

UNITED ENERGY CORP /NV/  
Form 10QSB  
February 13, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2005

**TRANSITION REPORT PURSUANT TO 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 registrant 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.**  
(Address of principal executive offices)

**07094**  
(Zip Code)

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

Indicate by check mark whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Issuer 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 Exchange Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding as of February 13, 2006</u>
Common Stock, \$.01 par value	26,755,882 shares

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**UNITED ENERGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2005 AND MARCH 31, 2005**

	<u>December 31, 2005</u>	<u>March 31, 2005</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 83,658	\$ 365,610
Accounts receivable, net of allowance for doubtful accounts of \$3,258 and \$22,192, respectively	119,246	783,004
Inventory, net of allowance of \$16,290 and \$16,290, respectively	135,759	135,960
Note receivable, net of reserve of \$17,500 and \$31,350, respectively	17,500	28,650
Prepaid expenses and other current assets	50,285	120,574
	<u>406,448</u>	<u>1,433,798</u>
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation and amortization of \$354,970 and \$305,734 respectively	147,060	165,587
<b>OTHER ASSETS:</b>		
Goodwill, net	15,499	15,499
Patents, net of accumulated amortization of \$112,767 and \$92,486, respectively	301,168	295,603
Employee loans	159	137
Deposits	1,385	1,385
Deferred financing costs, net of accumulated amortization of \$106,303 at March 31, 2005		206,590
	<u>\$ 871,719</u>	<u>\$ 2,118,599</u>

The accompanying notes are an integral part of these consolidated balance sheets

**UNITED ENERGY CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2005 AND MARCH 31, 2005**

	<u>December 31, 2005</u>	<u>March 31, 2005</u>
	<u>(Unaudited)</u>	
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 266,047	\$ 258,940
Accrued expenses	74,191	96,106
Convertible term note payable, net of discount		583,330
Due to related parties	444,141	377,741
	<u>784,379</u>	<u>1,316,117</u>
<b>LONG TERM LIABILITIES:</b>		
Convertible term note payable, net of discount		672,268
	<u>784,379</u>	<u>1,988,385</u>
<b>STOCKHOLDERS (DEFICIT) EQUITY:</b>		
Common stock: \$0.01 par value 100,000,000 shares authorized; 26,030,882 and 23,255,267 shares issued and outstanding as of December 31, 2005 and March 31, 2005	260,309	232,552
Additional paid-in capital	15,123,418	12,308,963
Stock subscription receivable		(13,333)
Accumulated deficit	(15,296,387)	(12,397,968)
	<u>87,340</u>	<u>130,214</u>
<b>Total liabilities and stockholders equity</b>	<b>\$ 871,719</b>	<b>\$ 2,118,599</b>

The accompanying notes are an integral part of these consolidated balance sheets

**UNITED ENERGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES, net	\$ 225,220	\$ 537,450	\$ 390,295	\$ 1,192,499
COST OF GOODS SOLD	113,705	247,916	250,504	589,893
Gross profit	111,515	289,534	139,791	602,606
OPERATING EXPENSES:				
Selling, general and administrative	615,999	555,861	2,409,362	1,938,043
Depreciation and amortization	17,326	21,252	51,986	62,038
Total operating expenses	633,325	577,113	2,461,348	2,000,081
Loss from operations	(521,810)	(287,579)	(2,321,557)	(1,397,475)
OTHER INCOME (EXPENSE), net:				
Interest income	9	411	32	7,784
Interest expense	(726)	(70,330)	(576,894)	(208,361)
Total other expense, net	(717)	(69,919)	(576,862)	(200,577)
Net loss	\$ (522,527)	\$ (357,498)	\$ (2,898,419)	\$ (1,598,052)
BASIC AND DILUTED LOSS PER SHARE:				
Total basic and diluted loss per share	\$ (0.02)	\$ (0.02)	\$ (0.12)	\$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES, OUTSTANDING, basic and diluted	25,782,241	22,411,245	24,791,025	22,309,328

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

**UNITED ENERGY CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2005 (UNAUDITED)**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stock Subscription Receivable	Total
	Shares	Amount				
BALANCE, April 1, 2005	23,255,267	\$ 232,552	\$ 12,308,963	\$ (12,397,968)	\$ (13,333)	\$ 130,214
Common stock issued in consideration of note payable	2,000,000	20,000	1,580,000			1,600,000
Common stock issued in consideration for interest	615	7	485			492
Proceeds from stock subscription receivable					13,333	13,333
Warrants granted in consideration for consulting services			129,720			129,720
Compensation expense associated with options			387,000			387,000
Exercise of options	300,000	3,000	342,000			345,000
Common stock issued for private placement	475,000	4,750	375,250			380,000
Net loss				(2,898,419)		(2,898,419)
<b>BALANCE, December 31, 2005</b>	<b>26,030,882</b>	<b>\$ 260,309</b>	<b>\$ 15,123,418</b>	<b>\$ (15,296,387)</b>	<b>\$</b>	<b>\$ 87,340</b>

The accompanying notes are an integral part of this consolidated statement.

**UNITED ENERGY CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
(Unaudited)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (2,898,419)	\$ (1,598,052)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	620,508	235,690
Stock granted in consideration for services		55,500
Warrants granted in consideration for services	129,720	48,240
Stock granted in consideration for interest expense	492	12,497
Compensation expense associated with options	387,000	
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable, net	663,758	(106,920)
Decrease in		