

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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL 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 full Year ended 31 December 2017. These figures have not been audited.

	Group		
	S\$'000		%
	12 Months ended 31/12/2017	12 Months ended 31/12/2016	Increase/ (Decrease)
Revenue	16,715	17,654	-5.3%
Cost of sales	(15,051)	(15,300)	-1.6%
Gross Profit	1,664	2,354	-29.3%
Other income	484	172	181.4%
Selling and distribution expenses	(510)	(434)	17.5%
Administrative expenses	(2,399)	(2,216)	8.3%
Other (losses)/gains - net	(1,496)	160	N.M
Finance expenses	(19)	(3)	533.3%
(Loss)/profit before income tax	(2,276)	33	N.M
Income tax credit	-	1,700	-100.0%
Net (loss)/profit	(2,276)	1,733	N.M
Attributable to:			
Equity holders of the Company	(2,568)	1,718	N.M
Non-controlling interests	292	15	1846.7%
	(2,276)	1,733	N.M

N.M Not meaningful

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Note:

Profit/(loss) before taxation is arrived at after charging / (crediting) the following:

	Group	
	S\$'000	
	12 Months ended 31/12/2017	12 Months ended 31/12/2016
Allowance for impairment – other receivables	-	15
Allowance for impairment – trade receivables	67	5
Commission income	(6)	(3)
Defined contribution included in staff costs	77	75
Depreciation of property, plant and equipment	304	203
Directors' fees	105	105
Directors' remuneration	546	408
Exchange loss/(gain)	1,111	(668)
Fair value loss on financial assets, at fair value through profit or loss	-	500
Inventory written down	320	-
Rental expenses	99	99
Reversal on impairment on trade and other receivables	(2)	(12)
Staff costs	884	832
Wavier of liabilities upon strike off of subsidiary	(192)	-

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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 Full Year ended 31 December 2017.

	S\$'000	
	12 Months ended 31/12/2017	12 Months ended 31/12/2016
(Loss)/profit for the year	(2,276)	1,733
Other comprehensive income/(loss):		
Currency translation differences arising from consolidation	987	(554)
Other comprehensive income/(loss), net of tax	987	(554)
Total comprehensive (loss)/income	(1,289)	1,179
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(1,734)	1,159
Non-controlling interests	445	20
	(1,289)	1,179

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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	
	31/12/17	31/12/16	31/12/17	31/12/16
	S\$'000	\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	355	203	8	85
Financial assets, at fair value through profit or loss	9,500	9,500	-	-
Trade and other receivables	918	1,294	4,158	6,503
Inventories	2,115	2,276	10	12
Other current assets	193	273	27	26
	13,081	13,546	4,203	6,626
Non-current assets				
Investments in subsidiary corporation	-	-	227	227
Property, plant and equipment	3,719	4,117	108	132
Deferred income tax assets	60	65	-	-
	3,779	4,182	335	359
Total assets	16,860	17,728	4,538	6,985
Current liabilities				
Trade and other payables	2,688	2,851	3,110	2,909
Borrowings	652	36	31	31
	3,340	2,887	3,141	2,940
Non-current liabilities				
Borrowings	28	56	28	56
Deferred income tax liabilities	240	244	-	-
	268	300	28	56
Total liabilities	3,608	3,187	3,169	2,996
Net assets	13,252	14,541	1,369	3,989
Capital and reserves attributable to equity holders of the Company				
Share capital	17,817	17,817	17,817	17,817
Other reserves	4,201	3,367	(22)	(22)
Accumulated losses	(8,924)	(6,356)	(16,426)	(13,806)
	13,094	14,828	1,369	3,989
Non-controlling interests	158	(287)	-	-
	13,252	14,541	1,369	3,989

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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 31/12/2017	As at 31/12/2016
Bank overdrafts	-	5
Trust receipts	621	-
Finance lease liabilities	31	31

Amount repayable after one year

	Group	
	S\$'000	
	As at 31/12/2017	As at 31/12/2016
Finance lease liabilities - due within two to five years	28	56

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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	
	12 Months ended 31/12/2017	12 Months ended 31/12/2016
Cash flow from operating activities		
(Loss)/profit after income tax	(2,276)	1,733
Adjustments for:		
- Income tax benefit	-	(1,700)
- Depreciation of property, plant and equipment	304	203
- Interest expense	19	3
- Wavier of liabilities upon strike off of subsidiary corporation	(192)	-
- Reversal on impairment on trade and other receivable	(2)	(12)
- Allowance for impairment on trade and other receivables	67	20
- Provision for slow moving inventory	320	-
- Fair value loss of financial assets designated as at fair value through profit or loss	-	500
- Unrealised currency translation losses	933	31
	(827)	778
Changes in working capital		
- Inventories	(197)	186
- Trade and other receivables	(928)	(714)
- Other current assets	78	(15)
- Trade and other payables	2,088	(71)
Cash provided by operations	214	164
Income tax paid	-	(3)
Net cash provided by operating activities	214	161
Cash flow from investing activities		
Purchase of property, plant and equipment	(4)	(21)
Net cash used in investing activities	(4)	(21)

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	Group	
	S\$'000	
	12 Months ended 31/12/2017	12 Months ended 31/12/2016
Cash flow from financing activities		
Repayment of finance lease liabilities	(19)	(39)
Interest paid	(29)	-
Net cash used in financing activities	(48)	(39)
Net increase in cash and cash equivalents	162	101
Cash and cash equivalents at beginning of financial year	198	97
Effects of currency translation on cash and cash equivalents	(5)	-
Cash and cash equivalents at end of financial year	355	198

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	Retained profits / (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 2017	17,817	3,367	(6,356)	14,828	(287)	14,541
Total comprehensive income / (loss) for the year	-	834	(2,568)	(1,734)	445	(1,289)
Balance at 31 December 2017	17,817	4,201	(8,924)	13,094	158	13,252
Balance at 1 January 2016	17,817	3,926	(8,074)	13,669	(306)	13,363
Total comprehensive income / (loss) for the year	-	(559)	1,718	1,159	19	1,,178
Balance at 31 December 2016	17,817	3,367	(6,356)	14,828	(287)	14,541

Company	Share capital	Other reserves	Retained profits / (Accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2017	17,817	(22)	(13,806)	3,989
Total comprehensive loss for the year	-	-	(2,620)	(2,620)
Balance at 31 December 2017	17,817	(22)	(16,426)	1,369
Balance at 1 January 2016	17,817	(22)	(13,129)	4,666
Total comprehensive loss for the year	-	-	(677)	(677)
Balance at 31 December 2016	17,817	(22)	(13,806)	3,989

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- 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 751,200,000 as at 31 December 2017 and 31 December 2016.

- 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 751,200,000 as at 31 December 2017 and as at 31 December 2016.

- 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.

- 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 year ended 31 December 2016.

- 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 FY2017, the Group has adopted all the applicable new/revised Financial Reporting Standards ("FRS") which became effective during the year. There is no material impact on the Group's financial statements upon adoption of these FRS.

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- 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	
	12 Months ended 31/12/2017	12 Months ended 31/12/2016
(Loss)/profit 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	(0.34)	0.23
(b) On a fully diluted basis	(0.34)	0.23

- 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share based on issued share capital at the end of (cents):	1.76	1.94	0.18	0.53

- 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

The Group's revenue decreased by S\$0.9 million or 5.3% to S\$16.7 million in FY17, mainly due to the slow-down in shipments from our suppliers as the result of unprecedented bad weather conditions that affected the supply of raw materials to our key suppliers.

Revenue of wood-based products decreased by S\$1.3 million or 7.5% to S\$16.0 million in FY17 while revenue of our lifestyle outdoor furniture products increased by S\$0.1 million to S\$0.4 million and revenue from other increased by S\$0.2 million to S\$0.3 million.

In terms of business by geographical regions, both the European market and Asian/Others market registered a decrease of revenues of S\$0.6 million to S\$12.2 million and S\$1.3 million to S\$0.6 million respectively. The revenue of Australia/New Zealand market increased by S\$0.9 million or 31.0% to S\$3.9 million in FY17.

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Cost of sales and gross profit margin

The cost of sales decreased by 1.3% or S\$0.2 million to S\$15.1 million in FY17 and the cost of sales as a percentage of revenue increased from 86.7% in FY16 to 90.0% in FY17, thus resulting in lower gross margin of 10.0% in FY17 compared to 13.3% gross margin for FY16. This was mainly due to the unprecedented bad weather in Indonesia during the second half of FY17 that led to large increase of raw materials prices in a short period of time. This caused contracts not honoured by some of our key suppliers and the Group had to look for alternative suppliers with higher prices than our contracted price in order to honor our contract with our customers. Consequently, this impacted adversely on our overall profit margin.

Other income

Other income increased by S\$0.3 million to S\$0.5 million. This was mainly due to the striking off of the Australia subsidiary resulting in the waiver of liabilities of S\$0.2 million and higher rental income of S\$0.09 million from the Indonesian subsidiary and higher government grant of S\$0.01 million in FY17.

Selling and distribution expenses

Selling and distribution expenses increased slightly by S\$0.08 million to S\$0.51 million, mainly due to higher staff salaries and commission expense, partially offset by lower exhibition, entertainment and stuffing expenses.

Administrative expenses

Administrative expenses increased by S\$0.18 million, mainly due to higher depreciation expense, staff salaries insurance and travelling expenses.

Other gains/(losses) - net

Other gains and losses changed by S\$1.7 million from other gains of S\$0.2 million in last FY to other losses of S\$1.5 million in this FY. This was mainly attributed to the change of foreign exchange gain position of S\$0.7 million in FY16 to the foreign exchange loss position of S\$1.1 million, as a result of the weakened United State Dollar at reporting year-end; the inventory write-down and allowance for impairment on trade receivable. These losses were partially offset by the fair value loss of S\$0.5 million incurred in FY16, due to the fall in the fair value of the property at 18 Sungei Kadut Street 2. The fair value of the said property remained the same at S\$9.5 million at FY17.

Finance expenses

Finance cost increased from S\$3K in FY16 to S\$19K in FY17 mainly due to an increase in interest expenses arising from the utilization of the trade finance facilities obtained from bank in FY17.

Income Tax

The Group has a nil income tax for FY17 compared to a credit of S\$1.7 million in prior year. The prior year's income tax credit was due to the reversal of the deferred tax provision which was recorded in FY14 relating to the fair value gain upon disposal of the property at 18 Sungei Kadut Street 2. The fair value gain and the disposal of the property are considered as capital gains and therefore no tax is considered payable.

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BALANCE SHEET

Current assets

Current assets decreased by S\$0.4 million to S\$13.1 million, accounting for 77.5% of the total assets. The decrease was due to lower inventory of S\$0.11 million, lower trade and other receivables of S\$0.38 million and lower other current assets of S\$0.08 million, offset by higher cash and cash equivalents of S\$0.16 million.

Non-current assets

Non-current assets decreased by S\$0.40 million mainly due to the depreciation expense of S\$0.30 million, currency translation loss of S\$0.09 million on property, plant and equipment and currency translation loss of S\$0.05 million on deferred tax asset, offset by the increased in the carrying amount of property, plant and equipment of S\$0.04 million.

Current liabilities

Current liabilities increased by S\$0.45 million to S\$3.3 million, mainly due to the increase in borrowing of S\$0.61 million, offset by lower trade and other payables of S\$0.16 million.

Non-current liabilities

Non-current liabilities remained almost the same at S\$0.3 million.

Capital and reserves

Share capital and reserves decreased by S\$1.73 million due to the loss attributable to shareholders of S\$2.70 million, offset by an increase in currency translation reserve of S\$0.97 million.

Cash Flows

Net cash used in operating activities before working capital changes was S\$0.83 million. Net cash provided by the working capital was S\$1.04 million, arising from an increase in inventories of S\$0.20 million and increased in trade and other receivables of S\$0.93 million, which was offset by an increased in trade and other payables of S\$2.09 million and a decrease in other assets of S\$0.08 million. Net cash provided by operating activities stood at S\$0.21 million.

The net cash used in investing activities of S\$4K was for the purchase of property, plant and equipment.

Net cash used by financing activities was S\$0.05 million mainly arising from the repayment of hire purchase creditors of S\$0.03 million and interest cost of S\$0.02 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.

FY2017 has been a challenging year for the Group.

During the second half of FY2017, we were challenged with severe shortage of raw materials due to the unprecedented bad weather condition in Indonesia that affected the supply of logs to our key suppliers. This severely disrupted our supply chain. This was made worse by competition of these existing raw materials from other markets such as India and China. This in turn led to large increase of raw material prices in a short period of time. Contracts with several suppliers were not honored due to this large increase in prices and the Group had to look for alternative supplies with higher prices than our contracted price in order to honor our contract with our customers. This generally led to a decrease in overall profit margin.

The large sudden increase in prices of our products also led to some of our customers not able to accept this price level resulting in lower revenue particularly in the second half of FY2017. There were several contracts that need to be closed at much lower margin in order to keep our customers going.

We anticipate this lack of raw material suppliers caused by the bad weather conditions in Indonesia will continue into the first half of FY2018.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared for FY2017.

(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.

Not applicable.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

BREAKDOWN OF GROUP REVENUE BY PRODUCT SEGMENTS

Revenue

	FY2017		FY2016	
	S\$'000	%	S\$'000	%
Wood-based products	16,049	96.0	17,275	97.9
Lifestyle outdoor furniture	364	2.2	252	1.4
Others	302	1.8	127	0.7
Total	16,715	100.0	17,654	100.0

The Group has not identified profit before tax by product segment as the allocation of costs cannot be done in a similar manner with reasonable accuracy. This is because the selling and distribution expenses, administrative expenses and other operating expenses incurred for our wood-based products and outdoor lifestyle furniture segments such as marketing expenses, management and administrative expenses and office-related expenses are general costs which are accounted for on a group-wide basis. It is not meaningful to track our selling and distribution expenses, administrative expenses and other operating expenses by product segment. We therefore do not show our profit before tax on a segmental basis.

BREAKDOWN OF GROUP REVENUE BY GEOGRAPHICAL REGIONS

	FY2017		FY2016	
	S\$'000	%	S\$'000	%
Australia/New Zealand	3,934	23.5	3,001	17.0
Europe	12,206	73.0	12,764	72.3
Asia/Others	575	3.5	1,889	10.7
Total	16,715	100.0	17,654	100.0

Notes:-

- (1) Others include Middle East, Africa and North America.

While it is possible to segment our revenue by geographical regions, the allocation of costs cannot be done in a similar manner with reasonable accuracy. We do not track the allocation of our cost of sales by geographical region and any attempt to match these expenses to the revenue derived from the various geographical regions is not meaningful. As a result, we are not able to present profit after tax by product or geographical regions.

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14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to the section on "Review of results of Operations" paragraph 8 of this announcement for details.

15. Confirmation that the issuer has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7H under Rule 720(10).

The Company confirms that it has already procured undertakings from all its Directors and executive officers in the format set out in Appendix 7H of the Catalyst Rules in accordance with Rule 720(1) of the Catalyst Rules.

16. A breakdown of sales.

	FY2017	FY2016	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half year	9,510	9,283	2.45
(b) Loss after tax for first half year	(643)	(245)	162.45
(c) Sales reported for second half year	7,205	8,371	-13.92
(b) (Loss)/profit after tax for second half year	(1,633)	1,978	-175.18

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18. 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.

19. Utilisation of Rights Issue proceeds from the issue of new ordinary shares.

Not applicable.

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20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format as shown, if there is no such person, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the details of persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or any of its principal subsidiaries are as follows:

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Tan Teresa	70	Wife of Chew Ah Ba, George, Executive Chairman and Chief Executive Officer Mother of Chew Chiew Siang, Steven, Deputy CEO, Executive Director and Chief Operating Officer	Senior Vice-President (Group Administration and Human Resources), responsible for the overall management of the Company's administration, information technology, training and human resources functions.	No change.
Lim Sook Hwa Jacinta	47	Wife of Chew Chiew Siang, Steven, Deputy CEO, Executive Director and Chief Operating Officer Daughter-in-law of Chew Ah Ba, George, Executive Chairman and Chief Executive Officer and Tan Teresa, Senior Vice-president (Group Administration and Human Resources)	Vice-President (Group Operations) since September 2006, responsible for the sales, marketing, logistics shipping and warehousing functions of lifestyle outdoor furniture and wood based business units.	No change.

Chew Ah Ba, George and Tan Teresa are substantial shareholders of the Company. Chew Ah Ba, George (Executive Chairman and Chief Executive Officer) and Tan Teresa (Senior Vice-President (Group Administration and Human Resources)) are husband and wife. Chew Ah Ba, George is the father of Chew Chiew Siang, Steven (Deputy CEO, Executive Director and Chief Operating Officer). Tan Teresa is the mother of Chew Chiew Siang, Steven.

Save as disclosed above, there are no other persons holding managerial position in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries.

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BY ORDER OF THE BOARD

George Chew
Executive Chairman
28 February 2018

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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