



BENG KUANG MARINE LIMITED

Registration No. 199400196M

Third Quarter Financial Statement For The Period Ended 30 September 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 | | | GROUP | | |
|---|-------------------------------|-------------------------------|--------------------------|--------------------------------|--------------------------------|--------------------------|
| | 3rd Qtr of 2015 S\$'000 | 3rd Qtr of 2014 S\$'000 | Increase / (Decrease) | 9 Months of 2015 S\$'000 | 9 Months of 2014 S\$'000 | Increase / (Decrease) |
| | Restated [®] | | | Restated [®] | | |
| Revenue | 21,946 | 17,814 | 23% | 61,894 | 54,265 | 14% |
| Cost of sales | (17,926) | (16,068) | 12% | (48,452) | (45,129) | 7% |
| Gross profit | 4,020 | 1,746 | 130% | 13,442 | 9,136 | 47% |
| Other gains , net | 1,997 | 1,333 | 50% | 3,442 | 1,480 | 133% |
| Expenses | | | | | | |
| - Selling and distribution | (619) | (524) | 18% | (1,483) | (1,547) | (4%) |
| - Administrative | (4,780) | (3,928) | 22% | (12,657) | (11,653) | 9% |
| - Finance | (906) | (455) | 99% | (2,207) | (1,563) | 41% |
| (Loss) / profit before income tax | (288) | (1,828) | (84%) | 537 | (4,147) | NM |
| Income tax expense | (295) | (44) | 570% | (89) | (157) | (43%) |
| Net (loss) / profit | (583) | (1,872) | (69%) | 448 | (4,304) | NM |
| (Loss) / profit attributable to: | | | | | | |
| Equity holders of the Company | (479) | (1,996) | (76%) | 287 | (4,233) | NM |
| Non-controlling interests | (104) | 124 | NM | 161 | (71) | NM |
| | (583) | (1,872) | (69%) | 448 | (4,304) | NM |

NM - Not meaningful

[®] With effect from 3Q 2015, two subsidiaries changed their functional currency from Singapore Dollars to United States Dollars. The change was applied retrospectively and accordingly, the comparative financial statements were restated. The effects of the change on the Group's financial statements are set out in paragraph 5.

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 | | | GROUP | | |
|---|-------------------------------|--|--------------------------|--------------------------------|---|--------------------------|
| | 3rd Qtr of 2015 S\$'000 | 3rd Qtr of 2014 S\$'000 Restated [®] | Increase / (Decrease) | 9 Months of 2015 S\$'000 | 9 Months of 2014 S\$'000 Restated [®] | Increase / (Decrease) |
| Net (loss) / profit after tax | (583) | (1,872) | (69%) | 448 | (4,304) | NM |
| Currency translation differences arising from consolidation | 115 | 65 | 77% | (16) | 28 | NM |
| Other comprehensive income / (loss), net of tax | 115 | 65 | 77% | (16) | 28 | NM |
| Total comprehensive (loss) / income | (468) | (1,807) | (75%) | 432 | (4,276) | NM |
| Total comprehensive (loss) / income attributable to: | | | | | | |
| Equity holders of the Company | (407) | (1,951) | (79%) | 310 | (4,211) | NM |
| Non-controlling interests | (61) | 144 | NM | 122 | (65) | NM |
| | (468) | (1,807) | (75%) | 432 | (4,276) | NM |

| | GROUP | | GROUP | |
|---|-------------------------------|--|--------------------------------|---|
| | 3rd Qtr of 2015 S\$'000 | 3rd Qtr of 2014 S\$'000 Restated [®] | 9 Months of 2015 S\$'000 | 9 Months of 2014 S\$'000 Restated [®] |
| <u>Notes</u> | | | | |
| The Group's profit from operations is arrived at after (charging) / crediting | | | | |
| Interest Income | 2 | 2 | 5 | 9 |
| Interest expense on borrowings | (906) | (455) | (2,207) | (1,563) |
| Foreign exchange gain | 875 | 984 | 1,846 | 211 |
| Gain on disposal of property, plant and equipment | 802 | 79 | 930 | 685 |
| Property, plant and equipment written off | - | - | - | (2) |
| Depreciation of property, plant and equipment | (2,492) | (1,813) | (7,410) | (6,621) |
| Write-back of allowance for impairment of trade receivables | 92 | 27 | 111 | 64 |
| Allowance for impairment of trade receivables | (23) | (45) | (23) | (45) |

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-15 | 31-Dec-14 | 1-Jan-14 | 30-Sep-15 | 31-Dec-14 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | Restated [@] | Restated [@] | | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 7,313 | 6,495 | 8,403 | 111 | 175 |
| Trade and other receivables | 48,850 | 47,320 | 53,806 | 32,820 | 68,087 |
| Inventories | 13,503 | 12,750 | 14,581 | - | - |
| | <u>69,666</u> | <u>66,565</u> | <u>76,790</u> | <u>32,931</u> | <u>68,262</u> |
| Non-current assets | | | | | |
| Trade and other receivables | - | - | - | 37,473 | - |
| Investment in subsidiaries | - | - | - | 10,827 | 10,827 |
| Intangible assets | 64 | 64 | 64 | - | - |
| Property, plant and equipment | 108,535 | 108,403 | 109,703 | 639 | 772 |
| Deferred income tax assets | 335 | 341 | 191 | 8 | 8 |
| | <u>108,934</u> | <u>108,808</u> | <u>109,958</u> | <u>48,947</u> | <u>11,607</u> |
| Total assets | <u>178,600</u> | <u>175,373</u> | <u>186,748</u> | <u>81,878</u> | <u>79,869</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 26,668 | 28,351 | 34,618 | 10,134 | 10,499 |
| Deferred income | 792 | 408 | 492 | - | - |
| Provision for warranty | - | - | 49 | - | - |
| Current income tax liabilities | 772 | 733 | 976 | - | - |
| Borrowings and overdrafts | 35,870 | 45,960 | 47,791 | 13,824 | 17,298 |
| | <u>64,102</u> | <u>75,452</u> | <u>83,926</u> | <u>23,958</u> | <u>27,797</u> |
| Non-current liabilities | | | | | |
| Trade and other payables | 2,635 | - | - | - | - |
| Deferred income | 880 | 934 | 1,148 | - | - |
| Borrowings | 29,158 | 18,114 | 17,385 | 6,613 | 16 |
| Deferred tax liabilities | 762 | 762 | 609 | - | - |
| | <u>33,435</u> | <u>19,810</u> | <u>19,142</u> | <u>6,613</u> | <u>16</u> |
| Total liabilities | <u>97,537</u> | <u>95,262</u> | <u>103,068</u> | <u>30,571</u> | <u>27,813</u> |
| NET ASSETS | <u>81,063</u> | <u>80,111</u> | <u>83,680</u> | <u>51,307</u> | <u>52,056</u> |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 49,651 | 49,651 | 49,651 | 49,651 | 49,651 |
| Other reserves | (238) | (351) | (475) | 163 | - |
| Retained profits | 28,208 | 27,919 | 31,934 | 1,493 | 2,405 |
| | <u>77,621</u> | <u>77,219</u> | <u>81,110</u> | <u>51,307</u> | <u>52,056</u> |
| Non-controlling interests | <u>3,442</u> | <u>2,892</u> | <u>2,570</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>81,063</u> | <u>80,111</u> | <u>83,680</u> | <u>51,307</u> | <u>52,056</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-Sep-15 | | As at 31-Dec-14 | |
|--------------------------------|-----------------|-----------|-----------------|-----------|
| | S\$'000 | | S\$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Bank borrowings and overdrafts | 2,502 | 21,484 | 3,422 | 34,634 |
| Term loans | 7,400 | 2,424 | 5,638 | 903 |
| Convertible bonds | 15 | - | - | - |
| Finance lease liabilities | 2,045 | - | 1,363 | - |

Amount repayable after one year

| | As at 30-Sep-15 | | As at 31-Dec-14 | |
|---------------------------|-----------------|-----------|-----------------|-----------|
| | S\$'000 | | S\$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Term loans | 18,497 | 4,297 | 16,100 | 1,000 |
| Convertible bonds | 4,837 | - | - | - |
| Finance lease liabilities | 1,527 | - | 1,014 | - |

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$16,878,000 as at 30 September 2015 (31 December 2014: S\$20,240,000) in respect of loans are secured by vessels, tugs and barges.
- (b) S\$11,521,000 as at 30 September 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 | |
|--|-------------------------------|--|
| | 3rd Qtr of 2015 S\$'000 | 3rd Qtr of 2014 S\$'000 Restated@ |
| Cash flows from operating activities | | |
| Net loss | (583) | (1,872) |
| <i>Adjustments for:</i> | | |
| Income tax expense | 295 | 44 |
| Allowance for impairment for trade receivables | 23 | 45 |
| Write down of inventories | - | 9 |
| Write-back of allowance for impairment of trade receivables | (92) | (27) |
| Gain on disposal of property, plant and equipment | (802) | (79) |
| Depreciation of property, plant and equipment | 2,492 | 1,813 |
| Interest income | (2) | (2) |
| Finance expenses | 906 | 455 |
| Amortisation of deferred income | (54) | (54) |
| Unrealised currency translation gain | (1,239) | (602) |
| | 944 | (270) |
| <i>Changes in working capital</i> | | |
| Inventories and construction work-in-progress | 1,250 | (316) |
| Trade and other receivables | (1,615) | 420 |
| Trade and other payables | 1,289 | 1,923 |
| | 1,868 | 1,757 |
| Cash flows generated from operations | 1,868 | 1,757 |
| Interest received | 2 | 2 |
| Interest paid | (867) | (348) |
| Income taxes paid | (101) | (128) |
| | 902 | 1,283 |
| Net cash flows generated from operating activities | 902 | 1,283 |
| Cash flows from investing activities | | |
| Addition to property, plant and equipment | (4,028) | (718) |
| Proceeds from disposal of property, plant and equipment | 5,061 | 1,255 |
| Interest paid | (2) | - |
| | 1,031 | 537 |
| Net cash flows generated from investing activities | 1,031 | 537 |
| Cash flows from financing activities | | |
| Repayment of borrowings, net | (1,928) | (622) |
| Repayment of finance lease liabilities | (436) | (431) |
| Bills payable | 968 | 673 |
| Interest paid | (49) | (49) |
| | (1,445) | (429) |
| Net cash flows used in financing activities | (1,445) | (429) |
| Net increase in cash and cash equivalents | 488 | 1,391 |
| Cash and cash equivalents | | |
| Beginning of the period | 3,338 | 2,538 |
| Effects of currency translation on cash and cash equivalents | (26) | 4 |
| | 3,800 | 3,933 |
| End of financial period | 3,800 | 3,933 |

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

| | Attributable to equity holders of the Company | | | | | Non-controlling interests | Total equity |
|---|---|------------------|----------------------|---------------------------------------|---------------|---------------------------|---------------|
| | Share capital | Retained profits | Translation reserves | Equity component of convertible bonds | Total | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| GROUP | | | | | | | |
| Balance as at 1 July 2014 as previously reported | 49,651 | 30,321 | (398) | - | 79,574 | 2,769 | 82,343 |
| Effect of the change in functional currency | - | (623) | (100) | - | (723) | (310) | (1,033) |
| As restated | 49,651 | 29,698 | (498) | - | 78,851 | 2,459 | 81,310 |
| Total comprehensive (loss) / income for the quarter | - | (1,996) | 45 | - | (1,951) | 144 | (1,807) |
| Balance as at 30 September 2014 | 49,651 | 27,702 | (453) | - | 76,900 | 2,603 | 79,503 |
| Balance as at 1 July 2015 as previously reported | 49,651 | 27,140 | (570) | 163 | 76,384 | 2,799 | 79,183 |
| Effect of the change in functional currency | - | 1,547 | 97 | - | 1,644 | 704 | 2,348 |
| As restated | 49,651 | 28,687 | (473) | 163 | 78,028 | 3,503 | 81,531 |
| Total comprehensive (loss) / income for the quarter | - | (479) | 72 | - | (407) | (61) | (468) |
| Balance as at 30 September 2015 | 49,651 | 28,208 | (401) | 163 | 77,621 | 3,442 | 81,063 |
| COMPANY | | | | | | | |
| Balance as at 1 July 2014 | 49,651 | 2,682 | - | - | 52,333 | - | 52,333 |
| Total comprehensive loss for the quarter | - | (372) | - | - | (372) | - | (372) |
| Balance as at 30 September 2014 | 49,651 | 2,310 | - | - | 51,961 | - | 51,961 |
| Balance as at 1 July 2015 | 49,651 | 1,874 | - | 163 | 51,688 | - | 51,688 |
| Total comprehensive loss for the quarter | - | (381) | - | - | (381) | - | (381) |
| Balance as at 30 September 2015 | 49,651 | 1,493 | - | 163 | 51,307 | - | 51,307 |

- 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 30 June 2015 | 540,041,625 | 49,651 |
| Share consolidation exercise | (405,031,219) | - |
| Balance as at 30 September 2015 | 135,010,406 | 49,651 |

Share consolidation exercise was carried out by the Company, consolidating every 4 existing issued ordinary shares into 1 ordinary share in the capital of the Company. Subsequent to the EGM approval on 14 August 2015, the exercise was completed on 27 August 2015 with 135,010,406 as the new issued number of ordinary shares.

Convertibles

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

| | As at 30-Sep-15 | As at 30-Sep-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 30 September 2015 and 30 September 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 30-September-15 | As at 31-Dec-14 |
|-----------------------|-----------------------|-----------------|
| | 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.

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 except for the changes mentioned in paragraph 5 below.

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 year, the Group and the Company have adopted all new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and have no material effect on the financial statements.

Two subsidiaries of the Group changed its functional currency from Singapore Dollar ("SGD or S\$") to United States Dollar ("USD or US\$") with effect from 1 January 2015.

The revenue of the 2 subsidiaries is in USD and the operating costs are mostly in USD. The Company re-evaluated the requirements in the Singapore Financial Reporting Standard 21 - The Effects of Changes in Foreign Exchange Rates ("FRS 21") and determined that the functional currency of the Company to be USD to best reflect the economic substance of the underlying transactions and circumstances.

The change in functional currency was applied retrospectively and accordingly, the comparative financial statements were restated. The effects of the change on the Group's financial statements are as follows:-

| Balance Sheet | Property, plant and equipment | Retained profits | Translation reserves | Non- controlling interests |
|---|--|-----------------------------|---------------------------------|---|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2014 as previously reported | 109,802 | 31,936 | (407) | 2,600 |
| Effect of change in functional currency | (99) | (2) | (68) | (30) |
| Restated balance as at 1 January 2014 | <u>109,703</u> | <u>31,934</u> | <u>(475)</u> | <u>2,570</u> |
| Balance as at 31 December 2014 as previously reported | 106,902 | 26,915 | (396) | 2,442 |
| Effect of change in functional currency | 1,501 | 1,004 | 45 | 450 |
| Restated balance as at 31 December 2014 | <u>108,403</u> | <u>27,919</u> | <u>(351)</u> | <u>2,892</u> |

Income Statement

Increase / (decrease) in:

| | 3rd Qtr of 2014 | 9 Months of 2014 |
|-----------------------------------|----------------------------|-----------------------------|
| | S\$'000 | S\$'000 |
| Revenue | (1,166) | (1,198) |
| Cost of sales | 663 | 727 |
| Other gains , net | 1,086 | 138 |
| - Administrative expense | 43 | 45 |
| - Finance expense | 166 | 192 |
| Profit / (loss) before income tax | <u>792</u> | <u>(96)</u> |

Earnings Per Share

Increase / (decrease) by

| | | |
|---------------------------------------|------|--------|
| Basic earnings per share (in cents) | 0.41 | (0.05) |
| Diluted earnings per share (in cents) | 0.41 | (0.05) |

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 | |
|---------------|--------------------------|
| 9 Months 2015 | 9 Months 2014 (Restated) |
| 0.21 | -3.14 |
| 135,010,406 | 135,010,406 |
| 0.21 | -3.14 |

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-Sep-15 | 31-Dec-14 | 30-Sep-15 | 31-Dec-14 |
| 57.49 | 57.19 | 38.00 | 38.56 |

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the revised number of shares of 135,010,406 shares as a result of the Share Consolidation.

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 2015 S\$million | FY 2014 S\$million | + / (-) S\$million | + / (-) % |
| Infrastructure & Engineering ("IE") | 9.52 | 4.09 | 5.43 | 132.8 |
| Corrosion Prevention ("CP") | 7.06 | 8.74 | (1.68) | (19.2) |
| Supply & Distribution ("SD") | 3.14 | 3.75 | (0.61) | (16.3) |
| Shipping & Others ("SH") | 2.23 | 1.23 | 1.00 | 81.3 |
| | 21.95 | 17.81 | 4.14 | 23.2 |

The Group's revenue increased by 23.2% or S\$4.14 million from S\$17.81 million in 3Q2014 to S\$21.95 million in 3Q2015.

Revenue for our IE division increased by 132.8% or S\$5.43 million from S\$4.09 million in 3Q2014 to S\$9.52 million in 3Q2015. The improvement was generated from securing more orders for fabrication and offshore maintenance services.

Revenue for our CP division decreased by S\$1.68 million from S\$8.74 million in 3Q2014 to S\$7.06 million in 3Q2015. This was due to lower demand from Singapore shipyards for CP services derived from construction of new vessels. However, demand for CP services for vessels undergoing repair remained stable.

Revenue for our SD division decreased by S\$0.61 million from S\$3.75 million in 3Q2014 to S\$3.14 million in 3Q2015 due to lower demand for marine hardware products.

Our SH division reported revenue of S\$2.23 million for 3Q2015 compared to S\$1.23 million for 3Q2014. Higher revenue resulted from lower off-hire days in 3Q2015 compared to previous year quarter.

Our gross profit margin improved from 9.8% in 3Q2014 to 18.3% in 3Q2015. This was contributed mainly by better performance of IE division securing more orders for fabrication and offshore maintenance services. The gross profit increased by S\$2.27 million from \$1.75 million in 3Q2014 to S\$4.02 million in 3Q2015.

Administrative expenses increased by S\$0.85 million from S\$3.93 million in 3Q2014 to S\$4.78 million in 3Q2015. This was due to increase in IE business activities, especially addition in head count and administrative costs from our recent joint ventures in Asian Sealand Offshore & Marine Pte Ltd and International Offshore Equipments Pte Ltd.

Financial expenses increased by S\$0.45 million from S\$0.46 million in 3Q2014 to S\$0.91 million in 3Q2015. This was mainly due to interest on convertible bond, new term loans and higher interest rates.

The Group's loss attributable to shareholders was \$0.48 million for 3Q2015 compared to loss of S\$2.00 million for 3Q2014.

| Group Turnover | 9 Months results | | | |
|-------------------------------------|-------------------------|----------------|----------------|----------------|
| | FY 2015 | FY 2014 | + / (-) | + / (-) |
| | S\$'million | S\$'million | S\$'million | % |
| Infrastructure & Engineering ("IE") | 22.73 | 10.80 | 11.93 | 110.5 |
| Corrosion Prevention ("CP") | 21.25 | 26.53 | (5.28) | (19.9) |
| Supply & Distribution ("SD") | 9.82 | 11.40 | (1.58) | (13.9) |
| Shipping & Others ("SH") | 8.09 | 5.54 | 2.55 | 46.0 |
| | 61.89 | 54.27 | 7.62 | 14.0 |

The Group's revenue increased by 14.0% or S\$7.62 million from S\$54.27 million in 9M2014 to S\$61.89 million in 9M2015.

Revenue for our IE division increased by 110.5% or S\$11.93 million from S\$10.80 million to S\$22.73 million. The improvement was generated from securing more orders for fabrication and offshore maintenance services.

Revenue for our CP division decreased by S\$5.28 million from S\$26.53 million in 9M2014 to S\$21.25 million in 9M2015. This was due to lower demand from Singapore shipyards for CP services derived from construction of new vessels. However, demand for CP services for vessels undergoing repair remained stable.

Our SD division registered a decline in revenue of S\$1.58 million from S\$11.40 million in 9M2014 to S\$9.82 million in 9M2015 due to weaker demand for marine hardware products.

Our SH division reported an increase in revenue of S\$2.55 million for 9M2015 from S\$5.54 million in 9M2014 to S\$8.09 million in 9M2015. This can be attributed to the commencement of operations of our second livestock carrier in 2Q2014.

Our gross profit margin improved from 16.8% in 9M2014 to 21.7% in 9M2015 primarily due to better performance of IE division. This being the main reason for the improved gross profit of S\$4.30 million from \$9.14 million in 9M2014 to S\$13.44 million in 9M2015.

The Group registered other gains of S\$3.44 million in 9M2015 as compared to S\$1.48 million in 9M2014. This was mainly attributable to foreign exchange gain of \$1.85 million as a result of the strengthening of US Dollar against Singapore Dollar during the period.

Financial expenses increased by S\$0.65 million from S\$1.56 million in 9M2014 to S\$2.21 million in 9M2015. This was mainly due to interest on convertible bond, new term loans and higher interest rates.

The Group's profit attributable to shareholders was \$0.29 million for 9M2015 compared to loss of S\$4.23 million for 9M2014.

CASHFLOW STATEMENT

The Group registered a positive net cash flow of S\$0.90 million in 3Q2015 from its operating activities.

Net cash inflow in investing activities for 3Q2015 was approximately S\$1.03 million. The Group incurred capital expenditure of S\$4.03 million mainly on purchase of S\$3.26 million on equipment, S\$0.43 million on construction in progress for yard development in Singapore and S\$0.33 million on vessel drydocking. During 3Q2015, the Group received S\$5.06 million mainly from disposal of equipment.

Net cash outflow in financing activities was approximately S\$1.45 million during 3Q2015. This was mainly due to the repayment of S\$1.93 million bank borrowings and S\$0.44 million finance lease liabilities.

As a result of the above, the Group registered a net increase in cash and cash equivalent of S\$0.49 million for 3Q2015.

ASSETS AND LIABILITIES

The Group registered total assets of S\$178.60 million as at 30 September 2015.

The Group's current assets increased from S\$66.57 million as at 31 December 2014 to S\$69.67 million as at 30 September 2015 mainly due to the increase of S\$2.28 million in receivables and inventories in tandem with the increased business activities for 9M2015.

Total liabilities for the Group were S\$97.54 million at end of 9M2015 as compared to S\$95.26 million at end of FY2014. The increase was mainly attributable to increase in bank borrowings of S\$0.95 million during 9M2015 and S\$0.95 million in trade and other payables in tandem with the increased business activities for 9M2015.

The Group registered net current assets of S\$5.56 million as at 30 September 2015 as compared to net current liabilities of S\$8.89 million as at 31 December 2014.

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 30 September 2015. The Group's actual results for its third quarter ended 30 September 2015 are in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the second quarter ended 30 June 2015.

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 prevailing low oil price, the outlook for the oil and gas industry remains challenging. The Group will continue to seek for opportunities to increase revenue and reduce cost to improve its financial performance going forward.

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 2015.

13 Summary of Interested Person Transactions for the financial period ended 30 September 2015.

3rd 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) |
|--|--|
| S\$ | S\$ |
| [Revenue / (Expenses)] | |
| DDW - PaxOcean Shipyard Pte Ltd | |
| Provision of corrosion prevention services | 662,893 |
| Procurement of materials and consumables | (18,748) |
| Transportation charges | (225) |

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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
13 Nov 2015

Chua Meng Hua
Managing Director