



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015

Background

The Company was incorporated in Singapore on 31 December 2013 under the Companies Act (Chapter 50) as a private company limited by shares under the name of SMJ International Holdings Pte Ltd. On 28 May 2014, our Company was converted into a public company limited by shares and our name was changed to SMJ International Holdings Ltd. The Company and its subsidiary (the "Group"), were formed pursuant to a restructuring exercise which was conducted to rationalise the Group structure (the "Restructuring Exercise") prior to the Company's initial public offering ("IPO") and listing on Catalist of the SGX-ST. Please refer to the Company's offer document dated 20 June 2014 ("Offer Document") for further details on the Restructuring Exercise.



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

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

1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		Change %
	S\$'000		
	HY 2015	HY 2014	
Revenue	9,389	8,656	8.5
Other income – net	97	131	(26.0)
Finance income	36	5	620.0
Changes in inventories	(253)	253	(200.0)
Purchases of inventories	(5,706)	(5,315)	7.4
Depreciation	(47)	(8)	487.5
Employee compensation	(1,182)	(1,026)	15.2
Finance expenses	(28)	(30)	(6.7)
Freight and transportation expense	(251)	(219)	14.6
Installation expense	(284)	(227)	25.1
Other operating expenses *	(1,102)	(1,340)	(17.8)
Total expenses	(8,853)	(7,912)	11.9
Profit before tax	669	880	(24.0)
Income tax expense	(122)	(155)	(21.3)
Total comprehensive income, representing net profit	547	725	(24.6)
Total comprehensive income attributable to equity holders	547	725	(24.6)

NM – Not Meaningful

* Included in the other operating expenses in HY 2014 are the initial public offering expenses of \$0.4 million.



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	The Group		
	HY 2015 S\$'000	HY 2014 S\$'000	Change %
<u>Other income - net</u>			
Sundry income	45	53	(15.1)
Net foreign currency exchange gain	52	78	(33.3)
	97	131	(26.0)
<u>Profit before tax</u>			
<i>This is arrived at after charging in the Other Operating Expenses:</i>			
Bad debts written off	19	4	375.0
Rental expense on operating lease	398	410	(2.9)
Repair and maintenance	146	144	1.4
Initial public offering ("IPO") expenses	-	446	NM

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.

	Note	Group		Company	
		30 June 15 S\$'000	31 Dec 14 S\$'000	30 June 15 S\$'000	31 Dec 14 S\$'000
BALANCE SHEETS					
ASSETS					
Current assets					
Cash and cash equivalents	A	7,316	8,591	3,042	2,188
Trade and other receivables		6,187	6,320	25	55
Inventories		4,761	4,802	-	-
		18,265	19,713	3,067	2,243
Non-current assets					
Investments in subsidiary		-	-	3,500	3,500
Investment property		1,844	1,685	-	-
Property, plant and equipment		279	157	-	-
		2,123	1,842	3,500	3,500
Total assets		20,388	21,555	6,567	5,743
LIABILITIES					
Current liabilities					
Trade and other payables	B	1,419	2,024	*	53
Current income tax liabilities		307	414	-	-
Borrowings - trust receipts		1,903	2,428	-	-
Deferred government grant		16	16	-	-
		3,645	4,882	-	53
Non-current liability					
Deferred income tax liability		9	9	-	-
Total liabilities		3,652	4,891	-	53
NET ASSETS		16,734	16,664	6,567	5,690
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		6,365	6,365	6,365	6,365
Retained profits/(Accumulated loss)		10,369	10,299	202	(675)
Total equity		16,734	16,664	6,567	5,690

* Denotes amount less than S\$1,000

Note A: Cash and cash equivalents

Cash at bank
Fixed deposit
Cash on hand

Group		Company	
30 June 15 S\$'000	31 Dec 14 S\$'000	30 June 15 S\$'000	31 Dec 14 S\$'000
1,814	5,088	1,042	2,188
5,500	3,500	2,000	-
2	3	*	*
7,316	8,591	3,042	2,188

* Denotes amount less than S\$1,000

Note B: Trade and other payables

Trade payables
Other payables
Accrued operating expenses
Goods and services tax payable

Group		Company	
30 June 15 S\$'000	31 Dec 14 S\$'000	30 June 15 S\$'000	31 Dec 14 S\$'000
909	1,074	-	-
288	26	*	-
47	672	-	53
175	252	-	-
1,419	2,024	*	53

* Denotes amount less than S\$1,000

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 June 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,903*	-	2,428*	-

*Trust receipts

Amount repayable after one year

As at 30 June 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

The Group's existing borrowings were secured by open legal mortgage over the properties held by individual shareholder at No. 151 Chin Swee Road, #07-11 and #07-13 Manhattan House, Singapore 169876 and guarantee from four individual shareholders in favor of the bank for \$7.35 million.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	HY2015	HY2014
	S\$'000	S\$'000
Cash flows from operating activities:		
Net profit	547	725
Adjustments for:		
Income tax expense	122	155
Depreciation of property, plant and equipment	47	8
Interest income	(36)	(5)
Interest expense	28	30
Operating cash flows before movements in working capital	708	913
Working capital changes:		
Trade and other receivables	133	1,097
Inventories	40	(253)
Trade and other payables	(605)	1,713
Cash generated from operations	276	3,470
Income tax paid	(230)	(322)
Net cash generated from operating activities	46	3,148
Cash flows from investing activities:		
Additions to property, plant and equipment	(169)	(6)
Additions to investment property	(159)	(319)
Interest income	36	5
Net cash used in investing activities	(292)	(320)
Cash flows from financing activities:		
Gross proceeds from issuance of New Shares (IPO)	-	3,920
IPO expenses	-	(1,055)
Interest paid	(28)	(30)
Net repayments of borrowings	(525)	(267)
Dividends paid to equity holders of the Company	(476)	-
Net cash (used in) /generated from financing activities	(1,029)	2,568
Net (decreased)/increased in cash and cash equivalents	(1,275)	5,396
Cash and cash equivalents:		
Beginning of financial period	8,591	5,475
End of financial period	7,316	10,871

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.

The Group	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2015	6,365	10,299	16,664
Dividend paid	-	(476)	(476)
Total comprehensive income for the period	-	547	547
At 30 June 2015	6,365	10,370	16,735
At 1 January 2014	3,500	8,713	12,213
Gross proceeds from issuance of New Shares (IPO)	3,920	-	3,920
IPO expenses	(1,055)	-	(1,055)
Total comprehensive income for the period	-	725	725
At 30 June 2014	6,365	9,438	15,803

The Company	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2015	6,365	(675)	5,690
Dividend paid	-	(476)	(476)
Total comprehensive income for the period	-	1,353	1,353
At 30 June 2015	6,365	202	6,567
At 1 January 2014	*	-	*
Share swap pursuant to the Restructuring Exercise	3,500	-	3,500
Gross proceeds from issuance of New Shares (IPO)	3,920	-	3,920
IPO expenses offset against equity	(1,055)	-	(1,055)
Total comprehensive loss for the period	-	(446)	(446)
At 30 June 2014	6,365	(446)	5,919

* The Company was incorporated on 31 December 2013 with a paid up capital of \$100 comprising 100 ordinary shares at the date of incorporation.

SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

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.

Ordinary shares of the Company	Number of shares	Share capital S\$
As at 31 December 2014 and 30 June 2015	78,000,000	6,364,807

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2014 and 30 June 2015.

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 Company's total number of issued and paid up share capital as at 30 June 2015 was 78,000,000 ordinary shares (31 December 2014: 78,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

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

Not applicable



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

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

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have 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 have been applied.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 December 2014 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2015. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 31 December 2015.

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.

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 January 2015, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting period.

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.

Earnings per share ("EPS")	The Group	
	HY 2015	HY 2014
Profit attributable to equity holders of the Company (\$'000)	547	725
Pre-invitation number of ordinary shares ⁽¹⁾	64,000,000	64,000,000
Basic and diluted EPS based on pre-invitation number of ordinary shares (cents) ⁽²⁾	0.85	1.13
Post-invitation number of ordinary shares ⁽¹⁾	78,000,000	78,000,000
Basic and diluted EPS based on post-invitation number of ordinary shares (cents) ⁽²⁾	0.70	0.93

⁽¹⁾ For comparison and illustrative purposes, the calculation for the basic and diluted EPS for the respective financial periods are based on the pre-IPO and post-IPO share capital of 64,000,000 and 78,000,000 respectively.

⁽²⁾ The basic and diluted EPS were the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

Net asset value ("NAV") per ordinary share	Group		Company	
	30 June 15	31 Dec 14	30 June 15	31 Dec 14
	Cents	Cents	Cents	Cents
NAV (\$'000)	16,646	16,664	6,567	5,690
Number of ordinary shares	78,000,000	78,000,000	78,000,000	78,000,000
NAV per ordinary share based on issued share capital	21.34	21.36	8.42	7.29

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.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Our revenue increased by approximately S\$0.7 million or 8.5% from S\$8.7 million in HY2014 to S\$9.4 million in HY2015. The increase was mainly due to an increase in the Distribution Sales. The breakdown of Revenue is as follows:

	The Group	
	HY2015 S\$'000	HY2014 S\$'000
Revenue		
Distribution Sales	5,065	4,146
Contract Sales	4,324	4,510
	9,389	8,656

The increase in Distribution Sales recorded in HY2015 was mainly attributable to the increase in sales to customers in the Philippines as compared to HY2014.

The decrease in Contract Sales of approximately S\$0.2 million was consistent with the slowdown in the construction sector in Singapore.

Finance income

The finance income was from the interest earned from the fixed deposit placed with a financial institution.

Changes in inventories

The level of inventories remained consistent with the comparative period with a slight reduction of 0.9% recorded as at 30 June 2015. The slight reduction in the inventories level was attributable to the better control brought about by the SAP enterprise resource planning system.

Purchases of inventories

Our purchases of inventories increased by approximately S\$0.4 million or 7.4% from S\$5.3 million in HY2014 to S\$5.7 million in HY2015. This was mainly due to the increased sales during the period.



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

Depreciation

The increase in depreciation expense in HY2015 as compared to HY2014 was due to the commencement of the depreciation of the SAP enterprise resource planning system installed and used from 1 January 2015 onwards.

Employee compensation

Employee cost has risen as compared to HY2014 due to the revision of pay scale as well as the increase in the Central Provident Fund contribution rates effective beginning of the financial year 2015. Total employee compensation of the Group increased by 15.2% or S\$0.2 million.

Finance expense

The finance expense remained fairly consistent with the comparative period.

Freight and transportation expense

There was an increase in the freight and transportation expense by 14.6% mainly due to the increased level of purchasing of inventories.

Installation expense

The increase in the installation expense in HY2015 of 25.1% was mainly due to installation works performed after regular work hours and hence higher cost incurred as compared to HY2014.

Other operating expense

The decrease in other operating expense of approximately S\$0.2 million or 17.8% was mainly due to the offsetting effect of the IPO expenses recorded in HY2014 and the listing compliance costs in HY2015.

Income tax expense

The decrease in the income tax expense of approximately 21.3% was in line with the decrease in the profit before tax in HY2015 as compared to HY2014.

Profit after tax

Profit after tax reduced by approximately S\$0.2 million or 24.6% in HY2015 as compared to HY2014 despite an increase in sales due to higher export distribution sales which yielded lower margin as compared to the local contract sales.



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by approximately S\$1.4 million or 7.3% mainly due to the decrease in cash and cash equivalents of approximately S\$1.3 million and the decrease in the trade and other receivables of approximately S\$0.1 million.

Non-current assets

The Group's non-current assets increased by approximately S\$0.3 million or 15.3% mainly due to the progressive payment made for the investment property (Skyline Residences) under construction and the SAP enterprise resource planning system installed in January 2015.

Current liabilities

The decrease in current liabilities of approximately S\$1.2 million or 25.3% was due to the reduction in trade and other payables of S\$0.6 million, income tax payable and borrowings (trust receipts) of approximately S\$0.1 million and S\$0.5 million respectively.

Working capital

The Group had a positive working capital of S\$14.6 million as at 30 June 2015 as compared to S\$14.8 million as at 31 December 2014.

Shareholders' equity

The Group's shareholders' equity increased by just approximately 0.7% despite recording a current financial period profit after tax of approximately S\$0.5 million due to the payout of dividends to the equity shareholders of the Company of approximately S\$0.5 million during the period under review.

REVIEW OF CASH POSITION

Cash flows generated from operating activities of the Group for HY2015 reduced significantly to just less than S\$0.1 million from S\$3.1 million from HY2014 mainly due to combination of some customers requested for a longer credit period in view of the slowdown in the local construction industry and prompt payment to suppliers was made in accordance with the credit terms for the period under review.

Net cash used in investing activities were mainly due to the progressive payment made for the Group's investment property and SAP enterprise resource planning system.

Net cash used in financing activities of approximately S\$1.0 million was mainly due to the net repayment of borrowings (trust receipts) of S\$0.5 million together with the dividend paid to the equity shareholders of the Company of S\$0.5 million.

Overall, the Group recorded a net cash decrease of approximately S\$1.3 million as compared to the net increase of approximately S\$5.4 million in the corresponding period.

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

Not applicable. The Group has not issued any forecast or prospect statement to the shareholders.

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.

The Group's revenue, especially contract sales, is reliant on the Singapore's construction sector. The growth of Singapore's construction sector moderated in the first half of 2015 due to the slowdown in the private construction sector. However, we have seen an increased number of projects from government sector such as schools and learning institutions, hospitals, nursing homes and government offices; some of which may be carried over to the financial year 2016.

However, the Group will continue to focus on increasing sales in our core markets like Singapore, Malaysia, Indonesia and the Philippines. Pursuant to the memorandum of understanding entered into by the Group as announced on 9 June 2015, we are exploring setting up SMJ presence in Jakarta, Indonesia with our customers there whom we have good and long standing business relationship.

On the inorganic growth front, the Group continues to actively seek opportunities in potential acquisitions, joint ventures and/or strategic alliances within the furnishings industry.

11. If a decision regarding dividend has been made:-

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

None.

(b) (i) Amount per share in cents

Not applicable

(ii) Previous corresponding period in cents

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 5.00pm) 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 half year ended 30 June 2015.

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 IPT.

14. Use of IPO Proceeds

The Company received gross IPO proceeds of S\$3.92 million and the utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unused S\$'000
Business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	-	1,500
Improving inventory management system and logistics support ⁽¹⁾	340	(269)	71
Marketing and business development	250	-	250
General working capital ⁽²⁾	329	(302)	27
IPO expenses borne by the Company	1,501	(1,501)	-
	3,920	(2,072)	1,848

Notes:

- (1) Out of S\$340,000 allocated for improving inventory management system and logistics support, S\$112,774 has been utilized to purchase a new delivery truck and \$156,691 has been utilized to purchase SAP inventory cum accounting system.
- (2) The breakdown of the use of the IPO proceeds on general working capital is as follows:

Professional fees	\$156,241
Directors' fees	\$74,999
Compliance/Listing fees	\$6,873
Administrative expenses	\$27,497
Other Operating Expenses	\$36,866
Total	<u><u>S\$302,476</u></u>

Balance of the IPO proceeds will be placed in short-term deposits with financial institutions and/or used to invest in short term money market instruments, as our Directors may deem appropriate.

15. Negative confirmation by Directors.

We, Rena Ho Pei Yuen and Nellie Ho Wan Jing, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company ("the Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2015 to be false or misleading in any material aspect.



SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration No: 201334844E)

On behalf of the Board

Rena Ho Pei Yuen
Executive Director and CEO

Nellie Ho Wan Jing
Executive Director and Deputy CEO
3 August 2015

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The 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 contact person for the Sponsor is Ms Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, telephone (65) 6415 9886.