

Unionmet (Singapore) Limited

(Incorporated in Singapore)
(Co. Reg. No: 200409104W)

UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 29 FEBRUARY 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1st QUARTER RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors hereby announces the results of the Group for the 1st quarter ended 29 February 2012. These figures have not been audited.

1(a)(i) Group Consolidated Statement of Comprehensive Income

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	29/2/2012	28/2/2011	Increase/ (Decrease)
<u>Continuing operations</u>			
Revenue	13,265	266	NM ^(*)
Cost of sales	(13,108)	(184)	NM ^(*)
Gross profit	157	82	91.5
Other income	89	58	53.4
Selling and distribution expenses	-	(2)	(100.0)
General and administrative expenses	(490)	(454)	7.9
Loss before tax	(244)	(316)	(22.8)
Income tax	18	3	NM ^(*)
Loss after tax	(226)	(313)	(27.8)
<u>Discontinued operations</u>			
Net loss from discontinuing operations	-	(94)	(100.0)
Net loss after tax for the year	(226)	(407)	(44.5)
Attributable to owners of the parent			
Net loss from continuing operations	(226)	(313)	(27.8)
Net loss from discontinued operations	-	(94)	(100.0)
Net loss for the period attributable to owners of the parent	(226)	(407)	(44.5)
<u>Other comprehensive income:</u>			
Currency translation difference arising from consolidation	188	140	34.3
Total other comprehensive income			
Total comprehensive income from continuing operations	(38)	(148)	(74.3)
Total comprehensive income from discontinued operations	-	(119)	(100.0)
Total comprehensive income for the period attributable to owners of the parent	(38)	(267)	(85.8)

(*) NM - Not meaningful

1(a)(ii) Notes to Group Consolidated Statement of Comprehensive Income

Loss from ordinary activities is stated after charging/(crediting):

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	29/2/2012	28/2/2011
<u>Continuing operations</u>		
Depreciation of property, plant and equipment	16	18
Exchange gain, net	(8)	(39)
Interest income	(50)	(17)
Usance LC interest income	(30)	-
Reversal of inventories write-down, net	(224)	(3)
Rental expenses	39	35
<u>Discontinued operations</u>		
Depreciation of property, plant and equipment	-	62
Inventories write-down, net	-	7
Machinery rental expenses	-	2
Rental expenses	-	1
Research and development expenses	-	46

Breakdown of other income

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	29/2/2012	28/2/2011
<u>Continuing operations</u>		
Exchange gain, net	8	39
Interest income	50	17
Usance LC interest income	30	-
Sundry income	1	2
Total other income from continuing operations	89	58
<u>Discontinued operations</u>		
Sundry income	-	4
Total other income from discontinued operations	-	4

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		Company	
	US\$'000		US\$'000	
	Unaudited	Audited	Unaudited	Audited
	29/2/2012	30/11/2011	29/2/2012	30/11/2011
Non-current assets				
Property, plant and equipment	251	230	66	71
Deferred tax assets	161	141	-	-
Investments in subsidiaries	-	-	4,438	4,438
Land use rights	811	804	-	-
	1,223	1,175	4,504	4,509
Current assets				
Cash and short-term deposits	22,113	34,700	11,871	23,876
Trade receivables	11,781	-	11,781	-
Other receivables and prepayments	4,912	4,674	110	92
Tax recoverable	7	7	-	-
Inventories	1,988	1,501	100	100
	40,801	40,882	23,862	24,068
Current liabilities				
Trade payables	4	5	2	-
Other payables	371	421	133	178
Tax payable	47	47	-	-
Deferred revenue	4,030	3,975	-	-
	4,452	4,448	135	178
Net current assets	36,349	36,434	23,727	23,890
Non-current liability				
Deferred tax liabilities	144	143	-	-
Net assets	37,428	37,466	28,231	28,399
Equity attributable to owners of the parent				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	4,634	4,672	(4,563)	(4,395)
	37,428	37,466	28,231	28,399

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 29/2/2012		As at 30/11/2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 29/2/2012		As at 30/11/2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Details of any collateral

Not applicable.

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	
	US\$'000	
	Unaudited	
	3 months ended	
	29/2/2012	28/2/2011
Cash flows from operating activities:		
Loss before tax from continuing operations	(244)	(316)
Loss before tax from discontinued operations	-	(94)
Loss before tax, total	(244)	(410)
Adjustments for:		
Depreciation of property, plant and equipment	16	80
Amortization of land use rights	4	-
Interest income	(50)	(17)
Usance LC interest income	(30)	-
(Reversal of inventories write-down)/inventories write-down, net	(224)	4
Unrealised exchange gain, net	(4)	(39)
Foreign currency translation	35	(2)
Operating cash flows used in before working capital changes	(497)	(384)
(Increase)/decrease in trade receivables	(11,781)	56
(Increase)/decrease in other receivables and prepayments	(205)	33
(Increase)/decrease in inventories	(264)	156
(Decrease)/increase in trade payables	(2)	1
Decrease in other payables	(54)	(288)
Increase in deferred revenue	55	-
Cash flows used in operations	(12,748)	(426)
Income tax paid	-	(26)
Interest received	50	17
Net cash flows used in operating activities	(12,698)	(435)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(35)	(1)
Net cash flows used in investing activities	(35)	(1)
Net decrease in cash and cash equivalents	(12,733)	(436)
Effect of exchange rate changes on cash and cash equivalents	146	150
Cash and cash equivalents at beginning of year	34,700	35,090
Cash and cash equivalents at end of period	22,113	34,804

- 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, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Statutory reserve	Accumulated losses	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current Year – 1Q2012					
Opening Balance at 1 December 2011	32,794	2,111	(890)	3,451	37,466
Loss for the period	-	-	(226)	-	(226)
Other comprehensive income	-	-	-	188	188
Total comprehensive income for the year	-	-	(226)	188	(38)
Closing Balance at 29 February 2012	32,794	2,111	(1,116)	3,639	37,428
Previous Year – 1Q2011					
Opening Balance at 1 December 2010	32,794	2,030	(711)	2,892	37,005
Loss for the period	-	-	(407)	-	(407)
Other comprehensive income	-	-	-	140	140
Total comprehensive income for the year	-	-	(407)	140	(267)
Transfer to statutory reserve	-	77	(77)	-	-
Closing Balance at 28 February 2011	32,794	2,107	(1,195)	3,032	36,738

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
Current Year – 1Q2012			
Opening Balance at 1 December 2011	32,794	(4,395)	28,399
Loss for the period	-	(168)	(168)
Total comprehensive income for the year	-	(168)	(168)
Closing Balance at 29 February 2012	32,794	(4,563)	28,231
Previous Year – 1Q2011			
Opening Balance at 1 December 2010	32,794	(2,156)	30,638
Loss for the period	-	(272)	(272)
Total comprehensive income for the year	-	(272)	(272)
Closing Balance at 28 February 2011	32,794	(2,428)	30,366

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

There has been no change in the Company's share capital since the end of the financial year ended 30 November 2011.

There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 29 February 2012 and 30 November 2011.

- 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.**

Total number of issued shares as at 29 February 2012 and 30 November 2011 respectively was 613,553,995 shares (no treasury shares).

- 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.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have neither been audited nor reviewed by the Company's auditors.

- 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 Group has adopted all the new/revised Singapore Financial Reporting Standards ("new/revised FRSs") that became effective on or after 1 December 2011. Except for the adoption of these new/revised FRSs as disclosed in item 5, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the financial year ended 30 November 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.

The Group has adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 December 2011.

On 1 December 2011, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) that are effective in this financial year. The FRS that is relevant to the Group includes:

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a closed member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities.

As the revised FRS 24 is a disclosure standard, there was no material impact of such changes in the above-mentioned accounting policies to the Group's results for the quarter ended 29 February 2012.

Other than the above, the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the year ended 30 November 2011 have been applied.

6. Losses 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	
	29/2/2012	28/2/2011
Losses per ordinary share from continuing operations of the group, after deducting any provision for preference dividends (in US cents):		
(a) Based on weighted average number of ordinary shares on issue; and	(0.04)	(0.05)
Weighted average number of ordinary shares for basic losses per share computation	613,553,995	613,553,995
(b) On a fully diluted basis	(0.04)	(0.05)
Weighted average number of ordinary shares adjusted for the effect for dilution	613,553,995	613,553,995

	Group	
	29/2/2012	28/2/2011
Losses per ordinary share from discontinued operations of the group, after deducting any provision for preference dividends (in US cents):		
(a) Based on weighted average number of ordinary shares on issue; and	-	(0.02)
Weighted average number of ordinary shares for basic losses per share computation	613,553,995	613,553,995
(b) On a fully diluted basis	-	(0.02)
Weighted average number of ordinary shares adjusted for the effect for dilution	613,553,995	613,553,995

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	29/2/2012	30/11/2011	29/2/2012	30/11/2011
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	6.10	6.11	4.60	4.63
No. of ordinary shares used in computing net asset value	613,553,995	613,553,995	613,553,995	613,553,995

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.

REVIEW OF PERFORMANCE (1Q2012 VS 1Q2011)

CONTINUING OPERATIONS

Revenue

The Group's total revenue increased by approximately US\$13.0 million to approximately US\$13.3 million for the first quarter ended 29 February 2012 ("1Q2012") compared to 1Q2011. This was due mainly to the sale of lead concentrates.

For 1Q2011, there was no sale of lead concentrates as the shareholders mandate for expansion of business scope for the Group was only obtained in September 2011.

Gross Profit

The Group recorded a gross profit of 1.2% in 1Q2012, compared with a gross profit of 30.8% in 1Q2011.

The thin gross profit in 1Q2012 was due mainly to the sale of lead concentrates that typically command a thin margin due to the transparency of the market price of such products.

The higher gross profit in 1Q2011 arose mainly from the sale of indium ingots which had a higher gross margin.

Other Income

Other income increased by approximately US\$31k from US\$58k in 1Q2011 to US\$89k in 1Q2012. This was due mainly to higher interest income earned in 1Q2012. The usance LC interest income arose from the sale of lead concentrates to the Group's customer.

Operating Expenses

General and administrative expenses increased slightly by approximately US\$36k to approximately US\$490k in 1Q2012 due mainly to higher staff costs.

Loss After Tax

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$226k in 1Q2012, compared to a loss after tax of US\$313k in 1Q2011.

DISCONTINUING OPERATIONS

As announced previously, the disposal of the Group's entire shareholding in Guangxi Crystal Union Photoelectric Materials Co., Ltd ("GCU") and liquidation of Rongan Union Zinc Industry Co., Ltd ("Rongan"), wholly-owned subsidiaries of the Group, had been completed in FY2011. The revenue and expenses of GCU and Rongan had been presented as "Net loss from discontinued operations" in 1Q2011.

REVIEW OF FINANCIAL POSITION (1Q2012 VS FY2011)

Non-Current Assets

There is no significant fluctuation between the Group's non-current assets as at FY2011 and 1Q2012.

Current Assets

The decrease in cash and short-term deposits by approximately US\$12.6 million and US\$12.0 million for the Group and Company, respectively, was due mainly to payments made for operating expenses of the Group and payments and advances made to suppliers during the year.

Trade receivables for the Group and Company in 1Q2012 both related to lead concentrate sales made during the later part of 1Q2012.

The increase in the Group's other receivables and prepayments by approximately US\$ 0.2 million were mainly due to advances made to suppliers and VAT receivables.

The Group's inventories increased by approximately US\$0.5 million as a result of higher work in progress held towards the end of 1Q2012 compared to FY2011.

Current Liabilities

The decrease in other payables of approximately US\$50k resulted from payment of accrued staff costs.

The deferred revenue arose from the remaining compensation on the sale of land and will be recognized upon Guangxi Intai Technology Co., Ltd ("Intai") fulfilling certain conditions as previously announced on SGXNet on 15 November 2011. The increase is mainly due to the translation arising from appreciation of the RMB against the USD.

Non-Current Liabilities

There is no significant movement from FY2011 to 1Q2012.

Shareholders' Equity

Shareholders' equity remained consistent at US\$37.5 million mainly due to the Group's other comprehensive income for 1Q2012 arising from the appreciation of the RMB against the USD which partially offset the net loss recognized by the Group.

Cash Flow (1Q2012 VS 1Q2011)

The net decrease in cash and cash equivalents for 1Q2012 was due mainly to payments for operating expenses as well as payments and advances made to suppliers. The net decrease in 1Q2011 was lower compared to 1Q2012 mainly due to the payment for lead concentrates in 1Q2012.

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 commencement of the construction of the factory has just started in late March 2012. As the new factory is likely to be operational only sometime during the fourth quarter of 2012, contributions to turnover and profits for this financial year may not be significant.

The industry that the Group operates in continues to be subjected to uncertain demand and the pricing volatility of commodities. The Board and Management expect the Group's business environment to continue to be tough and challenging with pressure on its operating profits. The Board remains cautious on the performance of the Group for FY2012.

The Board will continue to look out for business opportunities that will help the future growth of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 29 February 2012.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any IPT mandate.

14. Use of Proceeds from the Rights Issue.

The Board of Directors refers to the net proceeds of US\$3.27 million (S\$4.71 million) raised from the rights issue in July 2009. These proceeds have not been utilised as at 29 February 2012.

15. Negative Assurance Confirmation

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Unionmet (Singapore) Limited which may render these interim financial results for the quarter ended 29 February 2012 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
UNIONMET (SINGAPORE) LIMITED

Zeng Fuzu
Executive Chairman

05 April 2012

Meng Limin
Executive Director/CEO

BY ORDER OF THE BOARD

Meng Limin
Executive Director/CEO
05 April 2012