

# SEE HUP SENG LIMITED

(Company Registration No. 197502208Z)

## Unaudited Financial Statement Announcement for the Second Quarter and Half Year 2013

### PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended 30 Jun			6 months ended 30 Jun		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	75,924	63,310	20%	146,134	123,196	19%
Cost of sales and services	(64,203)	(53,817)	19%	(123,668)	(104,759)	18%
<b>Gross profit</b>	<u>11,721</u>	<u>9,493</u>	23%	<u>22,466</u>	<u>18,437</u>	22%
Other income	706	88	702%	1,053	207	409%
Selling and distribution expenses	(2,388)	(2,056)	16%	(4,422)	(3,840)	15%
Administrative expenses	(3,713)	(3,141)	18%	(7,278)	(6,311)	15%
Other operating expenses	(2,449)	(2,063)	19%	(5,047)	(4,120)	23%
<b>Profit from operations</b>	<u>3,877</u>	<u>2,321</u>	67%	<u>6,772</u>	<u>4,373</u>	55%
Finance costs	(283)	(355)	(20%)	(498)	(671)	(26%)
Share of profit of associated company	3	(3)	N/M	8	(3)	N/M
<b>Profit before income tax</b>	<u>3,597</u>	<u>1,963</u>	83%	<u>6,282</u>	<u>3,699</u>	70%
Income tax	(843)	(428)	97%	(1,437)	(799)	80%
<b>Profit after income tax</b>	<u>2,754</u>	<u>1,535</u>	79%	<u>4,845</u>	<u>2,900</u>	67%
<b>Attributable to:</b>						
Equity holders of the Company	2,824	1,545	83%	4,919	2,905	69%
Non-controlling interests, net of income tax	(70)	(10)	(596%)	(74)	(5)	(1380%)
	<u>2,754</u>	<u>1,535</u>	79%	<u>4,845</u>	<u>2,900</u>	67%

## Statement of Comprehensive Income

	Group			Group		
	3 months ended 30 Jun			6 months ended 30 Jun		
	2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax	2,754	1,535	79%	4,845	2,900	67%
<u>Other comprehensive income/(expense)</u>						
Foreign currency translation	194	175	11%	268	(165)	(262%)
	<u>194</u>	<u>175</u>	11%	<u>268</u>	<u>(165)</u>	N/M
Total comprehensive income	<u>2,948</u>	<u>1,710</u>	72%	<u>5,113</u>	<u>2,735</u>	87%
Attributable to:						
Equity holders of the Company	3,017	1,672	80%	5,186	2,694	93%
Non-controlling interests, net of income tax	(69)	38	N/M	(73)	41	N/M
	<u>2,948</u>	<u>1,710</u>	72%	<u>5,113</u>	<u>2,735</u>	87%

## Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

	Note	Group			Group		
		3 months ended 30 Jun			6 months ended 30 Jun		
		2013	2012	Change	2013	2012	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Other Income	1	193	57	239%	362	101	258%
Interest Income	2	177	11	1509%	349	19	1737%
Interest on borrowings	3	(283)	(355)	(20%)	(498)	(671)	(26%)
Depreciation		(831)	(802)	4%	(1,684)	(1,556)	8%
Fixed assets written off	4	(3)	(2)	50%	(13)	(7)	86%
Gain/(loss) on disposal of fixed assets		26	27	(4%)	32	25	28%
Amortisation of intangible assets		(24)	-	N/M	(29)	-	N/M
Bad debts expense		-	(42)	N/M	-	(47)	N/M
Allowance for doubtful debts		55	57	(4%)	(9)	(24)	N/M
(Allowance)/write back on allowance for stock obsolescence	5	(243)	81	(400%)	(345)	14	(2564%)
Stock written off	6	(60)	(34)	76%	(98)	(51)	92%
Foreign exchange (loss)/gain	7	(209)	(125)	67%	(387)	(58)	567%
Gain on disposal of investment	8	310	-	N/M	310	-	N/M
		<u>          </u>	<u>          </u>		<u>          </u>	<u>          </u>	

- 1) The increase was largely to higher marketing assistance received
- 2) The increase was mainly due to shareholder loan extended to an associated company for property development business
- 3) The decrease was mainly due to long term loan had been fully settled
- 4) The increase was mainly due to capital expenditure and fixed assets consolidated from newly acquired subsidiaries
- 5) The increase was mainly due to higher allowance were required to be made for stocks
- 6) The increase was mainly due to more stocks were required to be written off
- 7) The increase was mainly due to stronger US\$ against S\$, KRW and VND
- 8) The increase was mainly due to gain on disposal of an investment recognised

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	30 Jun 2013 S\$'000	31 Dec 2012 S\$'000	30 Jun 2013 S\$'000	31 Dec 2012 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	29,432	30,854	13,145	13,800
Subsidiary companies	-	-	49,628	49,628
Associated companies	1,488	1,480	-	-
Financial assets, available-for-sale	14,567	7,624	12,555	7,612
Membership rights	195	195	-	-
Intangible assets	253	281	-	-
Goodwill	11,735	11,735	-	-
Loan to related party	15,000	15,000	-	-
Other receivables	627	713	-	-
	<u>73,297</u>	<u>67,882</u>	<u>75,328</u>	<u>71,040</u>
<b>Current Assets</b>				
Stock and work-in-progress	29,900	25,191	-	-
Trade receivables	58,290	48,882	8,463	7,951
Amount due from related parties	-	-	23,527	21,400
Other receivables	4,575	3,450	370	599
Fixed deposits	3,494	3,164	1,514	1,512
Cash and bank balances	31,799	31,451	1,843	7,470
	<u>128,058</u>	<u>112,138</u>	<u>35,717</u>	<u>38,932</u>
<b>Total Assets</b>	<b><u>201,355</u></b>	<b><u>180,020</u></b>	<b><u>111,045</u></b>	<b><u>109,972</u></b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade payables and accruals	27,135	21,157	1,840	1,431
Other payables	3,619	3,759	981	1,406
Amount due to related parties	-	-	24,031	23,837
Term loans	800	586	-	-
Other amounts due to bankers	73,775	62,555	-	-
Hire purchase creditors	468	349	-	-
Provision for taxation	3,594	2,728	565	423
	<u>109,391</u>	<u>91,134</u>	<u>27,417</u>	<u>27,097</u>
<b>Non-current Liabilities</b>				
Amount due to related parties	-	-	-	-
Hire purchase creditors	555	483	-	-
Deferred taxation	1,259	1,259	545	545
	<u>1,814</u>	<u>1,742</u>	<u>545</u>	<u>545</u>
<b>Total Liabilities</b>	<b><u>111,205</u></b>	<b><u>92,876</u></b>	<b><u>27,962</u></b>	<b><u>27,642</u></b>
<b>EQUITY</b>				
Share capital	94,953	94,953	94,953	94,953
Treasury shares	(3,226)	(3,226)	(3,226)	(3,226)
Asset revaluation reserve	2,431	2,461	2,874	2,874
Foreign currency translation reserve	898	631	-	-
Capital reserve	-	-	-	-
Other reserve	(16,687)	(16,687)	-	-
Revenue reserve/(accumulated losses)	10,277	7,435	(11,518)	(12,271)
	<u>88,646</u>	<u>85,567</u>	<u>83,083</u>	<u>82,330</u>
Non-controlling interests	1,504	1,577	-	-
<b>Total Equity</b>	<b><u>90,150</u></b>	<b><u>87,144</u></b>	<b><u>83,083</u></b>	<b><u>82,330</u></b>
<b>Total Liabilities and Equity</b>	<b><u>201,355</u></b>	<b><u>180,020</u></b>	<b><u>111,045</u></b>	<b><u>109,972</u></b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	30-Jun-13 S\$'000	31-Dec-12 S\$'000
<b>Amount Repayable in one year or less, or on demand</b>		
Secured	75,043	63,490
Unsecured	-	-
	<u>75,043</u>	<u>63,490</u>
<b>Amount Repayable after one year, or on demand</b>		
Secured	555	483
Unsecured	-	-
	<u>555</u>	<u>483</u>

**Details of any collateral**

The credit facilities of the Group were secured by the following:

- (i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5 for the Company's banking facility of approximately S\$21.0 million.
- (ii) A mortgage in-escrow and deed of assignment over 9 Jalan Pesawat, fixed and floating charge over all present and future undertakings, property assets, revenues and right of TAT Petroleum Pte Ltd ("TAT Petroleum"), corporate guarantee of S\$120.0 million and fixed deposit of S\$1.5 million and S\$1.1 million by the Company and TAT Petroleum respectively for banking facility (including foreign exchange spot and forward) extended to TAT Petroleum of approximately S\$151.6 mil;
- (iii) TAT Petroleum's corporate guarantee of approximately S\$3.4 million and fixed deposits of S\$0.5 million by TAT Petroleum (HK) Pte Limited ("TAT HK") for banking facilities extended to TAT HK of approximately S\$3.4 million; and
- (iv) Fixed assets under hire purchase arrangements.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2013	2012	2013	2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash Flows from Operating Activities</b>				
Profit before income tax	3,597	1,963	6,282	3,699
Adjustments for:				
Depreciation	831	802	1,684	1,566
Fixed assets written off	3	2	13	7
Amortisation of intangible assets	24	-	29	-
(Gain)/loss on disposal of fixed assets	(26)	(27)	(32)	(25)
Interest on borrowings	283	355	498	671
Interest income	(177)	(11)	(349)	(19)
Gain from disposal of other investment	(310)	-	(310)	-
Share of (gain)/loss of associated companies	(3)	3	(8)	3
Allowance for doubtful debts	(55)	-	9	-
Allowance/(write-back on allowance) for stock obsolescence	243	(81)	345	(14)
Bad debts expense	-	42	-	47
Stock written off	60	34	98	51
Net foreign currency translation adjustments	990	(1,638)	1,397	(1,276)
	<b>5,460</b>	<b>1,444</b>	<b>9,656</b>	<b>4,700</b>
Operating cash flow before working capital changes				
Changes in working capital				
Inventories and work-in-progress	2,005	1,658	(5,153)	(526)
Receivables	(2,481)	3,395	(9,956)	2,912
Payables	(987)	(1,885)	5,551	1,025
Cash generated from operations	<b>3,997</b>	<b>4,612</b>	<b>98</b>	<b>8,111</b>
Interest paid	(283)	(355)	(498)	(670)
Interest received	9	11	14	19
Income tax payment	(571)	(554)	(571)	(556)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,152</b>	<b>3,714</b>	<b>(957)</b>	<b>6,904</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment	(62)	(94)	(357)	(1,104)
Proceeds from disposal of property, plant and equipment	120	24	126	24
Acquisition of a subsidiary	-	(4,080)	-	(4,080)
Acquisition of associated company	-	(1,500)	-	(1,500)
Loan to associated company	-	(15,000)	-	(15,000)
Acquisition of other investment	(2,000)	(7,322)	(7,233)	(7,322)
Proceeds from disposal of other investment	600	-	600	-
Cashflow on acquisition of subsidiary (net of cash)	-	120	-	120
<b>Net cash used in investing activities</b>	<b>(1,342)</b>	<b>(27,852)</b>	<b>(6,864)</b>	<b>(28,862)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from issue of warrants	-	2,656	-	5,328
Purchase of treasury shares	-	(166)	-	(166)
Dividends paid	(2,107)	(1,086)	(2,107)	(1,086)
Fixed deposit pledges with bank	(15)	2,929	(23)	2,929
Increase in hire purchase	(309)	(82)	(10)	(160)
Increase in/(repayment to) term loan	(138)	(327)	214	(1,228)
Increase in funds from trusts receipts	5,964	2,852	10,142	7,078
<b>Net cash generated from financing activities</b>	<b>3,395</b>	<b>6,776</b>	<b>8,216</b>	<b>12,695</b>
Net foreign currency translation adjustments	69	124	259	(305)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,274</b>	<b>(17,238)</b>	<b>654</b>	<b>(9,568)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>26,844</b>	<b>43,954</b>	<b>31,464</b>	<b>36,284</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32,118</b>	<b>26,716</b>	<b>32,118</b>	<b>26,716</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Share Capital	Treasury Share	Revaluation Reserve	Capital Reserve	Other Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>Balance at 01 January 2013</b>	94,953	(3,226)	2,461	-	(16,687)	631	7,435	85,567	1,577	87,144
Comprehensive income	-	-	-	-	-	267	4,919	5,186	(73)	5,113
Disposal of property, plant and equipment	-	-	(30)	-	-	-	30	-	-	-
Dividends paid	-	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
<b>Balance at 30 June 2013</b>	<b>94,953</b>	<b>(3,226)</b>	<b>2,431</b>	<b>-</b>	<b>(16,687)</b>	<b>898</b>	<b>10,277</b>	<b>88,646</b>	<b>1,504</b>	<b>90,150</b>
<b>Balance at 01 January 2012</b>	89,388	(751)	2,461	1,589	(18,040)	1,095	1,958	77,700	265	77,965
Comprehensive income	-	-	-	-	-	(211)	2,905	2,694	41	2,735
Exercise of warrants	5,560	-	-	(232)	-	-	-	5,328	-	5,328
Disposal of property, plant and equipment	-	-	(126)	-	-	-	126	-	-	-
Dividends paid	-	-	-	-	-	-	(1,086)	(1,086)	-	(1,086)
Profit warranty shortfall	-	-	-	-	1,353	-	-	1,353	-	1,353
Share buyback	-	(166)	-	-	-	-	-	(166)	-	(166)
<b>Balance at 30 June 2012</b>	<b>94,948</b>	<b>(917)</b>	<b>2,335</b>	<b>1,357</b>	<b>(16,687)</b>	<b>884</b>	<b>3,904</b>	<b>85,824</b>	<b>306</b>	<b>86,130</b>
<b>Company</b>										
<b>Balance at 01 January 2013</b>	94,953	(3,226)	2,874	-	-	-	(12,271)	82,330	-	82,330
Comprehensive income	-	-	-	-	-	-	2,860	2,860	-	2,860
Dividends paid	-	-	-	-	-	-	(2,107)	(2,107)	-	(2,107)
<b>Balance at 30 June 2013</b>	<b>94,953</b>	<b>(3,226)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,518)</b>	<b>83,083</b>	<b>-</b>	<b>83,083</b>
<b>Balance at 01 January 2012</b>	89,388	(751)	2,874	1,589	-	-	(16,455)	76,645	-	76,645
Comprehensive income	-	-	-	-	-	-	1,182	1,182	-	1,182
Share buyback	-	(166)	-	-	-	-	-	(166)	-	(166)
Dividends paid	-	-	-	-	-	-	(1,088)	(1,088)	-	(1,088)
Exercise of warrants	5,560	-	-	(232)	-	-	-	5,328	-	5,328
<b>Balance at 30 June 2012</b>	<b>94,948</b>	<b>(917)</b>	<b>2,874</b>	<b>1,357</b>	<b>-</b>	<b>-</b>	<b>(16,361)</b>	<b>81,901</b>	<b>-</b>	<b>81,901</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Pursuant to announcements made on 13 October 2009, 178,128,050 Warrants were issued on 16 October 2009, and listed and quoted on the Mainboard of SGX-ST with effect from 21 October 2009 at an exercise price of SGD0.23. The Warrants had a 3-year exercise period from the date of issue and it had expired on 15 October 2012.

From the date of issue to expiry date of 15 October 2012, there were 23,976,025 shares issued in pursuant to the exercise of warrants. As at 30 June 2013, around S\$5,400 of the proceeds raised from the exercise of warrants has not been utilised. The Company will make an announcement when the proceeds are disbursed.

Details of the changes in the issued and paid-up capital of the Company since 30 Jun 2012 to 30 Jun 2013 are as follows:-

<u>Ordinary shares</u>	<u>Number of shares</u>	<u>\$</u>
Issued and fully paid ordinary shares at 30 Jun 2012	438,518,625	94,947,754
Exercise of warrants	23,500	5,640
Issued and fully paid ordinary shares at 30 Jun 2013	<u>438,542,125</u>	<u>94,953,394</u>

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>As at 30 Jun 2013</u>	<u>As at 31 Dec 2012</u>
Total number of shares (including treasury shares)	438,542,125	438,542,125
Less treasury shares	<u>(17,100,000)</u>	<u>(17,100,000)</u>
Total number of shares (excluding treasury shares)	<u>421,442,125</u>	<u>421,442,125</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been reviewed nor audited by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report including any qualifications or emphasis of matter**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 2012.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

None.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Group	
	3 months ended 31 Mar		6 months ended 30 Jun	
	2013	2012	2013	2012
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	0.67 cents	0.37 cents	1.17 cents	0.70 cents
- Diluted	0.67 cents	0.37 cents	1.17 cents	0.70 cents
Based on the weighted average number of shares (Basic)	421,442,125	417,706,835	421,442,125	417,706,835
Based on the weighted average number of shares (Diluted)	421,442,125	417,706,835	421,442,125	417,706,835

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	GROUP		COMPANY	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net asset backing per ordinary share	21.03 cents	20.03 cents	19.71 cents	19.27 cents
Based on the weighted average number of shares	421,442,125	427,197,229	421,442,125	427,197,229



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

For the three months ended 30 June 2013 ("2Q13"), the Group's net profit to equity holders surged 83% year-on-year to S\$2.8 million on the back of a robust 20% increase in revenue to S\$75.9 million. The improved performances in 1Q13 and 2Q13 lifted net profit to equity holders by 69% to S\$4.9 million for the six months ended 30 June 2013 ("1H13").

While the business environment remained cautious and competitive, the Group's corrosion prevention business ("CP") and refined petroleum business ("RP") notched up higher revenues and net profits.

At the end of June 2013, the Group maintained a sound financial position with cash and fixed deposits of S\$35.3 million. Net gearing stood at around 0.45 times.

### **Revenue**

Group revenue in 2Q13 increased 20% year-on-year to S\$75.9 million from S\$63.3 million in 2Q12 on higher sales contribution from both CP and RP businesses. Sequentially, this was also an improvement of 8% from S\$70.2 million in 1Q13.

For the first six months ended 30 June 2013 ("1H13"), the Group posted a 19% increase in total revenue to S\$146.1 million. Both CP and RP businesses saw revenues increasing 8% and 18% respectively from 1H12. As a percentage of Group revenue, RP accounted for 84% while CP contributed 14% in 1H13.

### **Revenue breakdown by business segments:**

Business Segments	Group			Group		
	3 months ended 30 Jun			6 months ended 30 Jun		
	2013	2012	Inc/(Dec)	2013	2012	Inc/(Dec)
	S\$'000	S\$'000		S\$'000	S\$'000	
Corrosion prevention	11,447	8,720	31%	20,234	18,670	8%
Distribution of refined petroleum products	63,406	54,412	17%	123,310	104,348	18%
Others *	1,071	178	n/m	2,590	178	n/m
Total Sales	75,924	63,310	20%	146,134	123,196	19%

\*Others comprise the consolidated revenue of Eastern Tankstore (S) Pte Ltd (ETS) which has become a 51%-owned subsidiary of See Hup Seng in April 2012. The acquisition of a stake in ETS is for the purpose of forming a joint venture for the development of an integrated chemical hub in Singapore.

### **RP segment**

Revenue derived from the distribution of RP products in the region gained 17% year-on-year to S\$63.4 million in 2Q13. This was driven by a 23% growth in sales volume which was partially offset by lower average selling prices.

The growth in RP's revenue was led by higher sales of industrial and wholesale products as well as petroleum-intermediates.

Sales of industrial and wholesale products gained 38% year-on-year in 2Q13 on the back of firm demand from industrial and construction activities in Singapore, and an expansion of RP's fleet of trucks to capitalise on the demand. The increase was also driven by incremental revenue from the sale of asphalt (which commenced during FY2012) and contribution from a new subsidiary (Axxmo International) that was acquired by the Group at the end of FY2012.

Sales of petroleum-intermediates (which are generally used as feedstock in manufacturing processes) in 2Q13 also recovered by around 11% on improved demand.

For 1H13, RP segment recorded revenue of S\$123.3 million, up 18% from S\$104.3 million in 1H12. This was led mainly by the industrial and wholesale product segment which saw robust growth in sales volume during 1Q13 and 2Q13. Petroleum-intermediates segment registered a single-digit increase in sales during 1H13.

As a percentage of RP revenue, industrial and wholesale segment accounted for around 61% in 1H13, up from 53% in 1H12. Revenue contribution from petroleum-intermediates decreased to 39% in 1H13 from 47% previously.

#### CP segment

CP's revenue in 2Q13 jumped 31% to S\$11.4 million from S\$8.7 million in 2Q12, boosted by increases in revenue from the Plant Operations and Trading unit. Sales generated from Plant Operations continued to improve year-on-year by 24% in 2Q13 on the back of higher business volume from the marine, industrial and construction sectors in Singapore. The trading unit's revenue in 2Q13 more than doubled as a result of the revenue recognition of a turnkey project. These two units compensated for slightly weaker revenue contributed by the Site Blasting and Coating unit in 2Q13.

As a result of the healthy sales momentum witnessed in 1Q13 and 2Q13, Plant Operations recorded a 22% increase in revenue during 1H13. This, coupled with higher revenue from the Trading unit, helped to raise CP's revenue in 1H13 by 8% to S\$20.2 million from S\$18.7 million in 1H12. As a percentage of CP's revenue, Plant Operations unit continued to account for the largest share with a contribution of 47% in 1H13, up from 42% in 1H12.

#### **Gross Profit (GP)**

Group GP in 2Q13 increased 23% to S\$11.7 million from S\$9.5 million in 2Q12, outpacing revenue growth of 20%. This was attributed to an expansion in composite GP margin to 15.4% from 15.0% in 2Q12. RP recorded a higher GP of S\$8.2 million in 2Q13, up 23% from S\$6.7 million in 2Q12, while CP's GP increased 24% to S\$3.4 million from S\$2.7 million previously.

For 1H13, Group GP climbed 22% to S\$22.5 million from S\$18.4 million previously. Composite GP margin in 1H13 widened to 15.4% from 15.0% in 1H12 on the back of improved GP margins of both RP and CP businesses.

#### **Gross profit margin (GPM) by business segments:-**

	Group		Group	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2013	2012	2013	2012
Corrosion prevention	29.9%	31.7%	31.4%	30.4%
Distribution of refined petroleum products	13.0%	12.2%	12.9%	12.2%
Others	8.2%	40.6%	7.2%	40.6%
Average composite gross margin	15.4%	15.0%	15.4%	15.0%

*\*Others comprise the consolidated GPM of Eastern Tankstore (S) Pte Ltd (ETS) which has become a 51%-owned subsidiary of See Hup Seng in April 2012. The acquisition of a stake in ETS is for the purpose of forming a joint venture for the development of an integrated chemical hub in Singapore.*

#### RP business

RP's GP margin expanded to 13.0% in 2Q13 from 12.2% in 2Q12. While competitive conditions continued to exert pressure on average selling prices, RP registered improved GP margins for its major product categories, owing to lower cost of inventory replenishment in the quarter under review. For 1H13, RP had a GP margin of 12.9%, higher than 12.2% in 1H12.

## CP segment

Plant Operations unit achieved higher GP margin in 2Q13 as a result of higher capacity utilisation, better product mix and improved cost efficiencies. However, CP's GP margin in 2Q13 decreased to 29.9% from 31.7% 2Q12 due to the Trading unit. Nevertheless, CP recorded a higher GP margin of 31.4% for 1H13 compared to 30.4% in 1H12, thanks to higher GPM of its Plant Operations unit.

## Other Income

Other income in 2Q13 increased to S\$0.7 million from S\$0.1 million in 2Q12 due mainly to the recognition of interest income from a shareholder loan that was extended to an associated company to finance its property development business activities, higher incentive rebates received and gain from disposal of investment.

## Selling, Distribution, Administrative and Other Operating Expenses

Total operating expenses in 2Q13 increased at a slower pace than Group revenue. These expenses amounted to S\$8.5 million in 2Q13, up 18% from S\$7.3 million in 2Q12.

Selling and distribution expenses in 2Q13 increased 16% to S\$2.4 million in tandem with higher business volume.

Administrative expenses in 2Q13 increased 18% to S\$3.7 million compared to S\$3.2 million in 2Q12. This was due to higher salary expenses resulting from increased headcount, staff salaries and workers' levy, increased depreciation expense, and inclusion of administrative expenses from new subsidiary under the RP business.

Other operating expenses were S\$2.4 million, up 19% from S\$2.1 million in 2Q12, due mainly to higher foreign exchange loss, allowance for stock obsolescence and an increase in corporate expenses during 2Q13.

## Finance Costs

Finance costs in 2Q13 decreased to S\$0.3 million from S\$0.4 million in 2Q12 largely due to full settlement of long term loan.

## Net Profit

Profit After Tax	Group		Group	
	3 months ended 30 June		6 months ended 30 June	
S\$ million	2013	2012	2013	2012
Corrosion Prevention	1.2	0.5	1.9	1.1
Distribution of refined petroleum products	1.4	0.9	2.7	1.7
Others	0.1	0.1	0.3	0.1
<b>Total</b>	<b>2.8</b>	<b>1.5</b>	<b>4.9</b>	<b>2.9</b>

*\*Others consist of contributions from ETS and equity accounting of Serangoon EC Pte Ltd.*

Group net profit in 2Q13 surged 79% to S\$2.8 million from S\$1.5 million previously, spurred by the improvement in profit contributions from CP and RP businesses. Both businesses also lifted Group net profit for 1H13 to S\$4.9 million, up 67% from S\$2.9 million in 1H12.

RP's net profit in 2Q13 increased 50% to S\$1.4 million on the back of stronger revenue and gross profit as well as contribution from its new subsidiary. For 1H13, RP posted net profit of S\$2.7 million, up 57% from S\$1.7 million in 1H12.

CP's net profit more than doubled to S\$1.2 million in 2Q13 compared to S\$0.5 million in 2Q12, due mainly to stronger operational performance. For 1H13, CP's net profit leaped 67% to S\$1.9 million, compared to S\$1.1 million in 1H12.

## **Balance Sheet and Cash Flow Analysis**

As at 30 June 2013, the Group had cash and bank balances, and fixed deposits totaling S\$35.3 million. Net gearing<sup>1</sup> stood at 0.45 times at the end of June 2013.

Non-current assets increased to S\$73.3 million as at 30 June 2013 from S\$67.9 million as at 31 December 2012, due mainly to an increase in investment in financial assets. This increase is in relation to the second tranche payment for the Group's investment in Energy Drilling Pte Ltd, which will construct and operate tender rigs and investment into a fund.

Current assets increased to S\$128.1 million as at 30 June 2013 from S\$112.1 million as at 31 December 2012, due primarily to an increase in stock and work-in-progress and trade receivables in tandem with the higher business volume. Cash and cash equivalents increased to S\$35.3 million as compared to S\$34.6 million at the end of December 2012.

Current liabilities as at 30 June 2013 increased to S\$109.4 million from S\$91.1 million as at 31 December 2012. This was due mainly to an increase in trade and other payables and accruals, other amounts due to bankers (trust receipts to finance purchase of inventory as part of the ordinary course of RP's business), increase in provision for taxation.

Long-term liabilities increased marginally to S\$1.8 million as compared to S\$1.7 million as at 31 December 2012.

Shareholders' equity increased to S\$88.6 million as at 30 June 2013 from S\$85.6 million as at 31 December 2012. The increase was mainly due to profit attributable to equity holders of S\$4.9 million for 1H13, offset partially by a dividend payment of S\$2.1 million in respect of FY2012.

During 2Q13, the Group generated net cash of S\$3.2 million from operating activities, after deducting S\$1.5 million for working capital used for trade receivables and payables, and S\$0.9 million for interest and income tax payments. Net cash used in investing activities amounted to S\$1.3 million, arising mainly from an investment of S\$2.0 million into a fund.

Net cash generated from financing activities in 2Q13 was S\$3.4 million, due mainly to an increase in funds from trust receipts in tandem with RP's business. These were offset partially by a dividend payment of S\$2.1 million with respect to FY2012. After taking into account net foreign currency translation adjustments, the Group recorded an increase in cash and cash equivalents of S\$5.3 million in 2Q13.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the period ended 31 March 2013.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group remains cautious on its business outlook in light of the ongoing macroeconomic uncertainties, cautious business sentiment, intense competition and rising business costs.

The management of See Hup Seng will continue to focus on its core CP and RP businesses to deliver a profitable performance in FY2013 barring any unforeseen circumstances.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

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

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect,**

There had been no interested person transactions during the three months ended 30 June 2013. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

**14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

We, Lim Siok Kwee, Thomas and Goh Koon Seng, being two directors of See Hup Seng Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the 2Q13 financial statements to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Thomas Lim Siok Kwee  
Executive Chairman  
14 August 2013