

## Unionmet (Singapore) Limited

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

### UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2014

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1<sup>st</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 1<sup>st</sup> quarter ended 28 February 2014. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited	Audited	
	3 months ended		
	28/02/2014	28/02/2013	Increase/ (Decrease)
Revenue	2,610	16,035	(83.7)
Cost of sales	(2,511)	(15,833)	(84.1)
<b>Gross profit</b>	<b>99</b>	<b>202</b>	<b>(51.0)</b>
Other income	44	159	(72.3)
Selling and distribution expenses	(20)	(28)	(28.6)
General and administrative expenses	(775)	(539)	43.8
Other expenses	(3)	-	(100.0)
Finance costs	(20)	-	(100.0)
<b>Loss before tax</b>	<b>(675)</b>	<b>(206)</b>	<b>227.7</b>
Income tax	(71)	-	(100.0)
<b>Net loss for the period attributable to owners of the Company</b>	<b>(746)</b>	<b>(206)</b>	<b>262.1</b>
Other comprehensive income:			
Currency translation difference arising from consolidation	(236)	(8)	2850.0
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(982)</b>	<b>(214)</b>	<b>358.9</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>Audited</b>
	<b>3 months ended</b>	
	<b>28/02/2014</b>	<b>28/02/2013</b>
Depreciation of property, plant and equipment	51	16
Amortisation of land use rights	4	4
Exchange gain, net	(5)	(1)
Interest income	(29)	(12)
Reversal of inventories write-down, net	(1)	(152)
Subsidy income	(9)	(145)
Rental expenses	41	41

Breakdown of other income

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>3 months ended</b>	
	<b>28/02/2014</b>	<b>28/02/2013</b>
Exchange gain, net	5	1
Interest income	29	12
Subsidy income	9	145
Sundry income	1	1
<b>Total other income</b>	<b>44</b>	<b>159</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
	28/02/2014	30/11/2013	28/02/2014	30/11/2013
<b>Non-current assets</b>				
Property, plant and equipment	1,442	1,168	22	26
Investments in subsidiaries	-	-	-	4,438
Land use rights	785	804	-	-
	<b>2,227</b>	<b>1,972</b>	<b>22</b>	<b>4,464</b>
<b>Current assets</b>				
Cash and short-term deposits	29,528	31,669	21,211	21,672
Trade receivables	349	878	-	-
Other receivables and prepayments	1,513	657	114	88
Amount due from a subsidiary	-	-	183	184
Tax recoverable	7	7	-	-
Inventories	2,531	2,695	-	-
	<b>33,928</b>	<b>35,906</b>	<b>21,508</b>	<b>21,944</b>
<b>Current liabilities</b>				
Trade payables	2	48	-	2
Other payables	379	1,065	161	225
Tax payable	56	57	-	-
Short term bank loan	1,110	1,131	-	-
	<b>1,547</b>	<b>2,301</b>	<b>161</b>	<b>227</b>
<b>Net current assets</b>	<b>32,381</b>	<b>33,605</b>	<b>21,347</b>	<b>21,717</b>
<b>Non-current liability</b>				
Deferred tax liabilities	870	856	-	-
<b>Net assets</b>	<b>33,738</b>	<b>34,721</b>	<b>21,369</b>	<b>26,181</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	944	1,927	(11,425)	(6,613)
	<b>33,738</b>	<b>34,721</b>	<b>21,369</b>	<b>26,181</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 28/02/2014</b>		<b>As at 30/11/2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
1,110	-	1,131	-

**Amount repayable after one year**

<b>As at 28/02/2014</b>		<b>As at 30/11/2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
-	-	-	-

**Details of any collateral**

The Group's borrowings are secured by leasehold buildings and land use rights.

**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>Audited</b>
	<b>3 months ended</b>	
	<b>28/02/2014</b>	<b>28/02/2013</b>
<b>Operating activities:</b>		
Loss before tax	(675)	(206)
Adjustments for:		
Depreciation of property, plant and equipment	51	16
Amortization of land use rights	4	4
Interest income	(29)	(12)
Usance LC interest income	-	-
Reversal of inventories write-down, net	(1)	(152)
Gain on disposal of property, plant and equipment	-	(13)
Unrealised exchange gain, net	(6)	(1)
Foreign currency translation	(21)	(3)
<b>Operating cash flows before working capital changes</b>	<b>(678)</b>	<b>(354)</b>
Decrease/(increase) in trade receivables	530	(167)
Increase in other receivables and prepayments	(853)	(928)
Decrease in inventories	164	562
(Decrease)/Increase in trade payables	(45)	341
(Decrease)/increase in other payables	(728)	1,289
Restricted cash (Note)	-	(1,783)
<b>Cash flows used in operations</b>	<b>(1,610)</b>	<b>(1,040)</b>
Income tax paid	(63)	-
Interest received	29	12
<b>Net cash flows used in operating activities</b>	<b>(1,644)</b>	<b>(1,028)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(349)	(98)
Sales proceed of property, plant and equipment	3	1
<b>Net cash flows used in investing activities</b>	<b>(346)</b>	<b>(97)</b>
Net (decrease)/increase in cash and cash equivalents	(1,990)	(1,125)
Effect of exchange rate changes on cash and cash equivalents	(151)	(8)
Cash and cash equivalents at beginning of year	31,669	30,343
<b>Cash and cash equivalents at end of period</b>	<b>29,528</b>	<b>29,210</b>

Note:

Cash and short-term deposits (as per Statement of Financial Position)	29,528	30,993
Restricted cash	-	(1,783)
<b>Cash and cash equivalents at end of period</b>	<b>29,528</b>	<b>29,210</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 – 1Q2014</b>					
<b>Opening Balance at 1 December 2013</b>	<b>32,794</b>	<b>2,226</b>	<b>(4,342)</b>	<b>4,043</b>	<b>34,721</b>
Loss for the period	-	-	(746)	-	(746)
Other comprehensive income	-	-	-	(236)	(236)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(746)</b>	<b>(236)</b>	<b>(982)</b>
<b>Closing Balance at 28 February 2014</b>	<b>32,794</b>	<b>2,226</b>	<b>(5,088)</b>	<b>3,807</b>	<b>33,739</b>
<b>Previous Year – 1Q2013</b>					
<b>Opening Balance at 1 December 2012</b>	<b>32,794</b>	<b>2,226</b>	<b>(1,183)</b>	<b>3,725</b>	<b>37,562</b>
Loss for the period	-	-	(206)	-	(206)
Other comprehensive income	-	-	-	(8)	(8)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(206)</b>	<b>(8)</b>	<b>(214)</b>
<b>Closing Balance at 28 February 2013</b>	<b>32,794</b>	<b>2,226</b>	<b>(1,389)</b>	<b>3,717</b>	<b>37,348</b>

Company	Share capital	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
<b>Current Year – 1Q2014</b>			
<b>Opening Balance at 1 December 2013</b>	<b>32,794</b>	<b>(6,613)</b>	<b>26,181</b>
Loss for the period	-	(4,811)	(4,811)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,811)</b>	<b>(4,811)</b>
<b>Closing Balance at 28 February 2014</b>	<b>32,794</b>	<b>(11,424)</b>	<b>21,370</b>
<b>Previous Year – 1Q2013</b>			
<b>Opening Balance at 1 December 2012</b>	<b>32,794</b>	<b>(5,525)</b>	<b>27,269</b>
Loss for the period	-	(318)	(318)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(318)</b>	<b>(318)</b>
<b>Closing Balance at 28 February 2013</b>	<b>32,794</b>	<b>(5,843)</b>	<b>26,951</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 during the reporting period. The Company completed a Rights Issue on 24 March 2014 resulting in the issue of 56,566,243 new shares.

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 2014 and 30 November 2013.

**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 2014 and 30 November 2013 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 2013. Except for the adoption of these new/revised FRSs, 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 2013.

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.**

Please refer to item 4 above. The adoption of the new or revised Singapore Financial Reporting Standards (FRS) and Interpretations (INT FRS) had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

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	
	28/02/2014	28/02/2013
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	(0.12)	(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	(0.12)	(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	
	28/02/2014	30/11/2013	28/02/2014	30/11/2013
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	5.50	5.66	3.48	4.27
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 (1Q2014 VS 1Q2013)**

##### **CONTINUING OPERATIONS**

##### **Revenue**

The Group's total revenue decreased significantly by approximately US\$13.4 million to approximately US\$2.6 million for the first quarter ended 28 February 2014 ("1Q2014") compared to 1Q2013. This was mainly due to lower sales of zinc related products, lead ingots, ore concentrates as the Group's trading activities slowed down in 1Q2014 due to the Group's change in business focus. The decrease was partially offset by an increase in sales of indium ingots by approximately US\$0.4 million.

##### **Gross Profit Margin**

The Group recorded a gross profit margin of 3.8% in 1Q2014, compared with a gross profit of 1.3% in 1Q2013. The higher gross profit was mainly due to the contribution by indium sales which has higher margin compared to the Group's trading activities.

##### **Other Income**

Other income decreased by approximately US\$70k to US\$44k in 1Q2014 when compared to the previous corresponding period.. This was mainly due to subsidy income received by one of the Company's subsidiaries from the local government in 1Q2013 whilst there were none in 1Q2014. The decrease was offset partially by higher interest income earned in 1Q2014.

##### **Operating Expenses**

Selling and distribution expenses decreased to approximately US\$20k in 1Q2014 as a result of a decrease in sales in 1Q2014.

General and administrative expenses increased by approximately US\$236k to approximately US\$775k in 1Q2014 mainly due to higher professional fees, staff costs, travel and entertainment expenses.

**Finance costs**

The finance cost in 1Q2014 arose from the interest charge on Guangxi Intai Technology Co. Ltd ("Intai") short term bank loan for working capital purposes. There were no such loans in 1Q2013.

**Income tax**

The income tax for 1Q2014 arose from the withholding tax on dividend declared by Intai to Unionmet Holdings Limited and additional provision of deferred tax liability on the net carrying value of Intai's new assets.

**Loss After Tax**

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$675k in 1Q2014, compared to a loss after tax of approximately US\$206k in 1Q2013.

**REVIEW OF FINANCIAL POSITION (1Q2014 VS FY2013)****Non-Current Assets**

The Group's property, plant and equipment increased to US\$1.4 million as at 1Q2014 compared to US\$1.2 million as at FY2013. The increase was due mainly to additions to Intai's land and building arising from the construction of the new plant in Liucheng, People's Republic of China. The increase was partially offset by the depreciation of these assets during 1Q2014.

The decrease in the Company's investments in subsidiaries arose from the completion of the restructuring of the Group where the Company's investments in Intai and UnionZinc were transferred to its wholly owned subsidiary company, Unionmet Holdings Limited ("UHL"). The Group had on 15 March 2014 announced the disposal of UHL.

**Current Assets**

The decrease in cash and short-term deposits by approximately US\$2.1 million for the Group was mainly due to payment for the operating expenses of the Group and advance payments to coarse indium suppliers.

Trade receivables for the Group decreased to US\$0.3 million as at 1Q2014 from US\$0.8 million due to improvement in collections.

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

Inventories of the Group decreased by US\$0.2 million to US\$2.5 million mainly due to sale of indium ingots during 1Q2014.

**Current Liabilities**

Other payables decreased by US\$0.6 million to US\$0.4 million mainly due to a decrease in advances from customers and accrued liabilities.

**Non-Current Liability**

The increase in deferred tax liability was due to additional provision of deferred tax liability on the net carrying value of Intai's new assets purchased for the construction of the new factory.

### Shareholders' Equity

Shareholders' equity decreased by US\$1.0 million to US\$33.7 million as at 1Q2014 compared to US\$34.7 million in FY2013 due mainly to the net loss for 1Q2014 and the Group's other comprehensive income for 1Q2013 arising from the depreciation of the RMB against the USD.

### Cash Flow (1Q2014 VS 1Q2013)

The net decrease in cash and cash equivalents for 1Q2014 was mainly due to the net loss for 1Q2014, payments for operating expenses, purchases of property, plant and equipment as well as payments and advances made to suppliers. The decrease was partially offset by advances received from customers and payments from debtors.

**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.**

The Group will continue to review its trading activities following the shareholders' mandate obtained on 25 February 2014 for the Group to diversify into the businesses of property development and oil blending and distribution of diesel and engine oil. The Group also announced the divestment of UHL and Intai on 15 March 2014 to reduce its overheads and focusing its trading activities through UnionZinc.

Management is in process of identifying the relevant potential projects and would update the shareholders when appropriate.

**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 28 February 2014.

**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 following:

- (i) net proceeds of US\$3.27 million (S\$4.71 million) raised from the rights issue in July 2009;
- (ii) net proceeds of US\$ 2.77 million (S\$3.51 million) raised from the rights issue in March 2014.

The above proceeds have not been utilised as at this reporting date.

**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 2014 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

9 April 2014

BY ORDER OF THE BOARD

Li Hua  
Executive Chairman/CEO  
9 April 2014