

SCINTRONIX CORPORATION LTD.
(Company Registration Number: 199901719E)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY, (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013	+ / (-)
	S\$' 000	S\$' 000	%
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue	28	505	-94%
Cost of sales	(175)	(797)	-78%
Gross Loss	(147)	(292)	-50%
Other income	332	24	1283%
Expenses			
- Selling and Distribution	-	(1)	NM
- Administrative	(900)	(2,579)	-65%
- Finance	(7)	(7)	-
Loss before income tax from continuing operations	(722)	(2,855)	-75%
Income tax expense	(54)	-	NM
Loss from continuing operations, net of tax	(776)	(2,855)	-73%
Discontinued operations			
Profit from discontinued operations, net of tax	25	772	-97%
Loss for the period attributable to Equity holders of the Company	(751)	(2,083)	-64%
Currency translation differences arising from consolidation	(3)	(557)	-99%
Total comprehensive loss for the period attributable to Equity holders of the Company	(754)	(2,640)	-71%
Total comprehensive loss for the period attributable to:			
Total comprehensive loss from continued operations, net of tax	(779)	(3,412)	-77%
Total comprehensive income from discontinued operations, net of tax	25	772	-97%

NM : Not meaningful

(a)(ii) Additional information on the income statement

This is determined after charging/(crediting) the followings:

	1 Jan 2014 to 30 Jun 2014			1 Jan 2013 to 30 Jun 2013			Total + /(-)
	Continuing S\$' 000	Discontinuing S\$' 000	Total S\$' 000	Continuing S\$' 000	Discontinuing S\$' 000	Total S\$' 000	%
(Reversal)/Impairment of trade receivables	(123)	79	(44)	1,517	(2,480)	(963)	-95%
Allowance written-back for inventory obsolescences	(27)	-	(27)	-	-	-	NM
Depreciation on property, plant and equipment	95	-	95	135	31	166	-43%
Loss on disposal of property, plant and equipment	-	-	-	-	1,142	1,142	NM
Impairment of property, plant and equipment	325	-	325	-	-	-	NM
Foreign exchange (Loss)/Gain, net	1	(1)	-	69	(120)	(51)	NM
Other income							
- Sales of scrap and other materials	-	-	-	1	38	39	NM
- Government grant	-	-	-	21	14	35	NM
- Reversal of trade payables over-stated previously	(332)	(147)	(479)	-	-	-	NM
- others	-	-	-	1	-	1	NM
	<u>(333)</u>	<u>(147)</u>	<u>(479)</u>	<u>85</u>	<u>52</u>	<u>75</u>	
Finance expense:							
- Interest expense on Bank borrowings	7	-	7	7	107	114	-94%
- Interest expense on Finance lease	-	-	-	-	17	17	NM
	<u>7</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>124</u>	<u>131</u>	

NM : Not meaningful

	1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013	+ / (-)
	S\$' 000	S\$' 000	%
	(Unaudited)	(Unaudited)	
Discontinued operations			
Revenue	-	283	NM
Cost of sales	-	(519)	NM
Gross Loss	-	(236)	NM
Other income	147	52	183%
- Selling & Distribution	-	(25)	NM
- Administrative	(122)	896	NM
- Finance	-	(124)	NM
- Impairment loss of property, plant and equipment	-	1,142	NM
- Impairment loss of trade receivables	-	(963)	NM
Profit before income tax from discontinuing operations	25	742	-97%
Income tax	-	30	NM
Profit from discontinuing operations, net of tax	25	772	-97%
Profit/(loss) attributable to equity holders of the Company related to:			
Loss from continuing operations, net of tax	(776)	(2,855)	-73%
Profit from discontinued operations, net of tax	25	772	-97%
Loss for the period	(751)	(2,083)	-64%

NM : Not meaningful

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 2014 S\$' 000	31 Dec 2013 S\$' 000	30 Jun 2014 S\$' 000	31 Dec 2013 S\$' 000
ASSETS				
Non-current assets				
Property, plant and equipment	999	1,426	746	785
Investment properties	98	98	-	-
Subsidiaries	-	-	*	*
	<u>1,097</u>	<u>1,524</u>	<u>746</u>	<u>785</u>
Current assets				
Trade and other receivables	127	198	800	860
Cash and cash equivalents	6,003	6,893	5,306	5,802
	<u>6,130</u>	<u>7,091</u>	<u>6,106</u>	<u>6,662</u>
Total Assets	<u>7,227</u>	<u>8,615</u>	<u>6,852</u>	<u>7,447</u>
LIABILITIES				
Current liabilities				
Trade and other payables	781	1,456	126	195
Borrowings	26	26	26	26
Current income tax liabilities	54	-	54	-
	<u>861</u>	<u>1,482</u>	<u>206</u>	<u>221</u>
Non-current liabilities				
Borrowings	540	553	540	553
	<u>540</u>	<u>553</u>	<u>540</u>	<u>553</u>
Total Liabilities	<u>1,401</u>	<u>2,035</u>	<u>746</u>	<u>774</u>
Net Assets	<u>5,826</u>	<u>6,580</u>	<u>6,106</u>	<u>6,673</u>
<u>EQUITY</u>				
<u>Capital and reserves attributed to equity holders of the Company</u>				
Share capital	55,544	55,544	55,544	55,544
Other reserves	(698)	(695)	31	31
Accumulated losses	(49,020)	(48,269)	(49,469)	(48,902)
Total Equity	<u>5,826</u>	<u>6,580</u>	<u>6,106</u>	<u>6,673</u>

* Less than S\$1,000

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

Amount repayable in one year or less, or on demand

As at 30 Jun 2014		As at 31 Dec 2013	
Secured S\$' 000	Unsecured S\$' 000	Secured S\$' 000	Unsecured S\$' 000
26	-	26	-

Amount repayable after one year

As at 30 Jun 2014		As at 31 Dec 2013	
Secured S\$' 000	Unsecured S\$' 000	Secured S\$' 000	Unsecured S\$' 000
540	-	540	-

Details of any collateral

Bank borrowings are secured by legal mortgage over the Company's property, plant and equipment.

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

	1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013
	S\$' 000	S\$' 000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss before tax		
- Continuing operations	(722)	(2,855)
- Discontinued operations	25	742
	<u>(697)</u>	<u>(2,113)</u>
Adjustments for:		
Allowance written-back for inventory obsolescences	(27)	-
Depreciation of property, plant and equipment	95	166
Interest expense	7	131
Impairment loss of property, plant and equipment	325	1,142
Reversal of trade payables over-stated previously	(479)	-
Reversal of impairment for trade receivables	(44)	(963)
Unrealised currency translation losses/(Gain)	4	(178)
	<u>(816)</u>	<u>(1,815)</u>
Operating loss before working capital changes		
Inventories	27	99
Trade and other receivables	111	4,014
Trade and other payables	(171)	(3,860)
	<u>(849)</u>	<u>(1,562)</u>
Cash used in operations		
Interest paid	(7)	(131)
Income tax paid	(19)	-
	<u>(19)</u>	<u>-</u>
Net cash used in operating activities	(875)	(1,693)
Cash flows from investing activities		
Additions to property, plant and equipment	-	(2)
Proceeds from disposal of property, plant and equipment	-	34
Proceeds from disposal of assets held for sale	-	4,380
	<u>-</u>	<u>4,380</u>
Net cash from investing activities	-	4,412
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	15
Repayment of borrowings	(13)	(3,291)
Repayment of lease liabilities	-	(529)
	<u>(13)</u>	<u>(3,805)</u>
Net cash used in financing activities	(13)	(3,805)
Net decreased in cash and cash equivalents	(888)	(1,085)
Effect of exchange rate changes on cash and cash equivalents	(2)	-
Cash and cash equivalents at the beginning of the period	6,893	8,746
	<u>6,003</u>	<u>7,661</u>
Cash and cash equivalents at the end of the period	6,003	7,661

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital	Share option reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Balance as at 1 Jan 2014	55,544	31	(726)	(48,269)	6,580
Total comprehensive loss for the period	-	-	-	(751)	(751)
Other comprehensive income, net of tax	-	-	(3)	-	(3)
	-	-	(3)	(751)	(754)
Balance as at 30 Jun 2014	55,544	31	(729)	(49,020)	5,826

	Share capital	Share option reserve	Currency translation reserve	Accumulated losses	Total equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Balance as at 1 Jan 2013	55,529	134	(230)	(45,239)	10,194
Total comprehensive loss for the period	-	-	(557)	(2,083)	(2,640)
Issue of new shares	15	-	-	-	15
Balance as at 30 Jun 2013	55,544	134	(787)	(47,322)	7,569

Company

	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Balance as at 1 Jan 2014	55,544	31	(48,902)	6,673
Total comprehensive loss for the period	-	-	(567)	(567)
Balance as at 30 Jun 2014	55,544	31	(49,469)	6,106

	Share capital	Share option reserve	Accumulated losses	Total equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Balance as at 1 Jan 2013	55,529	134	(43,942)	11,721
Total comprehensive loss for the period	-	-	(1,992)	(1,992)
Issue of new shares	15	-	-	15
Balance as at 30 Jun 2013	55,544	134	(45,934)	9,744

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares (('000))	Share Capital (S\$'000)
As at 1 Jan 2014	1,528,316	55,544
Issue of shares	-	-
As at 30 Jun 2014	<u>1,528,316</u>	<u>55,544</u>

As at 1 Jan 2013	1,527,716	55,529
Issue of shares	<u>600</u>	<u>15</u>
As at 31 Dec 2013	<u>1,528,316</u>	<u>55,544</u>

Scintronix Group Share Option Scheme ("Scintronix GSOS")

As at 30 June 2014, the number of outstanding share options under the Scintronix GSOS was 866,664 (31 December 2013 : 866,664). Details of the options granted under the Scintronix GSOS on the un-issued ordinary shares of the Company are as follow:

<u>Date of</u> <u>Grant</u>	<u>Exercise price (S\$)</u>	<u>Options outstanding</u> <u>at 1 Jan 2014</u>	<u>Options outstanding</u> <u>at 30 Jun 2014</u>
10/12/2010	0.047	866,664	866,664

Utilisation of share placement proceeds

<u>Description</u>	<u>(S\$'000)</u>
Net proceed	10,724
Repayment of shareholder's loan	(2,000)
Staff cost, directors' fee & admin expenses	(2,048)
Audit, legal & other professional expenses	(505)
Legal & professional fee for corporation exercises	(114)
Expenses incurred in relation to business expansion	<u>(54)</u>
	<u>(4,722)</u>
Balance to be utilised	<u>6,002</u>

As the Company is in the process of winding up, the balance net proceeds from the placement exercise of S\$6.69 million will no longer be applied for business expansion. As such, all the remaining net proceeds of S\$6.00 million are and will be applied for working capital, winding up and/or distribution.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceeding year.

Total number of issued ordinary shares as at 30 June 2014 is 1,528,316,129 (31 December 2013: 1,528,316,129).

1(d)(iv) A statement showing all shares, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not hold any treasury shares as at 30 June 2014 (31 December 2013: nil).

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors..

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statement for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	1 Jan 2014 to 30 Jun 2014	1 Jan 2013 to 30 Jun 2013
(Loss)/Profit for the period attributable to equity holders of the Company (\$'000)		
- Continuing operations	(776)	(2,855)
- Discontinued operations	25	772
	<u>(751)</u>	<u>(2,083)</u>
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	<u>1,528,316</u>	<u>1,527,796</u>
Weighted average number of ordinary shares outstanding for diluted loss per share ('000)	<u>1,529,183</u>	<u>1,531,010</u>
Basic/Diluted loss per share (cents per share)		
- Continuing operations	(0.05)	(0.19)
- Discontinued operations	-	0.05
Loss for the period	<u>(0.05)</u>	<u>(0.14)</u>

Basic loss per ordinary share is computed by dividing the loss attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

Diluted loss per ordinary share is computed based on similar basis as the basic loss per ordinary share, except that the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company dilutive potential ordinary share are the share options granted under Scintronix GSOS.

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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	cents	cents	cents	Cents
Net assets value per ordinary share based on existing issued share capital	0.38	0.43	0.40	0.44
Net assets value has been computed based on number of share issued ('000)	1,528,316	1,528,316	1,528,316	1,528,316

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.

Income Statement

The Group's revenue decreased by S\$0.48 million or 94% to S\$0.03 million for the period under review. It was mainly due to the scaling down of loss making business of the Group.

The Group recorded a gross loss of S\$0.15 million for the period under review. The gross loss was mainly due to revenue achieved for the period under review being unable to cover the fixed cost of manufacturing.

As the Group continues scaling down its loss making business, administrative expense decreased by S\$1.68 million for the period under review. The lower administrative expenses were mainly due to the decrease in impairment of trade receivables of S\$1.64 million and staff cost of S\$0.27 million offset by an additional impairment of property, plant and equipment of S\$0.33 million.

The Group's finance expenses for the period under review mainly due to repayment of bank borrowings.

Income tax expenses of S\$54k for the period under review was additional tax assessment in respect of prior years issued by the Singapore Tax Authority.

The Group recorded a total net loss after tax of S\$0.75 million for the period under review as compared to net loss of S\$2.08 million for the corresponding period.

Balance Sheet

Total assets

The Group's total assets decreased by S\$1.39 million or 16.1% from S\$8.62 million as at 31 Dec 2013 to S\$7.23 million as at 30 June 2014. This was mainly due to (i) impairment of plant & machinery; and (ii) cash used for working capital.

Total Liabilities

The Group's total liabilities decreased by S\$0.63 million or 31.2% from S\$2.03 million as at 31 Dec 2013 to S\$1.40 million as at 30 June 2014. This was mainly due to repayment of trade and other payables.

Cash Flow

The decrease of cash and cash equivalents mainly used to pay off suppliers and other creditors.

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

The Group's current results are in line with the commentary in Paragraph 10 of the results announcement dated 28 May 2014.

10. A commentary at the date of the announcement of 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 was placed on the watch-list pursuant to Rule 1311 of the SGX-ST Listing Manual on 5 December 2011. The Company was given till 5 December 2013 ("Deadline") to meet the requirements of SGX-ST to be removed from the watch-list.

On 6 December 2013, the Company has submitted an application to SGX-ST and was granted an extension on 13 December 2013 of the Deadline for three months up to 5 March 2014.

On 4 March 2014, the Company has submitted an application to SGX-ST to extend the Deadline for another twelve months on the basis to complete the Proposed Acquisition (as defined below) as part of the Group's efforts to inject a profitable business into the Group.

On 4 March 2014, the Company has entered into a memorandum of understanding ("**MOU**") in relation to the proposed acquisition of the entire equity interest in Bestway Steel Building Co., Ltd ("**Bestway**") from Loncin Holdings ("**Proposed Acquisition**").

The Company has received a notification from the SGX-ST on 30 May 2014 ("**Notification**"). In the Notification, the SGX-ST has informed the Company, inter alia, that:

- (a) the SGX-ST is unable to grant the Company a further extension of time to comply with Rule 1314 of the Listing Manual as it is uncertain as to whether the proposal submitted by the Company will enable the Company to meet the requirements of Rule 1314 of the Listing Manual;
- (b) the SGX-ST will proceed to delist the Company; and
- (c) the Company is to advise the SGX-ST of the exit offer proposal no later than one month from the date of the Notification.

Further to the announcement released on 1 June 2014 in relation to the delisting notification issued by the SGX-ST, after taking into consideration, inter alia, that (i) the Company's assets constitute mainly cash and little other assets, and (ii) the Company is unable to obtain an exit offer from any party, the Company is of the view that it is in the best interest of the shareholders of the Company ("**Shareholders**") that the Company be wound up and dissolved ("**Winding Up**"). The Company has submitted the proposal in relation to the Winding Up ("**Proposal**") to the SGX-ST on 30 June 2014.

On 10 July 2014, the Company has received a notification from the SGX-ST indicating that based on the Company's submissions and representations to the SGX-ST, the SGX-ST has no objection to the Proposal as a reasonable exit offer. On the same day, the Company has also received letter from Famemount Global Limited, a controlling shareholder of the Company, indicating, inter alia, that it will vote in favour of the resolutions relating to the winding up of the Company.

On 21 May 2014, the Company announced that the striking-off application of its wholly-owned subsidiary, Scintronic Technology (Zhejiang) Co Ltd (the "**Subsidiary**"), incorporated in the Republic of China has been approved by the local authorities. The Subsidiary has been a dormant company since its incorporation.

On 25 July 2014, the Company announced that the de-registration of its wholly-owned indirect subsidiary, TTL Trading (Hong Kong) Limited, incorporated in Hong Kong has been approved by the local authorities.

The striking-off and de-registration of the two subsidiaries are not expected to have any material impact on the net tangible assets or earnings per share of the Company for the current financial year ending 31 December 2014.

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in both subsidiaries.

The Company will be convening an extraordinary general meeting for the purpose of, inter alia, approving the Winding Up and the appointment of a liquidator. A circular setting out details in this regard will be despatched to Shareholders in due course.

11 If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

No.

(i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared(recommended), a statement to that effect

No dividend has been declared or recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as per required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained, and there is no such IPT transaction during the reported financial period.

14. Negative confirmation pursuant to Rule 705(5).

We, Yang Weimin and Duan Xiaohua being two directors of Scintronix Corporation Limited do hereby confirm on behalf of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Company for the financial period ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Yang Weimin
Executive Chairman

Duan Xiaohua
Executive Director

12 August 2014