



**BENG KUANG MARINE LIMITED**

Registration No. 199400196M

**Financial Statement for the 3 months Ended 31 March 2006**

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**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		Increase / (Decrease) %
		1st Qtr of 2006 S\$'000	1st Qtr of 2005 S\$'000	
<b>REVENUE</b>		<b>16,702</b>	<b>11,737</b>	<b>42%</b>
Cost of Sales		<u>(12,601)</u>	<u>(8,683)</u>	45%
<b>GROSS PROFIT</b>		<b>4,101</b>	<b>3,054</b>	<b>34%</b>
Other operating income (net)	(A)	26	42	(38%)
Administrative expenses		(2,463)	(1,863)	32%
Selling & Distribution expenses		<u>(455)</u>	<u>(310)</u>	47%
<b>PROFIT FROM OPERATIONS</b>		<b>1,209</b>	<b>923</b>	<b>31%</b>
Financial Income		1	25	(96%)
Financial Expenses		<u>(220)</u>	<u>(148)</u>	49%
<b>PROFIT BEFORE TAXATION</b>	(B)	<b>990</b>	<b>800</b>	<b>24%</b>
TAXATION		<u>(247)</u>	<u>(174)</u>	42%
<b>PROFIT AFTER TAXATION</b>		<b>743</b>	<b>626</b>	<b>19%</b>
<b>Attributable to :</b>				
<b>Shareholders of the Company</b>		<b>785</b>	<b>586</b>	<b>34%</b>
Minority Interests		<u>(42)</u>	<u>40</u>	(205%)
		<u><b>743</b></u>	<u><b>626</b></u>	19%

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Notes

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

	GROUP	
	1st Qtr of 2006	1st Qtr of 2005
	S\$'000	S\$'000
Gain on disposal of fixed assets	19	31
Fixed assets written off	0	(3)
Other Income	7	14

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

	GROUP	
	1st Qtr of 2006	1st Qtr of 2005
	S\$'000	S\$'000
Interest income	1	7
Interest expense on borrowings	(169)	(141)
Depreciation of fixed assets	(472)	(418)
write-back of provision for doubtful trade debts	0	15
Provision for doubtful trade debts	(152)	(103)
Foreign exchange gain / (loss)	(46)	18

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**Financial Statement for the 3 months Ended 31 March 2006**
**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	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Fixed assets	7,772	7,631	650	721
Subsidiaries	0	0	2,786	2,684
Due from subsidiaries (non-current)	0	0	274	340
<b>Current assets</b>				
Stocks	5,761	6,007	0	0
Work-in-progress in excess of progress billings	7,175	7,675	901	1,013
Trade debtors	19,002	16,231	(59)	9
Other debtors, deposits and prepayments	767	699	317	46
Due from subsidiaries (trade)	0	0	4,472	5,105
Due from subsidiaries (non trade)	0	0	16,373	14,737
Due from related parties (trade)	4,423	3,186	2,975	1,447
Due from related parties (non trade)	55	79	0	0
Fixed deposits	222	448	0	0
Cash and bank balances	3,139	3,032	74	614
	<b>40,544</b>	<b>37,357</b>	<b>25,053</b>	<b>22,971</b>
<b>Current liabilities</b>				
Trade creditors	4,757	5,504	158	191
Bills payable to banks	2,979	3,196	468	615
Other creditors and accruals	5,033	4,188	1,254	1,571
Due to related parties (trade)	676	345	95	139
Due to related parties (non trade)	62	45	0	1
Due to subsidiaries (trade)	0	0	1,333	494
Due to subsidiaries (non-trade)	0	0	6	6
Provision for income tax	1,073	941	54	61
Lease obligations (current portion)	71	123	11	12
Bank overdrafts	2,273	30	1,776	30
Short-term bank loans	10,055	10,012	10,055	10,012
	<b>26,979</b>	<b>24,384</b>	<b>15,210</b>	<b>13,132</b>
<b>Net current assets</b>	<b>13,565</b>	<b>12,973</b>	<b>9,843</b>	<b>9,839</b>

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	GROUP		COMPANY	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Lease obligations (non-current portion)	122	96	21	24
Deferred taxation	553	683	102	102
	<u>20,662</u>	<u>19,825</u>	<u>13,430</u>	<u>13,458</u>
<b>Share capital and reserves</b>				
Share capital	11,551	9,299	11,551	9,299
Share premium	0	2,252	0	2,252
Revenue reserves	8,050	7,265	1,879	1,907
Translation reserves	(2)	2	0	0
	<u>19,599</u>	<u>18,818</u>	<u>13,430</u>	<u>13,458</u>
<b>Minority interests</b>				
	<u>1,063</u>	<u>1,007</u>	<u>0</u>	<u>0</u>
	<u>20,662</u>	<u>19,825</u>	<u>13,430</u>	<u>13,458</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities  
Amount repayable in one year or less, or on demand**

	As at 31/03/06		As at 31/03/05	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		\$ 15,307		\$ 13,238
Lease Obligations	\$ 71		\$ 123	

**Amount repayable after one year**

	As at 31/03/06		As at 31/03/05	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	\$ 122	\$0	\$ 96	\$0

**Details of any collateral**

- Lease obligations are secured by the underlying assets acquired.

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**Financial Statement for the 3 months Ended 31 March 2006**

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**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	
	1st Qtr of 2006 S\$'000	1st Qtr of 2005 S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	990	800
<u>Adjustments:</u>		
Provision for doubtful trade debts	152	103
write-back of provision for doubtful trade debts	0	(15)
Gain on disposal of fixed assets	(19)	(31)
Fixed assets written off	0	3
Depreciation of fixed assets	472	418
Interest income	(1)	(7)
Interest expenses	169	141
<b>Operating profit before working capital changes</b>	<b>1,763</b>	<b>1,412</b>
<u>(Increase) / decrease in:</u>		
Stocks	246	398
Work-in-progress in excess of progress billings	500	(1,185)
Trade debtors	(2,922)	1,136
Other debtors, deposits and prepayments	(68)	(272)
Due from related parties	(1,213)	(824)
<u>Increase / (decrease) in:</u>		
Trade creditors	(747)	(625)
Other creditors and accruals	845	213
Due to related parties	348	(65)
<b>Cash generated / (used) in operations</b>	<b>(1,248)</b>	<b>188</b>
Interest income	1	7
Interest paid	(126)	(141)
Income taxes paid	(246)	(61)
<b>Net cashused in operating activities</b>	<b>(1,619)</b>	<b>(7)</b>

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	<b>GROUP</b>	
	<b>1st Qtr of 2006 S\$'000</b>	<b>1st Qtr of 2005 S\$'000</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets	66	73
Purchase of fixed assets	(660)	(711)
Proceeds from a minority shareholder of a subsidiary	98	0
<b>Net cash used in investing activities</b>	<b>(496)</b>	<b>(638)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(26)	(81)
Decrease in bills payable to banks	(217)	(989)
Repayment of short-term bank loans	0	(1,001)
<b>Net cash used in financing activities</b>	<b>(243)</b>	<b>(2,071)</b>
Net effect of exchange rate changes in consolidating subsidiaries	(4)	0
<b>Net decrease in cash and cash equivalents</b>	<b>(2,362)</b>	<b>(2,716)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,450</b>	<b>1,858</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,088</b>	<b>(858)</b>

Financial Statement for the 3 months Ended 31 March 2006

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 Interests S\$'000	Total S\$'000
<b>GROUP</b>							
Balance as at 31 December 2004	9,299	2,252	4,992	0	4,992	1,076	17,619
Net profit for the quarter			586	0	586	40	626
Balance as at 31 March 2005	<b>9,299</b>	<b>2,252</b>	<b>5,578</b>	<b>0</b>	<b>5,578</b>	<b>1,116</b>	<b>18,245</b>
Balance as at 31 December 2005	9,299	2,252	7,265	2	7,267	1,007	19,825
Currency translation differences representing net gains and losses not recognised in statement of profit and loss				(4)	(4)		(4)
# Transfer of share premium reserve to share capital account	2,252	(2,252)			0		0
Issuance of shares to minority interest					0	98	98
Net profit/(loss) for the quarter	0	0	785		785	(42)	743
Balance as at 31 March 2006	<b>11,551</b>	<b>0</b>	<b>8,050</b>	<b>(2)</b>	<b>8,048</b>	<b>1,063</b>	<b>20,662</b>
	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Translation Reserves S\$'000	Total Reserves S\$'000	Minority Interests S\$'000	Total S\$'000
<b>COMPANY</b>							
Balance as at 31 December 2004	9,299	2,252	318	0	318	0	11,869
Net profit for the quarter	0	0	26	0	26	0	26
Balance as at 31 March 2005	<b>9,299</b>	<b>2,252</b>	<b>344</b>	<b>0</b>	<b>344</b>	<b>0</b>	<b>11,895</b>
Balance as at 31 December 2005	9,299	2,252	1,907	0	1,907	0	13,458
# Transfer of share premium reserve to share capital account	2,252	(2,252)			0		0
Loss for the quarter	0	0	(28)	0	(28)	0	(28)
Balance as at 31 March 2006	<b>11,551</b>	<b>0</b>	<b>1,879</b>	<b>0</b>	<b>1,879</b>	<b>0</b>	<b>13,430</b>

Note # : On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" was abolished and on that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Company's share capital.

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, except for changes to the Company's share capital pursuant to the Companies (Amendment) Act 2005. Refer to item # above.

**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.**

Yes.

**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.**

N.A.

**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 (cents) for the period:	Group	
	1st Quarter 2006	1st Quarter 2005
a) Based on number of ordinary shares in issue	0.68	0.50
b) On a fully diluted basis	0.68	0.50

(i) The earnings per ordinary share for both quarters were computed based on 116,236,875 ordinary shares in issue.

(ii) 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.**

Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	GROUP		COMPANY	
	31/03/2006	31/12/2005	31/03/2006	31/12/2005
	16.86	16.19	11.55	11.58



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 2006 Group Turnover	1st Quarter results			
	FY 2006 S\$'million	FY 2005 S\$'million	+ / (-) S\$'million	+ / (-) %
Corrosion Prevention ("CP")	8.61	7.13	1.48	20.8
Infrastructure & Engineering ("IE")	3.31	1.51	1.80	119.2
Supply & Distribution ("SD")	4.78	3.10	1.68	54.2
	<u>16.70</u>	<u>11.74</u>	<u>4.96</u>	<u>42.2</u>

#### 1st Quarter of 2006

Revenue from our CP division rose by S\$1.48 million from S\$7.13 million in 1Q2005 to S\$8.61 million in 1Q2006 due to an increase in shipyard activities in Singapore and Batam, thereby increasing the demand for our services.

Our IE division registered the highest percentage increase in revenue, increasing by S\$1.80 million from S\$1.51 million in 1Q2005 to S\$3.31 million in 1Q2006. This increase was largely led by revenue contributions from our two new subsidiaries, Venture Automation & Electrical Engineering Pte. Ltd. which specialises in industrial and marine automation and electrical engineering works, and ASIC Engineering Sdn Bhd which mainly provides structural steel fabrication services to a shipyard in Malaysia.

The increase in shipyard activities also directly translated into increased demand for our hardware products. As a result, our SD division's revenue increased by S\$1.68 million from S\$3.10 million in 1Q2005 to S\$4.78 million in 1Q2006.

In view of the above, our Group's revenue increased by a total of S\$4.96 million from S\$11.74 million in 1Q2005 to S\$16.70 million in 1Q2006. This revenue increase is the main reason for the improved 1Q2006 earnings. The Group's net profits attributable to shareholders for 1Q2005 increased by 34% from S\$0.59 million in 1Q2005 to S\$0.79 million in 1Q2006.

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

In our previous announcement of 21 February 2006, we had forecasted to remain profitable for FY2006. This quarterly results is in line with the forecast.

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.

**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 31 March 2006.

**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.**

Not applicable.

**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.**

Not applicable.

**15. A breakdown of sales.**

Not applicable.

**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).

Not Applicable.

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

17. Summary of Interested Person Transactions for the financial period ended 31 March 2006  
1st Quarter of FY2006

	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>Labroy Shipbuilding &amp; Engineering Pte Ltd</u>		
Provision of Corrosion Prevention Services		1,259,462
Provision of Infrastructure Engineering Services		722,868
<u>PT Nanindah Mutiara Shipyard</u>		
Sale of hardware equipment, tools and other consumables		340,034
<u>Heng Huat Shipbuilding &amp; Construction Pte Ltd</u>		
Rental of property expenses	(105,000)	
<u>Tellus Marine Engineering Pte Ltd</u>		
Sale of hardware equipment, tools and other consumables		119,431

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 previous Annual General Meeting held on 28 April 2005 and our recent Annual General Meeting held on 26 April 2006.

**BY ORDER OF THE BOARD**

**Chua Meng Hua**  
Executive Director  
4 May 2006