

Unionmet (Singapore) Limited

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

UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MAY 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 2nd 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 2nd quarter ended 31 May 2012. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	31/5/2012	31/5/2011	Increase/ (Decrease)
<u>Continuing operations</u>			
Revenue	3,158	384	NM ^(*)
Cost of sales	(3,235)	(342)	NM ^(*)
Gross (loss)/profit	(77)	42	(283.3)
Other income	106	190	(44.2)
Selling and distribution expenses	(11)	(1)	NM ^(*)
General and administrative expenses	(498)	(786)	(36.6)
Other expense	(6)	-	100.0
Loss before tax	(486)	(555)	(12.4)
Income tax	-	13	(100.0)
Loss after tax	(486)	(542)	(10.3)
<u>Discontinued operations</u>			
Net loss from discontinued operations	-	(2)	(100.0)
Net loss after tax for the year	(486)	(544)	(10.7)
Attributable to owners of the parent			
Net loss from continuing operations	(486)	(542)	(10.3)
Net loss from discontinued operations	-	(2)	(100.0)
Net loss for the period attributable to owners of the parent	(486)	(544)	(10.7)
<u>Other comprehensive income:</u>			
Currency translation difference arising from consolidation	(211)	149	(241.6)
Total other comprehensive income	(211)	149	(241.6)
Total comprehensive income from continuing operations	(697)	(394)	76.9
Total comprehensive income from discontinued operations	-	(1)	(100.0)
Total comprehensive income for the period attributable to owners of the parent	(697)	(395)	76.5

^(*) 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	
	31/5/2012	31/5/2011
<u>Continuing operations</u>		
Depreciation of property, plant and equipment	15	13
Exchange loss/(gain), net	6	(30)
Interest income	(46)	(34)
Usance LC interest income	(60)	-
Inventories write-down, net	59	119
Gain on disposal of property, plant and equipment	-	(20)
Machinery rental expenses	1	1
Rental expenses	39	37
<u>Discontinued operations</u>		
Depreciation of property, plant and equipment	-	34
Reversal of inventories write-down, net	-	(109)
Rental expenses	-	1
Research and development expenses	-	20

Breakdown of other income

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	31/5/2012	31/5/2011
<u>Continuing operations</u>		
Exchange gain, net	-	30
Interest income	46	34
Usance LC interest income	60	-
Sale of scrap materials	-	106
Gain on disposal of property, plant and equipment	-	20
Total other income from continuing operations	106	190
<u>Discontinued operations</u>		
Sundry income	-	4
Total other income from discontinued operations	-	4

Breakdown of other expense

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	31/5/2012	31/5/2011
<u>Continuing operations</u>		
Exchange loss, net	6	-
Total other expense from continuing operations	6	-

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
	31/5/2012	30/11/2011	31/5/2012	30/11/2011
Non-current assets				
Property, plant and equipment	275	230	60	71
Deferred tax assets	158	141	-	-
Investments in subsidiaries	-	-	4,438	4,438
Land use rights	794	804	-	-
	1,227	1,175	4,498	4,509
Current assets				
Cash and short-term deposits	27,318	34,700	23,370	23,876
Trade receivables	661	-	-	-
Other receivables and prepayments	7,331	4,674	84	92
Tax recoverable	7	7	-	-
Inventories	5,178	1,501	100	100
	40,495	40,882	23,554	24,068
Current liabilities				
Trade payables	2	5	-	-
Other payables	832	421	104	178
Tax payable	47	47	-	-
Deferred revenue	3,967	3,975	-	-
	4,848	4,448	104	178
Net current assets	35,647	36,434	23,450	23,890
Non-current liability				
Deferred tax liabilities	143	143	-	-
Net assets	36,731	37,466	27,948	28,399
Equity attributable to owners of the parent				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	3,937	4,672	(4,846)	(4,395)
	36,731	37,466	27,948	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 31/5/2012		As at 30/11/2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 31/5/2012		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	
	31/5/2012	31/5/2011
Cash flows from operating activities:		
Loss before tax from continuing operations	(486)	(555)
Loss before tax from discontinued operations	-	(2)
Loss before tax, total	(486)	(557)
Adjustments for:		
Depreciation of property, plant and equipment	15	47
Amortization of land use rights	4	-
Interest income	(46)	(34)
Usance LC interest income	(60)	-
Inventories write-down, net	59	10
Gain on disposal of property, plant and equipment	-	(20)
Unrealised exchange loss/(gain), net	7	(35)
Foreign currency translation	(49)	35
Operating cash flows used in before working capital changes	(556)	(554)
Decrease/(increase) in trade receivables	11,120	(14)
Increase in other receivables and prepayments	(2,362)	(563)
Increase in inventories	(3,248)	(559)
Decrease in trade payables	(2)	(1)
Increase in other payables	464	43
Decrease in deferred revenue	(62)	-
Cash flows generated from/(used in) operations	5,354	(1,648)
Income tax paid	-	(189)
Interest received	46	34
Net cash flows generated from/(used in) operating activities	5,400	(1,803)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(41)	(9)
Sales proceed of property, plant and equipment	-	57
Net cash flows (used in)/generated from investing activities	(41)	48
Net increase/(decrease) in cash and cash equivalents	5,359	(1,755)
Effect of exchange rate changes on cash and cash equivalents	(154)	110
Cash and cash equivalents at beginning of 2 nd quarter	22,113	34,804
Cash and cash equivalents at end of 2nd quarter	27,318	33,159

- 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 – 2Q2012					
Opening Balance at 1 March 2012	32,794	2,111	(1,116)	3,639	37,428
Loss for the period	-	-	(486)	-	(486)
Other comprehensive income	-	-	-	(211)	(211)
Total comprehensive income for the year	-	-	(486)	(211)	(697)
Closing Balance at 31 May 2012	32,794	2,111	(1,602)	3,428	36,731
Previous Year – 2Q2011					
Opening Balance at 1 March 2011	32,794	2,107	(1,195)	3,032	36,738
Loss for the period	-	-	(544)	-	(544)
Other comprehensive income	-	-	-	149	149
Total comprehensive income for the year	-	-	(544)	149	(395)
Transfer to statutory reserve	-	1	(1)	-	-
Closing Balance at 31 May 2011	32,794	2,108	(1,740)	3,181	36,343

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
Current Year – 2Q2012			
Opening Balance at 1 March 2012	32,794	(4,563)	28,231
Loss for the period	-	(283)	(283)
Total comprehensive income for the year	-	(283)	(283)
Closing Balance at 31 May 2012	32,794	(4,846)	27,948
Previous Year – 2Q2011			
Opening Balance at 1 March 2011	32,794	(2,428)	30,366
Loss for the period	-	(1,298)	(1,298)
Total comprehensive income for the year	-	(1,298)	(1,298)
Closing Balance at 31 May 2011	32,794	(3,726)	29,068

- 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 31 May 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 31 May 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 31 May 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	
	31/5/2012	31/5/2011
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	(0.08)	(0.08)
Weighted average number of ordinary shares for basic losses per share computation	613,553,995	613,553,995
(b) On a fully diluted basis	(0.08)	(0.08)
Weighted average number of ordinary shares adjusted for the effect for dilution	613,553,995	613,553,995

	Group	
	31/5/2012	31/5/2011
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	-	(0.01)
Weighted average number of ordinary shares for basic losses per share computation	613,553,995	613,553,995
(b) On a fully diluted basis	-	(0.01)
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	
	31/5/2012	30/11/2011	31/5/2012	30/11/2011
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	5.99	6.11	4.56	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 (2Q2012 VS 2Q2011)

CONTINUING OPERATIONS

Revenue

The Group's total revenue increased by approximately US\$2.8 million to approximately US\$3.2 million for the second quarter ended 31 May 2012 ("2Q2012") compared to 2Q2011. This was due mainly to sales of zinc-related products and lead concentrates.

For 2Q2011, 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 (Loss)/Profit

The Group recorded a gross margin of (2.4%) in 2Q2012, compared with a gross margin of 10.9% in 2Q2011.

The gross loss in 2Q2012 was due mainly to:

- (i) further write-down of the Group's indium inventories amounting to approximately US\$59k as the market price of indium decreased from RMB3,750 as at 1Q2012 to RMB3,400 as at 2Q2012;
- (ii) sale of indium made at a loss as selling prices slid from an average of RMB3,630 per kg as at 1Q2012 to an average of RMB3,180 per kg in 2Q2012 while costs of production remained high.

Other Income

Other income decreased by approximately US\$84k from US\$190k in 2Q2011 to US\$106k in 2Q2012. This was due mainly to the sale of scrap materials in 2Q2011 whilst there was no such sale in 2Q2012.

In addition, there was an exchange loss of US\$6k in 2Q2012 due to the appreciation of the USD against the SGD during 2Q2012 on the Group's SGD denominated cash balances. The decrease was partially offset by higher interest income earned in 2Q2012. The usance LC interest income arose from the sale of lead concentrates to the Group's customer.

Operating Expenses

General and administrative expenses decreased by approximately US\$288k to approximately US\$498k in 2Q2012 due mainly to the Group's efforts to control costs thus resulting in lower staff costs, travel expenses and professional fees.

Loss After Tax

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$486k in 2Q2012, compared to a loss after tax of US\$542k in 2Q2011.

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 2Q2011.

REVIEW OF FINANCIAL POSITION (2Q2012 VS FY2011)

Non-Current Assets

There was no significant fluctuation between the Group's non-current assets as at FY2011 and 2Q2012.

Current Assets

The decrease in cash and short-term deposits by approximately US\$7.4 million was due mainly to payments made for operating expenses of the Group and payments and advances made to suppliers during the year.

Trade receivable for the Group in 2Q2012 was related to lead concentrate sales made during the later part of 2Q2012.

The increase in the Group's other receivables and prepayments by approximately US\$2.7 million was due mainly to advances made to suppliers and VAT receivables.

The Group's inventories increased by approximately US\$3.7 million as a result of purchases of lead concentrates to fulfill sale contracts entered into during 2Q2012.

Current Liabilities

The increase in other payables of approximately US\$411k was due mainly to the increase in advances from customers.

Non-Current Liabilities

There was no significant movement from FY2011 to 2Q2012.

Shareholders' Equity

Shareholders' equity decreased by US\$0.8 million from US\$37.5 million to US\$36.7 million due mainly to the net loss recognized by the Group for the half year ended 31 May 2012.

Cash Flow (2Q2012 VS 2Q2011)

The net increase in cash and cash equivalents for 2Q2012 was due mainly to the decrease in trade receivables arising from receipt of monies from the sale of lead concentrates as previously disclosed in 1Q2012. The increase was partially offset by payments for operating expenses as well as payments and advances made to suppliers.

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 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.

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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 May 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 31 May 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 31 May 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

Meng Limin
Executive Director/CEO

10 July 2012

BY ORDER OF THE BOARD

Meng Limin
Executive Director/CEO
10 July 2012