



See Hup Seng's Profit to Equity Holders for 9M11 More than Doubles to S\$6.1 M

- Higher sales of TAT Petroleum drives Group revenue up 25% to S\$181.8 million in 9M11
- Profit attributable to equity holders in 3Q11 increases 27% to S\$1.3 million

Singapore, 14 November 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 jumped 117% to S\$6.1 million for the nine months ended 30 September 2011 (“**9M11**”), from S\$2.8 million in the previous corresponding period.

Group revenue in 9M11 grew 25% to S\$181.8 million, driven by a 33% increase in sales from its Refined Petroleum Distribution business segment (“**TAT Petroleum**”). The significant improvement in the Group's profit attributable to equity holders in 9M11 was due mainly to the better performance of the Corrosion Prevention (“**CP**”) segment, and See Hup Seng's increased equity stake in TAT Petroleum to 100% since August 2010, compared to a 51% stake previously.

For the three months ended 30 September 2011 (“**3Q11**”), Group revenue increased 34% to S\$60.8 million, driven mainly by double-digit revenue growth of TAT Petroleum. Group net profit in 3Q11 decreased marginally to S\$1.3 million from S\$1.5 million in 3Q10, as TAT Petroleum recorded lower profit in 3Q11. However, the lower profit from TAT Petroleum was partially offset by higher operating profit and a gain on disposal of fixed assets from CP segment. The performance of CP business in 3Q11 together with See Hup Seng's increased equity stake in TAT Petroleum to 100%, helped lift the profit attributable to equity holders by 27% year-on-year to S\$1.3 million.

As at 30 September 2011, the Group had cash and bank balances, and fixed deposits totaling S\$36.9 million. As a result, its financial position remains sound with net gearing of around 0.19 times.

Mr Thomas Lim Siok Kwee, Executive Chairman and CEO of See Hup Seng said, “The Group witnessed continued growth in revenue in 3Q11 despite the more cautious demand conditions for refined petroleum products and corrosion prevention services when compared to the first half of 2011. The Group has also delivered higher profits to See Hup Seng's shareholders for the year-to-date, in comparison to the same period in 2010.

Nevertheless, in light of increased uncertainties about the direction of the global economy, we intend to maintain a prudent approach in the management of our finances and inventories. This shall ensure the Group remains financially sound and in a good competitive position to capitalise on potential business opportunities and pick-up of business activities in the region.”

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Segment Review

S\$ million	SEGMENTS (3Q11)		GROUP (3Q11 vs 3Q10)			GROUP (9M11 vs 9M10)		
	CP	TAT Petroleum	3Q11	3Q10	yoY change	9M2011	9M2010	yoY change
Revenue	8.6	52.2	60.8	47.0	29%	181.8	144.9	25%
Gross profit	2.5	5.7	8.2	7.7	6%	27.2	23.7	15%
GP margin	28.5%	11.0%	13.5%	16.3%	-	15.0%	16.4%	-
Profit before tax	1.3	0.5	1.8	1.9	(5%)	7.6	5.9	29%
Income tax	0.3	0.2	0.5	0.4	10%	1.5	1.1	31%
Profit after tax	1.0	0.3	1.3	1.5	(10%)	6.1	4.8	28%
Profit attributable to Shareholders	1.0	0.3	1.3	1.0	27%	6.1	2.8	117%
EBITA	1.7	1.0	2.7	2.9	(7%)	10.5	9.2	14%

TAT Petroleum's revenue in 3Q11 improved 36% to S\$52.2 million, from S\$38.4 million in 3Q10, due to an increase in sales volume coupled with the relatively higher average selling price of petroleum-derived products during the quarter. With end users of petroleum derived products adopting a more cautious stance during 3Q11, TAT Petroleum boosted sales by employing an aggressive pricing strategy to counter intensifying competitive conditions. TAT Petroleum accounted for a dominant 85% share of the Group's revenue in 3Q11.

On a sequential basis, TAT Petroleum's revenue eased marginally from S\$53.9 million in 2Q11 due mainly to lower average selling price between the two periods as a result of a sudden fall in crude oil prices in 3Q11.

TAT Petroleum generated gross profit of S\$5.7 million in 3Q11, unchanged from the same quarter a year before despite the increase in sales volume as gross profit margin ("GPM") declined to 11.0% in 3Q11, compared to 14.9% in 3Q10. As the price of crude oil experienced a sudden decline during 3Q11, coupled with higher cost of inventory replenishment in the first half of FY2011, TAT Petroleum saw a contraction of its GPM in 3Q11, which was also partly affected by the adoption of an aggressive pricing strategy.

In line with its higher sales volumes and business expansion into Vietnam and South Korea, TAT Petroleum's operating expenses increased 21% which resulted in lower profit before tax of S\$0.5 million in 3Q11.

CP's revenue of S\$8.7 million in 3Q11 was comparable to the year ago period as higher sales generated from the Plant Operations was offset by lower sales from the Grit Blasting – Site business unit. On a sequential basis, CP's revenue in 3Q11 decreased 6% from S\$9.3 million in 2Q11.

Gross profit of CP increased 25% to S\$2.5 million, thanks to the expansion of its GPM to 28.5%, compared to 22.7% in 3Q10. This was mainly due to the improved sales mix and better utilisation rate of the Plant Operations, as well as the better performance of the Trading unit. Together, these two business units more than offset the decline in GPM of the Grit Blasting – Site and Tank Coating and Module Blasting units, which were affected by price pressure from customers and competition.

CP's profit before tax of S\$1.3 million in 3Q11 was a significant increase from S\$0.3 million in 3Q10 and S\$0.6 million in 2Q11. This was contributed largely by its improved operating efficiency and a gain from the disposal of one of its Plant Operations facilities.

After deducting income tax of S\$0.5 million, the Group's net profit in 3Q11 declined 10% to S\$1.3 million from S\$1.5 million in 3Q10.

Business Outlook

With industrial customers in the region becoming more cautious in recent months, this is leading to more intense competitive conditions for distributors of refined petroleum products such as TAT Petroleum. Moreover, continued volatility in the price of crude oil and unfavourable movements of foreign currencies against the Singapore dollar could also have an impact on TAT Petroleum's gross profit margins in the short term.

To attain long-term growth and become a leading distributor of petroleum-derived products in the region, TAT Petroleum will continue to pursue its two-prong strategy of expanding market reach and moving up the supply chain. Besides developing new potential markets, such as the emerging markets in South Asia and Southeast Asia, TAT Petroleum will also be seeking viable partnerships that add value to its current business including, but not limited to, expanding supply chain, widening of product range and strengthening of customer base.

As for CP, the operating environment remains challenging, particularly for the Tank Coating and Module Blasting, and Grit Blasting – site business units, due to pricing pressure amid intense competitive conditions. As such, the Group will endeavour to maintain an efficient and competitive cost structure while continuing to work on broadening its customer base across a wider range of 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