
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014

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.

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.

The Company was admitted to Catalist on 30 June 2014. For the purpose of this announcement, the results of the Group for the half year ended 30 June 2014 ("HY2014"), and the comparative results of the Group for the half year ended 30 June 2013 ("HY 2013") represented a combination or aggregation of the financial statements of the Company and its subsidiary after the Restructuring Exercise, and have been prepared based on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.

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 2014	HY 2013	
Revenue	8,656	10,828	(20.1)
Other income/(losses) – net	131	(39)	(435.9)
Finance income	5	-	NM
Changes in inventories	253	(272)	(193.0)
Purchases of inventories	(5,315)	(5,846)	(9.1)
Depreciation	(8)	-	NM
Employee compensation	(1,026)	(873)	17.5
Finance expenses	(30)	(8)	275.0
Freight and transportation expense	(219)	(343)	(36.2)
Installation expense	(227)	(231)	(1.7)
Other operating expenses *	(1,340)	(1,064)	25.9
Total expenses	(7,912)	(8,637)	(8.4)
Profit before tax	880	2,152	(59.1)
Income tax expense	(155)	(366)	(57.7)
Total comprehensive income, representing net profit	725	1,786	(59.4)
Total comprehensive income attributable to equity holders	725	1,786	(59.4)

NM – Not Meaningful

** Included in the other operating expenses are the initial public offering expenses of \$0.4 million (HY2013: Nil)*

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 2014	HY 2013	Change
	S\$'000	S\$'000	%
<u>Other income/(losses) - net</u>			
Sundry income	53	7	657.1
Net foreign currency exchange gain	78	(46)	269.6
	131	(39)	435.9
 <u>Profit before tax</u>			
<i>This is arrived at after charging in the Other Operating Expenses:</i>			
Bad debts written off	4	4	-
Rental expense on operating lease	410	409	-
Repair and maintenance	144	182	(20.9)
Initial public offering ("IPO") expenses	446	-	NM

NM – Not Meaningful

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

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.

BALANCE SHEETS

ASSETS

Current assets

Cash and cash equivalents
Trade and other receivables
Inventories

Non-current assets

Investments in subsidiary
Investment property
Property, plant and equipment

Total assets

LIABILITIES

Current liabilities

Trade and other payables
Current income tax liabilities
Borrowings - trust receipts

Non-current liability

Deferred income tax liability

Total liabilities

NET ASSETS

EQUITY

Capital and reserves attributable to equity holders of the Company

Share capital
Retained profits/(Accumulated loss)

Total equity

Note	The Group		Company #
	30 June 14 S\$'000	31 Dec 13 ♦ S\$'000	30 June 14 S\$'000
A	10,871	5,475	5,667
	4,863	5,960	38
	5,288	5,035	-
	21,022	16,470	5,705
	-	-	3,500
	1,366	1,047	-
	30	32	-
	1,396	1,079	3,500
	22,418	17,549	9,205
B			
	3,906	2,193	3,286
	487	654	-
	2,213	2,480	-
	6,606	5,327	3,286
	9	9	-
	9	9	-
	6,615	5,336	3,286
	15,803	12,213	5,919
	6,365	3,500	6,365
	9,438	8,713	(446)
	15,803	12,213	5,919

♦ For illustrative and comparative purpose, the figures for 31 December 2013 were computed assuming that the Group has been in existence as at 1 January 2013.

There are no comparative figures for the preceding financial period for the Company as it was incorporated on 31 December 2013 with a paid-up capital of S\$100 comprising of 100 ordinary shares at the date of incorporation.

Note A: Cash and cash equivalents

Cash at bank
Fixed deposit
Cash on hand
Cash in Share Issue Account jointly held with placement agent

The Group		Company
30 June 14 S\$'000	31 Dec 13 S\$'000	30 June 14 S\$'000
3,203	5,475	-
2,000	-	-
1	*	*
5,667	-	5,667
10,871	5,475	5,667

* Denotes amount less than S\$1,000

Note B: Trade and other payables

Trade payables
Amount payable to IPO shares vendors
Amount due to subsidiary
Other payables
Accrued operating expenses
Goods and services tax payable

The Group		Company
30 June 14 S\$'000	31 Dec 13 S\$'000	30 June 14 S\$'000
1,184	1,247	-
1,747	-	1,747
-	-	1,436
103	-	103
679	745	-
193	201	-
3,906	2,193	3,286

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 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,213	-	2,480	-

Amount repayable after one year

As at 30 June 2014		As at 31 Dec 2013	
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

Cash flows from operating activities:

Net profit	
Adjustments for:	
Income tax expense	
Depreciation of property, plant and equipment	
Interest income	
Interest expense	
Operating cash flows before movements in working capital	

Working capital changes:

Trade and other receivables	
Inventories	
Trade and other payables	
Cash generated from operations	

Income tax paid

Net cash generated from operating activities

Cash flows from investing activities:

Additions to property, plant and equipment	
Additions to investment property	
Interest income	

Net cash used in investing activities

Cash flows from financing activities:

Gross proceeds from issuance of New Shares (IPO)	
IPO expenses	
Interest paid	
Net (repayments)/proceeds of borrowings	

Net cash provided by financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents:

Beginning of financial period	
End of financial period	

HY2014	HY2013
S\$'000	S\$'000
725	1,786
155	366
8	-
(5)	-
30	8
913	2,160
1,097	709
(253)	272
1,713	(2,205)
3,470	936
(322)	(175)
3,148	761
(6)	-
(319)	-
5	-
(320)	-
3,920	-
(1,055)	-
(30)	(8)
(267)	2,598
2,568	2,590
5,396	3,351
5,475	4,891
10,871	8,242

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 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 Group	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2013 #	3,500	9,981	13,481
Total comprehensive income for the period	-	1,786	1,786
At 30 June 2013	3,500	11,767	15,267

For illustrative and comparative purposes, the figures for the 1HY2013 were computed assuming that the Group has been in existence as at 1 January 2013. For the purpose of presentation of the Group's comparative share capital, the share capital represents the aggregate of the paid-up share capital of its subsidiary.

The Company	Share Capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
Upon incorporation on 31 December 2013	*	-	*
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.

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\$
Upon incorporation on 31 December 2013	100	100
Share issuance pursuant to the Restructuring Exercise ⁽¹⁾	100	3,500,000
	200	3,500,100
Subdivision of shares pursuant to the Restructuring Exercise ⁽²⁾	63,999,800	-
	64,000,000	3,500,100
Issuance of New Shares (IPO) ⁽³⁾	14,000,000	3,920,000
Less: IPO expenses offset against equity	-	(1,055,293)
As at 30 June 2014	78,000,000	6,364,807

⁽¹⁾ On 16 May 2014, the Company issued 100 ordinary shares to acquire the entire issued and paid up share capital of SMJ Furnishings (S) Pte Ltd for a consideration of S\$3,500,000.

⁽²⁾ On 2 June 2014, each share in the issued and paid up share capital of the Company was subdivided into 320,000 shares.

⁽³⁾ On 30 June 2014, the Company issued 14,000,000 New Shares for the IPO at 28 cents per share.

The Company did not have any outstanding options, convertible or treasury shares 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 Company's total number of issued and paid up share capital as at 30 June 2014 was 78,000,000 ordinary shares (30 June 2013 not applicable as the Company was only incorporated on 31 December 2013).

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

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 2013 as set out in the Offer Document dated 20 June 2014.

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 2014, 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 2014	HY2013
Profit attributable to equity holders of the Company (\$'000)	725	1,786
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⁾	1.13	2.79
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⁾	0.93	2.29

⁽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	The Group		Company #
	30 June 14	31 Dec 13	30 June 14
	Cents	Cents	Cents
NAV (\$'000)	15,803	12,213	5,919
Number of ordinary shares ⁽¹⁾	78,000,000	78,000,000	78,000,000
Net asset value per ordinary share based on issued share capital	20.26	15.66	7.59

There are no comparative figures for the preceding financial period for the Company as it was incorporated on 31 December 2013 with a paid-up capital of S\$100 comprising of 100 ordinary shares at the date of incorporation.

⁽¹⁾ For illustrative and comparative purposes, the NAV per ordinary share for the Group as at 30 June 2014 and 2013 were computed based on the post-IPO share capital of the Company of 78,000,000 shares.

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 decreased by approximately S\$2.2 million or 20.1% from S\$10.8 million in HY2013 to S\$8.6 million in HY2014. The decrease was mainly due to slowing down in the Contract Sales in first six months of 2014. Breakdown of Revenue are as follows:

	The Group	
	HY2014 S\$'000	HY2013 S\$'000
Revenue		
Distribution Sales	4,146	4,219
Contract Sales	4,510	6,609
	8,656	10,828

The decrease in Contract Sales of approximately S\$2.1 million was consistent with the Singapore's GDP growth, which has moderated, in the second quarter of 2014 ^(a). Singapore's construction sector grew at a slower rate due to a slowdown in private sector construction activities in the second quarter of 2014.

^(a) Source: Ministry of Trade and Industry Singapore press release on 14 July 2014

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 as at 30 June 2014 reduced by S\$0.3 million as compared to 31 December 2013 as a result of our on-going efforts to reduce inventory holding costs.

Purchases of inventories

Our purchases of inventories decreased by approximately S\$0.5 million or 9.1% from S\$5.8 million in HY2013 to S\$5.3 million in HY2014. This was mainly due to the combination of lesser orders from our Contract sales customers and our on-going efforts to manage the inventory level.

Employee compensation

Employee cost has risen as compared to HY2013 due to the revision of pay scale effective beginning of the financial year 2014. Total employee compensation of the Group increased by 17.5% or S\$0.2 million due to the new pay scale across the board in the Group.

Finance expense

The increase in the finance expense was due to higher utilisation of trust receipts facility with a financial institution in HY2014 as compared to HY2013.

Freight and transportation expense

There was a decrease in the freight and transportation expense by 36.2% or S\$0.1 million mainly due to a change in delivery/shipment terms with certain of our overseas customers. In late 2013, we managed to get some of our overseas customers to absorb the freight and transportation cost without sacrificing our margins.

Other operating expense

The increase in other operating expense of approximately S\$0.3 million of 25.9% was mainly due to IPO expenses of approximately S\$0.4 million.

Income tax expense

The decrease in the income tax expense of approximately S\$0.2 million was in line with the decrease in the profit before tax in HY2014 as compared to HY2013.

Profit after tax

Profit after tax reduced by approximately S\$1.1 million or 59.4% in HY2014 as compared to HY2013 mainly due to the IPO expenses of S\$0.4 million and the decrease in Contract Sales revenue.

REVIEW OF FINANCIAL POSITION**Current assets**

The Group's current assets increased by approximately S\$4.6 million or 27.6% mainly due to the cash received by SMJ International Holdings Ltd. in the share issue account pursuant to the IPO of approximately S\$5.7 million and the increase in the inventories of approximately S\$0.3 million which was offset by the decrease in trade and other receivables of approximately S\$1.1 million.

Non-current assets

The Group's non-current assets increased by approximately S\$0.3 million or 29.4% mainly due to the progressive payment made for the investment property (Skyline Residences) under construction.

Current liabilities

The increase in current liabilities of approximately S\$1.3 million or 24.0% was due to the amount payable to vendors of the Company's shares pursuant to the IPO of approximately S\$1.7 million as at 30 June 2014 and the reduction in income tax payable and borrowings (trust receipts) of approximately S\$0.2 million and S\$0.3 million respectively.

Working capital

The Group had a positive working capital of S\$14.4 million as at 30 June 2014 as compared to S\$11.1 million as at 31 December 2013.

Shareholders' equity

The Group's shareholders' equity increased by approximately S\$3.6 million or 29.4% due to the net IPO proceeds of S\$2.9 million and current financial period profit after tax of approximately S\$0.7 million.

REVIEW OF CASH POSITION

Cash flows generated from operating activities of the Group amounted to approximately S\$3.5 million in HY2014 as compared to approximately S\$0.8 million in HY2013 (despite the decrease in profit before tax of approximately S\$1.1 million) as a result of cash flow management efficiency where the collections of debts exceeded the payments to creditors.

Net cash used in investing activities were mainly due to the progressive payment made for the Group's investment property.

Net cash provided by financing activities of approximately S\$2.6 million was mainly due to net proceeds of issuance of new shares pursuant to the IPO of approximately S\$2.9 million.

Overall, the Group recorded a net cash increase of approximately S\$5.4 million or 61.0% as compared to S\$3.4 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 2014 due to slowdown in the private sector construction activities. The outlook for the next 12 months remained uncertain particularly with the unrest in the Middle East and fear of the outbreak of transmissible diseases impacting the decision making on capital expenditure spending in the markets we operate in.

However, the Group will continue to focus on increasing sales in our core markets like Singapore, Malaysia, Indonesia and the Philippines as well as exploring the potential market in emerging countries such as Myanmar.

The Group has been appointed authorised supplier to distribute the Lees, Bigelow and Duracolor brands of Mohawk carpets in Malaysia, Philippines, Indonesia and Singapore (only Duracolor).

The Group has also diversified into vinyl flooring by obtaining the rights to the following products from NOX Corporation Korea in the Singapore market to bolster the Group's revenue in the coming months:

- a) Ecoclick LVT ("Luxury Vinyl Tiles")
- b) Ecolay LVT
- c) Orchid Collection LVT
- d) Loom+ Tiles

On the inorganic growth front, the Group is actively seeking 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 2014.

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 the gross IPO proceeds of \$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	340	-	340
Marketing and business development	250	-	250
General working capital	329	-	329
IPO expenses borne by the Company	1,501	(1,501)	-
	3,920	(1,501)	2,419

The Company will make periodic announcements on the use of the proceeds as and when the funds are materially disbursed. 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 2014 to be false or misleading in any material aspect.

On behalf of the Board

Rena Ho Pei Yuen
Executive Director and CEO

Nellie Ho Wan Jing
Executive Director and Deputy CEO
12 August 2014

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