



NEWS RELEASE

SEE HUP SENG'S NET PROFIT IN FY10 TRIPLES TO S\$7.3 M

Key Highlights:

- **Stellar full-year performance achieved on revenue growth of 27% to S\$199.5m**
- **Group proposing a final dividend (one-tier tax exempt) of 0.5 cents per share**
- **Wholly-owned TAT Petroleum expected to increase its contribution to earnings attributable to shareholders in FY11**
- **TAT Petroleum poised to capitalise on regional demand for refined petroleum products while Corrosion Prevention business sees recovery in certain business units**

Singapore, 23 February 2011 – 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 a 220% surge in net profit to S\$7.3 million for the 12 months ended 31 December 2010 (“FY10”) on the back of a 27% rise in revenue to S\$199.5 million.

The Group’s stellar full-year performance was fuelled by its Refined Petroleum Distribution (“TAT Petroleum”) business, which saw an 84% jump in net profit to S\$6.8 million, and return to profitability of the Corrosion Prevention (“CP”) business.

For the three months ended 31 December 2010 (“4Q10”), the Group posted a net profit of S\$2.5 million, reversing the loss of S\$1.1 million posted in the year ago period. This was achieved on revenue growth of 22% year-on-year (yoy) to S\$54.6 million in 4Q10, thanks to the strong sales performance of TAT Petroleum during the last quarter of the year. On a quarter-on-quarter (qoq) basis, Group revenue in 4Q10 also registered an increase of 16% from S\$47.0 million in 3Q10.

Together with an increase in the Group’s equity interests in TAT Petroleum to 100% since 20 August 2010, the higher profits from CP business and TAT Petroleum led to a significant jump in profit attributable to equityholders to S\$5.3 million in FY10, from S\$0.5 million in FY09.

To express its appreciation to shareholders, the Group is proposing to pay a tax-exempt (one-tier) final dividend of 0.5 cents per share in respect of FY10.



Mr Thomas Lim Siok Kwee, Executive Chairman & CEO of See Hup Seng said, "FY10 was a significant year for the Group. We started to reap the rewards of key initiatives implemented at our two key businesses to deliver a commendable performance.

Over the past two years, our management has put a series of cost rationalisation programs in place at CP segment to deal with the business slowdown, as well as sustain its competitiveness and market share. These cost management efforts, coupled with a customer expansion initiative, resulted in improving sales and enabled CP segment to return to profitability in FY10.

Our management team has also been working hard to strengthen TAT Petroleum's competitive position to capitalise on the revival in demand for refined petroleum products in the region. Besides widening our footprint to increase penetration of the region's growth markets, we are also executing a number of on-going initiatives to enhance our value position within the supply chain."

The Group's decision to raise its stake in TAT Petroleum to 100% in August 2010, from 51% previously, is already paying off. TAT Petroleum produced one of its strongest performances in 4Q10, which helped to enhance the earnings attributable to the Group's shareholders.

Given the increased stake and current positive prospects of TAT Petroleum, the Group believes the contribution from TAT Petroleum to earnings attributable to shareholders in FY11 should improve over FY10.

As at 31 December 2010, the Group remained in a sound financial position with S\$28.6 million in cash and cash equivalents, and a net gearing¹ of 0.2 times.

Financial Review

S\$ million	SEGMENTS (FY10)		GROUP		
	CP	TAT Petroleum	FY10	FY09	yoy change
Revenue	37.4	162.1	199.5	157.2	27%
Gross profit	8.3	24.3	32.7	28.4	15%
GP margin	22%	15%	16%	18%	-
Profit before tax	0.6	8.0	8.6	3.6	138%
Income tax	(0.1)	(1.2)	(1.3)	(1.3)	0%
Profit after tax	0.5	6.8	7.3	2.3	217%
EBITA	2.6	10.3	12.9	8.3	55%

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



With demand for refined petroleum products picking up in tandem with industrial activity in the region, TAT Petroleum chalked up a healthy 30% increase in revenue to S\$162.1 million in FY10. As a result, it accounted for a dominant 81% share of the Group's revenue.

TAT Petroleum's steady business momentum during the year saw it registering four quarters of year-on-year revenue growth during FY10. Revenue of S\$46.0 million in 4Q10 was a yoy increase of 29% from S\$35.8 million in 4Q09 and a qoq gain of 20% from S\$38.4 million in 3Q10.

The CP segment also attained a creditable 14% gain in revenue to S\$37.4 million in FY10 in spite of the intense competitive and selling price pressures faced by providers of corrosion prevention services. All its key business units achieved better sales with the exception of the Plant Operations unit, which saw revenue easing marginally due to relatively slower business conditions during the first half of FY10.

The Group's gross profit increased 15% to S\$32.7 million in FY10, from S\$28.4 million previously. However, GP margin of 16% in FY10 was slightly softer compared to 18% in FY09.

Business Outlook

Amid the gradual improvement in industrial activities in the region, the Group has a positive view of TAT Petroleum's business in the current financial year. With its established reputation and broad network of offices in the Asia Pacific, TAT Petroleum is well-positioned to take advantage of the demand for refined petroleum products in the region. It has an extensive product range to serve the needs of its wide customer base that spans diverse industries including pharmaceutical, agricultural, electronics, and plastics sectors.

Going forward, TAT Petroleum intends to pursue strategies to move its business up the supply chain and expand its market reach. TAT Petroleum also has plans to expand its product range, widen its 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.

See Hup Seng also sees demand conditions for certain business units of CP segment recovering in tandem with the improvement in customers' business activities. Nonetheless, the Group remains cautious in its outlook for CP segment as the operating environment continues to pose challenges due to intense competitive conditions, pressure from customers to revise the pricing of services amid an oversupply situation and potential delays or cancellations of customers' projects.



Besides maintaining an efficient cost structure and implementing ongoing improvement programs, the Group will continue working to expand and diversify 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.

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 and Vietnam, 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