

# Unionmet (Singapore) Limited

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

## UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2013

### 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 2013. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	31/08/2013	31/08/2012	Increase/ (Decrease)
Revenue	8,348	6,923	20.6
Cost of sales	(8,092)	(6,759)	19.7
<b>Gross profit</b>	<b>256</b>	<b>164</b>	<b>56.1</b>
Other income	16	179	(91.1)
Selling and distribution expenses	(30)	(16)	87.5
General and administrative expenses	(621)	(512)	21.3
Other expenses	(25)	-	100.0
<b>Loss before tax</b>	<b>(404)</b>	<b>(185)</b>	<b>118.4</b>
Income tax	1	-	100.0
<b>Net loss for the period attributable to owners of the Company</b>	<b>(403)</b>	<b>(185)</b>	<b>117.8</b>
<u>Other comprehensive income:</u>			
Currency translation difference arising from consolidation	32	29	10.3
<b>Total comprehensive loss for the period attributable to owners of the Company</b>	<b>(371)</b>	<b>(156)</b>	<b>137.8</b>

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

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

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/08/2013</b>	<b>31/08/2012</b>
Depreciation of property, plant and equipment	18	15
Amortisation of land use rights	4	4
Exchange loss/(gain), net	26	(11)
Interest income	(14)	(49)
Reversal of inventories write-down, net	(2)	(101)
Subsidy income	-	(1)
Machinery rental expenses	-	1
Rental expenses	52	41

Breakdown of other income

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/08/2013</b>	<b>31/08/2012</b>
Exchange gain, net	-	11
Interest income	14	49
Subsidy income	-	1
Others	2	118
<b>Total other income</b>	<b>16</b>	<b>179</b>

Breakdown of other expenses

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/08/2013</b>	<b>31/08/2012</b>
Exchange loss, net	26	-
<b>Total other expenses</b>	<b>26</b>	<b>-</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
	31/08/2013	30/11/2012	31/08/2013	30/11/2012
<b>Non-current assets</b>				
Property, plant and equipment	2,156	1,326	31	48
Deferred tax assets	230	227	-	-
Investments in subsidiaries	-	-	4,438	4,438
Land use rights	804	803	-	-
	<b>3,190</b>	<b>2,356</b>	<b>4,469</b>	<b>4,486</b>
<b>Current assets</b>				
Cash and short-term deposits	28,621	30,343	21,895	22,854
Trade receivables	998	2,449	-	-
Other receivables and prepayments	4,519	3,516	82	65
Tax recoverable	7	7	-	-
Inventories	3,034	2,454	-	100
	<b>37,179</b>	<b>38,769</b>	<b>21,977</b>	<b>23,019</b>
<b>Current liabilities</b>				
Trade payables	15	170	14	-
Other payables	518	468	90	236
Tax payable	48	47	-	-
Deferred revenue	1,766	1,738	-	-
	<b>2,347</b>	<b>2,423</b>	<b>104</b>	<b>236</b>
<b>Net current assets</b>	<b>34,832</b>	<b>36,346</b>	<b>21,873</b>	<b>22,783</b>
<b>Non-current liability</b>				
Deferred tax liabilities	523	1,140	-	-
<b>Net assets</b>	<b>37,499</b>	<b>37,562</b>	<b>26,342</b>	<b>27,269</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	4,705	4,768	(6,452)	(5,525)
	<b>37,499</b>	<b>37,562</b>	<b>26,342</b>	<b>27,269</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 31/08/2013		As at 30/11/2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

**Amount repayable after one year**

As at 31/08/2013		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.**

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/08/2013</b>	<b>31/08/2012</b>
<b>Operating activities:</b>		
Loss before tax	(404)	(185)
Adjustments for:		
Depreciation of property, plant and equipment	18	15
Amortization of land use rights	4	4
Interest income	(14)	(49)
Reversal of inventories write-down, net	(2)	(101)
Unrealised exchange gain, net	(2)	(11)
Foreign currency translation	28	26
<b>Operating cash flows before working capital changes</b>	<b>(372)</b>	<b>(301)</b>
Increase in trade receivables	(488)	(99)
Decrease in other receivables and prepayments	2,159	1,565
(Increase) / Decrease in inventories	(157)	1,755
Decrease in trade payables	(75)	-
Decrease in other payables	(1,365)	(378)
Decrease in restricted cash	1,011	-
<b>Cash flows generated from operations</b>	<b>713</b>	<b>2,542</b>
Interest received	14	49
<b>Net cash flows generated from operating activities</b>	<b>727</b>	<b>2,591</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(447)	(25)
<b>Net cash flows used in investing activities</b>	<b>(447)</b>	<b>(25)</b>
Net increase in cash and cash equivalents	280	2,566
Effect of exchange rate changes on cash and cash equivalents	5	22
Cash and cash equivalents at beginning of 3 <sup>rd</sup> quarter	28,336	27,318
<b>Cash and cash equivalents at end of 3<sup>rd</sup> quarter</b>	<b>28,621</b>	<b>29,906</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 – 3Q2013</b>					
<b>Opening Balance at 1 June 2013</b>	<b>32,794</b>	<b>2,223</b>	<b>(1,089)</b>	<b>3,942</b>	<b>37,870</b>
Profit for the period	-	-	(403)	-	(403)
Other comprehensive income	-	-	-	32	32
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(403)</b>	<b>32</b>	<b>(371)</b>
<b>Closing Balance at 31 August 2013</b>	<b>32,794</b>	<b>2,223</b>	<b>(1,492)</b>	<b>3,974</b>	<b>37,499</b>
<b>Previous Year – 3Q2012</b>					
<b>Opening Balance at 1 June 2012</b>	<b>32,794</b>	<b>2,111</b>	<b>(1,602)</b>	<b>3,428</b>	<b>36,731</b>
Loss for the period	-	-	(185)	-	(185)
Other comprehensive income	-	-	-	29	29
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</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>

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
<b>Current Year – 3Q2013</b>			
<b>Opening Balance at 1 June 2013</b>	<b>32,794</b>	<b>(6,174)</b>	<b>26,620</b>
Loss for the period	-	(278)	(278)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(278)</b>	<b>(278)</b>
<b>Closing Balance at 31 August 2013</b>	<b>32,794</b>	<b>(6,452)</b>	<b>26,342</b>
<b>Previous Year – 3Q2012</b>			
<b>Opening Balance at 1 June 2012</b>	<b>32,794</b>	<b>(4,846)</b>	<b>27,948</b>
Loss for the period	-	(279)	(279)
<b>Total comprehensive income for the year</b>	<b>-</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>

- 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 31 August 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 31 August 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 Other Comprehensive Income ("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	
	31/08/2013	31/08/2012
Losses per ordinary share 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	(0.07)	(0.03)
Weighted average number of ordinary shares for basic losses per share computation	613,553,995	613,553,995
(b) On a fully diluted basis	(0.07)	(0.03)
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	
	31/08/2013	30/11/2012	31/08/2013	30/11/2012
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	6.11	6.12	4.29	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 (3Q2013 VS 3Q2012)**

**Revenue**

The Group's total revenue increased by approximately US\$1.4 million to approximately US\$8.3 million for the third quarter ended 31 Aug 2013 ("3Q2013") compared to 3Q2012. This was due mainly to higher sales of indium ingots.

**Gross Profit**

The Group recorded a slightly higher gross margin of 3.1% in 3Q2013, compared to a gross margin of 2.4% in 3Q2012. This was due mainly to higher gross profit made on the sale of indium inventories in 3Q2013 as average selling prices were higher at approximately RMB3,500 per kg in 3Q2013 compared to an average selling price of approximately RMB3,000 in 3Q2012. This was impacted by the 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.

### **Other Income and Other Expenses**

Other income decreased by approximately US\$163k from US\$179k in 3Q2012 to US\$16k in 3Q2013. This was because there was other income arising from general trading in 3Q2012 but none in 3Q2013 and lower interest income received in 3Q2013.

Other expenses in 3Q2013 arose from the exchange loss compared to an exchange gain in 3Q2012.

### **Operating Expenses**

There was an increase in general and administrative expenses by approximately US\$109k to approximately US\$621k in 3Q2013 due mainly to higher staff costs, travel and entertainment expenses incurred by the PRC subsidiaries.

### **Loss After Tax**

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$0.4 million in 3Q2013, compared to a loss after tax of US\$0.2 million in 3Q2012.

## **REVIEW OF FINANCIAL POSITION (3Q2013 VS FY2012)**

### **Non-Current Assets**

The Group's property, plant and equipment increased to US\$2.2 million as at 3Q2013 due mainly to the construction of the new factory by Guangxi Intai Technology Co, Ltd. ("Intai").

### **Current Assets**

The decrease in cash and short-term deposits by approximately US\$1.7 million for the Group was due mainly to advances paid to suppliers in 3Q2013 and payments made for operating expenses of the Group.

Trade receivables for the Group decreased to US\$1.0 million as at 3Q2013 from US\$2.4 million due to payments received from debtors.

The increase in the Group's other receivables and prepayments by approximately US\$1.0 million was due mainly to advances made to suppliers.

The Group's inventories increased by approximately US\$0.6 million as a result of higher raw materials for the the production of zinc oxide by Liuzhou Union Zinc Industry Co., Ltd. which commenced during 2Q2013.

The decrease in the Company's inventories was mainly due to the sale of indium ingots to a customer during 3Q2013.

### **Current Liabilities**

The decrease in trade payables by approximately US\$155k was due mainly to payments to suppliers.

### **Non-Current Liability**

The decrease in deferred tax liability was due to the write back of a portion of the deferred tax liability arising from the net compensation income by Intai as disclosed previously in our 2<sup>nd</sup> quarter results announcement on 9 July 2013.

### **Shareholders' Equity**

Shareholders' equity decreased to US\$37.5 million in 3Q2013 compared to US\$37.6 million in FY2012 due mainly to the net loss for the period ended 31 August 2013.

### **Cash Flow (3Q2013 VS 3Q2012)**

The net increase in cash and cash equivalents for 3Q2013 was due mainly to the decrease in other receivables and prepayments. The decrease was partially offset by the decrease in other payables.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 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.**

Despite the improving performance of the Group's trading activities, the gross profits margins remain thin and unable to cover operating overheads. As expanding the trading activities further or at a faster pace may potentially expose the Group to uncertain demand and pricing volatility of the commodities in the volatile economic climate, therefore, the Group is undertaking a strategic review of its business as well as exploring new businesses.

- 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 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 31 August 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 31 August 2013 to be false or misleading in any material aspect.

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

Li Hua  
Executive Chairman/CEO

Tham Wai Mun, Raphael  
Executive Director

8 October 2013

BY ORDER OF THE BOARD

Li Hua  
Executive Chairman/CEO  
8 October 2013