

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

Unaudited Financial Statement Announcement for the Third Quarter of 2014 (“Q314”)

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 30 Sep			9 months ended 30 Sep		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	163,855	73,337	123%	342,999	217,604	58%
Cost of sales and services	(148,572)	(62,268)	139%	(296,960)	(184,069)	61%
Gross profit	<u>15,283</u>	<u>11,069</u>	38%	<u>46,039</u>	<u>33,535</u>	37%
Other income	878	625	41%	1,810	1,678	8%
Selling and distribution expenses	(2,979)	(2,454)	21%	(8,774)	(6,876)	28%
Administrative expenses	(4,926)	(3,520)	40%	(15,308)	(10,798)	42%
Other operating expenses	(3,394)	(2,503)	36%	(9,510)	(7,550)	26%
Profit from operations	<u>4,862</u>	<u>3,217</u>	51%	<u>14,257</u>	<u>9,989</u>	43%
Finance costs	(287)	(319)	(10%)	(969)	(817)	19%
Share of profit of associated companies	8	3	181%	-	11	N/M
Profit before income tax	<u>4,583</u>	<u>2,901</u>	58%	<u>13,288</u>	<u>9,183</u>	45%
Income tax	(625)	(436)	43%	(1,970)	(1,873)	5%
Profit after income tax	<u>3,958</u>	<u>2,465</u>	61%	<u>11,318</u>	<u>7,310</u>	55%
Attributable to:						
Equity holders of the Company	3,969	2,462	61%	11,371	7,381	54%
Non-controlling interests, net of income tax	(11)	3	N/M	(53)	(71)	25%
	<u><u>3,958</u></u>	<u><u>2,465</u></u>	61%	<u><u>11,318</u></u>	<u><u>7,310</u></u>	55%

Statement of Comprehensive Income

	Group			Group		
	3 months ended 30 Sep			9 months ended 30 Sep		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax	3,958	2,465	61%	11,318	7,310	55%
<u>Other comprehensive income/(expense)</u>						
Foreign currency translation	119	(53)	N/M	(88)	215	N/M
	<u>119</u>	<u>(53)</u>	N/M	<u>(88)</u>	<u>215</u>	N/M
Total comprehensive income	<u>4,077</u>	<u>2,412</u>	69%	<u>11,230</u>	<u>7,525</u>	49%
Attributable to:						
Equity holders of the Company	4,088	2,411	70%	11,283	7,596	49%
Non-controlling interests, net of income tax	(11)	1	N/M	(53)	(71)	(25%)
	<u>4,077</u>	<u>2,412</u>	69%	<u>11,230</u>	<u>7,525</u>	49%

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 30 Sep			9 months ended 30 Sep		
		2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Other Income	1	863	326	165%	1,673	688	143%
Interest Income	2	20	175	(89%)	146	524	(72%)
Interest on borrowings	3	(286)	(319)	(10%)	(969)	(817)	19%
Depreciation	4	(1,282)	(854)	50%	(3,864)	(2,538)	52%
Fixed assets written off	5	(11)	(1)	1000%	(24)	(14)	71%
(Loss)/gain on disposal of fixed assets	6	(5)	124	(104%)	(9)	156	(106%)
Amortisation of intangible assets	7	(390)	(14)	2688%	(1,550)	(43)	3505%
Allowance for doubtful debts	8	(45)	(33)	36%	(17)	(42)	(60%)
Write-back on allowance/(Allowance) for stock obsolescence	9	-	52	(100%)	45	(293)	(115%)
Stock written off	10	(51)	(72)	(29%)	(148)	(170)	(13%)
Foreign exchange gain/(loss)	11	23	68	(66%)	14	(319)	(104%)
Gain on disposal of investment		-	-	N/M	-	310	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.
- 2) The decrease was mainly due to repayment of shareholder loan extended to an associated company for its property development business.
- 3) The decrease was mainly due to shorter working capital loan placement period partly offset by consolidation of SSF segment's financing expenses.
- 4) 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.
- 5) The increase was mainly due to more fixed assets were being written off.
- 6) The decrease was mainly due to a loss being recognized for some of the disposed assets.
- 7) 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.
- 8) The increase was mainly due to more doubtful debts were noted.
- 9) The decrease was mainly due to lesser stock obsolescence was noted.
- 10) The decrease was mainly due to lesser stocks were required to be written off.
- 11) 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	
	30 Sep 2014 S\$'000	31 Dec 2013 S\$'000	30 Sep 2014 S\$'000	31 Dec 2013 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	33,240	28,544	11,909	12,592
Subsidiary companies	-	-	94,503	49,628
Associated companies	1,485	1,485	-	-
Financial assets, available-for-sale	15,428	14,555	12,555	12,555
Membership rights	195	195	-	-
Intangible assets	1,027	224	-	-
Goodwill	42,395	11,735	-	-
Loan to related party	600	11,100	-	-
Other receivables	678	523	-	-
	<u>95,048</u>	<u>68,361</u>	<u>118,967</u>	<u>74,775</u>
Current Assets				
Stock and work-in-progress	24,512	25,839	-	-
Trade receivables	72,493	56,058	6,080	6,932
Amount due from related parties	-	-	14,054	29,826
Other receivables	14,525	5,875	1,047	397
Fixed deposits	10,507	3,498	8,522	1,517
Cash and bank balances	41,064	48,045	7,205	13,335
	<u>163,101</u>	<u>139,315</u>	<u>36,908</u>	<u>52,007</u>
Total Assets	<u>258,149</u>	<u>207,676</u>	<u>155,875</u>	<u>126,782</u>
LIABILITIES				
Current Liabilities				
Trade payables and accruals	32,291	23,387	1,665	4,050
Other payables	11,470	6,436	608	468
Amount due to related parties	-	-	6,283	29,936
Term loans	1,839	2,884	-	-
Other amounts due to bankers	57,832	75,804	5,065	8,555
Hire purchase creditors	463	419	-	-
Provision for taxation	3,872	2,934	598	490
	<u>107,767</u>	<u>111,864</u>	<u>14,219</u>	<u>43,499</u>
Non-current Liabilities				
Term loans	-	-	-	-
Hire purchase creditors	204	377	-	-
Deferred taxation	2,600	2,100	1,165	1,165
	<u>2,804</u>	<u>2,477</u>	<u>1,165</u>	<u>1,165</u>
Total Liabilities	<u>110,571</u>	<u>114,341</u>	<u>15,384</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	2,490	2,490	2,874	2,874
Foreign currency translation reserve	853	941	-	-
Other reserve	(16,687)	(16,687)	-	-
Revenue reserve/(accumulated losses)	19,059	13,347	(2,782)	(12,483)
	<u>146,114</u>	<u>91,818</u>	<u>140,491</u>	<u>82,118</u>
Non-controlling interests	1,464	1,517	-	-
Total Equity	<u>147,578</u>	<u>93,335</u>	<u>140,491</u>	<u>82,118</u>
Total Liabilities and Equity	<u>258,149</u>	<u>207,676</u>	<u>155,875</u>	<u>126,782</u>

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

	30-Sep-14 S\$'000	31-Dec-13 S\$'000
Amount Repayable in one year or less, or on demand		
Secured	60,134	79,107
Unsecured	-	-
	<u>60,134</u>	<u>79,107</u>
Amount Repayable after one year, or on demand		
Secured	204	377
Unsecured	-	-
	<u>204</u>	<u>377</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 of approximately S\$21.0 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\$151.6 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) A mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20 and corporate guarantee of S\$11.5 million for banking facilities extended to Hetat Pte Ltd of approximately S\$10.3 million.
- (v) 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 September		9 months ended 30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities				
Profit before income tax	4,583	2,901	13,288	9,183
Adjustments for:				
Depreciation	1,282	854	3,864	2,538
Fixed assets written off	11	1	24	14
Amortisation of intangible assets	390	14	1,550	43
Loss/(gain) on disposal of fixed assets	5	(124)	9	(156)
Interest on borrowings	286	319	969	817
Interest income	(20)	(175)	(146)	(524)
Gain on disposal of other investment	-	-	-	(310)
Share of gain of associated companies	(8)	(3)	-	(11)
Allowance for doubtful debts	45	33	17	42
(Write-back on allowance)/allowance for stock obsolescence	-	(52)	(45)	293
Bad debts expense	3	19	3	19
Stock written off	51	72	148	170
Net foreign currency translation adjustments	(195)	(1,025)	(397)	372
Operating cash flow before working capital changes	6,433	2,834	19,284	12,490
Changes in working capital				
Inventories and work-in-progress	860	4,057	3,028	(1,096)
Receivables	2,604	2,172	(14,262)	(7,784)
Payables	(1,426)	(5,635)	8,957	(84)
Cash generated from operations	8,471	3,428	17,007	3,526
Interest paid	(287)	(319)	(969)	(817)
Interest received	13	5	42	19
Income tax payment	(1,107)	(476)	(2,445)	(1,047)
Net cash generated from operating activities	7,090	2,638	13,635	1,681
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(653)	(463)	(1,088)	(820)
Proceeds from disposal of property, plant and equipment	7	175	506	301
Loan to associated company	-	-	10,500	-
Acquisition of other investment	127	-	(873)	(7,233)
Proceed from lease shortfall	-	-	425	-
Proceeds from disposal of other investment	-	-	-	600
Cashflow on acquisition of subsidiary (net of cash)	-	-	(27,194)	-
Net cash used in investing activities	(519)	(288)	(17,724)	(7,152)
Cash Flows from Financing Activities				
Net proceeds from issue of shares	-	-	35,171	-
Dividends paid	-	-	(5,659)	(2,107)
Fixed deposit pledges with bank	297	5	301	(18)
Repayment to hire purchase	22	(115)	(315)	(125)
(Repayment to)/increase in term loan	(1,447)	1,526	(6,709)	1,740
Repayment to funds from trusts receipts	(1,560)	(5,470)	(18,028)	4,672
Net cash (used in)/generated from financing activities	(2,688)	(4,054)	4,761	4,162
Net foreign currency translation adjustments	(251)	(183)	(344)	76
Net increase/ (decrease) in cash and cash equivalents	3,632	(1,887)	328	(1,233)
Cash and cash equivalents at the beginning of the year	44,760	32,118	48,064	31,464
Cash and cash equivalents at the end of the year	48,392	30,231	48,392	30,231

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	Capital Reserve S\$'000	Other Reserve S\$'000	Foreign Currency		Minority Interests S\$'000	Total Equity S\$'000	
						Translation Reserve S\$'000	Revenue Reserve 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	-	-	-	-	-	(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 September 2014	143,625	(3,226)	2,490	-	(16,687)	853	19,059	146,114	1,464	147,578
Balance at 01 January 2013	94,953	(3,226)	2,461	-	(16,687)	631	7,435	85,567	1,577	87,144
Comprehensive income	-	-	-	-	-	216	7,381	7,597	(72)	7,525
Dividends paid	-	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
Disposal of property, plant and equipment	-	-	(84)	-	-	-	84	-	-	-
Balance at 30 September 2013	94,953	(3,226)	2,377	-	(16,687)	847	12,793	91,057	1,505	92,562
Company										
Balance at 01 January 2014	94,953	(3,226)	2,874	-	-	-	(12,483)	82,118	-	82,118
Comprehensive income	-	-	-	-	-	-	15,360	15,360	-	15,360
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)
Balance at 30 September 2014	143,625	(3,226)	2,874	-	-	-	(2,782)	140,491	-	140,491
Balance at 01 January 2013	94,953	(3,226)	2,874	-	-	-	(12,271)	82,330	-	82,330
Comprehensive income	-	-	-	-	-	-	3,387	3,387	-	3,387
Dividends paid	-	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
Balance at 30 September 2013	94,953	(3,226)	2,874	-	-	-	(10,991)	83,610	-	83,610
* Please refer to Circular to Shareholders dated 16 December 2013 for further information										

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 30 September 2013 to 30 September 2014 are as follows:-

Ordinary shares	Number of shares	\$
Issued and fully paid ordinary shares at 30 September 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 30 September 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.

There were no outstanding shares as at 30 September 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.

	As at 30 September 2014	As at 31 Dec 2013
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 30 September		9 months ended 30 September	
	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	0.78 cents	0.58 cents	2.22cents	1.75 cents
Based on the weighted average number of shares (Basic & Diluted)	511,574,756	421,442,125	511,574,756	421,442,125
- Basic & Diluted	0.65cents	0.58 cents	1.87 cents	1.75 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	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset backing per ordinary share	28.56cents	21.79 cents	27.46 cents	19.49 cents
Based on the weighted average number of shares	511,574,756	421,442,125	511,574,756	421,442,125
Net asset backing per ordinary share	24.01 cents	21.79 cents	23.09 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 continued its growth trend with 123% increase in revenue to S\$163.9 million and a 61% increase in net profit attributable to equity holders to S\$4.0 million for the third quarter ended 30 September 2014 ("3Q14"). The newly acquired Structural Steel and Facade business ("SSF") and higher contribution from refined petroleum ("RP") segment continued to enhance the Group's results in 3Q14.

For the nine months ended 30 September 2014 ("9M14"), the results were mainly bolstered by the growth from the RP segment as well as the contribution from newly acquired SSF segment whilst the Corrosion Prevention ("CP") segment registered comparable results against last year. As a result, the Group's revenue increased by 58% from S\$217.6 million to S\$343.0 million and net profit attributable to equity holders increased by 54% from S\$7.4 million to S\$11.4 million. Excluding the amortization and the additional depreciation of S\$1.5 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\$12.9 million, an increase of 74% from 9M13.

As at end of September 2014, the Group maintained a strong financial position with cash and fixed deposits of S\$51.6 million. Net gearing stood at around 0.06 times (31 December 2013: 0.3 times).

Revenue

Group revenue in 3Q14 increased 123% year-on-year to S\$163.9 million from S\$73.3 million in 3Q13 on higher sales contribution from RP and SSF segments.

For 9M14, the Group posted a 58% increase in total revenue to S\$343.0 million. This was mainly driven by higher sales in RP and SSF segments which were partially offset by lower revenue contribution in CP segment.

CP segment

Revenue for the CP segment decreased by 23% year-on-year to S\$8.4 million in 3Q14 from S\$10.9 million in 3Q13.

For 9M14, revenue declined by 15% year-on-year to S\$26.6 million, from S\$31.2 million in 9M13.

The lower revenue for 3Q14 and 9M14 was mainly due to lower business activities at Plant and yards, and lack of turnkey projects this year.

RP segment

Revenue for the RP segment rose 125% year-on-year from S\$62.2 million in 3Q13 to S\$140.0 million in 3Q14. The increase was driven by the new Trading and Blending business as well as the Distribution business, which registered a sales growth of 6% as a result of new marketing and more aggressive pricing initiatives.

For 9M14, revenue increased by 49.6% year-on-year to S\$277.6 million, from S\$185.4 million in 9M13. This was mainly driven by contribution from its new Trading and Blending business and higher sales volume under the Distribution business with new marketing and more aggressive pricing initiatives.

SSF segment

The newly acquired SSF segment added S\$15.2 million and S\$37.9 million in revenue to the Group in 3Q14 and in 9M14 respectively, on the back of progressive revenue recognition from the various projects across the region.

Gross Profit ("GP") and Gross Margin ("GM")

The Group's GP in 3Q14 increased by 38% to S\$15.3 million from S\$11.1 million in 3Q13, underpinned by higher GP from the RP segment as well as contribution from newly acquired SSF segment. The Group's composite GM narrowed to 9.3% from 15.1% previously.

For 9M14, the Group's GP increased by 37% to S\$46.0 million from S\$33.5 million in 9M13. The increase was mainly attributable to higher GP accounted for by the RP segment as well as contribution from newly acquired SSF segment. The Group's composite GM in 9M14 narrowed from 15.3% to 13.4%.

The lower composite GM in 3Q14 and 9M14 was mainly due to the lower GM accounted by the RP segment as a result of the new Trading business, which typically has lower GM in nature, and new marketing and aggressive pricing initiatives to drive growth in the Distribution business.

CP segment

CP segment's GP declined by 12% to S\$2.8 million in 3Q14 as a result of lower revenue which partly lifted by higher gross margin, but inched up 0.4% year-on-year from S\$9.5 million in 9M13 to S\$9.6 million in 9M14 despite lower revenue as higher gross margin was accounted.

GM widened 4.4 percentage points to 33.5% and 5.4 percentage points to 36.0% in 3Q14 and in 9M14 respectively, as a result of productivity improvement initiatives and cost control measures.

RP segment

Gross profit for RP segment increased by 21% year-on-year from S\$7.8 million in 3Q13 to S\$9.4 million in 3Q14, and rose 16% year-on-year from S\$23.7 million in 9M13 to S\$27.0 million in 9M14. This was mainly driven by higher volume but partially offset by lower gross margin and lower average selling price as a result the new Trading business, which typically has lower GM in nature, and new marketing and aggressive pricing initiatives to drive growth in the Distribution business.

GM narrowed by 5.8 percentage points and 3.0 percentage points to 6.7% and 9.7% in 3Q14 and in 9M14 respectively as a result the new Trading business, which typically has lower GM in nature, and new marketing and aggressive pricing initiatives to drive growth in the Distribution business.

SSF segment

SSF segment contributed S\$3.0 million in 3Q14 and S\$9.2 million in 9M14 to the Group's GP. GM was 19.6% in 3Q14 and 24.3% in 9M14. The GP contribution was 19.4% in 3Q14 and 24.3% in 9M14 of the Group's overall gross profit.

Other Income

Other income increased by 41% year-on-year from S\$0.6 million in 3Q13 to S\$0.9 million in 3Q14, and rose 8% year-on-year from S\$1.7 million in 9M13 to S\$1.8 million in 9M14. The increase was largely due to the consolidation of SSF segment's other income that was generated from service income and sale of scrap items.

Selling, Distribution, Administrative and Other Operating Expenses

Total operating expenses increased by 33% year-on-year from S\$8.5 million in 3Q13 to S\$11.3 million in 3Q14, and rose 33% year-on-year from S\$25.2 million in 9M13 to S\$33.6 million in 9M14. The increase was due mainly to the consolidation of SSF segment following the acquisition in January this year and expenses incurred by the new Blending and Trading business under RP segment.

Selling and distribution expenses increased by 21% to S\$3.0 million in 3Q14 and 28% to S\$8.8 million in 9M14 as a result of expenses incurred by the new Blending and Trading business under RP segment and inclusion of the expenses of newly acquired SSF segment.

Administrative expenses rose 40% to S\$4.9 million in 3Q14 and 42% to S\$15.3 million in 9M14. These 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 35.6% to S\$3.4 million in 3Q14 and 26.0% to S\$9.5 million in 9M14. 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.

Finance Costs

Finance costs decreased by 10% to S\$0.3 million in 3Q14 and increased by 19% to S\$1.0 million in 9M14. The increase was mainly due to consolidation of SSF segment's financing expenses.

Net Profit

Group net profit attributable to equity holders in 3Q14 increased by 61% year-on-year to S\$4.0 million from S\$2.5 million previously. This was driven by the growth in RP segment and contribution from newly acquired SSF business.

For 9M14, the Group's net profit attributable to equity holders was S\$11.4 million, up 54% from S\$7.4 million in 9M13. The improvement was mainly due to strong contributions from all segments, particularly the RP segment and the newly acquired SSF segment.

Financial Position and Cash Flow Analysis

As at 30 September 2014, the Group had cash and fixed deposit totaling S\$51.6 million. Net gearing stood at 0.06 times as at 30 September 2014.

Non-current assets increased to S\$95.0 million as at 30 September 2014 from S\$68.4 million as at 31 December 2013. This was due mainly to the second call on investment in EVIA (available for sale financial asset) and goodwill and fair value of order book arising from the acquisition of Hetat and consolidation of Hetat's fixed assets partly offset by shareholders loan repayment from the EC project and depreciation charge.

Current assets increased to S\$163.1 million as at 30 September 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 Hetat's current assets which was partially offset by cash paid out for Hetat acquisition.

Current liabilities as at 30 September 2014 decreased to S\$107.8 million from S\$111.9 million as at 31 December 2013. This was mainly due to a decrease in CP segment's accrual, payment of introducer fee for SSF segment, and RP segment's credit facilities balances due to shorter trust receipt placement. The decrease was partially offset by the consolidation of Hetat's current liabilities and higher tax provision.

Long-term liabilities as at 30 September 2014 increased marginally to S\$2.8 million from S\$2.5 million as at 31 December 2013 as repayment of term loan was offset by the consolidation of Hetat's non-current liabilities.

Shareholders' equity increased to S\$146.1 million as at 30 September 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 as well as higher revenue reserve arising from profit attributable to equity holders of S\$11.3 million for 9M14.

During 9M14, the Group generated net cash of S\$13.6 million from operating activities after deducting S\$2.3 million for working capital used for inventory, trade receivables and payables, and S\$3.4 million for interest and income tax payments.

Net cash used in investing activities amounted to S\$17.7 million in 9M14, due mainly to acquisition of Hetat.

Net cash generated from financing activities in 9M14 was S\$4.8 million, driven mainly to net proceeds from issuance of new ordinary shares 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 increase in cash equivalents of S\$0.3 million to S\$48.4 million in 9M14.

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 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.

Despite the uncertainties in the global economy, the Group continues to drive growth across its three core businesses – RP, CP and SSF in Singapore and the region. Each of these businesses has its unique competitive edge. At the same time, the Group will continue to overhaul its internal processes to maximize synergies between business segments.

The RP segment will continue to strengthen its growth in the Distribution and the new petrochemical Trading and Blending businesses. Thereby, enhancing its products lines and value-added offerings to customers, and expanding its capabilities as it moves up the value chain.

The CP Division will leverage on its market-leader position and established track record to broaden its revenue base by seeking new industries for its corrosion prevention services. To improve its operational efficiency it will continue to review its work processes to improve on delivery times, cost control and more efficient usage of materials.

SSF segment is on track to meeting its profit warranty of S\$6.1 million (before amortization and additional depreciation of approximately S\$2.0 million at the Group level resulting from the fair value of SSF segment's order book, and revaluation of land and building as required by FRS 103) as it continues to fulfill its order books for the remaining months of 2014.

On 23 October 2014, the Group set up a wholly-owned subsidiary, Seri Hetat Engineering Sdn Bhd ("Hetat Brunei") which positions its SSF division to expand its steel and facade engineering services and product coverage in Brunei. This is in line with its overall strategy of becoming a leading SSF player in the region.

Barring any unforeseen circumstances, the Group is cautiously optimistic on the outlook for its business, and expects FY2014 to be a profitable year.

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 had been no interested person transactions during the three months ended 30 September 2014. 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, Lim Siok Kwee, Thomas and Ng Han Kok, Henry 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 3Q14 financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group CEO
12 November 2014