

## Unionmet (Singapore) Limited

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

### UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 3<sup>rd</sup> 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 3<sup>rd</sup> quarter ended 31 August 2012. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	31/8/2012	31/8/2011	Increase/ (Decrease)
<u>Continuing operations</u>			
Revenue	6,923	1,068	NM <sup>(*)</sup>
Cost of sales	(6,759)	(925)	NM <sup>(*)</sup>
<b>Gross profit</b>	<b>164</b>	<b>143</b>	<b>14.7</b>
Other income	179	458	(60.9)
Selling and distribution expenses	(16)	(1)	NM <sup>(*)</sup>
General and administrative expenses	(512)	(488)	4.9
<b>(Loss)/profit after tax</b>	<b>(185)</b>	<b>112</b>	<b>(265.2)</b>
<u>Discontinued operations</u>			
Net loss from discontinued operations	-	(60)	(100.0)
<b>Net (loss)/profit after tax for the period</b>	<b>(185)</b>	<b>52</b>	<b>(455.8)</b>
<b>Attributable to owners of the company</b>			
Net (loss)/profit from continuing operations	(185)	112	(265.2)
Net loss from discontinued operations	-	(60)	(100.0)
<b>Net (loss)/profit for the period attributable to owners of the company</b>	<b>(185)</b>	<b>52</b>	<b>(455.8)</b>
<u>Other comprehensive income:</u>			
Currency translation difference arising from consolidation	29	164	(82.3)
<b>Total other comprehensive income</b>	<b>29</b>	<b>164</b>	<b>(82.3)</b>
Total comprehensive income from continuing operations	(156)	234	(166.7)
Total comprehensive income from discontinued operations	-	(18)	(100.0)
<b>Total comprehensive income for the period attributable to owners of the company</b>	<b>(156)</b>	<b>216</b>	<b>(172.2)</b>

<sup>(\*)</sup> NM - Not meaningful

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

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

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/8/2012</b>	<b>31/8/2011</b>
<u>Continuing operations</u>		
Depreciation of property, plant and equipment	15	12
Exchange loss/(gain), net	(11)	(19)
Interest income	(49)	(40)
Other income	(118)	-
Reversal of inventories write-down, net	(101)	(9)
Gain on disposal of property, plant and equipment	-	(12)
Gain on disposal of subsidiaries	-	(303)
Machinery rental expenses	1	1
Rental expenses	41	40
Subsidy income	1	(82)
<u>Discontinued operations</u>		
Depreciation of property, plant and equipment	-	24
Reversal of inventories write-down, net	-	(10)
Machinery rental expenses	-	6
Rental expenses	-	1
Research and development expenses	-	4

Breakdown of other income

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/8/2012</b>	<b>31/8/2011</b>
<u>Continuing operations</u>		
Exchange gain, net	11	19
Interest income	49	40
Other income	118	-
Sale of scrap materials	-	2
Gain on disposal of property, plant and equipment	-	12
Gain on disposal of subsidiaries	-	303
Subsidy income	1	82
<b>Total other income from continuing operations</b>	<b>179</b>	<b>458</b>
<u>Discontinued operations</u>		
Others	-	4
<b>Total other income from discontinued operations</b>	<b>-</b>	<b>4</b>

**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
	31/8/2012	30/11/2011	31/8/2012	30/11/2011
<b>Non-current assets</b>				
Property, plant and equipment	284	230	54	71
Deferred tax assets	159	141	-	-
Investments in subsidiaries	-	-	4,438	4,438
Land use rights	792	804	-	-
	<b>1,235</b>	<b>1,175</b>	<b>4,492</b>	<b>4,509</b>
<b>Current assets</b>				
Cash and short-term deposits	29,906	34,700	23,157	23,876
Trade receivables	759	-	-	-
Other receivables and prepayments	5,769	4,674	71	92
Tax recoverable	6	7	-	-
Inventories	3,524	1,501	100	100
	<b>39,964</b>	<b>40,882</b>	<b>23,328</b>	<b>24,068</b>
<b>Current liabilities</b>				
Trade payables	2	5	-	-
Other payables	457	421	151	178
Tax payable	46	47	-	-
Deferred revenue	3,976	3,975	-	-
	<b>4,481</b>	<b>4,448</b>	<b>151</b>	<b>178</b>
<b>Net current assets</b>	<b>35,483</b>	<b>36,434</b>	<b>23,177</b>	<b>23,890</b>
<b>Non-current liability</b>				
Deferred tax liabilities	143	143	-	-
<b>Net assets</b>	<b>36,575</b>	<b>37,466</b>	<b>27,669</b>	<b>28,399</b>
<b>Equity attributable to owners of the company</b>				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	3,781	4,672	(5,125)	(4,395)
	<b>36,575</b>	<b>37,466</b>	<b>27,669</b>	<b>28,399</b>

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

Amount repayable in one year or less, or on demand

As at 31/8/2012		As at 30/11/2011	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 31/8/2012		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	
	31/8/2012	31/8/2011
<b>Cash flows from operating activities:</b>		
(Loss)/profit before tax from continuing operations	(185)	112
Loss before tax from discontinued operations	-	(60)
(Loss)/profit before tax, total	<b>(185)</b>	<b>52</b>
Adjustments for:		
Depreciation of property, plant and equipment	15	36
Amortization of land use rights	4	-
Interest income	(49)	(40)
Reversal of inventories write-down, net	(101)	(19)
Gain on disposal of property, plant and equipment	-	(12)
Gain on disposal of subsidiaries	-	(303)
Unrealised exchange (gain)/loss, net	(11)	50
Foreign currency translation	17	(5)
<b>Operating cash flows used in before working capital changes</b>	<b>(310)</b>	<b>(241)</b>
Increase in trade receivables	(99)	(693)
Decrease/(increase) in other receivables and prepayments	1,565	(680)
Decrease/(increase) in inventories	1,755	(731)
Increase in trade payables	-	995
(Decrease)/increase in other payables	(378)	1,107
Increase in deferred revenue	9	-
<b>Cash flows generated from/(used in) operations</b>	<b>2,542</b>	<b>(243)</b>
Income tax refund	-	1
Interest received	49	40
<b>Net cash flows generated from/(used in) operating activities</b>	<b>2,591</b>	<b>(202)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(25)	(105)
Sales proceed of property, plant and equipment	-	16
Net cash outflow on disposal of the subsidiaries	-	(219)
<b>Net cash flows used in investing activities</b>	<b>(25)</b>	<b>(308)</b>
Net increase/(decrease) in cash and cash equivalents	2,566	(510)
Effect of exchange rate changes on cash and cash equivalents	22	139
Cash and cash equivalents at beginning of 3 <sup>rd</sup> quarter	27,318	33,159
<b>Cash and cash equivalents at end of 3<sup>rd</sup> quarter</b>	<b>29,906</b>	<b>32,788</b>

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
<b>Current Year – 3Q2012</b>					
Opening Balance at 1 June 2012	32,794	2,111	(1,602)	3,428	36,731
Loss for the period	-	-	(185)	-	(185)
Other comprehensive income	-	-	-	29	29
<b>Total comprehensive income for the period</b>	-	-	<b>(185)</b>	<b>29</b>	<b>(156)</b>
<b>Closing Balance at 31 August 2012</b>	<b>32,794</b>	<b>2,111</b>	<b>(1,787)</b>	<b>3,457</b>	<b>36,575</b>
<b>Previous Year – 3Q2011</b>					
Opening Balance at 1 June 2011	32,794	2,108	(1,740)	3,181	36,343
Profit for the period	-	-	52	-	52
Other comprehensive income	-	-	-	164	164
<b>Total comprehensive income for the period</b>	-	-	<b>52</b>	<b>164</b>	<b>216</b>
<b>Closing Balance at 31 August 2011</b>	<b>32,794</b>	<b>2,108</b>	<b>(1,688)</b>	<b>3,345</b>	<b>36,559</b>

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
<b>Current Year – 3Q2012</b>			
Opening Balance at 1 June 2012	32,794	(4,846)	27,948
Loss for the period	-	(279)	(279)
<b>Total comprehensive income for the period</b>	-	<b>(279)</b>	<b>(279)</b>
<b>Closing Balance at 31 August 2012</b>	<b>32,794</b>	<b>(5,125)</b>	<b>27,669</b>
<b>Previous Year – 3Q2011</b>			
Opening Balance at 1 June 2011	32,794	(3,726)	29,068
Loss for the period	-	(317)	(317)
<b>Total comprehensive income for the period</b>	-	<b>(317)</b>	<b>(317)</b>
<b>Closing Balance at 31 August 2011</b>	<b>32,794</b>	<b>(4,043)</b>	<b>28,751</b>

- 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 August 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 August 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 August 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)/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	
	31/8/2012	31/8/2011
(Losses)/earnings 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	(0.03)	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	(0.03)	0.02
Weighted average number of ordinary shares adjusted for the effect for dilution	613,553,995	613,553,995

	Group	
	31/8/2012	31/8/2011
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	
	31/8/2012	30/11/2011	31/8/2012	30/11/2011
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	5.96	6.11	4.51	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 (3Q2012 VS 3Q2011)**

##### **CONTINUING OPERATIONS**

##### **Revenue**

The Group's total revenue increased by approximately US\$5.9 million to approximately US\$6.9 million for the third quarter ended 31 Aug 2012 ("3Q2012") compared to 3Q2011. This was due mainly to higher sales of zinc-related products and lead concentrates.

For 3Q2011, 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 lower gross margin of 2.3% in 3Q2012, compared to a gross margin of 13.4% in 3Q2011.

This was due mainly to following:

1. higher gross profit made on the sale of indium inventories in 3Q2011 as average selling prices were higher at approximately RMB4,000 per MT compared to an average of approximately RMB3,000 in 3Q2012; and
2. lower margins arising from the Group's trading activities as these typically command a thin margin due to the transparency of the market price of such products

The low gross margin in 3Q2012 was partially offset by the write-back of the Group's indium inventories amounting to approximately US\$101k as the market price of indium recovered towards the end of 3Q2012 to RMB3,500 per MT as at 3Q2012, compared to RMB3,400 per MT as at 2Q2012.

### **Other Income**

Other income decreased by approximately US\$279k from US\$458k in 3Q2011 to US\$179k in 3Q2012. This was due mainly to the gain of US\$303k on the disposal of Guangxi Crystal Union Photoelectric Materials Co., Ltd ("GCU") and liquidation of Rongan Union Zinc Industry Co., Ltd ("Rongan"). The decrease was also due to a lower subsidy income of US\$1k in 3Q2012 compared to US\$82k in 3Q2011.

The decrease was partially offset by other income arising from trading activities.

### **Operating Expenses**

Selling and distribution expenses increased by approximately US\$15k to US\$16k in 3Q2012 in tandem with the increase in sales in 3Q2012.

There was a slight increase in general and administrative expenses by approximately US\$24k to approximately US\$512k in 3Q2012 due mainly to higher travel expenses and professional fees.

### **(Loss)/Profit After Tax**

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$185k in 3Q2012, compared to a profit after tax of US\$52k in 3Q2011.

### **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 3Q2011.

### **REVIEW OF FINANCIAL POSITION (3Q2012 VS FY2011)**

#### **Non-Current Assets**

The increase in the Group's non-current assets as at FY2011 and 3Q2012 was due mainly to the increase in the property, plant and equipment of approximately US\$54k arising from the construction in progress of the new factory building by Guangxi Intai Technology Co., Ltd ("Intai").

#### **Current Assets**

The decrease in cash and short-term deposits by approximately US\$4.8 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 3Q2012 was related to lead concentrate sales made during 3Q2012.

The increase in the Group's other receivables and prepayments by approximately US\$1.1 million was due mainly to advances made to suppliers and VAT receivables.

The Group's inventories increased by approximately US\$2.0 million as a result of purchases of lead concentrates to fulfill sale contracts entered into during 2Q2012 and 3Q2012.

### **Current Liabilities**

There was no significant movement in current liabilities from FY2011 to 3Q2012.

### **Non-Current Liabilities**

There was no significant movement in non-current liabilities from FY2011 to 3Q2012.

### **Shareholders' Equity**

Shareholders' equity decreased by US\$0.9 million from US\$37.5 million to US\$36.6 million due mainly to the net loss recognized by the Group for the financial period ended 31 August 2012.

### **Cash Flow (3Q2012 VS 3Q2011)**

The net increase in cash and cash equivalents for 3Q2012 was due mainly to the decrease in other receivables and prepayments and inventories as well as prompt payments from the Group's customers on sales made during 3Q2012. 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.**

The results are in line with the profit warning statement announced via SGXNET on 26 September 2012.

**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.**

It was announced in the Group's first quarter announcement in 5 April 2012 that the construction of the factory was expected to be fully operational in the second half of calendar year 2012.

Due to the delays by the Liucheng local government in the PRC in issuing the environmental approval for the production of zinc sulphate in the new factory in Liucheng, the Group has not been able to proceed with the construction of the zinc sulphate production facilities. In the event that the construction of zinc sulphate production facilities is further delayed, the Group's cost of production for indium will remain high and production output would be affected.

Notwithstanding this, the construction of the Group's indium refinery production facilities and factory building are on schedule and is expected to be completed during the last quarter of the calendar year barring any unforeseen circumstances.

The industry in which the Group operates will continuously be subject to uncertain demand and the pricing volatility of commodities. The Board and Management expect the business environment in which the Group operates to continue to be tough and challenging, resulting in an expected operating loss for the full year ending 30 November 2012.

**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 August 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 August 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 August 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

Chen Cong  
Executive Director/CEO

9 October 2012

BY ORDER OF THE BOARD

Chen Cong  
Executive Director/CEO  
9 October 2012