

UNITED ENERGY CORP /NV/
Form 10QSB/A
August 13, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-QSB/A
(Mark One)**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-30841

UNITED ENERGY CORP.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

22-3342379
(I.R.S. Employer Identification No.)

600 Meadowlands Parkway #20, Secaucus, N.J. 07094
(Address of principal executive offices)

(800) 327-3456
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes No

As of the close of business on November 13, 2006, 31,030,115 shares of common stock, par value \$.01 per share, were outstanding.

Transitional Small Business Disclosure Format (check one) Yes No

Explanatory Note

We are filing this Amendment No.1 on Form-10QSB/A for the quarter ended September 30, 2006 (the “First Amendment”) in response to comments received from the Securities and Exchange Commission (“SEC”). This First Amendment revises and restates our financial statements to adjust the opening balance of stockholders equity as a result of the amendment of our Form 10KSB/A for the year ended March 31, 2006. In addition, the First amendment includes updated certificates from our Chief Executive Officer (CEO) and Interim Chief Financial Officer (CFO) as exhibits 31.1 and 31.2

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Item 1. Financial Statements

UNITED ENERGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2006 AND MARCH 31, 2006

	September 30, 2006 (Unaudited)	March 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,814,794	\$ 5,194,748
Accounts receivable, net of allowance for doubtful accounts of \$9,512 and \$5,018, respectively	234,670	91,557
Inventory, net of allowance of \$16,290 and \$16,290, respectively	136,392	106,957
Note receivable, net of allowance for doubtful accounts of \$10,525 and \$10,525, respectively	9,476	19,476
Prepaid expenses and other current assets	49,368	84,657
Total current assets	4,244,700	5,497,395
PROPERTY AND EQUIPMENT , net of accumulated depreciation and amortization of \$404,204 and \$373,080 respectively	117,895	146,994
OTHER ASSETS:		
Goodwill, net	15,499	15,499
Patents, net of accumulated amortization of \$134,705 and \$119,794, respectively	312,661	327,572
Loans receivable	2,750	364
Deposits	1,385	1,385
Total assets	\$ 4,694,890	\$ 5,989,209

The accompanying notes are an integral part of these consolidated financial statements.

UNITED ENERGY CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2006 AND MARCH 31, 2006

September 30,
2006
(Unaudited)

March 31,
2006

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$	174,241	\$	279,303
Accrued expenses		75,441		134,286
Due to related parties		244,141		444,141
Total current liabilities		493,823		857,730

STOCKHOLDERS' EQUITY:

Series A Convertible Preferred Stock: \$8,000 stated value, 420 shares authorized; 3 shares issued and outstanding as of September 30 2006 and March 31, 2006		24,000		24,000
Common stock: \$0.01 par value 100,000,000 shares authorized; 31,030,115 and 31,017,615 shares issued and outstanding as of September 30, 2006 and March 31, 2006		310,301		310,176
Additional paid-in capital		21,411,397		21,221,471
Accumulated deficit		(17,544,631)		(16,424,168)
Total stockholders' equity		4,201,067		5,131,479
Total liabilities and stockholders' equity	\$	4,694,890	\$	5,989,209

The accompanying notes are an integral part of these consolidated financial statements.

UNITED ENERGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2006 (Unaudited)	2005 (Unaudited)	2006 (Unaudited)	2005 (Unaudited)
REVENUES, net	\$ 299,285	\$ 88,465	\$ 524,352	\$ 165,075
COST OF GOODS SOLD	107,181	75,082	209,257	136,799
Gross profit	192,104	13,383	315,095	28,276
OPERATING EXPENSES:				
Selling, general and administrative	773,913	1,071,941	1,489,613	1,793,363
Depreciation and amortization	18,770	17,415	37,408	34,660
Total operating expenses	792,683	1,089,356	1,527,021	1,828,023
Loss from operations	(600,579)	(1,075,973)	(1,211,926)	(1,799,747)
OTHER INCOME (EXPENSE), net:				
Interest income	48,950	13	93,498	23
Interest expense	(374)	(485,594)	(1,229)	(576,168)
Total other income (expense), net	48,576	(485,581)	92,269	(576,145)
Net loss	(552,003)	(1,561,554)	(1,119,657)	(2,375,892)
Preferred dividends	(360)	-	(806)	-
Net loss applicable to common shareholders	\$ (552,363)	\$ (1,561,554)	\$ (1,120,463)	\$ (2,375,892)
BASIC AND DILUTED LOSS PER SHARE:				
Total basic and diluted loss per share	\$ (0.02)	\$ (0.06)	\$ (0.04)	\$ (0.10)
WEIGHTED AVERAGE NUMBER OF SHARES, OUTSTANDING,				
basic and diluted	31,030,115	25,047,652	31,028,544	24,292,710

The accompanying notes are an integral part of these consolidated financial statements.

UNITED ENERGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006 (UNAUDITED)

	Common Stock Shares	Common Stock Amount	Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Total
BALANCE, April 1, 2006	31,017,615	310,176 \$	24,000 \$	21,221,471 \$	(16,424,168) \$	5,131,479
Exercise of stock options	12,500	125	—	13,750	—	13,875
Compensation expense associated with options	—	—	—	176,176	—	176,176
Dividends paid and accrued on preferred shares	—	—	—	—	(806)	(806)
Net loss	—	—	—	—	(1,119,657)	(1,119,657)
BALANCE, September 30, 2006	31,030,115	310,301 \$	24,000 \$	21,411,397 \$	(17,544,631) \$	4,201,067

The accompanying notes are an integral part of these consolidated financial statements.

UNITED ENERGY CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

	2006	2005
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,120,463)	\$ (2,375,892)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	46,035	597,340
Warrants granted in consideration for services	-	129,720
Stock granted in consideration for interest expense	-	492
Compensation expense associated with options	176,176	387,000
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable, net	(143,113)	715,464
Increase in inventory, net	(29,435)	(60,176)
Decrease in note receivable, net	10,000	15,000
Decrease in prepaid expenses and other current assets	35,289	67,068
(Decrease) increase in accounts payable and accrued Expenses	(163,907)	71,506
Increase in employee loans	(2,386)	(163)
Net cash used in operating activities	(1,191,804)	(452,641)
CASH FLOWS FROM INVESTING ACTIVITIES:		