



BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2016

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 2016 S\$'000	1st Qtr of 2015 S\$'000	
Revenue	20,166	19,598	3%
Cost of sales	(14,272)	(14,618)	(2%)
Gross profit	5,894	4,980	18%
Other losses, net	(754)	(39)	1,833%
Expenses			
- Selling and distribution	(376)	(503)	(25%)
- Administrative	(3,796)	(3,820)	(1%)
- Finance	(791)	(574)	38%
Profit before income tax	177	44	302%
Income tax (expense) / credit	(113)	96	NM
Net profit	64	140	(54%)
Profit / (loss) attributable to:			
Equity holders of the Company	270	114	137%
Non-controlling interests	(206)	26	NM
	64	140	(54%)

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 2016	1st Qtr of 2015	
	S\$'000	S\$'000	
Net profit after tax	64	140	(54%)
Currency translation differences arising from consolidation	(174)	(52)	235%
Other comprehensive loss, net of tax	(174)	(52)	235%
Total comprehensive (loss) / income	(110)	88	(225%)
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company	146	70	109%
Non-controlling interests	(256)	18	NM
	(110)	88	NM

GROUP	
1st Qtr of 2016	1st Qtr of 2015
S\$'000	S\$'000

Notes

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

Interest Income	2	2
Interest expense on borrowings	(791)	(574)
Foreign exchange losses	(1,028)	(281)
Gain on disposal of property, plant and equipment	44	25
Property, plant and equipment written off	(5)	-
Depreciation of property, plant and equipment	(2,449)	(2,344)
Allowance for impairment of trade receivables	(15)	-
Write-back of allowance for impairment of trade receivables	6	5

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-16	31-Dec-15	31-Mar-16	31-Dec-15
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	5,345	5,502	72	103
Trade and other receivables	45,777	47,059	70,159	69,764
Inventories	14,540	15,088	-	-
	<u>65,662</u>	<u>67,649</u>	<u>70,231</u>	<u>69,867</u>
Non-current assets				
Investment in subsidiary corporations	-	-	10,707	10,707
Intangible assets	64	64	-	-
Property, plant and equipment	103,242	105,168	680	597
Deferred income tax assets	315	314	17	17
	<u>103,621</u>	<u>105,546</u>	<u>11,404</u>	<u>11,321</u>
Total assets	169,283	173,195	81,635	81,188
LIABILITIES				
Current liabilities				
Trade and other payables	28,169	29,853	7,305	6,855
Deferred income	755	769	-	-
Current income tax liabilities	783	756	-	-
Borrowings and overdrafts	33,689	34,028	15,083	13,600
	<u>63,396</u>	<u>65,406</u>	<u>22,388</u>	<u>20,455</u>
Non-current liabilities				
Deferred income	666	719	-	-
Borrowings	25,654	27,393	4,931	6,115
Deferred income tax liabilities	355	355	-	-
	<u>26,675</u>	<u>28,467</u>	<u>4,931</u>	<u>6,115</u>
Total liabilities	90,071	93,873	27,319	26,570
NET ASSETS	79,212	79,322	54,316	54,618
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Other reserves	(428)	(304)	163	163
Retained profits	28,285	28,015	4,502	4,804
	<u>77,508</u>	<u>77,362</u>	<u>54,316</u>	<u>54,618</u>
Non-controlling interests	1,704	1,960	-	-
Total equity	79,212	79,322	54,316	54,618

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-16		As at 31-Dec-15	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	1,901	24,292	2,201	19,696
Term loans	5,104	735	6,769	3,528
Finance lease liabilities	1,657	-	1,834	-

Amount repayable after one year

	As at 31-Mar-16		As at 31-Dec-15	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	19,823	55	18,391	2,983
Convertible bonds	-	4,870	-	4,861
Finance lease liabilities	906	-	1,157	-

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$13,487,000 as at 31 March 2016 (31 December 2015: S\$15,366,000) in respect of loans are secured by vessels, tugs and barges.
- (b) S\$13,341,000 as at 31 March 2016 (31 December 2015: S\$11,995,000) in respect of loans are secured by properties
- (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 2016 S\$'000	1st Qtr of 2015 S\$'000
Cash flows from operating activities		
Net profit	64	140
<i>Adjustments for:</i>		
Income tax expense / (credit)	113	(96)
Allowance for impairment of trade receivables	15	-
Write-back of allowance for impairment of trade receivables	(6)	(5)
Gain on disposal of property, plant and equipment	(44)	(25)
Property, plant and equipment written off	5	-
Depreciation of property, plant and equipment	2,449	2,344
Interest income	(2)	(2)
Finance expenses	791	574
Unrealised currency translation losses	807	319
	4,192	3,249
<i>Changes in working capital</i>		
Inventories and construction work-in-progress	3,517	411
Trade and other receivables	(1,406)	1,409
Trade and other payables	(2,046)	(1,202)
Bills payable	(1,063)	(237)
Cash flows generated from operations	3,194	3,630
Interest received	2	2
Interest paid	(734)	(572)
Income taxes paid	(87)	(92)
Net cash flows generated from operating activities	2,375	2,968
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	143	218
Addition to property, plant and equipment	(2,030)	(1,184)
Acquisition of a subsidiary corporation, net of cash acquired	0	39
Interest paid	(23)	(55)
Net cash flows used in investing activities	(1,910)	(982)
Cash flows from financing activities		
Repayment of finance lease liabilities	(427)	(417)
Repayment of borrowings, net	(300)	(2,563)
Interest paid	(51)	-
Net cash flows used in financing activities	(778)	(2,980)
Net decrease in cash and cash equivalents	(313)	(994)
Cash and cash equivalents		
Beginning of the period	2,579	3,120
Effects of currency translation on cash and cash equivalents	36	46
End of financial period	2,302	2,172

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	Premium paid on acquisition of non-controlling interest	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP								
Balance as at 1 January 2015	49,651	26,915	(396)	-	-	76,170	2,442	78,612
Acquisition of a subsidiary	-	-	-	-	-	-	304	304
Total comprehensive income / (loss) for the quarter	-	114	(44)	-	-	70	18	88
Balance as at 31 March 2015	49,651	27,029	(440)	-	-	76,240	2,764	79,004
Balance as at 1 January 2016	49,651	28,015	(415)	163	(52)	77,362	1,960	79,322
Total comprehensive income / (loss) for the quarter	-	270	(124)	-	-	146	(256)	(110)
Balance as at 31 March 2016	49,651	28,285	(539)	163	(52)	77,508	1,704	79,212
COMPANY								
Balance as at 1 January 2015	49,651	2,405	-	-	-	52,056	-	52,056
Total comprehensive loss for the quarter	-	(80)	-	-	-	(80)	-	(80)
Balance as at 31 March 2015	49,651	2,325	-	-	-	51,976	-	51,976
Balance as at 1 January 2016	49,651	4,804	-	163	-	54,618	-	54,618
Total comprehensive loss for the quarter	-	(302)	-	-	-	(302)	-	(302)
Balance as at 31 March 2016	49,651	4,502	-	163	-	54,316	-	54,316

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

Balance as at 1 January 2016 and 31 March 2016

No. of ordinary shares	S\$'000
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.

Outstanding option to subscribe new shares

As at 31-Mar-16	As at 31-Mar-15
No. of shares	No. of shares
Nil	Nil

Treasury Shares

The Company did not have any treasury shares as at 31 March 2016 and 31 March 2015.

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-16	As at 31-Dec-15
No. of shares	No. of shares
135,010,406	135,010,406

Issued and fully paid

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 2015.

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 2016	1st Quarter 2015
0.20	0.08
135,010,406	135,010,406
0.20	0.08

The Group's earnings per ordinary share for 1Q2015 have been computed based on the revised number of 135,010,406 shares as a result of the Share Consolidation.

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-16	31-Dec-15	31-Mar-16	31-Dec-15
57.41	57.30	40.23	40.45

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 Quarter results			
	FY 2016	FY 2015	+ / (-)	+ / (-)
	S\$'million	S\$'million	S\$'million	%
Infrastructure & Engineering ("IE")	8.13	5.48	2.65	48.4
Corrosion Prevention ("CP")	6.34	8.05	(1.71)	(21.2)
Supply & Distribution ("SD")	2.52	3.21	(0.69)	(21.5)
Shipping & Others ("SH")	3.18	2.86	0.32	11.2
	20.17	19.60	0.57	2.9

The Group's revenue increased by 2.9% or S\$0.57 million from S\$19.60 million in 1Q2015 to S\$20.17 million in 1Q2016.

Revenue for our IE division increased by 48.4% or S\$2.65 million from S\$5.48 million in 1Q2015 to S\$8.13 million in 1Q2016. The improvement was generated from securing more orders for fabrication and offshore maintenance services.

Revenue for our CP division decreased by S\$1.71 million from S\$8.05 million in 1Q2015 to S\$6.34 million in 1Q2016 because of lower demand for CP services.

Revenue for our SD division decreased by S\$0.69 million from S\$3.21 million in 1Q2015 to S\$2.52 million in 1Q2016 due to lower demand for marine hardware products.

Our SH division reported higher revenue of S\$3.18 million for 1Q2016 compared to S\$2.86 million for 1Q2015 as the 2 livestock carriers operated without downtime.

Our gross profit margin increased from 25.4% in 1Q2015 to 29.3% in 1Q2016 as a result of higher revenue contribution from the livestock carriers and contribution from higher value-added offshore maintenance services. The gross profit increased by S\$0.91 million from \$4.98 million in 1Q2015 to S\$5.89 million in 1Q2016.

Financial expenses increased by S\$0.22 million from S\$0.57 million in 1Q2015 to S\$0.79 million in 1Q2016. This was mainly due to interest on convertible bond and higher interest rates on short term borrowings.

The Group's profit attributable to shareholders was \$270,000 for 1Q2016 compared to S\$114,000 for 1Q2015.

CASHFLOW STATEMENT

The Group registered a positive net cash flow of S\$2.38 million in 1Q2016 from its operating activities.

Net cash outflow in investing activities for 1Q2016 was approximately S\$1.91 million. The was primarily due to the construction of office building and upgrading of yard facilities in Singapore to obtain an extension of the land lease.

Net cash outflow in financing activities was approximately S\$0.78 million during 1Q2016 because of 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 S\$0.31 million for 1Q2016.

ASSETS AND LIABILITIES

The Group registered total assets of S\$169.28 million as at 31 March 2016.

The Group's current assets decreased from S\$67.65 million as at 31 December 2015 to S\$65.66 million as at 31 March 2016 because of reduction in trade receivables.

Total liabilities for the Group were S\$90.07 million at 31 March 2016 as compared to S\$93.87 million at end of FY2015. This was attributable to repayment of bank loans and payment to suppliers.

The Group registered net current assets of S\$2.27 million as at 31 March 2016 as compared to S\$2.24 million as at 31 December 2015.

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 2016. The Group's actual results for its first quarter ended 31 March 2016 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 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.

Our IE Division has improved revenue in 1Q2016. However, oil prices remain low and global market conditions continue to be uncertain. The Group will conserve cash and explore opportunities to improve revenue growth in this challenging economic environment.

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 2016.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2016.

1st Quarter of FY2016

	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)]		
<u>DDW - Paxocean Shipyard Pte Ltd</u>		
Provision of corrosion prevention services		735,332
Procurement of materials and consumables		(18,669)
Transportation charges		(2,946)
<u>PT. Drydocks World Pertama</u>		
Provision of corrosion prevention services		315,829
Procurement of materials and consumables		(6,614)

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 2016 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
10 May 2016

Chua Meng Hua
Managing Director