



NEWS RELEASE

SEE HUP SENG POSTS NET PROFIT OF S\$2.3M IN FY2009

Key Highlights:

- **Group revenue improved with each quarter in FY2009 to a total of S\$157.2M, albeit 22% lower than FY2008**
- **Early efforts to streamline cost structure helped achieve profitability**
- **Cash and cash equivalents rose to S\$40.5 million despite difficult business backdrop**
- **Group proposing a tax-exempt (one-tier) final dividend of 0.3 cents per share**

Singapore, 26 February 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 net profit of S\$2.3 million for the financial year ended 31 December 2009 (“FY2009”) on full-year revenue of S\$157.2 million.

The Group ended FY2009 on a relatively firm note with revenue in the last quarter of the year (“4Q09”) growing 13% year-on-year to S\$44.7 million. This was the best quarterly revenue the Group witnessed throughout FY2009. On a full year basis however, Group revenue in FY2009 was down by 22% compared to FY2008 due to the fallout of the global financial crisis. Sales of the Group’s two business segments – corrosion prevention (“CP”) and refined petroleum distribution (“TAT Petroleum”) in FY2009 were affected by a significant slowdown in customers’ orders and increased competition.

Mr Thomas Lim Siok Kwee, Executive Chairman of See Hup Seng said, “The Group persevered through a challenging period in FY2009 and concluded the year with a profit and stronger balance sheet. Thanks to our early efforts to rationalise our cost structure during the downturn, and our leading industry position in both business segments, we were able to conserve our resources and capitalise on the pick up in momentum during the second half of 2009.

Notwithstanding this, we are mindful that the economic recovery process could be precarious, while business sentiment may vary across different industries. In view of this, we will maintain a



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cautious approach and sustain our sound financial position to ensure that the Group is able to withstand any challenges and be ready to seize organic and acquisitive growth prospects.”

Given its healthy balance sheet, See Hup Seng is proposing to pay a final dividend of 0.3 cents per share (one-tier tax-exempt) in respect of FY2009 to reward shareholders.

Financial Review

S\$ million	SEGMENTS (FY09)		GROUP		
	CP	TAT Petroleum	FY2009	FY2008	y-o-y change
Revenue	32.9	124.3	157.2	200.3	(22)%
Gross profit	7.6	20.8	28.4	38.4	(26)%
GP margin	23%	17%	18%	19%	-
Profit before tax	(0.6)	4.4	3.8	15.8	(76)%
Income tax	(0.7)	(0.7)	(1.3)	(3.0)	(55)%
Profit after tax	(1.4)	3.7	2.3	12.8	(82)%
EBITA	1.5	6.8	8.3	20.8	(60)%

Revenue of CP segment in FY2009 decreased 42% year-on-year to S\$32.9 million as demand for corrosion prevention services diminished with the significant slowdown in the marine industry and steel distribution sector. On a quarterly basis however, revenue edged up from S\$7.3 million in 1Q09 to S\$8.9 million in 4Q09, lifted mainly by the Group's tank coating services for FPSO conversions.

TAT Petroleum registered a 14% decline in revenue to S\$124.3 million in FY2009 due to a contraction in demand for refined petroleum products and reduction in average selling prices. In tandem with the improvement in industrial activities in the region, TAT Petroleum saw better momentum for customer orders in the second half of FY2009 and achieved revenue of S\$35.8 million in 4Q09. This translated into an increase of 33% from 1Q09 and 19% from the same period a year ago.

Group gross profit margin narrowed slightly to 18% in FY2009 as CP segment's gross profit margin was reduced to 23% (FY2008: 30%) due to the combined effects of price pressure, change in sales mix, and under-absorption of fixed overhead costs. TAT Petroleum on the other hand improved its gross profit margin to 17% in FY2009 (FY2008: 15%) despite selling price adjustments in the second half of FY2009 caused by the fall in the price of crude oil.



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The Group's initiatives to streamline its cost structure during the first half of FY2009 have in part mitigated the impact of weaker sales and gross profits on its profitability. Consequently, the Group posted a net profit of S\$2.3 million in FY2009, a decline of 82% from FY2008. Notwithstanding the difficult business backdrop, the Group continued to strengthen its balance sheet. As at 31 December 2009, it had higher cash and cash equivalents of S\$40.5 million, and lower net gearing of 0.03 times.

"Although the operating environment and business conditions for CP segment have become more challenging after the global economic crisis, the Group is well-prepared and financially sound to cope with these changes. We will continue to look for opportunities to enhance our CP segment's value proposition through expansion of service range and market coverage," said Mr Lim.

Backed by its broad market coverage in the Asia Pacific and customer base spanning diverse industries, TAT Petroleum is well-placed to benefit from the recovery in industrial activities which will drive demand for refined petroleum products. The Group is also aiming to strengthen Tat Petroleum segment's market position by seeking new master distribution contracts that broaden its product range and geographical footprint.

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 51%-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 two fully-equipped facilities in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

As a strategic distributor of ExxonMobil in the Asia Pacific region, TAT Petroleum offers value-added solutions to its major supplier and customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries. Its comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the ExxonMobil brand, to storage and distribution of these products to designated locations.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea and Indonesia, TAT Petroleum is also one of only three distributors of ExxonMobil in the world that has an approved clean-room facility for packaging of medicine white oil.

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