

SEE HUP SENG LIMITED

(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the First Quarter Ended 2008

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

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

	Group		Change %
	3 months ended 31 March		
	2008 S\$'000	2007 S\$'000	
Revenue	48,436	14,137	243%
Cost of sales and services	(40,105)	(7,994)	402%
Gross profit	<u>8,331</u>	<u>6,143</u>	36%
Other income	382	33	1,058%
Selling and distribution expenses	(821)	(192)	328%
Administrative expenses	(2,430)	(1,263)	92%
Other operating expenses	(1,380)	(1,413)	(2%)
Profit from operations	<u>4,082</u>	<u>3,308</u>	23%
Finance costs	(453)	(89)	409%
Share of loss of associated companies	(39)	(18)	117%
Profit before income tax	<u>3,590</u>	<u>3,201</u>	12%
Income tax	(643)	(138)	366%
Profit after income tax	<u><u>2,947</u></u>	<u><u>3,063</u></u>	(4%)
Attributable to:			
Equity Holders of the Company	2,302	3,063	(25%)
Minority Interests, net of Inome Tax	645	-	NM
	<u><u>2,947</u></u>	<u><u>3,063</u></u>	(4%)

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

	Group	
	3 months ended 31 March	
	2008	2007
	S\$'000	S\$'000
Other Income	382	18
Interest Income	97	43
Interest on borrowings	(453)	(89)
Depreciation	(709)	(410)
Amortisation of intangible assets	(24)	-
Gain/(Loss) on sales of fixed assets	2	(23)
Allowance for doubtful debts	-	(116)
Allowance for stock obsolescence	-	(3)
Write back of allowance for stock obsolescence	2	-
Stock written off	(8)	-
Foreign Exchange gain/(loss)	154	(4)
Impairment loss on fixed assets	(70)	-
Fixed assets written off	-	(1)
Dividend income	54	-

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

	Group		Company	
	31 Mar 2008 S\$'000	31 Dec 2007 S\$'000	31 Mar 2008 S\$'000	31 Dec 2007 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	34,926	33,224	16,911	15,789
Subsidiary companies	-	-	17,801	17,801
Associated companies	589	628	628	628
Available-for-sale financial assets	290	290	290	290
Membership rights	195	195	-	-
Intangible assets	94	118	-	-
Goodwill	9,611	9,611	-	-
	<u>45,705</u>	<u>44,066</u>	<u>35,630</u>	<u>34,508</u>
Current Assets				
Stock and work-in-progress	12,720	13,330	-	-
Trade receivables	53,753	45,914	10,753	11,302
Amount due from related parties	-	-	8,987	7,230
Other receivables	4,751	3,063	1,087	795
Fixed deposits	19,186	22,185	16,000	19,000
Cash and bank balances	4,542	6,432	661	730
	<u>94,952</u>	<u>90,924</u>	<u>37,488</u>	<u>39,057</u>
Total Assets	<u>140,657</u>	<u>134,990</u>	<u>73,118</u>	<u>73,565</u>
LIABILITIES				
Current Liabilities				
Trade payables and accruals	24,185	21,868	1,934	1,973
Other payables	1,372	1,336	545	595
Amount due to related parties	-	-	2,950	4,095
Term loan	1,560	1,530	600	570
Trust receipts	23,621	23,241	-	-
Other amounts due to bankers	688	733	-	-
Hire purchase creditors	923	858	158	158
Provision for taxation	1,887	1,438	426	256
	<u>54,236</u>	<u>51,004</u>	<u>6,613</u>	<u>7,647</u>
Non-current Liabilities				
Term loan	7,281	7,672	3,205	3,355
Hire purchase creditors	1,619	1,750	145	184
Deferred Taxation	898	898	699	698
	<u>9,798</u>	<u>10,320</u>	<u>4,049</u>	<u>4,237</u>
Total Liabilities	<u>64,034</u>	<u>61,324</u>	<u>10,662</u>	<u>11,884</u>
EQUITY				
Share capital	74,167	74,167	74,167	74,167
Asset revaluation reserve	3,508	3,508	3,505	3,505
Foreign currency translation reserve	1,718	1,708	-	-
Accumulated losses	(8,684)	(10,986)	(15,216)	(15,991)
	<u>70,709</u>	<u>68,397</u>	<u>62,456</u>	<u>61,681</u>
Minority interests	5,914	5,269	-	-
Total Equity	<u>76,623</u>	<u>73,666</u>	<u>62,456</u>	<u>61,681</u>
Total Liabilities and Equity	<u>140,657</u>	<u>134,990</u>	<u>73,118</u>	<u>73,565</u>

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

	As at 31 Mar 2007 S\$'000	As at 31 Dec 2007 S\$'000
Amount repayable in one year or less, or on demand		
Secured	26,792	26,362
Unsecured	-	-
	26,792	26,362
Amount repayable after one year		
Secured	8,900	9,422
Unsecured	-	-
	8,900	9,422

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 and 9 Jalan Pesawat;
- (ii) Corporate guarantee by the Company for its subsidiaries under corrosion prevention segment;
- (iii) Tat Petroleum's fixed deposits on its own banking facilities with its bank;
- (iv) Joint and several personal guarantee of certain directors of its subsidiary (Tat Petroleum Pte Ltd); and
- (v) Fixed assets under hire purchase arrangements.

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

	Group	
	3 months ended 31 Mar	
	2008	2007
	S\$'000	S\$'000
Cash Flows from Operating Activities		
Profit from before income tax	3,590	3,201
Adjustments for:		
Depreciation of property, plant and equipment	709	410
Property, plant and equipment written off	-	1
Amortisation of intangible assets	24	-
(Gain)/loss on disposal of property, plant and equipment	(2)	23
Finance costs	453	89
Interest income	(97)	(43)
Share of loss of associated companies	39	18
Dividend income	(54)	-
Operating profit before reinvestment in working capital	4,662	3,699
Inventories and work-in-progress	610	(31)
Receivables	(9,527)	(3,162)
Payables	2,349	796
Cash generated (used in)/generated from operations	(1,906)	1,302
Interest paid	(453)	(89)
Interest income received	97	-
Dividend income	54	-
Income tax paid	(193)	(6)
Net cash used in operating activities	2,401	1,207
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,244)	(456)
Proceeds from disposal of property, plant and equipment	2	100
Net cash used in investing activities	(2,242)	(356)
Cash Flows from Financing Activities		
Repayment to hire purchase	(232)	(171)
Repayment of term loan	(360)	(112)
Funding from trust receipts	380	-
Amount due from related parties	-	293
Net cash (used in)/generated from financing activities	(212)	10
Net foreign currency translation adjustments	10	70
Net (decrease)/increase in cash and cash equivalents	(4,845)	931
Cash and cash equivalents at the beginning of the year	25,699	6,115
Cash and cash equivalents at the end of the year	20,854	7,046

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 S\$'000	Revaluation Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserve S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
Group							
Balance at 01 January 2008	74,167	3,508	1,708	(10,986)	68,397	5,269	73,666
Net profit	-	-	-	2,302	2,302	645	2,947
Exchange differences arising from consolidation	-	-	10	-	10	-	10
Balance at 31 March 2008	74,167	3,508	1,718	(8,684)	70,709	5,914	76,623
Balance at 01 January 2007							
Balance at 01 January 2007	42,478	3,505	2,436	(24,553)	23,866	-	23,866
Net profit	-	-	-	3,063	3,063	-	3,063
Exchange differences arising from consolidation	-	-	49	-	49	-	49
Balance at 31 March 2007	42,478	3,505	2,485	(21,490)	26,978	-	26,978
Company							
Balance at 01 January 2008	74,167	3,505	-	(15,991)	61,681	-	61,681
Net profit	-	-	-	775	775	-	775
Balance at 31 March 2008	74,167	3,505	-	(15,216)	62,456	-	62,456
Balance at 01 January 2007							
Balance at 01 January 2007	42,478	3,505	-	(21,873)	24,110	-	24,110
Net profit	-	-	-	738	738	-	738
Balance at 31 March 2007	42,478	3,505	-	(21,135)	24,848	-	24,848

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.

There were no new shares issued by the Company during the financial period and there is no unissued shares as at 31 March 2008.

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.

There are no treasury shares as at 31 March 2008. The total number of issued shares as at 31 March 2008 is 360,566,100 (31 March 2007: 301,966,100 shares).

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.

Not applicable.

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 2007.

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

Not applicable.

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

	Group	
	3 months ended 31 March	
	2008	2007
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)		
- Basic	0.64 cents	1.01 cents
- Diluted*	0.64 cents	0.98 cents
Based on the weighted average number of shares (Basic)	360,566,100	301,966,100
Based on the weighted average number of shares (Diluted)	360,566,100	311,966,100

* As at 31 March 2007, options in respect of 10,000,000 shares have not been exercised by a subscriber pursuant to the options granted to him via the placement dated 7 June 2006. The exercise period for the option is three years commencing from 7 June 2006.

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

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>	<u>31 Mar 2008</u>	<u>31 Dec 2007</u>
Net asset backing per ordinary share:				
- Basic	19.61 cents	18.97 cents	17.32 cents	17.11 cents
- Diluted	19.61 cents	18.97 cents	17.32 cents	17.11 cents
Based on the issued share capital as at the end of the year reported on (Basic)	360,566,100	360,566,100	360,566,100	360,566,100
Based on the issued share capital as at the end of the year reported on (Diluted)	360,566,100	360,566,100	360,566,100	360,566,100

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue

The Group recorded revenue of S\$48.4 million for 1Q FY2008, which was S\$34.3 million or 243% higher than the corresponding quarter of last financial year (1Q FY2007). The increase was mainly attributable to the consolidation of TAT Petroleum Pte Ltd's ("Tat") financials in 1Q FY2008 whereas in FY2007 Tat's financial was only consolidated into the Group from the second quarter ("2Q") onwards when the Group gain effective control. This increase was partially offset by lower revenue from Corrosion Prevention ("CP") segment, which registered a decrease of S\$0.6 million or 4% in 1Q FY2008. The lower revenue was mainly due to lower revenue contribution from Grit Blasting – Site division as a result of completion of major site jobs in last financial year. Notwithstanding the lower revenue from Grit Blasting – Site division contribution, the Plant Operations and Tank Coating divisions continued their robust performance to boost 1Q FY2008 CP's revenue 10% and 5% respectively above corresponding quarter last year.

The following table presents the sales contributions regarding business segments:-

Business Segments	<u>Group</u>		
	3 months ended 31 March		
	2008	2007	Inc/(Dec)
	<u>S\$'000</u>	<u>S\$'000</u>	
Corrosion prevention	13,525	14,137	(4%)
Distributed – refined petroleum products	34,911	-	NM
Total Sales	<u>48,436</u>	<u>14,137</u>	243%

Profitability

The Group's gross profit increased by S\$1.8 million or 36% from S\$6.1 million in 1Q FY2007 to S\$8.3 million in 1Q FY2008. The significant improvement was mainly contributed by the consolidation of Tat's financials as mentioned above where Tat contributed gross profit of S\$4.3 million to the Group. This increase was partially offset by lower gross profit from CP segment, which registered a decrease of S\$2.1 million or 34% to S\$4.0 million in 1Q FY2008 from S\$6.1 million in 1Q FY2007. The decrease in CP gross profit was mainly attributable to:-

1. lower revenue as mentioned above; and
2. decrease in gross margin resulted by significant increase in direct costs including diesel, copper grits and rental on machinery and equipments faced in 1Q FY2008. As the Group was working mostly on projects secured in 2007 where rates were had been contracted and the Group was unable to pass these increased costs to the clients. The Group has now factored such rising costs in pricing and is currently reviewing the price with the client on all subsequent projects.

The following table presents the gross profit margin regarding business segments:-

Business Segments	Group	
	3 months ended 31 March	
	2008	2007
Corrosion prevention	30%	43%
Distributed – refined petroleum products	12%	-
Average gross margin	17%	43%

The increase in other income was substantially due to rebates received for the development of its distribution markets on the refined petroleum distribution business and higher interest income earned from the excess cash placed in fixed deposits.

The increase in selling and distribution, administrative and other operating expenses was attributable to the consolidation of TAT's financials. Excluding this impact of this inclusion, these expenses in total were 26% lower than 1Q FY2007.

The increase in finance costs was resulted from the consolidation of TAT's financials as its working capital is largely funded by short-term trade facilities from bank.

The increase in income tax expense was mainly due to tax losses carried forward from CP segment had been substantially utilized in offsetting the taxable income in FY2007 and this also explained the higher effective tax rate for 1Q FY2008 at 18% (Singapore Corporate tax rate) as compared to 4.3% in 1Q FY2007.

<u>Description</u>	Group	
	3 months ended 31 March	
	2008	2007
	S\$'000	S\$'000
Provision for tax in respect of results for the current year	(643)	(138)
Underprovision for tax in prior years	-	-
Deferred tax	-	-
	(643)	(138)

Net assets and cash flow

Non-current assets as at 31 March 2008 increased by S\$1.6 million as compared to 31 December 2007 largely due to capital investments incurred for the second corrosion prevention plant.

Current assets as at 31 March 2008 increased by S\$4.0 million over 31 December 2007 largely due to the increase in trade receivables which was in line with higher revenue contributed by Tat.

Current liabilities as at 31 March 2008 increased S\$3.2 million over 31 December 2007 largely due to increase in trade payables which was in line with higher revenue contributed by Tat.

Long-term liabilities as at 31 March 2008 decreased by S\$0.5 million over 31 December 2007 largely due to repayments of term loan and hire purchase creditors during the financial period.

Net asset value of the Group as at 31 March 2008 increased by S\$2.3 million mainly due to net profits generated during the financial period.

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 year ended 31 December 2007.

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 fundamental and outlook for the marine, offshore, oil and gas and construction markets still remains vibrant, underpinned by high crude oil prices and projected higher exploration and production capital expenditure and resurgence of infrastructure, residential and institutional projects. This is further supported by the strong order books reported by our key customers and their continuing strong performance.

The Group's expansion plans on CP segment to tap the growth opportunities in FY2008 are firmly on track. The planned second corrosion prevention plant is expected to commence operation before end of 2Q FY2008 and this will drive additional revenue for the Group. The additional tank coating equipments which invested in 3Q FY2007 and 1Q FY2008 are also currently operating at full capacity to support on hand tank coating work orders. The Group will leverage on these initiatives to maximize and enjoy the growth of these industries and believes it will provide further revenue growth impetus for our corrosion prevention business going forward.

Whilst the demand for corrosion prevention services is expected to remain strong, heightened competition aggravated further by significant increase in certain key costs including diesel, copper grits and rental of machinery and equipment are expected to have an adverse impact on margin, which the Group has now factored such rising costs and is currently reviewing the price with the clients.

The contribution from the 51% equity interests in Tat is expected to gather momentum from the additional master distribution contracts secured from ExxonMobil in the last two quarters of FY2007 with estimated annual revenue of S\$27 million. The master distribution contracts secured to date has grown Tat's revenue by 93% or S\$16.8 million to S\$34.9 million in 1Q FY2008 from S\$18.1 million in 2Q FY2007 when Tat's financials were first consolidated into the Group. The Group will continue to implement strategies to drive revenue from the on hand master distribution contracts and by working with ExxonMobil to secure more master distribution contracts moving forward. On the back of these initiatives coupled with full year profit contribution in FY2008, the Group is expecting further growth from this segment to contribute to the overall growth of the Group for FY2008

Looking ahead, the Group remains optimistic of its performance in FY2008. It expects revenue growth from its existing businesses, led by many initiatives including equipment and plant expansion plans and additional master distributions contracts clinched by Tat in the last quarter of FY2007.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(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

No dividend has been declared/recommendeded.

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total	0	0

13. Confirmation Pursuant to Rule 705(4) of the Listing Manual

We, Lee Chee Seng and Yap Sew, 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 1Q FY2008 financial statements to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Yap Sew
Chief Executive Officer
13 May 2008