



See Hup Seng Limited

4th Quarter 2008
Results Briefing
26 February 2009
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**A LEADING CORROSION
PREVENTION SPECIALISTS
IN SINGAPORE**

TWIN BUSINESS PILLARS

**A LEADING DISTRIBUTOR
OF REFINED PETROLEUM
PRODUCTS IN THE
ASIA-PACIFIC REGION**



Quarterly Income Statement Ended 31 December 2008



	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
	2008	2007	Change	2008	2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	39,380	45,686	-14%	200,319	127,422	57%
Cost of sales and services	(31,354)	(36,908)	-15%	(161,968)	(96,555)	68%
Gross profit	<u>8,026</u>	<u>8,778</u>	-9%	<u>38,351</u>	<u>30,867</u>	24%
Other income	739	1,131	-35%	1,404	2,183	-36%
Selling and distribution expenses	(1,216)	(928)	31%	(3,792)	(2,363)	60%
Administrative expenses	(2,908)	(2,025)	44%	(10,678)	(7,207)	48%
Other operating expenses	(1,681)	(2,006)	-16%	(7,274)	(5,968)	22%
Profit from operations	<u>2,961</u>	<u>4,950</u>	-40%	<u>18,011</u>	<u>17,512</u>	3%
Finance costs	(644)	(298)	116%	(1,899)	(1,179)	61%
Share of (loss)/profit of associated company	(116)	148	-179%	(266)	171	-256%
Profit before income tax	<u>2,201</u>	<u>4,800</u>	-54%	<u>15,846</u>	<u>16,504</u>	-4%
Income tax	(569)	(933)	-39%	(2,998)	(1,659)	81%
Profit after income tax	<u>1,633</u>	<u>3,867</u>	-58%	<u>12,848</u>	<u>14,845</u>	-13%
Attributable to:						
Equity holders of the Company	1,044	3,693	-72%	9,805	13,567	-28%
Minority interests, net of income tax	589	174	239%	3,043	1,278	138%
	<u>1,633</u>	<u>3,867</u>	-58%	<u>12,848</u>	<u>14,845</u>	-13%



Q408 VS Q407 BY SEGMENTS

	Corrosion Prevention Segment	Refined Petroleum Distribution Segment	Total
SALES			
Q408 (\$'000)	9,375	30,004	39,379
Q407 (\$'000)	18,634	27,052	45,686
% Growth	-50%	11%	-14%
GROSS PROFIT			
Q408 (\$'000)	2,793	5,233	8,026
Q407 (\$'000)	5,680	3,098	8,778
% Growth	-51%	69%	-9%
GROSS MARGIN			
Q408 (%)	30%	17%	20%
Q407 (%)	30%	11%	19%
PBT			
Q408 (\$'000)	408	1,793	2,201
Q407 (\$'000)	4,833	-33	4,800
% Growth	-92%	-5533%	-54%
PAT			
Q408 (\$'000)	432	1,201	1,633
Q407 (\$'000)	3,681	186	3,867
% Growth	-88%	546%	-58%
PAT / SALES			
Q408 (%)	5%	4%	4%
Q407 (%)	20%	1%	8%

Sales:

- The Group posted revenue of S\$39.4 million for Q408, which was S\$6.3 million or 14% lower than the corresponding quarter of last financial year (Q407). The decrease was mainly attributable to lower revenue contribution from Corrosion Prevention ("CP") segment as a result of the global economy slowdown and financial crisis which have affected the marine, offshore, and oil and gas industry. The decrease was partially offset by higher revenue contribution from Refined Petroleum Distribution ("Tat") segment.
- Weighed down by the sharp drop in oil prices and slowdown in the economy, CP segment saw a slowdown in its tank coating and trading business units in Q408. As such, CP registered a drop in revenue to S\$9.4 million in Q408, which was S\$9.3 million or 50% lower than Q407.
- Revenue for Tat segment rose 11% to S\$30.0 million in Q408 from S\$27.1 million in Q407 on the back of the additional master distribution contracts clinched in last two quarters of FY2007, which has expanded the refined petroleum products range and areas of coverage, and efforts in expanding the customer base.

Gross Profit & Gross Margins:

- The Group's gross profit decreased by S\$0.8 million or 9% from S\$8.8 million in Q407 to S\$8.0 million in Q408. The decrease was mainly attributable to lower revenue contribution from CP segment. However, the decrease was partially offset by higher gross profit contribution from Tat segment as a result of higher revenue contribution and gross margin secured in Q408.
- Gross margin for CP segment in Q408 was comparable to Q407 at 30%. The improved gross margin of 17% (Q407: 11%) registered by Tat segment in Q408 was mainly due to better selling prices and difference in sales mix. Consequently, the Group composite gross margin increased slightly to 20% in Q408 from 19% in Q407.

PAT:

- CP segment registered a lower PAT as a result of lower revenue as mentioned above, and share of loss of associated company in Q408 as compared to a gain in Q407.
- Tat segment registered a higher PAT as a result of higher revenue and improved margin as mentioned above.



YTD 4Q08 BY SEGMENTS

	Corrosion Prevention Segment	Refined Petroleum Distribution Segment	Total
SALES			
YTD 4Q08 (\$'000)	56,442	143,877	200,319
YTD 4Q07 (\$'000)	58,458	68,964	127,422
% Growth	-3%	109%	57%
GROSS PROFIT			
YTD 4Q08 (\$'000)	16,930	21,421	38,351
YTD 4Q07 (\$'000)	22,018	8,849	30,867
% Growth	-23%	142%	24%
GROSS MARGIN			
YTD 4Q08 (%)	30%	15%	19%
YTD 4Q07 (%)	38%	13%	24%
PBT			
YTD 4Q08 (\$'000)	7,846	8,000	15,846
YTD 4Q07 (\$'000)	13,769	2,735	16,504
% Growth	-43%	193%	-4%
PAT			
YTD 4Q08 (\$'000)	6,670	6,178	12,848
YTD 4Q07 (\$'000)	12,402	2,443	14,845
% Growth	-46%	153%	-13%
PAT / SALES			
YTD 4Q08 (%)	12%	4%	6%
YTD 4Q07 (%)	21%	4%	12%

Sales:

- The Group recorded revenue of S\$200.3 million for the financial year (FY2008), which was S\$72.9 million or 57% higher than the last financial year (FY2007). The increase was mainly attributable to the robust performance from Tat segment.
- Weighed down by the sharp drop in oil prices and slowdown in the economy in Q408, CP segment saw a slowdown in its business, and the decrease in CP revenue in Q408 had pulled down the revenue growth of 18% registered by CP segment in YTD Q308 to a slight decrease in revenue of 3% in FY2008.
- Revenue for Tat segment surged 109% to S\$143.9 million in FY2008 from S\$69.0 million in FY2007 on the back of 4 quarters' financials consolidated into FY2008 as compared to only 3 quarters' financial results consolidated in FY2007 following the Company gained effective control in Q207. Furthermore, the additional master distribution contracts clinched in the last 2 quarters of FY2007 had also expanded its customer base, products range and areas of coverage in the Asia Pacific region.

Gross Profit & Gross Margins:

- The Group's gross profit increased by S\$7.5 million or 24% from \$30.8 million in FY2007 to S\$38.4 million in FY2008. The increase was mainly contributed by the revenue growth from Tat segment as mentioned above.
- CP segment registered a lower gross profit of S\$16.9 million in FY2008 as compared to S\$22.0 million in FY2007 as a result of slightly lower revenue and lower gross margin. The lower gross margin was mainly due to:
 - higher direct costs, which includes diesel, copper grits and rental of machinery and equipments, faced by tank coating division in YTD Q308 as compared to YTD Q307. Especially in Q108 whereby CP segment was working mostly on projects secured in 2007, where rates were had been contracted, the Group was unable to pass these increased costs to the clients; and
 - Lack of high value site projects in 2H08 as compared to 2H07.
- Tat segment's registered a higher gross margin as a result of better selling prices and difference in sales mix.

PBT & PAT:

- CP segment registered lower PBT mainly due to slightly lower revenue and lower gross profit contribution as mentioned above.
- With factors highlighted above and higher income tax had to be provided for CP segment for FY2008 as a result of tax losses carried forward from CP segment had been substantially utilized in offsetting the taxable income in FY2007, profit after income tax decreased by 46% to S\$6.7 million in FY2008 from S\$12.4 million in in FY2007. If CP segment needs not to accrue for the income tax in FY2008, profit after income tax for the Group would have only decreased by 7% to S\$13.7 million on a comparable basis against FY2007.
- Revenue growth had pushed Tat segment PAT by 153% to S\$6.2 million.



Q408 VS Q308 BY SEGMENTS

	Corrosion Prevention Segment	Refined Petroleum Distribution Segment	Total
SALES			
Q408 (\$'000)	9,375	30,004	39,379
Q308 (\$'000)	14,218	40,203	54,421
% Growth	-34%	-25%	-28%
GROSS PROFIT			
Q408 (\$'000)	2,793	5,233	8,026
Q308 (\$'000)	4,448	6,256	10,704
% Growth	-37%	-16%	-25%
GROSS MARGIN			
Q408 (%)	30%	17%	20%
Q308 (%)	31%	16%	20%
PBT			
Q408 (\$'000)	408	1,793	2,201
Q308 (\$'000)	1,966	2,557	4,523
% Growth	-79%	-30%	-51%
PAT			
Q408 (\$'000)	432	1,201	1,633
Q308 (\$'000)	1,574	2,119	3,693
% Growth	-73%	-43%	-56%
PAT / SALES			
Q408 (%)	5%	4%	4%
Q308 (%)	11%	5%	7%

Sales:

- The Group posted revenue of S\$39.4 million for Q408, which was S\$15.0 million or 28% lower than Q308. The decrease was mainly attributable to lower revenue contribution from both segments as a result of the global economy slowdown and financial crisis which have affected the business volume.

Gross Profit & Gross Margins:

- In line with lower revenue contribution from both segments, the Group's gross profit decreased by S\$2.7 million or 25% from S\$10.7 million in Q308 to S\$8.0 million in Q408.
- Gross margins for both segments were maintained at the same level despite the lower revenue contribution.

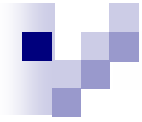
PAT:

- Both segments registered a lower PAT as a result of lower revenue as mentioned above.



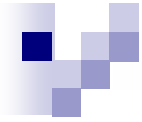
Balance Sheet - Assets

	GROUP (S\$'000)					
	31 December 2008			31 December 2007		
	Group c=a+b	Tat a	SHS b	Group f = d+e	Tat d	SHS e
ASSETS						
Non-current assets						
Property, plant and equipment	34,161	12,076	22,085	33,224	13,761	19,463
Subsidiary companies	-	-	-	-	-	-
Associated companies	512	-	512	628	-	628
Available-for-sale financial assets	290	-	290	290	-	290
Membership rights	195	195	-	195	195	-
Goodwill	8,982	-	8,982	9,611	-	9,611
Intangible assets	-	-	-	118	118	-
	44,140	12,271	31,868	44,066	14,074	29,992
Current assets						
Inventories and work-in-progress	17,013	14,750	2,263	13,330	11,705	1,625
Trade receivables	38,635	20,655	17,980	45,914	19,822	26,092
Amount due from related parties	-	-	-	-	-	-
Other receivables	4,363	2,752	1,611	3,063	1,772	1,291
Fixed deposits	28,328	8,028	20,300	22,185	2,185	20,000
Cash and bank balances	8,225	5,063	3,162	6,432	4,570	1,862
	96,563	51,248	45,315	90,924	40,054	50,870
Total assets	140,702	63,519	77,184	134,990	54,128	80,862



Balance Sheet - Liabilities

	GROUP (S\$'000)					
	31 December 2008			31 December 2007		
	Group c=a+b	Tat a	SHS b	Group f = d+e	Tat d	SHS e
ASSETS						
Current liabilities						
Trade payables and accruals	14,056	9,244	4,813	21,868	12,754	9,114
Other payables	1,391	166	1,225	1,336	191	1,145
Amount due to related parties	-	-	-	-	-	-
Term loan	1,458	858	600	1,530	960	570
Other amount due to bankers	-	-	-	733	733	-
Trust receipts	31,543	31,543	-	23,241	23,241	-
Hire purchase creditors	910	732	179	858	657	201
Provision for taxation	2,844	1,776	1,068	1,438	460	978
Dividend payable	-	-	-	-	-	-
	52,204	44,319	7,884	51,004	38,996	12,008
Non-current liabilities						
Term loan	6,209	3,453	2,755	7,672	4,316	3,356
Hire purchase creditors	1,063	1,012	51	1,750	1,520	230
Deferred taxation	937	231	706	898	102	796
	8,208	4,696	3,512	10,320	5,938	4,382
Total liabilities	60,412	49,014	11,397	61,324	44,934	16,390



Key Ratios / Indicators

	Q107			Q108			Q207			Q208			Q307			Q308			Q407			Q408			FY2007			YTD2008		
	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total	CP	Tat	Total
PROFIT & LOSS																														
Gross Margin %	44%		44%	30%	12%	17%	37%	16%	26%	29%	15%	19%	44%	12%	22%	31%	16%	20%	31%	11%	19%	30%	17%	20%	38%	13%	24%	30%	15%	19%
PAT / Sales %	22%		22%	12%	4%	6%	21%	6%	13%	15%	4%	8%	24%	5%	11%	11%	5%	7%	20%	1%	8%	5%	4%	4%	21%	4%	12%	12%	4%	6%
BALANCE SHEET																														
Current Ratio	2.0			4.2	1.0	1.8	3.0	1.0	1.8	3.7	1.2	1.8	4.2	1.0	1.8	5.3	1.1	1.8	4.2	0.9	1.7	4.0	1.2	1.8						
Sales : Days Outstanding	95			140	68	88	121	132	127	106	73	83	132	72	90	78	44	54	112	105	108	81	25	32						
Debt / Equity Ratio	17%					47%			34%			42%			28%			40%			47%			53%						
Return on Equity *	11%					3%			12%			9%			32%			12%			20%			13%						