

**SEE HUP SENG LIMITED**  
(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the Fourth Quarter and Full Year 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.**

	Group			Group		
	3 months ended 31 Dec			12 months ended 31 Dec		
	2009	2008	Change	2009	2008	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	44,664	39,380	13%	157,243	200,319	(22%)
Cost of sales and services	(37,379)	(31,354)	19%	(128,827)	(161,968)	(20%)
<b>Gross profit</b>	<u>7,285</u>	<u>8,026</u>	(9%)	<u>28,416</u>	<u>38,351</u>	(26%)
Other income	325	739	(56%)	778	1,404	(45%)
Selling and distribution expenses	(1,419)	(1,376)	3%	(4,970)	(4,272)	16%
Administrative expenses	(3,519)	(2,908)	21%	(10,391)	(10,678)	(3%)
Other operating expenses	(2,712)	(1,519)	79%	(8,368)	(6,795)	23%
<b>Profit from operations</b>	<u>(40)</u>	<u>2,962</u>	N/M	<u>5,465</u>	<u>18,010</u>	(70%)
Finance costs	(374)	(644)	(42%)	(1,345)	(1,899)	(29%)
Share of loss of associated company	(293)	(116)	152%	(512)	(266)	92%
<b>(Loss)/Profit before income tax</b>	<u>(707)</u>	<u>2,202</u>	(132%)	<u>3,608</u>	<u>15,845</u>	(77%)
Income tax	(443)	(569)	(22%)	(1,338)	(2,998)	(55%)
<b>(Loss)/Profit after income tax</b>	<u>(1,150)</u>	<u>1,633</u>	(170%)	<u>2,270</u>	<u>12,847</u>	(82%)
Attributable to:						
Equity holders of the Company	(1,225)	1,044	(217%)	455	9,804	(95%)
Minority interests, net of income tax	75	589	(87%)	1,815	3,043	(40%)
	<u>(1,150)</u>	<u>1,633</u>	(170%)	<u>2,270</u>	<u>12,847</u>	(82%)

## Statement of Comprehensive Income/(Expense)

	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
	2009 S\$'000	2008 S\$'000	Change %	2009 S\$'000	2008 S\$'000	Change %
(Loss)/Profit after income tax	(1,150)	1,633	(170%)	2,270	12,847	(82%)
<u>Other comprehensive income</u>						
Foreign currency translation	(47)	(276)	(83%)	150	(258)	(158%)
Deferred taxation on revaluation	-	(631)	(100%)	(311)	(631)	(51%)
Asset revaluation reserve	-	(1,853)	(100%)	-	(1,853)	(100%)
	<u>(47)</u>	<u>(2,760)</u>	(98%)	<u>(161)</u>	<u>(2,742)</u>	(94%)
Total comprehensive (loss)/income	<u>(1,197)</u>	<u>(1,127)</u>	6%	<u>2,109</u>	<u>10,105</u>	(79%)
Attributable to:						
Equity holders of the Company	(1,250)	(671)	86%	216	8,104	(97%)
Minority interests, net of income tax	53	(456)	(112%)	1,893	2,001	(5%)
	<u>(1,197)</u>	<u>(1,127)</u>	6%	<u>2,109</u>	<u>10,105</u>	(79%)

## 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 31 Dec			Group 12 months ended 31 Dec		
		2009 S\$'000	2008 S\$'000	Change %	2009 S\$'000	2008 S\$'000	Change %
Other Income	1	325	739	(56%)	778	1,404	(45%)
Dividend income	2	96	95	N/M	96	149	(36%)
Interest Income	3	21	54	(61%)	149	245	(39%)
Interest on borrowings	4	(374)	(644)	(42%)	(1,345)	(1,899)	(29%)
Depreciation	5	(825)	(797)	4%	(3,330)	(3,051)	9%
Amortisation of intangible assets	6	-	(40)	(100%)	-	(118)	(100%)
Fixed assets written off	7	(3)	3	(200%)	(7)	(16)	(56%)
Gain/(loss) on disposal of fixed assets	8	14	(46)	(130%)	20	(39)	(151%)
Bad debts expense	9	(2)	(33)	(94%)	(16)	(46)	(65%)
Allowance for doubtful debts	10	(89)	(32)	178%	(106)	(45)	136%
(Allowance for)/write back on allowance for stock obsolescence	11	(532)	1	(53300%)	(528)	11	N/M
Stock written off	12	(57)	1	(5800%)	(70)	(29)	141%
Foreign exchange gain/(loss)	13	53	295	(82%)	(950)	58	(1738%)
Gain on disposal of investment		-	(1)	N/M	-	(1)	N/M

- 1) The decrease was mainly due to lower rebate received by TAT segment.
- 2) The decrease was mainly due to lower dividend received from available-for sale financial asset.
- 3) The decrease was in line with lower interest rates.
- 4) The decrease was in line with lower business activities
- 5) The increase was in line with plant expansion in 2H08.
- 6) The decrease was due to intangible assets had been fully amortized in FY2008.
- 7) The decrease was due to lesser fixed assets written-off.
- 8) The decrease was due to gain from disposal as compared to loss.
- 9) The decrease was due to lesser bad debts written-off.
- 10) The decrease was due to higher allowance required to be made.
- 11) The increase was mainly due to higher allowance for stocks obsolescence made.
- 12) The increase was due to higher stock written-off.
- 13) The decrease was mainly due to foreign exchange loss made in 1H09 as a result of the volatility of the foreign exchange market.

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 Dec 2009 S\$'000	31 Dec 2008 S\$'000	31 Dec 2009 S\$'000	31 Dec 2008 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>			-	
Property, plant and equipment	32,099	34,161	16,996	18,361
Subsidiary companies	-	-	17,171	17,171
Associated company	-	512	-	512
Available-for-sale financial assets	290	290	290	290
Membership rights	195	195	-	-
Goodwill	9,506	8,982	-	-
Other receivables	703	693	-	-
	<u>42,793</u>	<u>44,833</u>	<u>34,457</u>	<u>36,334</u>
<b>Current Assets</b>				
Stock and work-in-progress	18,526	17,013	-	-
Trade receivables	41,020	38,784	7,195	10,711
Amount due from related parties	-	-	8,877	7,312
Other receivables	3,350	3,671	854	616
Fixed deposits	17,630	28,328	15,336	20,300
Cash and bank balances	22,840	8,225	3,540	1,393
	<u>103,366</u>	<u>96,021</u>	<u>35,802</u>	<u>40,332</u>
<b>Total Assets</b>	<b><u>146,159</u></b>	<b><u>140,854</u></b>	<b><u>70,259</u></b>	<b><u>76,666</u></b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade payables and accrual	20,061	14,205	1,426	1,871
Other payables	762	1,391	459	852
Amount due to related parties	-	-	3,435	6,022
Term loan	2,869	1,458	600	600
Other amounts due to bankers	31,098	31,543	-	-
Hire purchase creditors	458	871	26	158
Provision for taxation	1,177	2,844	729	562
	<u>56,425</u>	<u>52,312</u>	<u>6,675</u>	<u>10,065</u>
<b>Non-current Liabilities</b>				
Term loan	7,708	6,208	2,155	2,755
Hire purchase creditors	603	1,102	-	26
Deferred taxation	1,247	937	545	545
	<u>9,558</u>	<u>8,247</u>	<u>2,700</u>	<u>3,326</u>
<b>Total Liabilities</b>	<b><u>65,983</u></b>	<b><u>60,559</u></b>	<b><u>9,375</u></b>	<b><u>13,391</u></b>
<b>EQUITY</b>				
Share capital	75,857	74,167	75,857	74,167
Treasury shares	(751)	(751)	(751)	(751)
Asset revaluation reserve	1,621	1,932	2,874	2,874
Foreign currency translation reserve	1,657	1,584	-	-
Accumulated losses	(7,350)	(3,886)	(17,096)	(13,015)
	<u>71,034</u>	<u>73,046</u>	<u>60,884</u>	<u>63,275</u>
Minority interests	9,142	7,249	-	-
<b>Total Equity</b>	<b><u>80,176</u></b>	<b><u>80,295</u></b>	<b><u>60,884</u></b>	<b><u>63,275</u></b>
<b>Total Liabilities and Equity</b>	<b><u>146,159</u></b>	<b><u>140,854</u></b>	<b><u>70,259</u></b>	<b><u>76,666</u></b>

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

	<b>31-Dec-09</b>	<b>31-Dec-08</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount Repayable in one year or less, or on demand</b>		
Secured	34,425	33,872
Unsecured	-	-
	<u>34,425</u>	<u>33,872</u>
<b>Amount Repayable after one year</b>		
Secured	8,311	7,310
Unsecured	-	-
	<u>8,311</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 of S\$2,295,000 for 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**

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	(707)	2,202	3,608	15,845
Adjustments for:				
Depreciation	825	797	3,330	3,051
Fixed assets written off	3	(3)	7	16
Amortisation of intangible assets	-	40	-	118
Gain on sales of fixed assets	(14)	46	(20)	39
Finance costs	374	644	1,345	1,899
Interest income	(21)	(54)	(149)	(245)
Loss from sales of other investment	-	1	-	1
Share of loss of associated companies	294	116	512	266
Write back on allowance for stock obsolescence	532	(1)	528	(11)
Dividend income	(96)	(95)	(96)	(149)
Bad debts expense	2	33	16	46
Stock written off	57	1	70	29
Operating cash flow before working capital changes	1,249	3,727	9,151	20,905
Changes in working capital				
Inventories and work-in-progress	(4,959)	622	(2,077)	(3,699)
Receivables	787	15,451	(1,848)	5,817
Payables	5,403	(13,412)	4,804	(7,760)
Cash generated from operations	2,480	6,388	10,030	15,263
Interest paid	(364)	(644)	(1,345)	(1,899)
Interest received	21	20	149	211
Dividend income	96	95	96	149
Income tax paid	(936)	(821)	(3,007)	(2,182)
<b>Net cash generated from operating activities</b>	<b>1,297</b>	<b>5,038</b>	<b>5,923</b>	<b>11,542</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(160)	(564)	(860)	(5,696)
Proceeds from disposal of property, plant and equipment	(91)	(105)	20	39
Proceeds from profit warranty shortfall	-	429	-	629
Cashflow on acquisition of subsidiary (net of cash)	-	-	(261)	-
<b>Net cash used in investing activities</b>	<b>(251)</b>	<b>(240)</b>	<b>(1,101)</b>	<b>(5,028)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from issue of shares	60	-	60	-
Proceeds from issue of warrants	1,630	-	1,630	-
Purchase of treasury shares	-	(751)	-	(751)
Dividends paid	-	-	(3,919)	(2,704)
Dividends paid to minority shareholders	-	(21)	-	(21)
Fixed deposit pledges with bank	(2)	(2,920)	(159)	(3,250)
Repayment to hire purchase	(618)	(271)	(1,326)	(875)
Funding from/(repayment to) term loan	(641)	(393)	2,911	(1,536)
Funding from/(repayment to) trusts receipts	2,893	9,543	(445)	8,302
<b>Net cash generated from/(used in) financing activities</b>	<b>3,322</b>	<b>5,187</b>	<b>(1,248)</b>	<b>(835)</b>
Net foreign currency translation adjustments	(43)	(277)	184	(260)
<b>Net increase in cash and cash equivalents</b>	<b>4,325</b>	<b>9,708</b>	<b>3,758</b>	<b>5,419</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30,551</b>	<b>21,410</b>	<b>31,118</b>	<b>25,699</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>34,876</b>	<b>31,118</b>	<b>34,876</b>	<b>31,118</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

	Share Capital S\$'000	Treasury Share S\$'000	Revaluation Reserve S\$'000	Capital Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserve S\$'000	Total S\$'000	Minority Interests S\$'000	Total Equity S\$'000
<b>Group</b>									
<b>Balance at 01 January 2009</b>	74,167	(751)	1,932	-	1,584	(3,886)	73,046	7,249	80,295
Total comprehensive income	-	-	(311)	-	73	454	216	1,893	2,109
Subscription of warrants	1,630	-	-	-	-	-	1,630	-	1,630
Exercise of warrants	60	-	-	-	-	-	60	-	60
Dividends paid	-	-	-	-	-	(3,919)	(3,919)	-	(3,919)
<b>Balance at 31 December 2009</b>	<b>75,857</b>	<b>(751)</b>	<b>1,621</b>	<b>-</b>	<b>1,657</b>	<b>(7,350)</b>	<b>71,034</b>	<b>9,142</b>	<b>80,176</b>
<b>Balance at 01 January 2008</b>	74,167	-	3,508	-	1,708	(10,986)	68,397	5,269	73,666
Total comprehensive income	-	-	(1,576)	-	(124)	9,804	8,104	2,001	10,105
Share buyback	-	(751)	-	-	-	-	(751)	-	(751)
Dividends paid	-	-	-	-	-	(2,704)	(2,704)	(21)	(2,725)
<b>Balance at 31 December 2008</b>	<b>74,167</b>	<b>(751)</b>	<b>1,932</b>	<b>-</b>	<b>1,584</b>	<b>(3,886)</b>	<b>73,046</b>	<b>7,249</b>	<b>80,295</b>
<b>Company</b>									
<b>Balance at 01 January 2009</b>	74,167	(751)	2,874	-	-	(13,015)	63,275	-	63,275
Subscription of warrants	1,630	-	-	-	-	-	1,630	-	1,630
Exercise of warrants	60	-	-	-	-	-	60	-	60
Total comprehensive income for the period	-	-	-	-	-	(162)	(162)	-	(162)
Dividends paid	-	-	-	-	-	(3,919)	(3,919)	-	(3,919)
<b>Balance at 31 December 2009</b>	<b>75,857</b>	<b>(751)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>(17,096)</b>	<b>60,884</b>	<b>-</b>	<b>60,884</b>
<b>Balance at 01 January 2008</b>	74,167	-	3,505	-	-	(15,991)	61,681	-	61,681
Total comprehensive income for the period	-	-	(631)	-	-	5,680	5,049	-	5,049
Share buyback	-	(751)	-	-	-	-	(751)	-	(751)
Dividends paid	-	-	-	-	-	(2,704)	(2,704)	-	(2,704)
<b>Balance at 31 December 2008</b>	<b>74,167</b>	<b>(751)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>(13,015)</b>	<b>63,275</b>	<b>-</b>	<b>63,275</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.**

Pursuant to announcements made on 13 October 2009, 178,128,050 Warrants were issued on 16 October 2009, and listed and quoted on the Mainboard of SGX-ST with effect from 21 October 2009 at an exercise price of SGD0.23. The Warrants have a 3-year exercise period from the date of issue and it will expire on 15 October 2012.

From the date of issue to 31 December 2009, there were 261,000 shares issued in pursuant to the exercise of warrants.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There are 4,310,000 treasury shares as at 31 December 2009 (31 December 2008: 4,310,000). The total number of issued shares excluding treasury shares as at 31 December 2009 is 356,517,100 (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.**

Except as disclosed in Note 5 below, 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**

In the current year, the Group adopted the new/revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

FRS 1 (Revised) Presentation of Financial Statements  
FRS 108 Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies or any significant impact on the financial statements.

**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**

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2009	2008	2009	2008
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	(0.34 cents)	0.29 cents	0.13 cents	2.75 cents
- Diluted	(0.31 cents)	0.29 cents	0.12 cents	2.75 cents
Based on the weighted average number of shares (Basic)	356,293,107	356,256,100	356,293,107	356,256,100
Based on the weighted average number of shares (Diluted)	393,833,798	356,256,100	393,833,798	356,256,100

**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.**

	GROUP		COMPANY	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Net asset backing per ordinary share:				
- Basic	19.94 cents	20.50 cents	17.09 cents	17.76 cents
- Diluted	18.04 cents	20.50 cents	15.46 cents	17.76 cents
Based on the weighted average number of shares (Basic)	356,293,107	356,256,100	356,293,107	356,256,100
Based on the weighted average number of shares (Diluted)	393,833,798	356,256,100	393,833,798	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**

Group revenue for the year ended 31 December 2009("FY2009") declined 22% to S\$157.2 million compared with S\$200.3 million in the year-ago period ("FY2008") as business activities slowed down considerably in the wake of the global economic crisis. The weaker economic backdrop caused revenue for both of the Group's core business segments – Corrosion Prevention ("CP") and Refined Petroleum Distribution ("TAT Petroleum"), to decline in FY2009. Notwithstanding this, the Group saw its revenue increasing sequentially in each consecutive quarter of FY2009. Group revenue rose gradually from S\$34.2 million in the first quarter of 2009 ("1Q09") to S\$44.7 million in 4Q09 owing to the steady revenue of the CP segment and improving sales from TAT Petroleum. As a result, Group revenue in 4Q09 was an improvement of 13% from S\$39.4 million in 4Q08.

### **Revenue breakdown by business segments:**

Business Segments	Group			Group		
	3 months ended 31 Dec			12 months ended 31 Dec		
	2009	2008	Inc/(Dec)	2009	2008	Inc/(Dec)
	S\$'000	S\$'000		S\$'000	S\$'000	
Corrosion prevention	8,874	9,375	(5%)	32,895	56,442	(42%)
Distributed - refined petroleum products	35,790	30,005	19%	124,348	143,877	(14%)
Total Sales	44,664	39,380	13%	157,243	200,319	(22%)

Revenue of CP segment in FY2009 was affected by the slowdown in the marine industry and lower demand from customers in the steel distribution sector. Coupled with higher price competition and a variation in sales mix, CP segment's revenue decreased 42% year-on-year to S\$32.9 million in FY2009. On a quarterly basis however, revenue of CP segment improved slightly from S\$7.3 million in 1Q09 to S\$8.9 million in 4Q09, lifted primarily by firmer demand for tank coating services.

Revenue of TAT Petroleum decreased 14% year-on-year to S\$124.3 million in FY2009 due to contraction in demand for refined petroleum products and reduction in average selling prices. Nevertheless, sales from TAT Petroleum grew steadily throughout the year under review from S\$26.9 million in 1Q09 to S\$35.8 million in 4Q09 on the back of higher sales volume. This was driven by a revival in demand for refined petroleum products in tandem with the recovery of industrial activities in the region.

TAT Petroleum contributed to 79% of Group revenue in FY2009, an increase from 72% in the previous year, while CP segment's revenue contribution decreased to 21% in FY2009, from 28% in FY2008.

### **GROSS PROFIT**

The Group's gross profit in FY2009 declined 26% to S\$28.4 million, from S\$38.4 million in FY2008. The lower gross profit was due primarily to a significant decline in CP segment's revenue and gross profit. The Group's gross profit margin (GPM) narrowed slightly to 18% in FY2009, from 19% in FY2008, as the decline in GPM of CP segment was partially buffered by an increase in GPM of TAT Petroleum.

**Gross profit margin by business segments:-**

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Corrosion prevention	21%	30%	23%	30%
Distributed - refined petroleum products	15%	17%	17%	15%
Average composite gross margin	16%	20%	18%	19%

For FY2009, the GPM of CP segment decreased to 23% from 30% previously due mainly to three factors – persistent price pressure for CP services, under-absorption of fixed overhead costs arising from the contraction in sales, and change in sales mix for its plant operations and tank coating services. During FY2009, the Group's plant operations had more orders that require multiple coatings while a larger proportion of its tank coating services was for FPSO conversions which typically yield lower gross profit margin. Cost rationalisation initiatives implemented in May 2009 helped to partially cushion the effect of the aforesaid factors on the Group's GPM.

The GPM of TAT Petroleum in FY2009 increased to 17% from 15% in FY2008, attributed primarily to better GPM in the first half of FY2009 of around 20%. This was lifted by better trade margins and a quantity rebate from supplier. GPM of TAT Petroleum in the second half of FY2009 declined to around 15% as a result of selling price adjustments in line with lower price of crude oil.

**OTHER INCOME**

Other income in FY2009 decreased 45% year-on-year to S\$0.8 million due mainly to lesser marketing rebates received by TAT Petroleum and lower interest and dividend income.

**SELLING, DISTRIBUTION, ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

The Group's selling and distribution, administrative and other operating expenses in FY2009 increased by 9% to S\$23.7 million, from S\$21.7 million in FY2008. This was due mainly to the increase in total operating expenses for TAT Petroleum.

TAT Petroleum incurred higher total operating expenses in FY2009 which arose mainly from an expansion in sales operations following the award of additional master distribution contracts in prior years; foreign exchange loss of S\$1.0 million; as well as write-off for stock and expenses for preparatory work related to its public listing totaling S\$1.1 million.

On the other hand, CP segment's total operating expenses were lower in FY2009 compared to FY2008, owing to cost containment measures implemented by the Group during the year under review, and a reversal of provisions that were no longer required at the CP segment. Hence, the decline in CP segment's total operating expenses offset partly the higher expenses at TAT Petroleum in FY2009.

**NET PROFIT**

The Group's profit before tax (PBT) in FY2009 fell 77% to S\$3.6 million, compared to S\$15.8 million in FY2008. The substantial reduction in Group PBT was mainly a result of the decline in sales and gross profit margin as well as an increase in the share of loss of associated company. Coupled with a higher provision for tax, Group net profit in FY2009 decreased 82% to S\$2.3 million as compared with S\$12.8 million in FY2008.

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000
Provision for tax in respect of results for the current year	(122)	(172)	749	2,258
Underprovision for tax in prior years	565	1,332	589	1,332
Deferred tax	-	(591)	-	592
	<u>443</u>	<u>569</u>	<u>1,338</u>	<u>2,998</u>

### **PROPOSED DIVIDEND**

The Group is proposing a tax-exempt (one-tier) final dividend of 0.3 cents per share to be paid to shareholders in respect of FY2009.

### **BALANCE SHEET AND CASH FLOW ANALYSIS**

The Group closed FY2009 with a sound balance sheet with its cash and bank balances and fixed deposits increasing to S\$40.5 million, compared to S\$36.5 million at the end of FY2008. The Group's net gearing stood at 0.03 times, which was lower than 0.06 times at the end of December 2008.

Non-current assets of S\$42.8 million as at 31 December 2009 decreased by S\$2.0 million compared to S\$44.8 million at 31 December 2008. The decrease was due mainly to depreciation of property, plant and equipment as well as a decline in equity interests in associated company due to share of loss (equity accounting) of associated company. These offset the increase in goodwill arising from the investment in Yuen Fung Hong Petroleum Company on 2 April 2009.

Current assets of S\$103.4 million as at 31 December 2009 increased by S\$7.4 million over 31 December 2008, due mainly to increases in inventories, trade receivables and cash and cash equivalents. Stock and work-in progress, and trade receivables increased to S\$18.5 million and S\$41.0 million respectively at the end of December 2009, in tandem with higher sales in 4Q09 as compared to the same period in FY2008.

Current liabilities of S\$56.4 million as at 31 December 2009 increased by S\$4.0 million over 31 December 2008, due mainly to the increase in trade payables and accruals in line with the higher business volume in 4Q09 compared to 4Q08, and a net increase in term loan during FY2009.

Long-term liabilities of S\$9.6 million as at 31 December 2009 increased slightly by S\$1.3 million over 31 December 2008, due mainly to a net increase in term loan and higher provision for taxation at the end of FY2009.

Shareholders' equity as at 31 December 2009 was S\$71.0 million, a decrease of S\$2.0 million from 31 December 2008. The increase in share capital of S\$1.7 million arising from issue of warrants and new shares was offset by a dividend payment of S\$3.9 million in FY2009.

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

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the period ended 30 September 2009.

**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.**

Although the global and regional economies are stabilising, the recovery process remains precarious and uneven across different business sectors. In view of this, the Group maintains a cautious outlook, particularly for its CP segment. At the same time, the Group will also continue to sustain its sound financial position to ensure that it is able to endure periods of business difficulties as well as be ready to seize organic and acquisitive growth opportunities.

**CP SEGMENT**

The operating environment for CP segment became more challenging following the global economic crisis in 2008. Besides experiencing weaker demand for corrosion prevention services, the Group is also seeing heightened competition among the local corrosion prevention service providers. This has led to increased pressure from customers in the marine and offshore, steel distribution and construction industries for the Group to revise the pricing of its services. Moreover, any delay in customers' projects could also adversely affect the revenue and gross profit margin of CP segment.

Although CP segment saw moderate improvement in order volumes during FY2009, sales in dollar value were undermined by lower selling prices. The Group envisages that the current state of business and operating environment for CP segment is likely to remain challenging until a more sustainable recovery in its key customer industries is established. Hence, the Group intends to continue streamlining its CP operations and maintain an efficient cost structure to sustain its market share and leading position in Singapore's CP service industry. Backed by established reputation and strong financial standing, the Group will also explore opportunities to enhance CP segment's value proposition through expansion of service range and market coverage.

**TAT PETROLEUM SEGMENT**

TAT Petroleum achieved quarter-on-quarter growth in sales during FY2009 on the back of improving industrial activities as the global economy recovered. With its broad market coverage in the Asia Pacific, TAT Petroleum was able to capitalise quickly on the recovery in demand for refined petroleum products in this region. The recovering economic conditions should augur well for TAT Petroleum which serves a multitude of industries, although fluctuations in crude oil price will continue to have an impact on its gross profit margin.

To further strengthen its market position and enhance its growth profile, TAT Petroleum will continue its strategy of seeking new master distribution contracts that enable it to expand its product range and market coverage. In addition, TAT Petroleum has plans to increase its market penetration in some of the emerging markets in South Asia and South East Asia, including India, Pakistan and Vietnam.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.30 cents
Tax Rate	:	Tax exempt one-tier

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	1.10 cents
Tax Rate	:	Tax exempt one-tier

***(c) Date payable***

To be advised.

***(d) Books closure date***

To be advised.

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

Not applicable

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

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**By business segment**

	Corrosion Prevention		Distribution		Elimination		Consolidated	
	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000	2009 S\$'000	2008 S\$'000
<b>Segment revenue</b>								
Sales to external customers	32,895	56,442	124,348	143,877	-	-	157,243	200,319
Inter segment sales	3,948	7,302	2,221	7,074	(6,169)	(14,376)	-	-
<b>Total sales</b>	<b>36,843</b>	<b>63,744</b>	<b>126,569</b>	<b>150,951</b>	<b>(6,169)</b>	<b>(14,376)</b>	<b>157,243</b>	<b>200,319</b>
<b>Segment result</b>								
Operating (loss)/profit before net finance costs	(206)	8,252	5,671	9,758	-	-	5,465	18,010
Net finance costs	(92)	(142)	(1,253)	(1,757)	-	-	(1,345)	(1,899)
Operating (loss)/profit after net finance costs	(298)	8,110	4,418	8,001	-	-	4,120	16,111
Share of loss of associated company	(512)	(266)	-	-	-	-	(512)	(266)
Profit/(loss) before income tax	(810)	7,844	4,418	8,001	-	-	3,608	15,845
Income tax	(605)	(1,175)	(733)	(1,823)	-	-	(1,338)	(2,998)
(Loss)/Profit after income tax	(1,415)	6,669	3,685	6,178	-	-	2,270	12,847
(Loss)/Profit attributable to members of the Company	(1,435)	6,621	1,891	3,183	-	-	455	9,804
<b>Segment assets</b>								
	73,038	77,334	73,122	63,520	-	-	146,159	140,854
<b>Segments liabilities</b>								
	10,403	11,545	55,580	49,014	-	-	65,983	60,559
<b>Other segment information:</b>								
Depreciation	2,221	2,008	1,109	1,043	-	-	3,330	3,051
Other non-cash expenses	-	-	-	118	-	-	-	118
Goodwill on consolidation	8,982	8,982	524	-	-	-	9,506	8,982
Capital expenditure	584	4,725	694	1,211	-	-	1,278	5,936

## **By geographical**

	Singapore		Rest of South east Asia		North East Asia		South Asia		South Pacific		Middle East		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenue :																
Sales to external customers	95,161	127,262	26,681	34,513	26,458	27,361	8,955	8,955	1,908	2,162	40	66			157,243	200,319
Intersegment sales	6,169	14,376	-	-	-	-	-	-	-	-	-	-	(6,169)	(14,376)	-	-
Total Revenue	101,330	141,638	26,681	34,513	26,458	27,361	8,955	8,955	1,908	2,162	40	66	(6,169)	(14,376)	157,243	200,319
Other segment information:																
Segment assets	136,552	127,699	781	662	8,826	11,981	-	-	-	-	-	-	-	-	146,159	140,342
Investment in associates	-	-	-	-	-	512	-	-	-	-	-	-	-	-	-	512
Total assets	136,552	127,699	781	662	8,826	12,493	-	-	-	-	-	-	-	-	146,159	140,854
Goodwill on consolidation	8,982	8,982	-	-	524	-	-	-	-	-	-	-	-	-	9,506	8,982
Capital expenditure	1,224	5,817	-	-	54	119	-	-	-	-	-	-	-	-	1,278	5,936

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

TAT Petroleum accounted for 79% of Group revenue in FY2009, compared to 72% in the previous year, as CP segment experienced a larger decline in sales compared to TAT Petroleum during the year under review. Correspondingly, CP segment's contribution to Group revenue decreased to 21% in FY2009 from 28% in FY2008. In FY2008, CP segment contributed to approximately 52% of Group net profit. However, due to the significant drop in CP segment's sales, this business segment made a loss after tax of S\$1.4 million which was offset by a net profit of S\$3.7 million from TAT Petroleum in FY2009. On a geographical basis, there is no significant variation in the contribution of each region to the Group's revenue in FY2009, except for Northeast Asia which accounted for approximately 17% of Group revenue in FY2009 compared to 14% previously. This was because sales of refined petroleum products were relatively more resilient in the Northeast Asia region.

**15. A breakdown of sales**

	<b>Full Year 2009 S\$'000</b>	<b>Full Year 2008 S\$'000</b>	<b>Change %</b>
Revenue reported for 1st quarter	34,197	48,436	(29%)
Net profit reported for 1st quarter	792	2,947	(73%)
Revenue reported for 2nd quarter	35,990	58,083	(38%)
Net profit reported for 2nd quarter	631	4,574	(86%)
Revenue reported for 3rd quarter	42,392	54,420	(22%)
Net profit reported for 3rd quarter	1,997	3,693	(46%)
Revenue reported for 4th quarter	44,664	39,380	13%
Net profit reported for 4th quarter	(1,150)	1,633	(170%)
Total revenue reported	157,243	200,319	(22%)
Total net profit reported	2,270	12,847	(82%)

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

Total Annual Dividend

	<b>Latest Full Year (S\$'000)</b>	<b>Previous Full Year (S\$'000)</b>
Ordinary	1,070	2,704
Preference	0	0
Total	1,070	2,704

**BY ORDER OF THE BOARD**

Thomas Lim Siok Kwee  
Executive Chairman  
26 February 2010