



## SEE HUP SENG'S PROFIT ATTRIBUTABLE TO EQUITY HOLDERS LEAPS 84% TO S\$2.2M IN 1Q11

- Group revenue up 14% to S\$57.9 million in 1Q11
- Surge in profit attributable to equity holders driven by steady revenue growth, increased equity interest in TAT Petroleum and improved contribution from the Corrosion Prevention business
- TAT Petroleum achieves record quarterly revenue on robust demand for refined petroleum products
- Corrosion Prevention business to maintain focus on customer expansion and cost-cutting initiatives

**Singapore, 11 May 2011 – See Hup Seng Limited (四合成有限公司)** (“See Hup Seng” or the “Group”), a leading provider of corrosion prevention services in Singapore and strategic value-added distributor of refined petroleum products in Asia Pacific, today reported that its profit attributable to equity holders surged 84% year-on-year to S\$2.2 million for the three months ended 31 March 2011 (“1Q11”).

Group revenue in 1Q11 rose a healthy 14% to S\$57.9 million, driven by robust sales of the Refined Petroleum Distribution (“TAT Petroleum”) business segment. Coupled with the benefit of See Hup Seng’s decision to raise its stake in TAT Petroleum to 100% in August 2010 from 51% previously, and the improved contribution from the Corrosion Prevention (“CP”) business segment to Group profit, this led to the sharp increase in profit attributable to equity holders in 1Q11.

**Mr Thomas Lim Siok Kwee, Executive Chairman & CEO of See Hup Seng** said, “The Group started the year on a positive note as we continued to benefit from key initiatives that were implemented at our two core business segments over the past year. In addition, our decision to make TAT Petroleum a wholly-owned subsidiary is paying off as its profit contribution substantially lifted the Group’s earnings attributable to shareholders in 1Q11.

TAT Petroleum scored its highest-ever quarterly revenue in 1Q11, thanks to improving regional demand and higher selling prices of its refined petroleum products. We will be looking to further capitalize on this positive trend by increasing our market penetration and strengthening our supply chain. In fact, TAT Petroleum is on a constant look-out for opportunities to form new partnerships that will expand its growth avenues.

Meanwhile, CP segment saw sales and profit margins for the Plant Operations and Grit Blasting – Site business units improving in 1Q11 as we were able to sustain the cost competitiveness and market share of these units through customer expansion and cost control initiatives.”

As at 31 March 2011, the Group maintained a sound financial position with cash and cash equivalents totaling S\$27.9 million, and a net gearing<sup>1</sup> of around 0.1 time.

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

## Financial Review

S\$ million	SEGMENTS (1Q11)		GROUP		
	CP	TAT Petroleum	1Q11	1Q10	yoy change
Revenue	9.3	48.6	57.9	50.9	14%
Gross profit	2.6	6.6	9.2	8.3	11%
GP margin	28.3	13.5	15.9	16.3	-
Profit before tax	0.7	1.8	2.5	2.4	4%
Income tax	0.1	0.3	0.4	0.4	(6%)
Profit after tax	0.6	1.5	2.1	2.0	6%
Profit attributable to Shareholders	0.6	1.6	2.2	1.2	84%
EBITA	1.1	2.4	3.5	3.6	(3%)

Fuelled by improving regional demand for refined petroleum and higher selling prices of its refined petroleum products, TAT Petroleum achieved its highest-ever quarterly revenue of S\$48.6 million in 1Q11, a 26% gain from S\$38.6 million in 1Q10. As a result, TAT Petroleum accounted for 84% of Group revenue in 1Q11.

TAT Petroleum also recorded higher gross profit of S\$6.6 million in 1Q11. However, its gross profit margin eased to 13.5%, from 15.3% in 1Q10 due to a faster pace of increase in cost of sales relative to selling price, and attributed partly to market competition. There is generally a time lag between increases in the cost of refined petroleum products and adjustments of selling prices to customers.

Revenue of CP segment decreased 23% to S\$9.3 million in 1Q11, from S\$12.3 million in 1Q10. This was due mainly to lower revenue derived from the Trading business unit as a result of a one-off sale of steel plate stocks of S\$2.0 million in 1Q10, and Tank Coating and Module Blasting business unit, which continued to face increased competition from alternative tank coating services such as hydroblasting. However, the decline was partly cushioned by sales increases at its Plant Operations and Grit Blasting – Site business units.

Despite registering lower revenue, CP segment's gross profit improved to S\$2.6 million in 1Q11. This resulted in a healthy expansion of its gross profit margin to 28.3%, from 19.6% in 1Q10.

At Group level, gross profit in 1Q11 increased 11% to S\$9.2 million. However, the Group's gross profit margin softened slightly to 15.9%, compared with 16.3% in 1Q10.

## Business Outlook

With industrial activities in the Asia Pacific region improving steadily, the Group remains positive of TAT Petroleum's long term business prospects. Headquartered in Singapore, TAT Petroleum has offices in Hong Kong, China, Vietnam and South Korea which is in line with its strategy to become a leading distributor of petroleum-derived products in the region.

Going forward, TAT Petroleum will be pursuing strategies to move its business up the supply chain and extend its market reach to capitalize on the region's growing demand for refined petroleum products.

Earlier in April, TAT Petroleum set up a new subsidiary in Indonesia to improve its competitiveness in the chemical business there by bringing it closer to the market and providing opportunities to expand its product coverage. It is also exploring the development of new potential markets such as the emerging

markets in South Asia and Southeast Asia. In addition, TAT Petroleum is constantly seeking opportunities with new partners to expand its product range and widen its customer base.

While certain business units of CP segment are showing encouraging signs of recovery, the Group is maintaining a cautious outlook for this business as it expects market conditions for the Tank Coating and Module Blasting business units to remain challenging. Hence, the Group intends to continue focusing on enhancing CP segment's cost structure while expanding and diversifying its customer base across various industries.

---

### **About See Hup Seng**

See Hup Seng Limited is a leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries in Singapore. The Group also has a wholly-owned subsidiary, TAT Petroleum Pte Ltd, which is a strategic value-added distributor that offers comprehensive supply chain management of refined petroleum products in Asia Pacific.

Established in 1971, the Group's corrosion prevention business has successfully moved up the value chain to establish a strong niche in specialised tank coating services, and large-scale plant operations that are supported by a fully-equipped facility in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum offers value-added solutions for refined petroleum products to its customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

TAT Petroleum's comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the brand of its major supplier, to storage and distribution of these products to designated locations.

See Hup Seng is listed on the Mainboard of SGX-ST. For further information, please visit the Group's website at [www.seehupseng.com.sg](http://www.seehupseng.com.sg)