BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Half Financial Statement For The Period Ended 30 June 2009

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.

		GROUP			GROUP		
	Notes	2nd Qtr of 2009 S$'000	2nd Qtr of 2008 S$'000	Increase / (Decrease) %	1st Half 2009 S$'000	1st Half 2008 S$'000	Increase / (Decrease) %
Revenue		**42,678**	**35,009**	**22%**	**76,470**	**68,784**	**11%**
Cost of sales		(33,531)	(26,433)	27%	(60,088)	(52,670)	14%
Gross profit		**9,147**	**8,576**	**7%**	**16,382**	**16,114**	**2%**
Other operating income (net)	(A)	95	268	(65%)	360	395	(9%)
Administrative expenses		(3,728)	(3,800)	(2%)	(7,201)	(7,243)	(1%)
Selling & distribution expenses		(496)	(752)	(34%)	(1,075)	(1,372)	(22%)
Profit from operations		**5,018**	**4,292**	**17%**	**8,466**	**7,894**	**7%**
Financial Income		1	2	(50%)	2	22	(91%)
Financial expenses		(383)	(279)	37%	(724)	(533)	36%
Share of results of associates, net of tax		(92)	(148)	(38%)	(158)	(264)	(40%)
Profit before taxation	**(B)**	**4,544**	**3,867**	**18%**	**7,586**	**7,119**	**7%**
Taxation		(1,255)	(1,020)	23%	(1,921)	(1,841)	4%
Profit after taxation		**3,289**	**2,847**	**16%**	**5,665**	**5,278**	**7%**
Attributable to :							
Equity holders of the Company		**3,019**	**3,020**	**0%**	**5,463**	**5,370**	**2%**
Minority Interests		270	(173)	NM	202	(92)	NM
		3,289	**2,847**	**16%**	**5,665**	**5,278**	**7%**

NM - Not meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	GROUP			GROUP		
	2nd Qtr of 2009 S$'000	**2nd Qtr of 2008 S$'000**	**Increase / (Decrease) %**	**1st Half 2009 S$'000**	**1st Half 2008 S$'000**	**Increase / (Decrease) %**
Profit after taxation	**3,289**	**2,847**	**16%**	**5,665**	**5,278**	**7%**
Exchange difference on translation of foreign entities	(101)	(25)	304%	(8)	(23)	(65%)
Total comprehensive income	**3,188**	**2,822**	**13%**	**5,657**	**5,255**	**8%**
Total comprehensive income attributable to:						
Equity holders of the Company	**2,918**	**2,995**	**3%**	**5,455**	**5,347**	**2%**
Minority Interests	270	(173)	NM	202	(92)	NM
Total comprehensive income	**3,188**	**2,822**	**13%**	**5,657**	**5,255**	**8%**

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

(Gain) / loss on disposal of fixed assets	(26)	1	(29)	66
Fixed assets written off	-	-	(53)	(4)
Foreign exchange (loss) / gain	(212)	53	(58)	(33)
Other Income	333	214	500	366

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

Interest income	1	2	2	22
Interest expense on borrowings	(366)	(264)	(695)	(509)
Depreciation of fixed assets	(1,415)	(1,011)	(2,717)	(1,942)
Amortisation of intangible asset	(11)	-	(23)	-
Write-back of allowance for doubtful debts	221	27	241	35
Allowance for doubtful debts	(88)	(87)	(188)	(177)

NM - Not meaningful

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	
	30-Jun-09	31-Dec-08	30-Jun-09	31-Dec-08
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Fixed assets	42,282	30,753	1,056	1,137
Intangible assets	2,701	2,724	-	-
Subsidiaries	-	-	9,181	8,981
Associates	4,233	4,191	-	-
Due from subsidiaries (non-trade)	-	-	113	236
Current assets				
Stocks	11,132	15,053	-	-
Work-in-progress in excess of progress billings	21,938	9,651	5,363	3,103
Trade debtors	20,358	22,613	-	-
Other debtors	3,900	6,946	284	552
Prepayment	1,089	864	170	4
Due from subsidiaries (trade)	-	-	3,247	3,018
Due from subsidiaries (non trade)	-	-	35,491	35,411
Due from related parties (trade)	20,130	19,863	4,824	6,797
Due from related parties (non trade)	10	-	17	-
Due from associates (trade)	17	20	-	-
Fixed deposits	985	863	-	-
Cash and bank balances	10,249	14,283	1,166	2,113
	89,808	**90,156**	**50,562**	**50,998**
Current liabilities				
Trade creditors	23,103	17,422	52	24
Bills payable to banks	1,586	6,169	-	781
Other creditors and accruals	18,736	21,644	5,593	4,835
Due to subsidiaries (trade)	-	-	4,887	6,054
Due to subsidiaries (non-trade)	-	-	32	44
Due to related parties (trade)	701	281	306	115
Due to related parties (non trade)	814	257	-	-
Provision for income tax	3,837	3,077	5	171
Lease obligations (current portion)	2,016	2,309	50	51
Bank overdrafts	820	866	393	-
Short-term bank loans	29,666	31,462	26,766	30,005
Term loans (current portion)	2,420	-	1,258	-
	83,699	**83,487**	**39,342**	**42,080**
Net current assets	**6,109**	**6,669**	**11,220**	**8,918**

	GROUP		COMPANY	
	30-Jun-09	31-Dec-08	30-Jun-09	31-Dec-08
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Lease obligations (non-current portion)	1,541	2,453	106	131
Term loans (non-current portion)	8,117	-	3,750	-
Deferred taxation	875	825	83	83
	10,533	3,278	3,939	214
Net assets	**44,792**	**41,059**	**17,631**	**19,058**
Share capital and reserves				
Share capital	16,111	16,111	16,111	16,111
Revenue reserves	24,596	21,057	1,520	2,947
Translation reserves	(28)	(20)	-	-
	40,679	37,148	17,631	19,058
Minority interests	4,113	3,911	-	-
Total equity	**44,792**	**41,059**	**17,631**	**19,058**

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-09		As at 31-Dec-08	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Short-term bank loans	-	32,072	-	38,497
Term loans	912	1,508	-	-
Lease obligations	2,016	-	2,309	-

Amount repayable after one year

	As at 30-Jun-09		As at 31-Dec-08	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	3,638	4,479	-	-
Lease obligations	1,541	-	2,453	-

Details of any collateral

Included in the Group's secured borrowings are:-
(a) S$4,550,000 (31 Dec 2008: Nil) in respect of a loan secured by a leasehold property.
(b) Lease obligations are secured by the underlying equipment.

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	
	2nd Qtr of 2009	2nd Qtr of 2008
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	4,544	3,867
Adjustments for:		
Allowance for doubtful debts	88	87
Write-back of allowance for doubtful debts	(221)	(27)
Loss / (Gain) on disposal of fixed assets	26	(1)
Depreciation of fixed assets	1,415	1,011
Amortisation of intangible assets	11	-
Allowance for stock obsolescence	56	-
Share of results of associates	92	148
Interest income	(1)	(2)
Interest expenses	366	264
Operating profit before working capital changes	**6,376**	**5,347**
(Increase) / decrease in:		
Stocks	1,045	(3,158)
Work-in-progress in excess of progress billings	(3,593)	(1,084)
Trade debtors	982	(4,723)
Other debtors	3,391	(1,538)
Prepayments	(61)	(21)
Due from related parties, net	(2,155)	2,833
Due from associates, net	(7)	(49)
Increase / (decrease) in:		
Trade creditors	3,371	4,597
Other creditors and accruals	(460)	(1,794)
Due to related parties, net	598	(1,917)
Net cash generated from / (used in) operations	**9,487**	**(1,507)**
Interest received	1	2
Interest paid	(395)	(257)
Income taxes paid	(705)	(518)
Net cash generated from / (used in) operating activities	**8,388**	**(2,280)**

	GROUP	
	2nd Qtr of 2009	2nd Qtr of 2008
	S$'000	S$'000
Cash flows from investing activities		
Proceeds from disposal of fixed assets	51	250
Purchase of fixed assets	(8,058)	(3,084)
Proceeds from a minority shareholder of a subsidiary	-	80
Investment in an associate	(200)	-
Net cash used in investing activities	**(8,207)**	**(2,754)**
Cash flows from financing activities		
Repayment of finance lease liabilities	(607)	(253)
(Decrease) / Increase in bills payable to banks	(990)	71
Net (repayment of) / proceeds from short term bank loans	(3,131)	8,000
Net proceeds from term loans	6,000	-
Dividends paid to shareholders	(1,924)	(2,693)
Net cash (used in) / generated from financing activities	**(652)**	**5,125**
Net effect of exchange rate changes in consolidating subsidiaries	(101)	(21)
Net (decrease) / increase in cash and cash equivalents	**(572)**	**70**
Cash and cash equivalents at beginning of the period	**10,986**	**7,733**
Cash and cash equivalents at end of the period	**10,414**	**7,803**

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					
	Share Capital	Revenue Reserve	Translation Reserves	Total Reserves	Minority Interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP						
Balance as at 31 March 2008	16,111	18,547	(4)	18,543	3,484	38,138
Total comprehensive income for the quarter	-	3,020	(25)	2,995	(173)	2,822
Issuance of shares to minority interest	-	-	-	-	80	80
Dividends paid to shareholders	-	(2,693)	-	(2,693)	-	(2,693)
Balance as at 30 June 2008	**16,111**	**18,874**	**(29)**	**18,845**	**3,391**	**38,347**
Balance as at 31 March 2009	16,111	23,501	73	23,574	3,843	43,528
Total comprehensive income for the quarter	-	3,019	(101)	2,918	270	3,188
Dividends paid to shareholders	-	(1,924)	-	(1,924)	-	(1,924)
Balance as at 30 June 2009	**16,111**	**24,596**	**(28)**	**24,568**	**4,113**	**44,792**
COMPANY						
Balance as at 31 March 2008	16,111	4,159	-	4,159	-	20,270
Total comprehensive income for the quarter	-	585	-	585	-	585
Dividends paid to shareholders	-	(2,693)	-	(2,693)	-	(2,693)
Balance as at 30 June 2008	**16,111**	**2,051**	**-**	**2,051**	**-**	**18,162**
Balance as at 31 March 2009	16,111	3,209	-	3,209	-	19,320
Total comprehensive income for the quarter	-	235	-	235	-	235
Dividends paid to shareholders	-	(1,924)	-	(1,924)	-	(1,924)
Balance as at 30 June 2009	**16,111**	**1,520**	**-**	**1,520**	**-**	**17,631**

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.

None.

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-09	As at 31-Dec-08
	No. of shares	No. of shares
Issued and fully paid	384,710,625	384,710,625

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the current financial period reported on.

None.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 2008.

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):	Group	
	1st half 2009	1st half 2008
a) Based on weighted average number of ordinary shares on issue; and	1.42	1.40
Weighted no.of shares in issue	384,710,625	384,710,625
b) On a fully diluted basis	N/A	N/A

N/A - not applicable

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.**

	GROUP		COMPANY	
	30-Jun-09	31-Dec-08	30-Jun-09	31-Dec-08
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	10.57	9.66	4.58	4.95

30-Jun-09

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$40.68 million and the Company's net asset value as at the end of the period of S$17.63 million divided by the share capital of 384,710,625 ordinary shares.

31-Dec-08

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$37.15 million and the Company's net asset value as at the end of the period of S$19.06 million divided by the share capital of 384,710,625 ordinary shares.

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

INCOME STATEMENT REVIEW

2nd Quarter of FY2009

	2nd Quarter results			
Group Turnover	**FY 2009**	**FY 2008**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Infrastructure & Engineering ("IE")	**17.29**	**10.21**	**7.08**	**69.3**
Corrosion Prevention ("CP")	**19.12**	**17.43**	**1.69**	**9.7**
Supply & Distribution ("SD")	**6.27**	**7.36**	**(1.09)**	**(14.8)**
	42.68	**35.00**	**7.68**	**21.9**

The Group's turnover for 2Q2009 increased by 21.9% from S$35.00 million to S$42.68 million. The increase in revenue was mainly contributed by the improved performance in the IE and CP division.

Revenue from our IE division increased by S$7.08 million from S$10.21 million in 2Q2008 to S$17.29 million in 2Q2009. This was attributable to the increase in business activities from the offshore oil and gas projects. During the quarter, the Group had successfully loaded up the accomodation deckhouse block onto the Leighton Eclipse pipe laying barge.

The CP division maintained its strength to clinch projects and showed better performance in 2Q2009. The revenue increased by S$1.69 million as compared to 2Q2008. This was attributable to number of projects secured during the quarter, including the $9.0 million new offshore contracts as announced on 20 April 2009.

The Group's net profit attributable to shareholders maintained at S$3.02 million for 2Q2009 as compared with 2Q2008.

1st Half FY2009

Group Turnover	1st Half results			
	FY 2009 S$'million	FY 2008 S$'million	+ / (-) S$'million	+ / (-) %
Infrastructure Engineering ("IE")	**31.41**	**19.70**	**11.71**	**59.4**
Corrosion Prevention ("CP")	**32.79**	**34.68**	**(1.89)**	**(5.4)**
Supply & Distribution ("SD")	**12.27**	**14.40**	**(2.13)**	**(14.8)**
	76.47	**68.78**	**7.69**	**11.2**

The Group's turnover for the six months ended 30 June 2009 increased by S$7.69 million to S$76.47 million from S$68.78 million for the six months ended 30 June 2008. The increase in the Group's turnover was attributable to the higher revenue recognised from the on going construction projects and pipe fabrication projects in our new Batam yard.

The Group's net profits attributable to shareholders increased by 2% to S$5.46 million for the six months ended 30 June 2009 as compared to S$5.37 million for the previous corresponding period. The improved performance was attributable to the higher activities from the existing offshore oil and gas contracts while management kept the administrative, selling and distribution expenses in check for the six months period ended.

CASHFLOW STATEMENT

The Group had positive net operating cashflow of S$8.4 million for 2Q2009. This was partly due to the lower inventory level of SD division and longer credit terms from our value suppliers and subcontractors.

The increase in work in progress ("WIP") was due to the increase in activities from the ongoing IE and CP projects. Upon reaching certain milestones of the projects, progress billings will be generated and the collections from customers will contribute to improving the cash balances. There was a decrease in amounts owing by other debtors due to set off against downpayments previously paid to subcontractors and suppliers as the projects progressed.

During the quarter, Picco Enterprise Pte Ltd ("PICCO"), a wholly owned subsidiary acquired a leasehold property for S$7.4 million to use for our SD division. The purchase was funded through internal resources and bank borrowings.

The net cash flows used in financing activities was due to dividends paid to shareholders during the quarter, repayment of bills payable and hire purchase instalments to the banks.

Total bank borrowings rose from S$32.8 million as at 31 March 2009 to S$46.2 million as at 30 June 2009. The increase was due to the Picco obtaining a S$4.55 million bank term loan to finance the acquisition of a leasehold property for its SD businesses. During the quarter 2Q2009, the Group had also restructured its short term revolving bank loans of S$6.0 million into a long term loan scheme.

ASSETS AND LIABILITIES

As mentioned above, the increase in WIP in excess of progress billings during 2Q2009 was mainly due to increased activities from the on going construction projects in the IE division.

The reduction of stock level was in line with the business slowdown in the SD division.

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

Not applicable.

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 marine oil and gas industries remains uncertain. Global demand for rigs and offshore support vessels remains weak and this adversely affect the sales of our CP and SD Divisions.

The Group will remain vigilant in managing cost and will increase efforts to seek opportunities on offshore marine projects for our new fabrication yard in Batam.

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 30 June 2009.

13 Summary of Interested Person Transactions for the financial period ended 30 June 2009

	2nd Quarter of FY2009	
	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$100,000)**
Revenue/(Expenses)		S$
Labroy Shipbuilding & Engineering Pte Ltd		
Provision of corrosion prevention services		4,095,617
Sale of hardware equipments, tools and other consumables		25,947
Rental of machineries		953,788
Procurement of yard's consumables		(549)
PT Nanindah Mutiara Shipyard		
Sale of hardware equipment, tools and other consumables		503,340
Heng Huat Shipbuilding & Construction Pte Ltd		
Rental of Property Expenses	(75,833)	
Purchase of leasehold property	(7,200,000)	
Labroy Offshore Engineering Pte Ltd		
Provision of corrosion prevention services		1,637,481
Provision of infrastructure engineering services		252,646
PT Graha Trisaka Industri		
Provision of corrosion prevention services		785,900
Provision of infrastructure engineering services		2,578,056
Sale of hardware equipment, tools and other consumables		202,530
Drydocks World-Singapore Pte Ltd		
Provision of corrosion prevention services		763,656
Sale of hardware equipment, tools and other consumables		70,491
Transportation charges		(380)
PT Drydocks World Pertama		
Provision of corrosion prevention services		1,322,937
Provision of infrastructure engineering services		580,372
Sale of hardware equipment, tools and other consumables		37,681
Procurement of yard's consumables		(94,182)

14 Confirmation pursuant to Rule 705(5) of the listing manual of the Singapore Exchange Securities Trading Limited

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 2nd quarter ended 30 June 2009 to be false or misleading.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
7 August 2009

Chua Meng Hua
Managing Director