

Unionmet (Singapore) Limited

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

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 30 NOVEMBER 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL 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 full year ended 30 November 2008. These figures have not been audited.

	Group		
	US\$'000		%
	30/11/2008	30/11/2007	Increase/ (Decrease)
Revenue	29,821	46,934	(36.5)
Cost of sales	(34,683)	(41,268)	(16.0)
Gross (loss)/profit	(4,862)	5,666	(185.8)
Other income	2,275	1,213	87.6
Selling and distribution expenses	(355)	(249)	42.6
General and administrative expenses	(3,968)	(3,331)	19.1
Other expenses	(388)	(88)	340.9
(Loss)/profit from operations	(7,298)	3,211	(327.3)
Finance costs	(11)	(127)	(91.3)
(Loss)/profit before tax	(7,309)	3,084	(337.0)
Income tax	110	(447)	(124.6)
Net (loss)/profit for the year attributable to equity holders of the parent	(7,199)	2,637	(373.0)

Note:

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

	Group	
	US\$'000	
	30/11/2008	30/11/2007
Depreciation of property, plant and equipment	311	232
Exchange loss /(gain), net	159	(440)
Derivative financial instruments:		
- Net realised (gains)/losses on derivative financial instruments	(1,829)	62
- Net unrealised gains on derivative financial instruments	(89)	(132)
Interest expense	11	127
Interest income	(352)	(573)
Inventories write-down	3,684	93
Write-off of property, plant and equipment	167	-
Loss on disposal of property, plant and equipment	10	-
Machinery rental expenses	742	424
Rental expenses	189	138
Research and development expenses	21	56
Goodwill on consolidation written off	29	-

Breakdown of other income:

	Group	
	US\$'000	
	30/11/2008	30/11/2007
Exchange gain, net	-	440
Interest income	352	573
Subsidies income	-	64
Net realised gains on derivative financial instruments	1,829	-
Net unrealised gains on derivative financial instruments	89	132
Others	5	4
Total other income	2,275	1,213

Breakdown of other expenses:

	Group	
	US\$'000	
	30/11/2008	30/11/2007
Net realised loss on derivative financial instruments	-	62
Exchange loss, net	159	-
Write-off of property, plant and equipment	167	-
Loss on disposal of property, plant and equipment	10	-
Goodwill on consolidation written off	29	-
Others	23	26
Total other expenses	388	88

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.

	Group		Company	
	US\$'000		US\$'000	
	30/11/2008	30/11/2007	30/11/2008	30/11/2007
Non-current assets				
Property, plant and equipment	3,394	1,496	48	41
Goodwill on consolidation	-	29	-	-
Deferred tax assets	219	14	-	-
Investments in subsidiaries	-	-	6,738	9,538
	3,613	1,539	6,786	9,579
Current assets				
Cash on hand and at bank	17,629	18,082	14,463	10,086
Trade receivables	1,048	343	-	-
Other receivables and prepayments	3,375	3,054	1,926	4,537
Derivative financial instruments	238	134	-	-
Inventories	14,285	20,721	4,063	9,247
	36,575	42,334	20,452	23,870
Current liabilities				
Trade payables	1,344	172	1	3
Other payables	2,086	1,280	315	304
Tax payable	4	66	-	-
	3,434	1,518	316	307
Net current assets	33,141	40,816	20,136	23,563
Non-current liabilities				
Deferred tax liabilities	57	55	4	4
Net assets	36,697	42,300	26,918	33,138
Shareholders' equity				
Share capital	29,524	29,524	29,524	29,524
Reserves	7,173	12,776	(2,606)	3,614
	36,697	42,300	26,918	33,138

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

Amount repayable in one year or less, or on demand

As at 30/11/2008		As at 30/11/2007	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 30/11/2008		As at 30/11/2007	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

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.

	Group	
	US\$'000	
	30/11/2008	30/11/2007
Cash flows from operating activities:		
(Loss)/profit before tax	(7,309)	3,084
Adjustments for:		
Depreciation of property, plant and equipment	311	232
Write-off of property, plant and equipment	167	-
Loss on disposal of property, plant and equipment	10	-
Net unrealised gains on derivative financial instruments	(89)	(132)
Interest expense	11	127
Interest income	(352)	(573)
Inventories write-down	3,684	93
Goodwill on consolidation written off	29	-
Foreign currency translation	1,478	518
Operating cash flows (used in)/ generated from before working capital changes	(2,060)	3,349
(Increase)/decrease in trade receivables	(705)	2,665
Increase in other receivables and prepayments	(321)	(603)
Decrease/(increase) in inventories	2,752	(9,963)
Increase/(decrease) in trade payables	1,172	(1,695)
Increase/(decrease) in other payables	806	(850)
Cash flows generated from/(used in) operations	1,644	(7,097)
Income tax paid	(155)	(386)
Interest received	352	573
Interest paid	(11)	(127)
Net cash flows generated from/(used in) operating activities	1,830	(7,037)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,298)	(224)
Proceed from disposal of property, plant and equipment	15	58
Net cash flows used in investing activities	(2,283)	(166)
Cash flows from financing activities:		
Proceeds from issuance of shares	-	21,826
Dividend paid to shareholders	-	(4,000)
Net cash flows from financing activities	-	17,826
Net (decrease)/increase in cash on hand and at bank	(453)	10,623
Cash on hand and at bank at beginning of year	18,082	7,459
Cash on hand and at bank at end of year	17,629	18,082

- 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 capitalization 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 2006	7,698	1,695	7,550	309	17,252
Proceeds from issuance of shares	21,826	-	-	-	21,826
Net profit for the financial year	-	-	2,637	-	2,637
Currency translation difference arising from consolidation	-	-	-	585	585
Balance at 30 November 2007	29,524	1,695	10,187	894	42,300
Net loss for the financial year	-	-	(7,199)	-	(7,199)
Transferred from accumulated profits	-	325	(325)	-	-
Currency translation difference arising from consolidation	-	-	-	1,596	1,596
Balance at 30 November 2008	29,524	2,020	2,663	2,490	36,697

Company	Share capital	Accumulated profits	Total
	US\$'000	US\$'000	US\$'000
Balance at 30 November 2006	7,698	5,357	13,055
Proceeds from issuance of shares	21,826	-	21,826
Net loss for the financial year	-	(1,743)	(1,743)
Balance at 30 November 2007	29,524	3,614	33,138
Net loss for the financial year	-	(6,220)	(6,220)
Balance at 30 November 2008	29,524	(2,606)	26,918

- 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 our share capital since the end of the financial year ended 30 November 2007.

There were no shares held as treasury shares as at 30 November 2008 and 30 November 2007.

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 30 November 2008 and 30 November 2007 respectively was 368,132,396 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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 30 November 2007, except as mentioned in item 5.

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.

FRS and INT FRS which have been issued and effective for the Group's financial year ended 30 November 2008 are as follows:

FRS 1: Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)

FRS 107: Financial Instruments: Disclosures

The above deal with accounts presentation and disclosure requirements and, as such, there was no financial impact on the financial statements of the Group.

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	
	30/11/2008	30/11/2007
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	(1.96)	0.75
Weighted average number of ordinary shares for basic earnings per share computation	368,132,396	351,146,095
(b) On a fully diluted basis	(1.96)	0.75
Weighted average number of ordinary shares adjusted for the effect for dilution	368,132,396	351,146,095

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	
	30/11/2008	30/11/2007	30/11/2008	30/11/2007
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents)	9.97	11.49	7.31	9.00
No. of ordinary shares used in computing net asset value	368,132,396	368,132,396	368,132,396	368,132,396

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 PERFORMANCE (FULL YEAR)

Revenue

The Group's total revenue decreased by approximately US\$17.1 million from US\$46.9 million in FY2007 to US\$29.8 million in FY2008. The decrease was due mainly to the reduction in sales of by-products of the Group caused by a decrease in market prices of zinc related products.

The decrease was partially offset by an increase in indium quantity sold, from 3.8 MT (metric tonne) in FY2007 to 11.5MT in FY2008. However, the sales price of indium were affected due to lower average market prices of indium resulting in lower value of sales.

Net Profit Margin

The Group recorded a net loss margin of 24.1% in FY2008 compared to a net profit margin of 5.6% in FY2007, due mainly to the following:

- a) Lower margins from the sales of our indium as a result of lower market prices. According to the Metal Bulletin, average market prices of indium decreased by approximately 18.1% from US\$692.0 per MT in FY2007 to US\$566.9 per MT in FY2008;
- b) The decrease in market prices of zinc related products. In addition, the discontinuation of some leased production lines for the extraction of indium slag and strip liquor by one of our key subsidiaries further led to a reduction in production capacity of by-products. According to London Metal Exchange, the average market prices of zinc decreased by approximately US\$2,200 from approximately US\$3,600 per tonne in FY2007 to approximately US\$1,400 per tonne in FY2008. This in turn caused the average selling prices and margins of our zinc related products such as zinc ingots to decline;
- c) Cost of sales comprised inventories write-down of zinc related products, indium inventories and cost of our indium and zinc related products sold.

A write down of approximately US\$2.0 million and US\$1.7 million for our zinc related products and indium inventories, respectively, was made as a result of the downward trend in market prices compared to US\$0.1 million in FY2007.

The higher cost of sales of by-products arose from an increase in production overhead such as water and electricity, higher rental costs and repair and maintenance costs from a new subsidiary, Rongan Union Zinc Industry Co. Ltd. ("Rongan") for newly leased production lines of electrolytic zinc, zinc sulphates, sulphuric acid and auxiliary supplies such as coal.

- d) Higher operating expenses were mainly attributable to increased general, administrative and other expenses resulting mainly from Rongan.

Other Income

Other income had increased by approximately US\$1.1 million from US\$1.2 million in FY2007 to US\$2.3 million in FY2008 mainly due to the net gains on derivative financial instruments of US\$1.9 million. The increase was partially offset by the following:

- 1) Net foreign exchange gain of US\$0.4 million in FY 2007 compared to a net foreign exchange loss of US\$0.2 million in FY 2008;
- 2) Lower interest income earned from placement of overnight deposits with financial institutions caused by a decrease in average interest rates.

Operating Expenses

Selling and distribution expenses included transportation and travel expenses, salaries and others. Higher selling and distribution expenses were due mainly to higher transportation costs incurred in the selling of by-products such as zinc ingots and strip liquor to 3rd party and for other sales.

General and administrative expenses increased by approximately US\$0.7 million, from approximately US\$3.3 million in FY2007 to approximately US\$4.0 million in FY2008 due mainly to higher social and assets insurance expenses for our subsidiaries in the People's Republic of China ("PRC") as a result of upward revision of premiums in July 2008, office rental for Singapore office space, professional fees for the evaluation of merger & acquisition targets, expenses associated with those discontinued production lines such as staff termination benefits and cleaning costs, general and administrative expenses from the new subsidiaries, Guangxi Crystal Union Photoelectric Materials Co., Ltd ("Crystal") and Rongan.

Other expenses of US\$0.4 million in FY2008 were higher compared with US\$0.1 million in FY2007. The increase was mainly attributable to the loss on disposal and write off of fixed assets amounting to approximately US\$0.2 million in FY2008. The latter resulted from the discontinuation of some leased production lines for the extraction of indium slag and strip liquor by one of our key subsidiaries compared to US\$27,000 in FY2007.

Finance Cost

Finance cost decreased due to a reduction in bills financing in FY2008 compared to FY2007.

(Loss)/Profit After Tax

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$7.2 million in FY2008, compared to a profit after tax of approximately US\$2.6 million in FY2007.

REVIEW OF FINANCIAL POSITION (FULL YEAR)

Non-Current Assets

The Group's non-current assets increased by approximately US\$2.1 million, from approximately US\$1.5 million as at FY2007 to approximately US\$3.6 million as at FY2008 due primarily to additions of property, plant and equipment of approximately US\$2.3 million, partially offset by depreciation of approximately US\$0.3 million. Additions of property, plant and equipment mainly comprised construction in progress, plant and machinery, office equipment and motor vehicles. The increase was also due to the increase in deferred tax assets of approximately US\$0.2 million in relation to the inventories write-down of our zinc and indium inventories in the PRC.

The Company's investment in subsidiaries decreased by US\$2.8 million due mainly to provision for impairment made for one of the subsidiaries.

Current Assets

As at FY2008, the Group's current assets amounted to approximately US\$36.6 million compared to US\$42.3 million. The FY2008 balance comprised mainly of cash on hand and at bank of US\$17.6 million (FY2007 : US\$18.1million), trade receivables of US\$1.0 million (FY2007 : US\$0.3 million), other receivables and prepayments of US\$3.4 million (FY2007 : US\$3.1 million) and inventories of US\$14.3 million (FY2007 : US\$20.7 million).

The increase in trade receivables of approximately US\$0.7 million was due mainly to a sale of raw materials to a customer towards the end of FY2008 compared to none in FY 2007.

The decrease in inventories of approximately US\$6.4 million was due mainly to an effort by the Group to reduce stock holdings and the inventories write-down as explained above.

Other Receivables and prepayments for the Company decreased by US\$2.6 million due mainly to dividend receivable of US\$2.7 million in FY2007 compared to none this year.

Current Liabilities

As at FY2008, the Group's current liabilities amounted to approximately US\$3.4 million compared to US\$1.5 million in FY2007. The balance in FY2008 comprised mainly trade payables of US\$1.3 million (FY2007 : US\$0.2 million) and other payables of US\$2.1 million (FY2007 : US\$1.3 million).

The increase in trade payables was attributable to slower payments made to our suppliers for direct materials purchased, while other payables were due mainly to advances from customers of our by-products and rental payable for our newly leased production lines by Rongan during the financial year.

Non-Current Liabilities

No significant variances for FY 2008 to FY2007.

Shareholders' Equity

Shareholders' equity decreased to US\$36.7 million due mainly to the Group's net loss position for FY2008.

Cash Flow (FY2008 VS FY2007)

There was an overall decrease of US\$0.5 million in cash and cash equivalents for FY2008, attributable to net cash used in investing activities amounting to US\$2.3 million which were used for the purchase of property, plant and equipment by one of its subsidiaries. The decrease was partially offset by the Group's efforts to reduce inventories and better working capital management.

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

The results announcement for the full year is in line with the profit warning statement issued by the Company on 29 December 2008.

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 industry that the Group is operating in is currently subject to uncertain demand and significant pricing volatility of indium and zinc.

The Board expects that indium and zinc price containment will remain a challenge to the Group as these prices may continue to fluctuate significantly. Due to the sensitivity of the PRC market prices for indium ingots and zinc related products against the international market prices, any significant fluctuation in international market prices will have an adverse impact on our business.

Arising from the uncertain market conditions and to coincide with the Lunar New Year festive period celebrations in end January 2009, the Group has decided to shutdown the production plants for 3 of its PRC subsidiaries for 45 days as announced on 29 December 2008. This will also enable the Group to reduce production costs.

Production and sales of Indium Tin Oxide ("ITO") has also been deferred while the research and development work will continue to bring the product specifications to meet the targeted market segment.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(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 year ended 30 November 2008.

PART II - ADDITIONAL INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the preceding year.**

(a) Analysis by business segments

	Indium US\$'000	Other by- products US\$'000	Total US\$'000
2008			
Segment revenue			
-External	6,754	23,067	29,821
Segment profit from operations	(1,431)	(5,867)	(7,298)
Interest expense			(11)
Profit before tax			(7,309)
Income tax			110
Net profit for the year			(7,199)
Depreciation of property, plant and equipment	70	241	311
2007			
Segment revenue			
-External	2,581	44,353	46,934
Segment profit from operations	481	2,730	3,211
Interest expense			(127)
Profit before tax			3,084
Income tax			(447)
Net profit for the year			2,637
Depreciation of property, plant and equipment	13	219	232

(b) Analysis by geographical segments (based on where customers are located)

	China/ Hong Kong US\$'000	Japan US\$'000	USA/ Europe US\$'000	Other Asia US\$'000	Total US\$'000
2008					
Segment revenue					
-External	23,135	-	6,549	137	29,821
2007					
Segment revenue					
-External	45,582	273	323	756	46,934

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please see paragraph 8.

15. A breakdown of sales.

	Latest Financial Year \$'000	Previous Financial Year \$'000	% Increase/ (Decrease)
	Group	Group	Group
(a) Sales reported for first half year	16,496	26,850	(38.6)
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(3,082)	1,938	(259.0)
(c) Sales reported for second half year	13,325	20,084	(33.7)
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(4,117)	699	(689.0)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividends were declared or paid in the latest full year and the previous full year.

17. Interested Person Transactions ("IPTs")

Not Applicable.

BY ORDER OF THE BOARD

Meng Limin
Executive Director

20 January 2009

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.