ADVANCE SCT LIMITED
(Registration No. 200404283C)

UNAUDITED HALF YEAR FINANCIAL STATEMENT FOR PERIOD ENDED 30JUNE2014

PART I INFORMATION REQUIRED FOR HALF YEAR ANNOUNCEMENT

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

	Group 6 Months to 30 Jun 2014 S$'000	Group 6 Months to 30 Jun 2013 S$'000	Increase/ (decrease) %	Note
Revenue	34,070	10,720	217.82%	**1**
Cost of sales	(32,650)	(8,696)	275.46%	
Gross profit	**1,420**	**2,024**	**-29.84%**	**2**
Other operating income	4,123	610	575.90%	**3**
Selling and distribution expenses	(265)	(291)	-8.93%	**3**
Administrative expenses	(2,404)	(3,248)	-25.99%	**3**
Other operating expenses	(159)	(441)	-63.95%	**3**
Profit/(loss) from operations	2,715	(1,346)	n.m	
Finance costs	(457)	(628)	-27.23%	**4**
Share of results of associates	-	(104)	n.m	
Profit/(Loss) before income tax from operations	**2,258**	**(2,078)**	**n.m**	
Income tax	(72)	-	n.m	
Total profit/(loss) after tax	**2,186**	**(2,078)**	n.m	**5**
Attributable to:				
Equity holders of the Company	1,764	(1,817)	n.m	
Non-controlling interests ("NCI")	422	(261)	n.m	
	2,186	(2,078)	n.m	

Notes

1. Group turnover increased by 218% to S$34.0 million for the six months ended 30 June 2014 ("1H2014") from S$10.7 million for the six months period ended 30 June 2013 ("1H2013"). This is due to the successful change of business focus from recycling to manufacturing. Revenue in 1H2013 was derived from the remnants of recycling business still in the Group while revenue for 1H2014 consisted of the sale of copper balls and wastewater treatment fees. The Group had completed the disposal of its entire recycling business in 2H2013 and increased its investment in the Taipei-based copper ball business (Western Copper Co., Ltd.) to 52.7% within the same period.

2. Gross margin was lower in 1H2014 as the new copper ball factory in China had not reached the optimal level of operation. The Group expects gross margin to improve in the second half when the second production line is put into operation.

3. Other operating income has increased significantly in 1H2014 to S$4.1 million compared with S$0.6 million in 1H2013. A large part of the increase was the result of the Group's successful efforts to recover legacy debts as well as the disposal of non-core/loss-making subsidiaries, which had also contributed to the 9% decrease in selling and distribution expenses, 26% decrease in administrative expenses, as well as 64% decrease in other operating expenses.

4. Finance costs continued to decrease in 1H2014 compared to 1H2013 as well as FY2013 as the Group had been able to repay part of the interest-bearing loans and more of its Scheme Creditors had opted to convert the Scheme Debts into equity during 1H2014.

5. The Group has achieved profitability in 1H2014 due to a confluence of factors. Besides the change of business focus which has increased revenue significantly, investments in Asiapac Metals Pte. Ltd. (in the recycling of precious metals) and B&F Envirotech (Shenyang) Co., Ltd. (wastewater treatment plant) have generated positive returns. Furthermore, the sale or liquidation of loss-making subsidiaries had helped to reduce overall cost of operations. In 1H2014, the Group recovered some legacy debts, which contributed to the bottom-line and cash flow management as well.

1(a)(ii) The net profit/(loss) attributable to shareholders includes the following charges/ (credits)

	Group 6 Months to 30Jun2014 S$'000	Group 6 Months to 30Jun2013 S$'000
Continuing Operations		
Finance cost	457	628
Depreciation of property, plant and equipment	450	522
Write-back and recovery of doubtful trade receivables	(2,370)	(140)
Net foreign exchange loss	115	2
Net gain on disposal of property, plant and equipment	252	37
Provision for obsolete stock	-	400
Gain on disposal of subsidiaries	1,010	-

1(a)(iii) Consolidated Statement of Comprehensive Income

	Group 6 Months to 30 Jun 2014 S$'000	Group 6 Months to 30 Jun 2013 S$'000	Increase/ (decrease) %
Profit/(Loss) for the period	2,186	(2,078)	n.m
Other comprehensive income :			
Net exchange differences on translation of foreign entities' financial statements	12	282	n.m
Total comprehensive profit/(loss) for the period	**2,198**	**(1,796)**	
Total comprehensive profit/(loss) attributable to :			
Equity holders of the Company	1,776	(1,535)	n.m
Non-controlling interests	422	(261)	n.m
	2,198	(1,796)	n.m

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.

BALANCE SHEET

		Group As At 30Jun2014 S$'000	Group As At 31Dec2013 S$'000	Company As At 30Jun2014 S$'000	Company As At 31Dec 2013 S$'000
Non-current assets					
Property, plant and equipment	**1**	1,383	2,626	-	-
Intangible assets		1,016	1,016	-	-
Investment in subsidiaries		-	-	1,937	3,596
Financial receivables	**2**	6,976	7,027	-	-
		9,375	10,669	1,937	3,596
Current assets					
Inventories	**3**	1,731	2,757	-	-
Prepayments		391	554	1	10
Trade and other receivables	**4**	25,575	19,529	8,882	5,675
Financial receivables		132	132	-	-
Cash and cash equivalents	**5**	6,290	13,332	226	2,025
		34,119	36,304	9,109	7,710
Assets classified as held for sale		-	2,140	-	-
Current Assets		34,119	38,444	9,109	7,710
Total assets		43,494	49,113	11,046	11,306
Current liabilities					
Trade and other payables	**4**	10,227	14,926	6,764	6,109
Interest-bearing liabilities	**4**	18,623	20,438	-	1,562
Provision		1,868	1,868	-	-
Current income tax payable		8	4	-	-
Liabilities directly associated with assets classified as held for sale		-	1,338	-	-
		30,726	38,574	6,764	7,671
Non-current liabilities					
Interest-bearing liabilities		5,610	10,776	5,610	10,776
Deferred tax		249	254	-	-
		5,859	11,030	5,610	10,776
Total liabilities		36,585	49,604	12,374	18,447
Net assets/(liabilities)	**7**	**6,909**	**(491)**	**(1,328)**	**(7,141)**

BALANCE SHEET (CONT'D)

Equity					
Share capital	**6**	190,624	178,147	190,624	178,147
Capital reserve		(243)	(361)	-	-
Share application monies		2,472	9,510	2,472	9,510
Share options reserve		815	815	815	815
Revaluation reserve		436	1,245	-	-
Forex translation reserve		(66)	25	-	-
Accumulated losses		(190,879)	(193,452)	(195,239)	(195,613)
Total attributable to equity holders of the Company		3,159	(4,071)	(1,328)	(7,141)
Non-controlling interests		3,750	3,580	-	-
Total Equity/(Capital deficiency)	**7**	**6,909**	**(491)**	**(1,328)**	**(7,141)**

Notes

1. Property, plant and equipment had reduced from S$2.6 million in 31 Dec 2013 to S$1.4 million in 30 June 2014 mainly because the Company had stopped the recycling business in Singapore and sold the related equipment.

2. The Group's wastewater treatment plant is classified as 'financial receivables' under non-current assets. This approach was based on a 30-year Build Operate and Transfer ("BOT") contract with the municipal government in China. The decrease in balance was due to amortization expenses during 1H2014.

3. Inventory levels fell due in part to the reduced business activities in Singapore.

4. Trade and other receivables of $25.6 million consist mainly of credits extended by Western Copper to its customers; such credits are supported by trade financing via the factoring of their receivables. Correspondingly, the bulk of the interest-bearing liabilities of $18.6 million are trade financing and short-term loans to support the copper ball business. The increase in trade and other receivables reflects the increase in sales of copper balls, despite a decrease in interest-bearing liabilities. This is the result of increased working capital commitment to this business. Trade payables had fallen in line with the reduced business activities in Singapore.

5. Despite having invested in expanding the manufacturing businesses and repaying some short-term loans, cash and cash equivalent remained at a healthy level of about S$6.3 million.

6. The increase in share capital by approximately $9 million was due mainly to the conversion of Scheme Convertible Notes and the capitalization of Scheme Debts by some Scheme Creditors, as well as the issuance of ca. $3.8 million worth of new shares in the Company. Correspondingly, share application monies reduced as a result of the Scheme conversions.

7. The Group has returned to a positive NTA and equity position. Both NTA and equity now stand at close to S$7 million.

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

Amount repayable within one year

	As at 30 Jun 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Interest-bearing liabilities	18,623	-	20,438	-
Total	18,623	-	20,438	-

Amount repayable after one year

	As at 30 Jun 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Scheme Debt (a)	29	-	96	-
Scheme Debt (c)	5,581	-	10,680	-
Total	5,610	-	10,776	-

The Scheme Debts (a) and (c), which are interest-bearing, are defined below. These debts have been reduced further in 1H2014 as more Scheme Creditors chose to convert the debts into equity.

The Scheme of Arrangement approved in 2011 to govern the repayment of Eligible Debt (as defined below) of ca. S$80 million then ("Scheme Debts") have been separated into three discrete amounts:

(a) the first tranche of the restructured loan, at 1% of the Eligible Debt, shall be settled by the issuance of interest-bearing convertible notes, convertible to new shares in the capital of the Company;

(b) the second tranche of the restructured loan, at 49% of the Eligible Debt, shall be settled by the issuance of non-interest-bearing convertible notes, convertible to new shares in the capital of the Company; and

(c) The Serviceable Loan, at 50% of the Eligible Debt, shall be payable in instalments from the second anniversary of the Effective Date and be fully paid by the seventh anniversary of the Effective Date. At a shareholders meeting on 30 August 2013, the Serviceable Loan was made convertible to new shares in the capital of the Company in the same terms as (a) and (b).

Debts under (a) and (c) above have been reclassified under non-current liabilities and debts under (b) have been reclassified as share application monies in the balance sheets as at 31 December 2012.

Eligible Debt is defined as the Claim of a creditor of a Scheme Company under a Proof of Debt which is (1) subsequently admitted by the Scheme Manager in consultation with the Company and (2) the Adjudicated amount.

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

CASH FLOW STATEMENT	Group 30Jun2014 S$'000	Group 30Jun2013 S$'000
Cash flows from operating activities		
Profit/(loss) before tax	2,258	(2,078)
Adjustments for :		
Depreciation for property, plant and equipment	450	522
Provision for obsolete stock	-	400
Currency translation	(126)	140
Net gain on disposal of property, plant and equipment	(252)	(37)
Write back of provision on trade and other receivables	(2,370)	(141)
Finance cost	457	628
Share of loss of associated company	-	104
Gain on disposal of subsidiary	(1,010)	-
Assets/liabilities held for sale	660	-
Operating cashflow before working capital changes	67	(462)
Working capital changes		
Increase in inventories	985	244
Increase in trade and other receivables	(6,624)	(2,265)
Increase in trade and other payables	(4,716)	2,467
Cash generated/(used in) from operations	(10,288)	(16)
Interest paid	(457)	(171)
Income tax (paid)/refund	(56)	1
Net cash used in operating activities	(10,801)	(186)
Cash flows from investing activities		
Net cash inflows from disposal of subsidiaries	689	-
Purchase of property, plant and equipment	(320)	(455)
Additional shareholding of investment in subsidiaries	(96)	-
Proceeds from disposal of property, plant and equipment	1,225	182
Net cash generated from/(used in) investing activities	1,498	(273)
Cash flows from financing activities		
Proceeds from issuance of shares	3,798	1,769
Share issue expense	(157)	(55)
Repayment of finance lease creditors	(226)	49
Repayment of bank borrowings	(1,161)	-
Net cash generated from financing activities	2,254	1,763
Net change in cash and bank balances	(7,049)	1,304
Cash and bank balances at beginning of financial period	11,734	988
Cash and bank balances at end of financial period	4,685	2,292

Notes

The cash outflow of S$10.8 million from operating activities is mainly due to the increase of trade receivables in the Western Copper Group.

The cash inflow of S$1.5 million from investing activities is due to the increase of S$0.7 million from disposal of a subsidiary and some property plant and equipment.

The cash inflow of S$2.3 million from financing activities is due to the S$3.8 million received for the new shares issued in 1H2014 and offset by repayment of bank loans.

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.

	Attributable to owners of the parent									
GROUP (30 Jun 2014)	**Share capital**	**Capital reserve**	**Share application monies**	**Share options reserve**	**Foreign currency translation**	**Accumulated losses**	**Revaluation reserve**	**Total attributable to equity holders of the Company**	**Non-controlling interests**	**Equity**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 Jan 2014	178,147	(361)	9,510	815	25	(193,452)	1,245	(4,071)	3,580	(491)
Net profit/(loss) for the financial period	-	-	-	-	-	1,764	-	1,764	422	2,186
Other comprehensive income :										
Net exchange differences on translation of foreign entities' financial statements	-	-	-	-	12	-	-	12	-	12
Total comprehensive income/(loss) for the period	-	-	-	-	12	1,764	-	1,776	422	2,198
Loss on dilution on interest in subsidiaries	-	(126)	-	-	-	-	-	(126)	-	(126)
Acquisition of subsidiaries	-	244	-	-	-	-	-	-	(386)	(386)
Disposal of subsidiaries	-	-	-	-	(103)	-	-	(103)	134	31
Share application money	-	-	(3,671)	-	-	-	-	-	-	-
Adjudication of Scheme debts	-	-	-	-	-	-	-	-	-	-
Issuance of shares upon conversion of Scheme Convertible Notes	8,836	-	(3,367)	-	-	-	-	5,469	-	5,469
Issuance of shares for debt settlements	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	3,798	-	-	-	-	-	-	3,798	-	3,798
Transfer to retained earning	-	-	-	-	-	809	(809)	-	-	-
Share issue expenses	(157)	-	-	-	-	-	-	(157)	-	(157)
Balance as at 30 Jun 2014	**190,624**	**(243)**	**2,472**	**815**	**(66)**	**(190,879)**	**436**	**3,159**	**3,750**	**6,909**

	Attributable to owners of the parent									
GROUP (30 Jun 2013)	**Share capital**	**Capital reserve**	**Share application monies**	**Share options reserve**	**Foreign currency translation**	**Accumulated losses**	**Revaluation reserve**	**Total attributable to equity holders of the Company**	**Non-controlling interests**	**Equity**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 Jan 2013	125,444	(224)	31,386	815	(240)	(187,107)	1,245	(28,681)	1,240	(27,441)
Net loss for the financial period	-	-	-	-	-	(1,817)	-	(1,817)	(261)	(2,078)
Other comprehensive income :										
Net exchange differences on translation of foreign entities' financial statements	-	-	-	-	282	-	-	282	-	282
Total comprehensive income for the period	-	-	-	-	282	(1,817)	-	(1,535)	(261)	(1,796)
Adjudication of Scheme debts	-	-	1,436	-	-	-	-	1,436	-	1,436
Issuance of shares upon conversion of Scheme Convertible Notes	20,883	-	(20,883)	-	-	-	-	-	-	-
Issuance of shares for debt settlements	1,130	-	-	-	-	-	-	1,130	-	1,130
Issuance of new shares	2,000	-	-	-	-	-	-	2,000	-	2,000
Exercise of share options	-	-	-	-	-	-	-	-	-	-
Share issue expenses	(55)	-	-	-	-	-	-	(55)	-	(55)
Balance as at 30 Jun 2013	**149,402**	**(224)**	**11,939**	**815**	**42**	**(188,924)**	**1,245**	**(25,705)**	**979**	**(24,726)**

Company (30 Jun 2014)	Share capital	Share application monies	Share options reserve	Deficit	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 Jan 2014	**178,147**	**9,510**	**815**	**(195,613)**	**(7,141)**
Net profit for the financial period	**-**	**-**	**-**	**374**	**374**
Share application money	-	(3,671)	-	-	(3,671)
Issuance of shares upon conversion of Scheme Convertible Notes	8,836	(3,367)	-	-	5,469
Issuance of new shares	3,798	-	-	-	3,798
Exercise of share options					
Share issue expenses	(157)	-	-	-	(157)
Balance as at 30 Jun 2014	***190,624***	***2,472***	***815***	***(195,239)***	***(1,328)***

Company (30 Jun 2013)	Share capital	Share application monies	Share options reserve	Deficit	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 Jan 2013	**125,444**	**31,386**	**815**	**(185,876)**	**(28,231)**
Net loss for the financial period	**-**	**-**	**-**	(1,789)	(1,789)
Adjudication of Scheme debts	-	1,436	-	-	1,436
Issuance of shares upon conversion of Scheme Convertible Notes	20,883	(20,883)	-	-	-
Issuance of shares for debt settlements	1,130	-	-	-	1,130
Issuance of new shares	2,000	-	-	-	2,000
Exercise of share options	-	-	-	-	-
Share issue expenses	(55)	-	-	-	(55)
Balance as at 30 Jun 2013	**149,402**	**11,939**	**815**	**(187,665)**	**(25,509)**

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 the end of the corresponding period of the immediately preceding financial year.

Share Capital

	Number of shares '000	S$ '000
Ordinary shares issued		
As at 1 January 2014	6,784,263	178,147
Issuance of 108,695,652 ordinary shares for debt settlement	109,462	504
Issuance of 69,444,444 ordinary shares for debt settlement	69,970	252
Issuance of 584,375,930 new ordinary shares	584,376	3,798
Issuance of 243,525,278 ordinary shares for Scheme Convertible Notes	244,992	882
Issuance of 81,081,081 ordinary shares for debt settlement	81,761	303
Issuance of 64,102,564 ordinary shares for debt settlement	64,664	252
Issuance of 221,983,038 ordinary shares for debt settlement	223,941	873
Issuance of 261,034,651 ordinary shares for Scheme Convertible Notes	262,791	1,130
Issuance of 78,125,000 ordinary shares for debt settlement	78,858	252
Issuance of 92,592,593 ordinary shares for debt settlement	93,499	252
Issuance of 92,592,593 ordinary shares for debt settlement	93,561	253
Issuance of 138,888,889 ordinary shares for debt settlement	140,456	253
Issuance of 66,666,667 ordinary shares for debt settlement	67,432	121
Issuance of 111,111,111 ordinary shares for debt settlement	112,386	202
Issuance of 66,666,667 ordinary shares for debt settlement	67,434	121
Issuance of 397,641,217 ordinary shares for debt settlement	402,234	724
Issuance of 105,263,158 ordinary shares for debt settlement	106,483	202
Issuance of 138,888,889 ordinary shares for debt settlement	140,519	253
Issuance of 527,777,778 ordinary shares for Scheme Convertible Notes	532,459	958
Issuance of 115,508,333 ordinary shares for Scheme Convertible Notes	116,536	210
Issuance of 138,888,889 ordinary shares for debt settlement	140,577	253
Issuance of 63,888,889 ordinary shares for Scheme Convertible Notes	64,464	116
Issuance of 55,555,555 ordinary shares for Scheme Convertible Notes	56,056	101
Issuance of 131,578,947 ordinary shares for debt settlement	133,236	254
Issuance of 57,447,220 ordinary shares for debt settlement	57,446	115
Expenses incurred in the issuance of shares		(157)
	10,829,856	190,624

Assuming all the CLAs (Note 1(b)(ii) (b)) are fully converted based on their conversion price, and the outstanding Scheme Convertible Notes were converted on 30 June 2014, the number of new ordinary shares to be issued would be 1,379,406,082 representing a 12.7% increase over the total number of issued shares of the Company as at 30 June 2014.

Assuming all the CLAs are fully converted based on their conversion price, and the outstanding Scheme Convertible Notes were converted on 30 June 2013, the number of new ordinary shares to be issued would be 1,388,648,871, representing a 47.5% increase over the total number of issued shares of the Company as at 30 June 2013.

As at 30 June 2013 and 30 June 2014, there were no outstanding warrants.

2. Whether the figures had been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures had 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 had been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the audited financial statement as at 31 December 2013, as well as all applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2014. The adoption of those new and revised FRS has no material effect on the half-year results ending 30 June 2014.

5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to item 4 above.

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	
	30Jun2014	30Jun2013
Continuing Operations		
Earnings/(loss) per share (EPS) in cents		
i) Basic	0.02	(0.06)
ii) On a fully diluted basis	0.02	(0.06)

Basic earnings/(loss) per share for the current and preceding years are calculated based on the weighted average number of shares of 8,755,684,948 and 3,445,646,847 (excluding treasury shares) respectively.

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	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per share (cents)	0.03	(0.06)	(0.01)	(0.11)

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 Profit and loss review

The Group has reversed two consecutive years of losses to turn in a net profit after tax of S$2.2 million in 1H2014. It has also recovered from a negative net asset and equity position to a positive net asset and equity position of about S$7 million. The Profit and Balance Sheet of the Group have thus improved significantly.

Overall operational efficiency improved significantly during the period under review as a result of a major corporate restructuring, which included the divestment of loss-making subsidiaries of the remaining two units in the legacy Printed Circuit Board business, viz. SCT Technologies (Kunshan) Co., Ltd. in China, and the voluntary liquidation of SCT Technologies (M) Sdn Bhd in Malaysia; and the disposal of the remnants of recycling business. Besides, corporate efficiency has improved with the sale of New Tsingyi Pte Ltd, the lease and subsequent sale of production equipment in Asiapac Metals Pte Ltd and the striking off of a dormant subsidiary, SCT Copper Industry (Shenyang) Co., Ltd. The Group has realized a considerable reduction in its total cost through these corporate restructuring efforts, thus boosting its fundamentals for the return to profitability.

The Group's performance is helped in part by the recovery of a legacy debt in Malaysia:

In February 2011, creditors of a former subsidiary in Malaysia, TTM Industries (M) Sdn Bhd ("TTMI") voted in favour of a Scheme of Arrangement under Section 176 of the Companies Act (the "TTMI Scheme"). The Group became a major TTMI Scheme creditor. TTMI has since settled a suit with a bank in Malaysia and disposed of its assets. The return of about Malaysian Ringgit 4 million has been ear-marked by the Scheme Manager for the Group as a final settlement while TTMI undergoes a lengthy process of liquidation. The recovery of the equivalent of ca. S$1.5 million has been recorded in 1H2014.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and the 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.

One of the Group's businesses – the manufacturing and sale of copper balls – is dependent on the growth prospect of the printed circuit board ("PCB") industry. A sustainable recovery in the US and Eurozone economies will generate higher demand for electronic goods, which in turn will drive the growth of the PCB industry and have a positive impact on this business. However, gross margin will continue to come under pressure given that the operating cost in China is constantly on the uptrend. To mitigate the eroding margin, the Group has constructed a second production line at its current facilities in Kunshan, Jiangsu province. The copper ball production capacity will increase from 400 to 800 tonnes a month from September 2014, thus achieving self-sufficiency in supply.

The Group has been actively developing new copper products to expand its business portfolio. In the next 12 months, it will leverage on its investment in a new joint venture, Everglory Cooling Systems Pte. Ltd. ("ECS") to start the manufacturing of a new copper-based industrial heat-exchangers using innovative copper-alloy materials and advance manufacturing process in a technology alliance with a world renowned German-Swedish company. The new manufacturing facility will be in Shenyang, the capital city of Liaoning province. Liaoning is part of the three north-eastern provinces of China that has been the heavy industry region of the People's Republic of China since the beginning of the 20th century. The new business, which supplies a key component to the world's major power generator companies with operations in China and Southeast Asia, is expected to generate revenue from early 2015.

With the manufacturing facilities in place, the Group will require more working capital. Profit margin of its copper ball business has been eroded by the high interest rates charged by non-bank institutions, as bank borrowings had remained limited given the undesirable Balance Sheet of the Group and the indiscriminate credit tightening in China. The Group is of the view that given adequate funding, it can achieve greater operational efficiency, which in turn will generate higher revenue and better margin.

The Group's business will continue to be sensitive to the broader economic trends. Given that copper is the main raw material for the Group's manufacturing operations, copper price fluctuation will directly impact on the Group's performance. The Group has implemented a prudent hedging process that will mitigate the risk in this aspect.

The two litigations in Singapore and China may have unexpected consequences to the Group, though the probability of it happening is assessed to be low.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding period of immediately preceding financial year

Any dividend recommend for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for Interested Persons Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Negative confirmation of the Board Pursuant to Rule 705(5) of the Listing Manual.

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the financial results for the half-year ended 30 June 2014 of the Group and the Company to be false or misleading in any material aspect.

15. General – Use of proceeds raised in offering pursuant to Chapter 8.

Reference is made to the announcement released on 19 June 2014 ("Previous Announcement") in relation to the issue of 1,700,000,000 new ordinary shares in the capital of the Company at the issue price of S$0.0019 per share.

The net proceeds raised from the Placement is approximately S$3,141,000. The Company had since utilized the net proceeds as follows:-

- S$1.2 million in expanding the copper ball business and heat-exchanger business, including the purchase of equipment and machinery, and the setting up of new production facilities;

- S$900,000 for working capital.

BY ORDER OF THE BOARD

Executive Director and Chairman
Simon Eng
13 August 2014