

# SEE HUP SENG LIMITED

(Company Registration No. 197502208Z)

## Unaudited Financial Statement Announcement for the First Quarter Ended 2009

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

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

	<b>Group</b>		
	<b>3 months ended 31 March</b>		
	<b>2009</b>	<b>2008</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	34,197	48,436	(29%)
Cost of sales and services	(26,978)	(40,105)	(33%)
<b>Gross profit</b>	<u>7,219</u>	<u>8,331</u>	(13%)
Other income	217	382	(43%)
Selling and distribution expenses	(934)	(821)	14%
Administrative expenses	(2,545)	(2,430)	5%
Other operating expenses	(2,322)	(1,380)	68%
<b>Profit from operations</b>	<u>1,635</u>	<u>4,082</u>	(60%)
Finance costs	(351)	(453)	(22%)
Share of loss of associated company	(119)	(39)	204%
<b>Profit before income tax</b>	1,165	3,590	(68%)
Income tax	(373)	(643)	(42%)
<b>Profit after income tax</b>	<u><u>792</u></u>	<u><u>2,947</u></u>	(73%)
Attributable to:			
Equity holders of the Company	109	2,302	(95%)
Minority interests, net of income tax	683	645	6%
	<u><u>792</u></u>	<u><u>2,947</u></u>	(73%)

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

	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2009</b>	<b>2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Other Income	217	382
Dividend income	-	54
Interest Income	31	97
Interest on borrowings	(351)	(453)
Depreciation	(857)	(709)
Amortisation of intangible assets	-	(24)
Fixed assets written off	(2)	-
Gain on sales of fixed assets	-	2
Bad debt expense	(4)	-
Provision for doubtful debts	(21)	-
Write-back on provision for stock obsolescence	1	2
Stock written off	(1)	(8)
Foreign exchange (loss)/gain	(648)	154
Impairment loss on fixed assets	-	(70)
	<u>          </u>	<u>          </u>

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

	Group		Company	
	31 Mar 2009 S\$'000	31 Dec 2008 S\$'000	31 Mar 2009 S\$'000	31 Dec 2008 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	33,853	34,161	18,133	18,361
Subsidiary companies	-	-	17,171	17,171
Associated company	394	512	394	512
Available-for-sale financial asset	290	290	290	290
Membership rights	195	195	-	-
Goodwill	9,549	8,982	-	-
Other receivables	615	693	-	-
	<u>44,896</u>	<u>44,833</u>	<u>35,988</u>	<u>36,334</u>
<b>Current Assets</b>				
Stock and work-in-progress	16,600	17,013	-	-
Trade receivables	37,790	38,784	9,718	10,711
Amount due from related parties	-	-	6,147	7,312
Other receivables	3,543	3,671	1,270	616
Fixed deposits	21,523	28,328	19,300	20,300
Cash and bank balances	5,969	8,225	1,081	1,393
	<u>85,425</u>	<u>96,021</u>	<u>37,516</u>	<u>40,332</u>
<b>Total Assets</b>	<b><u>130,321</u></b>	<b><u>140,854</u></b>	<b><u>73,504</u></b>	<b><u>76,666</u></b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade payables and accrual	9,331	14,205	1,316	1,871
Other payables	761	1,391	504	852
Amount due to related parties	-	-	4,595	6,022
Term Loan	1,487	1,458	600	600
Other amounts due to bankers	25,578	31,543	-	-
Hire purchase creditors	930	871	145	158
Provision for taxation	2,919	2,844	562	562
	<u>41,006</u>	<u>52,312</u>	<u>7,722</u>	<u>10,065</u>
<b>Non-current Liabilities</b>				
Term loan	5,620	6,208	2,605	2,755
Hire purchase creditors	1,088	1,102	-	26
Deferred Taxation	1,247	937	545	545
	<u>7,955</u>	<u>8,247</u>	<u>3,150</u>	<u>3,326</u>
<b>Total Liabilities</b>	<b><u>48,961</u></b>	<b><u>60,559</u></b>	<b><u>10,872</u></b>	<b><u>13,391</u></b>
<b>EQUITY</b>				
Share capital	74,167	74,167	74,167	74,167
Treasury shares	(751)	(751)	(751)	(751)
Asset revaluation reserve	1,621	1,932	2,874	2,874
Foreign currency translation reserve	1,877	1,584	-	-
Accumulated losses	(3,777)	(3,886)	(13,658)	(13,015)
	<u>73,137</u>	<u>73,046</u>	<u>62,632</u>	<u>63,275</u>
Minority interests	8,223	7,249	-	-
<b>Total Equity</b>	<b><u>81,360</u></b>	<b><u>80,295</u></b>	<b><u>62,632</u></b>	<b><u>63,275</u></b>
<b>Total Liabilities and Equity</b>	<b><u>130,321</u></b>	<b><u>140,854</u></b>	<b><u>73,504</u></b>	<b><u>76,666</u></b>

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

	<b>As at 31/3/2009</b>	<b>As at 31/12/2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount Repayable in one year or less, or on demand</b>		
Secured	27,995	33,872
Unsecured	-	-
	<u>27,995</u>	<u>33,872</u>
<b>Amount Repayable after one year</b>		
Secured	6,708	7,310
Unsecured	-	-
	<u>6,708</u>	<u>7,310</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 and 9 Jalan Pesawat;
- (ii) Corporate guarantee by the Company for its subsidiaries under corrosion prevention segment;
- (iii) Corporate guarantee of S\$1,530,000 and fixed deposit of S\$3,300,000 by the Company for its subsidiary's (TAT Petroleum Pte Ltd) banking facility;
- (iv) TAT Petroleum's fixed deposits on its own banking facilities with its bank;
- (v) Fixed and floating charge over all present and future undertakings, property assets, revenues and right of TAT Petroleum Pte Ltd;
- (vi) Joint and several personal guarantee of certain directors of its subsidiary (TAT Petroleum Pte Ltd); and
- (vii) Fixed assets under hire purchase arrangements.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>	
	<b>3 months ended 31 Mar 2009</b>	<b>2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before income tax	1,165	3,590
Adjustments for:		
Depreciation	857	709
Fixed assets written-off	2	-
Amortisation of intangible assets	-	24
Gain on disposal of fixed assets	-	(2)
Finance costs	351	453
Interest income	(31)	(97)
Share of loss of associated company	118	39
Write-back on provision for stock obsolescence	(1)	-
Dividend income	-	(54)
Operating cash flow before working capital changes	2,461	4,662
Changes in working capital		
Inventories and work-in-progress	450	610
Receivables	1,182	(9,527)
Payables	(5,928)	2,349
Cash used in operations	(1,835)	(1,906)
Interest paid	(351)	(453)
Interest received	31	97
Dividend income	-	54
Income tax paid	(300)	(193)
<b>Net cash used in operating activities</b>	<b>(2,455)</b>	<b>(2,401)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(267)	(2,242)
Proceeds from disposal of fixed assets	105	2
Acquisition of subsidiary (net of cash)	(261)	-
<b>Net cash used in investing activities</b>	<b>(423)</b>	<b>(2,240)</b>
<b>Cash Flows from Financing Activities</b>		
Fixed deposit pledges with bank	(88)	-
Net funding/(repayment) to hire purchase	(237)	(232)
Net repayment of term loan	(559)	(360)
(Repayment to)/funding from trusts receipts	(5,964)	380
Amount Due from/(to) related parties	-	-
<b>Net cash used in financing activities</b>	<b>(6,848)</b>	<b>(212)</b>
Net foreign currency translation adjustments	576	10
<b>Net decrease in cash and cash equivalents</b>	<b>(9,150)</b>	<b>(4,843)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>31,118</b>	<b>25,699</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>21,968</b>	<b>20,856</b>

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

	Foreign Currency								
	Share Capital	Treasury Share	Revaluation Reserve	Capital Reserve	Translation Reserve	Revenue Reserve	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>									
<b>Balance at 01 January 2009</b>	74,167	-	1,932	-	1,584	(3,886)	73,797	7,249	81,046
Net profit	-	-	-	-	-	109	109	683	792
Dividends paid	-	-	-	-	-	-	-	-	-
Share buyback	-	(751)	-	-	-	-	(751)	-	(751)
Deferred taxation	-	-	(311)	-	-	-	(311)	-	(311)
Exchange differences arising from consolidation	-	-	-	-	293	-	293	291	584
<b>Balance at 31 March 2009</b>	<b>74,167</b>	<b>(751)</b>	<b>1,621</b>	<b>-</b>	<b>1,877</b>	<b>(3,777)</b>	<b>73,137</b>	<b>8,223</b>	<b>81,360</b>
<b>Balance at 01 January 2008</b>	74,167	-	3,508	-	1,708	(10,986)	68,397	5,269	73,666
Net profit	-	-	-	-	-	2,302	2,302	645	2,947
Exchange differences arising from consolidation	-	-	-	-	10	-	10	-	10
<b>Balance at 31 March 2008</b>	<b>74,167</b>	<b>-</b>	<b>3,508</b>	<b>-</b>	<b>1,718</b>	<b>(8,684)</b>	<b>70,709</b>	<b>5,914</b>	<b>76,623</b>
<b>Company</b>									
<b>Balance at 01 January 2009</b>	74,167	(751)	2,874	-	-	(13,014)	63,276	-	63,276
Net profit	-	-	-	-	-	(644)	(644)	-	(644)
<b>Balance at 31 March 2009</b>	<b>74,167</b>	<b>(751)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>(13,658)</b>	<b>62,632</b>	<b>-</b>	<b>62,632</b>
<b>Balance at 01 January 2008</b>	74,167	-	3,505	-	-	(15,991)	61,681	-	61,681
Net profit	-	-	-	-	-	775	775	-	775
<b>Balance at 31 March 2008</b>	<b>74,167</b>	<b>-</b>	<b>3,505</b>	<b>-</b>	<b>-</b>	<b>(15,216)</b>	<b>62,456</b>	<b>-</b>	<b>62,456</b>

- 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.**

There were no new shares issued by the Company during the financial period and there are no unissued shares as at 31 March 2009.

- 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.**

There are 4,310,000 treasury shares as at 31 March 2009 (31 December 2008: 4,310,000). The total number of issued shares excluding treasury shares as at 31 March 2009 is 356,256,100 (31 December 2008: 356,256,100 shares).

- 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 2008.

- 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**

Not applicable.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>3 months ended 31 Mar 2009</b>	<b>3 months ended 31 Mar 2008</b>
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)		
- Basic	0.03 cents	0.64 cents
- Diluted	0.03 cents	0.64 cents
Based on the weighted average number of shares	356,256,100	360,566,100
Based on the weighted average number of shares	356,256,100	360,566,100

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>31 Mar 2009</u>	<u>31 Dec 2008</u>	<u>31 Mar 2009</u>	<u>31 Dec 2008</u>
Net asset backing per ordinary share:				
- Basic	20.53 cents	20.50 cents	17.58 cents	17.76 cents
- Diluted	20.53 cents	20.50 cents	17.58 cents	17.76 cents
Based on issued share capital as at	356,256,100	356,256,100	356,256,100	356,256,100
Based on issued share capital as at	356,256,100	356,256,100	356,256,100	356,256,100



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### **Revenue**

The Group posted revenue of S\$34.2 million for Q109, which was S\$14.2 million or 29% lower than the corresponding quarter of last financial year (Q108). The decrease was mainly attributable to lower revenue contribution from both segments as a result of the global economy slowdown and financial crisis which has caused a slowdown in the Group overall business.

The following table presents the sales contributions regarding business segments:-

<b>Business Segments</b>	<b>Group</b>		
	<b>3 months ended 31 Mar</b>		
	<b>2009</b>	<b>2008</b>	<b>Inc/(Dec)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
Corrosion prevention	7,265	13,525	(46%)
Distributed - refined petroleum products	26,932	34,911	(23%)
<b>Total Sales</b>	<b>34,197</b>	<b>48,436</b>	<b>(29%)</b>

### **Profitability**

Gross profit decreased by S\$1.1 million or 13% from S\$8.3 million in Q108 to S\$7.2 million in Q109 mainly attributable to lower revenue contribution from corrosion prevention ("CP") segment. However, the decrease was partially offset by higher gross profit contribution from refined petroleum distribution ("TAT Petroleum") segment as a result of higher gross margin secured in Q109.

Lower capacity utilization in the CP segment resulting in the underabsorption of fixed cost charges pressed down gross margin of CP segment from 30% in Q108 to 23% in Q109. But higher gross margin of 21% (Q108: 12%) registered by TAT Petroleum segment in Q109 due to better trade margins and quantity rebate received from a supplier helped narrow the gross margin shortfalls and pushed Group's composite gross margin to 21% in Q109 as compared to 17% in Q108.

The following table presents the gross profit margin regarding business segments:-

<b>Business Segment</b>	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2009</b>	<b>2008</b>
Corrosion prevention	23.2%	29.9%
Distributed - refined petroleum products	20.6%	12.3%
<b>Average composite margin</b>	<b>21.1%</b>	<b>17.2%</b>

The decrease in other income in Q109 was substantially due to lower interest income earned from fixed deposit in this quarter as a result of lower fixed deposit rates in Q109 as compared to Q108. In addition, there was dividend income received from the available-for-sale financial asset in Q108 as compared to none in Q109.

The increase in selling and distribution, administrative and other operating expenses in Q109 was mainly attributable to the higher depreciation expense incurred, which driven by the expansion of plant and tank coating business capacities in Q208 and Q308 respectively, foreign exchange loss incurred and the expanded operations of TAT segment in supporting the additional master distribution contracts clinched in the second half of FY2007 and Q408.

The decrease in finance costs and tax expense was in line with the lower revenue and profit before tax respectively in Q109.

<b>Description</b>	<b>Group</b>	
	<b>3 months ended 31 Mar</b>	
	<b>2009</b>	<b>2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Provision for tax in respect of results for the current year	373	643
Underprovision for tax in prior years	-	-
Deferred tax	-	-
	<u>373</u>	<u>643</u>

The lower revenue coupled with the share of loss of associated company of S\$0.1 million had resulted in the Group's profit after income tax to decrease by 73% or S\$2.2 million to S\$0.8 million in Q109 from S\$2.9 million in Q108.

#### **Net assets and cash flow**

Non-current assets as at 31 March 2009 increased by S\$0.1 million as compared to 31 December 2008 largely due to the goodwill arising from the investment in Yuen Fung Hong Petroleum Company Limited on 2 April 09. The increase was substantially offset by lower associated company as a result of the share of loss (equity accounting) of associated company in Q109.

Current assets as at 31 March 2009 decreased by S\$10.6 million over 31 December 2008 largely due to decrease in stock, other receivables and cash and cash equivalents balances. The decrease in stock and other receivables was in line with the lower business activities in Q109. The lower cash and cash equivalents balance arose mainly from TAT segment having to settle additional one month's trust receipts in Q109 following the key supplier changing its credit term from 45 days to 30 days for one of the refined petroleum products in October 2008 which also explains the negative movement in "Cash used in operations" of the Group's cash flow statement for the current quarter

Current liabilities as at 31 March 2009 decreased S\$11.3 million over 31 December 2008 largely due to decreases in trade payables and accrual, other payables and other amounts due to bankers balances. The decrease was in line with lower business activities in Q109 and the effect of the change in the credit term for Tat segment as explained above.

Long-term liabilities as at 31 March 2009 decreased by S\$0.3 million over 31 December 2008 largely due to repayments of term loan and hire purchase creditors during the financial period.

Net asset value of the Group as at 31 December 2008 increased by S\$0.1 million mainly due to net profits generated during the financial period.

#### **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 year ended 31 December 2008.

**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 outlook for the rest of 2009 remains uncertain. The IMF has predicted that the global economy will shrink by 1.3% this year, the most severe recession since World War II. In Singapore, the government has lowered its economic forecast for FY2009 to a 6% to 9% contraction.

With the global and Singapore economies continue to deteriorate with no clear signs of recovery in the near future, the operating environment of CP and TAT segments continues to be challenging. CP segment is expected to face more intense competition from other CP service providers in view of the shrinking pie of CP work in the market. This coupled with pricing revision and contribution margin pressures from key customers and competitors respectively will continue to have an adverse impact on the business volume and gross margin of CP segment moving forward. To brace both segments for this uncertain business outlook, the Group will continue to exercise prudent cost management and position ourselves for opportunities that may arise when the business environment stabilizes.

Notwithstanding the challenges ahead, with the Group's strong balance sheet should be able to brace itself to meet the challenges and seize opportunities when the global financial crisis abates and economic conditions improve.

**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/recommended, a statement to that effect**

No dividend has been declared/recommended for the quarter ended 31 March 2009.

**13. Confirmation Pursuant to Rule 705(4) of the Listing Manual**

We, Thomas Lim Siok Kwee and Lum Chee Kong, being two directors of See Hup Seng Limited (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 Q109 financial statements to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Lum Chee Kong  
Acting CEO & Executive Director  
12 May 2009