



BENG KUANG MARINE LIMITED

Registration No. 199400196M

Unaudited Financial Statement for the 3 months ended 31 March 2007

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

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

	Notes	GROUP		Increase / (Decrease) %
		1st Qtr of 2007 S\$'000	1st Qtr of 2006 S\$'000	
Revenue		20,288	16,702	21%
Cost of sales		(15,240)	(12,601)	21%
Gross profit		5,048	4,101	23%
Other operating income (net)	(A)	9	26	(65%)
Administrative expenses		(2,904)	(2,463)	18%
Selling & distribution expenses		(526)	(455)	16%
Profit from operations		1,627	1,209	35%
Financial Income		23	1	2,200%
Financial expenses		(177)	(220)	(20%)
Profit before taxation	(B)	1,473	990	49%
Taxation		(322)	(247)	30%
Profit after taxation		1,151	743	55%
Attributable to :				
Equity holders of the Company		1,175	785	50%
Minority Interests		(24)	(42)	(43%)
		1,151	743	55%

Notes

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

	GROUP	
	1st Qtr of 2007	1st Qtr of 2006
	S\$'000	S\$'000
Gain on disposal of fixed assets	-	19
Fixed assets written off	(2)	-
Other Income	11	7

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

Interest income	23	1
Interest expense on borrowings	(170)	(169)
Depreciation of fixed assets	(535)	(472)
Write-back of allowance for doubtful debts	1	-
Allowance for doubtful debts	(77)	(152)
Foreign exchange loss	(15)	(46)

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

	GROUP		COMPANY	
	31-Mar-07	31-Dec-06	31-Mar-07	31-Dec-06
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Fixed assets	10,714	9,827	594	440
Subsidiaries	-	-	2,786	2,786
Due from subsidiaries (non-trade)	-	-	36	75
Current assets				
Stocks	8,751	8,656	-	-
Work-in-progress in excess of progress billings	3,067	5,493	1,167	719
Trade debtors	19,546	18,513	2	2
Other debtors	1,214	791	129	53
Prepayment	824	455	165	13
Due from subsidiaries (trade)	-	-	2,342	2,695
Due from subsidiaries (non trade)	-	-	16,939	17,092
Due from related parties (trade)	6,705	4,777	1,991	1,656
Due from related parties (non trade)	55	55	-	-
Fixed deposits	4,736	87	3,383	-
Cash and bank balances	7,923	10,005	1,145	3,303
	52,821	48,832	27,263	25,533
Current liabilities				
Trade creditors	9,480	8,585	110	62
Bills payable to banks	4,728	5,616	1,056	1,864
Other creditors and accruals	8,215	7,699	1,397	1,654
Due to related parties (trade)	238	238	74	74
Due to related parties (non trade)	98	57	1	-
Due to subsidiaries (trade)	-	-	815	548
Due to subsidiaries (non-trade)	-	-	38	9
Provision for income tax	1,310	999	49	45
Lease obligations (current portion)	656	666	11	11
Bank overdrafts	528	7	-	-
Short-term bank loans	8,021	10,035	8,021	10,035
	33,274	33,902	11,572	14,302
Net current assets	19,547	14,930	15,691	11,231

	GROUP		COMPANY	
	31-Mar-07	31-Dec-06	31-Mar-07	31-Dec-06
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Lease obligations (non-current portion)	898	1,058	10	12
Deferred taxation	613	660	62	62
	<u>1,511</u>	<u>1,718</u>	<u>72</u>	<u>74</u>
Net assets	28,750	23,039	19,035	14,458
Share capital and reserves				
Share capital	16,111	11,551	16,111	11,551
Revenue reserves	11,561	10,386	2,924	2,907
Translation reserves	(4)	(4)	-	-
	<u>27,668</u>	<u>21,933</u>	<u>19,035</u>	<u>14,458</u>
Minority interests	1,082	1,106	-	-
Total equity	28,750	23,039	19,035	14,458

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-07		As at 31-Dec-06	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings	-	13,277	-	15,658
Lease Obligations	656	-	666	-

Amount repayable after one year

	As at 31-Mar-07		As at 31-Dec-06	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	898	-	1,058	-

Details of any collateral

- Lease obligations are secured by the underlying assets acquired.

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

	GROUP	
	1st Qtr of 2007 S\$'000	1st Qtr of 2006 S\$'000
Cash flows from operating activities		
Profit before taxation	1,473	990
<u>Adjustments for:</u>		
Allowance for doubtful debts	77	152
Write-back of allowance for doubtful debts	(1)	-
Gain on disposal of fixed assets	-	(19)
Fixed assets written off	2	-
Depreciation of fixed assets	535	472
Interest income	(23)	(1)
Interest expenses	170	169
Operating profit before working capital changes	2,233	1,763
<u>(Increase) / decrease in:</u>		
Stocks	(95)	246
Work-in-progress in excess of progress billings	2,426	500
Trade debtors	(1,109)	(2,922)
Other debtors	(423)	79
Prepayments	(369)	(147)
Due from related parties	(1,928)	(1,213)
<u>Increase / (decrease) in:</u>		
Trade creditors	895	(747)
Other creditors and accruals	516	845
Due to related parties	41	348
Cash generated from / (used in) operations	2,187	(1,248)
Interest received	23	1
Interest paid	(189)	(126)
Income taxes paid	(58)	(246)
Net cash generated from / (used in) operating activities	1,963	(1,619)

	GROUP	
	1st Qtr of 2007	1st Qtr of 2006
	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from disposal of fixed assets	-	66
Purchase of fixed assets	(1,424)	(660)
Proceeds from a minority shareholder of a subsidiary	-	98
Net cash used in investing activities	(1,424)	(496)
Cash flows from financing activities		
Repayment of finance lease liabilities	(170)	(26)
Proceeds from shareholders	4,560	-
Decrease in bills payable to banks	(888)	(217)
Repayment of short-term bank loans	(1,995)	-
Net cash generated from / (used in) financing activities	1,507	(243)
Net effect of exchange rate changes in consolidating subsidiaries	-	(4)
Net increase / (decrease) in cash and cash equivalents	2,046	(2,362)
Cash and cash equivalents at beginning of the period	10,085	3,450
Cash and cash equivalents at end of the period	12,131	1,088

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company					Minority Interests	Total equity
	Share Capital	Share Premium	Revenue Reserve	Translation Reserves	Total Reserves		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
Balance as at 31 December 2005	9,299	2,252	7,265	2	7,267	1,007	19,825
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	-	-	-	(4)	(4)	-	(4)
# Transfer of share premium reserve to share capital account	2,252	(2,252)	-	-	-	-	-
Issuance of shares to minority interest	-	-	-	-	-	98	98
Net profit / (loss) for the quarter	-	-	785	-	785	(42)	743
Balance as at 31 March 2006	11,551	-	8,050	(2)	8,048	1,063	20,662
Balance as at 31 December 2006	11,551	-	10,386	(4)	10,382	1,106	23,039
Issuance of new shares	4,560	-	-	-	-	-	4,560
Net profit / (loss) for the quarter	-	-	1,175	-	1,175	(24)	1,151
Balance as at 31 March 2007	16,111	-	11,561	(4)	11,557	1,082	28,750
COMPANY							
Balance as at 31 December 2005	9,299	2,252	1,907	-	1,907	-	13,458
# Transfer of share premium reserve to share capital account	2,252	(2,252)	-	-	-	-	-
Net loss for the quarter	-	-	(28)	-	(28)	-	(28)
Balance as at 31 March 2006	11,551	-	1,879	-	1,879	-	13,430
Balance as at 31 December 2006	11,551	-	2,907	-	2,907	-	14,458
Issuance of new shares	4,560	-	-	-	-	-	4,560
Net profit for the quarter	-	-	17	-	17	-	17
Balance as at 31 March 2007	16,111	-	2,924	-	2,924	-	19,035

Note # : On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" was abolished and on that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Company's share capital.

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. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

The Company issued 12,000,000 new ordinary shares at S\$0.38 each on 9 February 2007 pursuant to a placement.

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

Issued and fully paid	No. of ordinary shares	S\$'000
As at 31 December 2006	116,236,875	11,551
Issue of new shares pursuant to the placement	12,000,000	4,560
Balance as at 31 March 2007	128,236,875	16,111

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 for current reporting period compared with the audited financial statement for the financial year ended 31 December 2006.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

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

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

Weighted no.of shares in issue

b) On a fully diluted basis

Group	
1st Quarter 2007	1st Quarter 2006
0.95	0.68
123,036,875	116,236,875
N/A	N/A

N/A - not applicable

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital 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-07	31-Dec-06	31-Mar-07	31-Dec-06
21.58	18.87	14.84	12.44

31-Mar-07

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\$27,668,000 and the Company's net asset value as at the end of the period of S\$19,035,000 divided by the share capital of 128,236,875 ordinary shares.

31-Dec-06

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\$21,932,457 and the Company's net asset value as at the end of the period of S\$14,457,831 divided by the share capital of 116,236,875 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**

<u>FY 2007</u> <u>Group Turnover</u>	<u>1st Quarter results</u>			
	<u>FY 2007</u> S\$'million	<u>FY 2006</u> S\$'million	<u>+ / (-)</u> S\$'million	<u>+ / (-)</u> %
Corrosion Prevention ("CP")	7.64	8.61	(0.97)	(11.3)
Infrastructure & Engineering ("IE")	6.28	3.31	2.97	89.7
Supply & Distribution ("SD")	6.37	4.78	1.59	33.3
	<u>20.29</u>	<u>16.70</u>	<u>3.59</u>	<u>21.5</u>

1st Quarter of 2007

Revenue from our CP division declined by S\$0.97 million from S\$8.61 million in 1Q2006 to S\$7.64 million in 1Q2007. This is due to the market slowdown in demand for ship repair activities in Batam, Indonesia. However, revenue from the provision of CP services to newly built vessels remains stable and strong.

Revenue from our IE division increased by S\$2.97 million from S\$3.31 million in 1Q2006 to S\$6.28 million in 1Q2007. This increase was largely due to revenue contributions from the provision of marine automation and electrical engineering works. The increase in demand for marine, offshore oil and gas engineering works in Batam has contributed to the overall growth in our IE division.

The increase in shipyard and rig building activities had a positive effect on our SD division leading to an increase in demand for our hardware products. As a result, our SD division's revenue increased by S\$1.59 million from S\$4.78 million in 1Q2006 to S\$6.37 million in 1Q2007.

In view of the above, our Group's revenue increased by a total of S\$3.59 million from S\$16.70 million in 1Q2006 to S\$20.29 million in 1Q2007. This increase in revenue, together with the Company's efforts to keep costs down, led to the improved 1Q2007 earnings. The Group's net profit attributable to shareholders for 1Q2007 increased by 50% from S\$0.79 million in 1Q2006 to S\$1.18 million in 1Q2007.

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

Cashflow statement

Net cashflow generated from financing activities was S\$1.51 million, comprising mainly of the proceeds from the Group's recent placement exercise of S\$4.56 million and the repayment of short-term bank loans of S\$2 million. The group had placed the net proceeds from the placement in a short-term fixed deposit with a financial institution.

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

This quarterly results is in line with our previous forecast.

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 the industry sectors that we serve (marine-related and offshore oil and gas activities such as shipbuilding, ship conversion, ship repair activities and offshore engineering) is expected to remain positive for FY2007.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No interim dividend has been declared/recommended for the current period ended 31 March 2007.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales.

Not applicable.

16 A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details).

	Latest Full Year()	Previous Full Year ()
Ordinary	-	-
Preference	-	-
Total:	-	-

17 **Summary of Interested Person Transactions for the financial period ended 31 March 2007**

1st Quarter of FY2007

	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>Labroy Shipbuilding & Engineering Pte Ltd</u>		
Provision of Corrosion Prevention Services	-	822,999
Provision of Infrastructure Engineering Services	-	1,312,750
<u>PT Nanindah Mutiara Shipyard</u>		
Sale of hardware equipment, tools and other consumables	-	612,124
<u>Heng Huat Shipbuilding & Construction Pte Ltd</u>		
Rental of property expenses	(105,000)	-
<u>Tellus Marine Engineering Pte Ltd</u>		
Sale of hardware equipment, tools and other consumables	-	109,419
<u>Labroy Offshore Ltd</u>		
Sale of hardware equipment, tools and other consumables	-	172,402

Our Shareholders' Mandate first came into effect from our admission to the Official List of the SGX SESDAQ on 15 October 2004 and was renewed during our previous Annual General Meeting held on 26 April 2006 and our recent Annual General Meeting held on 27 April 2007.

18 **Confirmation by the Board**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to its attention of which may render the 1st quarter 2007 financial results to be false or misleading.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
9 May 2007