



ADVANCE SCT LIMITED
(Registration No. 200404283C)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (“3Q FY2016”) AND NINE MONTHS ENDED 30 SEPTEMBER 2016 (“9M FY2016”)

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY AND HALF YEAR RESULTS

1(a)(i) A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial period.

		Group			Group		
	Note	3Q FY2016	3Q FY2015	Inc/(Dec)	9M FY2016	9M FY2015	Inc/(Dec)
		S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	1	16,633	9,846	69%	27,706	34,913	-21%
Cost of sales		(16,500)	(9,663)	71%	(27,410)	(34,149)	-20%
Gross profit		133	183	-27%	296	764	-61%
Other operating expenses	2	(220)	(4,150)	-95%	(1,144)	(3,839)	-70%
Selling and distribution expenses		-	(129)	n.m	-	(374)	n.m
Administrative expenses	3	(204)	(1,646)	-88%	(1,667)	(4,262)	-61%
Loss from operations		(291)	(5,742)	-95%	(2,515)	(7,711)	-67%
Finance costs		(49)	(261)	-81%	(104)	(630)	-83%
Loss before income tax from operations	4	(340)	(6,003)	-94%	(2,619)	(8,341)	-69%
Income tax		-	-	n.m	-	(3)	n.m
Total loss after tax		(340)	(6,003)	-94%	(2,619)	(8,344)	-69%
Attributable to:							
Equity holders of the Company		(340)	(4,579)	-93%	(2,619)	(6,450)	-59%
Non-controlling interests (“NCI”)		-	(1,424)	n.m	-	(1,894)	n.m
		(340)	(6,003)	-94%	(2,619)	(8,344)	-69%

n.m = not meaningful

Notes

1. Group's turnover in 3Q FY2016 increased by 69% compared to 3Q FY2015 but turnover for 9M FY2016 was 21% lower than 9M FY2015. The Group had undergone a major restructuring in 1Q FY2016, having settled with its last remaining creditors from the old scheme of arrangement through the transfer of certain hard assets in China. Without the huge burden of these factories in China and a much-reduced debt level, the Group has since focused on the trading of copper products under a wholly-owned subsidiary Asiapac Recycling Pte Ltd. Trading volume has increased steadily from S\$1.5 million in 1Q FY2016 to more than S\$16 million a quarter in this quarter. Barring unforeseen circumstances and assuming no significant increase in working capital, turnover is expected to stay above S\$10 million in subsequent quarters. Gross margin is low given the limited working capital; but on a return on working capital basis, the gross profit of \$133,000 represents more than 13% per quarter.
2. Other operating expenses of S\$220,000 consist of non-recurring costs of restructuring related to changes in the corporate structure, the scheme of arrangement and ongoing litigations.
3. Administrative expenses have been reduced further to S\$204,000 which include listing expenses and other costs of compliance.
4. Loss before income tax decreased by 94% from S\$6.0 million in 3Q FY2015 to S\$0.3 million in 3Q FY2016. Part of the loss in 3Q FY2015 were the impairment of goodwill and receivables.

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

	Group		Group	
	3Q FY2016	3Q FY2015	9M FY2016	9M FY2015
	S\$'000	S\$'000	S\$'000	S\$'000
Finance cost	49	261	104	630
Depreciation of plant and equipment	34	65	227	194
Write back of provision on trade and other receivables	-	2,178	-	2,178
Net foreign exchange gain	(14)	92	89	121
Net loss on disposal of plant and equipment	-	-	-	38
Cost of Scheme of arrangement and litigations	-	-	240	-
Restructuring Costs	173	-	173	-
Impairment of goodwill	-	1,714	-	1,714
Loss on disposal of subsidiaries	-	-	831	-

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

	Group			Group		
	3Q FY2016	3Q FY2015	Inc/(Dec)	9M FY2016	9M FY2015	Inc/(Dec)
	S\$'000	S\$'000		S\$'000	S\$'000	
Loss for the period	(340)	(6,003)	-94%	(2,619)	(8,344)	-69%
Other comprehensive (loss)/income :						
Net exchange differences on translation of foreign entities' financial statements	(1)	164	n.m	(475)	455	n.m
Total comprehensive loss for the period	(341)	(5,839)		(3,094)	(7,889)	
Total comprehensive loss attributable to :						
Equity holders of the Company	(341)	(4,477)	-92%	(3,094)	(6,121)	-49%
Non-controlling interests	-	(1,362)	n.m	-	(1,768)	n.m
	(341)	(5,839)	-94%	(3,094)	(7,889)	-61%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		Group		Company	
		30-Sep-16 S\$'000	31-Dec-15 S\$'000	30-Sep-16 S\$'000	31-Dec-15 S\$'000
Non-current assets					
Plant and equipment	1	947	2,889	-	-
Investment in subsidiaries		-	-	1	3,329
Financial receivables		-	6,454	-	-
		<u>947</u>	<u>9,343</u>	<u>1</u>	<u>3,329</u>
Current assets					
Inventories		111	293	-	-
Prepayments		5	269	5	-
Trade and other receivables	2	5,381	3,165	3,405	224
Financial receivables		-	140	-	-
Cash and cash equivalents	3	<u>1,755</u>	<u>514</u>	<u>61</u>	<u>83</u>
Current assets		<u>7,252</u>	<u>4,381</u>	<u>3,471</u>	<u>307</u>
Total assets		<u>8,199</u>	<u>13,724</u>	<u>3,472</u>	<u>3,636</u>
Current liabilities					
Trade and other payables	2	10,695	5,485	5,584	2,801
Interest-bearing liabilities		2,141	5,640	1,241	2,955
Provision		<u>3,424</u>	<u>3,424</u>	<u>3,424</u>	<u>3,424</u>
		<u>16,260</u>	<u>14,549</u>	<u>10,249</u>	<u>9,180</u>
Net current liabilities	4	<u>(9,008)</u>	<u>(10,168)</u>	<u>(6,778)</u>	<u>(8,873)</u>
Non-current liabilities					
Interest-bearing liabilities		-	2,837	-	2,837
Deferred tax		-	529	-	-
		<u>-</u>	<u>3,366</u>	<u>-</u>	<u>2,837</u>
Total liabilities		<u>16,260</u>	<u>17,915</u>	<u>10,249</u>	<u>12,017</u>
Net liabilities		<u>(8,061)</u>	<u>(4,191)</u>	<u>(6,777)</u>	<u>(8,381)</u>
Equity					
Share capital		196,454	196,454	196,454	196,454
Share application monies		-	1,127	-	1,127
Share options reserve		544	544	544	544
Forex translation reserve		(19)	456	-	-
Accumulated losses		<u>(205,040)</u>	<u>(202,421)</u>	<u>(203,775)</u>	<u>(206,506)</u>
Total attributable to equity holders of the Company		(8,061)	(3,840)	(6,777)	(8,381)
Non-controlling interests		-	(351)	-	-
Capital deficit		<u>(8,061)</u>	<u>(4,191)</u>	<u>(6,777)</u>	<u>(8,381)</u>

Notes

1. Plant and equipment had decreased from S\$2.9 million in 31 December 2015 to about S\$1.0 million as at 30 September 2016 due to the disposal of Green World Holdings Limited and its subsidiaries during the financial year.
2. The increase in trade and other receivables to S\$5.4 million was due mainly to the switch from manufacturing to trading. At the same time, trade and other payables increased to S\$10.7 million, part of which consists of past debts owing to third parties that have been included in the proposed Scheme of Arrangement.
3. The Group's cash position has improved to S\$1.8 million as at 30 September 2016 compared to S\$0.5 million on 31 December 2015.
4. While the Group is in net current liabilities, it is not under pressure to repay debt as the bulk of the Company's current non-trade liabilities has been contained in the Scheme of Arrangement. Until the Scheme is sanctioned, projected to be within the first half of FY2017, all creditors are restrained from legal actions against the Company. Besides, part of the Company's deficit is a provision for a legal suit, which has also been brought under the Scheme. The Company has generated positive cash flow from operations for a consecutive quarter and maintained a healthy cash position of more than \$1.7 million. It also has a credit line of \$1 million granted to its subsidiary Asiapac Recycling Pte Ltd. To date, only \$0.4 million has been drawn down.

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

Amount repayable within one year

	As at 30 September 2016		As at 31 Dec 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Interest-bearing liabilities	1,741	400.00	1,623	2,562
Scheme Debt (c)	-	-	1,455	-
Total	<u>1,741</u>	<u>400.00</u>	<u>3,078</u>	<u>2,562</u>

Amount repayable after one year

	As at 30 September 2016		As at 31 Dec 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Scheme Debt (c)	-	-	2,837	-

The Scheme Debts (a) and (c), which are interest-bearing, are defined below.

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).

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.

The total of Scheme Debts (a), (b) and (c) stood at \$5.541 million as at 31 December 2015. On 17 March 2016, the Company announced that the full amount had been settled via a settlement agreement signed with the last remaining creditors and the above Scheme of Arrangement has been terminated with effect from 21 January 2016.

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

CASHFLOW STATEMENT	Group		Group	
	3Q FY2016	3Q FY2015	9M FY2016	9M FY2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss before tax	(340)	(6,003)	(2,619)	(8,341)
Adjustments for :				
Depreciation for plant and equipment	34	65	227	194
Net loss on disposal of plant and equipment	-	-	-	38
Write back of provision on trade and other receivables	-	2,178	-	2,178
Finance cost	49	261	104	630
Interest income	-	(1)	-	(15)
Loss on disposal of subsidiaries	-	-	831	-
Impairment of goodwill	-	1,714	-	1,714
Operating cash flow before working capital changes	(257)	(1,786)	(1,457)	(3,602)
Working capital changes				
Inventories	9	335	182	2,322
Trade and other receivables	(4,131)	2,350	(1,952)	(1,551)
Trade and other payables	4,563	364	4,361	(29)
Cash used in from operations	184	1,263	1,134	(2,860)
Interest paid	(49)	(261)	(104)	(630)
Income tax refund/(paid)	-	2	-	(22)
Net cash generated from/(used in) operating activities	135	1,004	1,030	(3,512)
Cash flows from investing activities				
Net cash outflows from disposal of subsidiaries	-	-	(189)	-
Purchase of plant and equipment	-	-	-	(105)
Proceeds from disposal of plant and equipment	-	-	-	175
Net cash (used in)/ generated from investing activities	-	-	(189)	70
Cash flows from financing activities				
Repayment of finance lease creditors, net	-	(142)	-	(259)
Cash release from restricted in use	-	575	-	575
Proceeds from/(Repayment of) bank borrowings, net	400	(1,736)	400	(2,780)
Net cash generated from/(used in) financing activities	400	(1,303)	400	(2,464)
Net change in cash and bank balances	535	(299)	1,241	(5,906)
Cash and bank balances at beginning of financial period	1,220	1,972	514	7,579
Cash and bank balances at end of financial period	1,755	1,673	1,755	1,673

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

	Group	
	30 Sept 2016	30 Sept 2015
	S\$'000	S\$'000
Cash and cash equivalents, as above	1,755	3,254
Cash at bank and fixed deposits pledged	-	(1,581)
	<u>1,755</u>	<u>1,673</u>

Notes

Net cash inflow from operating activities in 3QFY2016 of S\$114,000 has resulted in positive working capital.

There was no cash flow movement in investment activities in 3QFY2016.

Net cash generated from financing activities was due to additional loan draw down by Asiapac Recycling Pte Ltd.

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.

	Share capital	Share options reserve	Foreign currency translation	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP (30 September 2016)					
Balance as at 1 July 2016	196,454	544	(18)	(204,700)	(7,720)
Net loss for the financial period	-	-	-	(340)	(340)
Other comprehensive income:					
Net exchange differences on translation of foreign entities' financial statements	-	-	(1)	-	(1)
Total comprehensive loss for the period	-	-	(1)	(340)	(341)
Balance as at 30 September 2016	196,454	544	(19)	(205,040)	(8,061)

	← Attributable to owners of the parent →								
	Share capital	Capital reserve	Share application monies	Share options reserve	Foreign currency translation	Accumulated losses	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
GROUP (30 September 2015)									
Balance as at 1 July 2015	196,454	(146)	1,127	815	401	(192,079)	6,572	2,117	8,689
Net loss for the financial period	-	-	-	-	-	(4,579)	(4,579)	(1,424)	(6,003)
Other comprehensive income:									
Net exchange differences on translation of foreign entities' financial statements	-	-	-	-	102	-	102	62	164
Total comprehensive income for the period	-	-	-	-	102	(4,579)	(4,477)	(1,362)	(5,839)
Balance as at 30 September 2015	196,454	(146)	1,127	815	503	(196,658)	2,095	755	2,850

	Share capital	Share options reserve	Deficit	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company (30 September 2016)				
Balance as at 1 July 2016	196,454	544	(203,485)	(6,487)
Net loss for the financial period	-	-	(290)	(290)
Balance as at 30 September 2016	196,454	544	(203,775)	(6,777)

	Share capital	Share application monies	Share options reserve	Deficit	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (30 September 2015)					
Balance as at 1 July 2015	196,454	1,127	815	(195,694)	2,702
Net loss for the financial period	-	-	-	(1,202)	(1,202)
Balance as at 30 September 2015	196,454	1,127	815	(196,896)	1,500

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.

There was no change in the Company's share capital for the reported quarter ended 30 September 2016. The number of ordinary shares issued was 14,929,214,427.

There was an outstanding \$1.5 million of convertible bonds which may be converted into 1,500,000,000 ordinary shares, representing approximately 10% of the existing share capital. If fully converted, the total number of ordinary shares would increase to 16,429,214,427.

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 2015, as well as all applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2016. The adoption of those new and revised FRS has no material effect on the 9M results ending 30 September 2016.

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		Group	
	3Q FY2016	3Q FY2015	9M FY2016	9M FY2015
	Cents	Cents	Cents	Cents
Continuing Operations				
Loss per share (EPS) in cents				
i) Basic	(0.002)	(0.04)	(0.02)	(0.06)
ii) On a fully diluted basis	(0.002)	(0.04)	(0.02)	(0.06)

Basic loss per share for the 3Q FY2016 and 3Q FY2015 are calculated based on the weighted average number of shares of 14,929,214,427(excluding treasury shares).

Basic loss per share for the 9M FY2016 and 9M FY2015 are calculated based on the weighted average number of shares of 14,929,214,427 and 14,831,567,426 (excluding treasury shares) respectively.

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 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
Net liabilities value per share (cents)	(0.05)	(0.03)	(0.04)	(0.06)

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

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 has become much leaner after the debt restructuring in January 2016. The trading of copper products is now its main business, undertaken by a wholly-owned subsidiary Asiapac Recycling Pte Ltd. With a small working capital, the Group is able to generate a turnover of more than 10 times of working capital and a more than 13% return on working capital in a single quarter. To reach profitability at the Group level to adequately cover compliance costs and other non-recurring expenses related to the ongoing restructuring, it has to urgently raise cash so as to not just increase revenue further, but also to better rationalize the process for a higher margin.

The copper radiator business involves a new technology that may require a longer-than-expected time frame towards profitability. The Group has suspended its factory operations while discussing with some potential partners for a possible joint-venture or joint-operation arrangement.

The Company will keep its copper trading business on track while continuing the cooperation with BT Consulting with respect to fresh cash injection and M&A as soon as the Scheme has been sanctioned. The Long Stop Date for the binding Heads of Agreement signed with BT Consulting is 31 December 2015.

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 recommends 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.

No dividend has been declared.

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 unaudited financial statement for 3QFY2016 and the 9 months ended 30 Sep 2016 of the Group and the Company to be false or misleading in any material aspect.

15. Confirmation under Rule 720(1) of the listing manual.

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720 (1) of the listing manual.

BY ORDER OF THE BOARD

Simon Eng
Chief Executive Officer
14 November 2016