



**SSH CORPORATION LTD.**

新順發股份有限公司

Co. Reg. No. 197600985C



## NEWS RELEASE

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### SSH reports S\$2.1 million Third Quarter Profit

- Performance affected by declining steel prices and softer demand.
- Revenue declined by 14% to S\$53.5 million
- Net profit after tax declined by 70% to S\$2.1 million
- Cash and cash equivalents improved to S\$4.7 million
- The Group has adequate credit facilities to support its ongoing business

**SINGAPORE, 13th May 2009** – Main board listed SSH Corporation Ltd (“SSH” or the “Group”) today announced revenue of S\$53.5 million and net profit after tax attributable to shareholders of S\$2.1 million for the third quarter ended 31 March 2009 (Q3 FY09).

The Group’s revenue for third quarter FY2009 (Q3 FY09) decreased by 14% from S\$62.3 million in third quarter FY2008 (Q3 FY08) to S\$53.5 million, due mainly to softening of steel prices and lower demand.

The Group’s gross profit decreased by 27%, from S\$16.1 million to S\$11.7 million. Gross profit margin for Q3 FY09 was 22%, lower as compared to 26% in Q3 FY08, due mainly to provision for inventories write-down of S\$2.7 million in Q3 FY09.

Other income increased from S\$0.4 million to S\$0.8 million. The increase was due mainly to an increase in rental income. Distribution costs increased by 9%, from S\$3.4 million to S\$3.7 million, due mainly to higher selling expenses. Administrative expenses increased by 14%, from S\$3.6 million to S\$4.1 million. This was due mainly to an increase in property tax, depreciation charge, warehousing costs and utilities expenses.

Other operating expenses increased from S\$0.2 million to S\$1.3 million due mainly to provision for impairment loss on leasehold property of S\$0.6 million and exchange loss of S\$0.4 million. Finance cost declined by 49%, from S\$0.8 million to S\$0.4 million, due to lower interest rates.

Profit after tax attributable to shareholders, decreased by 69% from S\$6.8 million (Q3 FY08) to S\$2.1 million (Q3 FY09).



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Trade receivables declined by 22% from S\$56.8 million (30 Jun 2008) to S\$44.4 million (31 Mar 2009) due mainly to reduction in revenue and the timing of payment received from customers. The trade receivables turnover increased from 70 days to 80 days.

The Group's inventory increased by 10% from S\$100.5 million to S\$110.3 million. Inventory turnover for Q3 FY09 was 7.8 months. The increase was due to committed purchases from suppliers made in the previous quarter and delivered in Q3 FY09.

Leasehold property decreased by 12% due mainly to impairment loss of S\$1.3 million, recognized for the nine months to 31 Mar 2009.

Current liabilities declined by 44% from S\$75.3 million to S\$41.8 million due mainly to decreases in short-term bank borrowings, trade and other payables. Non-current liabilities increased by 132%, from S\$13.5 million to S\$31.4 million due mainly to the increase in long term bank borrowings from S\$11.2 million to S\$29.2 million.

The Group has S\$33.0 million unsecured long term loans, payable within period of 3 to 5 years from January 2009 to March 2013. The gearing for the Group as at 31 Mar 2009 was 0.41 times, slightly lower as compared to 30 Jun 2008 of 0.48 times.

Shareholders' fund increased by 12% from S\$104.9 million to S\$117.1 million.

The cash generated from operations was S\$7.3 million in Q3 FY09, as compared to S\$5.7 million in Q3 FY08. Cash outflow from financing activities of S\$5.3 million in Q3 FY09, was due mainly to the repayment of bank loans. In Q3 FY08, there was a net cash outflow of S\$0.2 million, due mainly to additional bank loans of S\$4.3 million, interest paid of S\$0.8 million and dividend payment of S\$3.8 million. Cash and Bank balances increased by S\$1.3 million, from S\$3.4 million (30 Jun 2008) to S\$4.7 million (31 Mar 2009). The Group has adequate credit facilities for the ongoing business.

Commenting on the Group's performance, Mr Kris Wiluan, Chairman and CEO of the Group said: "The global economic and financial crisis has affected the demand for, and the prices of steel. Excluding the provision for inventory write-down and impairment for leasehold property, the Group has performed relatively well. With the current lower demand, we expect business to be challenging. Nonetheless, the Group will increase its efforts to look for new markets and new opportunities."

On the prospects of the Group, the Directors expect that the operating conditions for the rest of FY09 will be challenging. The Directors will continue to take the necessary measures to minimize the impact of the slowdown in economy.



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### **About SSH Corporation Ltd**

Established in 1942, SSH Corporation Ltd (“SSH” or the “Group”) became a public listed company in 1995. The Group specializes in supplying high-grade industrial materials and products such as seamless pipes, flanges, valves, fittings as well as welding equipment and consumables to the oil and gas industry. These products meet the stringent specifications of its core oil and gas, petrochemical, marine, power generation, and other infrastructure-related customers. Headquartered in Singapore, SSH’s geographical presence covers China, Indonesia, Malaysia, Thailand and Vietnam.

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