



## Beng Kuang Marine FY2004 turnover grew 29% to S\$48 million

- Increased activities for Corrosion Prevention and Supply & Distribution Divisions
- Net earnings declined 22% due to lower margin jobs and higher costs
- Corrosion Prevention Division strengthened in preparation for growth
- Industry outlook positive and expects FY2005 to remain profitable

**Singapore, 18 February 2004** – Sesdaq-listed Beng Kuang Marine Limited (“BKM”, “Beng Kuang Marine”, “明光海事” or “The Group”), a leading hullside corrosion prevention service provider serving customers mainly in the marine, oil and gas and other industries, today announced its full-year results for the year ended 31 December 2004.

Overall Highlights	FY2004 S\$'000	FY2003 S\$'000	% Change
Turnover	48,130	37,390	29
Gross Profit	11,241	9,698	16
Operating Profit	2,892	3,519	(18)
Profit Before Tax	2,365	2,986	(21)
Net Profit	1,799	2,304	(22)
EPS (cents)	1.80	2.42	(26)
Net Gearing <sup>1</sup>	0.74	1.47	(50)

### FY2004 Financial Review

The Group's turnover rose by 28.6% to S\$48.1 million in FY2004. The profit before tax decreased by 20.8% to S\$2.36 million in FY2004. The net profit recorded a decrease of 21.7% to S\$1.80 million. The decline in profit is mainly attributable to certain lower margin jobs being undertaken and costs going up in general for the year under review.

BKM's Managing Director, Mr Chua Beng Kuang (蔡明光) commented, "We would like to assure our shareholders that this set of results is, but a consolidation phase for BKM as we seek to grow our business. Beng Kuang is financially strong after our Sesdaq-listing in October 2004. Gathering the experience from FY2004, we believe we can address the issues and improve from here."

### FY2004 Segmental Review

Revenue Segment	FY2004		FY2003 (Proforma)		+ / (-) %
	S\$' m	%	S\$' m	%	
Corrosion Prevention	28.2	58.6	19.7	52.7	43
Infrastructure & Engineering	7.2	14.8	7.6	20.3	(5)
Supply & Distribution	12.8	26.6	10.1	27.0	27
Total	48.1	100	37.4	100	29

<sup>1</sup> Net gearing = (total borrowings - cash & cash equivalents) / tangible shareholders' equity



For the Corrosion Prevention Division, FY2004 turnover grew by 43% to S\$28.2 million. The increase in revenue is largely due to projects that commenced in the last quarter of FY2003 with a new customer. As at 31 December 2004, these projects are still in progress. However, profit before tax decreased by 10.0% to S\$1.70 million. This is due to lower margins from several corrosion prevention projects for new vessel construction undertaken during the year. Operating costs also increased as a result of an increase in the prices of raw materials, such as steel grit and diesel etc. The Division was not able to pass these costs on to its customers in FY2004. In addition, administrative expenses also increased by 48% to S\$4.6 million, which is mainly attributable to an increase in staff strength to strengthen our management team as well as to expand our tank cleaning business and hydro-jetting services.

For the Supply & Distribution Division, FY2004 turnover increased by 27% to S\$12.8 million. This is mainly contributed by increased sales of our hardware products. However, profit before tax for the Division decreased by 62.5% to S\$0.3 million. This is mainly due to increase in doubtful debts provision of S\$0.5 million, which is largely attributable to an overseas customer.

For the Infrastructure Engineering Division, FY2004 turnover decreased marginally by 5% to S\$7.1 million. However, profit before tax increased by 17.9% to S\$0.33 million. This is due to a decrease in administrative expenses arising primarily from a reduction in headcount due to a restructuring exercise undertaken by the Division.

### **Outlook for FY2005**

The outlook for the marine-related and offshore oil and gas activities such as shipbuilding, ship conversion and ship repair activities and offshore engineering is expected to remain strong in FY2005.

On the Group's outlook for FY2005, Mr Chua said, " To ride on the wave of this booming sector, we will continue to focus on enhancing our core Corrosion Prevention Division while concurrently improving the performance of the other two Divisions. This will be achieved through the expansion of the tank cleaning business and hydro-jetting services. Our new subsidiary, Nexus Hydrotech Pte. Ltd, currently owns 3 hydro-jetting machines and we are now sourcing for additional units of hydro-jetting machines to meet the increase in demand for such services. "

Barring any unforeseen circumstances, the Group expects to remain profitable in FY2005.

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### **About Beng Kuang Marine Limited**

Beng Kuang Marine Limited (“BKM” or “the Group”) is principally engaged in the provision of corrosion prevention services, comprising blasting and painting work, to customers in the marine, oil and gas and other industries. BKM also provides turnkey engineering services such as fabrication of steel work modules and structures mainly for the oil and gas industry. In addition, the Group supplies and distributes hardware equipment and tools primarily to the marine and oil and gas industries.

BKM’s business is categorised into three broad divisions as follow:

(a) Corrosion Prevention Services

BKM provides corrosion prevention services to shipyards, which require blasting and painting services as part of the shipyards’ shipbuilding, ship conversion and ship repair activities. The Group also provides corrosion prevention services for steel work structures and piping modules of oil rigs and jack-up rigs for the customers in the oil and gas and other industries. In addition, BKM provides used copper slag collection and recycling services as well as blasting and painting equipment rental services.

(b) Infrastructure Engineering

BKM provides turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the oil and gas industry.

(c) Supply and Distribution

BKM supplies over 300 types of hardware equipment, tools and other products under house brand “Master” that are used in the marine, oil and gas, and construction industries. Some of these products are supplied to its corrosion prevention and infrastructure engineering divisions.

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**Issued for and on behalf of Beng Kuang Marine Limited**

**By Financial PR Pte Ltd**

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