ADVANCE SCT LIMITED
(Registration No. 200404283C)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2015

PART I INFORMATION REQUIRED FOR FIRST QUARTER RESULTS 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 3 Months to 31 Mar 2015 S$'000	Group 3 Months to 31 Mar 2014 S$'000	Increase/ (decrease) %	Note
Revenue	12,899	16,081	-19.79%	1
Cost of sales	(12,771)	(15,417)	-17.16%	
Gross profit	**128**	**664**	-80.82%	2
Other operating income	224	1,205	-81.41%	3
Selling and distribution expenses	(148)	(39)	279.49%	4
Administrative expenses	(1,155)	(1,325)	-12.83%	5
Other operating expenses	(15)	-	n.m	
(Loss)/Profit from operations	(966)	505	n.m	
Finance costs	(240)	(298)	-19.46%	6
(Loss)/Profit before income tax from operations	**(1,206)**	**207**	n.m	
Income tax	(3)	(2)	50%	
Total (loss)/profit after tax	**(1,209)**	**205**	n.m	
Attributable to:				
Equity holders of the Company	(942)	280	n.m	
Non-controlling interests ("NCI")	(267)	(75)	256.00%	
	(1,209)	205	n.m	

n.m – Not meaningful

Notes

1. Group turnover decreased by 19.79% to S$12.9 million for the three months ended 31 March 2015 ("1Q2015") from S$16.1 million for the three months period ended 31 March 2014 ("1Q2014"). This is due to the change of business focus from recycling to manufacturing. Part of the revenue in 1Q2014 was derived from the remnants of recycling business still in the Group while revenue for 1Q2015 consisted of the sale of copper balls and wastewater treatment fees only.

2. Gross margin was lower in 1Q2015 as the new copper ball factory in the People's Republic of China had not reached the optimal level of operation. The Group expects gross margin to improve in the coming quarter when the second production line is put into trial operation.

3. Other operating income has decreased significantly in 1Q2015 to S$0.2 million compared with S$1.2 million in 1Q2014. A large part of the income in 1Q2014 was the result of the Group's successful efforts to recover legacy debts as well as the disposal of non-core/loss-making subsidiaries.

4. The increase in selling and distribution expenses was mainly attributable to Western Metal Co Ltd (the copper ball factory in Kunshan, China), a subsidiary newly acquired at the end FY2014..

5. The disposal of non-core/loss-making subsidiaries in FY2014 has resulted in the decrease of administrative expenses of 12.83% to S$1.2 million from S$[●] million for the three months period ended 31 March 2015.

6. Finance costs continued to decrease in 1Q2015 compared to 1Q2014 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 1Q2015.

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

	Group 3 Months to 31 Mar 2015 S$'000	Group 3 Months to 31Mar 2014 S$'000
Continuing Operations		
Finance cost	240	298
Depreciation of property, plant and equipment	99	60
Write-back and recovery of doubtful trade receivables	-	232
Net foreign exchange loss	5	4
Gain on assets held for sale	-	1,300

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

	Group 3 Months to 31 Mar 2015 S$'000	Group 3 Months to 31 Mar 2014 S$'000	Increase/ (decrease) %
(Loss)/Profit for the period	(1,209)	205	n.m
Other comprehensive income :			
Net exchange differences on translation of foreign entities' financial statements	405	(236)	n.m
Total comprehensive loss for the period	**(804)**	**(31)**	n.m
Total comprehensive (loss)/profit attributable to :			
Equity holders of the Company	(537)	44	n.m
Non-controlling interests	(267)	(75)	256.00%
	(804)	(31)	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 31 Mar 2015 S$'000	Group As At 31 Dec 2014 S$'000	Company As At 31 Mar 2015 S$'000	Company As At 31 Dec 2014 S$'000
Non-current assets					
Property, plant and equipment	**1**	3,540	3,365	-	-
Intangible assets		1,714	1,714	-	-
Investment in subsidiaries	**2**	-	-	400	1,474
Financial receivables	**3**	7,783	7,359	-	-
		13,037	12,438	400	1,474
Current assets					
Inventories	**4**	6,711	3,619	-	-
Prepayments		685	811	91	9
Trade and other receivables	**5**	14,707	13,272	8,005	8,868
Financial receivables		132	126	-	-
Cash and cash equivalents	**6**	7,476	9,735	120	388
Current Assets		29,711	27,563	8,216	9,265
Total assets		42,748	40,001	8,616	10,739
Current liabilities					
Trade and other payables	**5**	17,490	9,859	1,341	3,169
Interest-bearing liabilities	**5**	14,243	16,212	1,687	1,687
		31,733	26,071	3,028	4,856
Non-current liabilities					
Interest-bearing liabilities		2,671	4,054	2,604	3,889
Deferred tax		455	436	-	-
		3,126	4,490	2,604	3,889
Total liabilities		34,859	30,561	5,632	8,745
Net assets		**7,889**	**9,440**	**2,984**	**1,994**

BALANCE SHEET (CONT'D)

Equity					
Share capital		196,454	195,155	196,454	195,155
Capital reserve		(146)	(146)	-	-
Share application monies		1,127	1,127	1,127	1,127
Share options reserve		815	815	815	815
Foreign currency translation reserve		579	174	-	-
Accumulated losses		(191,150)	(190,208)	(195,412)	(195,103)
Total attributable to equity holders of the Company		7,679	6,917	2,984	1,994
Non-controlling interests	**2**	210	2,523	-	-
Total Equity		**7,889**	**9,440**	**2,984**	**1,994**

Notes

1. Property, plant and equipment had increased from S$3.4 million in 31 December 2014 to S$3.5 million in 31 March 2015 due to the purchase of plant and equipment in Everglory Radiators (Shenyang) Co., Ltd.

2. The decrease in investment in Western Copper Group ("WCG"), is due to an equity to debt conversion exercise whereby the share capital in WCG was reduced and converted to shareholders' debt. WCG is a marketing arm of the copper ball business. The Group will cease the exclusive sales of copper ball to WCG and will continue to sell copper ball to the Taiwanese partner as a third party. The change in MI from S$2.5 million to S$0.2 million is the result from the corporate actions undertaken as above.

3. 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.

4. The increase in inventory levels is mainly due to the bulk purchase of approximately S$2.7 million copper cathodes by a newly-set up company in the People's Republic of China during the financial period by Western Metal Co., Ltd. For tax efficiency purposes, the subsidiary Suzhou Jestern Metal Co., Ltd. was incorporated to sell the copper balls produced by its parent company to third parties.

5. Trade and other receivables of $14.7 million consist mainly of credits extended by Western Copper Co., Ltd., the 52.78% joint venture company in Taiwan, to its customers; such credits are supported by trade financing via the factoring of their receivables. Correspondingly, the bulk of the interest-bearing liabilities amounting to $9.5 million relates to trade financing and short-term loans to support the copper ball trading business.

6. Despite expanding the manufacturing business and repaying some short-term loans, cash and cash equivalent remained at a healthy level of about S$7.5 million.

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

Amount repayable within one year

	As at 31 Mar 2015		As at 31 Dec 2014	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Interest-bearing liabilities	9,884	2,672	12,525	2,000
Scheme Debt (c)	1,687	-	1,687	-
Total	11,571	2,672	14,212	2,000

Amount repayable after one year

	As at 31 Mar 2015		As at 31 Dec 2014	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Interest-bearing liabilities	67	-	165	-
Scheme Debt (a)	1	-	1	-
Scheme Debt (c)	2,603	-	3,888	-
Total	2,671	-	4,054	-

The Scheme Debts (a) and (c), which are interest-bearing, are defined below. These debts have been reduced further in 1Q2015 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 3 months to 31 Mar 2015 S$'000**	**Group 3 months to 31 Mar 2014 S$'000**
Cash flows from operating activities		
(Loss)/Profit before tax	(1,206)	205
Adjustments for :		
Depreciation of property, plant and equipment	99	60
Write back and recovery of doubtful trade receivables	-	(232)
Interest and bank charges	240	298
Interest income	(28)	-
Gain on disposal of assets held for sale	-	(1,300)
Operating cash flow before working capital changes	(895)	(969)
Working capital changes		
Inventories	(3,092)	(852)
Trade and other receivables	(1,687)	(754)
Trade and other payables	5,837	(6,231)
Cash generated from/(used in) operations	163	(8,806)
Interest and bank charges paid	(213)	(298)
Interest received	28	
Income tax (paid)	(29)	(2)
Net cash used in operating activities	(51)	(9,106)
Cash flows from investing activities		
Purchase of property, plant and equipment	(104)	-
Proceeds from assets held for sale	-	2,095
Net cash (used in)/generated from investing activities	(104)	2,095
Cash flows from financing activities		
Proceeds from issuance of shares	-	3,798
Share issue expense	-	(137)
Repayment of finance lease creditors	(98)	(227)
Repayment of bank borrowings	(2,006)	(1,614)
Net cash (used in)/generated from financing activities	(2,104)	1,820
Net change in cash and cash equivalents	(2,259)	(5,191)
Cash and cash equivalents at beginning of financial period	7,579	11,719
Cash and cash equivalents at end of financial period	5,320	6,528

Cash and cash equivalents at the end of the reporting period as shown in the consolidated cash flow statements are as follows:

	Group	
	31 Mar 2015	**31 Mar 2014**
	S$'000	S$'000
Cash and cash equivalents, as above	7,476	6,528
Cash at bank and fixed deposits pledged	(2,156)	-
	5,320	6,528

<u>Notes</u>

The cash outflow of S$0.1 million from operating activities is mainly due to the bulk purchase of copper cathodes by one of our subsidiaries of approximately S$2.7 million, which is being offset against the increase trade and other payables.

The cash outflow of S$104,000 from investing activities is due to purchase of plant and equipment by Everglory Radiators (Shenyang) Co., Ltd.

The cash outflow of S$2.0 million from financing activities is mainly due to the repayment of short term 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 (31 March 2015)	**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 January 2015	195,155	(146)	1,127	815	174	(190,208)	-	6,917	2,523	9,440
Net loss for the financial period	-	-	-	-	-	(942)	-	(942)	(267)	(1,209)
Other comprehensive income :										
Net exchange differences on translation of foreign entities' financial statements	-	-	-	-	405	-	-	405	-	405
Total comprehensive income/(loss) for the period	-	-	-	-	405	(942)	-	(537)	(267)	(804)
Capital conversion to shareholders' debt	-	-	-	-	-	-	-	-	(2,046)	(2,046)
Issuance of shares for debt settlements	1,299	-	-	-	-	-	-	1,299	-	1,299
Balance as at 31 March 2015	**196,454**	**(146)**	**1,127**	**815**	**579**	**(191,150)**	**-**	**7,679**	**210**	**7,889**

	Attributable to owners of the parent									
GROUP (31 March 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 January 2014	178,147	(361)	9,510	815	25	(193,452)	1,245	(4,071)	3,580	(491)
Net income/(loss) for the financial period	-	-	-	-	-	280	-	280	(75)	205
Other comprehensive income :										
Net exchange differences on translation of foreign entities' financial statements	-	-	-	-	(236)	-	-	(236)	-	(236)
Total comprehensive income for the period	-	-	-	-	(236)	280	-	44	(75)	(31)
Share application money	-	-	(3,671)	-	-	-	-	(3,671)	-	(3,671)
Issuance of shares upon conversion of Scheme Convertible Notes	2,013	-	(1,959)	-	-	-	-	54	-	54
Issuance of shares for debt settlements	2,688	-	-	-	-	-	-	2,688	-	2,688
Issuance of new shares	3,798	-	-	-	-	-	-	3,798	-	3,798
Share issue expenses	(137)	-	-	-	-	-	-	(137)	-	(137)
Balance as at 31 March 2014	**186,509**	**(361)**	**3,880**	**815**	**(211)**	**(193,172)**	**1,245**	**(1,295)**	**3,505**	**2,210**

Company (31 March 2015)	Share capital		Share application monies		Share options reserve		Deficit		Total
	S$'000		S$'000		S$'000		S$'000		S$'000
Balance as at 1 January 2015	195,155		1,127		815		(195,103)		1,994
Net loss for the financial period	-		-		-		(309)		(309)
Issuance of shares upon conversion of Scheme Convertible Notes	1,299		-		-		-		1,299
Balance as at 31 March 2015	196,454		1,127		815		(195,142)		2,984

Company (31 March 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 January 2014	178,147		9,510		815		(195,613)		(7,141)
Net profit for the financial period	-		-		-		301		301
Share application money	-		(3,671)		-		-		(3,671)
Issuance of shares upon conversion of Scheme Convertible Notes	2,013		(1,959)		-		-		54
Issuance of shares for debt settlements	2,688		-		-		-		2,688
Issuance of new shares	3,798		-		-		-		3,798
Share issue expenses	(137)		-		-		-		(137)
Balance as at 31 March 2014	186,509		3,880		815		(195,312)		(4,108)

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 2015	13,738,296	195,155
Issuance of 930,681,550 ordinary shares for debt settlement	930,682	1,117
Issuance of 260,237,143 ordinary shares for debt settlement	260,237	182
	14,929,215	196,454

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 31 March 2015, the number of new ordinary shares to be issued would be 1,190,919,000 representing a 8.0% increase over the total number of issued shares of the Company as at 31 March 2015.

Assuming all the CLAs are fully converted based on their conversion price, and the outstanding Scheme Convertible Notes were converted on 31 March 2014, the number of new ordinary shares to be issued would be 1,814,322,000, representing a 21.1% increase over the total number of issued shares of the Company as at 31 March 2014.

As at 31 March 2015 and 31 March 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 2014, as well as all applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2015. The adoption of those new and revised FRS has no material effect on the quarterly results ending 31 March 2015.

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	
	31 Mar 2015	31 Mar 2014
Continuing Operations		
(Loss)/Earnings per share (EPS) in cents		
i) Basic	(0.01)	0.01
ii) On a fully diluted basis	(0.01)	0.01

Basic (loss)/earnings per share for the current and preceding years are calculated based on the weighted average number of shares of 14,732,835,458 and 14,746,759,077 (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	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net asset value per share (cents)	0.05	0.07	0.02	0.01

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

Please refer Note in 1(a), 1(b) and 1(c).

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.

The Group's copper ball business is highly dependent on the electronics industry which in turn will be positively influenced by a sustained recovery in the US and the Euro zone. A stable and gradual increase in copper price can also have a positive impact. There are signs that the operating environment is improving. However, working capital for the copper ball business has remained inadequate and the manufacturing facilities have not reached an optimal level. The Group aims to focus on and increase the utlisation rate of our copper ball business with the view to improving our financial position in 2015.

The ownership of wastewater treatment facilities is a widely sought-after business. As a result of that, the Group has been unable to find the desired acquisition targets to turn this into a core business. Most operating facilities are currently over-priced and competition for new projects has eroded their attractiveness.

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 quarterly ended 31 March 2015 of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
ADVANCE SCT LIMITED

Simon Eng
Chief Executive Officer
14 May 2015