

FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1ST QUARTER RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group Income Statement for the period ended 28 February 2007. These figures have not been audited.

	Group		
	US\$		%
In USD'000	Unaudited 3 months ended		Increase/ (Decrease)
	28/2/2007	28/2/2006	
Revenue	13,047	8,035	62%
Cost of sales	(11,211)	(5,925)	89%
Gross profit	1,836	2,110	(13%)
Other income	123	556	(78%)
Selling and distribution expenses	(57)	(89)	(36%)
General and administrative expenses	(675)	(354)	91%
Other expenses	(24)	(19)	26%
Profit from operations	1,203	2,204	(45%)
Finance costs	(48)	(72)	(33%)
Profit before tax	1,155	2,132	(46%)
Income tax	(130)	-	NM
Net profit for the financial year attributable to equity holders of the parent	1,025	2,132	(52%)

NM: Not meaningful

Note:

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

	Group	
	US\$	
In USD'000	Unaudited 3 months ended	
	28/2/2007	28/2/2006
Depreciation of property, plant and equipment	55	48
Exchange loss, net	18	10
Research and development expenses	25	12
Rental expenses	3	2
Machinery rental expenses	125	134
Interest expense	48	72
Management service fees charged to a related party	-	9
Negative goodwill arising from acquisition of additional interests in a subsidiary company	-	(536)

Breakdown of other income

	Group	
	US\$	
In USD'000	Unaudited 3 months ended	
	28/2/2007	28/2/2006
Negative goodwill arising from acquisition of additional interests in a subsidiary company	-	536
Interest income	119	13
Subsidies income	4	3
Others	-	4
Total other income	123	556

Breakdown of other expenses

	Group	
	US\$	
In USD'000	Unaudited 3 months ended	
	28/2/2007	28/2/2006
Management service fees charged to a related party	-	9
Exchange loss, net	18	10
Others	6	-
Total other expenses	24	19

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

In USD'000	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		28/2/2007	30/11/2006	28/2/2007	30/11/2006
		US\$	US\$	US\$	US\$
Non-current assets					
Property, plant and equipment		1,488	1,495	52	57
Goodwill on consolidation		29	29	-	-
Investments in subsidiary companies		-	-	4,003	4,003
		1,517	1,524	4,055	4,060
Current assets					
Cash on hand and at bank		20,329	7,459	18,427	3,570
Trade receivables		6,068	3,008	357	389
Other receivables and prepayments		3,059	2,451	9,072	10,214
Inventories		18,889	10,852	9,224	659
		48,345	23,770	37,080	14,832
Current liabilities					
Trade payables		4,391	1,867	1,617	780
Other payables		4,942	6,131	4,681	5,043
Tax payable		214	10	10	10
		9,547	8,008	6,308	5,833
Net current assets		38,798	15,762	30,772	8,999
Non-current liability					
Deferred tax liability		(34)	(34)	(4)	(4)
Net Assets		40,281	17,252	34,823	13,055
Equity					
Share capital		29,573	7,698	29,573	7,698
Reserves		10,708	9,554	5,250	5,357
		40,281	17,252	34,823	13,055

1(b)(ii) Aggregate amount of group's borrowings and debt securities.-**Amount repayable in one year or less, or on demand**

As at 28/2/2007		As at 30/11/2006	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
-	-	-	-

Amount repayable after one year

As at 28/2/2007		As at 30/11/2006	
Secured	Unsecured	Secured	Unsecured
US\$	US\$	US\$	US\$
-	-	-	-

Details of any collateral**Not Applicable**

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

In USD'000	Group	
	US\$	
	Unaudited	
	3 months ended	
	28/2/2007	28/2/2006
Cash flows from operating activities		
Profit before taxation	1,155	2,132
Adjustments for:		
Depreciation of property, plant and equipment	55	48
Negative goodwill arising from acquisition of additional interests in a subsidiary company	-	(536)
Interest income	(119)	(13)
Interest expense	48	72
Foreign currency translation	(25)	1
Operating profit before working capital changes	1,114	1,704
(Increase) in trade receivables	(3,060)	(775)
(Increase) in other receivables	(608)	(1,771)
(Increase) in inventories	(8,037)	(5,541)
Increase in trade payables	2,524	3,603
(Decrease) in other payables	(985)	(727)
Cash flows generated from operations	(9,052)	(3,507)
Income tax paid	-	(60)
Interest paid	(48)	(72)
Interest received	119	13
Net cash flows used in operating activities	(8,981)	(3,626)
Cash flows from investing activities		
Acquisition of a subsidiary company, net (Note i)	-	22
Purchase of property, plant and equipment	(24)	(90)
Net cash flows used in investing activities	(24)	(68)
Cash flows from financing activities		
Proceeds from issuance of shares	21,875	-
Proceeds from short-term bank loans	-	1,281
Net cash flows generated from financing activities	21,875	1,281
Net increase / (decrease) in cash on hand and at bank	12,870	(2,413)
Cash on hand and at bank at beginning of year	7,459	4,118
Cash on hand and at bank at end of period	20,329	1,705

Note**(i) Acquisition of a subsidiary company**

In December 2005, the Company's wholly-owned subsidiary companies, Guangxi Intai Technology Co., Ltd. ("Intai") and Liuzhou Union Zinc Industry Co., Ltd. ("UnionZinc") acquired 95% and 5% interests in Guangxi Liuzhou Nonferrous Metals Smelting Import and Export Co., Ltd. ("Liuzhou I&E") respectively for a total consideration of RMB1 million. The fair values of the identifiable assets and liabilities of Liuzhou I&E as at the date of acquisition were :

(In United States dollars)

	Recognised on acquisition/ carrying value US\$
Property, plant and equipment	1,406
Trade receivables	435,729
Other receivables	818,319
Cash and cash equivalents	145,122
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	1,400,576
Trade payables	(564,603)
Other payables	(177,034)
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Fair value of net assets	658,939
Goodwill arising on acquisition	(535,635)
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Total acquisition cost	123,304
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Cash inflow on acquisition :	
Net cash acquired with the subsidiary company	145,122
Acquisition cost	(123,304)
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Net cash inflow	21,818
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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 profits	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 30 November 2005	2,198	875	2,869	55	5,997
Conversion of loans to shares	5,500	-	-	-	5,500
Net profit for the financial year	-	-	9,501	-	9,501
Transferred from accumulated profits	-	820	(820)	-	-
Dividends declared	-	-	(4,000)	-	(4,000)
Currency translation difference arising from consolidation	-	-	-	254	254
Balance at 30 November 2006	7,698	1,695	7,550	309	17,252
Proceeds from IPO	21,875	-	-	-	21,875
Net profit for the financial period	-	-	1,025	-	1,025
Currency translation difference arising from consolidation	-	-	-	129	129
Balance at 28 February 2007	29,573	1,695	8,575	438	40,281
Company	Share capital	Accumulated profits	Total		
	US\$'000	US\$'000	US\$'000		
Balance at 30 November 2005	2,198	1,692	3,890		
Conversion of loans to shares	5,500	-	5,500		
Net profit for the financial year	-	7,665	7,665		
Dividends declared	-	(4,000)	(4,000)		
Balance at 30 November 2006	7,698	5,357	13,055		
Proceeds from IPO	21,875	-	21,875		
Net loss for the financial period	-	(107)	(107)		
Balance at 28 February 2007	29,573	5,250	34,823		

- 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 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.**

	Number of shares ('000)	Issued share capital US\$'000
Paid up ordinary shares of S\$1.00 each as at 30.11.05	3,629	2,198
Increase of ordinary shares due to share split	212,075	-
Conversion of loans into ordinary shares	52,428	5,500
Issued and paid-up share capital as at 30.11.06	268,132	7,698
Issued and paid-up share capital in connection with Initial Public Offering, net	100,000	21,875
Balance as at 28.2.07	368,132	29,573

Convertible Loans

On 16 September 2005, Unionmet entered into a convertible loan agreement with Asean China Investment Fund L.P. ("ACIF"). ACIF agreed to invest up to US\$4,000,000 in Unionmet through a convertible loan facility.

On 16 November 2005, CIM IV Limited ("CIM") executed a deed of accession and ratification to the said convertible loan agreement (the "Deed") pursuant to which CIM agreed to invest up to a further US\$1,500,000 in Unionmet.

The aggregate convertible loans amount of US\$5,500,000 (the "Loan") was made in consideration of the rights of ACIF and CIM to convert the full sum of the Loan into fully paid new shares of our Company (the "Conversion Right").

On 24 November 2006, ACIF and CIM exercised their Conversion Right and 36,627,765 and 13,735,412 Shares in the capital of our Company were allotted and in turn issued to our ACIF and CIM respectively. In addition, on the same date, 0.77% of our Company's share capital before Invitation was transferred from the original shareholders to CIM in proportion to the original shareholding percentage in our Company's share capital before restructuring, resulting in 15,800,031 shares being issued to CIM.

On 30 November 2006, our Company sub-divided each ordinary share in the issued share capital into 60 shares.

In January 2007, our Company converted to a public listed company and was successfully listed in Singapore Exchange.

- 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the recently audited financial statements for the financial year ended 30 November 2006.

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.**

There are no changes in accounting policies and methods of computation.

6. **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	
	28.2.2007	28.2.2006
Earnings 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	0.28	0.98
Weighted average number of ordinary shares for basic earnings per share computation	368,132,396	217,769,220
(b) On a fully diluted basis	Not applicable*	0.80
Weighted average number of ordinary shares adjusted for the effect for dilution	Not applicable*	268,132,396

* Diluted earnings per ordinary shares for the above period have not been calculated as no diluting events existed during these periods.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	28.2.2007	30.11.2006	28.2.2007	30.11.2006
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	10.93	6.42	9.46	4.87
No. of ordinary shares used in computing net asset value	368,132,396	268,132,396	368,132,396	268,132,396

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.**

Revenue

The Group's total revenue increased by US\$5.0 million from US\$8.0 million in the 1st quarter of FY2006 to US\$13.0 million in the 1st quarter of FY2007. The growth was fueled by the significant increase in the sales of by-products as the Group has moved upstream to process zinc concentrate in order to secure a stable supply of indium slag and strip liquor for its production of its core products, indium ingots. As the market prices of zinc related products usually track those of zinc, the average selling prices of these by-products have also increased due to the significant increase in market price of zinc.

Net Profit Margin

Compared to the financial period under review, the Group experienced a drop in net profit margin from 26.5% in the 1st quarter of FY2006 to 7.9% in the 1st quarter of FY2007 in general, due to the following:

The decline in gross profit margin of indium ingots from approximately 55% in the 1st quarter of FY2006 to 12% in the 1st quarter of FY2007 was due mainly to (i) the 15% export tariff levied by the government of the People's Republic of China ("PRC") on indium ingots with effect from 1 January 2007; (ii) the removal of 13% export tax rebate on indium ingots with effect from 14 September 2006; (iii) a decline in indium quantity sold during the financial period under review, from 3.5MT (metric tonne) in the 1st quarter of FY2006 to 2.7MT in the 1st quarter of FY2007; and (iv) a decrease in market prices of indium during the financial period under review, from US\$911.56 per MT in 1st quarter of FY2006 to US\$720.00 per MT in the 1st quarter of FY2007.

The decrease in gross profit margin of indium ingots was offset by the increase in the gross profit margin of by-products from 6% in the 1st quarter of FY2006 to 15% in 1st quarter of FY2007. The improvement in gross profit margin for by-products was due mainly to the increase in market price of zinc and the reduction in average costs of production resulting from economies of scale.

Other Income

Other income decreased by 78% or US\$0.5 million from US\$0.6 million in the 1st quarter of FY2006 to US\$0.1 million in the 1st quarter of FY2007. Included in other income in the 1st quarter of FY2006 was US\$0.5 million negative goodwill arising from acquisition of additional interests in our subsidiary, Intai.

Operating Expenses

Selling and distribution costs included transportation and travel expenses, salaries and wages and sales commissions to agents. The selling and distribution expenses decreased by US\$32K from US\$89K in the 1st quarter of FY2006 to US\$57K in the 1st quarter of FY2007. The decrease was due mainly to high transportation costs of approximately US\$28K incurred in selling zinc ingots to 3rd party in the 1st quarter of FY2006. Moving forward, our subsidiary Union Zinc no longer sells zinc ingots to 3rd parties but to our related party, Liuzhou Nonferrous Group. This resulted in cost savings by approximately US\$28K in the 1st quarter of FY2007.

Administrative expenses had increased by US\$0.3 million from US\$0.4 million in the 1st quarter of FY2006 to US\$0.7 million in the 1st quarter of FY2007 and was due mainly to higher director's fees and salary related expenses.

Profit After Tax

As a result of the aforementioned factors, profit after tax decreased by US\$1.1 million from US\$2.1 million in the 1st quarter of FY2006 to US\$1.0 million in the 1st quarter of FY2007.

Financial Position

Non-Current Assets

The Group's property, plant and equipment remained largely unchanged as at 28 February 2007 compared to 30 November 2006.

Current Assets

As at 28 February 2007, the Group's current assets amounted to US\$48.3 million comprising cash on hand and at bank of US\$20.3 million, trade receivables of US\$6.1 million, other receivables and prepayments of US\$3.0 million and inventories of US\$18.9 million.

The increase of US\$12.9 million in cash and bank balances was due mainly to the Group's successful listing on the Singapore Exchange in January 2007. The increase of US\$3.1 million in trade receivables was due to the higher sales made during the financial period under review. Other receivables and prepayments increased by US\$0.6 million due mainly to advance payment to supplier to secure more raw materials. Inventories increased by US\$8.0 million due to the higher stock levels of raw materials held during the financial period under review in anticipation of the expected increase in production activities and increased indium stock at warehouse.

Current Liabilities

The Group's current liabilities as at 28 February 2007 comprised trade payables of US\$4.4 million, other payables of US\$4.9 million and tax payable of US\$0.2 million. Increase in current liabilities was due mainly to the interim dividend of US\$4.0 million declared for FY2006.

Non-Current Liability

As at 28 February 2007, non-current liability made up of deferred tax liability of US\$34K.

Shareholders' Equity

Shareholders' equity increased by US\$23.0 million due mainly to the Group's successful listing on the Singapore Exchange in January 2007.

Cash Flow

There is an overall increase of US\$12.8 million in cash and cash equivalents as of 28 February 2007. Cash used in operating activities amounted to US\$9.0 million was due mainly to increase in inventories by US\$8.0 million. This was due mainly to the (i) expansion of our Group's extraction process for indium slag and strip liquor, where our Group leased production lines for zinc ingots, zinc sheets and zinc sulphates; (ii) increased zinc prices in the 1st quarter of FY2007; and (iii) increased indium stock at warehouse. Net cash used in investing activities amounted to US\$24K was mainly attributed to the purchase of property, plant and equipment. Net cash generated from financing activities amounted to US\$21.9 million and was due mainly to the Group's successful listing on the Singapore Exchange in January 2007.

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

None (No forecast or prospect statement has been previously disclosed to shareholders).

- 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 had enjoyed a 13% export tax rebate on indium in the past. On 14 September 2006, the PRC government announced a cut on export tax rebates on a list of export items across a wide spectrum of industries. Apart from the removal of the export tax rebate, the PRC government had on 19 December 2006 also announced that the export of unwrought indium, indium waste, and indium powder will be levied a 15% export tariff with effect from 1 January 2007. The Group's core product, indium, is one of the items affected by the aforesaid new rulings on the removal of export tax rebate and the imposition of export tariff.

If we are unable to pass on the higher cost to our customers or generate sufficient additional revenue to make up for the higher costs, the above tax factors may affect the results of the Group.

- 11. Dividend**

(a) Current Financial Period Reported On

None

(b) 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 further dividend has been declared or recommended for the financial period ended 28 February 2007.

13. **Interested Person Transactions**

(In USD)

Name of Interested Person	FY 2006	
	Aggregate value of all IPTs during the financial year under review [excluding transactions less than \$100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)]	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than \$100,000)
a) Sales to LNG ⁽¹⁾	NIL	10,313,202 ⁽²⁾
b) Purchases from LNG	NIL	2,940,852
c) Rental paid to LNG	NIL	46,151
d) Processing fees to LNG	NIL	61,156

Note 1: LNG refers to Liuzhou Nonferrous Group

Note 2: Sales to LNG include sale of zinc sheets to LNG amounted to US\$9,372,740. According to the Company's undertaking to avoid conflict of interests, Union Zinc have to sell all zinc sheets it produces to LNG and LNG must purchase all zinc sheets from Union Zinc.

14. **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 2007 to be false or misleading.

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

Chen Cong
Executive Director
12 April 2007

Meng Limin
Executive Director

BY ORDER OF THE BOARD

Meng Limin
Executive Director
12 April 2007

Note: The initial public offering of Unionmet (Singapore) Limited was sponsored by Stirling Coleman Capital Limited who assumes no responsibility for the contents of this Announcement.