**ADVANCE SCT LIMITED**
(Registration No. 200404283C)

**UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2017 ("2QFY2017") AND HALF YEAR ENDED 30 JUNE 2017 ("1HFY2017").**

**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 year.**

| | Note | Group 2Q FY2017 S$'000 | Group 2Q FY2016 S$'000 | Inc / (Dec) | Group 1H FY2017 S$'000 | Group 1H FY2016 S$'000 | Inc / (Dec) |
|---|---|---|---|---|---|---|---|
| **Continued operations** | | | | | | | |
| Revenue | 1 | 14,978 | 9,639 | 55% | 36,230 | 11,073 | 227% |
| Cost of sales | | (14,696) | (9,519) | 54% | (35,597) | (10,903) | 226% |
| **Gross profit** | | **282** | **120** | 135% | **633** | **170** | 272% |
| Other income - net | 2 | 1,031 | 12 | n.m* | 985 | 133 | 641% |
| Administrative expenses | 3 | (227) | (654) | -65% | (383) | (1,703) | -78% |
| Profit/(Loss) from operations | | 1,086 | (522) | n.m | 1,235 | (1,400) | n.m |
| Finance costs | 3 | (77) | (11) | 600% | (100) | (55) | 82% |
| **Profit/(Loss) before income tax** | | **1,009** | **(533)** | n.m | **1,135** | **(1,455)** | n.m |
| Income tax | | - | - | n.m | - | - | n.m |
| **Profit/(Loss) from continued operation, net of tax** | 4 | **1,009** | **(533)** | n.m | **1,135** | **(1,455)** | n.m |
| **Discontinued operations** | | | | | | | |
| Loss for the year from discontinued operation | | **-** | - | n.m | **-** | (824) | n.m |
| **Total profit/(loss) for the period** | | **1,009** | **(533)** | n.m | **1,135** | **(2,279)** | n.m |
| Attributable to: | | | | | | | |
| Equity holders of the Company | | 1,009 | (369) | n.m | 1,135 | (1,976) | n.m |
| Non-controlling interests ("NCI") | | - | (164) | n.m | - | (303) | n.m |
| | | 1,009 | (533) | | 1,135 | (2,279) | |

n.m = not meaningful
n.m* = variance more than 1000%

**Notes**

1. For the quarter ended 30 June 2017 ("2QFY2017), the Group's revenue increased by 55% quarter-on-quarter to S$15.0 million. Revenue for the first half of FY2017 has reached S$36.2 million, a 227% increase compared to the same period last year. This shows that the Group has recovered from the tumultuous period last year when it faced repayment pressure from creditors in the old 2011 Scheme of Arrangement and an arbitration claim from a hostile former partner in China.

2. Arising from the recent settlement with Qingyuan Shengli Copper Material Co Ltd, the Company has written back S$1.6 million in amount owing to a creditor. At the same time, the Group has made provision of about S$0.6 million for costs relating to corporate restructuring and possible penalty in swap options. Net other income is therefore ca. S$1.0 million.

3. As part of a debt restructuring in 1QFY2016, the Group has disposed of its manufacturing assets and terminated the new-tech radiator business. The moves have resulted in significant reduction in administrative expenses in 1HFY2017 compared to 1HFY2016.

4. With a leaner organisation and a more focused operation, the Group has been able to stay profitable for the first two quarters in FY2017. Including other income, the Group has generated net profit of more than S$1.1 million in 1HFY2017, compared to a loss of S$2.3 million in 1HFY2016.

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

| | | Group | | Group | |
|---|---|---|---|---|---|
| | | **2Q FY2017** | **2Q FY2016** | **1H FY2017** | **1H FY2016** |
| | | S$'000 | S$'000 | S$'000 | S$'000 |
| 1.1 | **Profit/(Loss) before income tax is arrived at after charging the following:** | | | | |
| | Depreciation of plant and equipment | - | (159) | - | (193) |
| | Finance cost | (77) | (11) | (100) | (55) |
| 1.2 | **Other income - net comprises principally the following:** | | | | |
| | Gain on foreign exchange - realised | 5 | - | 6 | 118 |
| | Loss foreign exchange - unrealised | - | - | (50) | (15) |
| | Miscellaneous income | 3 | - | 6 | 9 |
| | Restructuring cost | (200) | - | (200) | - |
| | Provision for penalty charge | (415) | - | (415) | - |
| | Write off of trade and other payables | 1,638 | 12 | 1,638 | 21 |
| | | 1,031 | 12 | 985 | 133 |

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

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | 2Q FY2017 S$'000 | 2Q FY2016 S$'000 | Inc / (Dec) | 1H FY2017 S$'000 | 1H FY2016 S$'000 | Inc / (Dec) |
| **Total profit/(loss) for the period** | 1,009 | (533) | n.m | 1,135 | (2,279) | n.m |
| **Other comprehensive income:** | | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | | |
| Net income/(loss) relating to foreign currency translation differences arising from consolidation | 22 | (15) | n.m | 13 | (40) | n.m |
| **Total comprehensive profit/(loss) for the period** | **1,031** | **(548)** | | **1,148** | **(2,319)** | |
| Total comprehensive profit/(loss) attributable to : | | | | | | |
| Equity holders of the Company | 1,031 | (384) | n.m | 1,148 | (2,016) | n.m |
| Non-controlling interests | - | (164) | n.m | - | (303) | n.m |
| | **1,031** | **(548)** | | **1,148** | **(2,319)** | |

**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-Jun-17 | 31-Dec-16 | 30-Jun-17 | 31-Dec-16 |
| | | S$'000 | S$'000 | S$'000 | S$'000 |
| **Non-current assets** | | | | | |
| Investment in subsidiaries | | - | - | 2 | 2 |
| **Current assets** | | | | | |
| Prepayments | | 1 | 5 | - | 4 |
| Trade and other receivables | 1 | 27 | 2,911 | 241 | 39 |
| Cash and cash equivalents | | 476 | 68 | 50 | 37 |
| **Current assets** | | 504 | 2,984 | 291 | 80 |
| **Total Assets** | | **504** | **2,984** | **293** | **82** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | | 196,454 | 196,454 | 196,454 | 196,454 |
| Capital reserve | | (654) | (654) | - | - |
| Share options reserve | | - | 544 | - | 544 |
| Forex translation reserve | | 25 | 15 | - | - |
| Accumulated losses | | (208,962) | (210,640) | (210,175) | (211,835) |
| **Total Equity** | | (13,137) | (14,281) | (13,721) | (14,837) |
| **LIABILITIES** | | | | | |
| Trade and other payables | 2 | 2,064 | 4,636 | 2,985 | 3,890 |
| Borrowings | 3 | 2,874 | 4,341 | 2,741 | 2,741 |
| Provision | | 8,703 | 8,288 | 8,288 | 8,288 |
| | | 13,641 | 17,265 | 14,014 | 14,919 |
| **Total Equity and Liabilities** | | **504** | **2,984** | **293** | **82** |

1. Trade and other receivables of S$27,000 are related to non-trade deposits.

2. Trade payables of S$0.5 million are linked to metals products. Other payables included accrual of professional fees and outstanding payment to vendors.

3. The decrease in borrowings of S$1.5 million is due to the repayment of debt by a wholly-owned subsidiary in 2QFY2017.

4. Although the Group is in net current liabilities position, the bulk of the Company's current liabilities including the arbitration award had been contained. As announced, all major creditors have agreed to participate in a proposed Debt Capitalization Exercise ("DCE"), the details of which are being worked out. Until the DCE is completed, all creditors are restrained from legal actions against the Company.

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

| | As at 30 June 2017 | | As at 31 December 2016 | |
|---|---|---|---|---|
| | Secured | Unsecured | Secured | Unsecured |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Borrowings | 1,241 | 1,633 | 1,241 | 3,100 |

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

| | Group | | Group | |
|---|---|---|---|---|
| | 2Q FY2017 S$'000 | 2Q FY2016 S$'000 | 1H FY2017 S$'000 | 1H FY2016 S$'000 |
| **Cash flows from operating activities** | | | | |
| Profit/(Loss) before tax | 1,009 | (533) | 1,135 | (2,279) |
| Adjustments for : | | | | |
| Unrealised futures loss | 37 | - | 156 | - |
| Unrealised foreign exchange loss | - | - | 50 | 15 |
| Depreciation for plant and equipment | - | 159 | - | 193 |
| Finance cost | 77 | 11 | 100 | 55 |
| Loss on disposal of subsidiaries | - | - | - | 824 |
| Provision for penalty charge | 415 | - | 415 | - |
| Write off of trade and other payables | (1,638) | - | (1,638) | - |
| **Operating cash flow before working capital changes** | (100) | (363) | 218 | (1,192) |
| Working capital changes | | | | |
| Inventories | - | (3,136) | - | (3,139) |
| Trade and other receivables | 3,182 | 5,821 | 2,692 | 2,592 |
| Trade and other payables | (1,543) | (1,491) | (935) | 2,689 |
| Cash generated from operations | 1,539 | 831 | 1,975 | 950 |
| Interest paid | (77) | (11) | (100) | (55) |
| **Net cash generated from operating activities** | **1,462** | **820** | **1,875** | **895** |
| **Cash flows from investing activities** | | | | |
| Disposal of subsidiaries, net cash | - | - | - | (189) |
| **Net cash used in investing activities** | **-** | **-** | **-** | **(189)** |
| **Cash flows from financing activities** | | | | |
| Proceeds from/(Repayment of) borrowings, net | (1,517) | - | (1,467) | - |
| **Net cash used in financing activities** | **(1,517)** | **-** | **(1,467)** | **-** |
| **Net change in cash and bank balances** | (55) | 820 | 408 | 706 |
| **Cash and bank balances at beginning of financial period** | 531 | 400 | 68 | 514 |
| **Cash and bank balances at end of financial period** | **476** | **1,220** | **476** | **1,220** |

## Notes

***The Group generated positive cash flow from operating activities: ca. S$1.5 million in 2QFY2017 and close to S$1.9 million for 1HFY2017.***

Net cash used in financing activities is related to a working capital loan repayment.

**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 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserve | 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 |
| **Group** | | | | | | | | |
| **Balance as at 1 April 2017** | **196,454** | **(654)** | **544** | **3** | **(210,515)** | **(14,168)** | **-** | **(14,168)** |
| Net profit for the financial period | - | - | - | - | 1,009 | 1,009 | - | 1,009 |
| Foreign currency translation | - | - | - | 22 | - | 22 | - | 22 |
| Total comprehensive income for the period | - | - | - | 22 | 1,009 | 1,031 | - | 1,031 |
| Write off share options reserve | - | - | (544) | - | 544 | - | - | - |
| **Balance as at 30 June 2017** | **196,454** | **(654)** | **-** | **25** | **(208,962)** | **(13,137)** | **-** | **(13,137)** |

| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserve | 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 |
| **Group** | | | | | | | | |
| **Balance as at 1 April 2016** | 196,454 | - | 544 | (3) | (204,028) | (7,033) | (490) | (7,523) |
| Net loss for the financial period | - | - | - | - | (369) | (369) | (164) | (533) |
| Foreign currency translation | - | - | - | (15) | - | (15) | | (15) |
| Total comprehensive loss for the period | - | - | - | (15) | (369) | (384) | (164) | (548) |
| Acquisition of subsidiary | - | (139) | - | - | - | (654) | 654 | - |
| **Balance as at 30 June 2016** | **196,454** | **(139)** | **544** | **(18)** | **(204,397)** | **(8,071)** | **-** | **(8,071)** |

| | Share capital | Share options reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | S$'000 | S$'000 | | S$'000 |
| **Company** | | | | |
| **Balance as at 1 April 2017** | 196,454 | 544 | (211,993) | (14,995) |
| Net profit for the financial period | - | - | 1,274 | 1,274 |
| Write off share options reserve | - | (544) | 544 | - |
| **Balance as at 30 June 2017** | **196,454** | **-** | **(210,175)** | **(13,721)** |

| | Share capital | Share options reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | S$'000 | S$'000 | | S$'000 |
| **Company** | | | | |
| **Balance as at 1 April 2016** | 196,454 | 544 | (203,094) | (6,096) |
| Net loss for the financial year | - | - | (391) | (391) |
| Write off share options reserve | - | - | - | - |
| **Balance as at 30 June 2016** | **196,454** | **544** | **(203,485)** | **(6,487)** |

**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 June 2017. The number of ordinary shares issued was 14,942,564,101.

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 16,442,564,101.

**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 with the audited financial statement as at 31 December 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.**

The Group had adopted the Singapore Financial Standards ("SFRS") including improvements to SFRS and interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. Where applicable, the application of these standards did not have any significant impact on the Group.

**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 | |
|---|---|---|---|---|
| | **2QFY2017** | **2QFY2016** | **1HFY2017** | **1HFY2016** |
| | cents | cents | cents | cents |
| **Earning/(Loss) per share for the Group attributable to equity holders of the Company** | | | | |
| i) Basic | 0.0068 | (0.0040) | 0.0076 | (0.0200) |
| ii) On a fully diluted basis | 0.0061 | (0.0030) | 0.0069 | (0.0100) |

Basic earnings per share for the 2QFY2017 is calculated based on the weighted average number of shares of 14,942,564,101. Diluted earnings per share for the 2QFY2017 is calculated based on the weighted average number of shares of 16,442,564,101.

**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-Jun-17 Cents | 31-Dec-16 Cents | 30-Jun-17 Cents | 31-Dec-16 Cents |
| **NAV per share based on issued share capital as at the end of the period** | (0.0879) | (0.0956) | (0.0918) | (0.0993) |

**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.**

No material variance noted from previous prospect statement.

**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 Company has submitted a Resumption Proposal to the SGX on 10 July 2017. It is also consulting the major creditors and the SGX on a possible debt capitalization exercise as well as other corporate restructuring initiatives with the objective of exiting the Watchlist in accordance with Rule 1314(1) before 3 March 2018. At the same time, the Company is in discussion with various parties to acquire profitable business in the metal industry to supplement its current operations, which have turned profitable.

**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 or recommended for the period under review.

**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 did not obtain a general mandate from its shareholders for IPTs. There were no IPT transactions for the period under review.

**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 2QFY2017 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
16 July 2017