



BENG KUANG MARINE LIMITED
(“BKM” / 明光海事)

Result Briefing
Full year results FY2006

Agenda

- ⌘ About Beng Kuang Marine Ltd (“BKM”)
- ⌘ Business Overview
- ⌘ BKM Competitive Advantages
- ⌘ Financial Highlights
- ⌘ Prospects & Future Plan



About the Company

Beng Kuang Marine Limited

What We Do

- ✦ A leading and established corrosion prevention service provider
- ✦ Provide turnkey infrastructure engineering services
- ✦ Supply & distribute over 300 hardware equipment under our house brand, “Master”

What We Do

✧ Mainly in the –

- ✧ Marine industry
- ✧ Offshore oil & gas industry
- ✧ Upgrading and conversion of FPSOs

**Corrosion
Prevention**



**Infrastructure
Engineering**



**Supply &
Distribution**



Brief History

- ✧ Incorporated in 1994.
- ✧ Collectively, more than 70 years of experience in the marine industry
- ✧ Listed on SGX-SESDAQ in October 2004

BKM Group Structure

Corrosion Prevention

100%

Beng Kuang Marine (B&Chew) Pte. Ltd.
Beng Kuang Marine (B&M) Pte. Ltd.
Beng Kuang Marine (B&Y) Pte. Ltd.
B & K Marine Pte. Ltd.

80%

Nexus Hydrotech Pte. Ltd.

51%

B & J Pte. Ltd.

51%

BT Asia Marketing & Engineering
Pte. Ltd.

100%

Superior Services Centre

80%

Superior Towing Services Pte Ltd

Infrastructure Engineering

100%

Asian Sealand Engineering Pte Ltd
PT. Nexus Engineering Indonesia
ASIC Engineering Sdn Bhd

51%

Venture Automation & Electrical
Engineering Pte Ltd

Supply & Distribution

100%

Nexus Sealand Trading Pte Ltd

100%

Picco Enterprise Pte. Ltd

100%

PT. Master Indonesia

The Team Leading BKM

Board of Directors



Mr. Tan Boy Tee
Non-Executive
Director



Mr. Alan Yong
Non-Executive
Director



Mr. Chua Beng Kuang
Managing Director



Mr. Chua Meng Hua
Executive Director



Mr. Goh Chee Wee
Independent Director



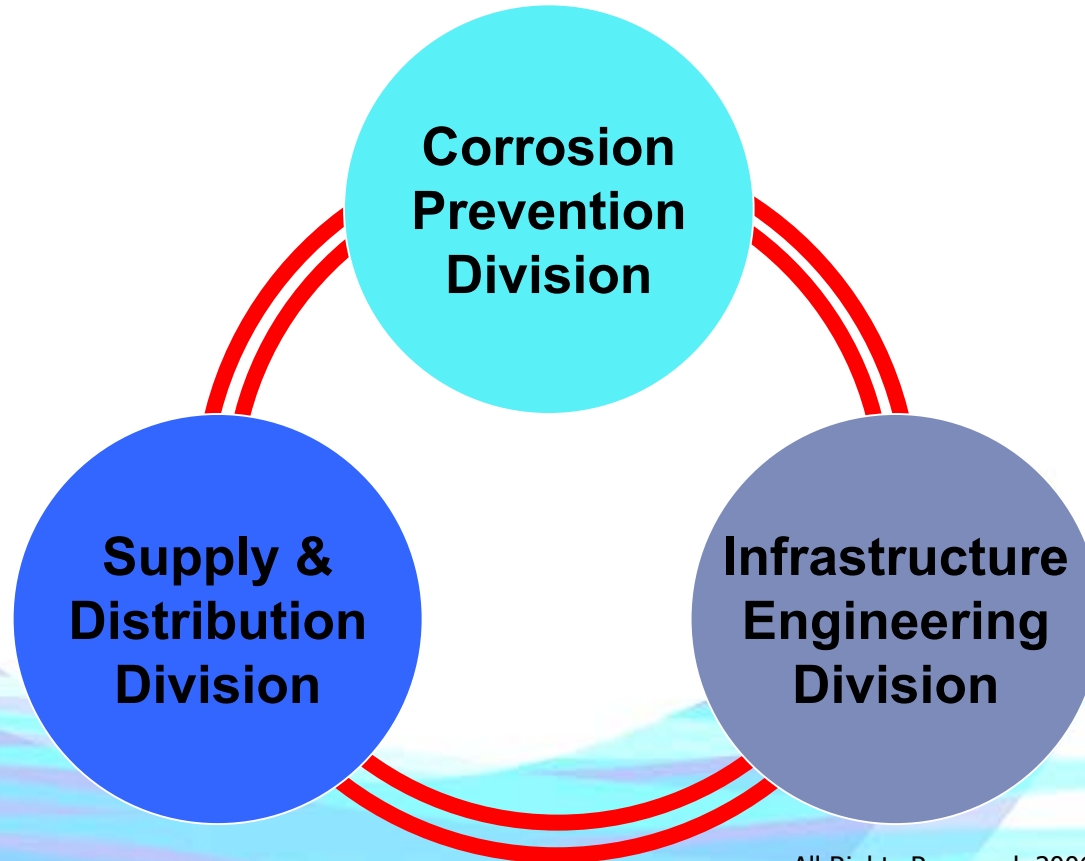
DR. Wong Chiang Yin
Independent Director

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Business Overview

Business Model

Strategic Interdependence among 3 business divisions enhances operational flow, cost effectiveness and growth potential



Corrosion Prevention (“CP”)

✦ We provide such services to –

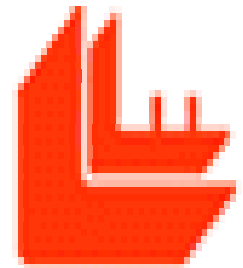
✦ Shipyards such as –

- Keppel Offshore Marine,
- ST Marine,
- Pan United Marine,
- Jurong SML
- Labroy Marine Limited
- ASL Shipyard



Singapore Technologies
Marine

Keppel Corporation



✦ Engineering Projects (steel works, piping, oil rigs, jack up rigs etc)

The Process for CP

1



Docking of Vessel

2



Manual Scrapping

3



High Pressure Wash

4



Abrasive Blasting

5



Spray Painting

6



Handing Over

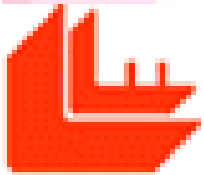
Infrastructure Engineering (“IE”)

- ✧ We provide turnkey engineering services for steel work modules and structures
- ✧ Construct refinery process plants, land-based structures, offshore oil rigs
- ✧ Support the offshore oil & gas industry

Infrastructure Engineering (“IE”)

Our customers –

- McConnell Dowell,
- J.Ray McDermott Far East, INC
- Labroy Offshore Ltd Mauritius
- FACI Asia Pacific Pte Ltd
- PT. Technip Indonesia
- Sembawang Marine & Offshore Engineering
- Malaysia Marine & Heavy Equipment Sdn. Bhd.
- PT Acergy
- PT. Nippon Steel Batam Offshore Service
- Many Other Engineering Companies



The Process for IE

1



Material Receipt

2



Fabrication

3



Corrosion Prevention

4



Testing & Installation

5



Pre-Commissioning

6



Project Handover

Singapore

Location:

♪ 55 Shipyard Road, Singapore 628141

Land Area:

♪ 10,068 square metres

Wharf Frontage:

♪ 68 meter

Equipments:

- ♪ Overhead crane (10 ton capacity)
- ♪ Welding sets
- ♪ Generators
- ♪ Forklifts
- ♪ Air-Compressors
- ♪ Blasting Chamber, 6m x 18m
- ♪ Bend Saw (up to 650mm)



Indonesia, Batam

Location:

- Jl. Brigjend Katamso Tanjung Uncang
PO Box 108/SKU Batam 29422

Land Area:

- 80,000 square metres

Covered Workshop A:

- 2,160 square metres

Covered Workshop B:

- 2,040 square metres.

Covered Workshop C:

- 2,040 square metres

Equipments:

- Mobile crane: 25tons
- Mobile crane: 50tons
- Mobile crane: 100tons
- Air compressors
- Blasting Chamber
- Overhead cranes (10 ton)
- Welding sets
- Iron worker (55t)
- Bend Saw (up to 750mm)
- CNC Underwater Plasma Cutting Machine
- Sub-Arc Welding Machine
- Generator



Malaysia, Pasir Gudang

Location:

- ↳ PLO 605, Jalan Miel 1, Off Jalan Keluli 9, Kawasan Miel, Fasa 4, Pasir Gudang, Postal Code 81700, Johor, Malaysia

Land Area:

- ↳ 2,718 sq.m.

Covered Workshop:

- ↳ 1,347 sq.m.

Equipments:

- ↳ Mobile crane: 20ton
- ↳ Forklift : 3ton
- ↳ Welding Set
- ↳ Electrode Oven



Supply & Distribution (“SD”)

- ✦ We supply over 300 types of hardware equipment, tools and other product under our house brand – MASTER
- ✦ These products are also being supplied to our CP and IE customers



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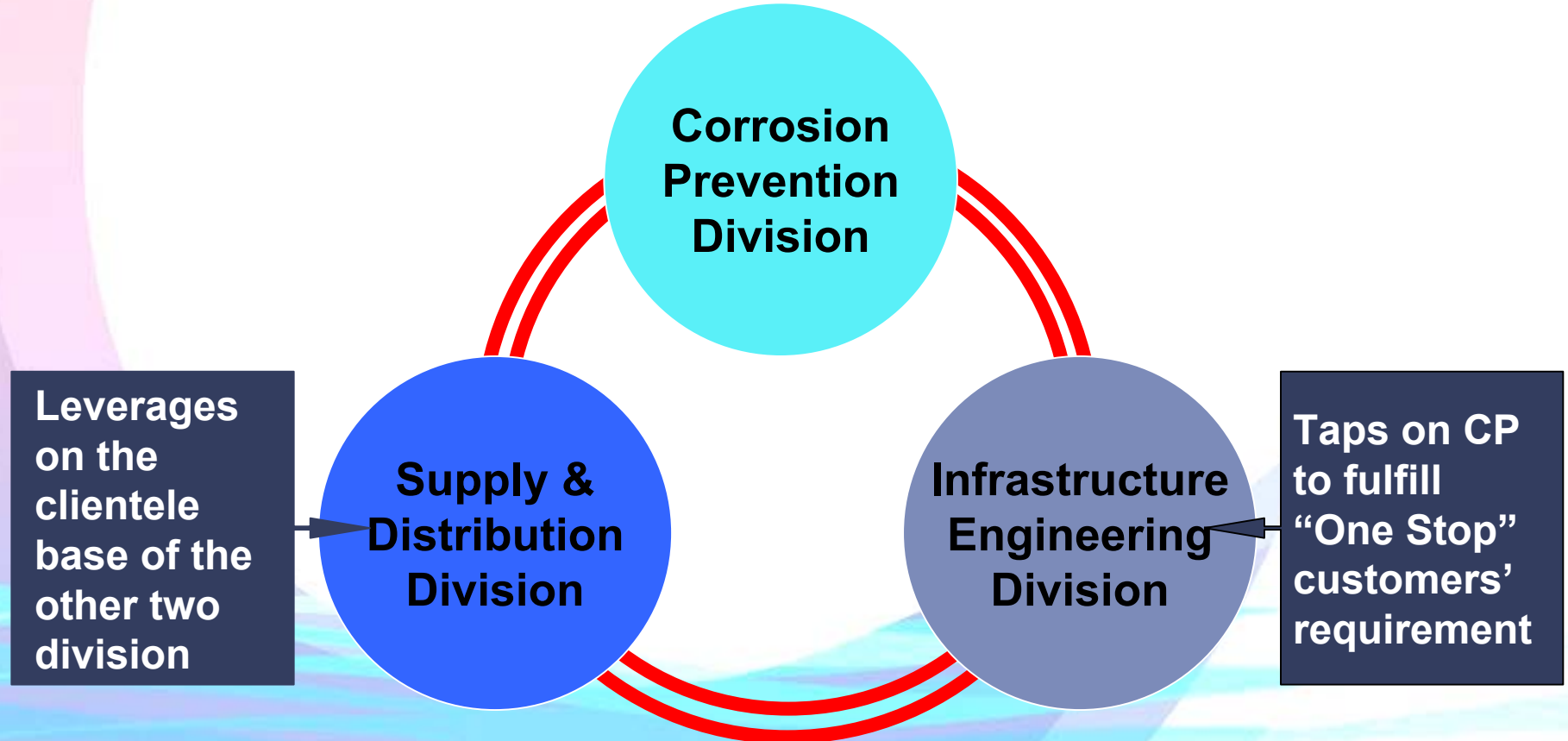
Competitive Advantages

Our Competitive Edges

- ⓑ Integrated Service Provider
- ⓑ Quality Service
- ⓑ Established Track Records
- ⓑ Experience Management Team
- ⓑ Long Standing Relationship

Integrated Service Provider

Our three business divisions are integrated through the provision of a single to a comprehensive “One Stop” services, as well as through leveraging on the clientele base of each division.



Quality Service

- Dedicated in providing quality services and products to customer
- Awarded the ISO 9001:2000 certification for our IE division
- Numerous letter of appreciation from customers



Established Track Record

- ✦ One of the leading contractor for hullside corrosion prevention services in Singapore and Batam
 - ✦ With more than 10 years of experiences in corrosion prevention business
- ✦ Status as “Hullside Resident Contractor” for several shipyards –
 - ✦ Seven major shipyards in Singapore
 - ✦ Two major shipyards in Batam

Experienced Management Team



Long-Standing Relationship

- ✦ Close working relationship with vendors and customers cultivated over the years
 - ✦ Strength in drawing satisfied customers for referrals
 - ✦ Strength in retaining more repeated businesses
- ✦ Approximately 70–80% of our annual revenue was derived from our repeat customers

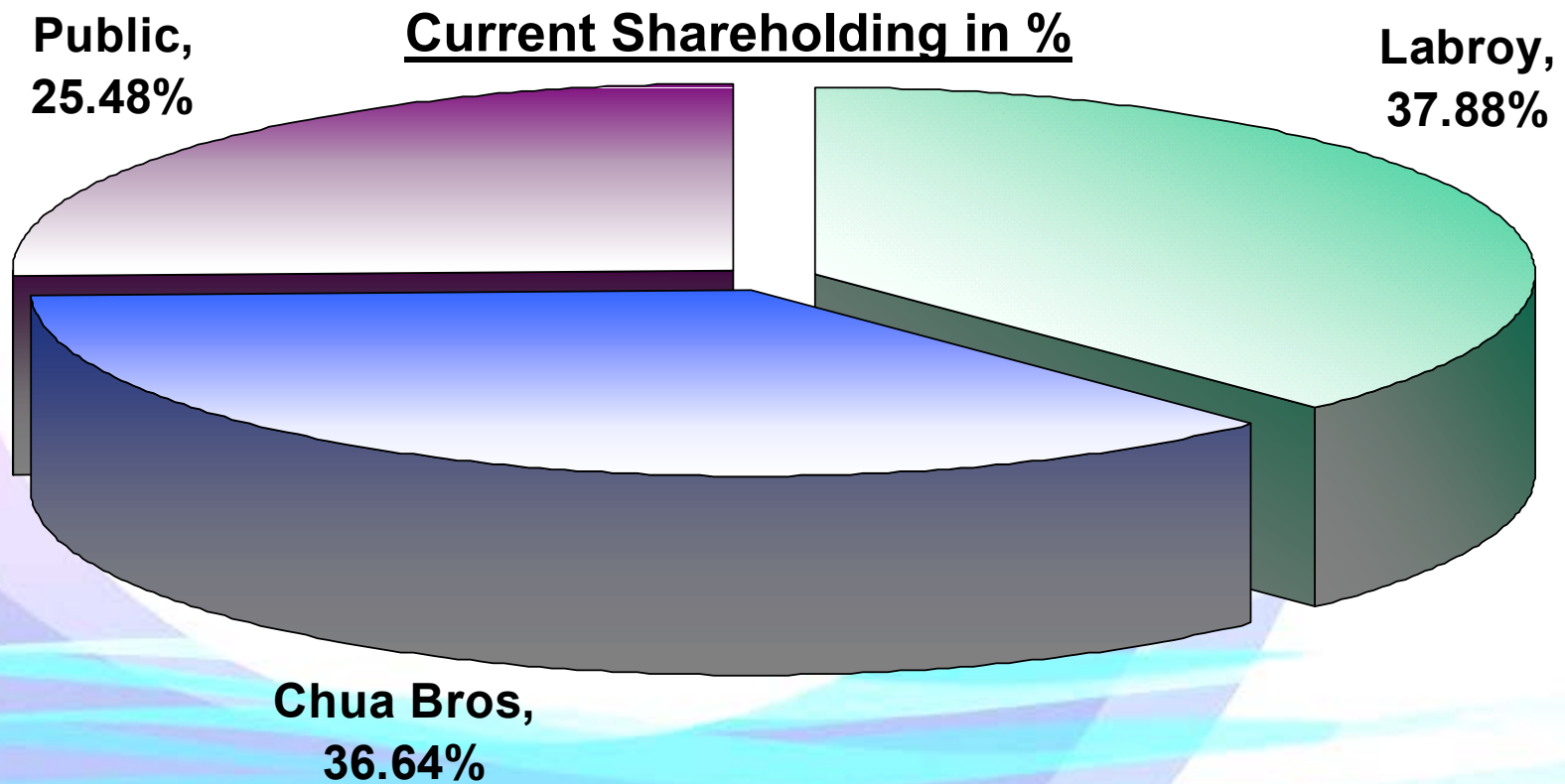


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Financial Highlights



Shareholding

- No. of Shares as at 31/12/06 – 116,236,875
- Current No. of Shares – 128,236,875
- Current Public Float – 33,000,000



Financial Statement Analysis

Full Year FY2006

- ↳ Revenue of S\$70.55 million
( 32% compared to FY2005)
- ↳ Net Profits after tax of S\$3.8 million
( 68% compared to FY2005)

Financial Statement Analysis

Quarterly Results

S\$'000 (FY Dec 31)	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr		Total Year
Revenue	16.70	18.00	18.06	17.79		70.55
Corrosion Prevention	8.61	7.86	7.55	8.25		32.27
Infrastructure Engineering	3.31	4.69	4.09	4.10		16.19
Supply & Distribution	4.78	5.45	6.42	5.44		22.09
EBITDA	1.6	1.9	2.0	1.9		7.4
% Margin	10%	11%	11%	11%		10%
Net Profit After Tax	0.8	0.9	1.0	1.1		3.8
% Margin	4.7%	5.1%	5.5%	6.1%		5.4%

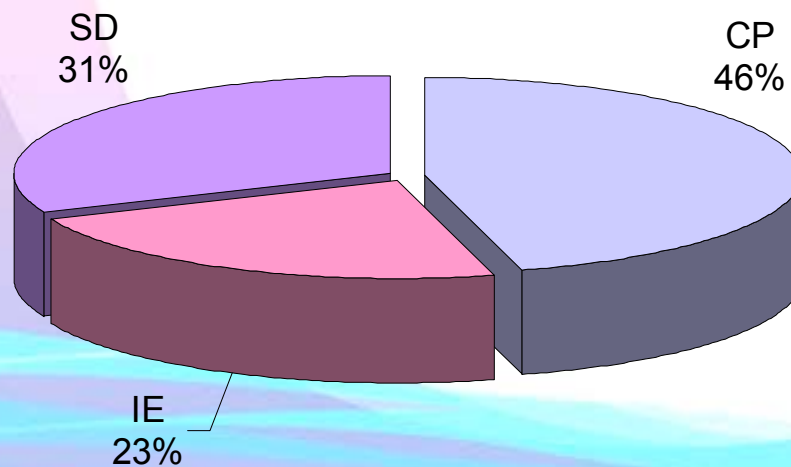
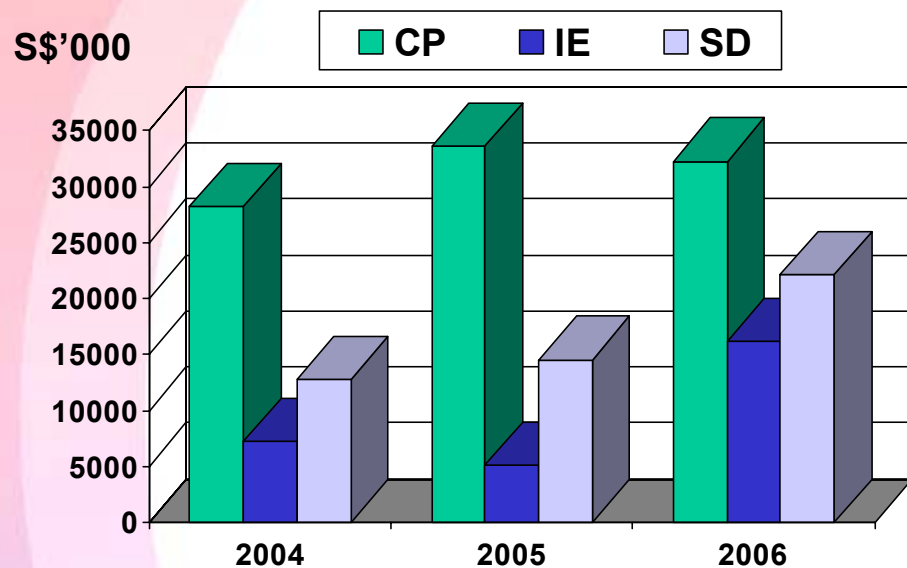
Financial Statement Analysis

Full Year Results

S\$'000 (FY Dec 31)	2003 (audited)	2004 (IPO)*	2005 (audited)	2006 (unaudited)
Revenue	41.24	48.13	53.24	70.55
% Growth	9.2%	17%	11%	32%
Corrosion Prevention	19.8	28.2	33.6	32.27
Infrastructure Engineering	7.5	7.2	5.1	16.19
Supply & Distribution	10.0	12.7	14.5	22.09
Ship Repair Services	3.9	-	-	-
EBITDA	5.2	4.5	5.4	7.4
% Growth	46%	-13%	20%	37%
% Margin	13%	9%	10%	10%
Net Profit After Tax	2.3	1.8	2.2	3.8
% Growth	235%	-22%	27%	68%
% Margin	5.6%	3.7%	4.3%	5.4%
Shareholders' Equity	10.9	16.5	18.8	23.0
Dividends (cents)	0.0	0.0	0.75	1.10
Net debt / Equity	122%	77%	53%	32%

* (IPO) listed on SGX-Sesdaq in October 2004

Revenue Breakdown – Divisions



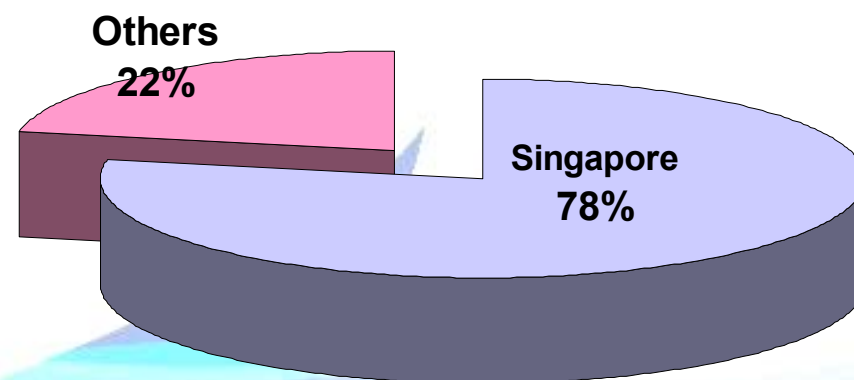
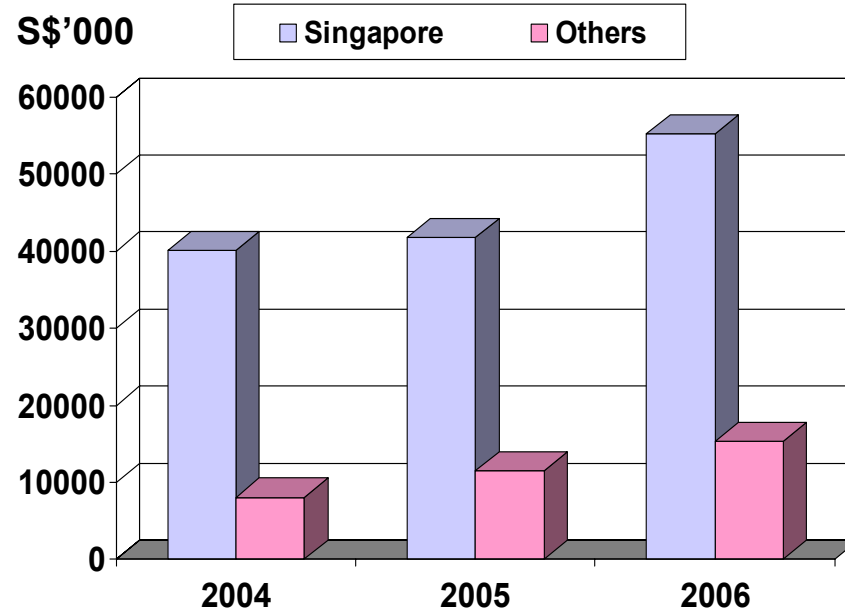
Turnover S\$'000	2006	2005	2004
CP	32,265	33,628	28,176
IE	16,193	5,102	7,181
SD	22,092	14,516	12,773

Turnover % of total turnover	2006	2005	2004
CP	46%	63%	58%
IE	23%	10%	15%
SD	31%	27%	27%

Revenue Breakdown – Geographical

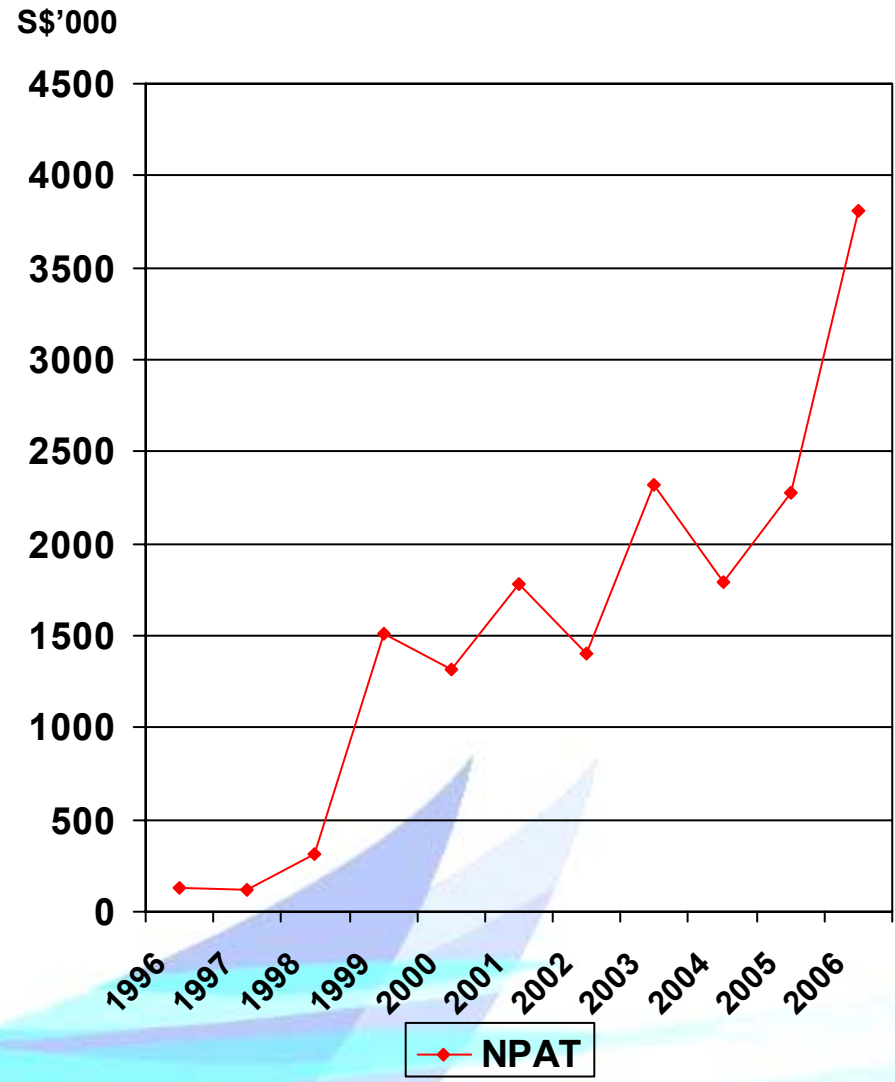
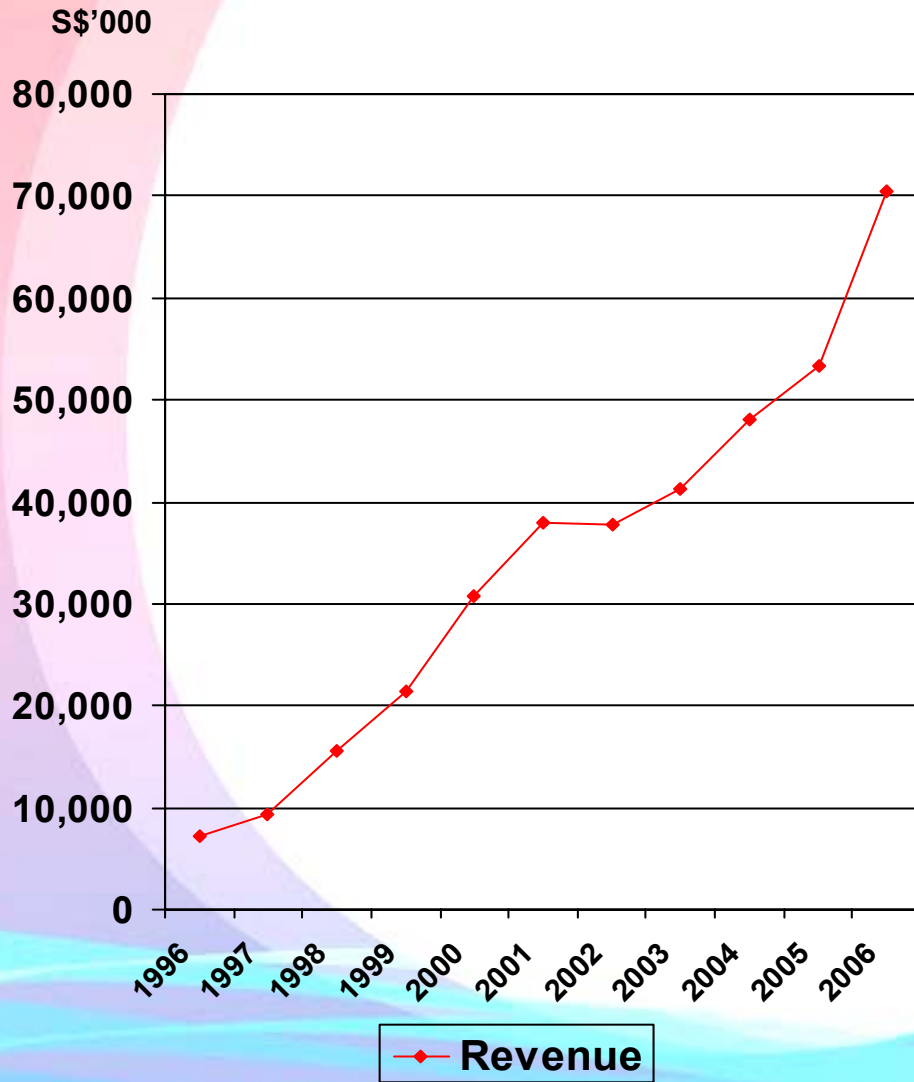
Turnover S\$'000	2006	2005	2004
Singapore	55,146	41,751	40,045
Others*	15,404	11,495	8,085

% of total turnover	2006	2005	2004
Singapore	78%	78%	83%
Others*	22%	22%	17%



* Others – Based on the billing location of customers

10 Years Track Record



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Prospects & Future Plans

Industry Prospects

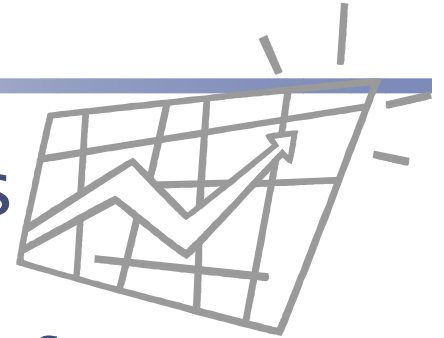
Our business are tied to the growth of the marine, offshore oil and gas industries.

Current market figures have highlighted the increase in global supply of rigs

Riding onto this, BKM is expecting to benefit from this in the coming years.



Industry Prospects



- ✧ Increase in regional marine activities
- ✧ Increase in order book for shipyards for new vessel construction
 - ✧ Increase in shipping volumes and growing demands for vessel replacements
 - ✧ Earlier deadline for IMO phasing out single hull oil tankers from 2015 to 2010
- ✧ Merchant Shipping Act (MSA) – Chapter 179
 - ✧ Require maintenance & repair works every 2.5 years

Industry Prospects

➤ Increase in demand for infrastructure engineering services due to –

- ✦ Greater oil exploration and production activities
- ✦ Aging of the current fleet of oil exploration and production vessels

Future Plan

Expand Capabilities

Expand Market

**Expand Products
& Services**

Expand Capabilities

↳ Sourcing for new location

- ✦ For larger scale of projects
- ✦ With better infrastructure & facilities

↳ Target to secure more turnkey projects

Expand Market

✧ Malaysia Market

- ✧ Exploring opportunity to service more land-based projects

✧ Indonesia Market

- ✧ Expand market shares

Expand Products & Services

- Developing more in-house brand products to capture larger market share

Recent News & Updates

B Announcement on 22 November 2006

- ✦ Secured S\$3.9 million Purchase Order for Corrosion Prevention Services for a rig project.

B Announcement on 23 January 2007 – Placement of new shares

- ✦ 12 million placement shares
- ✦ Placement Agent – UOB Kay Hian Private Limited
- ✦ At S\$0.38 per share
- ✦ Gross proceeds S\$4.56 million
- ✦ Net Proceeds after 3% commission & other expenses – S\$4.37million
- ✦ Proceeds for (a) S\$3.37 million for M&A and joint ventures (b) S\$1.0 million for working capital
- ✦ AIP on 8 February 2007
- ✦ Trading of new placement shares commences on 12 February 2007

Recent News & Updates

B Announcement on 07 February 2007

- ✦ Secured S\$3.5 million Contract for supplying Welding Cables and other hardware products by our Supply and Distribution Division.

B Announcement on 13 February 2007

- ✦ Secured US\$5.8 million Contract for conversion and upgrading of FPSO by our Infrastructure Engineering Division.

Investors Relation Matters

For more information, please contact:-

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