

**First Quarter Financial Statement For The Period Ended 31 March 2018****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		
	1st Qtr of 2018	1st Qtr of 2017	Increase / (Decrease)
	S\$'000	S\$'000	
Revenue	14,801	17,141	(14%)
Cost of sales	<u>(11,511)</u>	<u>(13,418)</u>	(14%)
Gross profit	3,290	3,723	(12%)
Other losses, net	(200)	(453)	(56%)
Expenses			
- Selling and distribution	(260)	(327)	(20%)
- Administrative	(3,220)	(3,547)	(9%)
- Finance	(721)	(656)	10%
Loss before income tax	<u>(1,111)</u>	<u>(1,260)</u>	(12%)
Income tax expense	(147)	(194)	(24%)
Net loss	<u>(1,258)</u>	<u>(1,454)</u>	(13%)
(Loss) / profit attributable to:			
Equity holders of the Company	(1,564)	(1,742)	(10%)
Non-controlling interests	306	288	6%
	<u>(1,258)</u>	<u>(1,454)</u>	(13%)

NM - Not meaningful

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	GROUP		Increase / (Decrease)
	1st Qtr of 2018	1st Qtr of 2017	
	S\$'000	S\$'000	
Net loss after tax	(1,258)	(1,454)	(13%)
Currency translation differences arising from consolidation	(463)	1,344	NM
Other comprehensive (loss) / income , net of tax	(463)	1,344	NM
Total comprehensive loss	<u>(1,721)</u>	<u>(110)</u>	NM
Total comprehensive (loss) / income attributable to:			
Equity holders of the Company	(1,941)	146	NM
Non-controlling interests	220	(256)	NM
	<u>(1,721)</u>	<u>(110)</u>	NM

GROUP	
1st Qtr of 2018	1st Qtr of 2017
S\$'000	S\$'000

Notes

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

Interest Income	2	1
Interest expense on borrowings	(721)	(656)
Foreign exchange losses	(469)	(738)
Gain on disposal of property, plant and equipment	20	62
Depreciation of property, plant and equipment	(2,077)	(2,432)
Allowance for impairment of trade receivables	(17)	(27)
Write-back of allowance for impairment of trade receivables	18	8

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP			COMPANY	
	31-Mar-18	31-Dec-17	1-Jan-17	31-Mar-18	31-Dec-17
		Restated ⁽¹⁾	Restated ⁽¹⁾		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances	3,762	5,714	4,985	34	32
Trade and other receivables	24,272	21,144	26,987	74,060	73,851
Contract assets ⁽¹⁾	5,594	6,770	11,203	-	-
Inventories	14,158	15,081	14,219	-	-
	<u>47,786</u>	<u>48,709</u>	<u>57,394</u>	<u>74,094</u>	<u>73,883</u>
Non-current assets					
Investment in subsidiary corporations	-	-	-	12,519	12,519
Intangible assets	64	64	64	-	-
Property, plant and equipment	89,266	92,057	105,563	468	449
Deferred income tax assets	1,110	1,110	1,076	17	17
	<u>90,440</u>	<u>93,231</u>	<u>106,703</u>	<u>13,004</u>	<u>12,985</u>
Total assets	138,226	141,940	164,097	87,098	86,868
LIABILITIES					
Current liabilities					
Trade and other payables	20,062	19,448	22,803	14,151	13,147
Contract liabilities ⁽¹⁾	317	374	450	-	-
Deferred income	247	376	345	-	-
Current income tax liabilities	579	511	526	-	-
Borrowings and overdrafts	23,937	33,723	31,626	12,939	13,641
	<u>45,142</u>	<u>54,432</u>	<u>55,750</u>	<u>27,090</u>	<u>26,788</u>
Non-current liabilities					
Deferred income	237	291	505	-	-
Borrowings	26,297	18,946	25,748	7,041	6,985
Deferred income tax liabilities	160	160	245	-	-
	<u>26,694</u>	<u>19,397</u>	<u>26,498</u>	<u>7,041</u>	<u>6,985</u>
Total liabilities	71,836	73,829	82,248	34,131	33,773
NET ASSETS	66,390	68,111	81,849	52,967	53,095
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	49,651	49,651	49,651	49,651	49,651
Other reserves	(1,764)	(1,387)	194	163	163
Retained profits	14,581	16,145	27,122	3,153	3,281
	<u>62,468</u>	<u>64,409</u>	<u>76,967</u>	<u>52,967</u>	<u>53,095</u>
Non-controlling interests	3,922	3,702	4,882	-	-
Total equity	66,390	68,111	81,849	52,967	53,095

Notes:

⁽¹⁾ The Group's comparative balance sheet as at 31 December 2017 had been restated to take into account the retrospective adjustments relating to SFRS(I) 15 Revenue from Contracts with Customers (Please refer to paragraph 4).

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-Mar-18		As at 31-Dec-17	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	-	19,054	-	19,745
Term loans	4,742	-	13,850	-
Finance lease liabilities	141	-	128	-

Amount repayable after one year

	As at 31-Mar-18		As at 31-Dec-17	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	16,058	5,000	8,734	5,000
Convertible bonds	-	4,952	-	4,941
Finance lease liabilities	287	-	271	-

Details of any collateral

Included in the Group's secured borrowings are:-

- (a) S\$6,943,000 as at 31 March 2018 (31 December 2017: S\$7,819,000) in respect of loans are secured by vessels.
- (b) S\$13,855,000 as at 31 March 2018 (31 December 2017: S\$14,767,000) in respect of loans are secured by properties.
- (c) Finance lease obligations are secured by the underlying equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	1st Qtr of 2018	1st Qtr of 2017
	S\$'000	Restated ⁽¹⁾ S\$'000
Cash flows from operating activities		
Net loss	(1,258)	(1,454)
<i>Adjustments for:</i>		
Allowance for impairment of trade receivables	17	27
Write-back of allowance for impairment of trade receivables	(18)	(8)
Income tax expense	147	194
Gain on disposal of property, plant and equipment	(20)	(62)
Depreciation of property, plant and equipment	2,077	2,432
Interest income	(2)	(1)
Interest expenses	721	656
Unrealised currency translation losses	183	467
	1,847	2,251
<i>Changes in working capital</i>		
Inventories	923	523
Trade and other receivables	(3,748)	(674)
Contract assets	1,176	111
Trade and other payables	1,132	(290)
Contract liabilities	(57)	(56)
Cash flows generated from operations	1,273	1,865
Interest received	2	1
Interest paid	(592)	(558)
Income taxes paid	(79)	76
Net cash flows generated from operating activities	604	1,384
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	114	63
Addition to property, plant and equipment	(139)	(535)
Interest paid	-	(81)
Net cash flows used in investing activities	(25)	(553)
Cash flows from financing activities		
Repayment of finance lease liabilities	(34)	(427)
Repayment of borrowings, net	(2,041)	(1,752)
Bills payable	(135)	(80)
Interest paid	(183)	(29)
Net cash flows used in financing activities	(2,393)	(2,288)
Net decrease in cash and cash equivalents	(1,814)	(1,457)
Cash and cash equivalents		
Beginning of the period	1,956	1,600
Effects of currency translation on cash and cash equivalents	32	10
End of financial period	174	153

- 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.

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP								
Balance as at 1 January 2017	49,651	27,122	83	163	(52)	76,967	4,882	81,849
Total comprehensive (loss) / income for the quarter	-	(1,742)	(618)	-	-	(2,360)	122	(2,238)
Balance as at 31 March 2017	49,651	25,380	(535)	163	(52)	74,607	5,004	79,611
Balance as at 1 January 2018	49,651	16,145	(1,498)	163	(52)	64,409	3,702	68,111
Total comprehensive (loss) / income for the quarter	-	(1,564)	(377)	-	-	(1,941)	220	(1,721)
Balance as at 31 March 2018	49,651	14,581	(1,875)	163	(52)	62,468	3,922	66,390
COMPANY								
Balance as at 1 January 2017	49,651	3,743	-	163	-	53,557	-	53,557
Total comprehensive loss for the quarter	-	(133)	-	-	-	(133)	-	(133)
Balance as at 31 March 2017	49,651	3,610	-	163	-	53,424	-	53,424
Balance as at 1 January 2018	49,651	3,281	-	163	-	53,095	-	53,095
Total comprehensive loss for the quarter	-	(128)	-	-	-	(128)	-	(128)
Balance as at 31 March 2018	49,651	3,153	-	163	-	52,967	-	52,967

- 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 on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Ordinary shares

	No. of ordinary shares	S\$'000
Balance as at 1 January 2018 and 31 March 2018	135,010,406	49,651

Convertibles

On 27 April 2015, the Company issued convertible bonds with a nominal value of \$5 million bearing interest at 8% per annum. All or any part of the bonds may be converted to new shares at \$0.84 after 12 months from the date of issue or redeemable within 4 years from the date of issue.

	As at 31-Mar-18	As at 31-Mar-17
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	Nil

Treasury Shares

The Company did not have any treasury shares as at 31 March 2018 and 31 March 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 31-Mar-18	As at 31-Dec-17
	No. of shares	No. of shares
Issued and fully paid	135,010,406	135,010,406

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the current financial period reported on.

None.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited nor reviewed by the auditors.

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 applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 2017 except for those as disclosed under paragraph 5 below.

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.

The Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC") and International Financial Reporting Standards ("IFRS") issued by the international Accounting Standards Board ("IASB")

Other than those discussed below, the adoption of new SFRS(I) did not result in significant change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

As a result, certain balance sheet items were adjusted as at 1 January 2018.

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. (Cont'd)

The line items on the Group's financial statements with significant impact arising from the adoption of SFRS(I) are summarised below:

	As at 31 Dec 2017 reported under SFRS S\$'000	As at 1 Jan 2018 reported under SFRS(I) S\$'000	As at 1 Jan 2017 reported under SFRS S\$'000	As at 1 Jan 2017 reported under SFRS(I) S\$'000
Trade and other receivables	27,914	21,144	38,190	26,987
Contract assets	-	6,770	-	11,203
Contract liabilities	-	374	-	450
Trade and other payables	19,822	19,448	23,253	22,803

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 for the period based on net profit attributable to shareholders (in cents):

- a) Based on weighted average number of ordinary shares on issue; and
Weighted no. of shares in issue
- b) On a fully diluted basis

Group	
1st Quarter 2018	1st Quarter 2017
-1.16	-1.29
135,010,406	135,010,406
-1.16	-1.29

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares 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-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
46.27	47.71	39.23	39.33

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the share capital of 135,010,406 shares.

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

Income statement review

<u>Group Turnover</u>	<u>1st Quarter results</u>			
	<u>FY 2018</u>	<u>FY 2017</u>	<u>+ / (-)</u>	<u>+ / (-)</u>
	S\$'million	S\$'million	S\$'million	%
Infrastructure & Engineering ("IE")	6.21	7.00	(0.79)	(11.3)
Corrosion Prevention ("CP")	3.99	5.57	(1.58)	(28.4)
Supply & Distribution ("SD")	2.03	2.36	(0.33)	(14.0)
Shipping & Others ("SH")	2.57	2.21	0.36	16.3
	14.80	17.14	(2.34)	(13.7)

The Group's revenue decreased by 13.7% or S\$2.34 million from S\$17.14 million in 1Q2017 to S\$14.80 million in 1Q2018 due to the weak market conditions.

Revenue for our IE division decreased by 11.3% or S\$0.79 million from S\$7.00 million in 1Q2017 to S\$6.21 million in 1Q2018 as no sizeable marine or fabrication contract was secured during 1Q2018.

Revenue for our CP division fell by S\$1.58 million from S\$5.57 million in 1Q2017 to S\$3.99 million in 1Q2018 because of lower demand for CP services during the period.

Revenue for our SD division declined by S\$0.33 million from S\$2.36 million in 1Q2017 to S\$2.03 million in 1Q2018 due to lower demand for marine and industrial hardware products.

Revenue for our SH division improved by S\$0.36 million from S\$2.21 million in 1Q2017 to S\$2.57 million in 1Q2018 due mainly to more charters for the livestock carriers during 1Q2018.

Our gross profit margin improved slightly from 21.7% in 1Q2017 to 22.2% in 1Q2018. However, gross profit decreased by S\$0.43 million from S\$3.72 million in 1Q2017 to S\$3.29 million in 1Q2018 as a result of lower revenue during the period.

The Group's registered net loss was S\$1.56 million for 1Q2018 compared to S\$1.74 million for 1Q2017.

CASHFLOW STATEMENT

The Group registered a positive net cash flow of S\$0.60 million in 1Q2018 from its operating activities.

Net cash outflow from investing activities for 1Q2018 was approximately S\$25,000.

Net cash outflow in financing activities was approximately S\$2.39 million during 1Q2018 which was mainly for repayment of borrowings.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S\$1.81 million for 1Q2018.

ASSETS AND LIABILITIES

The Group registered total assets of S\$138.23 million as at 31 March 2018.

The Group's current assets decreased from S\$48.71 million as at 31 December 2017 to S\$47.79 million as at 31 March 2018 because of reduction in cash and bank balances, contract assets and inventories.

Total liabilities for the Group decreased from S\$73.83 million at end of FY2017 to S\$71.84 million at 31 March 2018 as a result of repayment of borrowings.

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: (Cont'd)

(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 (Cont'd)

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

ASSETS AND LIABILITIES (CONT'D)

The Group registered net current assets of S\$2.64 million as at 31 March 2018 as compared to net current liabilities of S\$5.72 million at end of FY2017.

As at 31 December 2017, some of the Group's loan agreements are subjected to financial covenant clauses, whereby the Group is required to meet certain key financial ratios. As at the financial year end, the Group did not fulfil the key financial ratios of certain banks.

Due to these breaches of financial covenant clauses, the banks are contractually entitled to request for immediate repayment of these outstanding loans. As a result, the Group's bank borrowings of S\$14.42 million could be called for repayment at any time upon notification by the financial institutions, and consequently, a non-current portion of the borrowings amounting to S\$8.42 million has been re-classified to current liabilities as at 31 December 2017. However, in 1Q2018 the Company has obtained written waiver of the breached financial covenants from the relevant banks and accordingly the aforementioned S\$8.42 million has been reclassified to non current liabilities .

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

The Company did not make any forecast and prospect statement in respect of its result for 31 March 2018.

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 marine, offshore oil and gas sectors remain challenging. The Group will continue to focus on cost reduction and seek new business projects to generate sustainable earnings for the Group.

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 period?

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 2018.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2018.

During the financial period ended 31 March 2018, the Group did not enter into interested person transactions with aggregate value of more than S\$100,000.

14 Negative confirmation pursuant to Rule 705(5).

We, Chua Beng Kuang and Chua Meng Hua, being Directors of Beng Kuang Marine Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the period ended 31 March 2018 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Group has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
8 May 2018

Chua Meng Hua
Managing Director and Chief Executive Officer