



BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

**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			GROUP (Year to date)		
		2nd Qtr of 2006	2nd Qtr of 2005	Increase / (Decrease)	1st Half 2006	1st Half 2005	Increase / (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
REVENUE		17,989	13,290	35%	34,691	25,027	39%
Cost of Sales		(13,314)	(9,822)	36%	(25,915)	(18,505)	40%
GROSS PROFIT		4,675	3,468	35%	8,776	6,522	35%
Other operating income/(expenses) (net)	(A)	45	(22)	305%	71	20	255%
Administrative expenses		(2,793)	(2,058)	36%	(5,256)	(3,921)	34%
Selling & Distribution expenses		(535)	(323)	66%	(990)	(633)	56%
PROFIT FROM OPERATIONS		1,392	1,065	31%	2,601	1,988	31%
Financial Income		2	29	(93%)	3	54	(94%)
Financial Expenses		(211)	(164)	29%	(431)	(312)	38%
PROFIT BEFORE TAXATION	(B)	1,183	930	27%	2,173	1,730	26%
TAXATION		(301)	(281)	7%	(548)	(455)	20%
PROFIT AFTER TAXATION		882	649	36%	1,625	1,275	27%
Attributable to :							
Shareholders of the Company		925	667	39%	1,710	1,254	36%
Minority Interests		(43)	(18)	139%	(85)	21	(505%)
		882	649	36%	1,625	1,275	27%

BENG KUANG MARINE LIMITED

Registration No. 199400195M

Financial Statement for the 6 months Ended 30 June 2006Notes

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

	GROUP		GROUP	
	2nd Qtr of 2006	2nd Qtr of 2005	1st Half 2006	1st Half 2005
	S\$'000	S\$'000	S\$'000	S\$'000
Gain / (loss) on disposal of fixed assets	36	(29)	55	2
Fixed assets written off	0	0	0	(3)
Other income	9	7	16	21

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

	GROUP		GROUP	
	2nd Qtr of 2006	2nd Qtr of 2005	1st Half 2006	1st Half 2005
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	2	3	3	10
Interest expense on borrowings	(208)	(160)	(377)	(301)
Depreciation of fixed assets	(496)	(437)	(968)	(855)
Provision for doubtful trade debts written back	7	31	7	46
Provision for doubtful trade debts	(173)	(133)	(325)	(236)
Provision for stock obsolescence	0	(6)	0	(6)
Foreign exchange gain / (loss)	4	26	(42)	44

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 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	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Fixed assets	7,705	7,631	585	721
Subsidiaries	0	0	2,786	2,684
Due from subsidiaries (non-current)	0	0	208	340
Current assets				
Stocks	6,746	6,007	0	0
Work-in-progress in excess of progress billings	8,553	7,675	1,110	1,013
Trade debtors	18,000	16,231	2	9
Other debtors, deposits and prepayments	1,069	699	306	46
Due from subsidiaries (trade)	0	0	4,818	5,105
Due from subsidiaries (non trade)	0	0	13,238	14,737
Due from related parties (trade)	4,911	3,186	2,827	1,447
Due from related parties (non trade)	55	79	0	0
Fixed deposits	0	448	0	0
Cash and bank balances	3,860	3,032	100	614
	43,194	37,357	22,401	22,971
Current liabilities				
Trade creditors	7,015	5,504	228	191
Bills payable to banks	4,174	3,196	182	615
Other creditors and accruals	5,289	4,188	1,059	1,571
Due to related parties (trade)	0	345	89	139
Due to related parties (non trade)	53	45	0	1
Due to subsidiaries (trade)	0	0	514	494
Due to subsidiaries (non-trade)	0	0	37	6
Provision for income tax	1,212	941	27	61
Lease obligations (current portion)	78	123	11	12
Bank overdrafts	1,498	30	1,026	30
Short-term bank loans	10,063	10,012	10,063	10,012
	29,382	24,384	13,236	13,132
Net current assets	13,812	12,973	9,165	9,839

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

	GROUP		COMPANY	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Lease obligations (non-current portion)	117	96	18	24
Deferred taxation	554	683	102	102
	20,846	19,825	12,624	13,458
Share capital and reserves				
Share capital	11,551	9,299	11,551	9,299
Share premium	0	2,252	0	2,252
Revenue reserves	8,278	7,265	1,073	1,907
Translation reserves	(3)	2	0	0
	19,826	18,818	12,624	13,458
Minority interests	1,020	1,007	0	0
	20,846	19,825	12,624	13,458

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

Amount repayable in one year or less, or on demand

	As at 30/06/06		As at 30/06/05	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		\$ 15,735		\$ 16,119
Lease Obligations	\$ 78		\$ 160	

Amount repayable after one year

	As at 30/06/06		As at 30/06/05	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	\$ 117	\$0	\$ 134	\$0

Details of any collateral

- Lease obligations are secured by the underlying assets acquired

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

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 2006 S\$'000	2nd Qtr of 2005 S\$'000
Cash flows from operating activities		
Profit before taxation	1,183	930
<u>Adjustments:</u>		
Provision for doubtful trade debts	173	133
Provision for doubtful trade debts written back	(7)	(31)
Gain / (loss) on disposal of fixed assets	(36)	29
Depreciation of fixed assets	496	437
Interest income	(2)	(3)
Interest expenses	208	160
Operating profit before working capital changes	2,015	1,661
<u>(Increase) / decrease in:</u>		
Stocks	(985)	(333)
Work-in-progress in excess of progress billings	(1,378)	48
Trade debtors	836	(927)
Other debtors, deposits and prepayments	(302)	13
Due from related parties	(488)	(878)
<u>Increase / (decrease) in:</u>		
Trade creditors	2,258	778
Other creditors and accruals	256	(265)
Due to related parties	(685)	80
Cash generated from operations	1,527	177
Interest income	2	3
Interest paid	(200)	(160)
Income taxes paid	(161)	(238)
Net cash generated from / (used in) operating activities	1,168	(218)

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

	GROUP	
	2nd Qtr of 2006 S\$'000	2nd Qtr of 2005 S\$'000
Cash flows from investing activities		
Proceeds from disposal of fixed assets	80	27
Purchase of fixed assets	(473)	(248)
Net cash used in investing activities	(393)	(221)
Cash flows from financing activities		
Proceeds / (repayment) of finance lease obligations	2	(185)
Increase in bills payable to banks	1,195	498
Proceeds from short-term bank loans	0	4
Dividends paid to shareholders	(697)	0
Net cash generated from financing activities	500	317
Net effect of exchange rate changes in consolidating subsidiaries	(1)	1
Net increase / (decrease) in cash and cash equivalents	1,274	(121)
Cash and cash equivalents at beginning of the period	1,088	(858)
Cash and cash equivalents at end of the period	2,362	(979)

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 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
GROUP							
Balance as at 31 March 2005	9,299	2,252	5,581	0	5,581	1,116	18,248
Currency translation differences representing net gains and losses not recognised in statement of profit and loss				1	1		1
Net profit / (loss) for the quarter			667	0	667	(18)	649
Balance as at 30 June 2005	9,299	2,252	6,248	1	6,249	1,098	18,898
Balance as at 31 March 2006	11,551	0	8,050	(2)	8,048	1,063	20,662
Currency translation differences representing net gains and losses not recognised in statement of profit and loss				(1)	(1)		(1)
Dividends paid to shareholders			(697)		(697)		(697)
Net profit/(loss) for the quarter	0	0	925		925	(43)	882
Balance as at 30 June 2006	11,551	0	8,278	(3)	8,275	1,020	20,846
	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
COMPANY							
Balance as at 31 March 2005	9,299	2,252	344	0	344	0	11,895
Net (loss) for the quarter	0	0	(12)	0	(12)	0	(12)
Balance as at 30 June 2005	9,299	2,252	332	0	332	0	11,883
Balance as at 31 March 2006	11,551	0	1,879	0	1,879	0	13,430
Dividends paid to shareholders	0	0	(697)		(697)		(697)
Net (loss) for the quarter	0	0	(109)	0	(109)	0	(109)
Balance as at 30 June 2006	11,551	0	1,073	0	1,073	0	12,624

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.

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 half 2006	1st half 2005
a) Based on number of ordinary shares in issue	1.47	1.08
b) On a fully diluted basis	1.47	1.08

(i) The earnings per ordinary share for both periods 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	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
	17.06	16.19	10.86	11.58

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

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	2nd Quarter results				1st Half results			
	FY 2006 S\$'million	FY 2005 S\$'million	+ / (-) S\$'million	+ / (-) %	FY 2006 S\$'million	FY 2005 S\$'million	+ / (-) S\$'million	+ / (-) %
Corrosion Prevention ("CP")	7.84	8.87	(1.03)	(11.6)	16.45	16.00	0.45	2.8
Infrastructure & Engineering ("IE")	4.69	0.65	4.04	621.5	8.00	2.15	5.85	272.1
Supply & Distribution ("SD")	5.46	3.77	1.69	44.8	10.24	6.88	3.36	48.8
	<u>17.99</u>	<u>13.29</u>	<u>4.70</u>	<u>35.4</u>	<u>34.69</u>	<u>25.03</u>	<u>9.66</u>	<u>38.6</u>

2nd Quarter of 2006

Revenue from our CP division decreased by S\$1.03 million from S\$8.87 million in 2Q2005 to S\$7.84 million in 2Q2006, mainly due to the completion of several CP projects during the previous quarters as well as lower sales from copper slag collection and recycling services.

Our IE division recorded an increase in revenue of S\$4.04 million from S\$0.65 million in 2Q2005 to S\$4.69 million in 2Q2006. This increase was due to the completion of an offshore IE project in Batam. Furthermore, revenue contribution 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) also accounted for the substantial increase in revenue.

Revenue for our SD division increased by S\$1.69 million from S\$3.77 million in 2Q2005 to S\$5.46 million in 2Q2006. This improvement is largely driven by an increase in shipyard activities in S'pore and Batam which translated into an increased demand for our hardware products. In addition, a wider range of products offered by our SD division also contributed to the improvement in revenue.

As a result of the above, our Group registered a net revenue increase of S\$4.70 million from S\$13.29 million in 2Q2005 to S\$17.99 million in 2Q2006. Our operating margins have remained relatively stable and this revenue increase is the main reason for our improved earnings. Net profits attributable to shareholders increased by 39% from S\$0.67 million in 2Q2005 to S\$0.93 million in 2Q2006.

Year-to-date 1st Half FY2006

Led mainly by an increase in revenue registered by our IE and SD divisions in 2Q2006, our Group's revenue increased by a total of S\$9.66 million from S\$25.03 million in 1st half FY2005 to S\$34.69 million in 1st half FY2006. This revenue increase is the main reason for our improved 1st half FY2006 earnings. Group's net profits attributable to shareholders for 1st half FY2006 increased by 36% from S\$1.25 million in 1st half FY2005 to S\$1.71 million in 1st half FY2006.

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 4 May 2006, we had forecasted to remain profitable for FY2006. This half year result is in line with the forecast.

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006

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 the remainder of 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 30 June 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:	-	-

BENG KUANG MARINE LIMITED

Registration No. 199400196M

Financial Statement for the 6 months Ended 30 June 2006**17. Summary of Interested Person Transactions for the financial period ended 30 June 2006**
2nd 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)
[Revenue/(Expenses)]	S\$	S\$
<u>Labroy Shipbuilding & Engineering Pte Ltd</u>		
Provision of Corrosion Prevention Services		765,560
Sale of hardware equipment, tools and other consumables		318,649
<u>PT Nanindah Mutiara Shipyard</u>		
Sale of hardware equipment, tools and other consumables		677,969
<u>Heng Huat Shipbuilding & 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		105,878

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
10 August 2006