

Unionmet (Singapore) Limited

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

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 30 NOVEMBER 2009

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 the full year ended 30 November 2009. These figures have not been audited.

	Group		
	US\$'000		%
	Unaudited		
	30/11/2009	30/11/2008	Increase/ (Decrease)
Revenue	9,124	29,821	(69.4)
Cost of sales	(7,688)	(34,683)	(77.8)
Gross profit/(loss)	1,436	(4,862)	(129.5)
Other income	234	2,275	(89.7)
Selling and distribution expenses	(92)	(355)	(74.1)
General and administrative expenses	(3,637)	(3,968)	(8.3)
Other expenses	(1,483)	(388)	282.2
Loss from operations	(3,542)	(7,298)	(51.5)
Finance costs	-	(11)	(100.0)
Loss before tax	(3,542)	(7,309)	(51.5)
Income tax	(134)	110	(221.8)
Net loss for the year attributable to equity holders of the parent	(3,676)	(7,199)	(48.9)

Note:

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

	Group	
	US\$'000	
	Unaudited	
	30/11/2009	30/11/2008
Depreciation of property, plant and equipment	805	311
Exchange (gain)/loss, net	(129)	159
Derivative financial instruments:		
- Net realised losses/(gains) on derivative financial instruments	792	(1,829)
- Net unrealised gains on derivative financial instruments	-	(89)
Interest expense	-	11
Interest income	(47)	(352)
(Reversal of inventories)/inventories write-down, net	(2,675)	3,684
Provision for doubtful debts	164	-
Write-off of property, plant and equipment	31	167
Loss on disposal of property, plant and equipment	168	10
Provision for impairment in value of property, plant and equipment	310	-
Machinery rental expenses	267	742
Rental expenses	263	189
Research and development expenses	343	21
Goodwill on consolidation written off	-	29

Breakdown of other income

	Group	
	US\$'000	
	Unaudited	
	30/11/2009	30/11/2008
Exchange gain, net	129	-
Interest income	47	352
Net realised gains on derivative financial instruments	-	1,829
Net unrealised gains on derivative financial instruments	-	89
Others	58	5
Total other income	234	2,275

Breakdown of other expenses

	Group	
	US\$'000	
	Unaudited	
	30/11/2009	30/11/2008
Net realised losses on derivative financial instruments	792	-
Provision for doubtful debts	164	-
Exchange loss, net	-	159
Write-off of property, plant and equipment	31	167
Loss on disposal of property, plant and equipment	168	10
Provision for impairment in value of property, plant and equipment	310	-
Goodwill on consolidation written off	-	29
Others	18	23
Total other expenses	1,483	388

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	
	Unaudited	Audited	Unaudited	Audited
	30/11/2009	30/11/2008	30/11/2009	30/11/2008
Non-current assets				
Property, plant and equipment	1,616	3,394	15	48
Deferred tax assets	95	219	-	-
Investments in subsidiaries	-	-	6,738	6,738
	1,711	3,613	6,753	6,786
Current assets				
Cash on hand and at bank	23,180	17,629	19,601	14,463
Trade receivables	1,019	1,048	237	-
Other receivables and prepayments	965	3,375	113	1,926
Tax recoverable	6	-	-	-
Derivative financial instruments	-	238	-	-
Inventories	10,303	14,285	2,272	4,063
	35,472	36,575	22,223	20,452
Current liabilities				
Trade payables	291	1,344	13	1
Other payables	485	2,086	195	315
Tax payable	-	4	-	-
	776	3,434	208	316
Net current assets	34,696	33,141	22,015	20,136
Non-current liabilities				
Deferred tax liabilities	74	57	-	4
Net assets	36,333	36,697	28,768	26,918
Shareholders' equity				
Share capital	32,794	29,524	32,794	29,524
Reserves/(accumulated losses)	3,539	7,173	(4,026)	(2,606)
	36,333	36,697	28,768	26,918

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

Amount repayable in one year or less, or on demand

As at 30/11/2009		As at 30/11/2008	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 30/11/2009		As at 30/11/2008	
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	
	Unaudited	
	30/11/2009	30/11/2008
Cash flows from operating activities:		
Loss before tax	(3,542)	(7,309)
Adjustments for:		
Depreciation of property, plant and equipment	805	311
Write-off of property, plant and equipment	31	167
Loss on disposal of property, plant and equipment	168	10
Provision for impairment in value of property, plant and equipment	310	-
Provision for doubtful debts	164	-
Net unrealised gains on derivative financial instruments	-	(89)
Interest expense	-	11
Interest income	(47)	(352)
(Reversal of inventories)/inventories write-down, net	(2,675)	3,684
Goodwill on consolidation written off	-	29
Foreign currency translation	50	1,478
Operating cash flows before working capital changes	(4,736)	(2,060)
Decrease/(increase) in trade receivables	29	(705)
Decrease/(increase) in other receivables and prepayments	2,484	(321)
Decrease in inventories	6,657	2,752
(Decrease)/increase in trade payables	(1,053)	1,172
(Decrease)/increase in other payables	(1,600)	806
Cash flows generated from operations	1,781	1,644
Income tax received/(paid)	(1)	(155)
Interest received	47	352
Interest paid	-	(11)
Net cash flows generated from operating activities	1,827	1,830
Cash flows from investing activities:		
Purchase of property, plant and equipment	(588)	(2,298)
Proceeds from disposal of property, plant and equipment	1,042	15
Net cash flows generated from/(used in) investing activities	454	(2,283)
Cash flows from financing activities:		
Proceeds from issuance of shares	3,270	-
Net cash flows from financing activities	3,270	-
Net increase/(decrease) in cash on hand and at bank	5,551	(453)
Cash on hand and at bank at beginning of year	17,629	18,082
Cash on hand and at bank at end of year	23,180	17,629

- 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/(losses)	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
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
Net proceeds from issuance of new shares	3,270	-	-	-	3,270
Net loss for the financial year	-	-	(3,676)	-	(3,676)
Currency translation difference arising from consolidation	-	-	-	42	42
Balance at 30 November 2009	32,794	2,020	(1,013)	2,532	36,333

Company	Share capital	Accumulated profits/(losses)	Total
	US\$'000	US\$'000	US\$'000
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
Net proceeds from issuance of new shares	3,270	-	3,270
Net loss for the financial year	-	(1,420)	(1,420)
Balance at 30 November 2009	32,794	(4,026)	28,768

- 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 Group had, on 21 July 2009, completed a renounceable non-underwritten rights issue of 245,421,598 new ordinary shares in the share capital of the Company at an issue price of S\$0.02 for each rights share, on the basis of two rights share for every three existing ordinary shares of the Company held by entitled shareholders as at the books closure date, 24 June 2009. The net proceeds from the rights issue amounted to approximately S\$4.71 million (equivalent to US\$3.27 million) after deducting expenses directly related to the rights issue.

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 30 November 2009 and 30 November 2008.

<u>Issued ordinary shares</u>	<u>Number of shares</u>	
	<u>2009</u>	<u>2008</u>
Balance at 01 December	368,132,397	368,132,397
Issuance of new shares arising from exercising of rights issues	245,421,598	-
Balance at 30 November	<u>613,553,995</u> =====	<u>368,132,397</u> =====

- 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 2009 and 30 November 2008 was 613,553,995 and 368,132,397 shares respectively (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 2008.

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. Losses per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	30/11/2009	30/11/2008
Losses 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	(0.72)	(1.96)
Weighted average number of ordinary shares for basic earnings per share computation	511,294,996	368,132,397
(b) On a fully diluted basis	(0.72)	(1.96)
Weighted average number of ordinary shares adjusted for the effect for dilution	511,294,996	368,132,397

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	
	30/11/2009	30/11/2008	30/11/2009	30/11/2008
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	5.92	9.97	4.69	7.31
No. of ordinary shares used in computing net asset value	613,553,995	368,132,397	613,553,995	368,132,397

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- FY2009 vs FY2008)

Revenue

The Group's total revenue decreased by approximately US\$20.7 million or 69.3% to approximately US\$9.1 million in FY2009. The significant decrease was due mainly to the following:

- a) the discontinuation of the leased production lines for the extraction of indium slag and strip liquor by one of the Group's key subsidiaries during the third quarter of 2008, which led to a reduction in the production capacity of by-products in FY2009; and
- b) the decrease in the quantity of indium sold from 11.5MT in FY2008 to 6.5MT in FY2009 coupled with the decrease in the average market price of indium in FY2009.

Gross Profit/(Loss) Margin

The Group recorded a gross profit margin of 15.7% in FY2009 compared to a gross loss margin of 16.3% in FY2008. This was due mainly to the inclusion of a net write-back of approximately US\$2.7 million of the Group's inventories in its Cost of Sales in FY2009. In FY2008, there was a provision of approximately US\$3.7 million for the reduction in market value of the Group's inventories.

The write-back of the Group's inventories in FY 2009 was due to the following:

- (i) the increase in market price of indium from approximately US\$425 per kg as at 30 November 2008 to approximately US\$450 per kg as at 30 November 2009. This resulted in a write-back of the Group's indium inventories by approximately US\$1.1 million; and
- (ii) the increase in zinc prices to approximately US\$2,927 per tonne as at FY2009, compared to US\$1,350.4 per tonne as at FY2008. This resulted in a write-back of zinc-related inventories of approximately US\$1.6 million.

Other Income

Other income decreased by approximately US\$2.0 million or 89.3% in FY2009 due mainly to :

- (i) net realised losses of approximately US\$0.8 million in FY2009 on derivative financial instruments arising from the Group's hedging activities on zinc compared to net gains of US\$1.9 million in FY2008; and
- (ii) the decrease in interest income by US\$0.3 million as a result of lower interest rates in FY 2009.

The decrease was partially offset by a net gain on exchange of US\$0.1 million in FY2009 compared to a net loss on exchange of US\$0.2 million in FY2008.

Operating Expenses

General and administrative expenses decreased by approximately US\$0.3 million or 8.3% to approximately US\$3.6 million in FY2009 due mainly to savings derived from the decreased activities resulting from the plant shutdown of the Group's two subsidiaries in the PRC, namely Liuzhou Union Zinc Industry Co. Ltd ("UnionZinc") and Rongan Union Zinc Industry Co., Ltd ("Rongan"). This was disclosed in the Company's announcement dated 19 February 2009.

The decrease in selling and distribution expenses was in line with the decrease in revenue and plant shutdown as mentioned under "Revenue" above.

Other expenses increased by approximately US\$1.1 million or 282.2% in FY2009 due mainly to the net realized losses on derivative financial instruments as mentioned under "Other Income" above and provision for impairment in value of property, plant and equipment. The provision for doubtful debts of approximately US\$0.2 million was made on one of the subsidiary's prepayments that were deemed unrecoverable as at FY2009.

Income Tax

The change in income tax of US\$244k from a tax credit of approximately US\$110k to a tax charge of approximately US\$134k was due mainly to a reversal of deferred tax assets by one of the Group's subsidiaries.

Loss After Tax

As a result of the aforementioned, the Group recorded a loss after tax of approximately US\$3.7 million in FY2009 compared to a loss after tax of US\$7.2 million in FY2008.

REVIEW OF FINANCIAL POSITION (FY2009 VS FY2008)

Non-Current Assets

The Group's non-current assets decreased from US\$3.6 million to US\$1.7 million as at 30 November 2009 ("FY2009").

The decrease in property, plant and equipment by US\$1.9 million was due mainly to:

- (i) the disposal of the affected land and buildings arising from the PRC Government's requisition of land (disclosed in the Company's last announcement dated 31 July 2009); and
- (ii) the disposal of certain plant and equipment resulting from the plant shutdown of the Group's two subsidiaries.

The decrease was also due to the increase in depreciation by US\$0.5 million resulting from depreciation charged on one of the Group's subsidiary's property, plant and equipment which were purchased in late FY2008 and provision for impairment in value on one of the Group's subsidiaries' property, plant and equipment.

Current Assets

The Group's current assets decreased from US\$36.6 million to US\$35.5 million as at FY2009.

Other receivables and prepayments decreased by US\$2.5 million due mainly to fewer advances to suppliers as a result of the temporary shutdown of the production plants. The decrease was also due to lower VAT receivable resulting from lower sales during the year and

the provision for doubtful debts of approximately US\$0.2 million on one of the subsidiary's prepayments as mentioned above.

Inventories decreased by approximately US\$4.0 million as a result of the temporary shutdown of production plants in two of the Group's subsidiaries and the Group's efforts to reduce stock holdings.

The decrease in current assets was partially offset by the increase in cash on hand and at bank. Cash on hand and at bank increased by approximately US\$5.5 million due mainly to better working capital management, net proceeds of US\$3.3 million received from the rights issue and proceeds from the disposal of property, plant and equipment of US\$1.0 million.

Current Liabilities

The Group's current liabilities decreased from US\$3.4 million to US\$0.8 million as at FY2009.

The decrease in trade payables of approximately US\$1.1 million was due mainly to payments made to the Group's suppliers of raw materials and fewer purchases of raw materials during the 4th quarter of FY2009. Other payables decreased by approximately US\$1.6 million due mainly to fewer advances from customers for the Group's by-products and the cessation of rental for its leased production lines by Rongan.

Non-Current Liabilities

There were no significant variances for FY2008 and FY2009.

Shareholders' Equity

Share capital increased by US\$3.3 million due mainly to the issue of new shares arising from the rights issue during the year. The reserves/(accumulated losses) decreased mainly due to the net loss for FY2009.

Cash Flow (FY2009 VS FY2008)

Cash on hand and at bank increased by approximately US\$5.5 million for FY2009 due mainly to better working capital management, net proceeds of US\$3.3 million received from the rights issue and proceeds from the disposal of property, plant and equipment of US\$1.0 million.

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

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 industry that the Group is operating in continues to be subjected to uncertain demand and significant pricing volatility of indium and zinc.

The Board expects that indium 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 against the international market prices, any significant fluctuation in international market prices will have a significant impact on the Group's business.

Production and sales of Indium Tin Oxide ("ITO") have also been deferred pending the continuing of the research and development to bring the product specifications to meet the targeted market segment.

Due to the requisition of land by the PRC government as announced on 31 July 2009, the Group is in the process of finding suitable locations to relocate the Group's production facilities. The Group will make an announcement when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial year ended 30 November 2009.

13. Use of Proceeds from the Initial Public Offer and Rights Issue.

The Board of Directors refers to the net initial public offering ("IPO") proceeds of US\$22 million raised from the IPO of the Company's shares in January 2007.

As at 30 November 2009, the Company has utilized from its IPO proceeds for the Group as follows:

Intended Use	Amount Allocated USD'000	Amount Utilised USD'000	Balance Amount USD'000
Expansion of indium ingot production capacity	4,000	-	4,000
Secure additional sources of raw material supply in areas rich in zinc and indium	6,100	-	6,100
Undertake R&D in high value-added products of indium ingots	3,500	3,500	-
General working capital requirements	8,400	8,400	-
Total	22,000	11,900	10,100

The net proceeds of US\$3.27 million (S\$4.71 million) raised from the rights issue have not been utilised as at 30 November 2009.

PART II - ADDITIONAL INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. 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
2009			
Segment revenue			
-External	2,351	6,773	9,124
Segment loss from operations	(1,304)	(2,238)	(3,542)
Interest expense			-
Loss before tax			(3,542)
Income tax			(134)
Net loss for the year			(3,676)
Depreciation of property, plant and equipment	(104)	(701)	(805)
Reversal of inventories written off	1,166	1,509	2,675
Capital expenditure on property, plant and equipment	(1)	(587)	(588)
2008			
Segment revenue			
-External	6,754	23,067	29,821
Segment loss from operations	(1,431)	(5,867)	(7,298)
Interest expense			(11)
Loss before tax			(7,309)
Income tax			110
Net loss for the year			(7,199)
Depreciation of property, plant and equipment	(70)	(241)	(311)
Inventories written off	(2,000)	(1,684)	(3,684)
Capital expenditure on property, plant and equipment	(48)	(2,250)	(2,298)

(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
2009					
Segment revenue					
-External	8,508	255	124	237	9,124
2008					
Segment revenue					
-External	23,135	-	6,549	137	29,821

15. 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.

16. A breakdown of sales.

	Latest Financial Year \$'000	Previous Financial Year \$'000	% Increase/ (Decrease)
	Group	Group	Group
(a) Sales reported for first half year	3,651	16,496	(77.9)
(b) Operating loss after tax before deducting minority interests reported for first half year	(4,939)	(3,082)	(60.3)
(c) Sales reported for second half year	5,473	13,325	(58.9)
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	1,263	(4,117)	(130.7)

17. 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.

BY ORDER OF THE BOARD

Meng Limin
Executive Director/CEO
26 January 2010