

Unionmet (Singapore) Limited

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

UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2013

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 28 February 2013. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	28/02/2013	29/02/2012	Increase/ (Decrease)
Revenue	16,035	13,265	20.9
Cost of sales	(15,833)	(13,108)	20.8
Gross profit	202	157	28.7
Other income	159	89	78.7
Selling and distribution expenses	(28)	-	100.0
General and administrative expenses	(539)	(490)	10.0
Loss before tax	(206)	(244)	(15.6)
Income tax	-	18	(100.0)
Net loss for the period attributable to owners of the Company	(206)	(226)	(8.8)
<u>Other comprehensive income:</u>			
Currency translation difference arising from consolidation	(8)	188	(104.3)
Total comprehensive income for the period attributable to owners of the Company	(214)	(38)	(463.2)

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	
	28/02/2013	29/02/2012
Depreciation of property, plant and equipment	16	16
Amortisation of land use rights	4	4
Exchange gain, net	(1)	(8)
Interest income	(12)	(50)
Usance LC interest income	-	(30)
Reversal of inventories write-down, net	(152)	(224)
Subsidy income	(145)	-
Rental expenses	41	39

Breakdown of other income

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	28/02/2013	29/02/2012
Exchange gain, net	1	8
Interest income	12	50
Usance LC interest income	-	30
Subsidy income	145	-
Sundry income	1	1
Total other income	159	89

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
	28/02/2013	30/11/2012	28/02/2013	30/11/2012
Non-current assets				
Property, plant and equipment	1,405	1,326	42	48
Deferred tax assets	226	227	-	-
Investments in subsidiaries	-	-	4,438	4,438
Land use rights	799	803	-	-
	2,430	2,356	4,480	4,486
Current assets				
Cash and short-term deposits	30,993	30,343	22,393	22,854
Trade receivables	2,616	2,449	-	-
Other receivables and prepayments	4,446	3,516	82	65
Tax recoverable	7	7	-	-
Inventories	2,044	2,454	100	100
	40,106	38,769	22,575	23,019
Current liabilities				
Trade payables	511	170	-	-
Other payables	1,754	468	104	236
Tax payable	47	47	-	-
Deferred revenue	1,737	1,738	-	-
	4,049	2,423	104	236
Net current assets	36,057	36,346	22,471	22,783
Non-current liability				
Deferred tax liabilities	1,139	1,140	-	-
Net assets	37,348	37,562	26,951	27,269
Equity attributable to owners of the Company				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	4,554	4,768	(5,843)	(5,525)
	37,348	37,562	26,951	27,269

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

Amount repayable in one year or less, or on demand

As at 28/02/2013		As at 30/11/2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 28/02/2013		As at 30/11/2012	
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	
	28/02/2013	29/02/2012
Cash flows from operating activities:		
Loss before tax	(206)	(244)
Adjustments for:		
Depreciation of property, plant and equipment	16	16
Amortization of land use rights	4	4
Interest income	(12)	(50)
Usance LC interest income	-	(30)
Reversal of inventories write-down, net	(152)	(224)
Unrealised exchange gain, net	(1)	(4)
Foreign currency translation	(3)	90
Operating cash flows before working capital changes	(354)	(442)
Increase in trade receivables	(167)	(11,781)
Increase in other receivables and prepayments	(928)	(205)
Decrease/(increase) in inventories	562	(264)
Decrease/(increase) in trade payables	341	(2)
Decrease/(increase) in other payables	1,289	(54)
Restricted cash (Note)	(1,783)	-
Cash flows used in operations	(1,040)	(12,748)
Income tax paid	-	-
Interest received	12	50
Net cash flows used in operating activities	(1,028)	(12,698)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(98)	(35)
Proceeds from sale of property, plant and equipment	1	-
Net cash flows used in investing activities	(97)	(35)
Net decrease in cash and cash equivalents	(1,125)	(12,733)
Effect of exchange rate changes on cash and cash equivalents	(8)	146
Cash and cash equivalents at beginning of year	30,343	34,700
Cash and cash equivalents at end of period	29,210	22,113

Note:

Cash and short-term deposits (as per Statement of Financial Position)	30,993	22,113
Restricted cash	(1,783)	-
Cash and cash equivalents at end of period	29,210	22,113

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 – 1Q2013					
Opening Balance at 1 December 2012	32,794	2,226	(1,183)	3,725	37,562
Loss for the period	-	-	(206)	-	(206)
Other comprehensive income	-	-	-	(8)	(8)
Total comprehensive income for the year	-	-	(206)	(8)	(214)
Closing Balance at 28 February 2013	32,794	2,226	(1,389)	3,717	37,348
Previous 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

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
Current Year – 1Q2013			
Opening Balance at 1 December 2012	32,794	(5,525)	27,269
Loss for the period	-	(318)	(318)
Total comprehensive income for the year	-	(318)	(318)
Closing Balance at 28 February 2013	32,794	(5,843)	26,951
Previous 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

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 2012.

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 28 February 2013 and 30 November 2012.

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 28 February 2013 and 30 November 2012 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 2012. 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 2012.

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.

On 1 December 2012, 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 Amendments to FRS 1 change the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

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	
	28/02/2013	29/02/2012
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	(0.03)	(0.04)
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)	(0.04)
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	
	28/02/2013	30/11/2012	28/02/2013	30/11/2012
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	6.09	6.12	4.39	4.44
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 (1Q2013 VS 1Q2012)

CONTINUING OPERATIONS

Revenue

The Group's total revenue increased by approximately US\$2.8 million to approximately US\$16.0 million for the first quarter ended 28 February 2013 ("1Q2013") compared to 1Q2012. This was due mainly to higher sales of zinc ingots, lead ingots, ore concentrates and indium as the Group's trading activities continue to pick up during 1Q2013.

For 1Q2012, the main contributor to the Group's revenue was the sale of lead concentrates.

Gross Profit

The Group recorded a gross profit of 1.2% in 1Q2012, compared with a gross profit of 1.3% in 1Q2013.

The thin gross profit for both 1Q2012 and 1Q2013 arose mainly from the Group's trading activities that typically command a thin margin due to the transparency of the market price of such products.

Other Income

Other income increased to US\$159k in 1Q2013 by approximately US\$70k from US\$89k in 1Q2012. This was due mainly to subsidy income received by one of the Company's subsidiaries from the local government. The increase was offset partially by lower interest income earned in 1Q2013.

Operating Expenses

Selling and distribution expenses increased to approximately US\$28k in 1Q2013 in tandem with the increase in sales in 1Q2013.

General and administrative expenses increased slightly by approximately US\$49k to approximately US\$539k in 1Q2013 due mainly to higher professional fees.

Loss After Tax

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$206k in 1Q2013, compared to a loss after tax of US\$226k in 1Q2012.

REVIEW OF FINANCIAL POSITION (1Q2013 VS FY2012)

Non-Current Assets

There was no significant fluctuation between the Group's non-current assets as at FY2012 and 1Q2013.

Current Assets

The increase in cash and short-term deposits by approximately US\$0.7 million for the Group was due mainly to sales made and advances received from customers in 1Q2013. The increase was partially offset by payments made for operating expenses of the Group and advances made to suppliers in 1Q2013.

Trade receivables for the Group as at 1Q2013 was related to ore concentrates sales made during 1Q2013.

The increase in the Group's other receivables and prepayments by approximately US\$ 0.9 million were mainly due to advances made to suppliers.

The Group's inventories decreased by approximately US\$0.4 million as a result of sales made during 1Q2013.

Current Liabilities

The increase in trade payables of approximately US\$0.3 million was due mainly to purchases from suppliers made during last month of 1Q2013.

The increase in other payables of approximately US\$1.3 million was due mainly to higher advances from customers in 1Q2013 compared to FY2012.

The deferred revenue relates to the remaining land compensation (third tranche). The deferred revenue will be released upon Guangxi Intai Technology Co., Ltd ("Intai") fulfilling the qualifying compensation criteria for the third tranche.

Non-Current Liability

There was no significant movement between FY2012 and 1Q2013.

Shareholders' Equity

Shareholders' equity decreased to US\$37.3 million in 1Q2013 compared to US\$37.6 million in FY2012 mainly due to the net loss for 1Q2013 recognized by the Group.

Cash Flow (1Q2013 VS 1Q2012)

The net decrease in cash and cash equivalents for 1Q2013 was due mainly to the restricted cash arising from the issuance of a letter of credit for the Group's impending purchase of concentrates, payments for operating expenses as well as payments and advances made to suppliers. The decrease was partially offset by advances received from customers and payments from debtors.

Apart from payments for operating expenses as well as payments and advances made to suppliers, the net decrease in 1Q2012 was due mainly to the payment for lead concentrates.

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 Group's full year results for FY2012 announced via SGXNET on 22 January 2013.

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 Group has obtained the approval from the local fire safety department for its indium refinery production facilities and factory building. Intai has commenced trial production in February 2013. However, it is not expected to be fully operational until 3Q2013.

As announced in the Group's full year results announcement on 22 January 2013, Union Zinc would be recommencing the production of zinc oxide via the rental of the production facilities from a third party sometime during the first quarter of the calendar year 2013. Due to some delays, the rental contract had just been finalized and the production of zinc oxide has just commenced in April.

In view of the Group's increased trading activities, the Group will be constructing 3 warehouses following the discontinuation of its original project to construct the zinc sulfate production facilities. The capital expenditure for the warehouses is not expected to substantially increase the Group's original capital expenditure budget.

Notwithstanding the Group's trading activities has been persistent during 1Q2013, the industry that the Group operates in continues to be subjected to uncertain demand and the pricing volatility of commodities. As such, the Board and Management expect the Group's business environment to continue to be tough and challenging in 2013.

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 28 February 2013.

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 28 February 2013.

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 28 February 2013 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 April 2013

BY ORDER OF THE BOARD

Chen Cong
Executive Director/CEO
9 April 2013