



# BENG KUANG MARINE LIMITED

Registration No. 199400196M

## First Quarter Financial Statement For The Period Ended 31 March 2015

### 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 2015 S\$'000	1st Qtr of 2014 S\$'000	
Revenue	19,598	17,603	11%
Cost of sales	(14,618)	(12,833)	14%
Gross profit	4,980	4,770	4%
Other (losses) / gains, net	(39)	190	NM
Expenses			
- Selling and distribution	(503)	(490)	3%
- Administrative	(3,820)	(3,844)	(1%)
- Finance	(574)	(513)	12%
Profit before income tax	44	113	(61%)
Income tax credit / (expense)	96	(102)	NM
<b>Net profit</b>	<b>140</b>	<b>11</b>	<b>1,173%</b>
<b>Profit / (loss) attributable to:</b>			
Equity holders of the Company	114	124	(8%)
Non-controlling interests	26	(113)	NM
	<u>140</u>	<u>11</u>	<u>1,173%</u>

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 2015	1st Qtr of 2014	
	S\$'000	S\$'000	
<b>Net profit after tax</b>	140	11	1,173%
Currency translation differences arising from consolidation	(52)	115	NM
Other comprehensive (loss) / income, net of tax	(52)	115	NM
<b>Total comprehensive income</b>	<b>88</b>	<b>126</b>	<b>(30%)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	70	212	(67%)
Non-controlling interests	18	(86)	NM
	<b>88</b>	<b>126</b>	<b>(30%)</b>

	GROUP	
	1st Qtr of 2015	1st Qtr of 2014
	S\$'000	S\$'000

Notes

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

Interest Income	2	3
Interest expense on borrowings	(574)	(513)
Foreign exchange losses	(281)	(100)
Gain on disposal of property, plant and equipment	25	40
Property, plant and equipment written off	-	(2)
Depreciation of property, plant and equipment	(2,344)	(2,276)
Write-back of allowance for impairment of trade receivables	5	14

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-15	31-Dec-14	31-Mar-15	31-Dec-14
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	5,615	6,495	181	175
Trade and other receivables	48,352	47,320	69,145	68,087
Inventories	13,564	12,751	-	-
	<u>67,531</u>	<u>66,566</u>	<u>69,326</u>	<u>68,262</u>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	10,827	10,827
Intangible assets	64	64	-	-
Property, plant and equipment	105,886	106,902	722	772
Deferred income tax assets	340	373	8	8
	<u>106,290</u>	<u>107,339</u>	<u>11,557</u>	<u>11,607</u>
<b>Total assets</b>	<u>173,821</u>	<u>173,905</u>	<u>80,883</u>	<u>79,869</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	29,838	28,282	11,287	10,499
Deferred Income	686	408	-	-
Provision for warranty	-	68	-	-
Current income tax liabilities	544	733	-	-
Borrowings and overdrafts	45,146	45,960	17,612	17,298
	<u>76,214</u>	<u>75,451</u>	<u>28,899</u>	<u>27,797</u>
<b>Non-current liabilities</b>				
Deferred Income	880	934	-	-
Borrowings	16,961	18,114	8	16
Deferred tax liabilities	762	794	-	-
	<u>18,603</u>	<u>19,842</u>	<u>8</u>	<u>16</u>
<b>Total Liabilities</b>	<u>94,817</u>	<u>95,293</u>	<u>28,907</u>	<u>27,813</u>
<b>NET ASSETS</b>	<u>79,004</u>	<u>78,612</u>	<u>51,976</u>	<u>52,056</u>
<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	(440)	(396)	-	-
Retained profits	27,029	26,915	2,325	2,405
	<u>76,240</u>	<u>76,170</u>	<u>51,976</u>	<u>52,056</u>
<b>Non-controlling interests</b>	<u>2,764</u>	<u>2,442</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>79,004</u>	<u>78,612</u>	<u>51,976</u>	<u>52,056</u>

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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 31-Mar-15		As at 31-Dec-14	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	3,120	34,090	3,422	34,634
Term loans	5,742	861	5,638	903
Finance lease liabilities	1,333	-	1,363	-

**Amount repayable after one year**

	As at 31-Mar-15		As at 31-Dec-14	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	15,379	792	16,100	1,000
Finance lease liabilities	790	-	1,014	-

**Details of any collateral**

Included in the Group's secured borrowings are:-

- (a) S\$19,471,000 as at 31 March 2015 (31 December 2014: S\$20,240,000) in respect of loans are secured by vessels, tugs and barges.
- (b) S\$4,771,000 as at 31 March 2015 (31 December 2014: S\$4,920,000) in respect of loans are secured by property
- (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 2015 S\$'000	1st Qtr of 2014 S\$'000
<b>Cash flows from operating activities</b>		
Net profit	140	11
<i>Adjustments for:</i>		
Income tax (credit) / expense	(96)	102
Write-back of allowance for impairment of trade receivables	(5)	(14)
Gain on disposal of property, plant and equipment	(25)	(40)
Property, plant and equipment written off	-	2
Depreciation of property, plant and equipment	2,344	2,276
Interest income	(2)	(3)
Finance expenses	574	513
Amortisation of deferred income	54	54
Unrealised currency translation losses	319	81
	3,303	2,982
<i>Changes in working capital</i>		
Inventories and construction work-in-progress	411	3,929
Trade and other receivables	1,409	6,030
Trade and other payables	(1,256)	(9,070)
Bills payable	(237)	(446)
	3,630	3,425
<b>Cash flows generated from operations</b>		
Interest received	2	3
Interest paid	(572)	(337)
Income taxes paid	(92)	(103)
	2,968	2,988
<b>Net cash flows generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	218	93
Addition to property, plant and equipment	(1,184)	(1,966)
Interest paid	(55)	(87)
	(1,021)	(1,960)
<b>Net cash flows used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(417)	(551)
Repayment of borrowings, net	(2,563)	(1,485)
Interest paid	-	(58)
Net cashflow from acquisition of subsidiary	39	-
	(2,941)	(2,094)
<b>Net cash flows used in financing activities</b>		
<b>Net decrease in cash and cash equivalents</b>	(994)	(1,066)
<b>Cash and cash equivalents</b>		
Beginning of the period	3,120	5,582
Effects of currency translation on cash and cash equivalents	46	(62)
End of financial period	2,172	4,454

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	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>						
<b>Balance as at 1 January 2014</b>	49,651	31,936	(407)	31,529	2,600	83,780
Total comprehensive income / (loss) for the quarter	-	124	88	212	(86)	126
<b>Balance as at 31 March 2014</b>	<b>49,651</b>	<b>32,060</b>	<b>(319)</b>	<b>31,741</b>	<b>2,514</b>	<b>83,906</b>
<b>Balance as at 1 January 2015</b>	49,651	26,915	(396)	26,519	2,442	78,612
Acquisition of a subsidiary	-	-	-	-	304	304
Total comprehensive income / (loss) for the quarter	-	114	(44)	70	18	88
<b>Balance as at 31 March 2015</b>	<b>49,651</b>	<b>27,029</b>	<b>(440)</b>	<b>26,589</b>	<b>2,764</b>	<b>79,004</b>
	Share capital	Retained profits	Translation reserves	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>COMPANY</b>						
<b>Balance as at 1 January 2014</b>	49,651	2,724	-	2,724	-	52,375
Total comprehensive income for the quarter	-	164	-	164	-	164
<b>Balance as at 31 March 2014</b>	<b>49,651</b>	<b>2,888</b>	<b>-</b>	<b>2,888</b>	<b>-</b>	<b>52,539</b>
<b>Balance as at 1 January 2015</b>	49,651	2,405	-	2,405	-	52,056
Total comprehensive loss for the quarter	-	(80)	-	(80)	-	(80)
<b>Balance as at 31 March 2015</b>	<b>49,651</b>	<b>2,325</b>	<b>-</b>	<b>2,325</b>	<b>-</b>	<b>51,976</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**

	No. of ordinary shares	S\$'000
Balance as at 1 January 2015 and 31 March 2015	540,041,625	49,651

**Convertibles**

	As at 31-Mar-15	As at 31-Mar-14
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	Nil

**Treasury Shares**

The Company did not have any treasury shares as at 31 March 2015 and 31 March 2014.

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-15	As at 31-Dec-14
	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.

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 2014.

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 2015	1st Quarter 2014
a)	0.02	0.02
Weighted no. of shares in issue	540,041,625	540,041,625
b)	0.02	0.02

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-15	31-Dec-14	31-Mar-15	31-Dec-14
14.12	14.10	9.62	9.64

#### **31-Mar-15**

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\$76.24 million and the Company's net asset value as at the end of the period of S\$51.98 million divided by the share capital of 540,041,625 ordinary shares.

#### **31-Dec-14**

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\$76.17 million and the Company's net asset value as at the end of the year of S\$52.06 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

<u>Group Turnover</u>	<u>1st Quarter results</u>			
	<u>FY 2015</u>	<u>FY 2014</u>	<u>+ / (-)</u>	<u>+ / (-)</u>
	S\$'million	S\$'million	S\$'million	%
Infrastructure & Engineering ("IE")	5.48	3.81	1.67	43.8
Corrosion Prevention ("CP")	8.05	8.91	(0.86)	(9.7)
Supply & Distribution ("SD")	3.21	3.37	(0.16)	(4.7)
Shipping & Others ("SH")	2.86	1.51	1.35	89.4
	<u>19.60</u>	<u>17.60</u>	<u>2.00</u>	<u>11.4</u>

The Group's revenue improved by 11.4% or S\$2.00 million from S\$17.60 million in 1Q2014 to S\$19.60 million in 1Q2015.

Revenue for our IE division improved by 43.8% or S\$1.67 million from S\$3.81 million in 1Q2014 to S\$5.48 million in 1Q2015. The improvement was generated from securing more orders for fabrication and offshore maintenance services.

Revenue for our CP division decreased by 9.7% or S\$0.86 million from S\$8.91 million in 1Q2014 to S\$8.05 million in 1Q2015. SD division's revenue decreased marginally by 4.7% or S\$0.16 million from S\$3.37 million in 1Q2014 to S\$3.21 million in 1Q2015. Demand for both CP services and SD hardware supplies remained stable in 1Q2015.

Revenue for our SH division increased by 89.4% or S\$1.35 million from S\$1.51 million in 1Q2014 to S\$2.86 million in 1Q2015. This was mainly due to revenue contribution from the second livestock carrier which commenced charter in 2Q2014.

The Group's gross profit improved marginally by S\$0.21 million from \$4.77 million in 1Q2014 to S\$4.98 million in 1Q2015. This was due to gross profit contribution from second livestock carrier.

The Group's profit attributable to shareholders was \$0.11 million for 1Q2015 compared to S\$0.12 million for 1Q2014.

#### CASHFLOW STATEMENT

The Group registered a positive net cash flow of S\$2.97 million in 1Q2015 from its operating activities.

The Group registered net cash outflow in investing activities of S\$1.02 million. This was mainly due to mandatory drydocking of one of its livestock carriers and investment in equipment.

Net cash outflow in financing activities was approximately S\$2.94 million during 1Q2015. This was mainly due to repayment of hire purchase liabilities and bank borrowings.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S\$0.99 million for 1Q2015.



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## **ASSETS AND LIABILITIES**

The Group registered total asset of S\$173.82 million as at 31 March 2015.

The Group's current assets increased from S\$66.57 million as at 31 December 2014 to S\$67.53 million as at 31 March 2015. This was mainly due to increase in net trade receivables and inventories.

Total liabilities for the Group was S\$94.82 million at 1Q2015 as compared to S\$95.29 million at end of FY2014. The reduction was mainly attributable to repayment of bank borrowings of S\$1.96 million during 1Q2015.

The Group registered net current liabilities of S\$8.68 million as at 31 March 2015 as compared to S\$8.89 million as at 31 December 2014. The net current liabilities position registered in both periods was mainly due to the Group's utilisation of its short-term bank borrowings to finance the conversion of the second livestock carrier.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, the available bank facilities and recent issuance of redeemable convertible bonds ("RCB") completed in April 2015, 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.**

The Company did not make any forecast and prospect statement in respect of its result for 31 March 2015. The Group's actual results for its first quarter ended 31 March 2015 are in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the full year ended 31 December 2014.

**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.**

The IE division has shown improvement in 1Q2015. The Group is continuing its effort to increase its revenue from offshore maintenance and fabrication activities. We expect the shipping division to perform better in 2015.

**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 2015.

13 **Summary of Interested Person Transactions for the financial period ended 31 March 2015.**

1st Quarter of FY2015

	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\$
<b><u>DP Shipbuilding &amp; Engineering Pte Ltd</u></b>		
Provision of corrosion prevention services		(299,267)
<b><u>PT Nanindah Mutiara Shipyard</u></b>		
Procurement of materials and consumables		(21,259)
Provision of corrosion prevention services		725,812
<b><u>PT Graha Trisaka Industri</u></b>		
Provision of corrosion prevention services		175,252
Procurement of materials and consumables		(52,405)
<b><u>DDW - Paxocean Shipyard Pte Ltd</u></b>		
Provision of corrosion prevention services		914,000
Procurement of materials and consumables		(32,376)
Transportation charges		(1,530)
<b><u>PT. Drydocks World Pertama</u></b>		
Provision of corrosion prevention services		216,024
Procurement of materials and consumables		(18,540)

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 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Chua Beng Kuang**  
Executive Chairman  
11 May 2015

**Chua Meng Hua**  
Managing Director