



# BENG KUANG MARINE LIMITED

Registration No. 199400196M

First 9 months Financial Statement For The Period Ended 30 September 2012

## 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.

	Notes	GROUP			GROUP		
		3rd Qtr of 2012 S\$'000	3rd Qtr of 2011 S\$'000	Increase / (Decrease)	9 Months of 2012 S\$'000	9 Months of 2011 S\$'000	Increase / (Decrease)
Revenue		22,262	34,439	(35%)	74,384	106,909	(30%)
Cost of sales		(18,061)	(26,817)	(33%)	(58,671)	(87,155)	(33%)
Gross profit		4,201	7,622	(45%)	15,713	19,754	(20%)
Other losses, net	(A)	(4,278)	(282)	NM	(3,976)	(358)	NM
Expenses							
- Selling and distribution		(533)	(363)	47%	(1,597)	(1,094)	46%
- Administrative		(3,975)	(5,023)	(21%)	(12,118)	(12,353)	(2%)
- Finance		(672)	(651)	3%	(1,967)	(1,600)	23%
Share of loss of associated companies		(43)	(52)	(17%)	(107)	(208)	(49%)
(Loss) / profit before income tax	(B)	(5,300)	1,251	NM	(4,052)	4,141	NM
Income tax expense		(96)	(94)	2%	(408)	(550)	(26%)
<b>Net (loss) / profit</b>		<b>(5,396)</b>	<b>1,157</b>	<b>NM</b>	<b>(4,460)</b>	<b>3,591</b>	<b>NM</b>
<b>Profit attributable to:</b>							
Equity holders of the Company		(4,143)	1,417	NM	(3,115)	4,029	NM
Non-controlling interests		(1,253)	(260)	382%	(1,345)	(438)	207%
		<b>(5,396)</b>	<b>1,157</b>	<b>NM</b>	<b>(4,460)</b>	<b>3,591</b>	<b>NM</b>

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)

	Notes	GROUP			GROUP		
		3rd Qtr of 2012 S\$'000	3rd Qtr of 2011 S\$'000	Increase / (Decrease)	9 Months of 2012 S\$'000	9 Months of 2011 S\$'000	Increase / (Decrease)
<b>Net (loss) / profit</b>		(5,396)	1,157	NM	(4,460)	3,591	NM
Currency translation differences arising from consolidation		(33)	61	NM	(322)	(32)	898%
Other comprehensive (loss) / income, net of tax		(33)	61	NM	(322)	(32)	898%
<b>Total comprehensive (loss) / income</b>		<b>(5,429)</b>	<b>1,218</b>	<b>NM</b>	<b>(4,782)</b>	<b>3,559</b>	<b>NM</b>
<b>Total comprehensive (loss) / income attributable to:</b>							
Equity holders of the Company		(4,163)	1,441	NM	(3,429)	3,990	NM
Non-controlling interests		(1,266)	(223)	468%	(1,353)	(431)	214%
		<b>(5,429)</b>	<b>1,218</b>	<b>NM</b>	<b>(4,782)</b>	<b>3,559</b>	<b>NM</b>

Notes

(A) The Group's other operating (losses) / gains, net includes:

(Loss) / gain on disposal of property, plant and equipment	(171)	91		189	114
Property, plant and equipment written off	-	-		-	(7)
Impairment loss on goodwill	(2,269)	-		(2,269)	-
Impairment loss on investment in associated companies	(1,959)	-		(1,959)	-
Impairment loss on intangible assets	(234)	-		(234)	-
Foreign exchange gain / (loss), net	250	(543)		14	(870)
Interest Income	3	2		16	28
Other Income	102	168		267	377

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

	GROUP			GROUP	
	3rd Qtr of 2012 S\$'000	3rd Qtr of 2011 S\$'000		9 Months of 2012 S\$'000	9 Months of 2011 S\$'000
Interest expense on borrowings	(672)	(651)		(1,967)	(1,600)
Depreciation of property, plant and equipment	(2,093)	(1,651)		(6,673)	(4,510)
Amortisation of intangible asset	(15)	(15)		(44)	(44)
Write-back of allowance for impairment of trade receivables	-	64		38	201
Allowance for impairment of trade receivables	(344)	(52)		(490)	(128)

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	
	30-Sep-12	31-Dec-11	30-Sep-12	31-Dec-11
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	10,309	13,860	671	925
Trade and other receivables	58,522	105,182	65,202	66,662
Inventories	11,823	12,077	-	-
	80,654	131,119	65,873	67,587
<b>Non-current assets</b>				
Investment in associated companies	995	3,061	-	-
Investment in subsidiaries	-	-	12,059	12,059
Intangible assets	64	2,610	-	-
Property, plant and equipment	105,001	98,154	1,423	1,405
	106,060	103,825	13,482	13,464
<b>Total assets</b>	186,714	234,944	79,355	81,051
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	40,946	69,693	4,329	6,452
Current income tax liabilities	775	1,678	-	-
Borrowings	51,602	59,783	20,978	22,661
	93,323	131,154	25,307	29,113
<b>Non-current liabilities</b>				
Borrowings	13,154	17,935	326	1,004
Deferred tax liabilities	993	993	19	19
	14,147	18,928	345	1,023
<b>Total liabilities</b>	107,470	150,082	25,652	30,136
<b>NET ASSETS</b>	79,244	84,862	53,703	50,915
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,651	49,651	49,651	49,651
Currency translation reserve	(141)	(71)	-	-
Retained profits	27,677	31,872	4,052	1,264
	77,187	81,452	53,703	50,915
<b>Non-controlling interests</b>	2,057	3,410	-	-
<b>Total equity</b>	79,244	84,862	53,703	50,915

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

**Amount repayable in one year or less, or on demand**

	As at 30-Sep-12		As at 31-Dec-11	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	10,247	34,599	18,438	34,338
Term loans	2,277	2,208	2,245	2,429
Finance lease liabilities	2,271	-	2,333	-

**Amount repayable after one year**

	As at 30-Sep-12		As at 31-Dec-11	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	8,765	667	10,865	1,821
Finance lease liabilities	3,722	-	5,249	-

**Details of any collateral**

Included in the Group's secured borrowings are:-

- (a) S\$6,098,000 (31 December 2011: S\$6,695,000) in respect of a loan secured by a leasehold property.
- (b) S\$6,944,000 (31 December 2011: S\$8,414,000) in respect of a loan secured by a vessel
- (c) S\$5,372,000 (31 December 2011: S\$16,438,000) in respect of project financing secured by the projects' work-in-progress
- (d) 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	
	3rd Qtr of 2012 S\$'000	3rd Qtr of 2011 S\$'000
<b>Cash flows from operating activities</b>		
Net (loss) / profit	(5,396)	1,157
<i>Adjustments for:</i>		
Income tax expense	96	94
Allowance for impairment of trade receivables	344	52
Write-back of allowance for impairment of trade receivables	-	(64)
Loss / (gain) on disposal of property, plant and equipment	171	(91)
Depreciation of property, plant and equipment	2,093	1,651
Amortisation of intangible assets	15	15
Impairment loss on intangible assets	234	-
Impairment loss on goodwill	2,269	-
Allowance for impairment of inventories	71	52
Share of losses of associated companies	43	-
Impairment loss on investment in associated companies	1,959	-
Gain on disposal of a sole-proprietor	(10)	-
Interest income	(3)	(2)
Interest expenses	672	651
	2,558	3,515
<i>Changes in working capital</i>		
Inventories and construction work-in-progress	4,250	(19,876)
Trade and other receivables	38,138	8,573
Trade and other payables	(27,480)	7,748
Bills payable	(1,199)	(2,279)
<b>Cash flows generated from / (used in) operations</b>	16,267	(2,319)
Interest received	3	2
Interest paid	(463)	(537)
Income taxes paid	(477)	(60)
<b>Net cash flows generated from / (used in) operating activities</b>	15,330	(2,914)
<b>Cash flows from investing activities</b>		
Acquisition of non-controlling interests' share of subsidiary, net of cash acquired	-	(37)
Proceeds from disposal of sole-proprietor	10	-
Proceeds from disposal of property, plant and equipment	94	96
Addition to property, plant and equipment	(4,434)	(12,941)
<b>Net cash flows used in investing activities</b>	(4,330)	(12,882)
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(595)	(885)
(Repayment) / Proceeds from borrowings, net	(8,885)	6,461
Dividends paid to a non-controlling interest	-	(98)
<b>Net cash flows (used in) / generated from financing activities</b>	(9,480)	5,478
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,520	(10,318)
<b>Cash and cash equivalents</b>		
Beginning of financial period	6,934	20,712
Effects of currency translation on cash and cash equivalents	(16)	691
End of financial period	8,438	11,085

- 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 interest	Total equity	
	Share capital	Retained profits	Translation reserves			Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>GROUP</b>						
<b>Balance as at 30 June 2011</b>	49,651	29,973	(76)	29,897	4,199	83,747
Dividend paid to non-controlling interest	-	-	-	-	(98)	(98)
Acquisition of non-controlling interest	-	-	-	-	(37)	(37)
Total comprehensive income / (loss) for the quarter	-	1,417	24	1,441	(223)	1,218
<b>Balance as at 30 September 2011</b>	<b>49,651</b>	<b>31,390</b>	<b>(52)</b>	<b>31,338</b>	<b>3,841</b>	<b>84,830</b>
<b>Balance as at 30 June 2012</b>	49,651	31,820	(121)	31,699	3,323	84,673
Total comprehensive loss for the quarter	-	(4,143)	(20)	(4,163)	(1,266)	(5,429)
<b>Balance as at 30 September 2012</b>	<b>49,651</b>	<b>27,677</b>	<b>(141)</b>	<b>27,536</b>	<b>2,057</b>	<b>79,244</b>
	<b>Share capital</b>	<b>Retained profits</b>	<b>Translation reserves</b>	<b>Total</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>COMPANY</b>						
<b>Balance as at 30 June 2011</b>	49,651	383	-	383	-	50,034
Write-back of allowance for impairment of trade receivables	-	(145)	-	(145)	-	(145)
<b>Balance as at 30 September 2011</b>	<b>49,651</b>	<b>238</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>49,889</b>
<b>Balance as at 30 June 2012</b>	49,651	3,373	-	3,373	-	53,024
Total comprehensive income for the quarter	-	679	-	679	-	679
<b>Balance as at 30 September 2012</b>	<b>49,651</b>	<b>4,052</b>	<b>-</b>	<b>4,052</b>	<b>-</b>	<b>53,703</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.

#### Ordinary shares

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

<u>Issued and fully paid</u>	No. of ordinary shares	S\$'000
<b>Balance as at 30 June 2012 and 30 September 2012</b>	540,041,625	49,651

#### Convertibles

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 within the period of 3 years. This Option to subscribe for new shares expired on 6 September 2012 ("Option Expiry Date").

As at Option Expiry Date, the option for 16,000,000 were not exercised and as such has expired.

#### Treasury shares

The Company did not have any treasury shares as at 30 September 2012 and 30 September 2011.

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.

	As at 30-Sep-12	As at 31-Dec-11
	No. of shares	No. of shares
Issued and fully paid	540,041,625	540,041,625

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.

Same as disclosed in paragraph 5 below, 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 2011.

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.

In the current financial period, the Group adopted the new / revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on / or after 1 January 2012. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The followings are the new or amended FRS that are relevant to the Group

(i) Amendments to FRS 12 - Deferred tax : recovery if underlying assets

(ii) Amendments to FRS 107 (Disclosures) - Transfers of financial assets

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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

	Group	
	9 Months 2012	9 Months 2011
a) Based on weighted average number of ordinary shares on issue; and	(0.58)	0.75
Weighted no. of shares in issue	540,041,625	540,041,625
b) On a fully diluted basis	(0.58)	0.75

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.

	GROUP		COMPANY	
	30-Sep-12	31-Dec-11	30-Sep-12	31-Dec-11
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	14.67	15.71	9.94	9.43

#### 30-Sep-12

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\$79.24 million and the Company's net asset value as at the end of the period of S\$53.70 million divided by the share capital of 540,041,625 ordinary shares.

#### 31-Dec-11

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the year of S\$84.86 million and the Company's net asset value as at the end of the period of S\$50.92 million divided by the share capital of 540,041,625 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	3rd Quarter results			
	FY 2012 S\$'million	FY 2011 S\$'million	+ / (-) S\$'million	+ / (-) %
Infrastructure & Engineering ("IE")	9.28	21.95	(12.67)	(57.7)
Corrosion Prevention ("CP")	6.94	7.91	(0.97)	(12.3)
Supply & Distribution ("SD")	3.96	4.38	(0.42)	(9.6)
Shipping & Others ("SH")	2.08	0.20	1.88	940.0
	<b>22.26</b>	<b>34.44</b>	<b>(12.18)</b>	<b>(35.4)</b>

The Group's revenue decreased by 35.4% or by S\$12.18 million from S\$34.44 million in 3Q2011 to S\$22.26 million in 3Q2012. This was due to revenue decrease registered by our IE, CP and SD divisions.

Revenue recognised for 3Q2012 by our IE division fell by 57.7% to S\$9.28 million. This was because work on most of our current order book were completed or are nearing completion. In addition, as a result of the current weak market conditions, we had not been able to secure new project of significant value.

Revenue for our CP division declined by S\$0.97 million from S\$7.91 million in 3Q2011 to S\$6.94 million in 3Q2012. This was mainly due to lower demand for corrosion prevention services during 3Q2012 as compared to 3Q2011.

Our SD division registered revenue decrease of S\$0.42 million from S\$4.38 million in 3Q2011 to S\$3.96 million in 3Q2012. Despite the lower revenue achieved during the quarter, demand for our hardware products and consumables remained fairly stable for the last two consecutive quarters.

Revenue for our SH division was significantly higher at S\$2.08 million for 3Q2012 compared to the S\$0.20 million recorded in the corresponding quarter last year. The higher charter income was derived from all six pairs of tug boats and cargo barges, and our first livestock carrier which commenced its maiden voyage in December 2011.

During the current quarter, the Group made allowance for impairment of S\$1.96 million on its investments in associated companies and of S\$2.27 million on the goodwill arising from these investments. The principal business of these associates is solid waste recycling. The Group had assessed and considered these allowances for impairment to be necessary in view of the deterioration in the financial outlook of these investments. This is mainly attributed to a change in the underlying business case assumption for the investment in these associated companies, in that the solid waste recycling plant will not be able to process high value hazardous wastes.

As a result of the sharp decline in the Group's revenue and the above allowances for impairment, the Group reported a loss attributable to shareholders of S\$4.14 million for 3Q2012 as compared to a profit of S\$1.42 million in 3Q2011.

Group Turnover	9 Months results			
	FY 2012 S\$'million	FY 2011 S\$'million	+ / (-) S\$'million	+ / (-) %
Infrastructure & Engineering ("IE")	34.48	72.57	(38.09)	(52.5)
Corrosion Prevention ("CP")	22.75	21.95	0.80	3.6
Supply & Distribution ("SD")	11.48	11.96	(0.48)	(4.0)
Shipping & Others ("SH")	5.67	0.43	5.24	1218.6
	<b>74.38</b>	<b>106.91</b>	<b>(32.53)</b>	<b>(30.4)</b>

The Group's revenue decreased by 30.4% or S\$32.53 million from S\$106.91 million in 9M2011 to S\$74.38 million in 9M2012. The decrease was largely due to the significant drop in revenue recorded by our IE division during 9M2012.

As explained above, lesser construction activity and the inability to secure significant shipbuilding contract were the main causes for the lower 9M2012 revenue of S\$34.48 million registered by our IE division compared to the S\$72.57 million revenue achieved for the same period last year.

Revenue for our CP division increased marginally by S\$0.80 million from S\$21.95 million in 9M2011 to S\$22.75 million in 9M2012. This was mainly due to the stable nature of revenue generated from the hull-side vessel corrosion prevention services awarded by major shipyards in Singapore.



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Similarly, revenue for our SD division was fairly constant for 9M2012 and 9M2011 as demand for our hardware products and consumables remained relatively stable.

Our SH division generated charter income of S\$5.67 million for 9M2012. This was derived from all six pair of tug boats and cargo barges, and our first livestock carrier which commenced its maiden voyage in December 2011. As a result, 9M2012 revenue for our SH division increased by S\$5.24 million year-on-year to S\$5.67 million.

During 3Q2012 and 9M2012, the Group had impaired the goodwill and investment cost of the associated companies dealing with solid waste recycling business.

The Group reported net loss attributable to shareholders of S\$3.12 million for 9M2012 as compared to earnings of S\$4.03 million for the same period last year. The loss attributable to shareholders was mainly due to lower Group's revenue, and impairment charges on its investment in associated companies and related goodwill.

#### **CASHFLOW STATEMENT**

The Group generated net cash operating inflow of S\$15.33 million during 3Q2012 as compared to a net operating outflow of S\$2.9 million during 3Q2011. The net operating cashflow inflow in 3Q2012 was mainly due to our IE division receiving payments from recently completed projects whereas the net operating cash out flow in 3Q2011 was primarily due to funding for on-going projects exceeding progress billings made.

Net cash outflow from investing activities for 3Q2012 was S\$4.33 million. This net outflow was mainly due to approximately S\$1.24 million being invested to upgrade our Batam shipyard's fabrication workshop facilities, and approximately S\$2.49 million incurred for the conversion of our second livestock carrier at our yard.

The net cash outflow in financing activities of S\$9.48 million was mainly due to repayment of project financing amounting to approximately S\$8.89 million upon the completion and delivery of a customer's vessel.

As a result of the above, the Group registered a net increase in cash and cash equivalents of approximately S\$1.52 million for the 3 months ended 30 September 2012.

#### **ASSETS AND LIABILITIES**

The Group registered total assets of S\$186.71 million as at 30 September 2012.

The Group's current assets declined from S\$131.12 million as at 31 December 2011 to S\$80.65 million as at 30 September 2012. The decline was due to lower cash and bank balances. In addition, trade receivables was lower mainly due to payments received from customers for the completion and delivery of two new vessels by our IE division during 9M2012.

Non-current assets increased S\$2.23 million to S\$106.06 million as at 30 September 2012. This increase was due to capital expenditure at cost of approximately S\$14.76 million incurred mainly for the purchase of our second livestock carrier and the upgrading our Batam shipyard facilities are higher than the allowances for impairment of approximately S\$4.23 million on the Group's investment in associated companies and the related goodwill.

Total liabilities for the Group were S\$107.47 million as at the end of 9M2012 as compared to S\$150.08 million as at 31 December 2011. The decline was mainly due to the Group reducing its trade payables and project financing loan upon the successful delivery of customers' vessels during 9M2012.

The Group registered net current liabilities of S\$12.67 million as at 30 September 2012 and S\$0.04 million as at 31 December 2011. The net current liabilities position was mainly due to the Group's utilisation of a portion of its short-term bank borrowings to finance the acquisition of five pair of tug boats and cargo barges added to the shipping fleet in FY2011, and the second livestock carrier purchased in 1Q2012. In October 2012, the SH division managed to secure term loan financings for these acquisitions which helps to improve the net working capital position of the Group.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, and the available bank facilities, the Group is able to meet its short-term obligations as and when they fall due.

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

This is in line with the profit guidance announcement made by the Company on 2 November 2012.

**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.**

With the current financial and economic uncertainties in Europe and the United States, the global business environment is expected to be volatile. In addition, the global shipbuilding industry currently faces many challenges. Competition for new vessel building jobs has been very keen. Even though our IE division has been successful in securing several projects in recent months, they are not sizeable enough for our Batam shipyard to achieve optimal operating capacity. We expect the Group's outlook for the final quarter of the year to be challenging and expect to register a loss for the full financial year of 2012.

Despite the gloomy outlook, the Group intends to capitalise on the current lull period with its on-going upgrades to its shipyard facilities in Batam, including review of operating processes in a bid to enhance competitiveness. In addition, the Group will continue to seek out new opportunities and focus on securing more marine construction projects to improve our net earnings.

The Group's Executive Chairman has previously disclosed in its Annual Report for FY2011 that "Barring any unforeseen circumstances, we expect this year's performance to be positive". This is no longer possible as the allowances for impairment of the associated companies and the lower revenue from our IE division have an adverse impact on our earnings for the current year.

**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 30 September 2012.

**13 Summary of Interested Person Transactions for the financial period ended 30 September 2012**

3rd Quarter of FY2012

	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>Drydocks World-Singapore Pte Ltd</u></b>		
Provision of corrosion prevention services		(420,957)
Transportation charges		(1,556)
<b><u>PT Graha Trisaka Industri</u></b>		
Provision of corrosion prevention services		(1,551,026)
Provision of infrastructure engineering services		(7,029)
<b><u>PT. Drydocks World Pertama</u></b>		
Provision of corrosion prevention services		184,143
Provision of infrastructure engineering services		(93,229)

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**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 30 September 2012 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Chua Beng Kuang**  
**Executive Chairman**  
**9 Nov 2012**

**Chua Meng Hua**  
**Managing Director**