BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2005

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 2nd Qtr of 2005 S$'000	GROUP 2nd Qtr of 2004 S$'000	Increase / (Decrease) %	GROUP (Year to-date) 1st Half 2005 S$'000	GROUP (Year to-date) 1st Half 2004 S$'000	Increase / (Decrease) %
REVENUE		13,290	12,968	2%	25,027	24,396	3%
Cost of Sales		(9,822)	(10,569)	(7%)	(18,505)	(19,199)	(4%)
GROSS PROFIT		3,468	2,399	45%	6,522	5,197	25%
Other operating income / (expenses) (net)	(A)	(22)	59	(137%)	20	127	(84%)
Administrative expenses		(2,058)	(1,446)	42%	(3,921)	(2,961)	32%
Selling & Distribution expenses		(323)	(302)	7%	(633)	(647)	(2%)
PROFIT FROM OPERATIONS		1,065	710	50%	1,988	1,716	16%
Financial Expenses		(164)	(142)	15%	(312)	(276)	13%
Financial Income		29	15	100%	54	15	100%
PROFIT BEFORE SHARE OF RESULTS OF ASSOCIATES, TAXATION AND MINORITY INTEREST		930	583	60%	1,730	1,455	19%
Share of results of associates / joint ventures		0	0		0	0	
PROFIT BEFORE TAXATION	(B)	930	583	60%	1,730	1,455	19%
TAXATION		(281)	(93)	202%	(455)	(250)	82%
PROFIT AFTER TAXATION		649	490	32%	1,275	1,205	6%
Attributable to :							
Shareholders of the Company		667	465	43%	1,254	1,110	13%
Minority Interests		(18)	25	(172%)	21	95	(78%)
		649	490	32%	1,275	1,205	6%

Notes

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

	GROUP 2nd Qtr of 2005 S$'000	GROUP 2nd Qtr of 2004 S$'000	GROUP (Year to-date) 1st Half 2005 S$'000	GROUP (Year to-date) 1st Half 2004 S$'000
Gain/(Loss) on disposal of fixed assets	(29)	29	2	43
Fixed assets written off	0	0	(3)	0
Other Income / (expenses)	7	30	21	84

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

	GROUP 2nd Qtr of 2005 S$'000	GROUP 2nd Qtr of 2004 S$'000	GROUP (Year to-date) 1st Half 2005 S$'000	GROUP (Year to-date) 1st Half 2004 S$'000
Interest income	3	0	10	0
Interest expense on borrowings	(160)	(135)	(301)	(261)
Depreciation and amortisation	(437)	(400)	(855)	(777)
Provision for doubtful trade debts written back	31	0	46	0
Provision for doubtful trade debts	(133)	(175)	(236)	(191)
Provision for stock obsolescence	(6)	0	(6)	0
Foreign exchange gain	26	15	44	14

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	
	30/06/2005 S$'000	31/12/2004 S$'000	30/06/2005 S$'000	31/12/2004 S$'000
Share capital and reserves				
Share capital	9,299	9,299	9,299	9,299
Share premium	2,252	2,252	2,252	2,252
Reserves	6,249	4,992	332	318
	17,800	16,543	11,883	11,869
Minority interests	1,098	1,076	0	0
	18,898	17,619	11,883	11,869
Fixed assets	7,443	7,315	892	1,004
Subsidiaries	0	0	2,684	2,641
Due from a subsidiary (non-current)	0	0	410	213
Current assets				
Stocks	5,188	5,258	0	15
Work-in-progress in excess of progress billings	9,267	8,131	1,306	1,848
Trade debtors	17,612	18,015	223	1,493
Other debtors, deposits and prepayments	678	418	341	263
Due from subsidiaries (trade)	0	0	4,425	4,609
Due from subsidiaries (non trade)	0	0	16,677	15,424
Due from related parties (trade)	3,897	2,286	1,927	1,200
Due from related parties (non trade)	167	76	1	1
Fixed deposits	800	2,300	800	2,300
Cash and bank balances	1,737	1,257	27	9
	39,346	**37,741**	**25,727**	**27,162**
Current liabilities				
Trade creditors	5,322	5,172	221	662
Bills payable to bank	2,590	3,082	1,028	1,208
Other creditors and accruals	3,452	3,505	1,064	1,372
Due to subsidiaries (trade)	0	0	1,946	2,574
Due to subsidiaries (non-trade)	0	0	302	378
Due to related parties (trade)	1,074	1,055	250	247
Due to related parties (non trade)	52	56	16	22
Lease obligations – current portion	160	216	11	11
Provision for taxation	739	602	141	211
Short-term bank loans	10,013	11,011	10,013	11,011
Bank overdrafts	3,516	1,699	2,644	1,256
	26,918	**26,398**	**17,636**	**18,952**
Net current assets	**12,428**	**11,343**	**8,091**	**8,210**
Non-current liabilities				
Lease obligations – non-current portion	134	219	30	35
Deferred taxation	839	820	164	164
	18,898	**17,619**	**11,883**	**11,869**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	As at 30/06/05 S$'000		As at 31/12/04 S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		$ 16,119		$ 15,792
Lease Obligations	$ 160		$ 216	

Amount repayable after one year

	As at 30/06/05 S$'000		As at 31/12/04 S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	$ 134	$0	$ 219	$0

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	
	2nd Qtr of 2005	2nd Qtr of 2004
Cash flows from operating activities	**S$'000**	**S$'000**
Profit before taxation	930	582
Adjustments:		
Depreciation of fixed assets	437	400
(Gain)/Loss on disposal of fixed assets	29	(29)
Provision for doubtful trade debts	133	175
Provision for doubtful trade debts written back	(31)	0
Provision for stock obsolescence	6	0
Interest income	(3)	0
Other interest expenses	160	134
Operating profit before working capital changes	**1,661**	**1,262**
(Increase) / decrease in:		
Stocks	(333)	(548)
Work-in-progress in excess of progress billings	48	(1,529)
Trade debtors	(927)	(227)
Other debtors, deposits and prepayments	13	(556)
Due from related parties	(878)	(175)
Increase / (decrease) in:		
Trade creditors	778	(265)
Other creditors and accruals	(265)	2,282
Due to related parties	80	(176)
Cash generated / (used) in operations	**177**	**68**
Interest income	3	0
Interest paid	(160)	(134)
Income taxes paid	(238)	(397)
Net cash generated / (used) in operating activities	**(218)**	**(463)**
Cash flows from investing activities		
Purchase of fixed assets	(248)	(313)
Proceeds from disposal of fixed assets	27	94
Net cash generated / (used) in investing activities	**(221)**	**(219)**
Cash flows from financing activities		
Repayment of lease obligations	(185)	(93)
Repayment of loans from related parties	0	(16)
Proceeds/Repayment of bills payable	498	493
Proceeds/Repayment of short term loan	4	0
Net cash generated / (used) in financing activities	**317**	**384**
Net effect of exchange rate changes in consolidating subsidiaries	1	0
Net decrease in cash and cash equivalents	**(121)**	**(298)**
Cash and cash equivalents at beginning of the period	**(858)**	**(2,965)**
Cash and cash equivalents at end of the period	**(979)**	**(3,263)**

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.

	Share Capital	Share Premium	Revenue Reserve	Translation Reserves	Minority Interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP						
Balance as at 31 Mar 2004	1,316	2,584	7,561	0	966	12,427
Net profit for the quarter	0	0	465	0	25	490
Balance as at 30 Jun 2004	**1,316**	**2,584**	**8,026**	**0**	**991**	**12,917**
Balance as at 31 Mar 2005	9,299	2,252	5,581	0	1,116	18,248
Currency translation differences representing net gains and losses not recognized in statement of profit and loss	0	0	0	1	0	1
Net profit / (loss) for the quarter	0	0	667	0	(18)	649
Balance as at 30 Jun 2005	**9,299**	**2,252**	**6,248**	**1**	**1,098**	**18,898**

	Share Capital	Share Premium	Revenue Reserve	Translation Reserves	Minority Interest	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
COMPANY						
Balance as at 31 Mar 2004	1,316	2,584	3,746	0	0	7,646
Net (loss) for the quarter	0	0	(19)	0	0	(19)
Balance as at 30 Jun 2004	**1,316**	**2,584**	**3,727**	**0**	**0**	**7,627**
Balance as at 31 Mar 2005	9,299	2,252	344	0	0	11,895
Net (loss) for the quarter	0	0	(12)	0	0	(12)
Balance as at 30 Jun 2005	**9,299**	**2,252**	**332**	**0**	**0**	**11,883**

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.

None.

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

Figures have not been audited or reviewed.

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 reviewed and adopted FRS39, FRS102 and FRS103. These do not have any material impact on the financial statements for the current financial reporting period. Apart from the aforesaid, the Group has adopted the same accounting policies and method of computation in the financial statements for the current reporting period as in the last annual audited financial statements.

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.

Please refer to item 4.

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.

	GROUP (Year to-date)	
	1st half 2005	1st half 2004
Earnings per Ordinary Share (cents) for the period:		
a) Based on weighted average number of ordinary shares in issue	1.08	1.17
b) On a fully diluted basis	1.08	1.17

(i) The earnings per ordinary share for FY2004 was computed based on the pre-invitation share capital of 95,236,875 ordinary shares of S$0.08 each (assuming the Restructuring Exercise, Bonus Issue, Sub-division and Consolidation of shares had taken place as of 1 January 2004).

(ii) The earnings per ordinary share for FY2005 was computed based on the post-invitation share capital of 116,236,875 ordinary shares.

(iii) There is no dilution of earnings per ordinary share since there is presently no share option scheme on unissued shares.

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.

	GROUP		COMPANY	
	30/06/2005	31/12/2004	30/06/2005	31/12/2004
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	15.31	14.23	10.22	10.21

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

FY 2005	2nd Quarter results				1st Half results			
Group Turnover	FY 2005 S$'million	FY 2004 S$'million	+/(-) S$'million	+/(-) %	FY 2005 S$'million	FY 2004 S$'million	+/(-) S$'million	+/(-) %
Corrosion Prevention ("CP")	8.87	4.67	4.20	89.8	16.00	11.71	4.28	36.6
Infrastructure & Engineering ("IE")	0.65	4.99	(4.34)	(87.1)	2.16	6.22	(4.06)	(65.3)
Supply & Distribution ("SD")	3.77	3.30	0.47	14.3	6.88	6.47	0.41	6.3
	13.29	12.97	0.32	2.5	25.03	24.40	0.63	2.6

2nd Quarter 2005

Revenue from the CP division rose by S$4.2 million from S$4.67 million in 2Q2004 to S$8.87 million in 2Q2005 due to an increase in demand for our services following an increase in shipyard activities in Singapore and Batam. This revenue increase is also partly due to sales contribution from our new hydrojetting business.

The increase in shipyard activities also translated into increased demand for hardware products. As a result, our SD division's revenue increased by S$0.47 million from S$3.30 million in 2Q2004 to S$3.77 million in 2Q2005.

Most of our IE projects were completed in 1Q2005 and subsequently, there were no major IE projects awarded to us in 2Q2005. As a result, our IE division's revenue decreased by S$4.34 million from S$4.99 million in 2Q2004 to S$0.65 million in 2Q2005.

The Group's net profit attributable to shareholders for 2Q2005 increased by 43% from S$0.47 million in 2Q2004 to S$0.67 million in 2Q2005 mainly due to us securing more CP projects.

Our overall gross margins also increased due to constant efforts made towards improving our resources management and work processes with a view to remaining competitive in our industry.

Year-to-date 1st Half 2005

The Group's turnover for the 1st half of FY2005 increased marginally by 2.6% from S$24.4 million in the 1st half of FY2004 to S$25.0 million in the 1st half of FY2005. The marginal increase was mainly due to increases in revenue registered by our CP and SD divisions in 2Q2005, which exceeded the significant decreases in revenue from our IE division.

Due to our improved performance in 2Q2005, our net profits attributable to shareholders increased by 13% from S$1.11 million in the 1st half of FY2004 to S$1.25 million in the 1st half of FY2005.

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

In the previous announcements of 18 February 2005 and 10 May 2005, the Group had forecasted to remain profitable for FY2005. These quarterly and half results are in line with the forecasts made in the previous two announcements.

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 sector that we serve, i.e. 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 positive for the rest of FY2005. Barring any unforeseen circumstances, we expect to remain profitable in FY2005.

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 2005.

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.

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.

15. A breakdown of sales.

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

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

	Latest Full Year()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

17. Summary of Interested Person Transactions for the financial period ended 30 June 2005

	2nd Quarter 2005
	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	399,591
Sale of hardware equipment, tools and other consumables	210,044
PT Nanindah Mutiara Shipyard	
Sale of hardware equipment, tools and other consumables	558,667
Tellus Marine Engineering Pte Ltd	
Sale of hardware equipment, tools and other consumables	176,186

Our Shareholders' Mandate first came into effect from our admission to the Official List of the SGX SESDAQ on October 15, 2004 and was renewed during our the last Annual General Meeting held on April 28, 2005.

BY ORDER OF THE BOARD

Chua Meng Hua

Executive Director

10 August 2005