



**NEWS RELEASE**

**SEE HUP SENG'S NET PROFIT JUMPS 156% TO S\$2.0M IN 1Q10**

**Key Highlights in 1Q10 :**

- **Group revenue gains 49% to S\$50.9 million**
- **Profitability boosted by the Group's leaner cost structure**
- **Healthy balance sheet with cash position of S\$31.7m and low net gearing**

**Singapore, 14 May 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 a 156% jump in net profit to S\$2.0 million for the three months ended 31 March 2010 (“1Q10”), from S\$0.8 million in 1Q09. Against 4Q09, sales increased 14% and net profit rebounded from a 4Q09 loss of S\$1.1 million to S\$2.0 million in 1Q10.

The Group's strong bottom line performance in 1Q10 was achieved on robust revenue growth of 49% to S\$50.9 million, thanks to the strong recovery in sales at its two core business segments – Corrosion Prevention (“CP”) and Refined Petroleum Distribution (“TAT Petroleum”).

Mr Thomas Lim Siok Kwee, Executive Chairman & CEO of See Hup Seng said, “Our Group successfully weathered through the challenging global economic environment in 2009 to start the new financial year on a positive footing. Both our core business segments capitalized on the improving business conditions to register double-digit growth in sales. Coupled with the leaner cost structure that management worked to put in place during the past year, our Group was able to deliver a substantial increase in profitability in 1Q10.

As the macro outlook has turned more positive, we are looking to build on our positive performance in 1Q10. At the same time, we will maintain a cautious approach, particularly for our CP segment, as the recovery may be slow and uneven across different business sectors.”

Backed by its healthy balance sheet, See Hup Seng is well positioned to capitalise further on improvements in demand for its core business segments, seek acquisitive growth opportunities,



and ride out periods of business slowdown. As at 31 March 2010, the Group had a balance sheet with S\$31.7 million in cash and cash equivalents, and a low net gearing of 0.1 times.

### Financial Review

S\$ million	SEGMENTS (1Q10)		GROUP				
	CP	TAT Petroleum	1Q10	4Q09	q-o-q change	1Q09	y-o-y change
<b>Revenue</b>	12.3	38.6	50.9	44.7	14%	34.2	49%
<b>Gross Profit</b>	2.4	5.9	8.3	7.3	14%	7.2	15%
<b>GP Margin</b>	20%	15%	16%	16%	--	21	-
<b>Profit before tax</b>	0.3	2.1	2.4	(0.7)	N.M.	1.2	108%
<b>Income tax</b>	-	(0.4)	(0.4)	(0.4)	-	(0.4)	-
<b>Profit after tax</b>	0.3	1.7	2.0	(1.1)	N.M.	0.8	156%
<b>EBITA</b>	0.9	2.7	3.6	0.5	620%	2.4	50%

Revenue of CP segment gained a significant 69% to S\$12.3 million in 1Q10, driven primarily by increased orders secured for tank coating services. This also lifted CP segment's revenue by 38% when compared to revenue of S\$8.9 million in the preceding quarter.

TAT Petroleum continued to benefit from improving demand for refined petroleum products in the region to post a strong 43% rise in revenue to S\$38.6 million in 1Q10. This was also TAT Petroleum's fourth consecutive quarter of increasing revenue, which was up 8% from S\$35.8 million in 4Q09.

Thanks to strong revenue growth, Group gross profit increased 15% to S\$8.3 million. Gross profit margin (GPM) however narrowed to 16%, from 21% in 1Q09, as a result of softer GPMs of its two core business segments. The GPM of CP segment was affected by continued price pressure, under-absorption of fixed overhead costs due to lower utilization of the plant operations, as well as a difference in sales mix between the respective quarters. Meanwhile, TAT Petroleum's GPM in 1Q10 was lower due primarily to selling price adjustments in line with lower crude oil prices, and the absence of a quantity rebate received in 1Q09.

### Business Outlook

Looking ahead, CP segment will continue to face heightened competition and continuing price pressure for its services, particularly for plant operations. However, the Group is expecting its



tank coating and module blasting operations to benefit from the gradual improvement in sentiment of the marine and offshore sector.

“We will be working to improve the utilisation of the CP segment’s plant operations by pursuing new business opportunities across various sectors while maintaining an efficient cost structure to ensure it remains competitive and sustains its market share in Singapore,” Mr Lim said.

The Group also believes that TAT Petroleum’s improving sales performance over the past four consecutive quarters underlines this business segment’s ability to capitalise quickly on the regional demand for refined petroleum products as industrial activities pick up.

“We remain upbeat on the performance of TAT Petroleum’s business going forward. In line with its strategy to strengthen its market position in growth markets, TAT Petroleum set up direct presences in South Korea and Vietnam in October 2009 and March 2010 respectively. As a key player in the supply of refined petroleum products in these two markets, these moves will improve TAT Petroleum’s supply chain capabilities and service levels which will strengthen its competitive positions in these markets,” added Mr Lim.

With its broad market coverage in Asia Pacific and large customer base spanning diverse industries, TAT Petroleum will continue its strategy of seeking opportunities to expand its product range and geographical reach, as well as increase its market penetration in the emerging markets in South Asia and South East Asia.

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#### **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, Vietnam 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](http://www.seehupseng.com.sg)