

SHS Holdings Ltd.
(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the Third Quarter 2015

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 3 months ended 30 Sep			Group 9 months ended 30 Sep		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	70,317	163,855	(57%)	316,138	342,999	(8%)
Cost of sales and services	(54,244)	(148,572)	(63%)	(273,683)	(296,960)	(8%)
Gross profit	<u>16,073</u>	<u>15,283</u>	5%	<u>42,455</u>	<u>46,039</u>	(8%)
Other income	256	878	(71%)	1,098	1,810	(39%)
Selling and distribution expenses	(2,577)	(2,979)	(13%)	(7,729)	(8,774)	(12%)
Administrative expenses	(5,238)	(4,926)	6%	(15,979)	(15,308)	4%
Other operating expenses	(5,293)	(3,394)	56%	(11,178)	(9,510)	18%
Profit from operations	<u>3,221</u>	<u>4,862</u>	(34%)	<u>8,667</u>	<u>14,257</u>	(39%)
Finance costs	(296)	(287)	3%	(833)	(969)	(14%)
Share of profit of associated companies	10	8	31%	94	-	N/M
Profit before income tax	<u>2,935</u>	<u>4,583</u>	(36%)	<u>7,928</u>	<u>13,288</u>	(40%)
Income tax	(1,077)	(625)	72%	(2,140)	(1,970)	9%
Profit from continuing operations after tax	<u>1,858</u>	<u>3,958</u>	(53%)	<u>5,788</u>	<u>11,318</u>	(49%)
Attributable to:						
Equity holders of the Company	1,905	3,969	(52%)	5,823	11,371	(49%)
Non-controlling interests, net of income tax	(47)	(11)	343%	(35)	(53)	(33%)
	<u>1,858</u>	<u>3,958</u>	(53%)	<u>5,788</u>	<u>11,318</u>	(49%)

Statement of Comprehensive Income

	Group 3 months ended 30 Sep			Group 9 months ended 30 Sep		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax	1,858	3,958	(53%)	5,788	11,318	(49%)
<u>Other comprehensive income</u>						
Foreign currency translation	423	119	(255%)	407	(88)	N/M
	<u>423</u>	<u>119</u>	(255%)	<u>407</u>	<u>(88)</u>	N/M
Total comprehensive income	<u>2,281</u>	<u>4,077</u>	(44%)	<u>6,195</u>	<u>11,230</u>	(45%)
Attributable to:						
Equity holders of the Company	2,332	4,088	(43%)	6,237	11,283	(45%)
Non-controlling interests, net of income tax	(51)	(11)	364%	(42)	(53)	(21%)
	<u>2,281</u>	<u>4,077</u>	(44%)	<u>6,195</u>	<u>11,230</u>	(45%)

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

	Note	Group 3 months ended 30 Sep			Group 9 months ended 30 Sep		
		2015	2014	Change	2015	2014	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other Income	1	260	863	(70%)	919	1,673	(45%)
Interest Income	2	15	20	(25%)	52	146	(64%)
Interest on borrowings	3	(296)	(286)	3%	(833)	(969)	(14%)
Depreciation	4	(1,177)	(1,282)	(8%)	(3,505)	(3,864)	(9%)
Fixed assets written off	5	(3)	(11)	(73%)	(8)	(24)	(67%)
Gain/(loss) on disposal of fixed assets		(19)	(5)	280%	-	(9)	NM
Amortisation of intangible assets	6	(263)	(390)	(33%)	(467)	(1,550)	(70%)
Bad debts expense		(37)	-	NM	(43)	-	NM
Allowance for doubtful debts	7	(1,178)	(45)	2518%	(1,517)	(17)	NM
(Allowance)/Write-back on allowance for stock obsolescence	8	2	-	NM	(192)	45	NM
Stock written off	9	(57)	(51)	12%	(84)	(148)	(43%)
Foreign exchange (loss)/gain	10	(783)	23	NM	(1,318)	14	NM

- 1) The decrease was largely due to lower service income.
- 2) The decrease was mainly due to repayment of shareholder loan extended to an associated company for its property development project.
- 3) The decrease was in line with lower fixed assets.
- 4) The decrease was mainly due to lesser fixed assets required to be written-off.
- 5) The increase was mainly due to higher loss was accounted on the disposed assets.
- 6) The decrease was mainly due to lower Group amortisation in relation the fair value of Hetat's order book at acquisition as required by FRS 103 as substantial portion of the amortisation in relation to the order book had been recognized accordingly in prior year based on the progress of the order book.
- 7) The increase was mainly due to more doubtful debts were noted in SSF segment and required to be provided.
- 8) The increase was mainly due to more obsolete stocks required to be written off.
- 9) Higher loss was mainly due to stronger US\$ against S\$ and other regional currencies.

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	
	30 Sep	31 Dec	30 Sep	31 Dec
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	38,095	39,748	9,157	12,181
Subsidiary companies	-	-	94,628	95,028
Associated companies	4,621	4,527	3,177	3,177
Financial assets, available-for-sale	18,162	18,162	15,289	15,289
Membership rights	125	125	-	-
Intangible assets	155	622	-	-
Goodwill	37,177	37,177	-	-
Other receivables	679	612	-	-
	<u>99,014</u>	<u>100,973</u>	<u>122,251</u>	<u>125,675</u>
Current Assets				
Stock and work-in-progress	31,912	31,553	-	-
Trade receivables	53,551	67,852	1,485	5,614
Amount due from related parties	-	-	16,611	14,209
Other receivables	14,163	14,068	7,211	7,337
Loan to related party	600	600	-	-
Fixed deposits	3,587	3,532	1,528	1,523
Cash and bank balances	48,015	35,596	2,594	3,525
	<u>151,828</u>	<u>153,201</u>	<u>29,429</u>	<u>32,208</u>
Total Assets	<u>250,842</u>	<u>254,174</u>	<u>151,680</u>	<u>157,883</u>
LIABILITIES				
Current Liabilities				
Trade payables and accruals	26,399	29,312	917	1,839
Other payables	2,679	3,457	291	667
Amount due to related parties	-	-	5,475	9,028
Term loans	300	1,377	-	-
Other amounts due to bankers	61,011	59,821	1,932	3,807
Hire purchase creditors	270	292	-	-
Provision for taxation	3,595	3,907	-	94
	<u>94,254</u>	<u>98,166</u>	<u>8,615</u>	<u>15,435</u>
Non-current Liabilities				
Hire purchase creditors	294	258	-	-
Deferred taxation	3,381	3,503	1,084	1,084
	<u>3,675</u>	<u>3,761</u>	<u>1,084</u>	<u>1,084</u>
Total Liabilities	<u>97,929</u>	<u>101,927</u>	<u>9,699</u>	<u>16,519</u>
EQUITY				
Share capital	143,635	143,625	143,635	143,625
Treasury shares	(3,226)	(3,226)	(3,226)	(3,226)
Asset revaluation reserve	2,255	2,508	2,874	2,874
Foreign currency translation reserve	1,586	1,172	-	-
Other reserve	(16,687)	(16,687)	-	-
Revenue reserve/(accumulated losses)	23,775	23,358	(1,302)	(1,909)
	<u>151,338</u>	<u>150,750</u>	<u>141,981</u>	<u>141,364</u>
Non-controlling interests	1,575	1,497	-	-
Total Equity	<u>152,913</u>	<u>152,247</u>	<u>141,981</u>	<u>141,364</u>
Total Liabilities and Equity	<u>250,842</u>	<u>254,174</u>	<u>151,680</u>	<u>157,883</u>

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

	30-Sep-15	31-Dec-14
	S\$'000	S\$'000
Amount Repayable in one year or less, or on demand		
Secured	61,581	61,490
Unsecured	-	-
	<u>61,581</u>	<u>61,490</u>
Amount Repayable after one year, or on demand		
Secured	294	258
Unsecured	-	-
	<u>294</u>	<u>258</u>

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 (including foreign exchange spot and forward);
- (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 30 Sep		9 months ended 30 Sep	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities				
Profit before income tax	2,935	4,583	7,928	13,288
Adjustments for:				
Depreciation	1,177	1,282	3,505	3,864
Fixed assets written off	3	11	8	24
Amortisation of intangible assets	263	390	467	1,550
Loss on disposal of fixed assets	19	5	-	9
Interest on borrowings	296	286	833	969
Interest income	(15)	(20)	(52)	(146)
Share of profit of associated companies	(10)	(8)	(94)	-
Allowance for doubtful debts	1,178	45	1,517	17
(Write-back on allowance)/allowance for stock obsolescence	(2)	-	192	(45)
Dividend income	-	-	(127)	-
Bad debts expense	37	3	43	3
Stock written off	57	51	84	148
Net foreign currency translation adjustments	(716)	(195)	289	(397)
Operating cash flow before working capital changes	5,222	6,433	14,593	19,284
Changes in working capital				
Inventories and work-in-progress	(719)	860	(635)	3,028
Receivables	6,000	2,604	12,641	(14,262)
Payables	2,689	(1,426)	(3,704)	8,957
Cash generated from operations	13,192	8,471	22,895	17,007
Interest paid	(296)	(287)	(833)	(969)
Interest received	8	13	32	42
Income tax payment	(964)	(1,107)	(2,573)	(2,445)
Net cash generated from operating activities	11,940	7,090	19,521	13,635
Cash Flows from Investing Activities				
Dividend received	-	-	127	-
Purchase of property, plant and equipment	(1,219)	(653)	(1,929)	(1,088)
Proceeds from disposal of property, plant and equipment	14	7	54	506
Loan repayment by an associated company	-	-	-	10,500
Acquisition of other investment	-	127	-	(873)
Proceeds from lease shortfall	-	-	-	425
Cashflow on acquisition of subsidiary (net of cash)	-	-	-	(27,194)
Net cash used in investing activities	(1,205)	(519)	(1,748)	(17,724)
Cash Flows from Financing Activities				
Net proceeds from issue of shares	-	-	10	35,171
Dividends paid	-	-	(5,659)	(5,659)
Fixed deposit pledges with bank	(36)	297	(51)	301
Fund from/(repayment to) hire purchase	102	22	13	(315)
Repayment to term loan	(336)	(1,447)	(1,077)	(6,709)
Drawdown/(repayment) to trusts receipts	5,444	(1,560)	1,459	(18,028)
Capital contribution from non-controlling interest	-	-	120	-
Net cash used in financing activities	5,174	(2,688)	(5,185)	4,761
Net foreign currency translation adjustments	49	(251)	(165)	(344)
Net decrease in cash and cash equivalents	15,958	3,632	12,423	328
Cash and cash equivalents at the beginning of the period	32,085	44,760	35,620	48,064
Cash and cash equivalents at the end of the period	48,043	48,392	48,043	48,392

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	Non-controlling Interests S\$'000	Total Equity S\$'000
Group									
Balance at 01 January 2015	143,625	(3,226)	2,508	(16,687)	1,172	23,358	150,750	1,497	152,247
Comprehensive income	-	-	-	-	414	5,823	6,237	(42)	6,195
Exercise of warrants	10	-	-	-	-	-	10	-	10
Disposal of property, plant and equipment	-	-	(253)	-	-	253	-	-	-
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	120	120
Balance at 30 Sep 2015	143,635	(3,226)	2,255	(16,687)	1,586	23,775	151,338	1,575	152,913
Balance at 01 January 2014	94,953	(3,226)	2,490	(16,687)	941	13,347	91,818	1,517	93,335
Comprehensive income	-	-	-	-	(88)	11,371	11,283	(53)	11,230
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 30 Sep 2014	143,625	(3,226)	2,490	(16,687)	853	19,059	146,114	1,464	147,578
Company									
Balance at 01 January 2015	143,625	(3,226)	2,874	-	-	(1,909)	141,364	-	141,364
Exercise of warrants	10	-	-	-	-	-	10	-	10
Comprehensive income	-	-	-	-	-	6,266	6,266	-	6,266
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Balance at 30 Sep 2015	143,635	(3,226)	2,874	-	-	(1,302)	141,981	-	141,981
Balance at 01 January 2014	94,953	(3,226)	2,874	-	-	(12,483)	82,118	-	82,118
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)
Comprehensive income	-	-	-	-	-	15,360	15,360	-	15,360
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Balance at 30 Sep 2014	143,625	(3,226)	2,874	-	-	(2,782)	140,491	-	140,491

- 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 1 Oct 2014 to 30 Sep 2015 are as follows:-

<u>Ordinary shares</u>	<u>Number of shares</u>	<u>\$</u>
Issued and fully paid ordinary shares at 1 Oct 2014	625,561,178	143,624,719
Exercise of warrants	52,000	10,400
Issued and fully paid ordinary shares at 30 Sep 2015	<u>625,613,178</u>	<u>143,635,119</u>

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.

- 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>30-Sep-15</u>	<u>31-Dec-14</u>
Total number of shares (including treasury shares)	625,613,178	625,561,178
Less treasury shares	<u>(17,100,000)</u>	<u>(17,100,000)</u>
Total number of shares (excluding treasury shares)	<u>608,513,178</u>	<u>608,461,178</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 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

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 30 Sep		9 months ended 30 Sep	
	2015	2014	2015	2014
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	0.31 cents	0.71 cents	0.96 cents	2.04 cents
-Diluted	0.30 cents	0.71 cents	0.90 cents	2.04 cents
Based on the weighted average number of shares (Basic)	605,874,461	558,713,805	605,874,461	558,713,805
Based on the weighted average number of shares (Diluted)	644,083,939	558,713,805	644,083,939	558,713,805

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	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset backing per ordinary share	24.87 cents	24.78 cents	23.33 cents	23.23 cents
Based on the number of shares in issue, excluding treasury shares	608,513,178	608,461,178	608,513,178	608,461,178

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 recorded 57.1% year-on-year decrease in revenue to S\$70.3 million and a 23.1% year-on-year decrease in net profit attributable to equity holders to S\$1.9 million for the third quarter results ended 30 September 2015 ("3Q15").

For the nine months ended 30 September 2015 ("9M15"), the Group's revenue decreased by 7.8% year-on-year from S\$343.0 million to S\$316.1 million and net profit attributable to equity holders declined by 48.8% year-on-year from S\$11.4 million to S\$5.8 million in 9M15.

Except for Refined Petroleum ("RP") segment which registered a growth in profit contribution in 3Q15 and 9M15, both Corrosion Prevention ("CP") and Structural Steel and Facade ("SSF") segments recorded a decline in profit contributions.

While the Group saw stronger profit contribution from the RP segment which stemmed from its Distribution business, the other two core businesses continued to be undermined by the slowdown in the industries and uncertainties of the macro business environment. However, CP and SSF segments managed to improve their profit contributions on a sequential basis.

As at 30 September 2015, the Group maintained a strong financial position with cash and cash equivalents of S\$51.6 million. Net gearing decreased marginally from 0.15 time as at 31 December 2014 to 0.07 time as at 30 September 2015.

Revenue

The Group's revenue declined by 57.1% to S\$70.3 million in 3Q15, compared with S\$163.6 million in the previous corresponding period. This was mainly due to the significant decrease in revenue from RP segment this quarter, together with lower revenue contributions from the CP and SSF segments.

For 9M15, the Group registered a marginal decline of 7.8% in total revenue to S\$316.1 million, which can be attributed to the decrease in revenue across all business segments.

CP segment

Revenue for CP segment declined by 25.8% to S\$6.2 million in 3Q15, compared with S\$8.4 million in 3Q14. The lower revenue for the quarter was mainly due to the drop in volume across its business units against the tough and competitive business environment.

For 9M15, revenue decreased by 36.2% to S\$17.0 million, from S\$26.6 million in 9M14. The slowdown in the offshore and marine sector after the steep fall in oil prices coupled with the slowdown in the construction and infrastructure industries, continued to undermine the business activities in CP segment.

RP segment

Revenue for RP segment decreased by 63.4% from S\$139.8 million in 3Q14 to S\$51.1 million in 3Q15. The steep decline was largely due a significant decrease in average selling prices for products under Distribution business unit and lower contribution from Value Added and Trading business units.

For 9M15, revenue declined marginally by 1.6% to S\$273.1 million, from S\$277.5 million in 9M14. The slight decline was buffered from the higher sales volume under the Trading

business with an increase in trading scale (products range and counter parties) in the first half of 2015.

SSF segment

Revenue for SSF segment decreased by 14.2% from S\$15.2 million in 3Q14 to S\$13.0 million in 3Q15, as the business activities in the domestic construction sector continued to slow during the quarter.

For 9M15, revenue slipped 33.4% to S\$25.3 million from S\$37.9 million in 9M14. The decrease was mainly due to slowdown in the domestic construction sector.

Gross Profit and Gross Margin

The Group's gross profit in 3Q15 improved marginally by 5.2% year-on-year to S\$16.1 million from S\$15.3 million in 3Q14, driven by higher contribution from RP and SSF segments which was partially negated by lower contribution from CP segment. The composite gross margin rose significantly from 9.3% in 3Q14 to 22.9% in 3Q15.

For 9M15, the Group's gross profit declined by 7.8% year-on-year to S\$42.5 million from S\$46.0 million in 9M14. The decrease was in tandem with the lower revenue generated from CP and SSF segments which was partially lifted by higher contribution from RP segment despite lower revenue. Despite the competitive business environment, the composite gross margin was maintained at 13.4% in 9M15, as compared to 9M14.

CP segment

CP segment's gross profit declined by 26.6% and 50.9% to S\$2.1 million in 3Q15 and S\$4.7 million in 9M15, respectively. The significant slowdown in business volume continued to be undermined by the uncertainties in the offshore & marine sector as well as the construction and infrastructure industries, and together with intense competition resulted in lower revenue, which also saw gross margin declined from 33.5% in 3Q14 to 33.1% in 3Q15 and from 36.0% in 9M14 to 27.7% in 9M15.

RP segment

Gross profit for RP segment increased by 14.1% and 17.4% to S\$10.8 million in 3Q15 and S\$31.8 million in 9M15. This was mainly driven by higher contribution from Distribution business as a result of higher gross margin despite slightly lower volume.

Gross margin in 3Q15 improved significantly from 6.7% to 21.1%, and gross margin for 9M15 increased to 11.6% from 9.7% in 9M14. This was due to the improved gross margin registered by the Distribution business which had a time lag effect between the selling price adjustments as a result of the steep drop in crude oil prices.

SSF segment

Gross profit for SSF segment increased by 7.1% from S\$3.0 million in 3Q14 to S\$3.2 million in 3Q15 while gross profit decreased by 37.2% from S\$9.2 million in 9M14 to S\$5.8 million in 9M15. This segment picked up in this quarter amid the slowdown in activities in the construction sector and intense competition. Gross margin increased from 19.6% in 3Q14 to 24.4% in 3Q15, but declined from 24.3% in 9M14 to 23.0% in 9M15.

Other Income

Other income decreased by 70.8% year-on-year from S\$0.9 million in 3Q14 to S\$0.3 million in 3Q15. The decline was largely due to lower service income from SSF segment following the commencement of the plant redevelopment project, lower rebate from RP segment, and there was a reversal of non-materialized expenses from CP segment in Q314.

For 9M15, other income decreased by 39.3% to S\$1.1 million from S\$1.8 million in 9M14. The decline was due to lower service income from SSF segment following the commencement of the plant redevelopment project and there was a reversal of non-materialized expenses from

CP segment in YTD Sep14 which partly lifted by dividend received from an investment available for sale.

Selling, Distribution, Administrative and Other Operating Expenses

Total operating expenses increased by 16.0% year-on-year from S\$11.3 million in 3Q14 to S\$13.1 million in 3Q15. This was mainly due to higher administrative and other operating expenses which was partly offset by lower selling and distribution expenses. The increase in administrative and other operating expenses was mainly due to higher personal related expenses and accrual of operating expenses for RP segment to support business development, substantially higher allowance for doubtful debt required for SSF segment and higher expenses in relation to corporate activities.

For 9M15, total operating expenses increased marginally by 3.9% year-on-year to S\$34.9 million in 9M15 from S\$33.6 million in 9M14. This was mainly due to higher administrative and other operating expenses which largely offset by lower selling and distribution expenses. The increase in administrative and other operating expenses was mainly due to higher personal related expenses and accrual of operating expenses for RP segment to support business development, substantially higher allowance for doubtful debt required for SSF segment and higher expenses in relation to corporate activities. The lower selling and distribution expense was in line with lower business volume from all business segments.

Finance Costs

Finance costs increased marginally by 3.1% at S\$0.3 million in 3Q15, as compared to S\$0.3 million in 3Q14 which was in line with the slight increase in interest rate.

For 9M15, finance cost decrease by 14.0% to S\$0.8 million from S\$1.0 million in 9M14, which was in line with lower revenue.

Financial Position and Cash Flow Analysis

As at 30 September 2015, the Group had cash and cash equivalents amounting to S\$51.6 million. Net gearing stood at 0.07 time as at 30 September 2015.

Non-current assets were lower marginally from S\$101.0 million as at 31 December 2014 to S\$99.0 million as at 30 September 2015. This was mainly due to amortisation of fair value of SSF segment's order book and depreciation charge during the period.

Current assets decreased marginally to S\$151.8 million as at 30 September 2015 from S\$153.2 million as at 31 December 2014. This was primarily due decrease in trade receivables which were in line with lower business activities which was partially lifted by higher cash and bank balances.

Current liabilities as at 30 September 2015 decreased to S\$94.2 million from S\$98.2 million as at 31 December 2014. This was mainly due to a decrease in working capital balances which was partially offset by higher credit facilities balances.

Long-term liabilities as at 30 September 2015 was marginally lower at S\$3.7 million with lower deferred taxation which was partially offset by higher hire purchase creditors.

Shareholders' equity increased marginally to S\$151.3 million as at 30 September 2015 from S\$150.8 million as at 31 December 2014. The increase was largely attributed to foreign currency translation reserve and comprehensive income generated during the period.

During 3Q15, the Group generated net cash of S\$11.9 million from operating activities after adding S\$8.0 million for working capital used for inventory, trade receivables and payables, and deducting S\$1.3 million for interest and income tax payments.

Net cash used in investing activities amounted to S\$1.2 million in 3Q15, mainly due to the purchase of property, plant and equipment and partially net off with proceeds from disposal of property plant and equipment.

Net cash generated from financing activities in 3Q15 was S\$5.2 million, mainly due to the drawdown of trust receipts.

After taking into account net foreign currency translation adjustments, the Group recorded a net increase in cash equivalents of S\$16.0 million to S\$48.0 million for 3Q15.

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 June 2015.

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 expects the macro business environment to continue to be challenging amid the anticipated slowdown in both the domestic and global economies, intense competition and depressed oil prices and this will impact on the operating performance of the Group.

On 18 September 2015, the Group announced that it has entered into a conditional sale and purchase agreement with Brenntag (Holding) B.V., for the sale of its entire shareholding interests in TAT Petroleum Pte Ltd, Axxmo International Pte Ltd and PT TAT Petroleum Indonesia (the "RP segment") for a total consideration of approximately S\$100.3 million (the "**Proposed Disposal**"). The Group will update the shareholders on the developments as and when appropriate.

Barring unforeseen circumstances, the Group is cautiously optimistic to remain profitable going forward. The Group will continue to pursue business opportunities to enhance its core businesses, while strengthening its operation efficiency and sharpening its competitiveness.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(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.

- 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 were two interested person transactions during the three months ended 30 September 2015 but none of the individual transaction is above S\$100k. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

- 14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

We, Ng Han Kok, Henry and Goh Koon Seng being two directors of SHS Holdings Ltd. (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 3Q15 financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO

13 November 2015