

NEWS RELEASE

SEE HUP SENG'S NET PROFIT DOUBLES TO S\$1.3M IN 2Q10

Key Highlights in 2Q10 :

- **Group revenue rises 31% to S\$47.0 million**
- **Improved profitability driven by strong performance of TAT Petroleum**
- **Sound financial position maintained - cash balances of S\$39.6m and low net gearing**

Singapore, 12 August 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, has reported that its net profit for the three months ended 30 June 2010 (“2Q10”) jumped 104% to S\$1.3 million, from S\$0.6 million in 2Q09.

The improved profitability in 2Q10 came on the back of a 31% increase in Group revenue to S\$47.0 million. This was driven primarily by continued strong sales of its Refined Petroleum Distribution business segment (“TAT Petroleum”), which offset a marginal decline in sales of the Corrosion Prevention (“CP”) business segment.

Mr Thomas Lim Siok Kwee, Executive Chairman & CEO of See Hup Seng said, “The Group’s better financial performance in 2Q10 was mainly due to TAT Petroleum, which capitalised on its broad market coverage in the region to benefit from improving demand for refined petroleum products during the period.”

See Hup Seng purchased its 51% equity interest in TAT Petroleum in April 2007 which was a diversification strategy to introduce a new pillar of growth as a counterbalance against the cyclical nature of the CP segment.

“Our strategy is paying off as TAT Petroleum has demonstrated the resilience of its business model through its ability to weather the economic downturn and recover rapidly as business conditions in the region picked up. This has helped to buffer the Group from the challenging operating environment faced by the CP segment.

We remain upbeat on TAT Petroleum's positive prospects and plan to turn it into a wholly-owned subsidiary of the Group to enhance value for our shareholders," said Mr Lim.

In May 2010, the Group proposed to acquire the remaining 49% stake in TAT Petroleum ("Proposed Acquisition") that it does not own. This would enable the Group to boost its future earnings streams by reaping the full benefit of TAT Petroleum's exciting growth prospects in the distribution and supply chain management of refined petroleum products to its large and growing customer base spanning diverse industries. The Proposed Acquisition is subject to the approval of shareholders at an Extraordinary General Meeting to be held on 17 August 2010.

"If approved by shareholders and successfully completed, the Proposed Acquisition will have a positive impact on the Group's earnings attributable to shareholders in FY2010," said Mr Lim.

As at 30 June 2010, the Group remained in a sound financial position with S\$39.6 million in cash and cash equivalents, and a low net gearing of 0.1 times.

Financial Review

S\$ million	SEGMENTS (2Q10)		GROUP				
	CP	TAT Petroleum	2Q10	1Q10	q-o-q change	2Q09	y-o-y change
Revenue	7.9	39.1	47.0	50.9	(7.7%)	36.0	31.0
Gross Profit	2.0	5.7	7.7	8.3	(7.2%)	6.8	14.0
GP Margin	25	15	16%	16%	-	19%	-
Profit before tax	(0.2)	1.8	1.6	2.4	(33.3%)	0.8	100%
Income tax	-	(0.3)	(0.3)	(0.4)	(25.0)	(0.2)	50%
Profit after tax	(0.1)	1.4	1.3	2.0	(35.0%)	0.6	117%
EBITA	0.3	2.3	2.6	3.6	(27.8%)	1.9	37%

TAT Petroleum continued to benefit from buoyant demand for refined petroleum products in the region with sales gaining 42% to S\$39.1 million in 2Q10, from S\$27.6 million in 2Q09. As a result, TAT Petroleum accounted for a dominant 83% share of Group revenue in 2Q10.

Despite a challenging operating environment in 2Q10, CP segment posted a marginal decline in revenue to S\$7.9 million, from S\$8.4 million in 2Q09. This was the result of lower-than-expected orders for tank coating and module blasting services caused by a change in

customers' requirements. Plant operations were also affected by delays of customers for certain job orders.

Thanks to the Group's stronger sales performance in 2Q10, gross profit increased 14% to S\$7.7 million. This was generated mainly by the contribution of S\$5.7 million from TAT Petroleum while CP segment contributed the remaining S\$2.0 million.

The Group's gross profit margin (GPM) in 2Q10 however eased to 16%, compared to 19% in 2Q09. On a segmental basis, TAT Petroleum's GPM narrowed to 15% due primarily to adjustments in selling price of its refined petroleum products, in line with lower crude oil prices. Meanwhile, CP segment maintained its GPM at 25% despite lower sales. This was due to a greater number of higher value jobs secured for its tank coating and module blasting services, which yielded better GPM to offset a decline in GPM of the plant operations.

Business Outlook

Looking ahead, the Group envisages positive prospects in the Asia Pacific markets for TAT Petroleum, which is headquartered in Singapore with a network of offices in Hong Kong, China (Guangzhou), South Korea, Vietnam and Indonesia. To further enhance its growth potential, TAT Petroleum will seek to steadily expand its direct presence in strategic markets, particularly the emerging markets in South Asia and Southeast Asia. This will enable TAT Petroleum to improve its supply chain capabilities and service levels, broaden its customer base and strengthen its competitive position.

Besides increasing its market penetration, TAT Petroleum also has plans to broaden its product range which will help to boost its business volume.

The Group is taking a more cautious view for CP segment as this business is subject to intense competitive conditions, pressure from customers to revise the pricing of services, and potential delays or cancellations of customers' projects.

Going forward, the Group intends to ensure that CP segment maintains an efficient cost structure to remain competitive and sustain its market share. It is also continuing to explore opportunities that can enhance CP segment's value proposition by expanding the range of its service offerings and broadening its market coverage.



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.

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