BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement and Dividend Announcement for the Year Ended 31 December 2005

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 (Year to-date)		
	Notes	4th Qtr of 2005 S$'000	4th Qtr of 2004 S$'000	Increase / (Decrease) %	FY2005 S$'000	FY2004 (audited) S$'000	Increase / (Decrease) %
REVENUE		**13,547**	**12,190**	**11**	**53,140**	**48,130**	**10**
Cost of Sales		(9,196)	(8,818)	4	(38,336)	(36,933)	4
GROSS PROFIT		**4,351**	**3,372**	**29**	**14,804**	**11,197**	**32**
Other operating income (net)	(A)	16	80	(80)	33	159	(79)
Administrative expenses		(3,050)	(2,548)	20	(9,830)	(7,092)	39
Selling & Distribution expenses		(656)	(408)	61	(1,482)	(1,377)	8
PROFIT FROM OPERATIONS		**661**	**496**	**33**	**3,525**	**2,887**	**22**
Financial Expenses		(173)	(130)	33	(646)	(554)	17
Financial Income		(15)	(2)	650	88	28	214
PROFIT BEFORE SHARE OF RESULTS OF JOINT VENTURE, TAXATION AND MINORITY INTEREST		**473**	**364**	**30**	**2,967**	**2,361**	**26**
Share of results of joint venture		15	0	NM	15	0	NM
PROFIT BEFORE TAXATION	(B)	**488**	**364**	**34**	**2,982**	**2,361**	**26**
TAXATION		-	(54)	(100)	(750)	(405)	85
PROFIT AFTER TAXATION		**488**	**310**	**57**	**2,232**	**1,956**	**14**
Attributable to :							
Shareholders of the Company		**463**	**312**	**48**	**2,272**	**1,795**	**27**
Minority Interests		25	(2)	(1,350)	(40)	161	(125)
		488	310	57	2,232	1,956	14

Notes

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

	GROUP		GROUP (Year to-date)	
	4th Qtr of 2005 S$'000	4th Qtr of 2004 S$'000	FY2005 S$'000	FY2004 (audited) S$'000
Gain on disposal of fixed assets	17	39	11	100
Fixed assets written off	(22)	0	(40)	0
Other Income	21	41	62	59

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

	GROUP		GROUP (Year to-date)	
	4th Qtr of 2005 S$'000	4th Qtr of 2004 S$'000	FY2005 S$'000	FY2004 (audited) S$'000
Interest income	0	3	16	3
Interest expense on borrowings	(167)	(152)	(626)	(554)
Depreciation and amortisation	(456)	(459)	(1,786)	(1,593)
Provision for doubtful trade debts written back	18	67	64	67
Provision for doubtful trade debts	(1,042)	(301)	(1,674)	(617)
Provision for stock obsolescence	0	0	(11)	0
Provision for stock obsolescence written back	0	21	0	21
Foreign exchange gain / (losses)	(15)	(6)	72	24

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	
	31/12/2005 S$'000	31/12/2004 S$'000	31/12/2005 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	7,266	4,992	1,907	318
	18,817	**16,543**	**13,458**	**11,869**
Minority interests	1,007	1,076	0	0
	19,824	**17,619**	**13,458**	**11,869**
Fixed assets	7,631	7,315	721	1,004
Subsidiaries	0	0	2,684	2,641
Investment in a joint venture	117	0	0	0
Due from subsidiaries (non-current)	0	0	341	213
Current assets				
Stocks	6,007	5,258	0	15
Work-in-progress in excess of progress billings	7,708	8,131	1,013	1,848
Trade debtors	16,231	18,015	9	1,493
Other debtors, deposits and prepayments	564	418	46	263
Due from subsidiaries (trade)	0	0	5,105	4,609
Due from subsidiaries (non trade)	0	0	14,736	15,424
Due from related parties (trade)	2,906	2,286	1,452	1,200
Due from related parties (non trade)	79	76	0	1
Fixed deposits	448	2,300	0	2,300
Cash and bank balances	3,032	1,257	614	9
	36,975	**37,741**	**22,975**	**27,162**
Current liabilities				
Trade creditors	4,804	5,172	191	662
Bills payable to bank	3,196	3,082	615	1,208
Other creditors and accruals	4,203	3,505	1,573	1,372
Due to subsidiaries (trade)	0	0	494	2,574
Due to subsidiaries (non-trade)	0	0	6	378
Due to related parties (trade)	766	1,055	143	247
Due to related parties (non trade)	45	56	1	22
Lease obligations – current portion	123	216	11	11
Provision for taxation	941	602	61	211
Short-term bank loans	10,012	11,011	10,012	11,011
Bank overdrafts	30	1,699	30	1,256
	24,120	**26,398**	**13,137**	**18,952**
Net current assets	**12,855**	**11,343**	**9,838**	**8,210**
Non-current liabilities				
Lease obligations – non-current portion	96	219	24	35
Deferred taxation	683	820	102	164
	19,824	**17,619**	**13,458**	**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 31/12/05 S$'000		As at 31/12/04 S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		$ 13,238		$ 15,792
Lease Obligations	$ 123		$ 216	

Amount repayable after one year

	As at 31/12/05 S$'000		As at 31/12/04 S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	$ 96	$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	
	FY 2005	FY2004 (audited)
Cash flows from operating activities	**S$'000**	**S$'000**
Profit before taxation	**2,982**	**2,360**
Adjustments:		
Depreciation of fixed assets	1,786	1,593
Gain on disposal of fixed assets	(11)	(100)
Fixed Assets written off	40	0
Provision for doubtful trade debts	1,674	617
Provision for doubtful trade debts written back	(64)	(67)
Provision for stock obsolescence written back	0	(21)
Share of results of joint venture	(15)	0
Interest income	(16)	(3)
Interest expenses	626	531
Operating profit before working capital changes	**7,002**	**4,910**
(Increase) / decrease in:		
Stocks	(749)	(591)
Work-in-progress in excess of progress billings	423	(2,928)
Trade debtors	174	(2,288)
Other debtors, deposits and prepayments	(146)	92
Due from related parties	(623)	1,159
Increase / (decrease) in:		
Trade creditors	(368)	456
Other creditors and accruals	698	623
Due to related parties	(300)	(526)
Cash generated from operations	**6,111**	**907**
Interest income	16	3
Interest paid	(626)	(541)
Income taxes paid	(548)	(555)
Net cash generated from / (used in) operating activities	**4,953**	**(186)**
Cash flows from investing activities		
Purchase of fixed assets	(2,297)	(1,237)
Proceeds from disposal of fixed assets	201	502
Proceeds from a minority shareholder of a subsidiary	10	20
Net outflow from disposal of a subsidiary	0	(73)
Investment in a joint venture	(102)	0
Net cash used in investing activities	**(2,188)**	**(788)**
Cash flows from financing activities		
Repayment of lease obligations	(251)	(486)
Bills payables to bank	114	848
Repayment of loans to related parties	0	(1,292)
Proceeds from Initial Public Offer	0	3,932
Repayment of short term loan	(999)	0
Dividends paid to a minority shareholder of a subsidiary	(39)	0
Net cash (used in) / generated from financing activities	**(1,175)**	**3,002**
Net effect of exchange rate changes in consolidating subsidiaries	2	0
Net increase in cash and cash equivalents	**1,592**	**2,028**
Cash and cash equivalents at beginning of the year	**1,858**	**(170)**
Cash and cash equivalents at end of the year	**3,450**	**1,858**

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 S$'000	Share Premium S$'000	Revenue Reserve S$'000	Translation Reserves S$'000	Total Reserves S$'000	Minority Interest S$'000	Total S$'000
GROUP							
Balance as at 1 Jan 2004	1,316	2,584	6,916	0	6,916	896	11,712
Capitalisation of reserves by way of bonus issue	6,303	(2,584)	(3,719)	0	(3,719)	0	0
Issuance of new ordinary shares	1,680	2,252	0	0	0	0	3,932
Net profit for the year	0	0	1,795	0	1,795	180	1,975
Balance as at 31 Dec 2004	**9,299**	**2,252**	**4,992**	**0**	**4,992**	**1,076**	**17,619**
Balance as at 1 Jan 2005	9,299	2,252	4,992	0	4,992	1,076	17,619
Currency translation differences representing net gains and losses not recognized in the profit and loss account	0	0	0	2	2	0	2
Issuance of shares to minority interest	0	0	0	0	0	10	10
Net profit/(loss) for the year	0	0	2,272	0	2,272	(40)	2,232
Dividends paid	0	0	0	0	0	(39)	(39)
Balance as at 31 Dec 2005	**9,299**	**2,252**	**7,264**	**2**	**7,266**	**1,007**	**19,824**

	Share Capital S$'000	Share Premium S$'000	Revenue Reserve S$'000	Translation Reserves S$'000	Total Reserves S$'000	Minority Interest S$'000	Total S$'000
COMPANY							
Balance as at 1 Jan 2004	1,316	2,584	3,719	0	3,719	0	7,619
Capitalisation of reserves by way of bonus issue	6,303	(2,584)	(3,719)	0	(3,719)	0	0
Issuance of new ordinary shares	1,680	2,252	0	0	0	0	3,932
Net profit for the year	0	0	318	0	318	0	318
Balance as at 31 Dec 2004	**9,299**	**2,252**	**318**	**0**	**318**	**0**	**11,869**
Balance as at 1 Jan 2005	9,299	2,252	318	0	318	0	11,869
Net profit for the year	0	0	1,589	0	1,589	0	1,589
Balance as at 31 Dec 2005	**9,299**	**2,252**	**1,907**	**0**	**1,907**	**0**	**13,458**

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)	
Earnings per Ordinary Share (cents) for the period:	FY2005	FY2004
a) Based on weighted average number of ordinary shares in issue	1.95	1.80
b) On a fully diluted basis	1.95	1.80

(i) The earnings per ordinary share for FY2004 was computed based on 95,236,875 ordinary shares being in issue for 366 days and 21,000,000 ordinary shares being in issue for 78 days, giving rise to a weighted average of 99,712,285 ordinary shares for the year 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	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	16.19	14.23	11.58	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

Group Turnover

	Full Year Results			
	FY 2005	FY 2004	+/(-)	+/(-)
	S$'million	S$'million	S$'million	%
Corrosion Prevention ("CP")	33.62	28.18	5.44	19.3
Infrastructure & Engineering ("IE")	5.00	7.18	(2.18)	(30.4)
Supply & Distribution ("SD")	14.52	12.77	1.75	13.7
	53.14	48.13	5.01	10.4

4th Quarter FY2005

Our Group's sales increased by 11% from S$12.2 million in 4Q2004 to S$13.5 million in 4Q2005 due to increase in demand for our services and products. Net profit attributable to shareholders for 4Q2005 increased by approximately 48% from S$0.31 million in 4Q2004 to S$0.46 million in 4Q2005 mainly due to increased sales and improvement in overall gross margins.

Full Year FY2005:

Our Group's turnover for FY2005 increased by 10% from S$48.13 million in FY2004 to S$53.14 million in FY2005. This increase was largely driven by increases in demand for services in our CP division and for hardware products in our SD division. Revenue increases in these divisions more than offset the decrease in revenue in our IE division. The revenue increases were due to an increase in shipyard activities in Singapore and Batam.

Our IE division's revenue for FY2005 decreased by 30.4% from S$7.18 million in FY2004 to S$5 million in FY2005. The decrease was mainly due to there being no major IE projects awarded to us in FY2005. This is because in FY2005, we concentrated our efforts on securing higher value-added projects and in the process of doing so, we secured less projects. As a result, sales decreased and our IE division registered a net loss before tax of S$0.34 million for FY2005.

Better performances from our CP and SD divisions more than offset the negative results posted by our IE division. As a result, our Group's net profits attributable to shareholders increased by 26% from S$1.80 million in FY2004 to S$2.27 million for FY2005. Better performances by our CP and SD divisions were a result of increased sales and improved margins. Our constant efforts towards improving our resources management and work processes with a view to remaining competitive in our industry were main reasons for the improved margins.

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 in year 2005, the Group had forecasted to remain profitable for FY2005. The full year results reported are, therefore, in line with the forecasts made in those 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 (marine-related and offshore oil and gas activities such as shipbuilding, ship conversion, ship repair activities and offshore engineering) is expected to remain positive for FY2006. Barring any unforeseen circumstances, we expect to continue to be profitable in FY2006.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend:	**First & Final**
Dividend Type:	**Cash**
Dividend Rate (Gross):	**0.75 cents**
Tax Rate:	**20%**

(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

To be announced at a later date

(d) Books closure date

To be announced at a later date.

12 If no dividend has been declared / recommended, a statement to that effect.

Not Applicable.

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.

BUSINESS SEGMENTS

	GROUP FY2005 (Year to-date)				
	CORROSION PREVENTION	INFRA - STRUCTURE & ENGINEERING	SUPPLY & DISTRIBUTION	ELIMINATION	GROUP
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue					
Sales to external customers	33,628	4,996	14,516		53,140
Inter-segment sales	164	11	3,847	(4,022)	-
	33,792	5,007	18,363	(4,022)	53,140
Results					
Segment results	2,671	(296)	1,307		3,682
Unallocated expenses					(157)
Financial expenses	(325)	(67)	(254)		(646)
Financial income	60	27	1		88
Segment Profit/(Loss) before taxation	2,406	(336)	1,054	-	2,967
Share of gain from a joint venture	-	15	-		15
Profit before taxation					2,982
Taxation					(750)
Profit after taxation					2,232
Minority interests					40
Net profit for the year					2,272
Segment Assets	35,875	6,756	13,697	(11,605)	44,723
Segment Liabilities	19,127	6,089	9,507	(11,605)	23,118
Unallocated liabilities					1,781
Total liabilities					24,899
Capital Expenditure	1,852	347	134		2,333
Depreciation	1,424	175	187		1,786
Non cash expenses	2,123	1,002	209		3,334

BUSINESS SEGMENTS

	GROUP FY2004 (Year to-date)				
	CORROSION PREVENTION	INFRA - STRUCTURE & ENGINEERING	SUPPLY & DISTRIBUTION	ELIMINATION	GROUP
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue					
Sales to external customers	28,176	7,181	12,773		48,130
Inter-segment sales	210	392	3,626	(4,228)	-
	28,386	7,573	16,399	(4,228)	48,130
Results					
Segment results	1,890	424	573		2,887
Financial expenses	(226)	(105)	(223)		(554)
Financial income	33	9	(15)		27
Profit before taxation	1,697	328	335	-	2,360
Taxation					(405)
Profit after taxation					1,955
Minority interests					(161)
Net profit for the year					1,794
Segment Assets	32,395	6,749	12,379	(6,466)	45,057
Segment Liabilities	17,697	5,648	9,136	(6,466)	26,015
Unallocated liabilities					1,422
Total liabilities					27,437
Capital Expenditure	832	127	403		1,362
Depreciation	1,044	292	257		1,593
Non cash expenses	1,156	162	466		1,784

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.

Please refer to item 8.

15. A breakdown of sales.

	GROUP			
	FY 2005 S$'000	FY 2004 S$'000	+/(-) S$'000	+/(-) %
First Half				
(a) Revenue	**25,027**	**24,396**	**631**	**2.6%**
(b) Profit after tax	**1,275**	**1,205**	**70**	**5.8%**
Second Half				
(a) Revenue	**28,113**	**23,734**	**4,379**	**18.5%**
(b) Profit after tax	**957**	**751**	**206**	**27.4%**

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 (S$'000)	Previous Full Year ()
Ordinary (Gross)	872	0
Preference	0	0
Total:	872	0

17. Summary of Interested Person Transactions for the financial period ended 31 December 2005

	4th Quarter of FY2005		Full Year FY2005	
	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)	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$100,000)
[Revenue/(Expenses)]	S$	S$	S$	S$
Labroy Shipbuilding & Engineering Pte Ltd				
Provision of Corrosion Prevention Services	0	699,878	809,338	2,230,809
Sale of hardware equipment, tools and other consumables		545,504		1,000,658
Rental of Property Expenses	(42,000)		(168,000)	
Procurement of Yard's Consumables		(96,184)		(123,159)
PT Nanindah Mutiara Shipyard				
Sale of hardware equipment, tools and other consumables		194,946		2,085,548
Heng Huat Shipbuilding & Construction Pte Ltd				
Rental of property expenses	(105,000)		(420,000)	
Tellus Marine Engineering Pte Ltd				
Sale of hardware equipment, tools and other consumables		139,868		545,316
Well Commercial Pte Ltd				
Sale of stationery products	63,918		130,072	
Procurement of Stationery Products	(81,487)		(153,350)	
Hwah Hong Transportation Pte Ltd				
Transportation of Cranes, Equipment & other Machineries		(30,730)		(127,604)
Asian Sealand Infrastructure & Construction				
Sale of hardware equipment, tools and other consumables		215,541		350,639
Procurement of consumables		(4,520)		(118,112)
PT Kencana Gloria Marine				
Sale of hardware equipment		100,000		100,000

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

BY ORDER OF THE BOARD

Chua Meng Hua

Executive Director
21 February 2006