	42.7	65,749	27,987	134.9
Income tax expense	(3,673)	(2,208)	66.3	(12,173)	(5,201)	134.1
Net profit for the period	12,808	9,341	37.1	53,576	22,786	135.1

The Group (\$'000)	3 months ended 31/12/2014	3 months ended 31/12/2013	% Increase/ (Decrease)	9 months ended 31/12/2014	9 months ended 31/12/2013	% Increase/ (Decrease)
Statement of Comprehensive Income						
Profit attributable to:						
Owners of the Company	12,546	8,403	49.3	51,731	21,266	143.3
Non-controlling interests	262	938	(72.1)	1,845	1,520	21.4
Profit for the period	12,808	9,341	37.1	53,576	22,786	135.1
Fair value change in available-for-sale investment	-	2,450	N/m	-	258	N/m
Currency translation gain	12,062	6,505	85.4	23,753	11,063	114.7
Total comprehensive income for the period	24,870	18,296	35.9	77,329	34,107	126.7
Total comprehensive income attributable to:						
Owners of the company	24,608	17,358	41.8	75,484	32,587	131.6
Non-controlling interests	262	938	(72.1)	1,845	1,520	21.4
Total comprehensive income for the period	24,870	18,296	35.9	77,329	34,107	126.7

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

The Group (\$'000)	3 months ended 31/12/2014	3 months ended 31/12/2013	% Increase/ (Decrease)	9 months ended 31/12/2014	9 months ended 31/12/2013	% Increase/ (Decrease)
Employee share option expense	1,291	1,300	(0.7)	3,873	3,900	(0.7)
Interest expense on bank borrowings	3,898	919	324.2	11,412	3,027	277.0
Interest expense on bond	1,812	1,178	53.8	5,437	1,478	267.9
Finance cost on convertible bonds	957	2,600	(63.2)	3,817	7,800	(51.1)
Interest income	(397)	(760)	(47.8)	(676)	(971)	(30.4)
Unrealised net foreign exchange loss (gain)	52	(127)	N/m	804	(394)	N/m
Gain on disposal of AFS	-	-	-	(14,181)	-	N/m
Gain on disposal of property, plant and equipment	-	-	-	(38)	-	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 31/12/2014 \$'000	Group 31/3/2014 \$'000	Company 31/12/2014 \$'000	Company 31/3/2014 \$'000
ASSETS				
Current assets:				
Cash and bank balances	116,335	141,672	15,043	75,799
Trade receivables	158,133	103,715	-	-
Service concession receivables	4,203	3,257	-	-
Other receivables and prepayments	63,202	60,701	452,222	145,454
Inventories	13,621	427	-	-
Prepaid lease	103	110	-	-
Total current assets	355,597	309,882	467,265	221,253
Non-current assets:				
Trade receivables	67,861	2,241	-	-
Service concession receivables	354,709	232,392	-	-
Prepaid lease	13,875	5,041	-	-
Subsidiaries	-	-	209,381	156,334
Associates	-	10,790	-	6,432
Joint venture	13,402	12,119	7,688	7,308
Available-for-sale investment	-	53,461	-	53,461
Property, plant and equipment	34,702	13,459	315	214
Goodwill	229,052	1,389	-	-
Intangible assets	210,582	145,139	200	200
Deferred tax assets	798	615	-	-
Total non-current assets	924,981	476,646	217,584	223,949
Total assets	1,280,578	786,528	684,849	445,202
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	42,019	15,381	1,800	3,150
Trade payables	120,001	104,150	-	-
Other payables	60,043	33,015	26,027	15,179
Finance leases	84	55	54	38
Income tax payable	21,821	14,158	-	-
Total current liabilities	243,968	166,759	27,881	18,367
Non-current liabilities:				
Bank loans	160,060	69,205	-	-
Finance leases	151	25	64	-
Bond*	97,390	97,016	97,390	97,016
Convertible bonds**	49,099	126,560	49,099	126,560
Deferred tax liabilities	27,255	7,756	-	-
Total non-current liabilities	333,955	300,562	146,553	223,576

	Group 31/12/2014 \$'000	Group 31/3/2014 \$'000	Company 31/12/2014 \$'000	Company 31/3/2014 \$'000
Capital and reserves:				
Share capital	484,125	151,325	484,125	151,325
General reserve	4,410	4,410	-	-
Share option reserve	10,279	7,766	10,279	7,766
Fair value reserve	-	17,252	-	17,252
Convertible bonds reserve	8,707	22,520	8,707	22,520
Currency translation reserves	24,518	765	10,298	802
Accumulated profits (losses)	153,279	104,287	(2,994)	3,594
Total equity attributable to owners of the Company Total equity	685,318	308,325	510,415	203,259
Non-controlling interests	17,337	10,882	-	-
Total equity	702,655	319,207	510,415	203,259
Total liabilities and equity	1,280,578	786,528	684,849	445,202

* Bond - Medium Term Notes

** Convertible bonds - Convertible bonds issued to KKR

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 31/12/2014</u>		<u>As at 31/3/2014</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
33,822	8,281	8,088	7,348

Amount repayable after one year

<u>As at 31/12/2014</u>		<u>As at 31/3/2014</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
97,047	160,554	42,467	123,779

Details of any collateral

1. The finance leases of \$235,000 (31 March 2014: \$80,000) is secured over the Group's motor vehicles.
2. The bank term loan of \$98,000 (31 March 2014: \$106,000) is secured over the freehold properties of its Malaysia subsidiary.
3. The long term bank loans of \$130,536,000 (31 March 2014: \$50,369,000) are secured over the concession receivables, treatment plants, prepaid lease of certain of the group's subsidiaries and all assets of Memstar Pte Ltd Group.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (\$'000)	3 months ended 31/12/2014	3 months ended 31/12/2013	9 months ended 31/12/2014	9 months ended 31/12/2013
Operating activities				
Profit before income tax	16,481	11,549	65,749	27,987
Adjustments for:				
Gain on disposal of available-for-sale investment	-	-	(14,181)	-
Gain on disposal of property, plant and equipment	-	-	(38)	-
Interest income	(397)	(760)	(676)	(971)
Interest expense	6,667	4,697	20,666	12,305
Share of profit of associate	-	(489)	-	(1,312)
Share of profit of joint venture	(567)	-	(1,283)	(1,828)
Depreciation and amortisation	2,653	1,378	6,470	3,435
Share option expense	1,291	1,300	3,873	3,900
Exchange difference arising on foreign currency translation	10,890	11,109	25,238	15,235
Operating profit before working capital changes	37,018	28,784	105,818	58,751
Trade receivables	(82,841)	(16,919)	(92,781)	(2,258)
Other receivables	15,242	(57)	17,259	3,999
Inventories	(2,368)	(962)	(13,194)	(2,177)
Trade payables	11,902	(3,507)	13,998	29,025
Other payables	24,517	6,156	22,191	(3,249)
Cash generated from operations	3,470	13,495	53,291	84,091
Interest received	397	760	676	971
Interest paid	(5,598)	(2,097)	(13,891)	(4,505)
Income tax paid	(3,442)	(313)	(4,827)	(4,395)
Net cash (used in) from operating activities	(5,173)	11,845	35,249	76,162
Investing activities				
Proceeds from disposal of property, plant and equipment	-	-	38	-
Proceeds from disposal of available-for-sale investment	-	-	6,159	-
Additions to property, plant and equipment	(2,405)	(2,575)	(6,705)	(4,544)
Additions to service concession receivables	(16,946)	-	(59,604)	(23,324)
Additions to intangible assets	(7,120)	(31,207)	(32,873)	(79,274)
Proceed from disposal of service concession	-	8,556	-	8,556
Net cash outflow on acquisition of subsidiary	(10,862)	(828)	(56,880)	(828)
Net cash used in investing activities	(37,333)	(26,054)	(149,865)	(99,414)

The Group (\$'000)	3 months ended 31/12/2014	3 months ended 31/12/2013	9 months ended 31/12/2014	9 months ended 31/12/2013
Financing activities				
Dividend paid	-	-	(2,739)	(2,970)
Proceeds from issuing bond	-	14,612	-	63,005
Proceeds from issuing shares	-	-	2,090	-
Repayment of obligations under finance leases	(21)	(38)	(110)	(75)
Proceeds from bank borrowings	51,873	45,609	117,679	45,609
Repayment of bank borrowings	(12,940)	(12,372)	(27,856)	(27,051)
Net cash from financing activities	38,912	47,811	89,064	78,518
Net (decrease) increase in cash and cash equivalents	(3,594)	33,602	(25,552)	55,266
Cash and cash equivalents at beginning of period	119,795	82,234	141,672	59,068
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	134	164	215	1,666
Cash and cash equivalents at end of period	116,335	116,000	116,335	116,000

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 reserve \$'000	Revaluation reserve \$'000	Convertible bonds reserve \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group										
At 1 April 2014	151,325	4,410	7,766	17,252	22,520	765	104,287	308,325	10,882	319,207
Total comprehensive income for the period	-	-	-	(17,252)	-	(2,161)	22,515	3,102	233	3,335
Acquisition of subsidiaries	236,375	-	-	-	-	-	-	236,375	-	236,375
Recognition of share-based payment	-	-	1,291	-	-	-	-	1,291	-	1,291
Issuance of shares on conversion of convertible bonds	71,742	-	-	-	(10,112)	-	-	61,630	-	61,630
Issuance of shares on exercise of the ESOS	3,450	-	(1,360)	-	-	-	-	2,090	-	2,090
At 30 June 2014	462,892	4,410	7,697	-	12,408	(1,396)	126,802	612,813	11,115	623,928
Total comprehensive income for the period	-	-	-	-	-	13,852	16,670	30,522	1,350	31,872
Recognition of share-based payment	-	-	1,291	-	-	-	-	1,291	-	1,291
Dividend paid	-	-	-	-	-	-	(2,739)	(2,739)	-	(2,739)
Incorporation of subsidiary	-	-	-	-	-	-	-	-	4,610	4,610
At 30 September 2014	462,892	4,410	8,988	-	12,408	12,456	140,733	641,887	17,075	658,962
Total comprehensive income for the period	-	-	-	-	-	12,062	12,546	24,608	262	24,870
Recognition of share-based payment	-	-	1,291	-	-	-	-	1,291	-	1,291
Issuance of shares on conversion of convertible bonds	21,233	-	-	-	(3,701)	-	-	17,532	-	17,532
At 31 December 2014	484,125	4,410	10,279	-	8,707	24,518	153,279	685,318	17,337	702,655

	Share capital \$'000	General reserve \$'000	Share option reserve \$'000	Revaluation reserve \$'000	Convertible bonds reserve \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Total equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group										
At 1 April 2013	151,325	3,683	3,096	(3,140)	22,520	(3,966)	87,895	261,413	9,921	271,334
Total comprehensive income for the period	-	-	-	-	-	5,771	5,732	11,503	355	11,858
Recognition of share-based payment	-	-	1,300	-	-	-	-	1,300	-	1,300
Revaluation of investment	-	-	-	(4,642)	-	-	-	(4,642)	-	(4,642)
At 30 June 2013	151,325	3,683	4,396	(7,782)	22,520	1,805	93,627	269,574	10,276	279,850
Total comprehensive income for the period	-	-	-	-	-	(1,213)	7,131	5,918	227	6,145
Recognition of share-based payment	-	-	1,300	-	-	-	-	1,300	-	1,300
Revaluation of investment	-	-	-	2,450	-	-	-	2,450	-	2,450
Dividend paid	-	-	-	-	-	-	(2,970)	(2,970)	-	(2,970)
At 30 September 2013	151,325	3,683	5,696	(5,332)	22,520	592	97,788	276,272	10,503	286,775
Total comprehensive income for the period	-	-	-	-	-	6,505	8,403	14,908	938	15,846
Contribution from non-controlling interest	-	-	-	-	-	-	-	-	11,819	11,819
Recognition of share-based payment	-	-	1,300	-	-	-	-	1,300	-	1,300
Revaluation of investment	-	-	-	2,450	-	-	-	2,450	-	2,450
At 31 December 2013	151,325	3,683	6,996	(2,882)	22,520	7,097	106,191	294,930	23,260	318,190

	Share capital \$'000	Share option reserve \$'000	Revaluation reserve \$'000	Convertible bonds reserve \$'000	Currency translation reserve \$'000	Accumulated profits (losses) \$'000	Total \$'000
<u>Company</u>							
At 1 April 2014	151,325	7,766	17,252	22,520	802	3,594	203,259
Total comprehensive income for the period	-	-	(17,252)	-	(1,822)	8,744	(10,330)
Recognition of share-based payment	-	1,291	-	-	-	-	1,291
Acquisition of subsidiaries	236,375	-	-	-	-	-	236,375
Issuance of shares on conversion of convertible bonds	71,742	-	-	(10,112)	-	-	61,630
Issuance of shares on exercise of ESOS	3,450	(1,360)	-	-	-	-	2,090
At 30 June 2014	462,892	7,697	-	12,408	(1,020)	12,338	494,315
Total comprehensive income for the period	-	-	-	-	6,632	(6,037)	595
Recognition of share-based payment	-	1,291	-	-	-	-	1,291
Dividend paid	-	-	-	-	-	(2,739)	(2,739)
At 30 September 2014	462,892	8,988	-	12,408	5,612	3,562	493,462
Total comprehensive income for the period	-	-	-	-	4,686	(6,556)	(1,870)
Recognition of share-based payment	-	1,291	-	-	-	-	1,291
Issuance of shares on conversion of convertible bonds	21,233	-	-	(3,701)	-	-	17,532
At 31 December 2014	484,125	10,279	-	8,707	10,298	(2,994)	510,415

	Share capital \$'000	Share option reserve \$'000	Revaluation reserve \$'000	Convertible bonds reserve \$'000	Currency translation reserve \$'000	Accumulated profits (losses) \$'000	Total \$'000
<u>Company</u>							
At 1 April 2013	151,325	3,096	(3,140)	22,520	(786)	3,000	176,015
Total comprehensive income for the period	-	-	-	-	4,395	(4,240)	155
Recognition of share-based payment	-	1,300	-	-	-	-	1,300
Revaluation of investment	-	-	(4,642)	-	-	-	(4,642)
At 30 June 2013	151,325	4,396	(7,782)	22,520	3,609	(1,240)	172,828
Total comprehensive income for the period	-	-	-	-	(51)	(5,551)	(5,602)
Recognition of share-based payment	-	1,300	-	-	-	-	1,300
Revaluation of investment	-	-	2,450	-	-	-	2,450
Dividend paid	-	-	-	-	-	(2,970)	(2,970)
At 30 September 2013	151,325	5,696	(5,332)	22,520	3,558	(9,761)	168,006
Total comprehensive income for the period	-	-	-	-	127	(5,742)	(5,615)
Recognition of share-based payment	-	1,300	-	-	-	-	1,300
Revaluation of investment	-	-	2,450	-	-	-	2,450
At 31 December 2013	151,325	6,996	(2,882)	22,520	3,685	(15,503)	166,141

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, 50,118,630 of new ordinary shares were issued to KKR China Water Investment Holdings Limited pursuant to the conversion of USD18.7 million of the convertible bonds.

The total number of shares that may be issued on conversion of all the outstanding convertibles bonds and employees shares options were 117,926,189 (31 December 2013: 305,000,007) and 70,950,000 (31 December 2013: 73,300,000) respectively.

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.

	31/12/2014	31/3/2014
Total number of issues shares ('000)	963,361	594,132

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 financial information as of and for the 9 months ended 31 December 2014 as set out in Section 1(a), 1(b)(i) (excludes the Statement of financial position of the Company) and 1(c) to 1(d)(i) (excludes the Statement of changes in equity of the Company) of this announcement have been extracted from the condensed interim financial statements that has been prepared in accordance with Singapore Financial Reporting Standard 34 *Interim Financial Reporting*, which has been reviewed by the independent auditor in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("SSRE2410").

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Please refer to the extract of the independent auditor's review report appended to this announcement below.

**UNITED ENVIROTECH LTD AND ITS SUBSIDIARIES
REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
INFORMATION AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

Introduction

We have reviewed the accompanying interim financial information of United Envirotech Ltd and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position of the Group as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the nine months ended December 31, 2014 and selected explanatory notes.

Management is responsible for the preparation and presentation of this interim financial information in accordance with Singapore Financial Reporting Standard 34, *Interim Financial Reporting* (“FRS 34”). Such interim financial information has been prepared by management for the announcement of Singapore Stock Exchange. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 12, 2015

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 2014. The new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from 1 April 2014 have no material effect on the amounts reported for the current or prior period.

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. The new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from 1 April 2014 have no material effect on the amounts reported for the current or prior period.

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 31/12/2014	Group 3 months ended 31/12/2013	Group 9 months ended 31/12/2014	Group 9 months ended 31/12/2013
Net profit attributable to owners of the Company(\$'000)	12,546	8,403	51,731	21,266
Weighted average number of shares in issue (in '000) for computation of Basic EPS	939,392	594,132	907,362	594,132
Earnings per share (cents)- Basic	1.34	1.41	5.70	3.58
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	1,128,268	972,432	1,096,238	972,432
Earnings per share (cents) – Diluted	1.20	1.13	5.07	2.99

For the purpose of calculating diluted EPS, assumption was made that all the employee share options and convertible bonds 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 31/12/2014	Group 31/3/2014	Company 31/12/2014	Company 31/3/2014
Net asset value (\$'000)	702,655	319,207	510,415	203,259
Net asset value per share (cents)	72.93	53.73	52.98	34.21

The net asset value per share is calculated based on the issued share capital of 963,361,368 (31 March 2014: 594,132,000).

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.**

The Group completed the acquisition of the business, assets and subsidiaries of Memstar Technology Ltd on 11 April 2014 (the "*Acquisition*"). The financial statements for the current quarter ended 31 December 2014 and nine months ended 31 December 2014 reflected the inclusion of the business and assets of the *Acquisition*.

Statement of comprehensive income

The Group's revenue for the current period was \$116.1 million, which was \$51.8 million or 80.6% higher than last corresponding period ended 31 December 2013 of \$64.3 million. The increase was mainly due to the increase in:

1. the treatment business from \$20.2 million to \$27.8 million, representing an increase of \$7.6 million or 37.6%;
2. the engineering business \$44.1 million to \$76.9 million, representing an increase of \$32.8 million or 74.4%; and
3. the addition of \$11.4 million of membrane sale to outside customers arising from the *Acquisition* in current period.

Materials purchased, consumables used and subcontractors' fees increased to \$72.4 million from \$35.0 million, representing an increase of \$37.4 million or 106.7% as compared to the corresponding period ended 31 December 2013. The increase was consistent with the increase in the engineering revenue and the membrane sales.

Employee benefits expense increased to \$6.1 million from \$3.7 million, representing an increase of \$2.4 million or 62.8% as compared to the corresponding period ended 31 December 2013. The increase was mainly due to the additional staff strength for the operation and maintenance of the new treatment plants and manufacture membrane products of Memstar.

Depreciation and amortization expenses increased to \$2.7 million from \$1.4 million, representing an increase of \$1.3 million or 92.5% as compared to the corresponding period ended 31 December 2013. The increase was mainly due to the amortization of intangible assets relating to the newly acquired concessions and the depreciation on the property, plant and equipment of the membrane manufacturing facilities.

Other operating expenses increased to \$16.0 million from \$10.2 million, representing an increase of \$5.8 million or 56.6% as compared to the corresponding period ended 31 December 2013. The increase was mainly due to the operating expenses incurred for the operation and maintenance of the new treatment plants acquired during the past year and the operating cost of Memstar.

Finance costs increased from \$4.7 million to \$6.7 million, representing an increase of \$2.0 million or 41.9% as compared to the corresponding period ended 31 December 2013. The increase was mainly due to the additional finance costs arising from the bank borrowings during the period.

The Group generated a net profit after tax of \$12.8 million as compared to \$9.3 million for the last corresponding period ended 31 December 2013, representing an increase of \$3.5 million or 37.1%.

Statement of financial position

The Group's non-current assets increased from \$476.6 million as at 31 March 2014 to \$925.0 million as at 31 December 2014. The increase was mainly due to the additions of service concession receivables and goodwill on consolidation arising from the *Acquisition*.

The Group's non-current liabilities increased from \$300.6 million as at 31 March 2014 to \$334.0 million as at 31 December 2014. The increase was mainly due to the new loans of \$55 million to finance the *Acquisition* and the addition of bank loan from the *Acquisition*.

The increase was offset by the decrease in convertible bonds liability. During the period, USD69.8 million of convertible bonds were converted to ordinary shares of the Company.

The Group's total equity increased from \$319.2 million as at 31 March 2014 to \$702.7 million as at 31 December 2014. The increase was mainly due to:

1. the issuance of new shares to Memstar Technology Ltd for the *Acquisition*;
2. the issuance of new shares to KKR China Water Investment Holdings Limited pursuant to the conversion of USD69.8 million of the convertible bonds; and
3. the issuance of new share pursuant to the conversion of the Employee Share Option Scheme

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 continues to harness its strength as a fully-integrated water solutions provider, focusing on acquiring new water assets and engineering projects. Meanwhile, the Group's membrane manufacturing arm, Memstar, is seeing stronger demand for membrane in countries such as China and US. With increasingly stringent water discharge standards, membrane application in wastewater treatment is becoming more prevalent.

In addition, the Group is actively seeking for strategic partners to form joint venture companies to set up the membrane products assembly plants and also provider of engineering services. While such new JV will benefit from a constant source of order book from the sale of membrane products and the engineering revenue, there would also be a strong demand for the supply of membrane fibres, boosting the sale of membrane fibres for the Group.

With stronger government policy support in the water treatment sector and greater need for membrane based-water treatment solutions for the treatment and recycling of wastewater in China, the Group expects to benefit from these opportunities to further strengthen its business performance.

Use of proceeds

An update of the use of proceeds was summarised below:

	\$ million
Unutilised balance as at last quarterly announcement	43
Investment in Changyi and Bofa	5
Unutilised balance	38

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.

No dividend has been declared/recommendeded.

13. Related parties and interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

14. 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

15. 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

16. A breakdown of sales.

Not applicable

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable

18. Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders

Not applicable

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

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 and Nine Months Results of the Group for the financial period ended 31 December 2014 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

Dr Chong Weng Chiew
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
12 March 2015