

NEWS RELEASE

SEE HUP SENG POSTS PROFIT AFTER TAX OF S\$0.8 MILLION ON THE BACK OF S\$34.2M IN REVENUE FOR Q109

Key Highlights:

- Operating conditions continue to be difficult amidst the global economic slowdown
- Strong balance sheet will help withstand challenging operating environment ahead and seize opportunities when global economic conditions improve

Singapore, 12 May 2009 – See Hup Seng Limited (“See Hup Seng” or the “Group”), a leading provider of corrosion prevention services for the marine, oil and gas, construction and infrastructure industries in Singapore and a leading distributor of refined petroleum products in Asia Pacific region, today announced a profit after tax of S\$0.8 million on the back of a 29% decrease in revenue to S\$34.2 million for the financial period ended 31 March 2009 (“Q109”).

Financial and Operation Review

Financial Highlights	3 months ended 31 March 2009				
	2009 CP S\$'000	2009 TAT S\$'000	2009 Total S\$'000	2008 Total S\$'000	% Change
Revenue	7,265	26,931	34,196	48,436	(29%)
Gross Profit	1,684	5,535	7,219	8,331	(13%)
Gross Margin %	23%	21%	21%	17%	-
(Loss)/Profit before tax	(595)	1,760	1,165	3,590	(68%)
Income tax	-	(373)	(373)	(643)	(42%)
(Loss)/Profit after tax	(595)	1,387	792	2,947	(73%)
EBITA	15	2,358	2,373	4,776	(50%)

The Group’s revenue of S\$34.2 million in Q109 was 29% lower than Q108 of S\$48.4 million. The decrease in revenue was mainly attributable to the significant global economic slowdown which adversely impact on the Group’s business.

Gross profit decreased at a slower rate of 13% or S\$1.1 million from S\$8.3 million in Q108 to S\$7.2 million in Q109 mainly attributable to lower revenue contribution from corrosion prevention (“CP”) segment. However, the decrease was partially offset by higher gross profit contribution from refined petroleum distribution (“TAT Petroleum”) segment as a result of better trading margins and quantity rebate received from a supplier despite lower revenue in Q109.

Notwithstanding the lower gross margin from CP segment arising from underabsorption of fixed cost from lower capacity utilization, higher gross margin registered by TAT Petroleum segment partly offset the shortfalls in CP segment and this helped the Group to increase its composite gross margin to 21% in Q109 as compared to 17% in Q108.

The increase in selling and distribution and administrative expenses was mainly attributable to higher depreciation expense incurred, which was driven by the expansion of plant and tank coating capacities in Q208 and Q308 foreign exchange loss incurred, and higher operating costs incurred by Tat segment as a result of the expanded operations from the additional master distribution contracts clinched in the second half of FY2007 and Q408.

The decrease in finance costs and tax expense was in line with the lower revenue and profit before tax respectively in Q109. The lower revenue coupled with the share of loss of associated company of S\$0.1 million had resulted in the Group’s profit after income tax to decrease by 73% or S\$2.2 million to S\$0.8 million in Q109 from S\$2.9 million in Q108.

Commenting on the performance for FY2008, See Hup Seng’s Non-Executive Chairman, Mr. Thomas Lim Siok Kwee said, “Our business were not spared of the global economic slowdown, the worst seen in recent times. Our CP segment faced intense competition admists decline in orders for corrosion prevention services. Where orders were obtained, such works have been temporarily postponed by our customers. Demand for Tat’s products also contracted, as customers reduced orders in the face of economic



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uncertainties. The Group would continue to tread carefully on the path ahead and make judicious use of our resources as operating conditions for both segments are expected to remain difficult. CP segment is expected to face more intense competition from other CP service providers in view of the shrinking pie of CP work in the market. This coupled with pricing revision and contribution margin pressures from key customers and competitors respectively will continue to have an adverse impact on the business volume and gross margin of CP segment moving forward. Operating in this uncertain business outlook, the Group will continue to exercise prudent cost management. Notwithstanding the challenges ahead, I am confident that with the Group's strong balance sheet, it should be able to brace itself to meet the challenges and seize opportunities when the global financial crisis abates and economic conditions improve."

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About See Hup Seng Limited

Established in 1971, 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 ("TAT Petroleum") which is a strategic value-added distributor that offers comprehensive supply chain management of refined petroleum products in Asia Pacific for diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

Over the years, 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. See Hup Seng's status as a resident contractor for premier shipyards in Singapore attests to its strong track record of delivering quality, efficient and reliable corrosion prevention services.



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As a strategic distributor of ExxonMobil in the Asia Pacific region, TAT Petroleum offers value-added solutions in supply chain management to its major supplier and customers. 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. TAT Petroleum is also one of only three distributors of ExxonMobil in the world that has an approved clean-room facility for packaging medicine white oil. Headquartered in Singapore, TAT Petroleum also has offices in Hong Kong, China (Guangzhou) and Indonesia.

See Hup Seng Limited became a public corporation in November 1998. Its shares are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST).

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