

**BENG KUANG MARINE LIMITED**

Registration No. 199400196M

Financial Statement for the 9 months Ended 30 September 2005

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3)
3RD QUARTER OF THE 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)		
		3rd Qtr of 2005 S\$'000	3rd Qtr of 2004 S\$'000	Increase / (Decrease) %	First 3 Qtrs of 2005 S\$'000	First 3 Qtrs of 2004 S\$'000	Increase / (Decrease) %
REVENUE		14,566	11,544	26%	39,593	35,940	10%
Cost of Sales		(10,635)	(8,916)	19%	(29,140)	(28,115)	4%
GROSS PROFIT		3,931	2,628	50%	10,453	7,825	34%
Other operating income / (expenses) (net)	(A)	(3)	(48)	(94%)	17	79	(78%)
Administrative expenses		(2,859)	(1,583)	81%	(6,780)	(4,544)	49%
Selling & Distribution expenses		(193)	(322)	(40%)	(826)	(969)	(15%)
PROFIT FROM OPERATIONS		876	675	30%	2,864	2,391	20%
Financial Expenses		(161)	(148)	9%	(473)	(424)	12%
Financial Income		49	15	227%	103	30	243%
PROFIT BEFORE SHARE OF RESULTS OF ASSOCIATES, TAXATION AND MINORITY INTEREST		764	542	41%	2,494	1,997	25%
Share of results of associates / joint ventures		0	0		0	0	
PROFIT BEFORE TAXATION	(B)	764	542	41%	2,494	1,997	25%
TAXATION		(295)	(101)	192%	(750)	(351)	114%
PROFIT AFTER TAXATION		469	441	6%	1,744	1,646	6%
Attributable to :							
Shareholders of the Company		555	373	49%	1,809	1,483	22%
Minority Interests		(86)	68	(226%)	(65)	163	(140%)
		469	441	6%	1,744	1,646	6%

Notes

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

	GROUP		GROUP (Year to-date)	
	3rd Qtr of 2005 S\$'000	3rd Qtr of 2004 S\$'000	First 3 Qtrs of 2005 S\$'000	First 3 Qtrs of 2004 S\$'000
Gain/(Loss) on disposal of fixed assets	(8)	18	(6)	61
Fixed assets written off	(16)	0	(19)	0
Other Income / (expenses)	21	(66)	42	18

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

	GROUP		GROUP (Year to-date)	
	3rd Qtr of 2005 S\$'000	3rd Qtr of 2004 S\$'000	First 3 Qtrs of 2005 S\$'000	First 3 Qtrs of 2004 S\$'000
Interest income	6	0	16	0
Interest expense on borrowings	(158)	(141)	(459)	(402)
Depreciation and amortisation	(475)	(357)	(1,330)	(1,134)
Bad debts written off	0	0	0	0
Provision for doubtful trade debts written back	0	0	46	0
Provision for doubtful trade debts	(396)	(125)	(632)	(316)
Provision for stock obsolescence	(5)	0	(11)	0
Foreign exchange gain	43	15	87	30

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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	
	30/09/2005 S\$'000	31/12/2004 S\$'000	30/09/2005 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	6,805	4,992	203	318
	18,356	16,543	11,754	11,869
Minority interests	983	1,076	0	0
	19,339	17,619	11,754	11,869
Fixed assets	7,942	7,315	794	1,004
Subsidiaries	0	0	2,684	2,641
Due from a subsidiary (non-current)	0	0	410	213
Current assets				
Stocks	4,880	5,258	0	15
Work-in-progress in excess of progress billings	7,400	8,131	569	1,848
Trade debtors	19,091	18,015	175	1,493
Other debtors, deposits and prepayments	508	418	175	263
Due from subsidiaries (trade)	0	0	4,778	4,609
Due from subsidiaries (non trade)	0	0	15,584	15,424
Due from related parties (trade)	3,763	2,286	1,626	1,200
Due from related parties (non trade)	476	76	0	1
Fixed deposits	0	2,300	0	2,300
Cash and bank balances	2,613	1,257	46	9
	38,731	37,741	22,953	27,162
Current liabilities				
Trade creditors	6,008	5,172	183	662
Bills payable to bank	3,196	3,082	565	1,208
Other creditors and accruals	3,577	3,505	927	1,372
Due to subsidiaries (trade)	0	0	1,508	2,574
Due to subsidiaries (non-trade)	0	0	345	378
Due to related parties (trade)	1,094	1,055	214	247
Due to related parties (non trade)	57	56	0	22
Lease obligations – current portion	117	216	11	11
Provision for taxation	839	602	62	211
Short-term bank loans	10,134	11,011	10,134	11,011
Bank overdrafts	1,344	1,699	947	1,256
	26,366	26,398	14,896	18,952
Net current assets	12,365	11,343	8,057	8,210
Non-current liabilities				
Lease obligations – non-current portion	129	219	27	35
Deferred taxation	839	820	164	164
	19,339	17,619	11,754	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 30/09/05		As at 31/12/04	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		\$ 14,674		\$ 15,792
Lease Obligations	\$ 117		\$ 216	

Amount repayable after one year

	As at 30/09/05		As at 31/12/04	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	\$ 129	\$0	\$ 219	\$0

Details of any collateral

- Lease obligations are secured by the underlying assets acquired.

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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	
	3rd Qtr of 2005 S\$'000	3rd Qtr of 2004 S\$'000
Cash flows from operating activities		
Profit before taxation	764	542
<u>Adjustments:</u>		
Depreciation of fixed assets	475	357
(Gain)/Loss on disposal of fixed assets	8	(18)
Fixed Assets written off	16	0
Provision for doubtful trade debts	396	125
Provision for stock obsolescence	5	0
Interest income	(6)	0
Other interest expenses	158	142
Operating profit before working capital changes	1,816	1,148
<u>(Increase) / decrease in:</u>		
Stocks	303	(237)
Work-in-progress in excess of progress billings	1,867	(251)
Trade debtors	(1,871)	1,878
Other debtors, deposits and prepayments	170	(377)
Due from related parties	(175)	195
Due from / to joint ventures of a subsidiary	0	0
<u>Increase / (decrease) in:</u>		
Trade creditors	683	(779)
Other creditors and accruals	126	136
Due to related parties	25	(74)
Due from / to joint ventures of a subsidiary	0	0
Cash generated / (used) in operations	2,944	1,639
Interest income	6	0
Interest paid	(158)	(142)
Income taxes paid	(195)	(127)
Net cash generated / (used) in operating activities	2,597	1,370
Cash flows from investing activities		
Purchase of fixed assets	(1,015)	(151)
Proceeds from disposal of fixed assets	17	207
Proceeds from a minority shareholder of a subsidiary	10	0
Net cash generated / (used) in investing activities	(988)	56
Cash flows from financing activities		
Repayment of lease obligations	(48)	(122)
Repayment of loans from related parties	0	(1,002)
Proceeds/Repayment of bills payable	605	(116)
Proceeds/Repayment of short term loan	120	0
Dividends paid to a minority shareholder of a subsidiary	(39)	0
Net cash generated / (used) in financing activities	638	(1,240)
Net effect of exchange rate changes in consolidating subsidiaries	1	0
Net increase in cash and cash equivalents	2,248	186
Cash and cash equivalents at beginning of the period	(979)	(3,263)
Cash and cash equivalents at end of the period	1,269	(3,077)

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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	Share Premium	Revenue Reserve	Translation Reserves	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP						
Balance as at 30 Jun 2004	1,316	2,584	8,026	0	991	12,917
Net profit for the quarter	0	0	373	0	68	441
Balance as at 30 Sep 2004	1,316	2,584	8,399	0	1,059	13,358
Balance as at 30 Jun 2005	9,299	2,252	6,248	1	1,098	18,898
Currency translation differences representing net gains and losses not recognized in statement of profit and loss	0	0	0	1	0	1
Issuance of shares to minority interest	0	0	0	0	10	10
Net profit / (loss) for the quarter	0	0	555	0	(86)	469
Dividends Paid	0	0	0	0	(39)	(39)
Balance as at 30 Sep 2005	9,299	2,252	6,803	2	983	19,339
	Share Capital	Share Premium	Revenue Reserve	Translation Reserves	Minority Interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COMPANY						
Balance as at 30 Jun 2004	1,316	2,584	3,727	0	0	7,627
Net (loss) for the quarter	0	0	(35)	0	0	(35)
Balance as at 30 Sep 2004	1,316	2,584	3,692	0	0	7,592
Balance as at 30 Jun 2005	9,299	2,252	332	0	0	11,883
Net (loss) for the quarter	0	0	(129)	0	0	(129)
Balance as at 30 Sep 2005	9,299	2,252	203	0	0	11,754

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.

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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)	
First 3 Qtrs of 2005	First 3 Qtrs of 2004
1.56	1.56
1.56	1.56

Earnings per Ordinary Share (cents) for the period:

- a) Based on weighted average number of ordinary shares in issue
 b) On a fully diluted basis

(i) The earnings per ordinary share for FY2004 was computed based on the pre-invitation share capital of 95,236,875 ordinary shares of S\$0.08 each (assuming the Restructuring Exercise, Bonus Issue, Sub-division and Consolidation of shares had taken place as of 1 January 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	
30/09/2005	31/12/2004	30/09/2005	31/12/2004
15.79	14.23	10.11	10.21

Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)

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

	3rd Quarter results				9 months ended 30 Sep 2005			
	FY 2005	FY 2004	+ / (-)	+ / (-)	FY 2005	FY 2004	+ / (-)	+ / (-)
	S\$'million	S\$'million	S\$'million	%	S\$'million	S\$'million	S\$'million	%
Corrosion Prevention ("CP")	7.76	6.12	1.64	26.9	23.76	17.83	5.93	33.2
Infrastructure & Engineering ("IE")	2.53	2.22	0.31	14.0	4.69	8.44	(3.75)	(44.4)
Supply & Distribution ("SD")	4.26	3.20	1.06	33.1	11.14	9.67	1.47	15.2
	14.56	11.54	3.01	26.1	39.59	35.94	3.65	10.1

3rd Quarter of 2005

Revenue from the CP division rose by S\$1.64 million from S\$6.12 million in 3Q2004 to S\$7.76 million in 3Q2005 due to an increase in demand for our services. This is due to an increase in shipyard activities in Singapore and Batam.

Our SD division's revenue has increased by S\$1.06 million from S\$3.20 million in 3Q2004 to S\$4.26 million in 3Q2005, as the increase in shipyard activities has also translated into increased demand for hardware products.

The Group's net profit attributable to shareholders for 3Q2005 increased by 49% from S\$0.37 million in 3Q2004 to S\$0.56 million in 3Q2005 mainly due to us securing more CP projects and an increase in sales of our hardware products.

Due to our constant efforts made towards improving our resources management and work processes with a view to remaining competitive in our industry, our overall gross margins has also increased.

Year-to-date: First 3 Qtrs of 2005

The Group's turnover for the first 3 Qtrs of FY2005 increased by 10% from S\$35.94 million for first 3 Qtrs of FY2004 to S\$39.59 million for the first 3 Qtrs of FY2005. The increase was mainly due to increases in revenue registered by our CP and SD divisions, which exceeded the significant decreases in revenue from our IE division. There were no major projects awarded to our IE division in FY2005.

Due to our improved performance in 2Q2005 & 3Q2005, our net profits attributable to shareholders increased by 22% from S\$1.48 million for the first 3 Qtrs of FY2004 to S\$1.81 million for the corresponding period in FY2005.

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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 this year, the Group had forecasted to remain profitable for FY2005. These quarterly and 9 months' results are in line with the forecasts in those announcements made earlier this year.

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, i.e. the marine-related and offshore oil and gas activities such as shipbuilding, ship conversion and ship repair activities and offshore engineering, is expected to remain positive for the rest of FY2005. Barring any unforeseen circumstances, we expect to remain profitable in FY2005.

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 September 2005.

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.

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.

15. A breakdown of sales.

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()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

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17. Summary of Interested Person Transactions for the financial period ended 30 September 2005

	<u>3rd Quarter of 2005</u>
	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\$
<u>Labroy Shipbuilding & Engineering Pte Ltd</u>	
Provision of Corrosion Prevention Services	654,616
Sale of hardware equipment, tools and other consumables	180,637
<u>PT Nanindah Mutiara Shipyard</u>	
Sale of hardware equipment, tools and other consumables	855,049

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

BY ORDER OF THE BOARD

Chua Meng Hua

Executive Director

9 November 2005