



ADVANCE SCT LIMITED
(Registration No. 200404283C)

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED 30 JUNE 2018 (“2QFY2018”) AND HALF YEAR ENDED 30 JUNE 2018 (“1HFY2018”).

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.

	Group		Inc / (Dec)	Group		Inc / (Dec)
	2Q FY2018 S\$'000	2Q FY2017 S\$'000		1H FY2018 S\$'000	1H FY2017 S\$'000	
Revenue	16,919	14,978	13%	35,244	36,230	-3%
Cost of sales	(16,630)	(14,696)	13%	(34,524)	(35,597)	-3%
Gross profit	289	282	2%	720	633	14%
GP margin	1.7%	1.9%		2.0%	1.7%	
Administrative expenses	(261)	(227)	15%	(518)	(383)	35%
Finance costs	(27)	(77)	-65%	(72)	(100)	-28%
Operating profit/(loss)	1	(22)	n.m	130	150	-13%
Other income - net	33	1,031	-97%	28	985	-97%
Profit before income tax	34	1,009	-97%	158	1,135	-86%
Income tax	-	-	n.m	-	-	n.m
Profit after income tax	34	1,009	-97%	158	1,135	-86%

n.m = not meaningful



1(a)(ii) The net profit attributable to shareholders (“Net Profit”) includes the following charges/ (credits).

	Group		Group	
	2Q FY2018 S\$'000	2Q FY2017 S\$'000	1H FY2018 S\$'000	1H FY2017 S\$'000
1.1 Profit before income tax is arrived at after charging the following:				
Finance cost	(27)	(77)	(72)	(100)
1.2 Other income - net comprises principally the following:				
Write off of trade and other payables	-	1,638	-	1,638
Realised foreign exchange gain	-	4	5	6
Unrealised foreign exchange gain/(loss)	32	-	21	(50)
Government grant	1	-	2	-
Miscellaneous income	-	4	-	6
Restructuring cost	-	(200)	-	(200)
Provision of penalty charge	-	(415)	-	(415)
	<u>33</u>	<u>1,031</u>	<u>28</u>	<u>985</u>

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

	Group		Inc / (Dec)	Group		Inc / (Dec)
	2Q FY2018 S\$'000	2Q FY2017 S\$'000		1H FY2018 S\$'000	1H FY2017 S\$'000	
Profit after income tax	34	1,009	-97%	158	1,135	-86%
Other comprehensive income:						
Foreign currency translation difference	36	22	64%	42	13	223%
Total comprehensive income for the period attributable to the owners of the company	<u>70</u>	<u>1,031</u>		<u>200</u>	<u>1,148</u>	



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-18 S\$'000	31-Dec-17 S\$'000	30-Jun-18 S\$'000	31-Dec-17 S\$'000
Non-current assets				
Investment in subsidiaries	-	-	2	2
Current assets				
Trade receivables	1,914	7,753	-	-
Other receivables	26	13	27	10
Cash and cash equivalents	1,617	490	35	32
Current assets	3,557	8,256	62	42
Total Assets	3,557	8,256	64	44
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	209,281	196,454	209,281	196,454
Capital reserve	(654)	(654)	-	-
Share options reserve	544	544	544	544
Forex translation reserve	41	(1)	-	-
Accumulated losses	(208,974)	(209,132)	(212,345)	(211,812)
Total Equity	238	(12,789)	(2,520)	(14,814)
LIABILITIES				
Trade payables	669	6,854	-	-
Other payables	1,020	1,260	2,584	3,096
Borrowings	1,630	12,931	-	11,762
	3,319	21,045	2,584	14,858
Total Equity and Liabilities	3,557	8,256	64	44

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

Amount repayable within one year

	As at 30 June 2018		As at 31 December 2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	-	1,630	1,241	11,690



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 FY2018 S\$'000	2Q FY2017 S\$'000	1H FY2018 S\$'000	1H FY2017 S\$'000
Cash flows from operating activities				
Profit after tax from continuing operations	34	1,009	158	1,135
Adjustments for :				
Unrealised future trading loss	-	37	-	156
Unrealised foreign exchange (gain)/loss	(32)	-	(21)	50
Interest and bank charges	27	77	72	100
Provision for penalty charge	-	415	-	415
Write off of trade and other payables	-	(1,638)	(77)	(1,638)
Operating cash flow before working capital changes	29	(100)	132	218
Working capital changes				
Trade and other receivables	373	3,182	5,788	2,692
Trade and other payables	(1,670)	(1,543)	(6,485)	(935)
Cash (used in)/generated from operations	(1,268)	1,539	(565)	1,975
Interest paid	(27)	(77)	(72)	(100)
Net cash (used in)/generated from operating activities	(1,295)	1,462	(637)	1,875
Cash flows from financing activities				
Proceeds from/(Repayment of) borrowings, net	130	(1,517)	(277)	(1,467)
Proceed from issuance of Redeemable Convertible Bond, net	-	-	1,940	-
Net cash generated from/(used in) financing activities	130	(1,517)	1,663	(1,467)
Net change in cash and bank balances	(1,165)	(55)	1,026	408
Cash and bank balances at beginning of financial period	2,681	531	490	68
Cash and bank balances at end of financial period	1,516	476	1,516	476



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	Capital reserve	Share options reserve	Currency translation reserve	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Balance as at 1 April 2018	209,281	(654)	544	5	(209,008)	168
Net profit for the financial period	-	-	-	-	34	34
Foreign currency translation	-	-	-	36	-	36
Total comprehensive income for the period	-	-	-	36	34	70
Balance as at 30 June 2018	209,281	(654)	544	41	(208,974)	238

	Share capital	Capital reserve	Share options reserve	Currency translation reserve	Accumulated losses	Total Equity
	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)
Net profit for the financial period	-	-	-	-	1,009	1,009
Foreign currency translation	-	-	-	22	-	22
Total comprehensive profit for the period	-	-	-	22	1,009	1,031
Write off share options reserve	-	-	(544)	-	544	-
Balance as at 30 June 2017	196,454	(654)	-	25	(208,962)	(13,137)



	Share capital	Share options reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance as at 1 April 2018	209,281	544	(212,071)	(2,246)
Net loss for the financial period	-	-	(274)	(274)
Balance as at 30 June 2018	209,281	544	(212,345)	(2,520)

	Share capital	Share options reserve	Accumulated losses	Total
	S\$'000	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)



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 quarter ended 30 June 2018. The issued number of ordinary shares was 41,316,908,000.

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 2017.

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 2018. 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	
	2Q FY2018	2Q FY2017	1H FY2018	1H FY2017
	cents	cents	cents	cents
Continuing Operations				
Earning per share for the Group attributable to equity holders of the Company				
i) Basic	0.0001	0.0068	0.0004	0.0076
ii) On a fully diluted basis	0.0001	0.0061	0.0004	0.0069

Basic earnings per share for 2Q FY2018 and 2Q FY2017 were calculated based on the weighted average number of shares of 41,316,908,000 and 14,942,564,000 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-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
	Cents	Cents	Cents	Cents
NAV per share based on issued share capital as at the end of the period	0.0006	(0.0856)	(0.0061)	(0.0991)

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

Financial Performance (2Q FY2018 vs 2Q FY2017)

Revenue for the Group rose by S\$1.9 million to S\$16.9 million for 2Q FY2018 on the back of higher trading volume for metal products. Gross margin fell by 0.2 percentage point to 1.7%.

Administrative expenses rose by S\$0.034 million to S\$0.26 million due mainly to expansion of our trading and procurement base in China.

Finance cost fell by S\$0.05 million to S\$0.027 million on completion of the Debt Capitalisation Exercise and as a result of lower borrowings.

Other income comprised mainly unrealised foreign exchange gain (US\$/S\$). It fell by about S\$1.0 million compared to the corresponding period last year because of a waiver of debt in 2Q FY2017 as announced on 9 July 2017.



There was no income tax expense given the brought-forward tax losses.

Given the above, the Group reported a Net Profit of S\$0.034 million for 2Q FY2018.

Financial Position (30 June 2018 vs 31 December 2017)

Trade receivables fell by S\$5.8 million to S\$1.9 million as a result of improved collection cycle.

Other receivables, comprised mainly prepayment and deposits, rose to \$0.026 million mainly due to prepayment for professional services.

Trade payables fell by S\$6.2 million to S\$0.67 million as a result of earlier suppliers' payment.

Other payables, comprised mainly accrued operating expenses, fell by S\$0.22 million to S\$1.0 million.

Both trade receivables and trade payables are related to the trading of metal products by our subsidiary, Asiapac Recycling Pte Ltd ("Asiapac Recycling").

Borrowings fell sharply by S\$11.3 million to S\$1.6 million as a result of completion of the Debts Capitalisation Exercise. Borrowings as at 30 June 2018 were related to a short term loan from third party.

Shareholders' Equity

Upon completion of the Debt Capitalisation Exercise, issued share capital rose by S\$12.8 million to S\$209.3 million. Total Equity, including current period earnings and net of accumulated losses, improved to S\$0.24 million as at 30 June 2018, reversing from a negative Equity of S\$12.8 million as at 31 December 2017

Note: the Debt Capitalisation Exercise was completed on 27 February 2018.

Cash Flows for 2Q FY2018

Net cash used in operating activities was S\$1.3 million, after accounting for interest payments and net working capital requirements that collection of our sales proceeds lagged behind payment to our suppliers.

Net cash from financing activities of S\$0.13 million was due to additional short-term loan obtained for our operating subsidiary, Asiapac Recycling.

Given that, cash and bank balances fell by S\$1.2 million during the quarter under review to S\$1.5 million as at 30 June 2018.

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

The Group had previously warned uncertainty in global economic conditions and the risk of China-US trade war. Despite that, the Group reported a Net Profit of S\$0.034 million and S\$0.16 million for 2Q FY2018 and 6 months ended 30 June 2018, respectively.



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.

Whilst our existing business models in trading industrial base metal is highly scalable, most of the traders have continued to grapple with pricing pressure under the general risk-off environment surrounding the China-US trade wars. It seems there is a renewed uncertainty, a re-assessment of fundamental backdrop and apparently a re-adjustment of risk appetite in the commodities market.

In spite of market volatility, we will continue to trade exchange-regulated (i.e. London Metal Exchange) metal products with fast turnaround time and back-to-back orders while monitoring the operating environment closely. We keep minimum inventories, capped capital investments and will continue to streamline our corporate functions.

On 19 June 2018, we announced the appointment of Mr. Teh Wing Kwan (“Mr. Teh”) as non-executive Chairman after he acquired some 28.7% equity interest in the Company following that we will work closely with Mr. Teh in conducting a major strategic review, evaluating growth initiatives and implementing new investment parameters for the Group, which may include business diversification strategies.

The Company has recently been taken off the Singapore Exchange’s Watchlist. We will update shareholders in due course if there is any key development in our going-forward strategies.

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 does not have a general mandate from its shareholders for IPTs pursuant to Rule 920(1)(a)(ii). 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 2Q FY2018 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.

For and on behalf of the Board of Directors
ADVANCE SCT LIMITED

Simon Eng
Chief Executive Officer

Andrew Chan Keng Ho
Independent Director

BY ORDER OF THE BOARD
Linus Ng Siew Hoong
Secretary

19 July 2018