



**NEWS RELEASE**

**SEE HUP SENG POSTS NET PROFIT OF S\$1.5 M ON REVENUE OF S\$47.0 M IN 3Q10**

**Key Highlights:**

- **Group revenue in 3Q10 up 11% y-o-y, lifted by better sales from core businesses**
- **Net profit in 3Q10 down 27% due mainly to business expansion costs**
- **Net profit for 9M10 however gained 39% to S\$4.8 m**
- **See Hup Seng's shareholders to benefit from a further 49% stake in TAT Petroleum which has become a wholly-owned subsidiary on 20 August 2010**

**Singapore, 12 November 2010** – See Hup Seng Limited (“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 the Group has achieved higher revenue of S\$47.0 million for the three months ended 30 September 2010 (“3Q10”).

This represented a year-on-year (y-o-y) increase of 11% from S\$42.4 million in 3Q09, driven by improved sales performances of both core businesses – Refined Petroleum Distribution (“TAT Petroleum”) and Corrosion Prevention (“CP”).

The Group's net profit in 3Q10 however, declined 27% or around S\$0.5 million y-o-y to S\$1.5 million. This decrease was attributed mainly to higher operating expenses in line with TAT Petroleum's business expansion in the regional markets, professional fees incurred for the acquisition of the balance 49% interest in TAT Petroleum, as well as adjustment in 3Q10 for under-provision of tax in prior years for the CP business.

Nonetheless, the Group raised its net profit for the nine months ended 30 September 2010 (“9M10”) by 39% to S\$4.8 million, compared to S\$3.4 million in the year-ago period. The recovery in business conditions, coupled with cost rationalisation efforts, led to an improvement in sales and profit for TAT Petroleum and CP business segments during 9M10. Correspondingly, profit attributable to equity holders also climbed 66% to S\$2.8 million in 9M10.

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Mr Thomas Lim Siok Kwee, Executive Chairman & CEO of See Hup Seng said, "Based on TAT Petroleum's track record of growth and its future prospects, we believe that the Group's increased stake in TAT Petroleum to 100%, from 51% previously, will enhance the earnings stream to See Hup Seng's shareholders. With our combined resources, TAT Petroleum will also be in a stronger position to pursue its expansion plans and solidify its market position in the Asia Pacific region.

In addition to achieving incremental earnings to shareholders from TAT Petroleum, we also aim to improve long-term shareholder value through cost rationalisation and careful restructuring of our CP business to sustain its competitiveness and expand business opportunities."

See Hup Seng completed the acquisition of the balance 49% equity interests in TAT Petroleum on 20 August 2010. As at 30 September 2010, the Group remained in a sound financial position with S\$24.1 million in cash and cash equivalents, and a net gearing<sup>1</sup> of 0.3 times.

**Financial Review**

S\$ million	SEGMENTS (3Q10)		GROUP				
	CP	TAT Petroleum	3Q10	3Q09	y-o-y change	9M10	y-o-y change
<b>Revenue</b>	8.6	38.4	<b>47.0</b>	42.4	11%	<b>144.9</b>	29%
<b>Gross Profit</b>	2.0	5.7	<b>7.7</b>	7.1	8%	<b>23.7</b>	12%
<b>GP Margin</b>	23%	15%	<b>16%</b>	17%	-	<b>16%</b>	-
<b>Profit before tax</b>	0.2	1.6	<b>1.9</b>	2.3	(19%)	<b>5.9</b>	37%
<b>Income tax</b>	(0.2)	(0.3)	<b>0.4</b>	0.3	31%	<b>1.1</b>	26%
<b>Profit after tax</b>	0.08	1.4	<b>1.5</b>	2.0	(27%)	<b>4.8</b>	39%
<b>EBITA</b>	0.7	2.2	<b>2.9</b>	3.5	(17%)	<b>9.2</b>	18%

TAT Petroleum's revenue grew 13% to S\$38.4 million in 3Q10 from S\$34.1 million in 3Q09 on the back of improved demand for refined petroleum products in the region. As a result, TAT Petroleum continued to dominate Group revenue with a contribution of 80% in 3Q10.

Revenue from the CP segment in 3Q10 of S\$8.6 million was also 4% higher than S\$8.3 million in 3Q09. The improvement was led by increased site blasting jobs and better business volume of the *Trading* unit, which mitigated the decrease in tank coating jobs at customers' shipyards in 3Q10. The segment's *Plant Operations* achieved steady sales in 3Q10 compared to the year-ago period.

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



The Group recorded a gross profit of S\$7.7 million in 3Q10, up 8% from S\$7.1 million previously. Around S\$5.7 million of the gross profit in 3Q10 was derived from TAT Petroleum, with the remaining S\$2.0 million from the CP segment.

Gross profit margin (GPM) in 3Q10 remained fairly stable at 16% compared against 17% in 3Q09. The GPM of TAT Petroleum and CP segments were largely unchanged at approximately 15% and 23% respectively in 3Q10. Despite competitive conditions, the CP segment was able to sustain its GPM as the *Grit Blasting – Site* unit secured higher value site blasting jobs during the quarter under review. These orders cushioned the effect of lower GPM for its *Plant Operations* and *Tank Coating and Module Blasting* business units in 3Q10.

In 3Q10, the CP segment recorded a modest profit of S\$80,000 despite incurring one-time professional fees and higher tax provision. TAT Petroleum's net profit in 3Q10 dipped marginally to S\$1.4 million from S\$1.5 million in 3Q09 as operating costs have risen in tandem with the expansion of its operations in South Korea and Vietnam over the past year.

### **Business Outlook**

With an established reputation and regional customer base that spans diverse industries, TAT Petroleum is well-positioned to capitalise on the demand for refined petroleum products which is being driven by higher industrial activity in the region. Over the past year, TAT Petroleum has set up direct presence in South Korea and Vietnam to enhance its competitive position and increase market penetration.

The acquisition of the remaining 49% interests in TAT Petroleum is expected to have a positive impact on the earnings attributable to shareholders in FY2010 and FY2011.

Notwithstanding the current challenging operating landscape, the Group believes that business opportunities will continue to exist for its CP business which is cyclical in nature. The CP segment is executing cost rationalisation and business initiatives to ensure that it remains in a strong position to seize these opportunities when they arise.

The Group is restructuring some of CP segment's business units to achieve a more efficient cost structure. It has also 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.



## SEE HUP SENG LIMITED

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ON REVENUE OF S\$47.0 M IN 3Q10

### **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)