ADVANCE SCT LIMITED
(Company Registration Number: 200404283C)

MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL STATEMENTS AND THE PRELIMINARY UNAUDITED FULL-YEAR RESULTS ANNOUNCEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Board of Directors (**the "Board"**) of Advance SCT Limited (**the "Company" together with its subsidiaries, the "Group"**) refers to its unaudited full year financial results announcement for the financial year ended 31 December 2013 (**"FY2013"**) released via the SGXNET on 26 February 2014 (**"Preliminary Unaudited Results 2013"**).

Pursuant to Rule 704(6), the Board wishes to announce that, subsequent to the release of the Preliminary Unaudited Results 2013, External Auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly. These are Material Variances between the Audited Financial Results of the Group for FY2013 ("**Audited Results**") and the Preliminary Unaudited Results 2013.

Details and explanations of the Material Variances pursuant to Rule 704(6) of the listing Manual of the SGX-ST are set out below:

Note (1) Material reclassifications/adjustments to consolidated group income statement as follows:

	Announced S$'000	Audited S$'000	Variance S$'000
Loss after tax	5,911	6,954	1,043

Reasons:

There were various audit adjustments and reclassifications; the net impact of S$ 1,043,000 was mainly due to the audit adjustments for

(i) Elimination of intercompany transactions of a disposed subsidiary[(1)] during the year has resulted in S$ 89,000 incremental loss from the disposed subsidiary's sales S$ 5,554,000 and cost of sales S$ 5,643,000.

(ii) Elimination of intercompany transactions of a disposed subsidiary[(1)] during the year has resulted in S$ 254,000 increase in administrative expenses.

(iii) Provision for legal and corporate claims of approximately S$ 1.9 million.

Offset by:

(iv) Reversal of allowance S$900,000 for impairment of trade receivables. (v) Being audit adjustment proposed to reverse inventories, approximately S$ 300,000, to be recognised and charged in cost of sales.

Note (2) Material reclassification to consolidated group balance sheet as follows:

	Announced S$'000	Audited S$'000	Variance S$'000	
(A) Non-Current Assets	14,741	10,669	(4,072)	
(B) Current Assets	37,092	38,444	1,352	
(C) Current Liabilities	39,568	38,574	(994)	
(D) Equity	673	(491)	(1,164)	

Reasons:
The audit adjustments and reclassifications for the variances are as below:

(A) Decrease of S$ 4 million in Non-Current Assets due to S$ 1.5 million of property, plant and equipment and other receivable of S$ 200,000 have been reclassified into current assets held for sale. Remaining of S$ 2.2 million difference due to deconsolidation of one subsidiary[1] in the final audited result.

(B) Increase in Current Assets of S$ 1.3 million due to:
- Reclassification of S$ 1.7 million from non-current assets to assets held for sale.
- Reversal of allowance S$ 900,000 for impairment of trade receivables, which the entire amount of S$ 1.6 million was subsequently offset with trade payables due to balances that were related to the same company.
- Increase In inventories by S$ 300,000 as an audit adjustment that is elaborated under Note (1) (iv) above.

(C) Decrease in Current Liabilities
- Offsetting of trade payables, approximately S$ 1.6 million with trade receivable as mentioned in Note (B) above.
- Deconsolidation of one subsidiary[1] which reduce trade and other payable by S$ 1.8 million.

Offset by:
- Reclassification of S$ 560,000 from Non-Current Liabilities to Current Liabilities.
- Provision for legal and corporate claims of approximately S$ 1.9 million as elaborated in Note (1) (ii) above.

(D) Loss after tax increased mainly due to audit adjustments and reclassifications which is elaborated under Note (1) above.

[1] A subsidiary of Western Copper Co., Ltd was disposed during the year.

Note (3) Material reclassification to consolidated cash flow as follows:

	Announced S$'000	Audited S$'000	Variance S$'000
(A) Net cash generated from operations	4,645	1,210	(3,435)
(B) Net cash generated from investing	1,987	5,651	3,664
(C) Net cash generated from financing	5,615	3,885	(1,730)

Reasons:

- The net impact of changes in cash generated from operations was mainly due to the audit reclassifications on non-cash items and changes in working capital items stated in Note (1) (i), (ii) (iii) and (iv) above.
- Various cash flows in (A) and (B) previously classified as generated from investing activities were reclassified as cash generated from operations and/or changes in working capital.
- Approximately S$1,605,000 of cash restricted in use is classified under cash flows generated from financing activities as it was deposits pledged for bank borrowings.
- The cash and cash equivalent as at the end of the financial year was reduced to S$ 11.7 million shown in the cash flow statement which was due to cash restricted in use explained above.

By Order of the Board

Simon Eng
Executive Director and Chairman
11 April 2014