

**BENG KUANG MARINE LIMITED**

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2010

**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.

	Notes	GROUP		Increase / (Decrease)
		1st Qtr of 2010 S\$'000	1st Qtr of 2009 S\$'000	
<b>Revenue</b>		<b>21,477</b>	<b>33,792</b>	<b>(36%)</b>
Cost of sales		(14,994)	(26,557)	(44%)
<b>Gross profit</b>		<b>6,483</b>	<b>7,235</b>	<b>(10%)</b>
Other operating (expense) / income, net	(A)	(35)	265	NM
Administrative expenses		(3,620)	(3,473)	4%
Selling and distribution expenses		(422)	(579)	(27%)
<b>Profit from operations</b>		<b>2,406</b>	<b>3,448</b>	<b>(30%)</b>
Financial income		5	1	400%
Financial expenses		(333)	(341)	(2%)
Share of results of associates, net of tax		(54)	(66)	(18%)
<b>Profit before taxation</b>	(B)	<b>2,024</b>	<b>3,042</b>	<b>(33%)</b>
Income tax expense		(438)	(666)	(34%)
<b>Profit after taxation</b>		<b>1,586</b>	<b>2,376</b>	<b>(33%)</b>
<b>Attributable to :</b>				
<b>Equity holders of the Company</b>		<b>1,546</b>	<b>2,444</b>	<b>(37%)</b>
Minority Interests		40	(68)	NM
		1,586	2,376	(33%)

NM - Not meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	GROUP		Increase / (Decrease)
	1st Qtr of 2010	1st Qtr of 2009	
Notes	S\$'000	S\$'000	
<b>Profit after taxation</b>	<b>1,586</b>	<b>2,376</b>	<b>(33%)</b>
Foreign currency translation	38	93	(59%)
<b>Other comprehensive income, net of tax</b>	<b>38</b>	<b>93</b>	<b>(59%)</b>
<b>Total comprehensive income</b>	<b>1,624</b>	<b>2,469</b>	<b>(34%)</b>
<b>Total comprehensive income attributable to :</b>			
<b>Equity holders of the Company</b>	<b>1,584</b>	<b>2,537</b>	<b>(38%)</b>
Minority Interests	40	(68)	NM
	<b>1,624</b>	<b>2,469</b>	<b>(34%)</b>

Notes

(A) The Group's other operating (expense) / income, net includes:

Loss on disposal of property, plant and equipment	(7)	(3)
Property, plant and equipment written off	-	(53)
Foreign exchange (loss) / gain	(73)	154
Other Income	45	167

(B) The Group's profit from operations is arrived at after (charging) / crediting

Interest income	5	1
Interest expense on borrowings	(323)	(329)
Depreciation of property, plant and equipment	(1,478)	(1,302)
Amortisation of intangible asset	(15)	(11)
Write-back of allowance for doubtful debts	7	20
Allowance for doubtful debts	(84)	(100)

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-10	31-Dec-09	31-Mar-10	31-Dec-09
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	46,815	45,792	958	1,017
Intangible assets	2,648	2,663	-	-
Investment in subsidiaries	-	-	9,392	9,392
Investment in associates	4,098	4,152	200	200
Due from subsidiary (non-trade)	-	-	21	51
<b>Current assets</b>				
Inventories	9,274	9,020	-	-
Work-in-progress in excess of progress billings	14,540	9,243	3,317	2,280
Trade debtors	21,765	22,313	-	-
Other debtors	2,807	2,041	750	452
Prepayment	676	1,000	222	1
Due from subsidiaries (trade)	-	-	4,151	3,701
Due from subsidiaries (non trade)	-	-	38,286	33,631
Due from related parties (trade)	17,059	22,423	7,300	6,480
Due from related parties (non trade)	17	17	17	17
Due from associates (trade)	76	-	-	-
Due from associates (non-trade)	-	82	68	68
Fixed deposits	1,910	982	1,000	-
Cash and bank balances	13,457	18,286	4,466	5,865
	<b>81,581</b>	<b>85,407</b>	<b>59,577</b>	<b>52,495</b>
<b>Current liabilities</b>				
Trade creditors	17,473	19,711	34	88
Bills payable to banks	810	956	-	-
Other creditors and accruals	12,267	15,282	3,092	3,119
Due to subsidiaries (trade)	-	-	4,709	3,667
Due to subsidiaries (non-trade)	-	-	1,294	386
Due to related parties (trade)	603	1,853	306	306
Due to related parties (non trade)	229	289	-	-
Provision for income tax	2,675	3,017	23	-
Lease obligations	1,495	1,643	50	50
Bank overdrafts	396	-	-	-
Short-term bank loans	23,817	22,814	20,989	20,000
Term loans	2,667	2,678	1,257	1,258
	<b>62,432</b>	<b>68,243</b>	<b>31,754</b>	<b>28,874</b>
<b>Net current assets</b>	<b>19,149</b>	<b>17,164</b>	<b>27,823</b>	<b>23,621</b>

	GROUP		COMPANY	
	31-Mar-10	31-Dec-09	31-Mar-10	31-Dec-09
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Lease obligations	551	817	69	81
Deferred tax liabilities	866	866	-	-
Term loans	6,956	7,620	2,813	3,125
	<b>8,373</b>	<b>9,303</b>	<b>2,882</b>	<b>3,206</b>
<b>Net assets</b>	<b>64,337</b>	<b>60,468</b>	<b>35,512</b>	<b>31,075</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	31,154	28,909	31,154	28,909
Revenue reserves	29,242	27,696	4,358	2,166
Translation reserves	4	(34)	-	-
	<b>60,400</b>	<b>56,571</b>	<b>35,512</b>	<b>31,075</b>
Minority interests	3,937	3,897	-	-
<b>Total equity</b>	<b>64,337</b>	<b>60,468</b>	<b>35,512</b>	<b>31,075</b>

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

Amount repayable in one year or less, or on demand

	As at 31-Mar-10		As at 31-Dec-09	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings	-	25,023	-	23,770
Term loans	921	1,746	935	1,743
Lease Obligations	1,495	-	1,643	-

Amount repayable after one year

	As at 31-Mar-10		As at 31-Dec-09	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	2,954	4,002	3,182	4,438
Lease Obligations	551	-	817	-

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$3,875,000 (31 Dec 2008: S\$4,117,000) in respect of a loan secured by a leasehold property.
- (b) Lease obligations are secured by the underlying equipment.

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	
	1st Qtr of 2010	1st Qtr of 2009
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	2,024	3,042
<u>Adjustments for:</u>		
Allowance for doubtful debts	84	100
Write-back of allowance for doubtful debts	(7)	(20)
Loss / (gain) on disposal of Property, plant and equipment	7	3
Property, plant and equipment written off	-	53
Depreciation of Property, plant and equipment	1,478	1,302
Amortisation of intangible asset	15	11
Allowance for stock obsolescence	11	31
Share of results of associates	54	66
Interest income	(5)	(1)
Interest expenses	323	329
<b>Operating profit before changes in working capital</b>	<b>3,984</b>	<b>4,916</b>
<u>(Increase) / decrease in:</u>		
Inventories	(265)	2,789
Work-in-progress in excess of progress billings	(5,297)	(8,694)
Trade debtors	471	1,328
Other debtors	(766)	(345)
Prepayments	324	(164)
Due from related parties	5,364	1,878
Due from associates, net	6	10
<u>(Decrease) / increase in:</u>		
Trade creditors	(2,238)	2,310
Other creditors and accruals	(3,015)	(2,449)
Due to related parties	(1,310)	380
<b>Cash flows (used in) / generated from operations</b>	<b>(2,742)</b>	<b>1,959</b>
Interest received	5	1
Interest paid	(331)	(497)
Income taxes paid	(780)	(407)
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(3,848)</b>	<b>1,056</b>

	GROUP	
	1st Qtr of 2010	1st Qtr of 2009
	S\$'000	S\$'000
<b>Cash flows from investing activities</b>		
Proceeds from disposal of Property, plant and equipment	417	67
Purchase of Property, plant and equipment	(2,920)	(1,838)
<b>Net cash flows used in investing activities</b>	<b>(2,503)</b>	<b>(1,771)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(414)	(598)
Decrease in bills payable to banks	(146)	(3,593)
Proceeds short-term bank loans	336	1,520
Net proceeds from issue of new ordinary shares	2,245	-
<b>Net cash flows generated from / (used in) financing activities</b>	<b>2,021</b>	<b>(2,671)</b>
Net effect of exchange rate changes in consolidating subsidiaries	33	93
<b>Net decrease in cash and cash equivalents</b>	<b>(4,297)</b>	<b>(3,293)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>19,268</b>	<b>14,280</b>
<b>Cash and cash equivalents at end of the period</b>	<b>14,971</b>	<b>10,987</b>

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.

	Attributable to equity holders of the Company				Minority Interests	Total equity
	Share Capital	Revenue Reserve	Translation Reserves	Total Reserves		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>						
<b>Balance as at 31 December 2008</b>	16,111	21,057	(20)	21,037	3,911	41,059
Total comprehensive income for the quarter	-	2,444	93	2,537	(68)	2,469
<b>Balance as at 31 March 2009</b>	<b>16,111</b>	<b>23,501</b>	<b>73</b>	<b>23,574</b>	<b>3,843</b>	<b>43,528</b>
<b>Balance as at 31 December 2009</b>						
	28,909	27,696	(34)	27,662	3,897	60,468
Issuance of shares	2,250	-	-	-	-	2,250
Share issue expenses	(5)	-	-	-	-	(5)
Total comprehensive income for the quarter	-	1,546	38	1,584	40	1,624
<b>Balance as at 31 March 2010</b>	<b>31,154</b>	<b>29,242</b>	<b>4</b>	<b>29,246</b>	<b>3,937</b>	<b>64,337</b>
<b>COMPANY</b>						
<b>Balance as at 31 December 2008</b>	16,111	2,947	-	2,947	-	19,058
Total comprehensive income for the quarter	-	262	-	262	-	262
<b>Balance as at 31 March 2009</b>	<b>16,111</b>	<b>3,209</b>	<b>-</b>	<b>3,209</b>	<b>-</b>	<b>19,320</b>
<b>Balance as at 31 December 2009</b>						
	28,909	2,166	-	2,166	-	31,075
Issuance of shares	2,250	-	-	-	-	2,250
Share issue expenses	(5)	-	-	-	-	(5)
Total comprehensive income for the quarter	-	2,192	-	2,192	-	2,192
<b>Balance as at 31 March 2010</b>	<b>31,154</b>	<b>4,358</b>	<b>-</b>	<b>4,358</b>	<b>-</b>	<b>35,512</b>

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, 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.

Pursuant to the Call Option Agreement dated 7 September 2009, the new subscribers were granted an Option to subscribe 38,000,000 new shares in the Company at an exercise price of \$0.25 per share. This Option is exercisable at the sole discretion of the subscribers within the period of 3 years from the date of the Call Option Agreement.

As at 31 March 2010, 22,000,000 Option shares have been exercised with 16,000,000 Option shares to be carried forward to the next quarter.

The details of changes in the Company's share capital were as follows:

<u>Issued and fully paid</u>	No. of ordinary shares	S\$'000
<b>Balance as at 1 January 2010</b>	441,041,625	28,909
Issuance of shares	9,000,000	2,245
<b>Balance as at 31 March 2010</b>	<b>450,041,625</b>	<b>31,154</b>

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 immediate preceding year.

	As at 31-Mar-10	As at 31-Dec-09
	No. of shares	No. of shares
Issued and fully paid	450,041,625	441,041,625

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the current financial period reported on.

None.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the 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 consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 2009.

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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period base on net profit attributable to shareholders (in cents):

a) Based on weighted average number of ordinary shares on issue; and

Weighted no.of shares in issue

b) On a fully diluted basis

	Group	
	1st Quarter 2010	1st Quarter 2009
	0.35	0.64
	447,941,625	384,710,625
	0.34	N/A

N/A - not applicable



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

Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)

GROUP		COMPANY	
31-Mar-10	31-Dec-09	31-Mar-10	31-Dec-09
13.42	12.83	7.89	7.05

**31-Mar-10**

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of S\$60.40 million and the Company's net asset value as at the end of the period of S\$35.51 million divided by the share capital of 450,041,625 ordinary shares.

**31-Dec-09**

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of S\$56.57 million and the Company's net asset value as at the end of the period of S\$31.08 million divided by the share capital of 441,041,625 ordinary shares.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

**Income statement review**

**Group Turnover**

Infrastructure & Engineering ("IE")  
Corrosion Prevention ("CP")  
Supply & Distribution ("SD")

1st Quarter results			
FY 2010	FY 2009	+ / (-)	+ / (-)
S\$ million	S\$ million	S\$ million	%
2.95	14.12	(11.17)	(79.1)
13.68	13.67	0.01	0.1
4.85	6.00	(1.15)	(19.2)
<b>21.48</b>	<b>33.79</b>	<b>(12.31)</b>	<b>(36.4)</b>

The Group's revenue for 1Q2010 decreased by 36.4% from S\$33.79 million to S\$21.48 million as compared to 1Q2009. The revenue of IE division dropped by 79.1%, while the revenue of CP division remained unchanged and the revenue of SD division dropped by 19.2%.

Revenue from our IE division decreased S\$11.17 million from S\$14.12 million in 1Q2009 to S\$2.95 million in 1Q2010. This was due to fewer contracts secured arising from the delayed effects of the slowdown in the marine industry in 2009.

Our SD division performed below expectation due to decrease in demand given the weak recovery of the global offshore marine, oil & gas industries.

The Group's net profit attributable to shareholders decreased by 37% to S\$1.55 million in 1Q2010 as compared to S\$2.44 million in 1Q2009. This decrease was in tandem with the reduction in revenue for the period.

**CASHFLOW STATEMENT**

The Group had recorded a negative cashflow from operating activities in 1Q2010. This was attributable to the lower operating profit generated on a quarter-on-quarter basis and decrease in balances due to settlement of trade creditors, other payables and accruals and related parties.

Net outflow from investing activities for FY2010 was S\$2.50 million. This outlay was mainly related to the construction of one pair of tug boat and barge, purchase of plant and machineries, and yard improvements for our Batam yard .

The net cash inflow from financing activities of S\$2.02 million was due to proceeds from issuance of new shares arising from exercise of option. During the 1Q2010, the Company raised S\$2.25 million through the exercise of 9 million new option shares.

Overall, the Group registered healthy cash and bank balances of S\$14.97 million. The cash and bank balances improved by 36.3% compared to the same corresponding quarter in previous year.

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**ASSETS AND LIABILITIES**

The Group's Balance Sheet remains strong with S\$135.14 million in "Total assets". The Group maintains healthy cash and bank balances of S\$14.97 million at the end of 1Q2010.

The Group's "Total Liabilities" was S\$70.81 million at end of 1Q2010 as compared to S\$77.55 million at end of 1Q2009. The decrease in total liabilities from S\$34.99 in 1Q2009 to S\$29.74 million in 1Q2010 was due to the reduction in trade creditors, other creditors and accruals.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**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.**

For the first quarter, revenue dropped by 36.4% largely due to the slow down in our Infrastructure Engineering division. Our yard enter into discussions with several potential customers but unfortunately did not managed to secure any contract. There are still uncertainties in the second quarter as business environment remains challenging.

Despite current uncertainties in world financial market, the global economic outlook appears to be improving, the Group remains confident of the long term fundamentals in the offshore marine oil and gas industry.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12 If no dividend has been declared / recommended, a statement to that effect.**

No interim dividend has been declared/recommended for the current period ended 31 March 2010.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2010

1st Quarter of FY2010

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$	S\$
[Revenue/(Expenses)]		
<b><u>Labroy Shipbuilding &amp; Engineering Pte Ltd</u></b>		
Provision of Corrosion Prevention Services		(178,913)
Provision of Infrastructure Engineering Services		30,411
Sale of Hardware Equipment, Tools and Other Consumables		1,330
Rental of Machineries		171,378
<b><u>PT Nanindah Mutiara Shipyard</u></b>		
Sale of Hardware Equipment, Tools and Other Consumables		130,067
<b><u>Labroy Offshore Engineering Pte Ltd</u></b>		
Provision of Corrosion Prevention Services		3,581,846
Provision of Infrastructure Engineering Services		14,359
<b><u>Drydocks World-Singapore Pte Ltd</u></b>		
Sale of Hardware Equipment, Tools and Other Consumables		15,010
Provision of Corrosion Prevention Services		572,710
Transportation Charges		(2,522)
<b><u>PT Graha Trisaka Industri</u></b>		
Provision of Corrosion Prevention Services		405,000
Provision of Infrastructure Engineering Services		40,012
Sale of Hardware Equipment, Tools and Other Consumables		197,271
<b><u>PT. Drydocks World Pertama</u></b>		
Provision of Corrosion Prevention Services		265,727
Sale of Hardware Equipment, Tools and Other Consumables		13,431

18 Confirmation pursuant to Rule 705(5) of the listing manual of the Singapore Exchange Securities Trading Limited

We, Chua Beng Kuang and Chua Meng Hua, being Directors of Beng Kuang Marine Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the period ended 31 March 2010 to be false or misleading.

BY ORDER OF THE BOARD

**Chua Beng Kuang**  
Executive Chairman  
10 May 2010

**Chua Meng Hua**  
Managing Director