

SHS Holdings Ltd.
(formerly known as See Hup Seng Limited)
(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the Fourth Quarter of and Full Year 2014

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

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

	Group			Group		
	3 months ended 31 Dec			12 months ended 31 Dec		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	103,773	72,750	43%	446,772	290,354	54%
Cost of sales and services	(88,090)	(61,654)	43%	(385,050)	(245,723)	57%
Gross profit	<u>15,683</u>	<u>11,096</u>	41%	<u>61,722</u>	<u>44,631</u>	38%
Other income	894	508	76%	2,704	2,186	24%
Selling and distribution expenses	(2,606)	(2,293)	14%	(11,380)	(9,169)	24%
Administrative expenses	(6,104)	(4,565)	34%	(21,412)	(15,363)	39%
Other operating expenses	(2,930)	(3,296)	(11%)	(12,440)	(10,846)	15%
Profit from operations	<u>4,937</u>	<u>1,450</u>	240%	<u>19,194</u>	<u>11,439</u>	68%
Finance costs	(285)	(284)	0%	(1,254)	(1,101)	14%
Share of (loss)/profit of associated companies	(136)	(6)	N/M	(136)	5	N/M
Profit before income tax	<u>4,516</u>	<u>1,160</u>	289%	<u>17,804</u>	<u>10,343</u>	72%
Income tax	(183)	(510)	(64%)	(2,154)	(2,383)	(10%)
Profit after income tax	<u>4,333</u>	<u>650</u>	567%	<u>15,650</u>	<u>7,960</u>	97%
Attributable to:						
Equity holders of the Company	4,300	638	574%	15,670	8,019	95%
Non-controlling interests, net of income tax	33	12	175%	(20)	(59)	66%
	<u>4,333</u>	<u>650</u>	567%	<u>15,650</u>	<u>7,960</u>	97%

Statement of Comprehensive Income

	Group			Group		
	3 months ended 31 Dec			12 months ended 31 Dec		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax	4,333	650	567%	15,650	7,960	97%
<u>Other comprehensive income</u>						
Foreign currency translation	320	94	240%	231	309	N/M
Deferred taxation	18	29	N/M	18	29	N/M
	<u>338</u>	<u>123</u>	174%	<u>249</u>	<u>338</u>	(26%)
Total comprehensive income	<u>4,671</u>	<u>773</u>	504%	<u>15,899</u>	<u>8,298</u>	92%
Attributable to:						
Equity holders of the Company	4,638	761	509%	15,919	8,358	90%
Non-controlling interests, net of income tax	33	12	175%	(20)	(60)	(67%)
	<u>4,671</u>	<u>773</u>	504%	<u>15,899</u>	<u>8,298</u>	92%

Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

	Note	Group			Group		
		3 months ended 31 Dec			12 months ended 31 Dec		
		2014	2013	Change	2014	2013	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other Income	1	875	361	142%	2,548	1,049	143%
Interest Income	2	17	150	(89%)	163	674	(76%)
Interest on borrowings		(285)	(284)	0%	(1,254)	(1,101)	14%
Depreciation	3	(1,185)	(858)	38%	(5,049)	(3,396)	49%
Fixed assets written off	4	(4)	(8)	(50%)	(28)	(22)	27%
Gain/(Loss) on disposal of fixed assets	5	2	7	(71%)	(7)	163	(104%)
Amortisation of intangible assets	6	(405)	(14)	2795%	(1,955)	(57)	3330%
Impairment of membership right		70	-	N/M	70	-	N/M
Bad debts expense	7	(181)	(6)	2917%	(184)	(25)	636%
Allowance for doubtful debts	8	(615)	(293)	110%	(632)	(335)	89%
(Allowance)/Write-backon allowance for stock obsolescence		292	161	N/M	337	(132)	(355%)
Stock written off		(67)	(68)	(1%)	(215)	(238)	(10%)
Foreign exchange gain/(loss)	9	35	306	(89%)	49	(13)	N/M
Gain on disposal of investment		-	1	N/M	-	311	N/M

- 1) The increase was largely due to consolidation of SSF segment's other income that was generated from service income and selling of scrapped items and compensation received from the vendor of one of the investment (non-recurring income) following the shortfall of the lease extension.
- 2) The decrease was mainly due to repayment of shareholder loan extended to an associated company for its property development business.
- 3) The increase was mainly due to consolidation of SSF segment's depreciation and additional depreciation at Group level resulting from revaluation of SF segment's land and building at acquisition as required by FRS103.
- 4) The decrease was mainly due to lesser fixed assets were being written off.
- 5) The decrease was mainly due to a lower loss being recognized for some of the disposed assets.
- 6) The increase was mainly due to amortization at Group level resulting from the fair value of Hetat's order book at acquisition as required by FRS 103.
- 7) The increase was mainly due to more bad debts were noted and required to be written off.
- 8) The increase was mainly due to more doubtful debts were noted and required to be written off.
- 9) The decrease was mainly due to stronger US\$ against S\$.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Dec 2014 S\$'000	31 Dec 2013 S\$'000	31 Dec 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	39,748	28,544	12,181	12,592
Subsidiary companies	-	-	95,028	49,628
Associated companies	3,749	1,485	2,399	-
Financial assets, available-for-sale	18,162	14,555	15,289	12,555
Membership rights	125	195	-	-
Intangible assets	622	224	-	-
Goodwill	37,177	11,735	-	-
Loan to related party	600	11,100	-	-
Other receivables	612	523	-	-
	<u>100,795</u>	<u>68,361</u>	<u>124,897</u>	<u>74,775</u>
Current Assets				
Stock and work-in-progress	32,406	25,839	-	-
Trade receivables	66,999	56,058	5,613	6,932
Amount due from related parties	-	-	14,209	29,826
Other receivables	8,024	5,875	1,293	397
Loan to Investment company	6,822	-	6,822	-
Fixed deposits	3,531	3,498	1,524	1,517
Cash and bank balances	35,597	48,045	3,525	13,335
	<u>153,379</u>	<u>139,315</u>	<u>32,986</u>	<u>52,007</u>
Total Assets	<u>254,174</u>	<u>207,676</u>	<u>157,883</u>	<u>126,782</u>
LIABILITIES				
Current Liabilities				
Trade payables and accruals	28,718	23,387	1,839	4,050
Other payables	4,050	6,436	667	468
Amount due to related parties	-	-	9,028	29,936
Term loans	1,377	2,884	-	-
Other amounts due to bankers	59,821	75,804	3,807	8,555
Hire purchase creditors	292	419	-	-
Provision for taxation	3,907	2,934	94	490
	<u>98,165</u>	<u>111,864</u>	<u>15,435</u>	<u>43,499</u>
Non-current Liabilities				
Hire purchase creditors	258	377	-	-
Deferred taxation	3,503	2,100	1,084	1,165
	<u>3,761</u>	<u>2,477</u>	<u>1,084</u>	<u>1,165</u>
Total Liabilities	<u>101,926</u>	<u>114,341</u>	<u>16,519</u>	<u>44,664</u>
EQUITY				
Share capital	143,625	94,953	143,625	94,953
Treasury shares	(3,226)	(3,226)	(3,226)	(3,226)
Asset revaluation reserve	2,508	2,490	2,874	2,874
Foreign currency translation reserve	1,172	941	-	-
Other reserve	(16,687)	(16,687)	-	-
Revenue reserve/(accumulated losses)	23,359	13,347	(1,909)	(12,483)
	<u>150,751</u>	<u>91,818</u>	<u>141,364</u>	<u>82,118</u>
Non-controlling interests	1,497	1,517	-	-
Total Equity	<u>152,248</u>	<u>93,335</u>	<u>141,364</u>	<u>82,118</u>
Total Liabilities and Equity	<u>254,174</u>	<u>207,676</u>	<u>157,883</u>	<u>126,782</u>

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

	31-Dec-14 S\$'000	31-Dec-13 S\$'000
Amount Repayable in one year or less, or on demand		
Secured	61,490	79,107
Unsecured	-	-
	61,490	79,107
Amount Repayable after one year, or on demand		
Secured	258	377
Unsecured	-	-
	258	377

Details of any collateral

The credit facilities of the Group were secured by the following:

- (i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5 for the Company's banking facility (including foreign exchange spot and forward) of approximately S\$29.0 million.
- (ii) A mortgage in-escrow and deed of assignment over 9 Jalan Pesawat, fixed and floating charge over all present and future undertakings, property assets, revenues and right of TAT Petroleum Pte Ltd ("TAT Petroleum"), corporate guarantee of S\$120.0 million and fixed deposit of S\$1.5 million and S\$1.1 million by the Company and TAT Petroleum respectively for banking facility (including foreign exchange spot and forward) extended to TAT Petroleum of approximately S\$166.0 million;
- (iii) TAT Petroleum's corporate guarantee of approximately S\$3.4 million and fixed deposits of S\$0.5 million by TAT Petroleum (HK) Pte Limited ("TAT HK") for banking facilities extended to TAT HK of approximately S\$3.4 million;
- (iv) Corporate guarantee of S\$3.8 million for banking facilities (including foreign exchange spot and forward) extended to Axxmo International Pte Ltd of approximately S\$6.3 million;
- (v) A mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S\$14 million by the Company and Corporate guarantee of S\$2 million by Hetat Engineering Construction Sdn Bhd for banking facilities (including foreign exchange spot and forward) extended to Hetat Pte Ltd of approximately S\$21.5 million;
- (vi) Fixed assets under hire purchase arrangements.

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		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities				
Profit before income tax	4,516	1,160	17,804	10,343
Adjustments for:				
Depreciation	1,185	858	5,049	3,396
Fixed assets written off	4	8	28	22
Amortisation of intangible assets	405	14	1,955	57
(Gain)/Loss on disposal of fixed assets	(2)	(7)	7	(163)
Interest on borrowings	285	284	1,254	1,101
Interest income	(17)	(150)	(163)	(674)
Gain on disposal of other investment	-	(1)	-	(311)
Share of loss/(profit) of associated companies	136	6	136	(5)
Impairment of membership right	70	-	70	-
Loss on available-for-sale assets	-	11	-	11
Other income	(425)	-	(425)	-
Allowance for doubtful debts	615	293	632	335
Allowance/(Write-back on allowance) for stock obsolescence	(292)	(161)	(337)	132
Bad debts expense	181	6	184	25
Stock written off	67	68	215	238
Net foreign currency translation adjustments	(216)	(1,022)	(613)	(650)
Operating cash flow before working capital changes	6,512	1,367	25,796	13,857
Changes in working capital				
Inventories and work-in-progress	(7,669)	79	(4,641)	(1,017)
Receivables	11,357	(1,108)	(2,905)	(8,888)
Payables	(11,793)	6,125	(2,836)	6,041
Cash (used in)/generated from operations	(1,593)	6,463	15,414	9,993
Interest paid	(285)	(284)	(1,254)	(1,101)
Interest received	10	7	52	26
Income tax payment	(627)	(260)	(3,072)	(1,307)
Net cash (used in)/generated from operating activities	(2,495)	5,926	11,140	7,611
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(887)	(240)	(1,975)	(1,060)
Proceeds from disposal of property, plant and equipment	1	15	507	316
Acquisition of associated company	(2,399)	-	(2,399)	-
Loan repayment by an associated company	-	3,900	10,500	3,900
Loan to investment company	(6,822)	-	(6,822)	-
Acquisition of other investment	(2,735)	-	(3,608)	(7,233)
Proceeds from lease shortfall	-	-	425	-
Proceeds from disposal of other investment	-	2	-	602
Cashflow on acquisition of subsidiary (net of cash)	-	-	(27,194)	-
Net cash (used in)/generated from investing activities	(12,842)	3,677	(30,566)	(3,475)
Cash Flows from Financing Activities				
Net proceeds from issue of shares	-	-	35,171	-
Dividends paid	-	-	(5,659)	(2,107)
Fixed deposit pledges with bank	(328)	(310)	(27)	(328)
Repayment to hire purchase	(117)	(300)	(432)	(425)
(Repayment to)/increase in term loan	(461)	558	(7,170)	2,298
Fund from/(Repayment to) trusts receipts	3,254	8,190	(14,774)	12,862
Net cash generated from financing activities	2,348	8,138	7,109	12,300
Net foreign currency translation adjustments	218	92	(126)	168
Net (decrease)/increase in cash and cash equivalents	(12,771)	17,833	(12,443)	16,604
Cash and cash equivalents at the beginning of the year	48,392	30,231	48,064	31,460
Cash and cash equivalents at the end of the year	35,621	48,064	35,621	48,064

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**

	Share Capital S\$'000	Treasury Share S\$'000	Revaluation Reserve S\$'000	Other Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserve S\$'000	Total S\$'000	Minority Interests S\$'000	Total Equity S\$'000
Group									
Balance at 01 January 2014	94,953	(3,226)	2,490	(16,687)	941	13,347	91,818	1,517	93,335
Comprehensive income	-	-	18	-	231	15,670	15,919	(20)	15,899
Allotment and issue of new ordinary shares to fund the acquisition of a company*	13,500	-	-	-	-	-	13,500	-	13,500
Allotment and issue of new ordinary shares as consideration share for the acquisition of a company*	36,024	-	-	-	-	-	36,024	-	36,024
Share issue expense	(852)	-	-	-	-	-	(852)	-	(852)
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Balance at 31 December 2014	143,625	(3,226)	2,508	(16,687)	1,172	23,359	150,751	1,497	152,248
Balance at 01 January 2013	94,953	(3,226)	2,461	(16,687)	631	7,435	85,567	1,577	87,144
Comprehensive income	-	-	29	-	310	8,019	8,358	(60)	8,298
Dividends paid	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
Balance at 31 December 2013	94,953	(3,226)	2,490	(16,687)	941	13,347	91,818	1,517	93,335
Company									
Balance at 01 January 2014	94,953	(3,226)	2,874	-	-	(12,483)	82,118	-	82,118
Comprehensive income	-	-	-	-	-	16,233	16,233	-	16,233
Allotment and issue of new ordinary shares to fund the acquisition of a company*	13,500	-	-	-	-	-	13,500	-	13,500
Allotment and issue of new ordinary shares as consideration share for the acquisition of a company*	36,024	-	-	-	-	-	36,024	-	36,024
Share issue expense	(852)	-	-	-	-	-	(852)	-	(852)
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Balance at 31 December 2014	143,625	(3,226)	2,874	-	-	(1,909)	141,364	-	141,364
Balance at 01 January 2013	94,953	(3,226)	2,874	-	-	(12,271)	82,330	-	82,330
Comprehensive income	-	-	-	-	-	1,895	1,895	-	1,895
Dividends paid	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
Balance at 31 December 2013	94,953	(3,226)	2,874	-	-	(12,483)	82,118	-	82,118
<i>* Please refer to Circular to Shareholders dated 16 December 2013 for further information</i>									

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.

Details of the changes in the issued and paid-up capital of the Company since 31 December 2013 to 31 December 2014 are as follows:-

<u>Ordinary shares</u>	<u>Number of shares</u>	<u>\$</u>
Issued and fully paid ordinary shares at 31 December 2013	438,542,125	94,953,394
Allotment and issue of new ordinary shares to fund the acquisition of a company * (Note 1)	144,500,000	35,171,325
Allotment and issue of new ordinary shares as consideration share for the acquisition of a company *	42,519,053	13,500,000
Issued and fully paid ordinary shares at 31 December 2014	<u>625,561,178</u>	<u>143,624,719</u>

** Please refer to Circular to Shareholders dated 16 December 2013 for further information*
Note 1: The Company has utilised approximately S\$33.52 million to finance the acquisition of Hetat Holdings Pte Ltd. The remaining balance of the net proceeds of S\$1.65 million from the subscription has been placed in the bank pending disbursement.

Pursuant to announcements made on 18 December 2014, 303,641,586 Warrants were issued on 17 December 2014, and listed and quoted on the Mainboard of SGX-ST with effect from 19 December 2014 at an exercise price of SGD0.20. The Warrants have a 5-year exercise period from the date of issue and it will expire on 17 December 2019.

From the date of issue to 31 December 2014, there were no shares issued in pursuant to the exercise of warrants.

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.

	<u>As at 31 December 2014</u>	<u>As at 31 Dec 2013</u>
Total number of shares (including treasury shares)	625,561,178	438,542,125
Less treasury shares	<u>(17,100,000)</u>	<u>(17,100,000)</u>
Total number of shares (excluding treasury shares)	<u>608,461,178</u>	<u>421,442,125</u>

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.

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of 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

None.

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		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2014	2013	2014	2013
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic & Diluted	0.71 cents	0.15 cents	2.59 cents	1.90 cents
Based on the weighted average number of shares (Basic & Diluted)	605,852,854	421,442,125	605,852,854	421,442,125
- Basic & Diluted	0.71 cents	0.15 cents	2.58 cents	1.90 cents
Based on the number of shares in issue, excluding treasury shares (Basic & Diluted)	608,461,178	421,442,125	608,461,178	421,442,125

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset backing per ordinary share	24.88 cents	21.79 cents	23.33 cents	19.49 cents
Based on the weighted average number of shares	605,852,854	421,442,125	605,852,854	421,442,125
Net asset backing per ordinary share	24.78 cents	21.79 cents	23.23 cents	19.49 cents
Based on the number of shares in issue, excluding treasury shares	608,461,178	421,442,125	608,461,178	421,442,125

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.**

Overview

The Group gained traction to record 43% growth in revenue to S\$103.8 million and a 574% surge in net profit attributable to equity holders to S\$4.3 million for the fourth quarter ended 31 December 2014 ("4Q14"). This was mainly driven by the newly acquired Structural Steel and Facade ("SSF") business, higher contribution from the Refined Petroleum ("RP") Segment, higher other income and lower corporate expenses as there was non-recurring expenses in relation to acquisition and corporate activities of S\$1.6 million incurred in 4Q13.

For the financial year ended 31 December 2014 ("FY14"), the set of sterling results was bolstered by the stronger contribution from the RP segment, the maiden contribution from the newly acquired SSF segment, higher other income and lower corporate expenses as there was non-recurring expenses in relation to acquisition and corporate activities of S\$2.1 million incurred in FY13 whilst the Corrosion Prevention ("CP") segment registered a comparable contribution against the last financial year. Overall, the Group recorded 54% increase in revenue from S\$290.4 million in FY13 to S\$446.8 million in FY14, and net profit attributable to equity holders rose from S\$8.0 million in FY13 to S\$15.7 million in FY14, an increase of 97% year-on-year. Excluding the amortization and the additional depreciation of S\$1.9 million (net of tax effect) at the Group level in relation to the fair value of SSF segment's order book and revaluation of land and building at acquisition as required by FRS103, the Group would have reported a net profit attributable to equity holders of S\$17.8 million, an increase of 123% from FY13.

As at 31 December 2014, the Group maintained a strong financial position with cash and fixed deposits of S\$39.1 million. Net gearing was approximately 0.15 time (31 December 2013: 0.3 times).

Revenue

Group revenue in 4Q14 increased by 43% year-on-year to S\$103.8 million from S\$72.8 million in 4Q13 on higher sales contribution from RP and SSF segments, which were partially offset by lower revenue contribution from CP segment.

The Group's total revenue rose 54% year-on-year to S\$446.8 million for FY14. This was mainly attributed to higher sales from RP segment and the maiden contribution from SSF segment, which were partially offset by lower revenue contribution from CP segment.

CP segment

Revenue for CP segment declined by 38% year-on-year to S\$6.8 million in 4Q14 from S\$10.9 million in 4Q13.

For FY14, revenue decreased by 21% year-on-year to S\$33.4 million, from S\$42.1 million in FY13.

The lower revenue for 4Q14 and FY14 was mainly due to overall lower business activities at Plant and yards, and the lack of turnkey projects contribution in this financial year.

RP segment

Revenue for the RP segment grew by 35% year-on-year from S\$61.6 million in 4Q13 to S\$83.2 million in 4Q14. The growth was driven by the new Trading and Blending business.

For FY14, revenue increased by 46% year-on-year to S\$360.7 million, from S\$247.11 million in FY13. The surge was mainly driven by the new Trading and Blending Business and Distribution Business as a result of new marketing and more aggressive pricing initiatives.

SSF segment

The newly acquired SSF segment contributed S\$13.8 million in revenue to the Group in 4Q14. For FY14, SSF segment contributed S\$51.7 million in revenue to the Group on the back of progressive revenue recognition from the various projects across the Asia Pacific region.

Gross Profit (“GP”) and Gross Margin (“GM”)

The Group’s GP in 4Q14 increased by 41% year-on-year to S\$15.7 million from S\$11.1 million in 4Q13, underpinned by higher GP from RP segment and contribution from newly acquired SSF segment. The Group’s composite GM of 15.1% in 4Q14 was comparable against 15.3% in 4Q13.

For FY14, the Group’s GP grew by 38% year-on-year to S\$61.7 million from S\$44.6 million in FY13. The increase was mainly attributable to higher GP generated by RP segment and maiden contribution from newly acquired SSF segment. The Group’s composite GM in FY14 narrowed from 15.4% to 13.8%.

The lower composite GM in 4Q14 and FY14 was mainly due to the lower GM accounted by RP segment as a result of the new Trading business, which normally has lower GM in nature, and new marketing and aggressive pricing initiatives to drive growth in the Distribution business. Overall, this was balanced by the contributions from CP and SSF segments which command higher GM.

CP segment

CP segment’s GP declined by 43% year-on-year to S\$2.0 million in 4Q14 and decreased by 12% year-on-year to S\$11.7 million in FY14 on the back of lower revenue which was partially mitigated by higher gross margin.

GM narrowed 3 percentage points to 30.1% in 4Q14 due to lower sales and gross profit for the quarter, and widened 3.9 percentage points to 35.1% for FY14 as a result of efficiency and productivity improvement initiatives and cost control measures.

RP segment

Gross profit for RP segment surged 28% year-on-year from S\$7.4 million in 4Q13 to S\$9.5 million in 4Q14, and increased by 18% year-on-year from S\$31.1 million in FY13 to S\$36.6 million in FY14. The increase in GP was mainly driven by higher volume but partially offset by lower gross margin.

GM narrowed marginally by 0.5 percentage point to 11.5% in 4Q14 and declined by 2.5 percentage points to 10.1% in FY14. This was due to the naturally lower GM for the new Trading business as well as the new marketing and aggressive pricing initiatives which lowered the average selling prices to drive growth in the Distribution business.

SSF segment

SSF segment contributed S\$4.0 million in 4Q14 and S\$13.2 million in FY14 to the Group’s GP. GM was 29.0% in 4Q14 and 25.6% in FY14.

Other Income

Other income increased by 76% year-on-year from S\$0.5 million in 4Q13 to S\$0.9 million in 4Q14, and increased by 24% year-on-year from S\$2.2 million in FY13 to S\$2.7 million in FY14. The increase was due to the consolidation of SSF segment’s other income that was generated from service income and sale of scrap items compensation received from the vendor of one of the investment (non-recurring income) following the shortfall of the lease extension.

Selling, Distribution, Administrative and Other Operating Expenses

Total operating expenses increased by 14% year-on-year from S\$10.2 million in 4Q13 to S\$11.6 million in 4Q14, and rose 28% year-on-year from S\$35.4 million in FY13 to S\$45.2 million in FY14. The increase was due mainly to the consolidation of SSF segment following the acquisition in January 2014 and the expenses incurred for the new Blending and Trading business under RP segment.

Selling and distribution expenses increased by 14% to S\$2.6 million in 4Q14 and 24% to S\$11.4 million in FY14, as a result of higher expenses incurred with the new Blending and Trading business under RP segment as well as the inclusion of the expenses of newly acquired SSF segment.

Administrative expenses rose 34% to S\$6.1 million in 4Q14 and 39% to S\$21.4 million in FY14. These expenses were largely due to the inclusion of expenses from the newly acquired SSF segment, and expenses incurred by the new Blending and Trading business under RP segment.

Other operating expenses increased by 11% to S\$2.9 million in 4Q14 and 15% to S\$12.4 million in FY14. This was mainly due to expenses incurred by the new Blending and Trading business under RP segment, the consolidation of expenses of the newly acquired SSF segment, and amortisation and additional depreciation at Group level resulting from the fair value of SSF segment's order book and revaluation of land and building as required by FRS103, which was partly lifted by lower non-recurring expenses in relation to acquisition and corporate activities.

Finance Costs

Finance costs was relatively maintained at S\$0.3 million in 4Q14 and increased by 14% to S\$1.3 million in FY14. The increase was mainly due to consolidation of SSF segment's financing expenses.

Net Profit

The Group's net profit attributable to equity holders in 4Q14 increased by 574% year-on-year to S\$4.3 million from S\$0.6 million in 4Q13. The growth was spurred by higher profit contributions from its two core businesses – CP and RP segments, as well as contribution from the newly acquired SSF business, higher other income and lower operating expenses as there was non-recurring expenses in relation to acquisition and corporate activities of S\$1.6 million incurred in 4Q13.

For FY14, the Group's net profit attributable to equity holders was S\$15.7 million, up 95% from S\$8.0 million in FY13. The improvement was mainly due to strong contributions from all segments, particularly RP segment and the newly acquired SSF segment, higher other income and lower operating expenses as there was non-recurring expenses in relation to acquisition and corporate activities of S\$2.1 million incurred in FY13.

Financial Position and Cash Flow Analysis

As at 31 December 2014, the Group had cash and fixed deposit totaling S\$39.1 million. Net gearing stood at 0.15 time as at 31 December 2014.

Non-current assets increased to S\$100.8 million as at 31 December 2014 from S\$68.4 million as at 31 December 2013. This was due mainly to (i) the second tranche payment for the investment in EVIA (available for sale financial asset), (ii) goodwill and fair value of order book arising from the acquisition of Hetat and consolidation of SSF segment's fixed assets, which was partially offset by (iii) shareholders loan repayment from the EC project and depreciation charge.

Current assets increased to S\$153.4 million as at 31 December 2014 from S\$139.3 million as at 31 December 2013. This was primarily due to an increase in working capital balances which were in line with higher sales, and the consolidation of SSF segment's current assets which was partially offset by cash paid out for SSF acquisition.

Current liabilities as at 31 December 2014 decreased to S\$98.2 million from S\$111.9 million as at 31 December 2013. This was mainly due to decreases in CP segment's accrual and RP's credit facilities balances due to shorter trust receipt placement, despite the consolidation of SSF Segment's current liabilities, higher tax provision, payment of introducer fee for SSF segment, and higher revenue.

Long-term liabilities as at 31 December 2014 increased to S\$3.8 million from S\$2.5 million as at 31 December 2013 with higher deferred taxation and repayment of term loan was offset by the consolidation of SSF segment's non-current liabilities.

Shareholders' equity increased to S\$150.8 million as at 31 December 2014 from S\$91.8 million as at 31 December 2013. The increase was largely attributed to the increase in share capital arising from the share issuance in relation to the acquisition of SSF segment in January 2014, and higher revenue reserve arising from profit attributable to equity holders of S\$15.7 million for FY14.

During FY14, the Group generated net cash of S\$11.1 million from operating activities after deducting S\$15.4 million for working capital used for inventory, trade receivables and payables, and S\$4.3 million for interest and income tax payments.

Net cash used in investing activities amounted to S\$30.6 million in FY14, largely due to the acquisition of SSF segment.

Net cash generated from financing activities in FY14 was S\$7.1 million, driven mainly to net proceeds from issuance of new ordinary shares in relation to the acquisition of SSF segment and the reduction of short term financing of trust receipts for RP's working capital.

After taking into account net foreign currency translation adjustments, the Group recorded a net decrease in cash equivalents of S\$12.4 million to S\$35.6 million in FY14.

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

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the period ended 30 September 2014.

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 business environment moving forward for all the business segments is expected to be challenging amidst the potential increase in interest rates, domestic restructuring exercise which is likely to increase labour cost, and weaker global economy outlook as a result of falling oil prices, uncertainties at Eurozone and slower economic growth in China.

RP Segment

Going forward, the RP Segment will continue to pursue strategies to move its business up the supply chain, expand its market reach and deepen its distribution networks to strengthen its foundation to propel growth.

CP Segment

The operating environment continues to pose challenges for CP segment due to intense competitive conditions, pressure from customers to revise the pricing of services amid an oversupply situation, potential delays or cancellations of customers' projects and increasing competition from alternative corrosion prevention services.

SSF Segment

With the slowdown in the local construction industry and continued upward pressure on manpower cost, the SSF Segment will pursue overseas opportunities by leveraging on its expertise and track records.

The Group expects its business for all segments to be challenging in FY2015 but is cautiously optimistic that it will still be profitable barring any unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.93 cents
Tax Rate	:	Tax exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.93 cents
Tax Rate	:	Tax exempt one-tier

(c) Date payable

Subject to shareholders' approval at Annual General Meeting of the Company to be held on 27 April 2015, the final dividend will be paid on 20 May 2015.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 13 May 2015. Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5 p.m. on 12 May 2015 will be registered to determine entitlements to the final dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlement to shareholders.

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

Not applicable.

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,

There had been no interested person transactions during the three months ended 31 December 2014. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half YEAR Results)

14. 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

Products and services from which reportable segments derive their revenues

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is also focussed on the three principal reportable segments of the Group. The Group's reportable segments under FRS 108 are therefore as follows:

Corrosion Prevention
Distribution
Structural Steel and Façade Engineering

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The distribution segment distributes refined petroleum products.

The structural steel and façade engineering is in the business of designing, engineering and construction of steel, aluminium and glass structures.

Information regarding the Group's reportable segments is presented below.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Corrosion prevention		Distribution		Structural Steel & Façade		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	33,377	42,062	360,708	247,122	51,693	-	994	1,170	446,772	290,354
Segment result	7,682	6,862	21,373	17,692	8,835	-	12	62	37,902	24,616
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-
Finance cost	-	-	(1,104)	(1,093)	(137)	-	(12)	(8)	(1,254)	(1,101)
Share of loss of associates, net of tax									(136)	5
Central administration costs and directors' salaries									(21,412)	(15,363)
Other income									2,704	2,186
Profit before tax									17,804	10,343

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the year 2014 is S\$12,213,000 (2013: S\$14,545,000).

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, other income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Group	
	2014 S\$'000	2013 S\$'000
Segment assets		
Corrosion prevention	65,900	60,706
Distribution	115,660	112,066
Structural steel & façade	63,158	-
Others	9,456	34,904
Total segment assets	<u>254,174</u>	<u>207,676</u>
Consolidated assets	<u>254,174</u>	<u>207,676</u>
Segment liabilities		
Corrosion prevention	9,537	8,903
Distribution	72,222	99,019
Structural steel & façade	11,324	-
Others	1,433	1,385
Total segment liabilities	<u>94,516</u>	<u>109,307</u>
Unallocated liabilities		
- Provision for taxation	3,907	2,934
- Deferred income tax	3,503	2,100
Consolidated liabilities	<u>101,926</u>	<u>114,341</u>

(c) Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended	Year ended	Year ended	Year ended
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Corrosion prevention	1,697	1,698	1,002	218
Distribution	1,407	1,437	415	1,009
Structural steel & façade	3,582	-	510	-
Others	318	261	8	10
	<u>7,004</u>	<u>3,396</u>	<u>1,935</u>	<u>1,237</u>

(d) Geographical information

The Group operates in five principal geographical areas – Singapore (country of domicile), rest of South East Asia, North East Asia and South Asia and Others.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Group's revenue from external customers		Group's non-current assets	
	Year ended	Year ended	As at	As at
	2014	2013	31/12/14	31/12/13
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	320,963	171,800	77,680	40,577
Rest of South East Asia	63,644	57,486	438	372
North East Asia	49,812	44,974	165	272
South Asia	8,880	9,680	-	-
Others	3,473	6,414	-	-
	<u>446,772</u>	<u>290,354</u>	<u>78,283</u>	<u>41,221</u>

Non-current assets excluding investment in associates, loan receivable from associate and financial assets available-for-sale.

(e) Any single individual customer contributed significantly to the Group's revenue

No.

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

No material changes.

16. A breakdown of sales

	Full Year 2014 S\$'000	Full Year 2013 S\$'000	Change %
Revenue reported for 1st quarter	85,281	69,238	23%
Net profit reported for 1st quarter	3,836	2,091	83%
Revenue reported for 2nd quarter	93,863	75,029	25%
Net profit reported for 2nd quarter	3,523	2,754	28%
Revenue reported for 3rd quarter	163,855	73,337	123%
Net profit reported for 3rd quarter	3,958	2,465	61%
Revenue reported for 4th quarter	103,773	72,750	43%
Net profit reported for 4th quarter	4,333	650	567%
Total revenue reported	446,772	290,354	54%
Total net profit reported	15,650	7,960	97%

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

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	5,659	5,659
Preference	0	0
Total	5,659	5,659

The final dividend for FY2014 is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

17. 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 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Goh Sia Teck	55	Nephew of Thomas Lim Siok Kwee	Manager (Operations) - Assisting Executive Chairman and Executive Director in marine projects (since May 2006)	Nil
Lim Peng Cheng	46	Nephew of Thomas Lim Siok Kwee	Assistant Production Manager - Assisting Executive Chairman, Executive Director and Production Manager in plant operation (since April 2010)	Nil

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO
27 February 2015