

## Unionmet (Singapore) Limited

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

### UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE QUARTER ENDED 28 FEBRUARY 2010

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1<sup>st</sup> 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.**

The Board of Directors is pleased to announce the results of the Group for the 1<sup>st</sup> quarter ended 28 February 2010. These figures have not been audited.

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

	Group		
	US\$'000		%
	Unaudited		
	3 months ended		
	28/2/2010	28/2/2009	Increase/ (Decrease)
Revenue	5,969	2,042	192.3
Cost of sales	(4,598)	(3,875)	18.7
<b>Gross profit/(loss)</b>	<b>1,371</b>	<b>(1,833)</b>	<b>(174.8)</b>
Other income	173	26	565.4
Selling and distribution expenses	(31)	(53)	(41.5)
General and administrative expenses	(812)	(979)	(17.1)
Other expenses	(81)	(229)	(64.6)
<b>Profit/(loss) from operations</b>	<b>620</b>	<b>(3,068)</b>	<b>(120.2)</b>
Finance costs	-	(2)	(100.0)
<b>Profit/(loss) before tax</b>	<b>620</b>	<b>(3,070)</b>	<b>(120.2)</b>
Income tax	(160)	61	(362.3)
<b>Net profit/(loss) for the period attributable to owners of the parent</b>	<b>460</b>	<b>(3,009)</b>	<b>(115.3)</b>
<u>Other comprehensive loss:</u>			
Currency translation difference arising from consolidation	(3)	(138)	(97.8)
<b>Total comprehensive income/(loss) for the period attributable to owners of the parent</b>	<b>457</b>	<b>(3,147)</b>	<b>(114.5)</b>

**1(a)(ii) Notes to Group Consolidated Statement of Comprehensive Income**

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

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>28/2/2010</b>	<b>28/2/2009</b>
Depreciation of property, plant and equipment	149	76
Exchange loss, net	81	39
Derivative financial instruments:		
- Net realised loss on derivative financial instruments	-	44
- Net unrealised (gain)/loss on derivative financial instruments	(7)	144
Interest expense	-	2
Interest income	(10)	(19)
(Reversal of inventories write-down)/inventories write-down, net	(862)	1,275
Reversal of allowance for doubtful debts	(120)	-
Machinery rental expenses	32	155
Rental expenses	69	65
Research and development expenses	111	6

Breakdown of other income

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>28/2/2010</b>	<b>28/2/2009</b>
Interest income	10	19
Net unrealised gain on derivative financial instruments	7	-
Reversal of allowance for doubtful debts	120	-
Subsidy income	27	-
Others	9	7
<b>Total other income</b>	<b>173</b>	<b>26</b>

Breakdown of other expenses

	<b>Group</b>	
	<b>US\$'000</b>	
	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>28/2/2010</b>	<b>28/2/2009</b>
Exchange loss, net	81	39
Net realised loss on derivative financial instruments	-	44
Net unrealised loss on derivative financial instruments	-	144
Others	-	2
<b>Total other expenses</b>	<b>81</b>	<b>229</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.**

	Group		Company	
	US\$'000		US\$'000	
	Unaudited	Audited	Unaudited	Audited
	28/2/2010	30/11/2009	28/2/2010	30/11/2009
<b>Non-current assets</b>				
Property, plant and equipment	1,570	1,616	109	15
Deferred tax assets	30	95	-	-
Investments in subsidiaries	-	-	6,738	6,738
	<b>1,600</b>	<b>1,711</b>	<b>6,847</b>	<b>6,753</b>
<b>Current assets</b>				
Cash on hand and at bank	25,801	23,180	22,291	19,601
Trade receivables	1,502	1,019	534	237
Other receivables and prepayments	1,659	965	123	113
Tax recoverable	6	6	-	-
Derivative financial instruments	7	-	-	-
Inventories	7,332	10,303	4,798	2,272
	<b>36,307</b>	<b>35,472</b>	<b>27,746</b>	<b>22,223</b>
<b>Current liabilities</b>				
Trade payables	121	291	2,244	13
Other payables	783	485	229	195
Tax payable	146	-	-	-
	<b>1,050</b>	<b>776</b>	<b>2,473</b>	<b>208</b>
<b>Net current assets</b>	<b>35,257</b>	<b>34,696</b>	<b>25,273</b>	<b>22,015</b>
<b>Non-current liability</b>				
Deferred tax liabilities	67	74	-	-
<b>Net assets</b>	<b>36,790</b>	<b>36,333</b>	<b>32,120</b>	<b>28,768</b>
<b>Shareholders' equity</b>				
Share capital	32,794	32,794	32,794	32,794
Reserves/(accumulated losses)	3,996	3,539	(674)	(4,026)
	<b>36,790</b>	<b>36,333</b>	<b>32,120</b>	<b>28,768</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 28/2/2010</b>		<b>As at 30/11/2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
-	-	-	-

**Amount repayable after one year**

<b>As at 28/2/2010</b>		<b>As at 30/11/2009</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</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.

	Group	
	US\$'000	
	Unaudited	
	3 months ended	
	28/2/2010	28/2/2009
<b>Cash flows from operating activities:</b>		
Profit/(loss) before tax	620	(3,070)
Adjustments for:		
Depreciation of property, plant and equipment	149	76
Net unrealised (gain)/loss on derivative financial instruments	(7)	144
Interest expense	-	2
Interest income	(10)	(19)
(Reversal of inventories write-down)/inventories write-down, net	(862)	1,275
Reversal of allowance for doubtful debts	(120)	-
Foreign currency translation	(3)	(106)
<b>Operating cash flows used in before working capital changes</b>	<b>(233)</b>	<b>(1,698)</b>
Increase in trade receivables	(483)	(264)
Increase in other receivables and prepayments	(575)	(180)
Decrease in inventories	3,833	1,730
Decrease in trade payables	(171)	(494)
Increase/(decrease) in other payables	299	(1,352)
<b>Cash flows generated from/(used in) operations</b>	<b>2,670</b>	<b>(2,258)</b>
Income tax refund	44	4
Interest received	10	19
Interest paid	-	(2)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>2,724</b>	<b>(2,237)</b>
<b>Cash flows from investing activity:</b>		
Purchase of property, plant and equipment	(103)	(5)
<b>Net cash flows used in investing activity</b>	<b>(103)</b>	<b>(5)</b>
Net increase/(decrease) in cash on hand and at bank	2,621	(2,242)
Cash on hand and at bank at beginning of year	23,180	17,629
<b>Cash on hand and at bank at end of period</b>	<b>25,801</b>	<b>15,387</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/(losses)	Foreign currency translation reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Current Period – 1Q2010</b>					
Opening Balance at 1 December 2009	32,794	2,020	(1,013)	2,532	36,333
Total comprehensive income for the period	-	-	460	(3)	457
Closing Balance at 28 February 2010	32,794	2,020	(553)	2,529	36,790
<b>Previous Period – 1Q2009</b>					
Opening Balance at 1 December 2008	29,524	2,020	2,663	2,490	36,697
Total comprehensive loss for the period	-	-	(3,009)	(138)	(3,147)
Closing Balance at 28 February 2009	29,524	2,020	(346)	2,352	33,550

Company	Share capital	Accumulated profits/(losses)	Total
	US\$'000	US\$'000	US\$'000
<b>Current Period – 1Q2010</b>			
Opening Balance at 1 December 2009	32,794	(4,026)	28,768
Total comprehensive income for the period	-	3,352	3,352
Closing Balance at 28 February 2010	32,794	(674)	32,120
<b>Previous Period – 1Q2009</b>			
Opening Balance at 1 December 2008	29,524	(2,606)	26,918
Total comprehensive loss for the period	-	(1,263)	(1,263)
Closing Balance at 28 February 2009	29,524	(3,869)	25,655

**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 the Company's share capital since the end of the financial year ended 30 November 2009.

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 28 February 2010 and 30 November 2009.

**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 28 February 2010 and 30 November 2009 respectively was 613,553,995 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 adopted all the new/revised International Financial Reporting Standards ("new/revised IFRSs") that became effective on or after 1 December 2009. Except for the adoption of these new/revised IFRSs as disclosed in item 5, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the financial year ended 30 November 2009.

**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.**

The Group has adopted the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 December 2009. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material financial impact on the Group's financial statements for the current period, except for FRS 1, Presentation of Financial Statements – Revised Presentation.

FRS 1, Presentation of Financial Statements – Revised Presentation. The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense either in on single statement, or in two linked statement. The Group has adopted to present all items of income and expense, including those accounted for directly in equity, in a single Statement of Comprehensive Income.

Other than the above, the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the year ended 30 November 2009 have been applied.

**6. Earnings/(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	
	28/2/2010	28/2/2009
Earnings/(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	0.07	(0.82)
Weighted average number of ordinary shares for basic earnings per share computation	613,553,995	368,132,397
(b) On a fully diluted basis	0.07	(0.82)
Weighted average number of ordinary shares adjusted for the effect for dilution	613,553,995	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	
	28/2/2010	30/11/2009	28/2/2010	30/11/2009
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in US cents):	6.00	5.92	5.24	4.69
No. of ordinary shares used in computing net asset value	613,553,995	613,553,995	613,553,995	613,553,995

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **REVIEW OF PERFORMANCE (1Q2010 VS 1Q2009)**

#### **Revenue**

The Group's total revenue increased by approximately US\$4.0 million or 192.3% to approximately US\$6.0 million for the quarter ended 28 February 2010 ("1Q2010"). This was due primarily to the sale of 11.8MT of indium in 1Q2010 compared to none in 1Q2009.

#### **Gross Profit/(Loss) Margin**

The Group recorded a gross profit margin of 23.0% in 1Q2010, compared with a gross loss margin of 89.8% in 1Q2009. This was due mainly to the inclusion of a net write-back of approximately US\$0.9 million of the Group's inventories in its Cost of Sales in 1Q2010. In 1Q2009, there was a net provision of approximately US\$1.3 million for the reduction in market value of the Group's inventories.

The write-back of the Group's inventories in 1Q2010 was due to the increase in the market price of indium from approximately US\$450 per kg as at 30 November 2009 to approximately US\$550 per kg as at 28 February 2010. As a result, the Group's indium inventories were written back by approximately US\$0.8 million.

#### **Other Income**

Other income had increased by approximately US\$147k from US\$26k in 1Q2009 to US\$173k in 1Q2010 due mainly to the partial reversal of provision for doubtful debts of approximately US\$0.1 million. This was attributable to the recovery of some of the prepayments following Management's efforts in stepping up debt collection.

#### **Operating Expenses**

General and administrative expenses decreased by approximately US\$0.2 million or 17.1% to approximately US\$0.8 million in 1Q2010 due mainly to 3 months of savings derived from the decreased activities as a result of the plant shutdown by the Group's two subsidiaries in the PRC, namely Liuzhou Union Zinc Industry Co. Ltd ("Union Zinc") and Rongan Union Zinc Industry Co., Ltd ("Rongan") compared to 2 months of savings in 1Q2009. This was disclosed in the Company's announcement dated 19 February 2009. The decrease is partially offset by an increase in research and development expenses incurred by Guangxi Crystal Union Photoelectric Materials Co., Ltd. ("Crystal Union") in 1Q2010.

Other expenses decreased by approximately US\$0.1 million or 64.6% in 1Q2010 due mainly to a net unrealised gain on derivative financial instruments of USD7k compared to a net realised loss on derivative financial instruments of US\$0.2 million in 1Q2009.

#### **Income Tax**

The income tax charge of US\$0.2 million was due mainly to the current year tax provision and a reversal of deferred tax asset of approximately US\$0.1 million by one of the subsidiaries of the Company. The tax provision was partially offset by a tax refund of US\$44k received by the Company.

**Profit/(Loss) After Tax**

As a result of the aforementioned, the Group recorded a profit after tax of approximately US\$0.5 million in 1Q2010, compared to a loss after tax of US\$3.0 million in 1Q2009.

**REVIEW OF FINANCIAL POSITION (1Q2010 VS FY2009)****Non-Current Assets**

There were no significant variances to the Group's non-current assets as at 30 November 2009 ("FY2009") and 28 February 2010 ("1Q2010").

The Company's property, plant and equipment increased from US\$15k as at FY2009 to US\$109k as at 1Q2010 due mainly to leasehold improvements and purchase of furniture and fittings resulting from the shift of office.

**Current Assets**

The Group's current assets increased from US\$35.5 million as at FY2009 to US\$36.3 million as at 1Q2010.

The increase of US\$0.5 million in trade receivables was due to increase in indium sales made towards the end of 1Q2010 as well as longer time taken by the Group's by-products' customers to repay their debts.

Other receivables and prepayments increased by US\$0.7 million due mainly to higher advances to suppliers of US\$1.2 million. This arose from the zinc processing activities, undertaken by a third party smelter, for one of the Company's subsidiaries. The increase was partially offset by the decrease in the deposit of US\$0.6 million with the Shanghai Futures Exchange arising from the Group's zinc hedging activities.

Inventories decreased by approximately US\$3.0 million as a result of the Group's efforts to reduce stock holdings and higher indium sales during 1Q2010.

The increase in cash on hand and at bank by approximately US\$2.6 million was due mainly to indium sales made during 1Q2010.

The Company's trade receivables increased from US\$237k as at FY2009 to US\$534k as at 1Q2010 due mainly due to higher sales made nearer the end of the quarter of 2010 compared to FY2009.

The Company's inventories increased by US\$2.5 million from US\$2.3 million as at FY2009 to US\$4.8 million due mainly to purchases of indium from its subsidiary company.

**Current Liabilities**

The Group's current liabilities increased from US\$0.8 million as at FY2009 to US\$1.1 million as at 1Q2010.

The increase in other payables arose from higher VAT payable in the PRC on its sales of indium.

The increase in tax payable is due to the current year tax provision at 25% as one of the Company's subsidiaries is no longer entitled to the PRC tax incentives.

The increase in the Company's trade payables is due to the purchases of indium as mentioned above under "Current Assets".

### **Non-Current Liabilities**

There were no significant variances for FY2009 and 1Q2010.

### **Shareholders' Equity**

Shareholders' equity increased by US\$0.4 million due mainly to the Group's net profit position for the financial period.

### **Cash Flow (1Q2010 VS 1Q2009)**

There is an overall increase of US\$2.6 million in cash and cash equivalents for 1Q2010. Cash generated from operating activities amounted to US\$2.7 million was due mainly to the indium sales made during 1Q2010.

**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 the pricing volatility of indium and zinc. The Board and Management remain cautious on the impact of the recovery of the economy on the performance of the Group for the coming year.

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

Backed by a strong balance sheet, the Group will continue to look out for business opportunities that will help fuel the future growth of the Group.

**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 period ended 28 February 2010.

**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 28 February 2010, there has been no change in the Company's utilization of its IPO's proceeds since last reported as follows:

<b>Intended Use</b>	<b>Amount Allocated USD'000</b>	<b>Amount Utilised USD'000</b>	<b>Balance Amount USD'000</b>
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	-
<b>Total</b>	<b>22,000</b>	<b>11,900</b>	<b>10,100<sup>(a)</sup></b>

Note :

(a) Due to the financial crisis and adverse market for indium, applications of these IPO proceeds have been deferred until there are sustainable improvements.

The net proceeds of US\$3.27 million (S\$4.71 million) raised from the rights issue have not been utilised as at 28 February 2010.

**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 2010 to be false or misleading in any material aspect.

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

Zeng Fuzu  
Chairman/Non-executive  
Director

Meng Limin  
Executive Director/CEO

06 April 2010

BY ORDER OF THE BOARD

Meng Limin  
Executive Director/CEO  
06 April 2010