



SEE HUP SENG'S PROFIT TO EQUITY HOLDERS IN 2Q11 SURGES OVER 4-FOLD TO S\$2.6M

Higher profit from core businesses and increased equity interest in TAT Petroleum spurred strong growth in Group's profit to equity holders

Singapore, 11 August 2011 – See Hup Seng Limited (四合成有限公司) (“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 more than four-fold increase in profit attributable to equity holders to S\$2.6 million for the three months ended 30 June 2011 (“2Q11”). This compares with a profit of S\$0.6 million in the previous corresponding financial period.

The Group has also declared an interim dividend of 0.25 cents per share to reward shareholders for their support of See Hup Seng. This translates into a dividend payout of around 21% of the profit attributable to equity holders in 1H11.

The stronger performance in 2Q11 was driven by higher revenue and profit from the Group's core businesses – Corrosion Prevention (“CP”) and Refined Petroleum Distribution (“TAT Petroleum”) business segments. In addition, profit to equity holders jumped significantly due to the Group's 100% equity stake in TAT Petroleum in 2Q11, as compared to an equity interest of 51% during 2Q10.

Group revenue in 2Q11 rose 34% to S\$63.1 million from S\$47.0 million previously. TAT Petroleum registered a 38% year-on-year (y-o-y) growth in revenue to S\$53.9 million, while CP segment also posted an increase in revenue of 17% to S\$9.3 million in 2Q11.

For the six months ended 30 June 2011 (“1H11”), Group revenue gained 24% to S\$121.0 million, while net profit attributable to equity holders leapt 171% to S\$4.8 million. As at 30 June 2011, the Group maintained a sound financial position with cash and cash equivalents totaling S\$31.0 million, and a net gearing¹ of around 0.15 time.

Mr Thomas Lim Siok Kwee, Executive Chairman and CEO of See Hup Seng said, “The operating results achieved in the first half of this year have been encouraging. Although the operating environment for our CP business remains difficult, we are pleased to note that CP segment raked in a profit after tax of S\$1.1 million in 1H11, which exceeded the annual profit of S\$0.5 million last year.

Business of TAT Petroleum also progressed well during 1H11 and our shareholders are already benefiting from the Group's move to turn TAT Petroleum into a wholly-owned subsidiary.

On the global front, the financial issues in the major developed nations are giving rise to a lot of uncertainties and darkening the global economic outlook in the near term. To be prepared for any possible slowdown, we will be cautious in operations and execution of our business plans, while maintaining sound financial health to ensure that the Group is prepared to withstand any adverse situations.”

¹ Net gearing is computed based on $(Total\ Borrowings\ less\ Cash\ and\ Cash\ Equivalents) / (Total\ Equity)$

**SEE HUP SENG'S PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
IN 2Q11 SURGES OVER 4-FOLD TO S\$2.6M**

Financial Review

S\$ million	SEGMENTS (2Q11)		GROUP (2Q11 vs 2Q10)			GROUP (1H11 vs 1H10)		
	CP	TAT Petroleum	2Q11	2Q10	yoy change	1H11	1H10	yoy change
Revenue	9.3	53.9	63.1	47.0	34%	121.0	97.9	24%
Gross profit	2.3	7.5	9.8	7.7	28%	19.0	16.0	19%
GP margin	24.6%	16.0%	15.6%	16.4%	-	15.7%	16.4%	-
Profit before tax	0.6	2.7	3.3	1.6	106%	5.8	4.0	44%
Income tax	0.1	0.5	0.6	0.3	111%	1.0	0.7	45%
Profit after tax	0.5	2.1	2.6	1.3	105%	4.8	3.3	44%
Profit attributable to Shareholders	0.5	2.1	2.6	0.6	346%	4.8	1.8	171%
EBITA	1.0	3.3	4.3	2.6	65%	7.8	6.2	26%

TAT Petroleum's revenue in 2Q11 rose 38% to S\$53.9 million from S\$39.1 million in 2Q10. This increase came from stronger sales volume and higher average selling price. TAT Petroleum benefited from improved demand for petroleum-derived products in the region, as well as higher market penetration, especially in Korea and Vietnam where it now has a direct presence. TAT Petroleum continued to dominate Group revenue with a contribution of 85% in 2Q11.

Thanks to higher sales volume and average selling price, TAT Petroleum's revenue in 2Q11 also increased 10.9% quarter-on-quarter from S\$48.6 million in 1Q11.

In terms of sales by products, petroleum-intermediates showed a 35% y-o-y increase in sales to account for 60% of TAT Petroleum's revenue in 2Q11. The remaining 30% was made up by sales of industrial and wholesale products which were up 47% y-o-y.

TAT Petroleum contributed gross profit of S\$7.5 million in 2Q11 compared to S\$5.7 million a year before. Gross profit margin however, eased slightly to 14.0% from 14.6% in 2Q10 due to the faster pace of increase in cost of inventory over the past 12 months relative to the increase in average selling prices.

Notwithstanding higher administrative and operating expenses related to additional offices in Korea and Vietnam, TAT Petroleum attained a 46% y-o-y increase in operating profit to S\$3.0 million in 2Q11.

CP segment's revenue in 2Q11 improved 17% to S\$9.3 million from S\$7.9 million in 2Q10. This increase was led mainly by higher sales generated from the Plant Operations, Grit-Blasting – Site, and Trading units. These business units compensated for slower sales of the Tank Coating and Module Blasting unit. On a sequential basis, CP segment's revenue remained stable over the first two quarters of 2011.

CP segment generated gross profit of S\$2.3million in 2Q11, compared to S\$2.0 million in 2Q10. Gross profit margin narrowed slightly to 24.6% in the quarter under review from 24.9% previously, due mainly to under-absorption of fixed costs and price pressure faced by the Tank Coating and Module Blasting unit. This effect was partially cushioned by the Plant Operations unit which recorded higher gross profit margin.

Thanks to higher revenue, the CP segment reported an operating profit of S\$0.6 million, reversing the loss of S\$0.1 million in 2Q10.

Business Outlook

The Group's CP segment delivered steady sales over the first two quarters of 2011, while TAT Petroleum also showed respectable sales momentum in the first half. However, in light of the present uncertainties surrounding the global economic recovery, the Group is keeping a cautious view of the potential fallout on crude oil prices and market demand for its products and services.

For TAT Petroleum, the Group remains watchful of the near-term influence of the fluctuations in price of crude oil on the segment's gross profit margin, while pursuing its long-term growth strategies. To become a leading distributor of petroleum-derived products in the region, TAT Petroleum is employing a two-pronged strategy that involves strengthening its supply chain and expanding its market reach through organic and/or partnerships.

TAT Petroleum recently set up a direct presence in Indonesia to be closer to its customers and gain access to supply sources. Besides seeking higher market penetration in current markets, it will also continue to explore the development of new potential markets in Asia Pacific such as the emerging markets in South Asia and Southeast Asia.

As for the CP segment, the Group has been continually working to maintain an efficient and competitive cost structure while seeking to broaden its customer base across various industries. In the first half of 2011, the Plant Operations unit has secured more orders than the year-ago period.

Notwithstanding the slowdown in orders at its Tank Coating and Module Blasting business unit which was subject to intensifying competition from alternative corrosion prevention services such as hydroblasting, the CP segment remained profitable during the first two quarters of 2011, underpinned by the Plant Operations unit and cost rationalisation initiatives.

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 wholly-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 a fully-equipped facility in Singapore. Its proven capability in corrosion prevention services is underlined by its status as a resident contractor for premier shipyards in Singapore.

Headquartered in Singapore with offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia, TAT Petroleum offers value-added solutions for refined petroleum products to its customers in diverse sectors such as vehicular, agriculture, coating, pharmaceutical, plastic and electronics industries.

TAT Petroleum's comprehensive services range from the blending and packaging of refined petroleum products into pails, drums or intermediate bulk containers bearing the brand of its major supplier, to storage and distribution of these products to designated locations.

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