

SITRA HOLDINGS (INTERNATIONAL) LIMITED
(Co. Regn. No: 197901237E)

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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 Income Statement for Half Year ended 30 June 2014. These figures have not been audited.

	Group		
	S\$'000		%
	6 Months ended 30/06/2014	6 Months ended 30/06/2013	Increase/ (Decrease)
Revenue	9,355	9,326	0.3%
Cost of sales	(8,703)	(9,019)	-3.5%
Gross profit	652	307	112.4%
Other operating income	6,393	583	996.6%
Selling and distribution expenses	(604)	(674)	-10.4%
Administrative expenses	(1,607)	(2,138)	-24.8%
Other operating expenses	(26)	(109)	-76.1%
Finance expenses	(160)	(218)	-26.6%
Profit/(loss) before income tax	4,648	(2,249)	-306.7%
Income tax expense	-	-	
Net profit/(loss)	4,648	(2,249)	-306.7%
Attributable to:			
Equity holders of the Company	4,619	(2,232)	-306.9%
Non-controlling interests	29	(17)	-270.6%
	4,648	(2,249)	-306.7%

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Note:

Result before income tax is arrived at after charging / (crediting) the following:

	Group	
	S\$'000	
	6 Months ended 30/06/2014	6 Months ended 30/06/2013
Commission income	(49)	(24)
Profit on disposal of property	6,095	-
Defined contribution included in staff costs	48	68
Depreciation of property, plant and equipment	146	492
Directors' fees	50	50
Directors' remuneration	245	222
Exchange gain	(60)	(200)
Inventory write down	-	183
Interest income	(3)	(1)
Rental income		
- Non-investment property	(70)	(165)
- Warehouse	(72)	(152)
Rental expenses	296	324
Staff costs	795	607

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1(a) (ii) A statement of comprehensive income for the corresponding period of the immediately preceding financial year.

Group Consolidated Statement of Comprehensive Income for Half Year ended 30 June 2014.

	S\$'000	
	6 Months ended 30/06/2014	6 Months ended 30/06/2013
Profit/(loss) for the year	4,648	(2,249)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from consolidation	(58)	(96)
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation of plant, property and equipment	-	-
Other comprehensive income, net of tax	(58)	(96)
Total comprehensive income/(loss)	4,590	(2,345)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	4,577	(2,344)
Non-controlling interests	13	(1)
	4,590	(2,345)

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1(b)(i) A statements 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	
	30/06/14	31/12/13	30/06/14	31/12/13
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and bank balances	414	456	264	11
Trade and other receivables	3,582	3,014	6,918	6097
Inventories	2,444	2,683	108	164
Other current assets	509	472	18	26
	6,949	6,625	7,308	6298
Non-current assets held for sale	-	7,192	-	7,192
	6,949	13,817	7,308	13,490
Non-current assets				
Investments in subsidiaries	-	-	227	227
Property, plant and equipment	3,402	3,233	57	92
	3,402	3,233	284	319
Total assets	10,351	17,050	7,592	13,809
Current liabilities				
Trade and other payables	6,340	5,488	3,352	3,189
Current income tax liabilities	5	12	-	7
Borrowings	2,398	10,090	1,275	8,096
	8,743	15,590	4,627	11,292
Non-current liabilities				
Borrowings	217	21	-	-
Deferred income tax liabilities	55	55	-	-
Total liabilities	9,015	15,666	4,627	11,292
Net assets	1,336	1,384	2,965	2,517
Capital and reserves attributable to equity holders of the Company				
Share capital	13,633	13,633	13,633	13,633
Other reserves	2,478	7,158	14	4,651
Accumulated losses	(14,591)	(19,211)	(10,682)	(15,767)
	1,520	1,580	2,965	2,517
Non-controlling interests	(184)	(196)	-	-
	1,336	1,384	2,965	2,517

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

Amount repayable in one year or less, or on demand

	Group	
	S\$'000	
	As at 30/06/2014	As at 31/12/2013
Bank overdrafts	141	795
Bank borrowings	743	2,469
Trust receipts	1,440	6,801
Finance lease liabilities	74	25

Amount repayable after one year

	Group	
	S\$'000	
	As at 30/06/2014	As at 31/12/2013
Term loan		
- due within two to five years	-	-
- due after five years	-	-
Finance lease liabilities		
- due within two to five years	217	21
- due after five years	-	-

Details of any collateral

The bank overdrafts and bank borrowings are secured on:

- (i) Corporate guarantee of the Company
- (ii) Certain trade receivables of a subsidiary
- (iii) Rights to the leased motor vehicles which will revert to the lessor in the event of default
- (iv) Personal guarantee by the Executive Directors

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

	Group	
	S\$'000	
	6 Months ended 30/06/2014	6 Months ended 30/06/2013
Cash flows from operating activities		
Profit/(loss) before income tax	4,648	(2,249)
Adjustments for:		
Depreciation of property, plant and equipment	146	492
Gain on disposal of non-current asset held-for-sale	(6,095)	-
Loss on disposal of property, plant and equipment	26	-
Interest expense	160	218
Inventory write down	-	183
Interest income	(3)	(1)
Unrealised translation gains	(52)	(119)
	(1,170)	(1,476)
Change in working capital		
- Inventories	239	439
- Trade and other receivables	(596)	248
- Other current assets	(37)	66
- Trade and other payables	873	(2,449)
Cash used in operations	(691)	(3,172)
Interest received	3	1
Interest paid	(13)	(17)
Income tax paid	(7)	-
Net cash used in operating activities	(708)	(3,188)
Cash flows from investing activities		
Issued of new shares	-	5610
Share issue expense	-	(14)
Proceed from disposal of non-current asset held-for-sale	8,650	-
Purchase of property, plant and equipment	(34)	(2)
Net cash provided by investing activities	8,616	5,594

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	Group	
	S\$'000	
	6 Months ended 30/06/2014	6 Months ended 30/06/2013
Cash flows from financing activities		
Repayment of bank borrowings	(7,398)	(777)
Loan from/(repayment to) directors and their immediate family members	8	(1,607)
Finance lease liabilities	244	(20)
Interest paid	(146)	(200)
Net cash used in financing activities	(7,292)	(2,604)
Net increase/(decrease) in cash and cash equivalents	616	(198)
Cash and cash equivalents at beginning of financial period	(339)	(867)
Effects of currency translation on cash and cash equivalents	(4)	5
Cash and cash equivalents at end of financial period	273	(1,060)

Note

Cash and cash equivalents include cash and bank balances less bank overdraft.

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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	Other reserves	(Accumulated losses)	Total Attributable to equity holders of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	8,037	5,328	(13,179)	186	(103)	83
Issued of new shares	5,610	-	-	5,610	-	5,610
Shared issue expense	(14)	-	-	(14)	-	(14)
Total comprehensive income /(loss) for the year	-	1,830	(6,032)	(4,202)	(93)	(4,295)
Balance at 31 December 2013	13,633	7,158	(19,211)	1,580	(196)	1,384
Balance at 1 January 2014	13,633	7,158	(19,211)	1,580	(196)	1,384
Transfer upon disposal of property	-	(4,637)	-	(4,637)	-	(4,637)
Total comprehensive (loss)/income for the period	-	(43)	4,620	4,577	12	4,589
Balance at 30 June 2014	13,633	2,478	(14,591)	1,520	(184)	1,336

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Company	Share capital	Other reserves	Retained profits / (Accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2013	8,037	4,651	(11,037)	1,651
Issued of new shares	5,610	-	-	5,610
Share issue expense	(14)			(14)
Total comprehensive loss for the year	-	-	(4,730)	(4,730)
Balance at 31 December 2013	13,633	4,651	(15,767)	2,517
Balance at 1 January 2014	13,633	4,651	(15,767)	2,517
Transfer upon disposal of property	-	(4,637)	-	(4,637)
Total comprehensive income for the period	-	-	5,085	5,085
Balance at 30 June 2014	13,633	14	(10,682)	2,965

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 at the end of the corresponding period of the immediately preceding financial year.

The total number of issued shares were 313,000,000 as at 31 December 2013 and 313,000,000 as at 30 June 2014.

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 preceding year.

The total number of issued shares excluding treasury shares was 313,000,000 as at 31 December 2013 and 313,000,000 as at 30 June 2014.

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

Not applicable. The Company does not have any treasury shares.

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

These figures have not been audited or reviewed by the auditors.

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

Not applicable.

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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 as compared to the audited financial statements for the financial 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.

In 1HFY2014, the Group has adopted all the applicable new/revised Financial Reporting Standards ("FRS") which became effective for financial year beginning on or after 1 January 2014. There is no material impact on the Group's financial statements upon adoption of these FRS.

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	
	6 Months ended 30/06/2014	6 Months ended 30/06/2013
Profit/(Loss) per ordinary share of the group, after deducting any provision for preference dividends (cents):		
(a) Based on weighted average number of ordinary shares on issue; and	1.48	(0.78)
(b) On a fully diluted basis	1.48	(0.78)

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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset value per ordinary share based on issued share capital at the end of (cents):	0.43	0.44	0.95	0.80

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- 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.**

Revenue

Revenue remained approximately the same at S\$9.3 million. The wood-based segment registered an increase of 12.3% in revenue to S\$7.4 million, which was offset by a drop of 39.4% and 25.9% in revenue for the lifestyle outdoor furniture products and total design and build solution to S\$0.4 million and S\$1.6 million, respectively. In terms of business by geographical regions, both the European market and Asian/Others market registered a drop in sales of 11.0% to S\$4.1 million and 20.2% to S\$2.2 million, respectively. The Australia/New Zealand market grew by S\$1.1 million or 53.0% to S\$3.1 million in 1HFY14.

Cost of sales and gross profit margin

The cost of sales decreased by S\$0.3 million or 3.5% to S\$8.7 million. The cost of sales as a percentage of revenue decreased from 96.7% in 1HFY13 to 93.0% in 1HFY14, thus resulting in an increase in gross profit margin from 3.3% in 1HFY13 to 7.0% in 1HFY14. The improvement in gross margin was across the three business product segments.

Other operating income

Other operating income increased by S\$5.8 million to S\$6.4 million. This was mainly due to the gain on disposal of non-current asset held-for-sale, which referred to the Sungei Kadut property in Singapore.

Selling and distribution expenses

Selling and distribution expenses decreased by S\$0.1 million to S\$0.6 million, mainly due to lower staff salaries, travelling and entertainment expenses, which was then partially offset by higher commission fees, dormitory, staff medical and insurance expenses.

Administrative expenses

Administrative expenses decreased by S\$0.5 million to S\$1.6 million, mainly due to lower depreciation charges, office rental and no share placement expenses incurred, offset by higher legal and profession fee and commission paid in relation to the disposal of the Sungei Kadut property in Singapore.

Other operating expenses

Other operating expenses decreased by S\$0.1 million to S\$0.03 million. This was mainly due to no impairment on value of inventory and no impairment on value of goodwill was provided in 1HFY2014.

Finance expenses

Finance cost remained almost the same at S\$0.2 million in 1HFY2014.

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BALANCE SHEET

Current assets

Current assets increased by S\$0.3 million to S\$6.9 million, accounting for 67.1% of the total assets. The increase was due to higher trade and other receivables of S\$0.6 million, offset by higher inventory expenses of S\$0.3 million.

Non-current assets

Non-current assets decreased by S\$7.2 million to nil as a result of the disposal of non-current asset held-for-sale in April 2014.

Current liabilities

Current liabilities decreased by S\$6.9 million to S\$8.7 million, mainly due to the decrease in bank borrowing of S\$7.7 million, offset by an increase in trade and other payables of S\$0.9 million.

Non-current liabilities

Non-current liabilities increased by S\$0.2 million to S\$0.3 million arising from the increase in the long term financing from the leasing creditors.

Capital and reserves

Share capital and reserves decreased by S\$0.1 million to S\$1.3 million. This was because of the total gained on disposal of non-current asset held-for-sale of S\$6.1 million of which only S\$1.5 million contributed to the increase in capital and reserves in 1HFY2014, as S\$4.6 million has been recognised in prior year as revaluation reserve, offset by loss attributable to shareholders of S\$1.6 million incurred in 1HFY2014.

Cash Flows

The Group incurred a net cash used in operating activities before working capital changes of S\$1.2 million. Net cash provided by the working capital was S\$0.5 million due to the decrease in trade and other receivables of S\$0.6 million, offset by the reduction in the inventories of S\$0.2 million and increase in trade and other payables of S\$0.69 million. Net cash used in operating activities stood at S\$0.7 million after interest received and payment of interest and income tax.

The net cash provided by investing activities of S\$8.6 million was from the proceeds arising from the disposal of Sungei Kadut property in Singapore.

Net cash used in financing activities was S\$7.3 million mainly due to the repayment of bank borrowing of S\$7.4 million and interest cost incurred of S\$0.1 million, offset by an increase in finance lease liabilities of S\$0.2 million.

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

Not applicable

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10. A commentary at the date of the announcement of the significant trends and 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.

Although the Group's Australia/New Zealand market has shown some improvement in the current financial period, the Group's Europe market will remain weak for the next half year of 2014. To counter this, the Group will continue to build on the Australia/New Zealand and Asian market as well as continue to rationalize its costs/expenses and restructure and/or divest non-performing business units.

On 23 May 2014, the Board announced as follows:

- 1) A proposed renounceable, non-underwritten rights issue of up to 438,200,000 Rights Shares at an issue price of S\$0.01 for each Right Share on the basis of seven (7) Rights Shares for every five (5) existing ordinary shares in the capital of the Company, held by Shareholders as at a date and time to be determined by Directors for the purpose of determining the entitlements of Entitled Shareholders, fractional entitlements to be disregarded ("Rights Issue"); and.
- 2) A proposed interest payment on loans granted by director and controlling shareholder, Mr. Chew Ah Ba George to the Company and its subsidiary ("Proposed IPT").

On 30 July 2014, the Company obtained the Listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the Catalist, subject to the conditions set out in section 2.3 of the circular to, *inter alia*, the Rights Issue.

On 7 August 2014, the Company further announced that the Company will on 8 August 2014, dispatch to Shareholders a circular dated 8 August 2014, which contains *inter alia*, a notice for convening an EGM on 25 August 2014 at 9.30 a.m. at 15 Hillview Terrace Singapore 669226 for the purposes of seeking Shareholders approval for (1) the Right Issue, (2) the Whitewash Resolution, (s) the Potential Transfer of Controlling Interest, and (4) the Proposed IPT.

The Company will make further announcements as and when there are further updates on the Proposed Rights Issue and the Proposed IPT Transaction.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared for 1HFY14.

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(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

The Company has not declared or recommended any dividend for 1HFY14.

13. If the group has obtained a general mandate from shareholders for IPTs, 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 for the IPTs from the shareholders.

14. Confirmation pursuant to the Rule 705(5) of the listing manual.

We, Chew Ah Ba and Steven Chew, being two directors of Sitra Holdings (International) Limited (the "Company"), do hereby confirm on behalf of the directors 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 unaudited financial results of the Group for the 6-month period ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

Chew Ah Ba
Director

Steven Chew
Director

BY ORDER OF THE BOARD

George Chew
Executive Chairman
12 August 2014

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This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are:

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