

**HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MAY 2007**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR 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 half-year ended 31st May 2007. These figures have not been audited.

In USD'000	Group		
	US\$		%
	Unaudited Half year ended		Increase/ (Decrease)
	31/5/2007	31/5/2006	
Revenue	26,850	21,883	22.7
Cost of sales	(23,420)	(16,699)	40.2
Gross profit	<b>3,430</b>	<b>5,184</b>	(33.8)
Other income	357	83	>100.0
Selling and distribution expenses	(131)	(228)	(42.5)
General and administrative expenses	(1,317)	(746)	76.5
Other expenses	(54)	(61)	(11.5)
Profit from operations	<b>2,285</b>	<b>4,232</b>	(46.0)
Finance costs	(83)	(117)	(29.1)
Profit before tax	<b>2,202</b>	<b>4,115</b>	(46.5)
Income tax	(264)	(74)	>100.0
Net profit for the financial period attributable to equity holders of the parent	<b>1,938</b>	<b>4,041</b>	(52.0)

Note:

The Group had acquired interests in Guangxi Liuzhou Non-ferrous Metal Import and Export Smelting Co., Ltd ("Liuzhou I & E") in the 1<sup>st</sup> quarter of FY2006 and subsequently disposed of in the 2<sup>nd</sup> quarter of FY2006, but the net impact on the HY2006 was nil. The results of Liuzhou I&E disposed off for the 6 months period ended 31 May 2006 were as follows:

Profit after taxation	US\$'000 88
Negative goodwill arising from acquisition of Liuzhou I&E in the 1 <sup>st</sup> quarter of FY2006	536
Loss on disposal of Liuzhou I&E in the 2 <sup>nd</sup> quarter of FY2006	( 624)
Net impact on the half year ended FY2006	-

Note:

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

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited</b>	
	<b>Half-year ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Depreciation of property, plant and equipment	110	115
Exchange loss / (gain), net	41	(16)
Research and development expenses	30	25
Rental expenses	67	52
Machinery rental expenses	249	270
Interest income	(329)	(29)
Interest expense	83	117
Management service fees charged to a related party	-	(18)

Breakdown of other income

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited</b>	
	<b>Half-year ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Management service fees charged to a related party	-	18
Interest income	329	29
Exchange gain, net	-	16
Subsidies income	4	-
Others	24	20
<b>Total other income</b>	<b>357</b>	<b>83</b>

Breakdown of other expenses

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited</b>	
	<b>Half-year ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Exchange loss, net	41	-
Others	13	61
<b>Total other expenses</b>	<b>54</b>	<b>61</b>

Group Income Statement for the 2<sup>nd</sup> quarter ended 31<sup>st</sup> May 2007. These figures have not been audited.

	Group		
	US\$		%
In USD'000	Unaudited 2 <sup>nd</sup> quarter ended		Increase/ (Decrease)
	31/5/2007	31/5/2006	
Revenue	13,803	14,217	(2.9)
Cost of sales	(12,209)	(11,139)	9.6
Gross profit	<b>1,594</b>	<b>3,078</b>	(48.2)
Other income	234	64	>100.0
Selling and distribution expenses	(74)	(151)	(51.0)
General and administrative expenses	(642)	(403)	59.3
Other expenses	(30)	(52)	(42.3)
Profit from operations	<b>1,082</b>	<b>2,536</b>	(57.3)
Finance costs	(35)	(37)	(5.4)
Profit before tax	<b>1,047</b>	<b>2,499</b>	(58.1)
Income tax	(134)	(74)	81.1
Net profit for the financial period from the continuing operations	<b>913</b>	<b>2,425</b>	(62.4)
Net loss for the financial period from the discontinued operations (Note 1)	-	(516)	NM
Net profit for the financial period attributable to equity holders of the parent	<b>913</b>	<b>1,909</b>	(52.2)

NM: Not meaningful

Note 1:

The Group had acquired interests in Guangxi Liuzhou Non-ferrous Metal Import and Export Smelting Co., Ltd ("Liuzhou I & E") in the 1<sup>st</sup> quarter of FY2006 and subsequently disposed of in the 2<sup>nd</sup> quarter of FY2006, which resulted in a loss from the discontinued operations of US\$0.5million in the 2<sup>nd</sup> quarter of FY2006 but the net impact on the HY2006 was nil. The results of Liuzhou I&E disposed off for the 2<sup>nd</sup> quarter of FY2006 were as follows:

Profit after taxation from Liuzhou I&E in the 2 <sup>nd</sup> quarter of FY2006	US\$'000 108
Loss on disposal of Liuzhou I&E in the 2 <sup>nd</sup> quarter of FY2006	<u>(624)</u>
Net loss for the financial period from the discontinued operations	<u>516</u>

Note:

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

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited 2<sup>nd</sup> quarter ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Depreciation of property, plant and equipment	55	67
Exchange loss / (gain), net	23	(16)
Research and development expenses	5	13
Rental expenses	64	50
Machinery rental expenses	124	136
Interest income	210	16
Interest expense	35	37
Management service fees charged to a related party	-	(18)

Breakdown of other income

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited 2<sup>nd</sup> quarter ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Management service fees charged to a related party	-	18
Interest income	210	16
Exchange gain, net	-	16
Others	24	14
<b>Total other income</b>	<b>234</b>	<b>64</b>

Breakdown of other expenses

	<b>Group</b>	
	<b>US\$</b>	
<b>In USD'000</b>	<b>Unaudited 2<sup>nd</sup> quarter ended</b>	
	<b>31/5/2007</b>	<b>31/5/2006</b>
Exchange loss, net	23	-
Others	7	52
<b>Total other expenses</b>	<b>30</b>	<b>52</b>

**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
		31/5/2007	30/11/2006	31/5/2007	30/11/2006
		US\$	US\$	US\$	US\$
<b>Non-current assets</b>					
Property, plant and equipment		1,459	1,495	48	57
Goodwill on consolidation		29	29	-	-
Investments in subsidiary companies		-	-	8,438	4,003
		<b>1,488</b>	<b>1,524</b>	<b>8,486</b>	<b>4,060</b>
<b>Current assets</b>					
Cash on hand and at bank		16,948	7,459	9,693	3,570
Trade & notes receivables		3,088	3,008	2,378	389
Other receivables and prepayments		5,000	2,451	9,055	10,214
Tax recoverable		102	-	-	-
Inventories		20,118	10,852	10,060	659
		<b>45,256</b>	<b>23,770</b>	<b>31,186</b>	<b>14,832</b>
<b>Current liabilities</b>					
Trade payables		349	1,867	632	780
Other payables		4,687	6,131	4,303	5,043
Tax payable		8	10	8	10
		<b>5,044</b>	<b>8,008</b>	<b>4,943</b>	<b>5,833</b>
<b>Net current assets</b>		<b>40,212</b>	<b>15,762</b>	<b>26,243</b>	<b>8,999</b>
<b>Non-current liability</b>					
Deferred tax liability		(34)	(34)	(4)	(4)
<b>Net Assets</b>		<b>41,666</b>	<b>17,252</b>	<b>34,725</b>	<b>13,055</b>
<b>Equity</b>					
Share capital		29,501	7,698	29,501	7,698
Reserves		12,165	9,554	5,224	5,357
		<b>41,666</b>	<b>17,252</b>	<b>34,725</b>	<b>13,055</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 31/5/2007</b>		<b>As at 30/11/2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
-	-	-	-

**Amount repayable after one year**

<b>As at 31/5/2007</b>		<b>As at 30/11/2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
-	-	-	-

**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	
	2 <sup>nd</sup> quarter ended	
	31/5/2007	31/5/2006
<b>Cash flows from operating activities</b>		
Profit before taxation	1,047	2,478
Adjustments for:		
Depreciation of property, plant and equipment	55	67
Interest income	(210)	(16)
Interest expense	35	37
Loss on disposal of a subsidiary company	-	624
Foreign currency translation	522	(2)
<b>Operating profit before working capital changes</b>	<b>1,449</b>	<b>3,188</b>
Decrease / (Increase) in trade & notes receivables	2,980	(1,274)
(Increase) in other receivables	(2,043)	(417)
(Increase) in inventories	(1,229)	(1,521)
(Decrease) in trade payables	(4,042)	(1,930)
(Decrease) / Increase in other payables	(254)	1,145
<b>Cash flows used in operations</b>	<b>(3,139)</b>	<b>(809)</b>
Income tax paid	(340)	(58)
Interest paid	(35)	(37)
Interest received	210	16
<b>Net cash flows used in operating activities</b>	<b>(3,304)</b>	<b>(888)</b>
<b>Cash flows from investing activities</b>		
Disposal of a subsidiary company, net	-	78
Purchase of property, plant and equipment	(5)	(120)
<b>Net cash flows used in investing activities</b>	<b>(5)</b>	<b>(42)</b>
<b>Cash flows from financing activities</b>		
Share issue expenses	(72)	-
Increase in bills payable to banks	-	986
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(72)</b>	<b>986</b>
Net (decrease) / increase in cash on hand and at bank	(3,381)	56
Cash on hand and at bank at beginning of 1st quarter	20,329	1,705
<b>Cash on hand and at bank at end of 2nd quarter</b>	<b>16,948</b>	<b>1,761</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 profits	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 March 2007</b>	<b>29,573</b>	<b>1,695</b>	<b>8,575</b>	<b>438</b>	<b>40,281</b>
Share issue expenses	(72)	-	-	-	(72)
Net profit for the financial period	-	-	913	-	913
Currency translation difference arising from consolidation	-	-	-	544	544
<b>Balance at 31 May 2007</b>	<b>29,501</b>	<b>1,695</b>	<b>9,488</b>	<b>982</b>	<b>41,666</b>
<b>Balance at 1 March 2006</b>	<b>2,198</b>	<b>875</b>	<b>5,001</b>	<b>55</b>	<b>8,129</b>
Net profit for the financial period	-	-	1,909	-	1,909
Transferred from accumulated profit	-	152	(152)	-	-
<b>Balance at 31 May 2006</b>	<b>2,198</b>	<b>1,027</b>	<b>6,758</b>	<b>55</b>	<b>10,038</b>
Company	Share capital	Accumulated profits	Total		
	US\$'000	US\$'000	US\$'000		
<b>Balance at 1 March 2007</b>	<b>29,573</b>	<b>5,250</b>	<b>34,823</b>		
Share issue expenses	(72)	-	(72)		
Net profit for the financial period	-	(26)	(26)		
<b>Balance at 31 May 2007</b>	<b>29,501</b>	<b>5,224</b>	<b>34,725</b>		
<b>Balance at 1 March 2006</b>	<b>2,198</b>	<b>1,857</b>	<b>4,055</b>		
Net profit for the financial period	-	408	408		
<b>Balance at 31 May 2006</b>	<b>2,198</b>	<b>2,265</b>	<b>4,463</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 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 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
<b>Issued and paid-up share capital as at 30.11.06</b>	<b>268,132</b>	<b>7,698</b>
Issued and paid-up share capital in connection with Initial Public Offering, net	100,000	21,875
<b>Balance as at 28.2.07</b>	<b>368,132</b>	<b>29,573</b>
Share issue expenses	-	(72)
<b>Balance as at 31.5.07</b>	<b>368,132</b>	<b>29,501</b>

No changes in the Company's share capital since the end of the previous period reported on.

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	
	For half-year ended	
	31.5.2007	31.5.2006
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	0.53	1.86
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	1.51
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.*

	Group	
	For 2 <sup>nd</sup> quarter ended	
	31.5.2007	31.5.2006
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	0.25	0.88
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	0.71
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	
	31.5.2007	30.11.2006	31.5.2007	30.11.2006
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	11.32	6.42	9.43	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.**

### **Review of the performance of the Group for the 2<sup>nd</sup> quarter ended 31.5.07**

#### **Revenue**

The Group's total revenue decreased by approximately US\$0.4 million from US\$14.2 million in the 2<sup>nd</sup> quarter of FY2006 to US\$13.8 million in the 2<sup>nd</sup> quarter of FY2007. The decrease is due mainly to (i) a decline in indium quantity sold during the financial period under review, from 6.3MT (metric tonne) in the 2<sup>nd</sup> quarter of FY2006 to 1.5MT in the 2<sup>nd</sup> quarter of FY2007; and (ii) a decrease in market prices of indium during the financial period under review, from US\$936.0 per MT in the 2<sup>nd</sup> quarter of FY2006 to US\$713.0 per MT in the 2<sup>nd</sup> quarter of FY2007.

The decreased in revenue contributed by indium ingots was partially offset by the growth 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 from US\$3,022.5 per MT in the 2<sup>nd</sup> quarter of FY2006 to US\$3,560.2 per MT in the 2<sup>nd</sup> quarter of FY2007

#### **Net Profit Margin**

Compared to the financial period under review, the Group experienced a drop in net profit margin from 13.4% in the 2<sup>nd</sup> quarter of FY2006 to 6.6% in the 2<sup>nd</sup> quarter of FY2007 in general, due to the following:

The decline in gross profit margin of indium ingots from approximately 43.6% in the 2<sup>nd</sup> quarter of FY2006 to 35.8% in the 2<sup>nd</sup> 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 6.3MT (metric tonne) in the 2<sup>nd</sup> quarter of FY2006 to 1.5MT in the 2<sup>nd</sup> quarter of FY2007; and (iv) a decrease in market prices of indium during the financial period under review, from US\$936.0 per MT in the 2<sup>nd</sup> quarter of FY2006 to US\$713.0 per MT in the 2<sup>nd</sup> quarter of FY2007.

The decrease in gross profit margin of indium ingots was partially offset by the increase in the gross profit margin of by-products from 8.6% in the 2<sup>nd</sup> quarter of FY2006 to 9.5% in the 2<sup>nd</sup> quarter of FY2007. The improvement in gross profit margin for by-products was due mainly to the increase in market price of zinc from US\$3,022.5 per MT in the 2<sup>nd</sup> quarter of FY2006 to US\$3,560.2 per MT in the 2<sup>nd</sup> quarter of FY2007 and the reduction in average costs of production resulting from economies of scale.

#### **Other Income**

Other income had increased by US\$0.1 million from US\$0.1 million in the 2<sup>nd</sup> quarter of FY2006 to US\$0.2 million in the 2<sup>nd</sup> quarter of FY2007 and was due mainly to interest income earned from placement of overnight deposits with financial institution.

## **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\$0.1 million from US\$0.2 million in the 2<sup>nd</sup> quarter of FY2006 to US\$0.1 million in the 2<sup>nd</sup> quarter of FY2007. The decrease was due mainly to high transportation costs incurred in selling zinc ingots to 3<sup>rd</sup> party in the 2<sup>nd</sup> quarter of FY2006. Moving forward, our subsidiary Union Zinc no longer sells zinc ingots to 3<sup>rd</sup> parties but to our related party, Liuzhou Nonferrous Group. This resulted in cost savings by approximately US\$0.1 million in the 2<sup>nd</sup> quarter of FY2007.

Administrative expenses had increased by US\$0.2 million from US\$0.4 million in the 2<sup>nd</sup> quarter of FY2006 to US\$0.6 million in the 2<sup>nd</sup> quarter of FY2007 and was due mainly to higher director's fees and salary related expenses.

## **Profit After Tax**

The Group's net profit after tax for the financial period under review decreased by US\$1.0 million from US\$1.9 million in the 2<sup>nd</sup> quarter of FY2006 to US\$0.9 million in the 2<sup>nd</sup> quarter of FY2007.

## **Review of the performance of the Group for the half year ended 31.5.07**

### **Revenue**

The Group's total revenue increased by approximately US\$5.0 million from US\$21.9 million in the 1<sup>st</sup> half year of FY2006 to US\$26.9 million in the 1<sup>st</sup> half year 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 from US\$2,533.2 per MT in the 1<sup>st</sup> half year of FY2006 to US\$3,694.6 per MT in the 1<sup>st</sup> half year of FY2007.

### **Net Profit Margin**

Compared to the financial period under review, the Group experienced a drop in net profit margin from 18.5% in the 1<sup>st</sup> half year of FY2006 to 7.2% in the 1<sup>st</sup> half year of FY2007 in general, due to the following:

The decline in gross profit margin of indium ingots from approximately 50.2% in the 1<sup>st</sup> half year of FY2006 to 31.8% in the 1<sup>st</sup> half year 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 9.8MT (metric tonne) in the 1<sup>st</sup> half year of FY2006 to 3.8MT in the 1<sup>st</sup> half year of FY2007; and (iv) a decrease in market prices of indium during the financial period under review, from US\$923.7 per MT in the 1<sup>st</sup> half year of FY2006 to US\$717.0 per MT in the 1<sup>st</sup> half year of FY2007.

The decrease in gross profit margin of indium ingots was partially +offset by the increase in the gross profit margin of by-products from 7.7% in the 1<sup>st</sup> half year of FY2006 to 10.8% in the 1<sup>st</sup> half year 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 increased by US\$0.3 million from US\$0.1 million in the 1<sup>st</sup> half year of FY2006 to US\$0.4 million in the 1<sup>st</sup> half year of FY2007. Included in other income in the 1<sup>st</sup> half year of FY2007 was US\$0.3 million interest income earned from placement of overnight deposits with financial institution.

**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\$0.1 million from US\$0.2 million in the 1<sup>st</sup> half year of FY2006 to US\$0.1 million in the 1<sup>st</sup> half year of FY2007. The decrease was due mainly to high transportation costs incurred in selling zinc ingots to 3<sup>rd</sup> party in the 1<sup>st</sup> half year of FY2006. Moving forward, our subsidiary Union Zinc no longer sells zinc ingots to 3<sup>rd</sup> parties but to our related party, Liuzhou Nonferrous Group. This resulted in cost savings by approximately US\$0.1 million in the 1<sup>st</sup> half year of FY2007.

Administrative expenses had increased by US\$0.6 million from US\$0.7 million in the 1<sup>st</sup> half year of FY2006 to US\$1.3 million in the 1<sup>st</sup> half year 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\$2.1 million from US\$4.0 million in the 1<sup>st</sup> half year of FY2006 to US\$1.9 million in the 1<sup>st</sup> half year of FY2007.

**Financial Position****Non-Current Assets**

The Group's property, plant and equipment remained largely unchanged as at 31 May 2007 compared to 30 November 2006.

**Current Assets**

As at 31 May 2007, the Group's current assets amounted to US\$45.2 million comprising cash on hand and at bank of US\$16.9 million, trade and notes receivables of US\$3.1 million, other receivables and prepayments of US\$5.0 million, tax recoverable of US\$0.1 million and inventories of US\$20.1 million.

The increase of US\$9.5 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\$80K in trade receivables was due to the higher sales made during the financial period under review. Other receivables and prepayments increased by US\$2.5 million due mainly to advance payment to supplier to secure more raw materials. Inventories increased by US\$9.3 million due to the higher stock levels of finished goods and 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 31 May 2007 comprised trade payables of US\$0.3 million, other payables of US\$4.7 million and tax payable of US\$8K. Decreased in current liabilities was due mainly to the decreased in trade and other payables by US\$1.5 million and US\$ 1.4 million respectively.

### Non-Current Liability

As at 31 May 2007, non-current liability made up of deferred tax liability of US\$34K.

### Shareholders' Equity

Shareholders' equity increased by US\$24.4 million due mainly to the Group's successful listing on the Singapore Exchange in January 2007.

### Cash Flow

There is an overall decreased of US\$3.4 million in cash and cash equivalents for the 2<sup>nd</sup> quarter ended 31 May 2007. Cash used in operating activities amounted to US\$3.3 million was due mainly to increase in inventories by US\$1.2 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 1<sup>st</sup> HY2007; and (iii) increased indium stock at warehouse. Net cash used in investing activities amounted to US\$5K was mainly attributed to the purchase of property, plant and equipment. Net cash used in financing activities amounted to US\$72K was attributed to share issue expenses of the Group's successfully listed 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.**

Pursuant to a Notice by the People's Republic of China ("PRC") authorities on 23 May 2007, Guangxi Intai Technology Co., Ltd., a wholly-owned subsidiary of the Company is amongst the 18 PRC companies to qualify for a permit to export Indium.

The export quota for Indium is subject to annual review and revision by the PRC authorities.

The PRC authorities had granted a total quantum of 120MT of Indium to be exported by these 18 qualified exporters in the second half of 2007. As the export quota granted to the Company is less than our Indium production capacity, we may have to sell part of the Indium products in the PRC and this may affect the results of the Group.

Prior to the announcement by the PRC authorities on export quota, the Company reviewed alternatives and strategies to ease the impact of the export quota on the Group, such as the maintenance of stock outside PRC. In this connection, sufficient Indium stock had already been stored in Hong Kong to meet external demand for the rest of the year.

On a separate issue, the Group had included in its long term plan to move up the value chain to produce Indium products such as ITO (Indium-Tin-Oxide) which generate higher return. The Group is in the process of achieving this objective and will make the necessary announcement in due course.

**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 31 May 2007.

**13. Interested Person Transactions**

(In USD)

Name of Interested Person	For 2 <sup>nd</sup> quarter ended FY 2007	
	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 <sup>(1)</sup>	NIL	11,462,717 <sup>(2)</sup>
b) Purchases from LNG	NIL	2,597,426
c) Rental paid to LNG	NIL	32,471
d) Processing fees to LNG	NIL	30,579

Note 1: LNG refers to Liuzhou Nonferrous Group

Note 2: Sales to LNG include sale of zinc sheets to LNG amounted to US\$9,948,630.. 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.

(In USD)

Name of Interested Person	For half year ended FY 2007	
	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 <sup>(1)</sup>	NIL	21,775,919 <sup>(2)</sup>
b) Purchases from LNG	NIL	5,538,278
c) Rental paid to LNG	NIL	78,622
d) Processing fees to LNG	NIL	91,735

*Note 1: LNG refers to Liuzhou Nonferrous Group*

*Note 2: Sales to LNG include sale of zinc sheets to LNG amounted to US\$19,681,370. 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 31 May 2007 to be false or misleading.

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

Chen Cong  
**Executive Director**  
11 July 2007

Meng Limin  
**Executive Director**

BY ORDER OF THE BOARD

Chen Cong  
Executive Director & Chief Executive Officer  
11 July 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.