

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

Unaudited Financial Statement Announcement for the Third Quarter 2010

**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 30 September			9 months ended 30 September		
	2010	2009	Change	2010	2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	47,027	42,392	11%	144,935	112,579	29%
Cost of sales and services	(39,343)	(35,256)	12%	(121,237)	(91,448)	33%
<b>Gross profit</b>	<u>7,684</u>	<u>7,136</u>	8%	<u>23,698</u>	<u>21,131</u>	12%
Other income	350	131	168%	608	462	32%
Selling and distribution expenses	(1,560)	(1,086)	44%	(3,993)	(3,141)	27%
Administrative expenses	(2,536)	(1,863)	36%	(8,286)	(6,871)	21%
Other operating expenses	(1,755)	(1,561)	12%	(5,219)	(6,064)	(14%)
<b>Profit from operations</b>	<u>2,183</u>	<u>2,757</u>	(21%)	<u>6,808</u>	<u>5,517</u>	23%
Finance costs	(299)	(328)	(9%)	(907)	(981)	(8%)
Share of loss of associated company	-	(100)	N/M	-	(218)	(100%)
<b>Profit before income tax</b>	<u>1,884</u>	<u>2,329</u>	(19%)	<u>5,901</u>	<u>4,318</u>	37%
Income tax	(434)	(332)	31%	(1,132)	(895)	26%
<b>Profit after income tax</b>	<u>1,450</u>	<u>1,997</u>	(27%)	<u>4,769</u>	<u>3,423</u>	39%
Attributable to:						
Equity holders of the Company	1,040	1,250	(17%)	2,796	1,680	66%
Minority interests, net of income tax	410	747	(45%)	1,973	1,743	13%
	<u>1,450</u>	<u>1,997</u>	(27%)	<u>4,769</u>	<u>3,423</u>	39%

## Statement of Comprehensive Income/(Expense)

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2010	2009	Change	2010	2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax	1,450	1,997	(27%)	4,769	3,423	39%
<u>Other comprehensive income/(expense)</u>						
Foreign currency translation	(324)	(153)	112%	(313)	197	(259%)
Deferred taxation on revaluation	-	-	N/M		(311)	(100%)
	<u>(324)</u>	<u>(153)</u>	112%	<u>(313)</u>	<u>(114)</u>	175%
Total comprehensive income	<u>1,126</u>	<u>1,844</u>	(39%)	<u>4,456</u>	<u>3,309</u>	35%
Attributable to:						
Equity holders of the Company	755	1,170	(35%)	2,521	1,467	72%
Minority interests, net of income tax	371	674	(45%)	1,935	1,842	5%
	<u>1,126</u>	<u>1,844</u>	(39%)	<u>4,456</u>	<u>3,309</u>	35%

## 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		
		2010	2009	Change	2010	2009	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other Income	1	350	131	168%	608	462	32%
Interest Income	2	13	17	(21%)	49	128	(62%)
Interest on borrowings	3	(299)	(328)	(9%)	(907)	(981)	(8%)
Depreciation	4	(746)	(825)	(10%)	(2,357)	(2,505)	(6%)
Fixed assets written off		(2)	(1)	N/M	(5)	(4)	25%
(Loss)/gain on disposal of fixed assets		(4)	6	N/M	30	6	400%
Bad debts expense		-	(1)	N/M	(5)	(14)	(64%)
(Allowance)/write-back on allowance for doubtful debts		(1)	4	N/M	(1)	(17)	(94%)
(Allowance for)/Write-back on stock obsolescence		(32)	1	N/M	(91)	4	N/M
Stock written off	5	(23)	(9)	156%	(50)	(14)	257%
Foreign exchange gain/(loss)	6	290	76	282%	360	(1,002)	(136%)
Gain on disposal of investment		-	-	N/M	-	1	N/M

- 1) The increase was mainly due to higher exchange gain accounted by TAT segment.
- 2) The decrease was in line with lower interest rates.
- 3) The decrease was in line with lower interest rates.
- 4) The decrease was mainly due to certain assets had already been fully depreciated.
- 5) The increase was due to higher stock written-off.
- 6) The increase was in line with stronger S\$ against US\$ in Q310.

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	
	30 Sep 2010 S\$'000	31 Dec 2009 S\$'000	30 Sep 2010 S\$'000	31 Dec 2009 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>			-	
Property, plant and equipment	31,024	32,099	16,513	16,997
Subsidiary companies	-	-	45,591	17,171
Associated company	-	-	-	-
Available-for-sale financial assets	290	290	290	290
Membership rights	195	195	-	-
Goodwill	9,473	9,506	-	-
Other receivables	691	703	-	-
	<u>41,673</u>	<u>42,793</u>	<u>62,394</u>	<u>34,458</u>
<b>Current Assets</b>				
Stock and work-in-progress	21,687	18,526	1,245	-
Trade receivables	43,572	41,028	6,257	7,195
Amount due from related parties	-	-	6,734	8,877
Other receivables	3,912	3,336	580	853
Fixed deposits	7,136	17,630	4,331	15,336
Cash and bank balances	16,993	22,668	1,768	3,540
	<u>93,300</u>	<u>103,188</u>	<u>20,915</u>	<u>35,801</u>
<b>Total Assets</b>	<b><u>134,973</u></b>	<b><u>145,981</u></b>	<b><u>83,309</u></b>	<b><u>70,259</u></b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade payables and accrual	18,399	19,883	1,344	1,425
Other payables	828	762	350	460
Amount due to related parties	-	-	5,304	3,435
Term loan	4,389	2,869	2,305	600
Other amounts due to bankers	33,676	31,098	-	-
Hire purchase creditors	323	458	-	26
Provision for taxation	1,898	1,178	183	729
	<u>59,513</u>	<u>56,248</u>	<u>9,486</u>	<u>6,675</u>
<b>Non-current Liabilities</b>				
Term loan	3,843	7,708	-	2,155
Hire purchase creditors	598	603	-	-
Deferred taxation	1,247	1,248	545	545
	<u>5,688</u>	<u>9,559</u>	<u>545</u>	<u>2,700</u>
<b>Total Liabilities</b>	<b><u>65,201</u></b>	<b><u>65,807</u></b>	<b><u>10,031</u></b>	<b><u>9,375</u></b>
<b>EQUITY</b>				
Share capital	89,379	74,230	89,379	74,230
Treasury shares	(751)	(751)	(751)	(751)
Asset revaluation reserve	1,621	1,621	2,874	2,874
Foreign currency translation reserve	1,383	1,657	-	-
Capital reserve	1,601	1,627	1,601	1,627
Other reserve	(18,040)	-	-	-
Accumulated losses	(5,628)	(7,352)	(19,825)	(17,096)
	<u>69,565</u>	<u>71,032</u>	<u>73,278</u>	<u>60,884</u>
Minority interests	207	9,142	-	-
<b>Total Equity</b>	<b><u>69,772</u></b>	<b><u>80,174</u></b>	<b><u>73,278</u></b>	<b><u>60,884</u></b>
<b>Total Liabilities and Equity</b>	<b><u>134,973</u></b>	<b><u>145,981</u></b>	<b><u>83,309</u></b>	<b><u>70,259</u></b>

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

	<b>30-Sep-10</b>	<b>31-Dec-09</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount Repayable in one year or less, or on demand</b>		
Secured	38,388	34,425
Unsecured	-	-
	<u>38,388</u>	<u>34,425</u>
<b>Amount Repayable after one year</b>		
Secured	4,441	8,311
Unsecured	-	-
	<u>4,441</u>	<u>8,311</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\$2,805,000 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 30 Sep		9 months ended 30 Sep	
	2010	2009	2010	2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	1,884	2,329	5,901	4,318
Adjustments for:				
Depreciation	746	825	2,357	2,505
Fixed assets written off	2	1	5	4
Loss/(gain) on disposal of fixed assets	4	(6)	(30)	(6)
Finance costs	299	328	907	981
Interest income	(13)	(17)	(49)	(128)
Share of loss of associated companies	-	100	-	218
Allowance/(write-back on) allowance for stock obsolescence	32	(1)	91	(4)
Bad debts expense	-	1	5	14
Stock written off	23	9	50	14
Operating cash flow before working capital changes	2,977	3,569	9,237	7,916
Changes in working capital	-	-	-	-
Inventories and work-in-progress	(4,279)	2,192	(3,302)	2,881
Receivables	(620)	(3,895)	(3,115)	(2,647)
Payables	4,075	2,709	(1,419)	(600)
Cash generated from operations	2,153	4,575	1,401	7,550
Interest paid	(299)	(328)	(907)	(981)
Interest received	13	17	49	128
Dividend income	-	-	-	-
Income tax paid	(184)	(862)	(411)	(2,071)
<b>Net cash generated from operating activities</b>	<b>1,683</b>	<b>3,402</b>	<b>132</b>	<b>4,626</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(43)	(124)	(848)	(700)
Proceeds from disposal of property, plant and equipment	(4)	6	30	111
Acquisition of remaining interest in a subsidiary	(13,300)	-	(13,300)	-
Cashflow on acquisition of subsidiary (net of cash)	-	-	-	(261)
<b>Net cash used in investing activities</b>	<b>(13,347)</b>	<b>(118)</b>	<b>(14,118)</b>	<b>(850)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from issue of shares	-	-	99	-
Share issue expense	(97)	-	(97)	-
Dividends paid	-	-	(1,071)	(3,919)
Dividends paid to minority shareholders	-	-	(490)	-
Fixed deposit pledges with bank	34	-	(511)	(157)
Repayment to hire purchase	(277)	(234)	(579)	(708)
(Repayment to)/funding from term loan	(606)	1,961	(2,346)	3,552
(Repayment to)/funding from trusts receipts	(2,490)	1,840	2,578	(3,338)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,436)</b>	<b>3,567</b>	<b>(2,417)</b>	<b>(4,570)</b>
Net foreign currency translation adjustments	(297)	(138)	(281)	227
<b>Net increase in cash and cash equivalents</b>	<b>(15,397)</b>	<b>6,713</b>	<b>(16,684)</b>	<b>(567)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>33,417</b>	<b>23,838</b>	<b>34,704</b>	<b>31,118</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>18,020</b>	<b>30,551</b>	<b>18,020</b>	<b>30,551</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	Other Reserve S\$'000	Foreign Currency		Total S\$'000	Minority Interests S\$'000	Total Equity S\$'000
						Translation Reserve S\$'000	Revenue Reserve S\$'000			
<b>Group</b>										
<b>Balance at 01 January 2010</b>	74,230	(751)	1,621	1,627	-	1,657	(7,352)	71,032	9,142	80,174
Total comprehensive income	-	-	-	-	-	(274)	2,795	2,521	1,935	4,456
Exercise of warrants	126	-	-	(26)	-	-	-	100	-	100
Acquisition of additional interest in a subsidiary	15,120	-	-	-	(18,040)	-	-	(2,920)	(10,380)	(13,300)
Share issue expense	(97)	-	-	-	-	-	-	(97)	-	(97)
Dividends paid	-	-	-	-	-	-	(1,071)	(1,071)	(490)	(1,561)
<b>Balance at 30 September 2010</b>	<b>89,379</b>	<b>(751)</b>	<b>1,621</b>	<b>1,601</b>	<b>(18,040)</b>	<b>1,383</b>	<b>(5,628)</b>	<b>69,565</b>	<b>207</b>	<b>69,772</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)	-	-	98	1,680	1,467	1,842	3,309
Dividends paid	-	-	-	-	-	-	(3,919)	(3,919)	-	(3,919)
<b>Balance at 30 September 2010</b>	<b>74,167</b>	<b>(751)</b>	<b>1,621</b>	<b>-</b>	<b>-</b>	<b>1,682</b>	<b>(6,125)</b>	<b>70,594</b>	<b>9,091</b>	<b>79,685</b>
<b>Company</b>										
<b>Balance at 01 January 2010</b>	74,230	(751)	2,874	1,627	-	-	(17,096)	60,884	-	60,884
Exercise of warrants	126	-	-	(26)	-	-	-	100	-	100
Total comprehensive income for the period	-	-	-	-	-	-	(1,658)	(1,658)	-	(1,658)
Acquisition of additional interest in a subsidiary	15,120	-	-	-	-	-	-	15,120	-	15,120
Share issue expense	(97)	-	-	-	-	-	-	(97)	-	(97)
Dividends paid	-	-	-	-	-	-	(1,071)	(1,071)	-	(1,071)
<b>Balance at 30 September 2010</b>	<b>89,379</b>	<b>(751)</b>	<b>2,874</b>	<b>1,601</b>	<b>-</b>	<b>-</b>	<b>(19,825)</b>	<b>73,278</b>	<b>-</b>	<b>73,278</b>
<b>Balance at 01 January 2009</b>	74,167	(751)	2,874	-	-	-	(13,015)	63,275	-	63,275
Total comprehensive income for the period	-	-	-	-	-	-	(412)	(412)	-	(412)
Dividends paid	-	-	-	-	-	-	(3,919)	(3,919)	-	(3,919)
<b>Balance at 30 September 2010</b>	<b>74,167</b>	<b>(751)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,346)</b>	<b>58,944</b>	<b>-</b>	<b>58,944</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 March 2010, there were 785,500 shares issued in pursuant to the exercise of warrants.

Details of the changes in the issued and paid-up capital of the Company since 1 October 2009 to 30 September 2010 are as follows:-		
<b>Ordinary shares</b>	<u>Number of shares</u>	<u>\$</u>
Issued and fully paid ordinary shares at 1 October 2009	360,566,100	74,167,383
Allotment and issue of new ordinary shares for exercise of warrants	785,500	188,520
Allotment and issue of new ordinary shares for acquisition of additional interest in a subsidiary	54,000,000	15,120,000
Share issue expense	-	(96,885)
Issued and fully paid ordinary shares at 30 September 2010	<u>415,351,600</u>	<u>89,379,018</u>

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

	<u>As at 30 Sep 2010</u>	<u>As at 30 Sep 2009</u>
Total number of shares (including treasury shares)	415,351,600	360,566,100
Less treasury shares	(4,310,000)	(4,310,000)
Total number of shares (excluding treasury shares)	<u>411,041,600</u>	<u>356,256,100</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.**

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 2009.

**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 financial period, the Group has adopted all the following revised Financial Reporting Standards ("FRS") and improvements to FRSs that are relevant to its operations and effective for annual period beginning on or after 1 January 2010.

FRS 27 (Revised) Consolidated and Separate Financial Statements  
FRS 103 (Revised) Business Combinations  
Improvements to FRSs (issued in June 2009)

The adoption of these revised FRS and improvements to FRSs does not result in changes to the Group's and Company's accounting policies and has no material impact on the amounts reported for the current period or prior years.

**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 30 Sep 2010	2009	9 months ended 30 Sep 2010	2009
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	0.29 cents	0.35 cents	0.77 cents	0.47 cents
- Diluted	0.26 cents	0.35 cents	0.69 cents	0.47 cents
Based on the weighted average number of shares (Basic)	362,969,896	356,256,100	362,969,896	356,256,100
Based on the weighted average number of shares (Diluted)	407,679,142	356,256,100	407,679,142	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	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
Net asset backing per ordinary share:				
- Basic	19.17 cents	19.94 cents	20.19 cents	17.09 cents
- Diluted	17.06 cents	18.30 cents	17.97 cents	15.69 cents
Based on the weighted average number of shares (Basic)	362,969,896	356,293,107	362,969,896	356,293,107
Based on the weighted average number of shares (Diluted)	407,679,142	388,106,000	407,679,142	388,106,000

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**

For the three months ended 30 September 2010 ("3Q10"), Group revenue was up 11% to S\$47.0 million, from S\$42.4 million in the previous corresponding quarter. The Group's revenue was lifted by better sales performances of the Refined Petroleum Distribution ("TAT Petroleum") and the Corrosion Prevention ("CP") business segments. On 20 August 2010, the Group completed the acquisition of the remaining 49% stake in TAT Petroleum which made it a wholly-owned subsidiary of See Hup Seng.

Group revenue in 3Q10 was flat when compared to sales of S\$47.0 million in 2Q10. For the nine months ended 30 September 2010 ("9M10"), the Group recorded total revenue of S\$144.9 million, an increase of 29% from S\$112.6 million in 9M09.

**Revenue breakdown by business segments:**

Business Segments	Group			Group		
	3 months ended 30 Sep			9 months ended 30 Sep		
	2010	2009	Inc/(Dec)	2010	2009	Inc/(Dec)
	S\$'000	S\$'000		S\$'000	S\$'000	
Corrosion prevention	8,623	8,318	4%	28,816	24,021	20%
Distributed - refined petroleum products	38,404	34,074	13%	116,119	88,558	31%
Total Sales	47,027	42,392	11%	144,935	112,579	29%

The CP segment recorded a 4% increase in revenue to S\$8.6 million in 3Q10 compared to S\$8.3 million in 3Q09. During 3Q10, the segment's Grit Blasting – Site business unit secured higher orders for site blasting jobs while its Trading business unit experienced better business volumes. The higher sales generated by these two business units helped to offset lower revenue of the Tank Coating and Module Blasting business unit as a result of lesser tank coating jobs at customers' shipyards in 3Q10. Sales from Plant Operations remained unchanged in 3Q10 compared to the year-ago period.

On a quarter-on-quarter basis, the CP segment's revenue in 3Q10 was 9% higher than S\$7.9 million in 2Q10, driven mainly by better performances of the Plant Operations, Grit Blasting – Site, and Trading business units.

TAT Petroleum registered a 13% increase in revenue to S\$38.4 million in 3Q10 from S\$34.1 million in 3Q09, driven by the improvement in demand for refined petroleum products in the region. Sales in 3Q10 was marginally lower than S\$39.1 million in 2Q10 due to a change in sales mix.

As a percentage of 3Q10 Group revenue, TAT Petroleum accounted for 80% while CP segment made up the remaining 20%.

### **GROSS PROFIT**

In tandem with higher revenue, gross profit in 3Q10 improved 8% to S\$7.7 million, from S\$7.1 million in 3Q09. TAT Petroleum and CP segment recorded higher gross profits of S\$5.7 million and S\$2.0 million in 3Q10, compared to S\$5.2 million and S\$1.9 million respectively in 3Q09.

The Group's gross profit margin (GPM) in 3Q10 remained fairly stable at 16.3% compared with 16.8% in 3Q09 and 16.4% in 2Q10.

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

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>		<u>9 months ended 30 Sep</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Corrosion prevention	22.7%	23.4%	22.0%	24.0%
Distributed - refined petroleum products	14.9%	15.2%	15.0%	17.4%
Average composite gross margin	<u>16.3%</u>	<u>16.8%</u>	<u>16.4%</u>	<u>18.8%</u>

The GPM of CP segment narrowed marginally to 22.7% in 3Q10, compared to 23.4% in 3Q09 and 24.9% in 2Q10.

During 3Q10, the Grit Blasting – Site business unit secured higher value jobs that yield better profit margin. This helped to buffer the impact on CP segment's GPM from higher maintenance cost of the Plant Operations and underabsorption of fixed costs for the Tank Coating and Module Blasting unit as a result of lower revenue accounted in Q310.

TAT Petroleum's GPM in 3Q10 remained stable at 14.9%, compared to 15.2% in 3Q09 and 14.6% in 2Q10.

### **OTHER INCOME**

Other income in 3Q10 increased by S\$219,000 year-on-year to S\$350,000, attributed mainly to higher foreign currency exchange gain accounted by TAT segment.

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

Selling and distribution, administrative and other operating expenses totalled S\$5.9 million in 3Q10, an increase of around 31% from S\$4.5 million in the previous corresponding period. The increase was due to the expansion in operations of TAT Petroleum in South Korea and Vietnam, as well as an increase in the CP segment's operating expenses. Operating expenses for the CP segment in 3Q10 was higher year-on-year due mainly due to the professional fee incurred for the acquisition of balance 49% interest in TAT Petroleum and reversal of provisions that was no longer required in 3Q09.

## **NET PROFIT**

Profit from operations in 3Q10 amounted to S\$2.2 million, down 21% from S\$2.8 million in 3Q09. Although revenue improved slightly in 3Q10, the CP segment registered a lower profit from operations primarily because of the professional fee incurred for the acquisition of balance 49% interest in TAT Petroleum and reversal of provisions that was no longer required in 3Q09. TAT Petroleum recorded lower profit from operations in 3Q10 due to business expansion costs.

Provision for income tax in 3Q10 increased to S\$400,000 because of an underprovision of S\$126,000 in prior years. As a result of the aforesaid factors, and after including finance costs of S\$299,000, Group profit after tax in 3Q10 was S\$1.5 million, a decrease of 25% from S\$2.0 million in 3Q09.

For 9M10, the Group recorded total net profit of S\$4.8 million, an increase of 39% from S\$3.4 million in the year-ago period. Profit attributable to equity holders for 9M10 was also higher by 66% to S\$2.8 million.

	<u>Group</u>		<u>Group</u>	
	<u>3 months ended 30 Sep</u>		<u>9 months ended 30 Sep</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Provision for tax in respect of results for the current year	308	329	1,006	871
Underprovision for tax in prior years	126	3	126	24
	<u>434</u>	<u>332</u>	<u>1,132</u>	<u>895</u>

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

As at 30 September 2010, the Group had cash and bank balances, and fixed deposits totaling S\$24.1 million. The Group's financial position remained sound with a net gearing<sup>1</sup> of around 0.3 times at the end of September 2010.

Non-current assets of S\$41.7 million as at 30 September 2010 decreased marginally compared to S\$42.8 million as at 31 December 2009, due mainly to depreciation of property, plant and equipment.

Current assets of S\$93.3 million as at 30 September 2010 decreased by around S\$9.9 million from S\$103.2 million as at 31 December 2009. This was attributed primarily to the decline in cash and bank balances and fixed deposits which were used to fulfill the cash consideration for the acquisition of the remaining 49% stake in TAT Petroleum.

<sup>1</sup>Net gearing is computed based on (Total Borrowings less Cash and Cash Equivalents) / (Total Equity)

Cash and bank balances and fixed deposits of S\$24.1 million at the end of September 2010 decreased by S\$16.2 million from S\$40.3 million at the end of December 2009, and S\$15.4 million from S\$39.6 million as at 30 June 2010.

During 3Q10, net cash generated from operations amounted to S\$1.7 million. This was offset by net cash used in financing activities of S\$16.2 million, whereby S\$13.3 million was used for the acquisition of TAT Petroleum and around S\$3.1 million was used to repay trust receipts and term loans.

Current liabilities of S\$59.7 million increased by S\$3.5 million from S\$56.3 million as at 31 December 2009, due mainly to a reclassification of a term loan from non-current liabilities (term loan to reach maturity within 12 months), an increase in provision for taxation and higher outstanding balance of trust receipts at the end of 3Q10.

On the other hand, long-term liabilities of S\$5.7 million as at 30 September 2010 decreased by S\$3.9 million from S\$9.6 million as at 31 December 2009. This was attributable mainly to the aforesaid term loan reclassification and repayments of other loans.

Shareholders' equity of S\$69.6 million as at 30 September 2010 was a decrease of S\$1.4 million from S\$71.0 million as at 31 December 2009. This was primarily attributed to a negative capital reserve of S\$18.0 million arising from the difference between the total consideration paid, and the net asset value of the balance 49% interests in TAT Petroleum acquired in August 2010. This negative capital reserve was partially offset by an increase in share capital of S\$15.1 million arising from the issue of 54,000,000 consideration shares at S\$0.28 per share to the vendors of TAT Petroleum, and accumulated profits of S\$2.8 million for 9M10.

**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 2010.

**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 improvement in economic conditions in the region has generally led to a higher level of industrial activity. This has translated into an improvement in demand conditions for refined petroleum products and benefits TAT Petroleum which is now a wholly-owned subsidiary of the Group. However, the Group maintains a more cautious view of CP segment due to the challenging operating environment.

**CP SEGMENT**

The operating landscape for the CP segment remains challenging due to intense competitive conditions, pressure from customers to revise the pricing of services amid an oversupply situation, potential delays or cancellations of customers' projects and increasing competition from alternative corrosion prevention services. These factors could have an adverse impact on the revenue and gross profit margin of CP segment.

As such, the Group's immediate strategy was to ensure CP segment maintains an efficient cost structure to remain competitive and sustain its market share. As part of the cost rationalisation initiatives, the Group has sold one of its Plant Operations facilities to streamline its capacity to current market conditions. Besides ongoing improvement programs, the Group is also working on expanding and diversifying CP segment's customer base across various industries. These efforts will enable the Group to increase its flexibility and be in a strong position to tap on business opportunities when they arise.

## **TAT PETROLEUM SEGMENT**

The Group believes the prospects of TAT Petroleum are positive, and expects the acquisition of the remaining 49% interests in TAT Petroleum to have a positive impact on the earnings attributable to shareholders in FY2010 and FY2011. TAT Petroleum is well-positioned to capitalise on the improving demand for refined petroleum products given its extensive product range and regional customer base that spans diverse industries. Besides its headquarters in Singapore and offices in Hong Kong and China, TAT Petroleum has also set up direct presence in Vietnam and South Korea over the last 12 months.

Going forward, TAT Petroleum intends to pursue strategies to move its business up the supply chain and expand its market reach. TAT Petroleum plans to expand its product range, widen customer base in existing markets and continue developing new potential markets in Asia Pacific such as the emerging markets in South Asia and Southeast Asia.

### **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**

Not applicable.

### **13. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

We, Thomas Lim Siok Kwee and Goh Koon Seng, 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 3Q10 financial statements to be false or misleading in any material respect.

## **BY ORDER OF THE BOARD**

Thomas Lim Siok Kwee  
Executive Chairman & CEO  
12 November 2010