



BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2017

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

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

	GROUP		Increase / (Decrease)
	1st Qtr of 2017 S\$'000	1st Qtr of 2016 S\$'000	
Revenue	17,141	20,166	(15%)
Cost of sales	(13,418)	(14,272)	(6%)
Gross profit	3,723	5,894	(37%)
Other losses, net	(453)	(754)	(40%)
Expenses			
- Selling and distribution	(327)	(376)	(13%)
- Administrative	(3,547)	(3,796)	(7%)
- Finance	(656)	(791)	(17%)
(Loss) / profit before income tax	(1,260)	177	NM
Income tax expense	(194)	(113)	72%
Net (loss) / profit	(1,454)	64	NM
(Loss) / profit attributable to:			
Equity holders of the Company	(1,742)	270	NM
Non-controlling interests	288	(206)	NM
	(1,454)	64	NM

NM - Not meaningful

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	GROUP		Increase / (Decrease)
	1st Qtr of 2017	1st Qtr of 2016	
	S\$'000	S\$'000	
Net (loss) / profit after tax	(1,454)	64	NM
Currency translation differences arising from consolidation	(784)	(174)	350%
Other comprehensive loss, net of tax	(784)	(174)	350%
Total comprehensive loss	(2,238)	(110)	1,934%
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company	(2,360)	146	NM
Non-controlling interests	122	(256)	NM
	(2,238)	(110)	1,934%

GROUP	
1st Qtr of 2017	1st Qtr of 2016
S\$'000	S\$'000

Notes

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

Interest Income	1	2
Interest expense on borrowings	(656)	(791)
Foreign exchange losses	(738)	(1,028)
Gain on disposal of property, plant and equipment	62	44
Property, plant and equipment written off	-	(5)
Depreciation of property, plant and equipment	(2,432)	(2,449)
Allowance for impairment of trade receivables	(27)	(15)
Write-back of allowance for impairment of trade receivables	8	6

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

	GROUP		COMPANY	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	3,532	4,985	69	74
Trade and other receivables	38,735	38,190	67,810	66,995
Inventories	13,696	14,219	-	-
	<u>55,963</u>	<u>57,394</u>	<u>67,879</u>	<u>67,069</u>
Non-current assets				
Investment in subsidiary corporations	-	-	12,519	12,519
Intangible assets	64	64	-	-
Property, plant and equipment	102,068	105,563	580	593
Deferred income tax assets	1,075	1,076	15	15
	<u>103,207</u>	<u>106,703</u>	<u>13,114</u>	<u>13,127</u>
Total assets	159,170	164,097	80,993	80,196
LIABILITIES				
Current liabilities				
Trade and other payables	22,970	23,253	8,118	6,572
Deferred income	285	345	-	-
Current income tax liabilities	795	526	-	-
Borrowings and overdrafts	30,123	31,626	14,496	15,119
	<u>54,173</u>	<u>55,750</u>	<u>22,614</u>	<u>21,691</u>
Non-current liabilities				
Deferred income	505	505	-	-
Borrowings	24,636	25,748	4,955	4,948
Deferred income tax liabilities	245	245	-	-
	<u>25,386</u>	<u>26,498</u>	<u>4,955</u>	<u>4,948</u>
Total liabilities	79,559	82,248	27,569	26,639
NET ASSETS	79,611	81,849	53,424	53,557
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Other reserves	(424)	194	163	163
Retained profits	25,380	27,122	3,610	3,743
	<u>74,607</u>	<u>76,967</u>	<u>53,424</u>	<u>53,557</u>
Non-controlling interests	5,004	4,882	-	-
Total equity	79,611	81,849	53,424	53,557

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-17		As at 31-Dec-16	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	700	20,892	1,001	21,465
Term loans	7,606	55	7,697	223
Finance lease liabilities	870	-	1,240	-

Amount repayable after one year

	As at 31-Mar-17		As at 31-Dec-16	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	19,371	-	20,437	-
Convertible bonds	-	4,909	-	4,899
Finance lease liabilities	356	-	412	-

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$10,160,000 as at 31 March 2017 (31 December 2016: S\$11,073,000) in respect of loans are secured by vessels, tugs and barges.
- (b) S\$17,518,000 as at 31 March 2017 (31 December 2016: S\$18,062,000) in respect of loans are secured by properties
- (c) Finance lease obligations are secured by the underlying equipment.

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

	GROUP	
	1st Qtr of 2017	1st Qtr of 2016
	S\$'000	S\$'000
Cash flows from operating activities		
Net (loss) / profit	(1,454)	64
<i>Adjustments for:</i>		
Allowance for impairment of trade receivables	27	15
Write-back of allowance for impairment of trade receivables	(8)	(6)
Income tax expense	194	113
Gain on disposal of property, plant and equipment	(62)	(44)
Property, plant and equipment written off	-	5
Depreciation of property, plant and equipment	2,432	2,449
Interest income	(1)	(2)
Interest expenses	656	791
Unrealised currency translation losses	467	807
	2,251	4,192
<i>Changes in working capital</i>		
Inventories	523	549
Trade and other receivables	(619)	1,562
Trade and other payables	(290)	(2,046)
Cash flows generated from operations	1,865	4,257
Interest received	1	2
Interest paid	(558)	(734)
Income taxes paid	76	(87)
Net cash flows generated from operating activities	1,384	3,438
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	63	143
Addition to property, plant and equipment	(535)	(2,030)
Interest paid	(81)	(23)
Net cash flows used in investing activities	(553)	(1,910)
Cash flows from financing activities		
Repayment of finance lease liabilities	(427)	(427)
Repayment of borrowings, net	(1,752)	(300)
Bills payable	(80)	(1,063)
Interest paid	(29)	(51)
Net cash flows used in financing activities	(2,288)	(1,841)
Net decrease in cash and cash equivalents	(1,457)	(313)
Cash and cash equivalents		
Beginning of the period	1,600	2,579
Effects of currency translation on cash and cash equivalents	10	36
End of financial period	153	2,302

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						Non-controlling interests	Total equity
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP								
Balance as at 1 January 2016	49,651	28,015	(415)	163	(52)	77,362	1,960	79,322
Total comprehensive income / (loss) for the quarter	-	270	(124)	-	-	146	(256)	(110)
Balance as at 31 March 2016	49,651	28,285	(539)	163	(52)	77,508	1,704	79,212
Balance as at 1 January 2017	49,651	27,122	83	163	(52)	76,967	4,882	81,849
Total comprehensive (loss) / income for the quarter	-	(1,742)	(618)	-	-	(2,360)	122	(2,238)
Balance as at 31 March 2017	49,651	25,380	(535)	163	(52)	74,607	5,004	79,611
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY								
Balance as at 1 January 2016	49,651	4,804	-	163	-	54,618	-	54,618
Total comprehensive loss for the quarter	-	(302)	-	-	-	(302)	-	(302)
Balance as at 31 March 2016	49,651	4,502	-	163	-	54,316	-	54,316
Balance as at 1 January 2017	49,651	3,743	-	163	-	53,557	-	53,557
Total comprehensive loss for the quarter	-	(133)	-	-	-	(133)	-	(133)
Balance as at 31 March 2017	49,651	3,610	-	163	-	53,424	-	53,424

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.

Ordinary shares

Balance as at 1 January 2017 and 31 March 2017

No. of ordinary shares	S\$'000
135,010,406	49,651

Convertibles

On 27 April 2015, the Company issued convertible bonds with a nominal value of \$5 million bearing interest at 8% per annum. All or any part of the bonds may be converted to new shares at \$0.84 after 12 months from the date of issue or redeemable within 4 years from the date of issue.

Outstanding option to subscribe new shares

As at 31-Mar-17	As at 31-Mar-16
No. of shares	No. of shares
Nil	Nil

Treasury Shares

The Company did not have any treasury shares as at 31 March 2017 and 31 March 2016.

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-17	As at 31-Dec-16
No. of shares	No. of shares
135,010,406	135,010,406

Issued and fully paid

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 2016.

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 based 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 2017	1st Quarter 2016
-1.29	0.20
135,010,406	135,010,406
-1.29	0.20

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-17	31-Dec-16	31-Mar-17	31-Dec-16
55.26	57.01	39.57	39.67

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the share capital of 135,010,406 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	1st Quarter results			
	FY 2017 S\$'million	FY 2016 S\$'million	+ / (-) S\$'million	+ / (-) %
Infrastructure & Engineering ("IE")	7.00	8.13	(1.13)	(13.9)
Corrosion Prevention ("CP")	5.57	6.34	(0.77)	(12.1)
Supply & Distribution ("SD")	2.36	2.52	(0.16)	(6.3)
Shipping & Others ("SH")	2.21	3.18	(0.97)	(30.5)
	17.14	20.17	(3.03)	(15.0)

The Group's revenue decreased by 15.0% or S\$3.03 million from S\$20.17 million in 1Q2016 to S\$17.14 million in 1Q2017.

Revenue for our IE division decreased by 13.9% or S\$1.13 million from S\$8.13 million in 1Q2016 to S\$7.00 million in 1Q2017 as there was no sizeable marine or fabrication contract secured during 1Q2017.

Revenue for our CP division fell by S\$0.77 million from S\$6.34 million in 1Q2016 to S\$5.57 million in 1Q2017 because of lower demand for CP services.

Revenue for our SD division declined by S\$0.16 million from S\$2.52 million in 1Q2016 to S\$2.36 million in 1Q2017 due to lower demand for marine and industrial hardware products.

Revenue for our SH division decreased by S\$0.97 million from S\$3.18 million in 1Q2016 to S\$2.21 million in 1Q2017 due to the inability of the livestock carriers to secure charters during the period as adverse weather conditions affected the livestock export market in Australia.

Our gross profit margin decreased from 29.2% in 1Q2016 to 21.7% in 1Q2017. One of the main reason was due to the livestock carriers being temporary off-charter due to adverse weather condition during 1Q2017. Hence, the gross profit decreased by S\$2.17 million from S\$5.89 million in 1Q2016 to S\$3.72 million in 1Q2017.

Financial expenses decreased by S\$0.13 million from S\$0.79 million in 1Q2016 to S\$0.66 million in 1Q2017. This was mainly due to decrease in bank borrowings.

The Group's net loss was S\$1.74 million for 1Q2017 compared to profit of S\$270,000 for 1Q2016. The loss in 1Q2017 was mainly attributable to the livestock carriers being off-charter and foreign exchange loss.

CASHFLOW STATEMENT

The Group registered a positive net cash flow of S\$1.38 million in 1Q2017 from its operating activities.

Net cash outflow from investing activities for 1Q2017 was approximately S\$0.55 million and this was mainly due to the upgrading costs of yard facilities in Singapore.

Net cash outflow in financing activities was approximately S\$2.29 million during 1Q2017 because of repayment of hire purchase liabilities and borrowings.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S\$1.46 million for 1Q2017.

ASSETS AND LIABILITIES

The Group registered total assets of S\$159.17 million as at 31 March 2017.

The Group's current assets decreased from S\$57.39 million as at 31 December 2016 to S\$55.96 million as at 31 March 2017 because of reduction in cash and bank balances and inventories.

Total liabilities for the Group were S\$79.56 million at 31 March 2017 as compared to S\$82.25 million at end of FY2016. This was attributable to repayment of bank loans.

The Group registered net current assets of S\$1.79 million as at 31 March 2017 as compared to S\$1.64 million as at 31 December 2016.

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

The Company did not make any forecast and prospect statement in respect of its result for 31 March 2017.

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.

Market conditions continue to be uncertain and challenging. The Group will continue to focus on cost reduction, as well as improving earnings and liquidity.

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 period?

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 2017.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2017.

1st Quarter of FY2017

	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)
[Revenue / (Expenses)]	S\$	S\$
<u>DDW - Paxocean Shipyard Pte Ltd</u>		
Provision of corrosion prevention services	-	717,884
Procurement of materials and consumables	-	(19,577)
<u>PT. Drydocks World Pertama</u>		
Provision of corrosion prevention services	-	764,700
Procurement of materials and consumables	-	(61,303)

14 Negative confirmation pursuant to Rule 705(5).

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 2017 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Group has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
9 May 2017

Chua Meng Hua
Managing Director and Chief Executive Officer