

Unionmet (Singapore) Limited

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

UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 3rd 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 (the "Board") hereby announces the results of the Group for the 3rd quarter ended 31 August 2014. These figures have not been audited.

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

| | Group | | |
|--|----------------|--------------|-------------------------|
| | US\$'000 | | % |
| | Unaudited | | |
| | 3 months ended | | |
| | 31/08/2014 | 31/08/2013 | Increase/ (Decrease) |
| Revenue | - | 8,348 | (100.0) |
| Cost of sales | - | (8,092) | (100.0) |
| Gross profit | - | 256 | (100.0) |
| Interest income | 4 | 14 | (71.4) |
| Other income/(expenses), net | 11 | (23) | 147.8 |
| Selling and distribution expenses | (7) | (30) | (76.7) |
| General and administrative expenses | (619) | (621) | (0.3) |
| Loss before tax | (611) | (404) | 51.2 |
| Income tax | - | 1 | - |
| Net loss for the period attributable to owners of the Company | (611) | (403) | 51.6 |
| <u>Other comprehensive income:</u> | | | |
| Currency translation difference arising from consolidation | 55 | 32 | 71.9 |
| Total comprehensive loss for the period attributable to owners of the Company | (556) | (371) | 49.9 |

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 | |
| | 31/08/2014 | 31/08/2013 |
| Amortisation of land use rights | - | 4 |
| Depreciation of property, plant and equipment | 13 | 18 |
| Exchange (gain)/loss, net | (5) | 26 |
| Interest income | (4) | (14) |
| Professional fees | 204 | 68 |
| Reversal of inventories write-down, net | - | (2) |
| Rental expenses | 75 | 52 |

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 31/08/2014 | Audited 30/11/2013 | Unaudited 31/08/2014 | Audited 30/11/2013 |
| Non-current assets | | | | |
| Property, plant and equipment | 99 | 1,168 | 12 | 26 |
| Investment in subsidiaries | - | - | 1,002 | 4,438 |
| Land use rights | - | 804 | - | - |
| | 99 | 1,972 | 1,014 | 4,464 |
| Current assets | | | | |
| Cash and short-term deposits | 26,834 | 31,669 | 22,235 | 21,672 |
| Trade receivables | 266 | 878 | - | - |
| Other receivables and prepayments | 5,460 | 657 | 4,711 | 88 |
| Amount due from a subsidiary | - | - | - | 184 |
| Tax refundable | 8 | 7 | - | - |
| Inventories | 814 | 2,695 | - | - |
| | 33,382 | 35,906 | 26,946 | 21,944 |
| Current liabilities | | | | |
| Trade payables | 1 | 48 | - | 2 |
| Other payables | 2,141 | 1,065 | 162 | 225 |
| Tax payable | - | 57 | - | - |
| Short term bank loan | - | 1,131 | - | - |
| | 2,142 | 2,301 | 162 | 227 |
| Net current assets | 31,240 | 33,605 | 26,784 | 21,717 |
| Non-current liability | | | | |
| Deferred tax liabilities | - | 856 | - | - |
| Net assets | 31,339 | 34,721 | 27,798 | 26,181 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 35,569 | 32,794 | 35,569 | 32,794 |
| (Accumulated losses)/Reserves | (4,230) | 1,927 | (7,771) | (6,613) |
| | 31,339 | 34,721 | 27,798 | 26,181 |

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

Amount repayable in one year or less, or on demand

| As at 31/08/2014 | | As at 30/11/2013 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| - | - | 1,131 | - |

Amount repayable after one year

| As at 31/08/2014 | | As at 30/11/2013 | |
|-------------------------|------------------|-------------------------|------------------|
| Secured | Unsecured | Secured | Unsecured |
| US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| - | - | - | - |

Details of any collateral

None.

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 | |
| | 31/08/2014 | 31/08/2013 |
| Operating activities: | | |
| Loss before tax | (611) | (404) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 13 | 18 |
| Amortisation of land use rights | - | 4 |
| Interest income | (4) | (14) |
| Reversal of inventories write-down, net | - | (2) |
| Unrealised exchange loss/(gain), net | 12 | (2) |
| Foreign currency translation | 5 | 28 |
| Operating cash flows before working capital changes | (585) | (372) |
| Decrease/(increase) in trade receivables | 49 | (488) |
| Decrease in other receivables and prepayments | 146 | 2,159 |
| Increase in inventories | (14) | (157) |
| Decrease in trade payables | - | (75) |
| Decrease in other payables | (102) | (1,365) |
| Decrease in restricted cash (See appended note) | - | 1,011 |
| Cash flows (used in)/generated from operations | (506) | 713 |
| Interest received | 4 | 14 |
| Net cash flows (used in)/generated from operating activities | (502) | 727 |
| | | |
| Investing activity | | |
| Purchase of property, plant and equipment | - | (447) |
| Net cash flows used in investing activity | - | (447) |
| | | |
| Net (decrease)/increase in cash and cash equivalents | (502) | 280 |
| Effect of exchange rate changes on cash and cash equivalents | 34 | 5 |
| Cash and cash equivalents at beginning of 3 rd quarter | 27,302 | 28,336 |
| Cash and cash equivalents at end of 3rd quarter | 26,834 | 28,621 |

Note:

| | | |
|---|---------------|---------------|
| Cash and short-term deposits (as per Statement of Financial Position) | 26,834 | 29,347 |
| Restricted cash | - | (1,011) |
| Cash and cash equivalents at end of period | 26,834 | 28,336 |

- 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 Period – 3Q2014 | | | | | |
| Opening balance at 1 June 2014 | 35,569 | 944 | (6,003) | 1,385 | 31,895 |
| Loss for the period | - | - | (611) | - | (611) |
| Other comprehensive income for the period | - | - | - | 55 | 55 |
| Total comprehensive loss for the period | - | - | (611) | 55 | (556) |
| Closing balance at 31 August 2014 | 35,569 | 944 | (6,614) | 1,440 | 31,339 |
| Previous Period – 3Q2013 | | | | | |
| Opening balance at 1 June 2013 | 32,794 | 2,223 | (1,089) | 3,942 | 37,870 |
| Loss for the period | - | - | (403) | - | (403) |
| Other comprehensive income for the period | - | - | - | 32 | 32 |
| Total comprehensive loss for the period | - | - | (403) | 32 | (371) |
| Closing balance at 31 August 2013 | 32,794 | 2,223 | (1,492) | 3,974 | 37,499 |

| Company | Share capital | Accumulated losses | Total |
|--|---------------|--------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 |
| Current Period – 3Q2014 | | | |
| Opening Balance at 1 June 2014 | 35,569 | (7,329) | 28,240 |
| Loss for the period | - | (442) | (442) |
| Total comprehensive income for the period | - | (442) | (442) |
| Closing balance at 31 August 2014 | 35,569 | (7,771) | 27,798 |
| Previous Period – 3Q2013 | | | |
| Opening Balance at 1 June 2013 | 32,794 | (6,174) | 26,620 |
| Loss for the period | - | (278) | (278) |
| Total comprehensive income for the period | - | (278) | (278) |
| Closing balance at 31 August 2013 | 32,794 | (6,452) | 26,342 |

- 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.

The Company completed a rights issue on 24 March 2014 (the "Rights Issue") resulting in the issuance of 56,566,243 new shares. As at 31 August 2014, the share capital net of expenses after the Rights Issue was US\$35,568,740 (FY2013: US\$32,793,475).

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 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.

| | 31/08/2014 | 30/11/2013 |
|--|-------------|-------------|
| Total number of ordinary shares in issue | 670,120,238 | 613,553,995 |

There were no shares held as treasury shares as at 31 August 2014 and 30 November 2013.

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 ("SFRSs") that became effective on or after 1 December 2013. Except for the adoption of these new/revised SFRSs, 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/revised SFRSs 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)/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.

| (Losses)/Earnings per ordinary share from continuing operations of the group, after deducting any provision for preference dividends (in US cents): | Group | |
|---|-------------|-------------|
| | 31/08/2014 | 31/08/2013 |
| (a) Based on weighted average number of ordinary shares on issue; and | (0.09) | (0.07) |
| Weighted average number of ordinary shares for basic earnings/(losses) per share computation | 670,120,238 | 613,553,995 |
| (b) Based on a fully diluted basis | (0.09) | (0.07) |
| Weighted average number of ordinary shares adjusted for the effect for dilution | 670,120,238 | 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 | |
|--|-------------|-------------|-------------|-------------|
| | 31/08/2014 | 30/11/2013 | 31/08/2014 | 30/11/2013 |
| Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents): | 4.68 | 5.66 | 4.15 | 4.27 |
| No. of ordinary shares used in computing net asset value | 670,120,238 | 613,553,995 | 670,120,238 | 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 (3Q2014 VS 3Q2013)

On 25 February 2014, the Group received the shareholders' mandate to diversify into the property development and oil-blending businesses ("New Businesses"). Subsequent to that, the Group had disposed of two of its entities, Unionmet Holdings Limited and its subsidiary, Guangxi Intai Technology Co., Ltd. on 1 March 2014 (the "Disposal") for S\$5.50 million to recover cash into the Group and limiting the losses of its trading business.

The Group's remaining trading operations in ferrous and nonferrous metals were then consolidated under Liuzhou Union Zinc Industry Co., Ltd. ("Union Zinc") being the Group's current main revenue contributor while the Group pursues new opportunities in the New Businesses.

Revenue

For the period ended 31 August 2014, the Group did not record any revenue for Union Zinc. In early June 2014, a China based private metals trading company was suspected of being involved in a metal financing scam where single cargoes of metal were used multiple times to obtain bank financing amounting to RMB 1 billion (US\$160 million). This shook the commodities market in China and the domestic prices of metals fell. Many banks in China became extra prudent in financing metal trading deals and many trading lines were cut.

While the Group does not have any direct exposure to the scandal, the incident has affected the Group as the falling prices of metals eroded all potential margins for the Group's trading activities. The Group's trading partners were also unable to secure bank trading facilities and this would increase the Group's business risks if the Group were to continue trading with them. As such, the Group was unable to execute any transactions during the period under review.

Operating Expenses

Despite the Disposal, the general and administrative expenses decreased marginally mainly because of the increased activities of the Group's two new subsidiaries as the Group pursues its New Businesses.

Loss After Tax

The loss before tax of US\$0.61 million was mainly due to the Group's operating overheads.

REVIEW OF FINANCIAL POSITION (3Q2014 VS FY2013)

Non-Current Assets

As announced in the Group's 1H2014 results, the Group's property, plant and equipment decreased to US\$99,000 (FY2013: US\$1.17 million) due to the Disposal.

Current Assets

As a result of the Disposal, inventories decreased to US\$814,000 (FY2013: US\$2.70 million). The increase in other receivables and prepayments to US\$5.46 million (FY2013: US\$657,000) and the decrease in cash and short term deposits to US\$26.83 million (FY2013: US\$31.67 million) were mainly due to the deposits of US\$4.00 million for capital purchases in relation to the oil-blending business.

Current Liabilities

Other payables increased to US\$2.14 million (FY2013: US\$1.07 million) mainly due to advances received from Guangxi Intai Technology Co., Ltd. amounting to US\$2.08 million prior to the Disposal.

Net Cash per Share

Based on the ordinary shares in issued as at 31 August 2014, the Group has a net cash per share of US4.0 cents.

Non-Current Liability

As announced in the Group's 1H2014 results, the deferred tax liabilities had been disposed as part of the Disposal.

Cash Flow (3Q2014 VS 3Q2013)

There was a net decrease of US\$1.79 million to US\$26.83 million (3Q2013: US\$28.62 million) due to the net cash used in the Group's operating activities.

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 recent commodity scandal in China has made the revival of the Group's trading business more difficult and the risks engaging in such trading business have significantly increased. While the Group continues to monitor its trading business and divesting it when appropriate, the Group has also started evaluating the New Businesses' potential and has made significant progress as follows :

- (i) The Company's wholly-owned subsidiary, USP Industrial Pte. Ltd. has on 14 August 2014 entered into a conditional share sale agreement with each of the following vendors: OEL (Holdings) Limited ("OEL"), Spring Seeds Capital Pte. Ltd. ("**Spring Seeds**"), Kom Mam Sun and Lee Mei in relation to the Proposed Acquisition to acquire 1,300,500 ordinary shares representing 51% of the entire issued and paid-up share capital of Biofuel Research Pte. Ltd. ("Biofuel")
- (ii) The Company's wholly-owned subsidiary, USP Properties Pte. Ltd. ("USPP") has exercised an option to purchase a landed property at 71 Blandford Drive, Singapore 559863 for a cash consideration of S\$3,080,000 for the development for sale of a two-storey semi-detached dwelling house with attic.

As announced on 22 August 2014 via the SGXNet, USPP has also entered into a Teaming Agreement with SL Global Holdings Pte Ltd ("**SLGH**") for the development on the above property. Under the Agreement, SLGH will undertake to complete the Development within 12 months from the date of the completion of the acquisition and will fund all the development costs (including professional fees and approvals) involved. USPP and SLGH will jointly sell the Development with the profits shared in accordance to the Agreement.

USP Properties has in August 2014 obtained an in-principle Qualifying Certificate approval from the Singapore Land Authority to purchase the above property for re-development and for sale. USPP has also obtained an in-principle approval from the Commissioner of Stamp Duties on the remission of additional buyer's stamp duty.

The Company will be holding two Extraordinary General Meetings on 14 October 2014 to seek shareholders' approval of the acquisition of Biofuel and its New Businesses.

The Group will continue to advise the progress of the New Businesses in the months ahead. 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/recommendeded, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 August 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 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\$2.78 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

The Board hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the quarter ended 31 August 2014 financial results to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Li Hua

Executive Chairman/Chief Executive Officer

10 October 2014
Singapore