

**BENG KUANG MARINE LIMITED**

Registration No. 199400196M

Unaudited Half Year Financial Statement for the Financial Period ended 30 June 2020

**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		
	1st half 2020 S\$'000	1st half 2019 S\$'000 Restated <sup>(1)</sup>	Increase / (Decrease)
<b><u>Continuing Operations</u></b>			
Revenue	21,450	26,162	(18%)
Cost of sales	(19,735)	(21,904)	(10%)
Gross profit	1,715	4,258	(60%)
Other gains, net	2,976	88	NM
Expenses			
- Selling and distribution	(292)	(374)	(22%)
- Administrative	(5,013)	(6,292)	(20%)
- Finance	(1,151)	(957)	20%
Loss before income tax from Continuing Operations	(1,765)	(3,277)	(46%)
Income tax expense	73	182	(60%)
<b>Net loss from Continuing Operations</b>	<b>(1,692)</b>	<b>(3,095)</b>	<b>(45%)</b>
<b><u>Discontinued Operations</u></b>			
Net gain for the period from Discontinued Operation	-	3,686	NM
<b>Net (loss)/profit</b>	<b>(1,692)</b>	<b>591</b>	<b>NM</b>
<b>(Loss) / profit attributable to:</b>			
Equity holders of the Company	(2,012)	1,225	NM
Non-controlling interests	320	(634)	NM
	<b>(1,692)</b>	<b>591</b>	<b>NM</b>

NM - Not meaningful

Notes:

<sup>(1)</sup> The Group's comparative income statement for 1st half 2019 had been restated to reclass the post-tax gain on disposal of net assets constituting discontinued operations from "Other gains, net" to "Net gain for the period from Discontinued Operation".

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 half 2020 S\$'000	1st half 2019 S\$'000 Restated <sup>(1)</sup>	
<b>Net (loss)/profit after tax</b>	(1,692)	591	NM
Currency translation differences arising from consolidation	255	46	454%
Other comprehensive gain , net of tax	255	46	454%
<b>Total comprehensive (loss)/income</b>	<b>(1,437)</b>	<b>637</b>	NM
<b>Total comprehensive (loss) / income attributable to:</b>			
Equity holders of the Company	(1,827)	1,286	NM
Non-controlling interests	390	(649)	NM
	<b>(1,437)</b>	<b>637</b>	NM
<b>Loss/(profit) attributable to equity holders of the Company relates to:</b>			
Continuing Operations	(1,827)	3,410	NM
Discontinued Operations	-	(2,124)	NM
	<b>(1,827)</b>	<b>1,286</b>	NM

GROUP	
1st half 2020 S\$'000	1st half 2019 S\$'000 Restated <sup>(1)</sup>

Notes

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

**Continuing Operations**

Interest income	5	5
Interest expense on borrowings	(1,151)	(957)
Foreign exchange gain/(losses)	993	(300)
Gain on disposal of property, plant and equipment	125	178
Depreciation of property, plant and equipment	(4,483)	(3,145)
Credit loss allowance	(681)	(36)
Credit loss allowance written back	11	8
Government grants	1,674	93

**Discontinued Operations**

Interest expense on borrowings	-	(283)
Foreign exchange losses	-	(5)
Gain on disposal of property, plant and equipment	-	3
Property, plant and equipment written off	-	(112)
Depreciation of property, plant and equipment	-	(401)
Post-tax gain on disposal of net assets constituting discontinued operations	-	5,810

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-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	3,826	4,435	59	15
Trade and other receivables	21,266	23,426	89,877	87,852
Contract assets	6,227	7,393	-	-
Inventories	4,556	5,051	-	-
	<u>35,875</u>	<u>40,305</u>	<u>89,936</u>	<u>87,867</u>
<b>Non-current assets</b>				
Trade and other receivables	1,443	2,470	-	-
Investment in subsidiaries	-	-	5,108	5,030
Intangible assets	64	64	-	-
Property, plant and equipment	70,864	72,330	2,770	3,488
Deferred income tax assets	761	761	9	9
	<u>73,132</u>	<u>75,625</u>	<u>7,887</u>	<u>8,527</u>
<b>Total assets</b>	<u>109,007</u>	<u>115,930</u>	<u>97,823</u>	<u>96,394</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	24,245	26,620	27,536	26,026
Contract liabilities	477	350	-	-
Deferred income	2	81	-	-
Current income tax liabilities	292	378	69	14
Borrowings and overdrafts	19,865	22,311	9,467	9,427
	<u>44,881</u>	<u>49,740</u>	<u>37,072</u>	<u>35,467</u>
<b>Non-current liabilities</b>				
Trade and other payables	2,238	1,411	-	-
Borrowings	10,840	12,049	7,122	7,568
Deferred tax liabilities	21	21	-	-
	<u>13,099</u>	<u>13,481</u>	<u>7,122</u>	<u>7,568</u>
<b>Total liabilities</b>	<u>57,980</u>	<u>63,221</u>	<u>44,194</u>	<u>43,035</u>
<b>NET ASSETS</b>	<u>51,027</u>	<u>52,709</u>	<u>53,629</u>	<u>53,359</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
Other reserves	(1,429)	(1,614)	-	-
Retained profits	2,380	4,392	3,978	3,708
	<u>50,602</u>	<u>52,429</u>	<u>53,629</u>	<u>53,359</u>
<b>Non-controlling interests</b>	425	280	-	-
<b>Total equity</b>	<u>51,027</u>	<u>52,709</u>	<u>53,629</u>	<u>53,359</u>

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-Jun-20		As at 31-Dec-19	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	905	9,868	300	12,111
Term loans	5,050	1,767	6,716	885
Lease liabilities	2,275	-	2,299	-

Amount repayable after one year

	As at 30-Jun-20		As at 31-Dec-19	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	628	2,935	-	3,927
Bond		4,229	-	3,986
Lease liabilities	3,048	-	4,136	-

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$4,048,000 as at 30 June 2020 (31 December 2019: S\$4,896,000) in respect of loans are secured by vessels.
- (b) S\$2,051,000 as at 30 June 2020 (31 December 2019: S\$2,119,000) in respect of loans are secured by immovable properties.
- (c) Certain lease liabilities 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.

	<b>GROUP</b>	
	<b>1st Half of 2020</b>	<b>1st Half of 2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Net (loss)/profit	(1,692)	591
<i>Adjustments for:</i>		
Credit loss allowance	681	36
Credit loss allowance written back	(11)	(8)
Inventory written down	-	20
Income tax expense	(73)	487
Gain on disposal of property, plant and equipment	(125)	(181)
Property, plant and equipment written off	-	112
Depreciation of property, plant and equipment	4,484	3,546
Interest income	(5)	(5)
Interest expenses	1,151	1,240
Post-tax gain on disposal of net assets constituting discontinued operations	-	(5,810)
Unrealised currency translation gains	(938)	271
	<u>3,472</u>	<u>299</u>
<i>Changes in working capital</i>		
Inventories	495	3,420
Trade and other receivables	1,865	717
Contract assets	1,165	(1,494)
Trade and other payables	(1,548)	3,102
Contract liabilities	127	(220)
Deferred income	(80)	(135)
<b>Cash flows generated from operations</b>	<u>5,496</u>	<u>5,689</u>
Interest received	5	5
Interest paid	(955)	(1,063)
Income taxes paid	(14)	(406)
<b>Net cash flows generated from operating activities</b>	<u>4,532</u>	<u>4,225</u>
<b>Cash flows from investing activities</b>		
Addition to property, plant and equipment	(991)	(2,070)
Proceeds from disposal of property, plant and equipment	140	256
Net cash inflow on asset held-for-sale	-	13,462
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(851)</u>	<u>11,648</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings, net	(3,079)	(12,371)
Repayment of convertible bond	-	(5,000)
Proceeds from bond	-	4,000
Repayment of lease liabilities	(1,209)	(172)
Bills payable	(439)	(248)
Dividend paid to non-controlling interest	(245)	(1,607)
Interest paid	(161)	(317)
<b>Net cash flows used in financing activities</b>	<u>(5,133)</u>	<u>(15,715)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,452)	158
<b>Cash and cash equivalents</b>		
Beginning of the period	1,948	1,360
Effects of currency translation on cash and cash equivalents	36	(1)
<b>End of financial period</b>	<u>532</u>	<u>1,517</u>

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					Total	Non-controlling interests	Total equity
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>GROUP</b>								
<b>Balance as at 1 January 2019</b>	49,651	4,484	(1,665)	163	(52)	52,581	2,594	55,175
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,607)	(1,607)
Transfer of other reserve on extinguishment of convertible bond	-	163	-	(163)	-	-	-	-
Total comprehensive income/(loss) for the period	-	1,227	59	-	-	1,286	(649)	637
<b>Balance as at 30 June 2019</b>	<b>49,651</b>	<b>5,874</b>	<b>(1,606)</b>	<b>-</b>	<b>(52)</b>	<b>53,867</b>	<b>338</b>	<b>54,205</b>
<b>Balance as at 1 January 2020</b>	49,651	4,392	(1,562)	-	(52)	52,429	280	52,709
Dividend paid to non-controlling interest	-	-	-	-	-	-	(245)	(245)
Total comprehensive (loss)/income for the period	-	(2,012)	185	-	-	(1,827)	390	(1,437)
<b>Balance as at 30 June 2020</b>	<b>49,651</b>	<b>2,380</b>	<b>(1,377)</b>	<b>-</b>	<b>(52)</b>	<b>50,602</b>	<b>425</b>	<b>51,027</b>
<b>COMPANY</b>								
<b>Balance as at 1 January 2019</b>	49,651	4,235	-	163	-	54,049	-	54,049
Transfer of other reserve on extinguishment of convertible bond	-	163	-	(163)	-	-	-	-
Total comprehensive loss for the period	-	(910)	-	-	-	(910)	-	(910)
<b>Balance as at 30 June 2019</b>	<b>49,651</b>	<b>3,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,139</b>	<b>-</b>	<b>53,139</b>
<b>Balance as at 1 January 2020</b>	49,651	3,708	-	-	-	53,359	-	53,359
Total comprehensive income for the period	-	270	-	-	-	270	-	270
<b>Balance as at 30 June 2020</b>	<b>49,651</b>	<b>3,978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,629</b>	<b>-</b>	<b>53,629</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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2020 and 30 June 2020	135,010,406	49,651

**Convertibles**

The 2015 convertible bonds have been exchanged for non-convertible 2022 bonds at an aggregate principal amount of S\$4.0 million bearing interest at 9.0% per annum. The exchange bonds will mature on or around 26 April 2022. The remaining S\$1.0 million of the convertible bonds has been redeemed.

	As at 30-Jun-20	As at 30-Jun-19
Outstanding option to subscribe new shares	Nil	Nil

**Treasury Shares**

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 30-Jun-20	As at 31-Dec-19
	No. of shares	No. of shares
Issued and fully paid	135,010,406	135,010,406

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 2019.

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

From Continuing Operations  
From Discontinued Operations  
Total

Weighted no.of shares in issue

b) On a fully diluted basis

From Continuing Operations  
From Discontinued Operations  
Total

	Group	
	1st Half 2020	1st Half 2019
	-1.49	-1.82
	0.00	2.73
	-1.49	0.91
	135,010,406	135,010,406
	-1.49	-1.82
	0.00	2.73
	-1.49	0.91

- 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	
30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
37.48	38.83	39.72	39.52

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 Half results			
	FY 2020	FY 2019	+ / (-)	+ / (-)
	S\$ million	S\$ million	S\$ million	%
Infrastructure & Engineering ("IE")	7.50	6.85	0.65	9.5
Corrosion Prevention ("CP")	5.38	9.99	(4.61)	(46.1)
Supply & Distribution ("SD")	1.99	2.91	(0.92)	(31.6)
Shipping & Others ("SH")	6.59	6.42	0.17	2.6
	<b>21.46</b>	<b>26.17</b>	<b>(4.71)</b>	<b>(18.0)</b>

The Group's revenue decreased by 18.0% or S\$4.71 million from S\$26.17 million in 1H2019 to S\$21.46 million in 1H2020.

Revenue for our IE division increased by S\$0.65 million from S\$6.85 million in 1H2019 to S\$7.50 million in 1H2020. The increase in revenue for 1H2020 was mainly attributable to Batam fabrication projects secured during 2H2019 carried forward into 2020. Our IE operations in Singapore started experiencing slowdown in February 2020 and later had to halt its operations when the Singapore government declared circuit breaker measures to fight the COVID-19 pandemic. From 7 April 2020, all our IE operations in Singapore ceased and had not resumed as of 30 June 2020 as all our foreign workers were confined to the dormitory. Revenue from offshore vessel repairs and maintenance also declined as a result of global travel restrictions.

Revenue for our CP division fell sharply by 46.1% or S\$4.61 million from S\$9.99 million in 1H2019 to S\$5.38 million in 1H2020 as a result of lockdown of all Singapore shipyards to control spread of the COVID-19 pandemic. Our CP workforce comprised mainly foreign workers who had to be confined to the dormitory pending medical clearance.

As per our announcement on 28 July 2020, about 15% of our foreign workers in the IE and CP divisions have been gainfully deployed on projects at end of July 2020.

Revenue for our SD division decreased by S\$0.92 million from S\$2.91 million in 1H2019 to S\$1.99 million in 1H2020 due to weak demand for marine and industrial hardware products which was aggravated by the COVID-19 pandemic as there was very little physical trading activities throughout the country.

Revenue for our SH division increased marginally by S\$0.17 million from S\$6.42 million in 1H2019 to S\$6.59 million in 1H2020. During 1H2020, one of the livestock carriers underwent interim mandatory drydocking survey and repairs for one month. In the midst of the pandemic, both vessels were actively employed with continuing forward charters booked, but both vessels ran fewer voyages than expected as a result of delays on additional procedures for port clearance, time consumed on safe distancing and control measures enforced by destination port authorities. In 1H2019, one of the livestock vessels was off charter for almost eight months for mandatory drydocking repairs at end December 2018 till July 2019.

During 1H2020, cost of sales decreased by approximately 10% while revenue decreased by approximately 18% mainly due to new treatment on SFRS(I) relating to leases deemed as right-of-use assets and hence an increase in depreciation costs. In addition, the project revenue to cost recognition on certain IE projects also registered lower margins due to higher material costs.

Interest expense on borrowings increased by 20.3% or S\$0.19 million from S\$0.96 million in 1H2019 to S\$1.15 million in 1H2020 as a result of higher cost of borrowings.



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: (Cont'd)**

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

**Income statement review (Cont'd)**

Other gain of S\$2.98 million in 1H2020 was due to foreign exchange gain of S\$0.99 million for 1H2020 due to stronger US dollar against Singapore dollar for the period ended 30 June 2020 and approximately S\$1.67 million government grant relating to business relief measures on COVID-19.

Depreciation expenses increased by S\$0.93 million from S\$3.55 million in 1H2019 to S\$4.48 million in 1H2020 mainly due to right-of-use assets and depreciation on capitalised docking repairs costs for MV Diamantina.

The Group's gross profit decreased by S\$2.54 million from S\$4.26 million in 1H2019 to S\$1.72 million in 1H2020 primarily due to the loss of business activities from IE and CP divisions that continued to incur expenses without revenue during the circuit breaker period. Nevertheless, the Group also lacked sizeable projects to generate adequate revenue together with earnings to cover its fixed costs (which includes depreciation expense) and finance expenses. The Group registered net loss attributable to shareholders of S\$2.01 million in 1H2020 as compared to a profit of S\$1.23 million in 1H2019.

**CASHFLOW STATEMENT**

Net cash inflow generated from operating activities was S\$4.53 million in 1H2020. The net cashflow generated from operating activities was mainly due to positive cash inflow of S\$1.87 million from trade and other receivables; S\$1.17 million decrease in contract assets that was converted to receivables and S\$0.50 million decrease in inventories during 1H2020.

Net cash outflow in investing activities was S\$0.85 million in 1H2020 mainly due to S\$0.56 million related to interim docking survey and repairs for one of the livestock carriers - MV Barkly Pearl; S\$0.14 million related to docking survey and repairs for a tug boat, Drako Gallant; a new lorry and additional tools and equipment to replace old and damaged equipment.

Net cash outflow in financing activities was S\$5.13 million in 1H2020. This was mainly due to repayment of borrowings, lease liabilities, interests. During 1H2020, dividend from 51% owned subsidiary was declared and paid to non-controlling interests.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S\$1.45 million for 1H2020.

**ASSETS AND LIABILITIES**

The Group registered total assets of S\$109.0 million as at 30 June 2020.

The Group's current assets decreased from S\$40.31 million as at 31 December 2019 to S\$35.88 million as at 30 June 2020 mainly due to decrease in trade and other receivables by S2.16 million (of which \$0.63 million is due to provision for doubtful debt); contract assets by S\$1.17 million; and inventories by S\$0.50 million.

Ageing of the trade receivables as of 30 June 2020 are as follow:-

	Jun-20	Dec-19	Increase / (Decrease)
	S\$'000	S\$'000	S\$'000
Current	2,207	3,933	(1,726)
less than 90 days	5,451	8,500	(3,049)
91 to 150 days	2,732	1,823	909
151 to 365 days	2,166	1,077	1,089
More than 365 days	2,463	3,358	(895)
	<u>15,019</u>	<u>18,691</u>	(3,672)

The Group's non current assets decreased from S\$75.63 million as at 31 December 2019 to S\$73.13 million as at 30 June 2020 due to decrease of S\$1.03 million on trade and other receivables and S\$1.47 million on property, plant and equipment. The decrease of property, and equipment was mainly due to depreciation expense.

Total liabilities for the Group were S\$63.22 million as at 31 December FY2019 and S\$57.98 million as at 30 June 2020. The Group had paid down S\$3.65 million on borrowings and S\$1.5 million on trade and other payables. During 1H2020, the Group managed to obtain agreement from certain trade and other payables for deferred payment over a year, the balance was S\$2.24 million as of 30 June 2020.

The Group registered net current liabilities of S\$9.00 million as at 30 June 2020 as compared to S\$9.44 million as at 31 December 2019. The decrease of S\$0.44 million was primarily due to S\$0.83 million of current trade and other payables agreed deferred payments for over one year.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as the Group's existing assets, 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.**

On 8 June 2020 and 28 July 2020, the Company made update announcements regarding COVID-19 impact on its business and the current results are in line with the update announcements. Please see paragraph 10 for further details.

**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 outlook for marine, offshore oil and gas sectors remains uncertain and is aggravated by the crash in crude oil prices in March 2020 as well as the worldwide spread of the COVID-19 pandemic. The IE and CP Divisions have halted their operations following the restricted movement of the Group's foreign workers since April 2020. To date only about 15% of our workers in these divisions are gainfully deployed. We estimate all the remaining workers to be medically tested and cleared by end September 2020. This, however is subject to the ever changing COVID-19 situation. In this regard, we note the potential risk and consequent further work stoppages posed by recurrent infection waves. All of the aforementioned is expected to have an adverse impact on the Group's performance for FY2020.

**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 and the reason(s) for the decision.**

No interim dividend has been declared/recommended as the Company made a loss for the half year ended 30 June 2020.

**13 Summary of Interested Person Transactions for the financial period ended 30 June 2020.**

During the half year ended 30 June 2020, the Group did not enter into interested person transactions with aggregate value of more than S\$100,000.

**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 half year ended 30 June 2020 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  
14 Aug 2020

**Chua Meng Hua**  
Managing Director and Chief Executive Officer