Beng Kuang Marine Limited

明 光 海 事 有 限 公 司

(Company Reg. No: 199400196M)

ONE GROUP ONE VISION




ANNUAL REPORT 2008

MISSION STATEMENT

Being an established service provider of corrosion prevention to the marine, oil and gas industries in Singapore and Batam, Indonesia, our main motivation factor comes from customers' satisfaction via our quality workmanship and services.

We aspire to become an integrated marine service group with a major presence in South East Asia. We are motivated to meet our customers' satisfaction with our quality workmanship and services.

COVER RATIONALE

"One Group One Vision" – a phrase that fittingly depicts Beng Kuang Marine Limited's mission to become an integrated marine service group with a major presence in South East Asia. With our comprehensive corrosion prevention as well as turnkey engineering services plus expansion programmes in place, we are all geared up to conquer South East Asia… and beyond.

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CORPORATE PROFILE

Listed on the Singapore Exchange in October 2004, Beng Kuang Marine Limited ("BKM") and its subsidiaries (the "Group") are principally engaged in the provision of Corrosion Prevention ("CP") services, comprising of blasting and painting works to customers in the marine, offshore oil and gas and other industries.

Its track record and reputation for reliability has enabled it to secure appointments as the "Resident Contractor" for vessel hull for several established shipyards in Singapore and Indonesia, Batam, such as Keppel Shipyards, Singapore Technologies Marine Ltd, Drydocks World – Singapore Pte Ltd and PT Nanindah Mutiara Shipyard (a subsidiary of Labroy Marine Pte. Ltd.)

Established in 1994, BKM has gained an industry reputation for providing comprehensive and quality solutions to its customers' needs. As a testament to our commitment to quality, our Infrastructure Engineering ("IE") division has been accredited with the ISO9001:2000 certification and has received numerous letters of appreciation from shipyard operators, vessel owners, etc. BKM also provides turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention, testing, installation and pre-commissioning of steel work modules and structures mainly for customers in the offshore oil and gas industry.

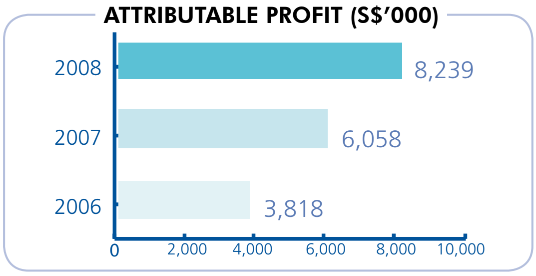
In June 2007, the Group has acquired a piece of 32.8 hectare land with waterfront in Kabil, Batam, Indonesia. The new waterfront yard, which is currently at its developmental stage, will be operationally- ready and in full swing by approximately 2010. The new yard will provide the Group with a competitive advantage when it comes to bidding for more sophisticated engineering works.

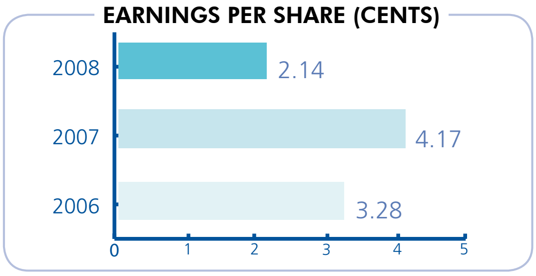
In addition, BKM engages in Supply and Distribution ("SD") of over 400 types of marine hardware equipment, tools and other products under the house brand "Master", all of which are similarly used in the marine, offshore oil and gas, construction and other industries.

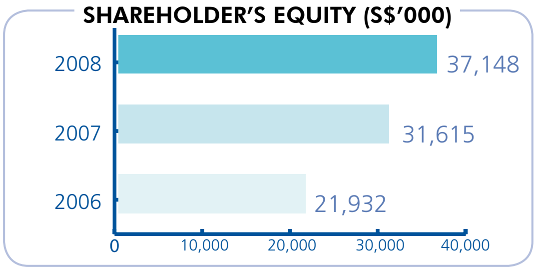
In August 2007, BKM has also expanded into the new Environment and Resource ("ER") division to engage in water and wastewater treatment and industrial waste management businesses.

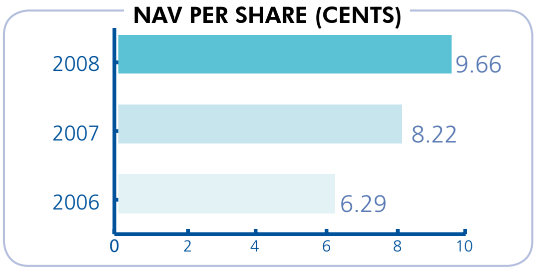
With Singapore as a leading maritime hub in the region and with an expected increase in regional marine activities and new vessel construction by local shipyards, BKM expects corrosion prevention activities to increase. Riding on the wave of this booming sector provides BKM with opportunities for further growth and more importantly, for enhancement of its shareholders' value.

FINANCIAL HIGHLIGHTS









OPERATING RESULTS	2008	2007 (restated)	2006
Revenue	131,456,657	95,686,996	70,550,051
EBITDA	16,553,739	12,436,586	7,359,359
Pretax profit	10,866,548	10,411,357	4,559,511
Attributable profit	8,239,057	6,058,217	3,818,270
Turnover growth	37.4%	35.6%	32.5%
EBITDA growth	33.1%	69.0%	36.8%
Pretax growth	4.4%	128.3%	52.9%
Attributable profit growth	36.0%	58.7%	68.0%
EBITDA margin	12.6%	13.0%	10.4%
Pretax margin	8.3%	10.8%	6.5%
Net profit margin	6.4%	8.1%	5.4%
FINANCIAL POSITION			
Total assets	127,823,998	90,469,413	58,658,358
Total debts	43,259,122	27,199,641	17,380,519
Shareholders' equity	37,147,671	31,615,457	21,932,457
Gearing ratio	62.3%	54.0%	50.9%
PER SHARE DATA (in cents)			
Earnings per share	2.14	4.17	3.28
Dividends per share	0.50	0.70	1.10
NAV per share	9.66	8.22	6.29
SEGMENT RESULTS			
Revenue			
Corrosion Prevention	64,246,611	38,923,475	32,265,045
Infrastructure Engineering	39,835,732	28,546,836	16,192,578
Supply & Distribution	27,305,024	28,216,685	22,092,428
Environment & Resource	69,290	-	-
Pretax profit / (loss)			
Corrosion Prevention	6,398,917	4,440,464	2,298,745
Infrastructure Engineering	3,601,722	3,015,873	832,636
Supply & Distribution	2,624,233	2,499,948	1,717,870
Environment & Resource	(940,412)	1,131,088	-
Capital expenditure			
Corrosion Prevention	8,582,987	7,240,002	3,369,102
Infrastructure Engineering	8,723,470	5,366,877	927,262
Supply & Distribution	98,215	898,358	269,168
Environment & Resource	44,371	44,886	-

EXECUTIVE CHAIRMAN'S STATEMENT

"As a result of global credit tightening, news of order book cancellations and delays have plagued many shipyards. However, the Group continued to report a healthy growth in revenue of 37.4% to S$131.5 million, while net profit attributable to shareholders improved 36.0% to S$8.2 million."

- Chua Beng Kuang, Executive Chairman

Dear Shareholders,

The year 2008 has posed many challenges to businesses operating in most industries — the marine, and the offshore oil and gas industries were not spared from the volatility caused by the turbulent economic conditions. As a result of global credit tightening, news of order book cancellations and delays have plagued many shipyards.

However, I am pleased that BKM has emerged from the storm relatively unscathed with no order book cancellations and a diverse exposure to various projects. The Group continued to report a healthy growth in revenue of 37.4% to S$131.5 million, while net profit attributable to shareholders improved 36.0% to S$8.2 million.

THE LEAP FORWARD-KABIL YARD IN BATAM, INDONESIA

In June 2007, the Group announced the acquisition of a piece of 32.8 hectare land with waterfront in Kabil, Batam. The new waterfront yard, which is currently at its developmental stage, will be operational ready at full swing in approximately 2010. This new yard will provide the Group with a competitive advantage when it comes to bid for more sophisticated engineering works as well as shorten the path of achieving one of our goals in becoming the main contractor.

Our very first contact that took place at the new yard was from Leighton Holdings Limited ("Leighton"), being our new customer with the contract setting a record high at S$21.0 million. Leighton is one of Australia's largest development and contracting company. The scope of contract that was kicked off since September 2008 involved turnkey infrastructure engineering services, which include vessel deckhouse supply, fabrication, installation, testing and commissioning work.

Due to the capacity and capabilities of the new yard, we strongly believe that it will attract more established customers and become the engine of growth for years to come in term of providing new revenue stream for the Group.

During 2008, the Group has secured another contract worth approximately S$7.8 million to provide structural steel and piping fabrication and painting works for Punj Lloyd, the second largest engineering and construction company in India.

While we have been achieving positive growth in our infrastructure engineering division, our corrosion prevention division has attained substantial earnings stream through the support of order books from ship building, ship repair and rig building in various Singapore and Batam shipyards. The Supply and Distribution division continues to play an important internal group procurement role to facilitate the growth for the corrosion prevention and infrastructure engineering divisions.

MOVING AHEAD

With global crude oil price moving downstream due to slow demand coupled with liquidity issues, many analysts have forecasted a slowdown in the marine and offshore industries in 2009/2010. Although, the extent of the impact will vary between companies in the marine and the offshore industries, worries still loomed over order cancellations and re-negotiations by the shipyards.

With a large portion of our services are provided to the offshore sector, we believe BKM will be resilient and able to tide through this rough times. Moving ahead, we will continue to focus on catering our infrastructure engineering services to the offshore industry, coupling with improved capabilities and facilities at our new yard in order to take on more sophisticated engineering works.

During such extraordinary times, we felt that prudence should be the focus going forward. While we continue to expand our operations, we must also be mindful of keeping our operating expenses in check and manage our financial risks cautiously.

We will pace ourselves according to market conditions for expansion and remain positive of the whole industry in the longer term outlook.

IN APPRECIATION

In appreciation of the support shown by shareholders, the Board of Directors is pleased to propose a first and final tax exempt one-tier dividend of 0.50 cent per ordinary share for FY2008.

The success of BKM over the years would not have been possible without the contribution and support from various parties. Therefore I would like to take this opportunity to extend my appreciation to our shareholders, customers, bankers, business associates and suppliers for their unwavering support through the years. Last but not least, I would also like to thank the management team and staff for their hard work and the Board of Directors for their wise counsel and guidance provided to BKM.

Yours faithfully,

CHUA BENG KUANG
Executive Chairman

FINANCIAL & OPERATIONS REVIEW

The Group enjoyed a resilient 37.4% growth in its revenue to S$131.5 million in FY2008, against S$95.7 million in the previous corresponding year.

The Group enjoyed a resilient 37.4% growth in its revenue to S$131.5 million in FY2008, against S$95.7 million in the previous corresponding year. Performance of the respective divisions is as follows:

CORROSION PREVENTION DIVISION

The corrosion prevention was the main driver of growth in FY2008, with revenue contribution surged by 65.1%, from S$38.9 million in FY2007 to S$64.2 million in FY2008. Despite the financial turmoil, shipyards remained busy throughout the year. Corrosion prevention activities from major shipyards remained strong, with demand coming from ship building, ship repair and rig building activities. The contracts with Dubai Drydocks World LLC to provide corrosion prevention services for their jack-up drilling rigs would also provide enhanced earnings visibility into FY2010.

INFRASTRUCTURE ENGINEERING DIVISION

The Group's long term growth driver continued to emerge from the infrastructure engineering division. In FY2008, the division's revenue increased by 39.5% to S$39.8 million. Subsequent to its successful acquisition of the 32.8 hectare waterfront land in Batam in June 2007, the Group began to bid for more sophisticated engineering works, such as the fabrication of accommodation deckhouse modules.

Operations at the new yard began in 4Q2008 after the Group successfully secured a record S$21.0 million contract with Leighton's Holdings, involving turnkey infrastructure engineering services such as vessel deckhouse supply, fabrication, installation, testing, and commissioning work.

In addition, the Group also clinched another contract worth approximately S$7.8 million with India's second largest engineering and construction company, Punj Llyod. The Group will provide structural steel and piping fabrication, and painting works and the project is estimated to complete by June 2009.

With the increasing order book, the infrastructure engineering division is growing from strength to strength and will play a vital role in the business expansion and revenue growth of BKM in the future.

SUPPLY & DISTRIBUTION DIVISION

The supply and distribution division continued to play the role of group procurement to facilitate the growth for the corrosion prevention and infrastructure engineering divisions. Revenue from the division for external party sales stood at S$27.3 million.

The Group's overall gross profit rose 16.8% to S$30.3 million in FY2008, while gross profit margin declined from 27.1% to 23.0%

After taking into account the one-off gain of S$1.4 million in FY2007 to reflect the fair value of intellectual property rights of Water & Environmental Technologies (WET) Pte Ltd, the Group's Profit after tax rose 8.1%, from S$7.7 million in FY2007, to S$8.4 million in FY2008.

With a S$1.6 million decline in minority interest, Net Profit attributable to shareholders increased by 36.0% to S$8.2 million.

As of 31 December 2008, current assets and liabilities were higher at S$90.1 million and S$83.5 million respectively, as compared to S$62.8 million and S$52.8 million as of 31 December 2007. In line with a higher turnover, the Group's working capital requirement increased correspondingly.

With the development of the new yard in Batam, fixed assets grew to S$30.8 million in FY2008 from S$20.4 million in FY2007.

To support increased business activities, the gearing ratio also increased from 54.0% in FY2007 to 62.3% in FY2008.

Shareholder's equity improved from S$31.6 million as of 31 December 2007 to S$37.1 million as of 31 December 2008. The return on equity grew from 19.2% to 22.2%.

As the Group continued to focus on its debt recovery and cash collection efforts, there was a healthy increase in net cash generated from operations to S$9.2 million in FY2008 from S$7.5 million in FY2007. As at year end, cash and cash equivalents stood at S$14.3 million.




Turnkey services which include mainly engineering, fabrication, corrosion prevention, and construction of pipe rack structure, including pipe fabrication and installation.




BOARD OF DIRECTORS

MR CHUA BENG KUANG
EXECUTIVE CHAIRMAN

Mr Chua Beng Kuang is our Executive Chairman and one of our founders. He is in charge of overall management of our Group and is responsible for developing and steering the corporate plans, directions and business strategies of our Group. He has been involved in the corrosion prevention business in marine industry for over 28 years. He has led the management in pursuing our Group's mission and objectives and has been instrumental in our growth.

MR CHUA MENG HUA
MANAGING DIRECTOR

Mr Chua Meng Hua is our Managing Director and is one of our founders. He oversees the overall administrative and the operational aspects of our Group and is in charge of the business development of our Group. He has had over 15 years of experience in the corrosion prevention business in the marine industry.

MR ALAN YONG THIAM FOOK
EXECUTIVE DIRECTOR

Mr Yong was appointed as our Non-Executive Director on 30 May 2002 and subsequently re-designated as Executive Director on 14 July 2008. He is responsible for the overall aspects of corporate finance and business development matters of the Group. He was the Group Financial Controller of JK Yaming International Holdings Limited from 2006 to 2008. He was formerly the Chief Financial Officer of Labroy Marine Limited where he was responsible for its treasury, accounting and finance control matters from 1994 to October 2006. From 1984 to 1994, he was the Finance Manager of Kuok (Singapore) Ltd., Island Concrete group of companies and Neptune Orient Lines Ltd. He was also the head of the Internal Audit Department of Singapore Polytechnic from 1982 to 1984. He obtained a Bachelor of Science (Economics) from the University of London in 1978. He is currently a fellow member of the Institute of Certified Public Accountants of Singapore.

MR SAMEER Y. KHAN
NON-EXECUTIVE DIRECTOR

Mr Khan was appointed as our Non-Executive Director on 25 January 2008. He is also the Executive Director of Drydocks World LLC ("DDW"), responsible for all finance matters relating to DDW and its subsidiaries ("DDW Group").The DDW Group, whose principal business includes ship repair, conversions, shipbuilding and rig building, is also the parent company for Dubai Drydocks, Drydocks World – Southeast Asia Pte Limited, Drydocks World – Singapore Pte Ltd and Labroy group of companies. Mr Khan has been with Dubai Drydocks since its inception in 1983. He is a fellow of the Institute of Chartered Accountants England and Wales. He is a member of our Audit Committee, Remuneration Committee and a member of the Nominating Committee.

DR WONG CHIANG YIN
INDEPENDENT DIRECTOR

Dr Wong was appointed as our Independent Director on 30 August 2004. He is currently the Executive Director of Pantai Holdings Berhad and CEO of Pantai Hospitals Division and the President of the Singapore Medical Association. From 1998 to April 2008, he held various senior positions, including the Chief Operating Officer of Changi General Hospital and Singapore General Hospital, Director of the Projects Office of the Singapore Health Services and Assistant Director in the Ministry of Health. He is a member of the Citizen's Consultative Committee of the Holland-Bukit Timah Group Representation Constituency, Ulu Pandan Division. He holds a Master of Medicine (Public Health) from the National University of Singapore in 1999 and a Master in Business Administration (Finance) from the University of Leicester in 2001. He is the Chairman of our Audit Committee, Remuneration Committee and a member of the Nominating Committee.

MR GOH CHEE WEE
INDEPENDENT DIRECTOR

Mr Goh was appointed as our Independent Director on 30 August 2004. He is currently a director of several public listed companies. From 1980 to 2001, he was elected as a Member of Parliament and from 1993 to 1997, he served as the Minister of State for Trade and Industry, Labour and Communications. From 1997 to 2003, he was the Group Managing Director and Chief Executive Officer of Comfort Group Ltd. He obtained a Bachelor of Science (First Class Honours) from the University of Singapore in 1969, a Master of Science (Engineering) from the University of Wisconsin in 1975 and a Diploma in Business Administration from the University of Singapore in 1980. He is the Chairman of our Nominating Committee as well as a member of our Audit Committee and Remuneration Committee.

EXECUTIVE OFFICERS

MR CHUA BENG YONG
GENERAL MANAGER

The Head of Infrastructure Engineering, Mr Chua is one of the founders of the Group business. He is responsible for overseeing our Group's infrastructure engineering division, including its marketing and business development. Mr Chua has over 16 years of experiences within the marine industry.

MR CHUA BENG HOCK
ASSISTANT GENERAL MANAGER

The Head of Corrosion Prevention Division, Mr Chua is one of the founders of the Group business. He is responsible for overseeing our Group's corrosion prevention division, including its marketing business development. Mr Chua has over 14 years of experiences within the marine industry.

MR LEE WEI LIANG
FINANCIAL CONTROLLER

Mr Lee is our Financial Controller and is responsible for the Group's financing and accounting functions. He was seconded by Labroy Marine Limited to our Group as an accountant handling the finance and accounting work since 2001 and was officially transferred to our Group as Finance Manager with effect from 2004. He was also the Finance Manager of Nexus Engineering Pte Ltd handling the finance and accounting work for the period 2001 to 2004. He was an Audit Assistant to the Audit Senior of Bob Low and Company from 1998 to 2000. Mr Lee obtained a Bachelor of Accountancy from Queensland University of Technology in 1999, and is currently an Associate Member of the Australian Society of Certified Practicing Accountants.

CORPORATE STRUCTURE

BENG KUANG MARINE LIMITED

CORROSION PREVENTION

- 100%
  - Beng Kuang Marine (B & Chew) Pte. Ltd.
  - Pioneer Marine
  - Beng Kuang Marine (B & M) Pte. Ltd.
  - Imex Marine
  - Beng Kuang Marine (B & Y) Pte. Ltd.
  - B & K Marine Pte. Ltd.
  - Oris Marine
  - CP Marine Hub
  - BT Asia Marketing & Engineering Pte Ltd
  - Superior Services Center
  - Asian Sealand Automation Pte. Ltd.
  - OneHub Tank Coating Pte. Ltd.
  - PT Nexelite Indonesia
- 80% Nexus Hydrotech Pte. Ltd.
- 51% B & J Marine Pte. Ltd.
- 51% Pangco Pte. Ltd.
  - 51% PT Berger Batam
- 50% Quill Marine Pte. Ltd.

INFRASTRUCTURE ENGINEERING

- 100%
  - Asian Sealand Engineering Pte Ltd
  - PT. Nexus Engineering Indonesia
  - ASIC Engineering Sdn Bhd
  - Drako Derrick Services Pte. Ltd.
- 51% Venture Automation & Electrical Engineering Pte. Ltd.

SUPPLY & DISTRIBUTION

- 100% Nexus Sealand Trading Pte Ltd
  - 100% Picco Enterprise Pte. Ltd.
- 100% PT. Master Indonesia

ENVIRONMENT & RESOURCE

- 51% Water and Environmental Technologies (WET) Pte. Ltd.
- 51% Pureflow Pte. Ltd.
  - 30.6% Asia Recovery Centre Pte. Ltd.
- 20.4% NewEarth Pte. Ltd.
  - 14.7% NewEarth Singapore Pte. Ltd.

Percentage is computed based on Beng Kuang Marine Limited's effective interest on subsidiaries and associates

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chua Beng Kuang, *Executive Chairman*
Chua Meng Hua, *Managing Director*
Yong Thiam Fook, *Executive Director*
Sameer Y. Khan, *Non-Executive Director*
Dr Wong Chiang Yin, *Independent Director*
Goh Chee Wee, *Independent Director*

AUDIT COMMITTEE

Wong Chiang Yin, *Chairman*
Goh Chee Wee
Sameer Y. Khan

REMUNERATION COMMITTEE

Wong Chiang Yin, *Chairman*
Goh Chee Wee
Sameer Y. Khan

NOMINATING COMMITTEE

Goh Chee Wee, *Chairman*
Wong Chiang Yin
Sameer Y. Khan

COMPANY SECRETARIES

Wee Woon Hong
Lee Hock Heng

REGISTERED OFFICE

55 Shipyard Road, Singapore 628141
Tel: 65-6266 0010 Fax: 65-6264 0010
Email: bkm@bkmgroup.com.sg
Website: www.bkmgroup.com.sg

AUDITORS

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
#18-01 North Tower
Singapore 048583
Partner in charge : Tham Chee Soon
(since financial year ended 31 December 2005)

BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Limited
Malayan Banking Berhad
KBC Bank NV
BNP Paribas
RHB Bank Berhad
The Bank of East Asia Limited

REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
138 Robinson Road,
The Corporate Office
#17-00 Singapore 068906
Tel: 65-62276660 Fax: 65-62251452

FINANCIAL REPORT

REPORT OF CORPORATE GOVERNANCE
for the year ended 31 December 2008

The listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX–ST") requires all listed companies to describe, in their annual reports, their corporate governance practices, with specific reference to the principles of the Singapore Code of Corporate Governance introduced in April 2001 and amended in 2005 (the "Code").

The Board of Directors (the "Board") and management (the "Management") of Beng Kuang Marine Limited are committed to maintaining a high standard of corporate governance within the Group. The Company has, since its listing on the SGX-ST in October 2004, put in place and adopted various policies and practices based on the Code where it is applicable and practical to the Group in the context of the Group's business and organisation structure.

The Company is pleased to report that it has generally adhered to the principles and guidelines as set out in the Code except for certain deviations which are explained below.

1. BOARD MATTERS

Principle 1: The Board's Conduct of Its Affairs

The Board is entrusted with the responsibility of the overall management of the business and corporate affairs of the Group. Every Director is expected, in the course of carrying out his duties, to act in good faith and to consider at all times the interests of the Company.

The principal functions of the Board are to:-

(a) approve the Group's key business strategies and financial objectives, including the review of annual budgets, major investments / divestments, and funding proposals;
(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
(c) review Management performance; and
(d) set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

Matters that specifically require the Board's decision or approval, are those involving:-

- Corporate strategy and business plans;
- Investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of Directors and appointment of key personnel;
- Announcement of financial results, the annual report and accounts;
- Material acquisitions and disposal of assets; and
- All matters of strategic importance.

All other matters are delegated to committees whose actions will be monitored by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which operate within clearly defined terms of reference and functional procedures.

The Board conducts regular scheduled meetings on a quarterly basis at the registered office of the Company. Where the circumstances require, ad-hoc meetings are arranged. Attendance of the Directors via telephone conference is allowed under Article 120(2) of the Company's Articles of Association. The number of Board and Board committees meetings held and attended by each Director during FY2008 are as follows:-

	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	No of meetings		No of meetings		No of meetings		No of meetings	
Name	**Held#**	**Attended**	**Held#**	**Attended**	**Held#**	**Attended**	**Held#**	**Attended**
Chua Beng Kuang	4	4	-	-	-	-	-	-
Chua Meng Hua	4	4	-	-	-	-	-	-
Yong Thiam Fook	4	4	2	2	1	1	2	2
Sameer Y. Khan	4	2	2	0	0	0	0	0
Goh Chee Wee	4	4	4	4	1	1	2	2
Wong Chiang Yin	4	4	4	4	1	1	2	2

Note:-
\# *reflects the number of meetings held during the time that Director / committee member held office*

The Company believes that the attendance record of each Director at Board and/or Board committee meetings may not be a true reflection of his contributions. The Directors of the Company were appointed on the basis of their knowledge and experience as well as their potential to contribute to the proper guidance of the Group and its business. To focus on a Director's attendance at formal meetings may do injustice to his contributions, which can come in many different forms. For instance, the Company may look to him for guidance beyond the formal setting of Board meetings or he may be able to initiate relationships that are beneficial to the interests of the Group.

Where necessary, the Directors will be updated on the latest governance and listing policies that are relevant to the Group. All Directors are also updated regularly concerning any changes in company policies.

The Directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from the Management. The Chairman and Managing Director will make the necessary arrangements for the briefings, informal discussions or explanations required by the Director.

Newly appointed Directors will undergo an orientation programme and will be provided with materials to help them familiarise themselves with the business and governance practices of the Company.

Principle 2: Board Composition and Balance

(i) As at the date of this report, the Board comprises two Independent Directors, one Non-Executive Director and three Executive Directors as follows:-.

Executive Directors	
Chua Beng Kuang	(Executive Chairman)
Chua Meng Hua	(Managing Director)
Yong Thiam Fook	(Executive Director)
Non-Executive Directors	
Sameer Y. Khan	(Non-Executive Director)
Goh Chee Wee	(Independent Director)
Wong Chiang Yin	(Independent Director)

As the Independent Directors make up one third of the Board, there is a strong independent element on the Board, thereby allowing it to exercise objective judgment on corporate affairs independently from the Management.

(ii) The independence of each Director is reviewed annually by the NC, which adopts the Code's definition of what constitutes an independent director. The NC is of the view that the Independent Directors, namely Mr Goh Chee Wee and Dr Wong Chiang Yin, are independent.

(iii) The NC is of the view that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. It is also of the view that the current Board size of six Directors is appropriate for effective decision making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making processes.

Principle 3: Chairman and Managing Director

The Company keeps the posts of Chairman and Managing Director separate. There is a clear division of responsibilities between the Chairman and the Managing Director, which will ensure a balance of power and authority, such that no individual or small group of individuals represents a considerable concentration of power. Keeping the two posts separate will also ensure increased accountability and greater capacity of the Board for decision-making.

Mr Chua Meng Hua assumes the responsibilities of Managing Director in place of Mr Chua Beng Kuang with effect from 24 February 2009. He is responsible for the overall management of the Group's operations.

Mr Chua Beng Kuang has been re-designated as Executive Chairman in place of Mr Sameer Y. Khan with effect from 24 February 2009. He is primarily responsible for the effective workings of the Board. He works together with the Managing Director in scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations. The Chairman and the Managing Director (with the assistance of the Company Secretary) also prepare the meeting agenda in consultation with the Directors.

The Chairman and the Managing Director also exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board and assist in ensuring the Group's compliance with the Code.

Mr Chua Beng Kuang (Executive Chairman) and Mr Chua Meng Hua (Managing Director) are brothers.

Principle 6: Access to Information

The Company believes that the Board should be provided with timely and complete adequate information prior to Board meetings and as and when the need arises.

The Company makes available to all Directors the management accounts, as well as the relevant background or explanatory information relating to matters, that are to be discussed at the Board meetings. Detailed board papers are sent out to the Directors before the scheduled meetings so that the members may be informed of the issues beforehand and have sufficient time to formulate questions that they may have. In respect of budgets, any material variance between the forecasts and actual results is reviewed by the Board and disclosed and explained by the Management, where required by the Board.

The Directors have also been provided with the contact details of the Company's Senior Management and Company Secretary to facilitate separate and independent access.

The Company's Secretary attends Board meetings and assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act, Chapter 50, and the provisions in the Listing Manual of the SGX-ST. The appointments and removal of the Company Secretary would be a matter for the Board as a whole to decide.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

2. BOARD COMMITTEES

Audit Committee

Principle 11: Audit Committee

The AC has been established with written terms of reference and comprises two Independent Directors and one Non-Executive Director. They are:-

Wong Chiang Yin	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Sameer Y. Khan*	(Member, Non-Executive Director)

Note: -
* *Appointed on 14 July 2008 to replace Mr Yong Thiam Fook who has been re-designated as Executive Director.*

Dr Wong Chiang Yin, an Independent Director, chairs this Committee. The AC met four times in the financial year under review. It performs the following functions:-

- Reviewing the announcement of the quarterly and full year results before submission to the Board for approval;
- Reviewing the audit plans and reports of the external auditors and to consider the effectiveness of the actions taken by the Management on the auditors' recommendations;
- Appraising and reporting to the Board on the audits undertaken by the external auditors, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of management internal audit function and internal controls;

- Reviewing the assistance and co-operations given by the Management to the external auditors;
- Discussing problems and concerns, if any, arising from the interim and final audits;
- Recommending to the Board the external auditors for annual re-appointment;
- Reviewing the framework for staff to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is independent investigation of such matters and appropriate follow-up action; and
- Reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

Dr Wong Chiang Yin is the Chief Operating Officer of the Changi General Hospital and the President of the Singapore Medical Association. Mr Goh Chee Wee is the Chairman of NTUC Board of Trustees, and a director of several public listed companies. Mr Sameer Y. Khan is a Director and Chief Finance Officer of Dubai Drydocks World LLC. The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by the Management. It also has full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors and it has accordingly recommended to the Board that Ernst & Young LLP be nominated for reappointment as auditors of the Company at the forthcoming annual general meeting ("AGM").

The AC, has put in place a whistle-blowing arrangement whereby the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. There are arrangements in place for the independent investigation of such matters for appropriate follow-up actions to be taken.

Where the need arises, the AC will meet with the external auditors, without the presence of the Management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

Principle 12: Internal Controls

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The AC reviews the effectiveness of the Group's internal controls, including operational controls regularly and is responsible for the overall internal control framework. The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. However, the system of internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice and the identification and management of business risk.

Principle 13: Internal Audit

The Company has in place an internal audit plan which is designed to provide reasonable assurance as to the effectiveness and efficiency of operations, integrity and reliability of financial information and to safeguard and maintain accountability of the Group's assets. An internal audit team is in place to conduct internal audits for the Group.

An annual internal audit plan which covers areas such as the Group's payroll system, fixed assets, inventory control, cash handling and management is reviewed and approved by the AC. The AC also reviews the results of the internal audits during its quarterly meetings, to ensure the adequacy of the internal audit function. The internal audit team reports directly to the AC. As and when the need arises, the AC will request for internal audit function to be outsourced to external professional firms.

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises the following three members:-

Wong Chiang Yin	(Chairman, Independent Director)
Goh Chee Wee	(Member, Independent Director)
Sameer Y. Khan*	(Member, Non-Executive Director)

Note: -

* *Appointed on 14 July 2008 to replace Mr Yong Thiam Fook who has been re-designated as Executive Director.*

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies.

The RC recommends to the Board (in consultation with the Chairman) a framework of remuneration for the Board and the Executive Officers as well as specific remuneration packages for the Executive Director and the Managing Director. The recommendations were submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and Executive Officers' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. The members of the RC do not participate in any decisions concerning their own remuneration package.

Principle 8: Level and Mix of Remuneration

The remuneration packages for Executive Directors take into account the performance of the Group and the individual Director. The RC also ensures that the Executive Directors are adequately remunerated as compared to industry and comparable companies. The Non-Executive Directors' remuneration in the form of directors' fees take into account the roles that the individual Directors play, including but not limited to the efforts, time spent and responsibilities of the Non-Executive Directors. The Directors' fees are subject to shareholders' approval at the forthcoming AGM.

The Company has entered into separate service agreements with Mr Chua Beng Kuang and Mr Chua Meng Hua for an initial period of three years commencing 1 January 2004 and which shall be automatically renewed on a three-year basis. There are no onerous removal clauses in the service agreements. The remuneration includes a fixed salary and a variable performance related bonus that is designed to align their interests with those of the shareholders and link rewards to corporate and individual performance.

The Company does not have any employee share option schemes.

Principle 9: Disclosure on Remuneration

The Board has not included a separate annual remuneration report as it is of the view that the matters, that are required to be disclosed in the annual remuneration report, have been sufficiently disclosed in this corporate governance report and the financial statements of the Group.

The breakdown, showing the level and mix of each individual Director's remuneration in FY2008 is as follows:-

Name of Directors	Fees*	Salary#	Bonus	Benefits	Total
	%	%	%	%	%
$750,001 to $1,000,000					
Chua Beng Kuang	0	47	53	0	100
Chua Meng Hua	2	43	55	0	100
$0 to $250,000					
Sameer Y. Khan	100	0	0	0	100
Yong Thiam Fook	18	59	23	0	100
Goh Chee Wee	100	0	0	0	100
Wong Chiang Yin	100	0	0	0	100

* *These fees are subject to approval of the shareholders at the forthcoming AGM.*
\# *Salary is inclusive of fixed allowance and CPF contributions.*

Top 5 Executives Officers	Number
$250,001 to $500,000	2
$0 to $250,000	3

The top five Executive Officers of the Group, are Mr Chua Beng Yong (General Manager, Head of Infrastructure Engineering Division), Mr Chua Beng Hock (Assistant General Manager, Head of Corrosion Prevention Division), Mr Ong Hock Sze (General Manager, Batam Operations), Mr Lee Choon Hwee (Assistant General Manager, Head of Supply and Distribution Division) and Mr. Chua Choon Hua (Senior Manager of Supply and Distribution Division).

Mr Chua Beng Kuang and Mr Chua Meng Hua (Executive Directors) and Mr Chua Beng Yong and Mr Chua Beng Hock (Executive Officers) are brothers.

Save as disclosed above, there is no employee who is an immediate family member of any Director, whose remuneration for FY2008 exceeds $150,000.

The gross remuneration disclosed is computed on gross salaries, allowances and other benefits accruing during the financial year.

Nominating Committee

Principle 4: Board Membership

The NC has been established with written terms of reference and comprises two Independent Directors and one Non-Executive Director. They are:-

Goh Chee Wee	(Chairman, Independent Director)
Wong Chiang Yin	(Member, Independent Director)
Sameer Y. Khan*	(Member, Non-Executive Director)

Note: -
* *Appointed on 14 July 2008 to replace Mr Yong Thiam Fook who has been re-designated as Executive Director.*

The main terms of reference of the NC are as follows:-

- To review nominations for the appointment and re-appointment to the Board and the various Board committees;
- To decide on the evaluation criteria of the Board, propose an objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- To decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company (in a case where the Director has multiple board representations);
- To ensure that Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years; and
- To determine, on an annual basis, whether a Director is independent.

The NC is responsible for the re-nomination of the Directors. Article 107 of the Company's Articles of Association requires one-third of the Directors to retire from office at least once in every three years at the Company's AGM whereas Article 112 provides that each term of appointment of the Managing Director shall not exceed five years. Retiring Directors are eligible to offer themselves for re-election pursuant to Article 109.

The NC will determine the criteria for the appointment of new Directors and will set up a process for selection and appointment of such Directors (when necessary) taking into account the experience and expertise of each candidate.

Key information regarding the Directors is set out under "Board of Directors" section of this Annual Report.

Principle 5: Board Performance

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director. The objective performance criteria addresses how the Board has enhanced long-term shareholders' value and includes a comparison with the industry peers. The performance evaluation also includes consideration of return on equity, the Company's share price vis-à-vis the Singapore Straits Times Index. The selected performance criteria will not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

3. COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company has taken efforts to comply with the Listing Manual of the SGX-ST on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators. The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

Information is communicated to shareholders on a timely basis through financial results and annual reports that are prepared and issued to all shareholders within the mandatory period, SGXNET, press releases and the Company's website at which the shareholders can access information on the Group. The Company does not practice selective disclosure and price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM. Shareholders are informed of shareholders' meetings through notices published in the newspapers, annual reports and circulars sent to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues. The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters, that are overseen by these committees. The external auditors will also be present to assist the Directors in addressing any queries posed by the shareholders.

The Articles of Association of the Company allows for members to appoint up to two proxies to attend and vote in place of the member. The Company does not intend to implement absentia voting methods until security, integrity and other pertinent issues are resolved.

4. DEALINGS IN SECURITIES

The Company has adopted policies in line with the Rule 1207(18) set out in the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the "black-out periods" prior to and ending on the date of the announcement of the results.

5. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person which set out the procedures for review and approval of such transactions.

All interested person transactions will be documented and submitted on a quarterly basis to the AC for their review to ensure that such transactions are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company.

Disclosure of interested person transactions are made together with the Company's quarterly results. The AC reviewed the significant transactions entered into by the Company with its interested persons for FY2008 in accordance with its existing procedures.

A summary of the interested person transactions for FY2008 is as follows:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
[Revenue/(Expenses)]	S$	S$
Labroy Marine Pte Ltd		
Provision of infrastructure engineering services		234,518
Labroy Shipbuilding & Engineering Pte Ltd		
Provision of corrosion prevention services		12,518,174
Provision of infrastructure engineering services		1,360,952
Sale of hardware equipment, tools and other consumables		778,356
Rental of equipment		2,245,478
Rental of property expenses	(245,000)	
Procurement of subcontractor services		(157,121)
Labroy Offshore Engineering Pte Ltd		
Provision of corrosion prevention services		3,796,332
Provision of infrastructure engineering services		3,000,000
Labroy Offshore Ltd		
Provision of corrosion prevention services		7,180,807
Labroy Product Tankers Pte Ltd		
Provision of infrastructure engineering services		133,176

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
[Revenue/(Expenses)]	**S$**	**S$**
PT Nanindah Mutiara Shipyard		
Sale of hardware equipment, tools and other consumables		2,865,412
PT Graha Trisaka Industri		
Provision of infrastructure engineering services		3,325,866
Sale of hardware equipment, tools and other consumables		4,082,146
Crown Shipping Pte Ltd		
Provision of infrastructure engineering services		378,990
Heng Huat Shipbuilding & Construction Pte Ltd		
Rental of property expenses	(420,000)	
Hwah Hong Transportation Pte Ltd		
Transportation of cranes, equipment & other machineries		(112,335)
Drydocks World – Singapore Pte Ltd		
Provision of corrosion prevention services		6,672,214
PT. Pan-United Shipyard Indonesia		
Provision of corrosion prevention services		4,566,977
Sale of hardware equipment, tools and other consumables		150,602

6. MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Report of Directors and Financial Statements, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of the Managing Director or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Beng Kuang Marine Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2008.

Directors

The Directors of the Company in office at the date of this report are:

Chua Beng Kuang
Chua Meng Hua
Yong Thiam Fook
Sameer Y. Khan
Goh Chee Wee
Wong Chiang Yin

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations, as stated below:

	Direct interest	
Name of directors and companies in which interests are held	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Beng Kuang Marine Limited (the Company)		
Tan Boy Tee *	300,000	–
Chua Beng Kuang	35,947,500	35,947,500
Chua Meng Hua	34,999,500	34,999,500
Yong Thiam Fook	150,000	150,000
Goh Chee Wee	300,000	300,000

* Resigned as director on 25 January 2008

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' REPORT

Directors' contractual benefit

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiary were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary. There were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Audit Committee

The Audit Committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report of Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Chua Beng Kuang
Director

Chua Meng Hua
Director

Singapore
20 March 2009

STATEMENT BY DIRECTORS

We, Chua Beng Kuang and Chua Meng Hua, being two of the Directors of Beng Kuang Marine Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results of the business, changes in equity and cash flows of the Group for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Chua Beng Kuang
Director

Chua Meng Hua
Director

Singapore
20 March 2009

INDEPENDENT AUDITORS' REPORT

To the Members of Beng Kuang Marine Limited

We have audited the accompanying financial statements of Beng Kuang Marine Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2008 and the statement of changes in equity, the profit and loss account and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
20 March 2009

BALANCE SHEETS
at 31 December 2008

	Note	Group 2008 $	Group 2007 $ (restated)	Company 2008 $	Company 2007 $
Non-current assets					
Fixed assets	4	30,752,808	20,351,672	1,137,285	852,890
Intangible assets	5	2,724,112	2,735,787	–	–
Subsidiaries	6	–	–	8,980,971	8,497,796
Associates	7	4,191,068	4,616,573	–	–
Due from subsidiary (non-trade)	8	–	–	236,378	184,996
Current assets					
Stocks	9	15,052,963	10,901,535	–	–
Work-in-progress in excess of progress billings	10	9,651,140	8,310,035	3,103,473	2,432,068
Trade debtors	11	22,613,097	18,510,228	–	2,965
Other debtors	12	6,945,637	1,741,296	550,778	232,618
Prepayments		864,253	859,039	3,604	7,194
Due from subsidiaries (trade)	11	–	–	3,017,935	2,423,732
Due from subsidiaries (non-trade)	13	–	–	35,411,366	27,030,512
Due from related parties (trade)	11	19,862,666	11,818,853	6,797,317	1,566,319
Due from related parties (non-trade)	13	–	85,504	–	–
Due from associates (trade)	11	20,087	6,134	–	–
Fixed deposits	14	862,913	3,500,126	–	–
Cash and bank balances		14,283,254	7,032,631	2,113,450	94,437
		90,156,010	62,765,381	50,997,923	33,789,845
Current liabilities					
Trade creditors	15	17,422,011	10,544,683	23,630	40,193
Bills payable to banks	17	6,169,332	7,604,963	780,941	1,953,593
Other creditors and accruals	16	21,642,708	11,980,899	4,835,155	3,405,023
Due to subsidiaries (trade)	15	–	–	6,053,958	935,325
Due to subsidiaries (non-trade)	13	–	–	44,346	38,977
Due to related parties (trade)	15	281,325	338,131	115,350	83,379
Due to related parties (non-trade)	13	257,183	1,960,193	–	–
Provision for income tax		3,077,133	2,321,530	171,000	155,100
Lease obligations (current portion)	18	2,308,590	1,224,608	50,925	22,892
Bank overdrafts	17	866,337	1,931,086	–	1,324,720
Short-term bank loans	17	31,462,063	14,941,563	30,004,878	14,941,563
		83,486,682	52,847,656	42,080,183	22,900,765
Net current assets		6,669,328	9,917,725	8,917,740	10,889,080

		Group		Company	
	Note	2008 $	2007 $ (restated)	2008 $	2007 $
Non-current liabilities					
Lease obligations (non-current portion)	18	2,452,800	1,497,421	131,256	53,302
Deferred taxation	28	825,383	781,635	83,100	78,700
		3,278,183	2,279,056	214,356	132,002
Net assets		41,059,133	35,342,701	19,058,018	20,292,760
Equity attributable to equity holders of the Company					
Share capital	19	16,111,142	16,111,142	16,111,142	16,111,142
Revenue reserve	20	21,056,762	15,510,678	2,946,876	4,181,618
Translation reserve		(20,233)	(6,363)	–	–
		37,147,671	31,615,457	19,058,018	20,292,760
Minority interests		3,911,462	3,727,244	–	–
Total equity		41,059,133	35,342,701	19,058,018	20,292,760

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 31 December 2008

	Note	Group 2008 $	Group 2007 $ (restated)
Revenue	21	131,456,657	95,686,996
Cost of sales		(101,163,013)	(69,744,765)
Gross profit		30,293,644	25,942,231
Other operating income – net	22	928,167	135,741
Administrative expenses		(15,871,212)	(13,548,894)
Selling and distribution expenses		(2,852,019)	(2,533,147)
Profit from operations	23	12,498,580	9,995,931
Financial income	25	30,336	61,683
Financial expenses	26	(1,236,863)	(890,083)
Non operating income	27	–	1,426,404
Share of results of associates, net of tax		(425,505)	(182,578)
Profit before taxation		10,866,548	10,411,357
Income tax expense	28	(2,512,983)	(2,680,925)
Profit for the year		8,353,565	7,730,432
Attributable to:			
Equity holders of the Company		8,239,057	6,058,217
Minority interests		114,508	1,672,215
		8,353,565	7,730,432
Earnings per share from continuing operations attributable to equity holders of the Company (cents per share)			
- basic	29	2.14	4.17
- diluted	29	2.14	4.17

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2008

Group	Attributable to equity holders of the Company					
	Share capital (Note 19) $	Revenue reserve $ (restated)	Translation reserve $	Total reserves $	Minority interests $ (restated)	Total equity $
2007						
Balance at 1 January 2007	11,551,142	10,385,963	(4,648)	10,381,315	1,106,141	23,038,598
Net profit for the year	–	6,058,217	–	6,058,217	1,672,215	7,730,432
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	–	–	(1,715)	(1,715)	–	(1,715)
Issuance of new shares (Note 19)	4,560,000	–	–	–	–	4,560,000
Acquisition of minority interest	–	–	–	–	(478,413)	(478,413)
Negative goodwill realised to revenue reserve upon acquisition of minority interest (Note 6)	–	223,195	–	223,195	–	223,195
Acquisition of subsidiary (Note 6)	–	–	–	–	1,478,990	1,478,990
Disposal of subsidiary (Note 6)	–	–	–	–	(22,338)	(22,338)
Issuance of shares to minority interest	–	–	–	–	49	49
Dividend paid to minority interest	–	–	–	–	(29,400)	(29,400)
Dividends paid (Note 20)	–	(1,156,697)	–	(1,156,697)	–	(1,156,697)
Balance at 31 December 2007	16,111,142	15,510,678	(6,363)	15,504,315	3,727,244	35,342,701
2008						
Balance at 1 January 2008	16,111,142	15,510,678	(6,363)	15,504,315	3,727,244	35,342,701
Net profit for the year	–	8,239,057	–	8,239,057	114,508	8,353,565
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	–	–	(13,870)	(13,870)	–	(13,870)
Issuance of shares to minority interest	–	–	–	–	80,000	80,000
Dividend paid to minority interest	–	–	–	–	(10,290)	(10,290)
Dividends paid (Note 20)	–	(2,692,973)	–	(2,692,973)	–	(2,692,973)
Balance at 31 December 2008	16,111,142	21,056,762	(20,233)	21,036,529	3,911,462	41,059,133

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2008

	Note	Group 2008 $	Group 2007 $ (restated)
Cash flows from operating activities			
Profit before taxation		10,866,548	10,411,357
Adjustments for:			
Allowance for doubtful debts		1,016,694	412,998
Write-back of allowance for doubtful debts		(43,080)	(134,379)
Loss/(gain) on disposal of fixed assets		59,030	(213,864)
Fixed assets written off		156,361	72,564
Depreciation of fixed assets		4,518,414	2,655,280
Allowance for stock obsolescence		266,672	40,081
Stocks written off directly to profit and loss account		24,900	94,241
Amortisation expense		11,675	–
Gain on disposal of subsidiary	27	–	(1,426,404)
Share of results of associates		425,505	182,578
Interest income		(30,336)	(61,683)
Interest expenses		1,187,438	858,036
Operating cash flows before changes in working capital		18,459,821	12,890,805
(Increase)/decrease in:			
Stocks		(4,443,000)	(2,379,415)
Work-in-progress in excess of progress billings		(1,341,105)	(2,817,502)
Trade debtors		(5,076,484)	(1,246,241)
Other debtors		(5,204,341)	(938,845)
Prepayments		(5,214)	(404,383)
Due from related parties		(7,958,309)	(6,102,359)
Due from associates, net		(13,953)	293,866
Increase/(decrease) in:			
Trade creditors		6,877,328	1,979,829
Other creditors and accruals		9,661,809	4,276,177
Due to related parties		(1,759,816)	1,981,006
Cash flows generated from operations		9,196,736	7,532,938
Interest received		30,336	61,683
Interest paid		(1,006,937)	(856,448)
Income taxes paid		(1,713,631)	(1,238,316)
Net cash flows generated from operating activities		6,506,504	5,499,857

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2008

	Note	2008 $	2007 $ (restated)
Cash flows from investing activities			
Proceeds from disposal of fixed assets		2,309,672	511,050
Purchase of fixed assets	33(b)	(13,617,413)	(11,165,577)
Proceeds from minority shareholder of a subsidiary		80,000	49
Proceeds from disposal of subsidiary, net	6	–	868,460
Net cash outflow on acquisition of minority interests' share in subsidiaries		–	(255,218)
Investment in associates	7	–	(367,937)
Net cash outflow from acquisition of subsidiary	6	–	(5,455,245)
Net cash flows used in investing activities		(11,227,741)	(15,864,418)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,792,270)	(1,386,179)
(Decrease)/increase in bills payable to banks		(1,435,631)	1,989,640
Proceeds from short-term bank loans		18,340,000	7,800,000
Repayment of short-term bank loans		(2,000,000)	(2,895,000)
Dividends paid on ordinary shares by the Company		(2,692,974)	(1,156,697)
Dividends paid to minority shareholders of a subsidiary		(10,290)	(29,400)
Proceeds from issue of new ordinary shares		–	4,560,000
Net cash flows generated from financing activities		10,408,835	8,882,364
Net effect of exchange rate changes in consolidating subsidiaries		(9,439)	(1,722)
Net increase/(decrease) in cash and cash equivalents		5,678,159	(1,483,919)
Cash and cash equivalents at beginning of year		8,601,671	10,085,590
Cash and cash equivalents at end of year	33(a)	14,279,830	8,601,671

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

1. Corporate information

Beng Kuang Marine Limited (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on the Singapore Exchange.

Related parties refer to Dubai Drydocks World LLC and its subsidiaries, and other entities in which the Company's and its subsidiaries' shareholders or directors exercise significant influence over their financial and operating policy decisions.

The registered office of the Company is located at 55 Shipyard Road, Singapore 628141 which is also its principal place of business.

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels.

The principal activities of the subsidiaries are shown in Note 6 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year.

The financial statements are presented in Singapore Dollars ("SGD" or "$") except when otherwise indicated.

2.2 *Future changes in accounting policies*

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statement - Revised presentation	1 January 2009
	Presentation of Financial Statement - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 102	Share-based payment – Amendments relating to vesting conditions and cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009

2. Summary of significant accounting policies (cont'd)

2.2 ***Future changes in accounting policies (cont'd)***

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit and loss, together with all other items of recognised income and expense, either in one single statement, or two linked statements. The Group is currently evaluating the format to adopt.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

2.3 ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.7(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit and loss account on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (cont'd)

2.4 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.5 *Foreign currency*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit and loss accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

2.6 *Fixed assets*

All items of fixed assets are initially recorded at cost. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account.

Depreciation on the relevant assets is charged to the profit and loss account on the basis outlined in paragraph below.

2. Summary of significant accounting policies (cont'd)

2.6 ***Fixed assets (cont'd)***

Depreciation is calculated on the straight-line method to write off the cost of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are as follows:

Motor vehicles	10 years
Computers	3 years
Office equipment	10 years
Furniture and fittings	10 years
Forklifts	10 years
Machinery, tools and equipment	10 years
Air-conditioners	5 years
Leasehold improvement and renovation	3 - 10 years
Leasehold building	over the lease period of 20 to 50 years
Leasehold land	over the lease period of 30 years

No depreciation is provided for fixed assets under construction as these assets are not available for use.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.7 ***Intangible assets***

(a) **Goodwill**

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.7 *Intangible assets (cont'd)*

(a) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Research and development cost

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

(ii) *Intellectual property*

Intellectual property rights acquired in business combination are measured initially at valuation. Intellectual property rights not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. Intellectual property rights have a finite useful life and are amortised over the period of 8 years on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.8 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss account except for assets that are previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 ***Associates***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Summary of significant accounting policies (cont'd)

2.10 ***Associates (cont'd)***

The financial statements of the associates are prepared as of a different reporting date from that of the Company. Adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company to bring the accounting policies into line with those of the Group.

2.11 ***Stocks and work-in-progress***

Stocks relate to trading goods and materials to be used in the rendering of services. These stocks are stated at the lower of cost (determined on a weighted average basis) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

Work-in-progress comprises uncompleted repair and fabrication contracts and includes cost of materials, all direct expenditure and an attributable proportion of overheads plus recognised profit less recognised losses and progress billings. Provision for foreseeable losses on uncompleted contracts is made in the year in which such losses are determined.

2.12 ***Financial assets***

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) **Assets carried at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

(b) **Assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 ***Financial liabilities***

Financial liabilities include trade creditors, which are normally settled on 30-120 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings.

2. Summary of significant accounting policies (cont'd)

2.15 ***Financial liabilities (cont'd)***

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss account. Net gains or losses on derivatives include exchange differences.

2.16 ***Provisions***

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit and loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit and loss account.

2.18 ***Borrowing costs***

Borrowing costs are recognised in the profit and loss account as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2. Summary of significant accounting policies (cont'd)

2.19 ***Employee benefits***

(a) **Defined contribution plan**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (CPF), a defined contribution pension scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) **Employment leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.20 ***Leases***

(a) **As Lessees**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) **As Lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(b).

2.21 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

2. Summary of significant accounting policies (cont'd)

2.21 ***Revenue recognition (cont'd)***

(a) **Revenue**

Revenue from corrosion prevention and infrastructure engineering services is recognised based on the stage of completion or to the extent of contract costs incurred where it is probable those costs will be recoverable. The stage of completion for a given project is measured by reference to the contract costs incurred to date against the estimated total costs for the contract. Revenue is recognised to the extent of contract costs incurred, in situations where the contract outcome cannot be reliably measured.

Supply and distribution revenue is recognised net of goods and services tax and discounts when goods have been delivered and accepted by the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) **Rental income**

Rental income arising from machinery is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Dividends**

Dividend income is recognised when the Group's or Company's right to receive payment is established.

2.22 ***Income tax***

(a) **Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in the profit and loss account except the tax relating to items recognised directly in equity is recognised directly in equity.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.22 *Income tax (cont'd)*

(b) **Deferred tax (cont'd)**

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.23 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.24 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.25 *Contingencies*

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) **Revenue recognition**

The Group recognises revenue arising from provision of corrosion prevention and infrastructure engineering services to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date and the estimated total costs for the contract.

3. Significant accounting estimates and judgements (cont'd)

3.1 ***Judgements made in applying accounting policies (cont'd)***

(a) **Revenue recognition (cont'd)**

Significant judgment is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contract costs incurred. Total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgment, the Group relies on past experience and history of settlements with the customers.

(b) **Income taxes**

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2008 was approximately $3,077,000 (2007: $2,321,000) and $825,000 (2007: $782,000) respectively.

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Depreciation of fixed assets**

Fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these machinery, tools and equipment to be within 10 years. The carrying amount of the Group's machinery, tools and equipment at 31 December 2008 is stated in Note 4 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) **Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. Fixed assets

Group	Motor vehicles	Computers	Office equipment	Furniture and fittings	Forklifts	Machinery, tools and equipment	Air-conditioners	Leasehold improvement and renovation	Leasehold building	Construction in progress	Leasehold land	Yard Development	Total
	$	$	$	$	$	$	$	$	$	$	$	$	$
Cost :-													
At 1 January 2007	2,766,889	457,808	454,513	134,644	778,019	13,129,344	101,045	2,479,503	533,230	410,970	–	–	21,245,965
Reclassification	–	–	(10,546)	46	–	681,580	–	–	–	(671,080)	–	–	–
Additions	802,068	413,402	43,886	2,189	818,316	6,958,371	8,650	218,033	1,959,231	489,610	1,836,367	–	13,550,123
Disposals / written-off	(783,150)	(7,824)	(7,768)	(489)	(19,000)	(1,000,723)	–	–	–	–	–	–	(1,818,954)
Net exchange differences	15	–	14	490	–	(3)	3	(488)	–	–	–	–	31
At 31 December 2007 and 1 January 2008	2,785,822	863,386	480,099	136,880	1,577,335	19,768,569	109,698	2,697,048	2,492,461	229,500	1,836,367	–	32,977,165
Reclassification	(2,417)	15,449	63,290	(25,684)	(223,563)	296,550	–	(116,778)	(1,136,578)	(229,500)	–	1,359,231	–
Additions	756,857	373,234	85,452	16,474	798,602	10,227,344	573	288,210	–	864,854	–	4,037,443	17,449,043
Disposals / written-off	(336,556)	–	(19,527)	–	(366,530)	(3,493,718)	–	–	(341,918)	–	–	–	(4,558,249)
Net exchange differences	(3,176)	–	(1,349)	(97)	–	(1,921)	(251)	(33)	–	–	–	–	(6,827)
At 31 December 2008	3,200,530	1,252,069	607,965	127,573	1,785,844	26,796,824	110,020	2,868,447	1,013,965	864,854	1,836,367	5,396,674	45,861,132
Accumulated depreciation :-													
At 1 January 2007	1,517,354	381,845	367,244	106,727	440,221	6,212,733	87,101	1,861,261	444,908	–	–	–	11,419,394
Reclassification	35,016	–	(1,082)	32	–	(33,966)	–	–	–	–	–	–	–
Charge for the year	263,347	63,634	49,715	11,219	106,012	1,980,582	10,758	149,469	20,544	–	–	–	2,655,280
Disposals / written-off	(577,434)	(7,824)	(7,191)	–	(4,117)	(852,230)	–	(408)	–	–	–	–	(1,449,204)
Net exchange differences	8	–	(27)	33	–	8	1	–	–	–	–	–	23
At 31 December 2007 and 1 January 2008	1,238,291	437,655	408,659	118,011	542,116	7,307,127	97,860	2,010,322	465,452	–	–	–	12,625,493
Reclassification	(8,257)	3,298	46,341	(28,165)	4,437	(20,398)	–	(96,739)	99,483	–	–	–	–
Charge for the year	256,985	193,687	77,053	16,871	228,143	3,408,241	10,211	255,197	72,026	–	–	–	4,518,414
Disposals / written-off	(164,705)	–	(9,599)	–	(272,256)	(1,373,498)	–	–	(213,129)	–	–	–	(2,033,187)
Net exchange differences	(166)	–	(818)	(110)	–	(1,189)	(102)	(11)	–	–	–	–	(2,396)
At 31 December 2008	1,322,148	634,640	521,636	106,607	502,440	9,320,283	107,969	2,168,769	423,832	–	–	–	15,108,324
Net carrying amount :-													
At 31 December 2007	1,547,531	425,731	71,440	18,869	1,035,219	12,461,442	11,838	686,726	2,027,009	229,500	1,836,367	–	20,351,672
At 31 December 2008	1,878,382	617,429	86,329	20,966	1,283,404	17,476,541	2,051	699,678	590,133	864,854	1,836,367	5,396,674	30,752,808

As at 31 December 2008, the Group had motor vehicles, forklift and machinery, tools and equipment purchased under finance lease contracts with carrying amount of $647,098 (2007: $260,980); $216,430 (2007: Nil) and $7,618,857 (2007: $4,113,472) respectively.

4. Fixed assets (cont'd)

Company	Motor vehicles $	Computers $	Office equipment $	Furniture and fittings $	Forklifts $	Tools and equipment $	Air-conditioners $	Renovation $	Total $
Cost :-									
At 1 January 2007	438,186	222,544	58,048	64,424	393,000	1,778,492	28,090	56,965	3,039,749
Additions	294,932	291,006	–	–	52,530	–	–	–	638,468
Disposals	–	–	–	–	–	(334,494)	–	–	(334,494)
At 31 December 2007 and 1 January 2008	733,118	513,550	58,048	64,424	445,530	1,443,998	28,090	56,965	3,343,723
Additions	373,739	209,521	2,760	–	–	–	–	71,880	657,900
Disposals	(176,729)	–	–	–	(314,000)	(213,420)	–	–	(704,149)
At 31 December 2008	930,128	723,071	60,808	64,424	131,530	1,230,578	28,090	128,845	3,297,474
Accumulated depreciation :-									
At 1 January 2007	306,424	196,819	46,015	53,598	318,769	1,601,570	28,090	48,902	2,600,187
Charge for the year	59,422	25,322	4,850	4,493	15,170	91,894	–	5,697	206,848
Disposals	–	–	–	–	–	(316,202)	–	–	(316,202)
At 31 December 2007 and 1 January 2008	365,846	222,141	50,865	58,091	333,939	1,377,262	28,090	54,599	2,490,833
Charge for the year	62,529	119,046	3,412	2,567	9,434	31,531	–	9,557	238,076
Disposals	(101,530)	–	–	–	(256,497)	(210,693)	–	–	(568,720)
At 31 December 2008	326,845	341,187	54,277	60,658	86,876	1,198,100	28,090	64,156	2,160,189
Net carrying amount :-									
At 31 December 2007	367,272	291,409	7,183	6,333	111,591	66,736	–	2,366	852,890
At 31 December 2008	603,283	381,884	6,531	3,766	44,654	32,478	–	64,689	1,137,285

As at 31 December 2008, the Company had motor vehicles purchased under finance lease contracts with a carrying amount of $385,794 (2007: $118,276).

5. Intangible assets

Group	Goodwill $ (restated)	Intellectual property rights $ (restated)	Total $
Cost:-			
At 1 January 2007			
Addition :			
Acquisition of a subsidiary (Note 6)	4,195,537	3,151,000	7,346,537
Disposal of a subsidiary (Note 6)	(1,926,750)	(2,684,000)	(4,610,750)
At 31 December 2007, 1 January 2008 and 31 December 2008	2,268,787	467,000	2,735,787
Accumulated amortisation:-			
At 31 December 2007 and 1 January 2008	–	–	–
Amortisation	–	11,675	11,675
At 31 December 2008	–	11,675	11,675
Net carrying amount:-			
At 31 December 2007	2,268,787	467,000	2,735,787
At 31 December 2008	2,268,787	455,325	2,724,112

Goodwill

In the previous financial year, the acquisition of 51% equity interest in Water and Environmental Technologies (WET) Pte. Ltd. ("WET") on 24 May 2007 gave rise to a provisional goodwill of $5,219,575. The Group had engaged an independent valuer to carry out the purchase price allocation ("PPA") exercise for the acquisition of WET. The PPA exercise has been completed in the current financial year and the revised goodwill is $4,195,537.

During the previous financial year, the Group adjusted the value of provisional goodwill to $3,292,825 after taking into consideration the reduction in interest in New Earth Pte Ltd ("New Earth") from 100% to 40%. This deemed disposal of subsidiary resulted in $1,926,750 of goodwill disposed off.

5. Intangible assets (cont'd)

Intellectual property rights

As a result of the acquisition of WET, the Group holds two patent applications, namely Nano-Structured Photocatalytic Oxidation Process and Rotating Flow Membrane. As at 31 December 2007, the carrying amounts of these patents were $702,320. Upon finalisation of the PPA exercise, the Group recognised an impairment loss of approximately $235,320.

Impairment testing of goodwill

Goodwill acquired through the business combination has been allocated to environment and resources as a cash generating unit for impairment testing. The following describes each key assumption in which management has based its cashflow projections to undertake impairment testing of goodwill:

- Revenues have been projected to increase by 14% in the second year, 229% in the third year with contribution from an additional plant. The subsequent budget periods were extrapolated using a growth rate of 3%;
- Budgeted costs of sales in the first year is determined by budgeting direct materials, direct/indirect labour costs, research and development costs and plant overheads based on prevailing market rates. Costs of sales is forecasted to increase by 29% in the second year, 162% in the third year and by 3% in the fourth and fifth year;
- Budgeted payroll costs will increase by approximately 3% per annum;
- Budgeted general and administrative costs will increase by approximately 3% per annum; and
- The discount rate applied to the cash flow projection is 18% and the long term growth rate is 5%.

6. Subsidiaries

	Company	
	2008	2007
	$	$
Unquoted equity shares, at cost	8,980,971	8,497,796

6. **Subsidiaries (cont'd)**

Details of the subsidiaries as at 31 December are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment held by the Company	
			2008	2007	2008	2007
			%	%	$	$
Held by the Company						
Nexus Sealand Trading Pte Ltd #	Supply and distribution of products	Singapore	100	100	2	2
Asian Sealand Engineering Pte Ltd #	Provision of infrastructure engineering services	Singapore	100	100	1,800,000	1,800,000
PT Nexus Engineering Indonesia *	Provision of corrosion prevention and infrastructure engineering services	Indonesia	100(1)	100(1)	335,972	132,797
PT Master Indonesia *	Supply and distribution of products	Indonesia	100(1)	100(1)	177,000	177,000
B & J Marine Pte. Ltd. #	Provision of hydro-jetting and tank cleaning services	Singapore	51	51	51,000	51,000
B & K Marine Pte. Ltd. #	Provision of corrosion prevention services	Singapore	100	100	100,000	100,000
Beng Kuang Marine (B&Chew) Pte. Ltd. #	Provision of corrosion prevention services	Singapore	100	100	100,000	100,000
Beng Kuang Marine (B&M) Pte. Ltd. #	Provision of corrosion prevention services	Singapore	100	100	100,000	100,000
Beng Kuang Marine (B&Y) Pte. Ltd. #	Provision of corrosion prevention services	Singapore	100	100	100,000	100,000
Nexus Hydrotech Pte. Ltd. #	Provision of corrosion prevention services (utilising hydro-jetting machines)	Singapore	80	80	80,000	80,000

6. **Subsidiaries (cont'd)**

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		Cost of investment held by the Company	
			2008	2007	2008	2007
			%	%	$	$
Held by the Company						
ASIC Engineering Sdn Bhd ^	Provision of infrastructure engineering services	Malaysia	100	100	43,479	43,479
Venture Automation & Engineering Pte. Ltd. #	Provision of industrial & marine automation works	Singapore	51	51	102,000	102,000
Pangco Pte. Ltd. #	Provision of corrosion prevention services	Singapore	51	51	51	51
Water & Environmental Technologies (WET) Pte. Ltd. #	Provision of research & development, and solution for waste management	Singapore	51	51	5,711,465	5,711,465
Asian Sealand Automation Pte. Ltd. #	Provision of automated engineering services	Singapore	100	100	2	2
PT Nexelite CP Indonesia *	Provision of corrosion prevention services	Indonesia	100[(1)]	–	280,000	–
					8,980,971	8,497,796
Held by Nexus Sealand Trading Pte. Ltd.						
BT Asia Marketing & Engineering Pte Ltd #	Trading of copper slag and waste management	Singapore	100	100	–	–
Picco Enterprise Pte. Ltd. #	Supply and distribution of products	Singapore	100	100	–	–
Onehub Tank Coating Pte. Ltd. (formerly known as Superior Towing Services Pte. Ltd.) #	Provision for internal tank coating services	Singapore	100	100	–	–

6. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2008	2007
			%	%
Held by Water & Environmental Technologies (WET) Pte. Ltd.				
Pureflow Pte. Ltd. #	Provision of water & waste water treatment, recycling, consultancy & management services	Singapore	51	51
Asia Recovery Centre Pte. Ltd. #	Provision of water, waste treatment and oilfield chemical	Singapore	30.6[(2)]	–
Held by Pangco Pte. Ltd.				
PT Berger Batam *	Provision of corrosion prevention services	Indonesia	51[(1)]	51[(1)]
Held by Asian Sealand Engineering Pte. Ltd.				
Drako Derrick Services Pte. Ltd.	Provision of rig building services	Singapore	100	–

\# Audited by Ernst & Young LLP Singapore.
^ Audited by Ernst & Young Malaysia.
* Not required to be audited by the laws of country of incorporation.
(1) 1% of the shareholding is held in trust for the Group by an employee of the Group.
(2) 60% of the shareholding is held by Water & Environmental Technologies (WET) Pte. Ltd.

6. Subsidiaries (cont'd)

Acquisition of subsidiary

On 24 May 2007, the Company acquired a 51% equity interest in Water & Environmental Technologies (WET) Pte. Ltd. ("WET"). Upon the acquisition, WET became a subsidiary of the Company.

The fair values of the identifiable assets and liabilities of WET as at the date of acquisition were:

	Note	Recognised on date of acquisition $ (restated)	Carrying amount before combination $
Intangible assets, net		3,151,000	702,320
Other receivables		65,046	65,046
Trade debtors, net		4,757	4,757
Deferred tax assets		16,959	16,959
Deferred tax liabilities		(440,762)	–
Cash and cash equivalents		256,220	256,220
Trade payables		(17,728)	(17,728)
Other payables		(40,574)	(40,574)
		2,994,918	987,000
Minority interest		(1,478,990)	(495,110)
Net identifiable assets		1,515,928	491,890
Goodwill arising from acquisition	5	4,195,537	5,219,575
Total purchase consideration		5,711,465	5,711,465

Total cost of business combination

The total cost of the business combination is as follows:

	$
Cash paid	5,663,040
Directly attributable professional fees	48,425
	5,711,465

The effect of acquisition on cash flows is as follows:

Consideration settled in cash	5,711,465
Less: Cash and cash equivalents of subsidiary acquired	(256,220)
Net cash outflow on acquisition	5,455,245

6. Subsidiaries (cont'd)

Disposal of subsidiary

On 9 July 2007, WET disposed 25,045 ordinary shares in the capital of NewEarth Pte. Ltd. ("NewEarth") for a consideration of $1 million to a third party. Further, on the same day, NewEarth issued and allotted 225,390 new ordinary shares to the third party for a consideration of $9 million. These transactions resulted in a combined decrease in equity interest held by WET from 100% to 40% in NewEarth.

The values of assets and liabilities of NewEarth recorded in the consolidated financial statements as at 9 July 2007, and the cash flow effect of the disposal were:

	Note	2007 $ (restated)
Trade debtors		4,757
Intangible assets	6	2,684,000
Other debtors		54,000
Deferred tax liability		(422,700)
Cash and cash equivalents		131,540
Trade creditors		(16,566)
Other creditors and accruals		(34,633)
Loan from associate		(300,000)
		2,100,398
Minority interest		(22,338)
Attributable net assets disposed		2,078,060
Amount reclassified as costs of investment in associates	7	(4,431,214)
Goodwill disposed of	5	1,926,750
Gain on deemed disposal	27	1,426,404
Cash consideration received		1,000,000

The disposal of subsidiary, net of cash is represented by:

Cash consideration received	1,000,000
Less: Cash and cash equivalents of subsidiary disposed	(131,540)
Net cash inflow on disposal	868,460

6. Subsidiaries (cont'd)

Acquisition of minority interests

The subsidiary company, Nexus Sealand Trading Pte Ltd acquired an additional 49% equity interest in BT Asia Marketing & Engineering Pte Ltd ("BT Asia") on 29 November 2007 and 20% equity interest in OneHub Tank Coating Pte Ltd ("OTC") on 22 November 2007 from its minority interests for a cash consideration $250,000 and $5,218, respectively. Consequently, BT Asia and OTC became wholly owned subsidiaries of the Company. On the date of the acquisition, the book value of the additional interest acquired in BT Asia and OTC was $473,087 and $5,326, respectively. The difference of $233,195 between the consideration and the book value of the interest acquired has been reflected in equity as negative goodwill realised to revenue reserve upon acquisition of the minority interest.

7. Associates

	Group 2008 $	Group 2007 $ (restated)
Shares, at cost (Note 6)	4,616,573	4,431,214
Additional investment	–	367,937
Share of post-acquisition losses	(425,505)	(182,578)
	4,191,068	4,616,573

Name of associate	Principal activities	Country of incorporation and place of business	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
Held by Water and Environmental Technologies (WET) Pte. Ltd.				
NewEarth Pte. Ltd.[1]	Solid waste management	Singapore	20.4	20.4
NewEarth Singapore Pte. Ltd.[1]	Solid waste management	Singapore	14.7	14.7

[1] Last audited by Ernst & Young LLP for the financial year ended 31 March 2008. KPMG LLP has been appointed as auditors from the financial period ending 31 March 2009.

7. Associates (cont'd)

On 9 July 2007, WET disposed 25,045 ordinary shares in the capital of NewEarth for a consideration of $1 million to a third party. On the same day, NewEarth issued and allotted 225,390 new ordinary shares to the third party for a consideration of $9 million. These transactions resulted in a combined decrease in equity interest held by WET from 100% to 40% in NewEarth. Hence, WET ceased to have control over NewEarth (Note 6).

In December 2007, WET increased its investment in NewEarth by subscribing for an additional 459,920 ordinary shares for a consideration of $367,936. As the other third party shareholder of NewEarth also subscribed for a proportionate number of shares in NewEarth for a consideration of $551,904, the equity interest held by WET in NewEarth remains unchanged at 40%.

The summarised financial information of the associates, based on unaudited management account is set out below. The summarised financial information is not adjusted for the proportion of ownership interest held by the Group.

	Group	
	2008	**2007**
	$	**$**
Assets and liabilities:		
Total assets	11,391,520	12,801,002
Total liabilities	(144,128)	(115,137)
Results:		
Losses for the year	(1,063,761)	(530,694)

8. Due from subsidiaries (non-trade)

The amount is unsecured, bears fixed rate of interest at 6.8% (2007: 6.8%) per annum and is repayable over a period ranging from 12 to 30 months.

9. Stocks

	Group 2008 $	Group 2007 $
Trading goods	14,026,418	10,650,500
Materials for own use	1,026,545	251,035
Total stocks at lower of cost and net realisable value	15,052,963	10,901,535
Profit and loss:		
Stocks recognised as an expense in cost of sales	40,296,480	32,471,009
Inclusive of the following charge:		
- Allowance for stock obsolescence	266,672	40,081
- Stocks written off directly to profit and loss account	24,900	94,241

10. Work-in-progress in excess of progress billings

	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
Costs incurred to date	56,043,643	17,520,567	15,686,102	3,291,880
Add: Attributable profits	42,809	1,049,129	–	10,244
	56,086,452	18,569,696	15,686,102	3,302,124
Less: Progress billings	(46,435,312)	(10,259,661)	(12,582,629)	(870,056)
	9,651,140	8,310,035	3,103,473	2,432,068

11. Trade debtors and other receivables

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade debtors and other receivables (current)				
Trade debtors	22,613,097	18,510,228	–	2,965
Other debtors (note 12)	6,945,637	1,741,296	550,778	232,618
Due from subsidiaries (trade)	–	–	3,017,935	2,423,732
Due from subsidiaries (non- trade)	–	–	35,411,366	27,030,512
Due from related parties (trade)	19,862,666	11,818,853	6,797,317	1,566,319
Due from related parties (non-trade)	–	85,504	–	–
Due from associates	20,087	6,134	–	–
	49,441,487	32,162,015	45,777,396	31,256,146
Due from subsidiary (non-current) (note 8)	–	–	236,378	184,996
Total trade debtors and other receivables (current and non-current	49,441,487	32,162,015	46,013,774	31,441,142
Add: Cash and cash equivalents (note 33)	14,279,830	8,601,671	2,113,450	1,419,157
Total loans and receivables	63,721,317	40,763,686	48,127,224	32,860,299

Trade debtors

Trade debtors are non-interest bearing and are generally on 30 to 120 days' payment terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade debtors	27,378,443	24,256,726	3,589	6,555
Less: Estimated rebates/discounts	(2,558,274)	(4,413,345)	–	–
	24,820,169	19,843,381	3,589	6,555
Allowance for doubtful debts	(2,207,072)	(1,333,153)	(3,589)	(3,590)
	22,613,097	18,510,228	–	2,965

Due from subsidiaries/related parties/associates

These are non-interest bearing and subject to normal credit terms of 30 to 120 days.

11. Trade debtors and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $8,596,921 (2007: $13,319,837) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2008	2007
	$	$
Trade receivables past due :		
Less than 30 days	3,059,880	7,203,639
30 to 60 days	2,756,842	2,909,625
61 to 90 days	669,038	918,039
91 to 120 days	2,111,161	2,288,534
	8,596,921	13,319,837

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	Group	
	2008	2007
	$	$
Trade receivables – nominal amounts	8,341,543	10,181,973
Less: Estimated rebates/discounts	(2,558,274)	(4,413,345)
Less: Allowance for impairment	(2,207,072)	(1,333,153)
	3,576,197	4,435,475
Movement in allowance accounts :		
At 1 January	1,333,153	1,191,606
Charged to profit and loss account	1,016,694	412,998
Written off against allowance	(99,695)	(137,072)
Written back to profit and loss	(43,080)	(134,379)
At 31 December	2,207,072	1,333,153

11. Trade debtors and other receivables (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. Other debtors

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Staff loans	3,630	265,400	500	–
Sundry debtors	6,125,615	1,038,915	152,794	–
Deposits	476,436	92,937	–	7,496
Others	339,956	344,044	397,484	225,122
	6,945,637	1,741,296	550,778	232,618

13. Due from/to subsidiaries/related parties (non-trade)

These amounts are unsecured, interest-free and are repayable on demand except for:-

(i) an amount due from certain subsidiaries of $18,741,360 (2007: $10,716,116) which bears floating rate of interest at 0.81% to 4.1% (2007: 1.25% to 4.92%) per annum; and

(ii) an amount due from certain subsidiaries of $3,470,600 (2007: $3,418,690) which bears fixed rate of interest at 5% to 6.8% (2007: 5% to 6.8%) per annum and is repayable within 1 year from 1 January 2008.

14. Fixed deposits

Fixed deposits with financial institutions mature on varying periods within 3 months from the financial year end at a floating rate of 0.50% to 4.50% (2007: 3.00% to 5.15%) per annum.

15. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Trade creditors	17,422,011	10,544,683	23,630	40,193
Other creditors and accruals (Note 16)	21,642,708	11,980,899	4,835,155	3,405,023
Due to subsidiaries (trade)	–	–	6,053,958	935,325
Due to subsidiaries (non-trade)	–	–	44,346	38,977
Due to related parties (trade)	281,325	338,131	115,350	83,379
Due to related parties (non-trade)	257,183	1,960,193	–	–
Total trade and other payables	39,603,227	24,823,906	11,072,439	4,502,897
Add: Loans and borrowings (Note 17)	43,259,122	27,199,641	30,968,000	18,296,070
Total financial liabilities carried at amortised cost	82,862,349	52,023,547	42,040,439	22,798,967

Trade creditors

Trade creditors are non-interest bearing and are normally settled on 60 to 120 days' terms.

Due to subsidiaries/related parties

These are non-interest bearing and subject to normal credit terms of 30 to 120 days.

16. Other creditors and accruals

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Other creditors	4,232,258	1,169,545	394,149	339,388
Accrued operating expenses	17,410,450	10,811,354	4,441,006	3,065,635
	21,642,708	11,980,899	4,835,155	3,405,023

17. Loans and borrowings

	Group 2008 $	Group 2007 $	Company 2008 $	Company 2007 $
Current				
Lease obligations (Note 18)	2,308,590	1,224,608	50,925	22,892
Bank overdrafts	866,337	1,931,086	–	1,324,720
Short-term bank loans	31,462,063	14,941,563	30,004,878	14,941,563
Bills payable to banks	6,169,332	7,604,963	780,941	1,953,593
	40,806,322	25,702,220	30,836,744	18,242,768
Non-current				
Lease obligations (Note 18)	2,452,800	1,497,421	131,256	53,302
Total loans and borrowings	43,259,122	27,199,641	30,968,000	18,296,070

Bank overdrafts/bills payable to banks

The bank overdrafts and bills payable are unsecured and they bear floating rate of interest at 4.50% to 5.50% (2007: 4.50% to 5.50%) and 2.13% to 4.63% (2007: 3.38% to 6.87%) per annum, respectively.

Short-term bank loans

The short-term bank loans are unsecured and bear floating rates of interest ranging from 1.98% to 6.10% (2007: 2.84% to 4.90%) per annum which are also the effective interest rates. The repricing interval for the interest rate ranges from 1 to 3 months. Included in short-term bank loans is interest payable of $222,064 (2007: $41,563).

18. Lease obligations

	2008 Minimum lease payments $	2008 Interest $	2008 Present value of payments $	2007 Minimum lease payments $	2007 Interest $	2007 Present value of payments $
Group						
Within 1 year	2,500,613	192,023	2,308,590	1,330,561	105,953	1,224,608
Within 2 to 5 years	2,639,617	206,717	2,432,900	1,607,822	131,861	1,475,961
More than 5 years	23,064	3,164	19,900	25,504	4,044	21,460
	2,662,681	209,881	2,452,800	1,633,326	135,905	1,497,421
	5,163,294	401,904	4,761,390	2,963,887	241,858	2,722,029

18. Lease obligations (cont'd)

	2008			2007		
	Minimum lease payments $	Interest $	Present value of payments $	Minimum lease payments $	Interest $	Present value of payments $
Company						
Within 1 year	55,888	4,963	50,925	28,200	5,308	22,892
Within 2 to 5 years	143,751	12,495	131,256	58,060	11,406	46,654
More than 5 years	–	–	–	8,277	1,629	6,648
	143,751	12,495	131,256	66,337	13,035	53,302
	199,639	17,458	182,181	94,537	18,343	76,194

Finance leases bear interest ranging from 2.00% to 3.60% (2007: 2.23% to 3.60%) per annum. The effective interest rates range from 4.13% to 7.06% (2007: 4.30% to 7.06%) per annum.

All assets acquired under finance leases are charged to secure the obligations under the finance leases. The carrying amount of assets acquired under finance leases is disclosed in Note 4.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

19. Share capital

	Group and Company			
	2008		2007	
	No. of shares	$	No. of shares	$
Issued and fully paid:				
At 1 January	384,710,625	16,111,142	116,236,875	11,551,142
Issue of new shares pursuant to a private placement	–	–	12,000,000	4,560,000
	384,710,625	16,111,142	128,236,875	16,111,142
Sub-division of each ordinary share into 3 ordinary shares	–	–	256,473,750	–
At 31 December	384,710,625	16,111,142	384,710,625	16,111,142

19. Share capital (cont'd)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

The Company issued 12,000,000 new ordinary shares at S$0.38 each on 9 February 2007 pursuant to a private placement.

In the previous financial year, pursuant to a share split, each ordinary share was sub-divided into 3 ordinary shares. A total of 256,473,750 shares were spilt from the initial 128,236,875 shares which rank pari passu with each other.

20. Revenue reserve

Movements in revenue reserve for the Group are disclosed in the Consolidated Statement of Changes in Equity. Movements in revenue reserve for the Company are set out below :-

	Company	
	2008	**2007**
	$	**$**
Balance as at 1 January	4,181,618	2,906,689
Net profit for the year	1,458,232	2,431,626
Dividends paid	(2,692,974)	(1,156,697)
Balance as at 31 December	2,946,876	4,181,618

The directors proposed a first and final tax exempt one-tier dividend of 0.50 cents per share (2007: 0.70 cents per share less tax of 18%) amounting to $1,923,553 (2007: $2,692,974) in respect of the financial year ended 31 December 2008.

Final dividend for the financial year ended 31 December 2008 is calculated based on 384,710,625 ordinary shares (2007: 384,710,625 ordinary shares).

The dividends have not been recognised as a liability at year end as it is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

21. Revenue

	Group 2008 $	Group 2007 $
Corrosion prevention services	64,246,612	38,923,475
Infrastructure engineering services	39,835,732	28,546,836
Supply and distribution of products	27,305,023	28,216,685
Environment and resource	69,290	–
	131,456,657	95,686,996

Revenue is stated net of estimated rebates and discounts.

22. Other operating income – net

	2008	2007
(Loss)/gain on disposal of fixed assets	(59,030)	213,864
Exchange gain/(loss)	493,220	(290,382)
Fixed assets written off	(156,361)	(72,564)
Other income	650,338	284,823
	928,167	135,741

23. Profit from operations

This is determined after charging/(crediting) the following:

	2008	2007
Non-audit fees paid to auditors of the Company	39,594	45,629
Depreciation of fixed assets	4,518,414	2,655,280
Allowance for doubtful debts	1,016,694	412,998
Write back of allowance for doubtful debts	(43,080)	(134,379)
Stocks recognised as an expense in cost of sales (Note 9)	40,296,480	32,471,009
Personnel expenses		
- Wages, salaries and bonuses	17,686,103	16,031,223
- Central Provident Fund contributions	783,996	634,843
- Other personnel expenses	2,551,455	1,667,719

The personnel expenses include the amounts shown as Directors' and Executive Officers' remuneration in Note 30.

24. Directors' remuneration

The number of Directors of the Company whose remuneration falls within the following bands:

	Group	
	2008	2007
$500,000 and above	2	2
$250,000 to below $500,000	–	–
Below $250,000	4	4
Total	6	6

25. Financial income

	Group	
	2008 $	2007 $
Interest income – fixed deposits and bank balances	30,336	61,683

26. Financial expenses

Interest expense :-		
Bank overdrafts	80,081	53,258
Finance leases	166,060	76,999
Short-term bank loans	724,879	447,442
Bills payable	216,418	280,337
Bank charges	49,425	32,047
	1,236,863	890,083

27. Non-operating income

	Group	
	2008 $	2007 $ (restated)
Gain on deemed disposal of subsidiary	–	1,426,404

27. Non-operating income (cont'd)

On 9 July 2007, WET disposed of 25,045 ordinary shares in the capital of NewEarth for a consideration of $1 million to a third party. On the same day, NewEarth issued and allotted 225,390 new ordinary shares to a third party for a consideration of $9 million. As a result of these transactions, the effective interest held by WET in NewEarth decreased from 100% to 40%, resulting in the disposal of NewEarth as a subsidiary (Note 6).

28. Taxation

Major components of income tax expense
The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group	
	2008 $	2007 $ (restated)
Current tax :-		
Current year	2,406,849	2,432,040
(Over)/under provision in prior year	(98,615)	185,035
Deferred tax :-		
Current year	191,803	148,561
Under/(over) provision in prior year	12,946	(8,261)
Effects of reduction in tax rate	–	(76,450)
	2,512,983	2,680,925

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $1,252,000 (2007: $748,000) and $63,000 (2007: $64,000) respectively, available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act.

The potential deferred tax asset as at 31 December 2008 arising from these unutilised tax losses had not been recognised in the financial statements in accordance with accounting policy Note 2.22 in the financial statements.

28. Taxation (cont'd)

Relationship between tax expense and accounting profit

A reconciliation of the amount determined by multiplying the statutory tax rate against the accounting profit to the Group's tax expense for the years ended 31 December is as follows:

	Group	
	2008 $	2007 $ (restated)
Profit before taxation	10,866,548	10,411,357
Tax at the applicable tax rate of 18%	1,955,979	1,874,044
Tax effect of expenses that are not deductible in determining taxable profit	700,038	637,905
Effects of reduction in tax rate	–	(76,450)
Tax exemption and rebates	(285,717)	(380,867)
Utilisation of previously unrecognised tax losses	(10,248)	–
Deferred tax assets not recognised	92,424	–
Tax effect of different tax rate in foreign jurisdictions	324,312	290,008
(Over)/under provision of current tax in respect of prior years	(98,615)	185,035
Under/(over) provision of deferred tax in respect of prior years	12,946	(8,261)
Share of results of associates	76,590	34,475
Others	(254,726)	125,036
Tax expense	2,512,983	2,680,925

Deferred taxation at 31 December relates to the following:

	Group		Company	
	2008 $	2007 $	2008 $	2007 $
Deferred tax liabilities/(assets) :-				
Excess of net book value over tax written down value of fixed assets	967,295	945,558	97,600	93,200
Provisions	(113,812)	(163,923)	(14,500)	(14,500)
Others	(28,100)	–	–	–
	825,383	781,635	83,100	78,700

The corporate income tax rate applicable to a Malaysian company of the Group was reduced from 27% to 26% for Year of Assessment 2008 onwards.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

29. Earnings per share

The calculations of earnings per share are based on the profit attributable to ordinary equity holders of the Company and the number of shares shown below:

	Group	
	2008 $	2007 $ (restated)
Profit attributable to ordinary equity holders of the Company	8,239,057	6,058,217
	Number of shares	
	2008	**2007**
Weighted average number of shares for basic and diluted earnings per share	384,710,625	145,224,046

(a) Earnings per ordinary share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

(b) There is no dilution of earnings per ordinary share since there is presently no share option scheme on un-issued shares.

30. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties were as follows:

	Group 2008 $	Group 2007 $
Income :-		
Sales to related parties	4,015,453	5,191,166
Services rendered to related parties	48,825,678	19,813,158
Sales of equipment	700,000	–
Expenses :-		
Purchases from related parties	140,315	217,065
Services from related parties	226,560	70,805
Rental of premises from related parties	630,000	525,000
Transport services from related parties	110,473	83,658

Directors' and Executive Officers' remuneration

	Group 2008 $	Group 2007 $
Directors' fees	108,000	107,000
Wages, salaries and bonuses	3,857,476	3,080,226
Central Provident Fund contributions	189,404	152,584
	4,154,880	3,339,810

Short–term employee benefits comprise amounts paid to :-

	Group 2008 $	Group 2007 $
Directors of the Company	2,018,165	1,621,892
Executive Officers of the Group	2,136,715	1,717,918
	4,154,880	3,339,810

31. Operating lease commitments

The Group has various operating lease agreements for office premises and workers' accommodation.

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
Future minimum lease payments				
- Within 1 year	720,183	556,147	420,000	420,000
- Within 2 to 5 years	515,762	1,066,911	420,000	840,000
	1,235,945	1,623,058	840,000	1,260,000

Rental expense was $971,494 and $736,147 for the years ended 31 December 2008 and 2007 respectively.

The lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing, escalation clauses and do not provide for contingent rents for the financial years ended 31 December 2008 and 2007. For the financial year ended 31 December 2008 and 2007, certain lease agreements contain renewal option for additional lease period of 1 year at prevailing market rates.

32. Capital expenditure commitments

Capital expenditure approved but not provided for in the financial statements are as follows:

	Group	
	2008	2007
	$	$
Purchase of fixed assets approved but not provided for in the financial statements as at 31 December	460,000	3,414,700

33. Notes to consolidated statement of cash flows

(a) *Cash and cash equivalents*

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2008	2007
	$	$
Cash and bank balances		
- non-interest bearing	8,282,211	5,733,037
- interest bearing	6,001,043	1,299,594
Fixed deposits (Note 14)	862,913	3,500,126
Bank overdrafts (Note 17)	(866,337)	(1,931,086)
	14,279,830	8,601,671

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

Cash and bank balances earn interest of ranging from 0.000105% to 2.25% (2007: 0.1854%) per annum.

Included in cash and cash equivalents for the Group are $2,559,855 (2007: $4,670,025), $61,149 (2007: $108,290) and $1,128,854 (2007: $1,122,043) denominated in US dollars, Indonesian Rupiah and Malaysian Ringgit, respectively.

(b) *Fixed assets*

During the financial year, the Group acquired fixed assets with an aggregate cost of $17,449,043 (2007: $13,550,123) of which $3,831,630 (2007: $2,384,546) were acquired by means of lease agreements and cash payments of $13,617,413 (2007: $11,165,577).

34. Segment information

(a) *Reporting format*

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the type of services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

34. Segment information (cont'd)

(b) ***Allocation basis and transfer pricing***

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on arm's length basis and is in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(c) ***Business segments***

The Group has 4 main business segments as detailed below.

Corrosion Prevention: This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries. It also includes corrosion prevention services for steel work structures and piping modules of oil rigs and jack-up rigs.

Infrastructure Engineering: This relates to the provision of turnkey engineering services from planning project management to implementation involving fabrication, corrosion prevention, testing, installation and pre-commissioning steel work modules and structures.

Supply and Distribution: This relates to the supply and distribution of hardware equipment, tools and other products used in the marine, oil and gas, and construction industries.

Environment and Resource: This relates to the provision of effective and efficient technological solutions for water & waste water treatment; solid waste management; and other areas on recovery of natural resources.

34. Segment information (cont'd)

(c) *Business segments (cont'd)*

	Corrosion prevention $	Infrastructure engineering $	Supply and distribution $	Environment and resource $	Elimination $	Consolidated $
Year ended 31 December 2008						
Sales to external customers	64,246,611	39,835,732	27,305,024	69,290	–	131,456,657
Inter-segment sales	3,053,897	4,000,144	11,173,339	–	(18,227,380)	–
Total revenue	67,300,508	43,835,876	38,478,363	69,290	(18,227,380)	131,456,657
Segment results	6,940,817	3,894,120	2,999,860	(518,305)	–	13,316,492
Unallocated expenses						(817,912)
Financial income	8,302	16,523	563	4,948	–	30,336
Financial expenses	(550,202)	(308,921)	(376,190)	(1,550)	–	(1,236,863)
Share of results of associates	–	–	–	(425,505)	–	(425,505)
Profit before taxation						10,866,548
Taxation						(2,512,983)
Profit after taxation						8,353,565
Minority interest						(114,508)
Net profit						8,239,057
Segment assets	104,976,157	41,459,618	46,973,841	3,492,038	(73,268,724)	123,632,930
Investment in associates	–	–	–	4,191,068	–	4,191,068
Total assets						127,823,998
Segment liabilities	48,267,144	34,691,454	42,924,385	243,212	(73,268,724)	52,857,471
Unallocated liabilities						33,907,394
Total liabilities						86,764,865
Capital expenditure	8,582,987	8,723,470	98,215	44,371	–	17,449,043
Depreciation	3,442,055	845,157	195,240	35,962	–	4,518,414
Non-cash expense (Allowance for doubtful debts)	353,759	5,033	657,902	–	–	1,016,694

34. Segment information (cont'd)

(c) *Business segments (cont'd)*

	Corrosion prevention $	Infrastructure engineering $	Supply and distribution $	Environment and resource $ (restated)	Elimination $	Consolidated $ (restated)
Year ended 31 December 2007						
Sales to external customers	38,923,475	28,546,836	28,216,685	–	–	95,686,996
Inter-segment sales	397,604	477,926	7,872,920	–	(8,748,450)	–
Total revenue	39,321,079	29,024,762	36,089,605	–	(8,748,450)	95,686,996
Segment results	4,600,276	3,259,826	2,930,200	1,308,049	–	12,098,351
Unallocated expenses						(676,016)
Financial income	30,966	24,815	282	5,620	–	61,683
Financial expenses	(190,778)	(268,768)	(430,534)	(3)	–	(890,083)
Share of results of associates	–	–	–	(182,578)	–	(182,578)
Profit before taxation						10,411,357
Taxation						(2,680,925)
Profit after taxation						7,730,432
Minority interest						(1,672,215)
Net profit						6,058,217
Segment assets	71,471,616	25,143,255	29,921,757	3,728,154	(44,411,942)	85,852,840
Investment in associates	–	–	–	4,616,573	–	4,616,573
Total assets						90,469,413
Segment liabilities	34,030,429	21,783,079	25,636,000	44,418	(44,411,942)	37,081,984
Unallocated liabilities						18,044,728
Total liabilities						55,126,712
Capital expenditure	7,240,002	5,366,877	898,358	44,886	–	13,550,123
Depreciation	1,950,504	453,615	244,117	7,044	–	2,655,280
Non-cash expense						
(Allowance for doubtful debts)	51,225	100,206	261,567	–	–	412,998

* Environment and Resources segment results primarily consist of gain of $1,426,404 on deemed disposal of subsidiary (Note 27).

34. Segment information (cont'd)

(d) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Revenue disclosed in the geographical segments are based on the billing location of customers.

	Singapore		Others [1]		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
		(restated)						(restated)
Revenue :								
Sales to external customers	**99,490,858**	64,185,118	**31,965,799**	31,501,878	**–**	–	**131,456,657**	95,686,996
Inter-segment sales	**8,764,729**	12,569,159	**11,615,223**	4,217,015	**(20,379,952)**	(16,786,174)	**–**	–
Total revenue	**108,255,587**	76,754,277	**43,581,022**	35,718,893	**(20,379,952)**	(16,786,174)	**131,456,657**	95,686,996
Other segment information :								
Segment assets	**118,949,317**	83,371,301	**46,805,451**	29,124,818	**(42,121,838)**	(26,643,279)	**123,632,930**	85,852,840
Investment in associates	**4,191,068**	4,616,573	**–**	–	**–**	–	**4,191,068**	4,616,573
Total assets							**127,823,998**	90,469,413
Capital expenditure	**8,002,721**	8,302,420	**9,446,322**	5,247,703	**–**	–	**17,449,043**	13,550,123

[1] Others being Indonesia and Malaysia.

35. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Though the Group does not have written risk management policies and guidelines, the Audit Committee and the Board of Directors meet periodically to review and analyse the Group's exposure to credit risks, major changes in interest rates and the fluctuation of foreign currency exchange rates. The Group does not hold or issue derivative financial instruments for trading purposes.

The Group adopts a conservative strategy on managing its financial risks, thus, the exposure to market risk is kept at a minimum level. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to interest earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

35. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available in the market.

The following tables set out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group and the Company that are exposed to the interest rate risk:

2008 **Group**	**Within** **1 year** **$**	**Within** **2 to 5 years** **$**	**More than** **5 years** **$**	**Total** **$**
Fixed rate				
Lease obligations	2,308,590	2,432,900	19,900	4,761,390
Floating rate				
Fixed deposits	862,913	–	–	862,913
Bank overdrafts	866,337	–	–	866,337
Short-term bank loans	31,462,063	–	–	31,462,063
Bills payable to banks	6,169,332	–	–	6,169,332
Company				
Fixed rate				
Lease obligations	50,925	131,256	–	182,181
Floating rate				
Short-term bank loans	30,004,878	–	–	30,004,878
Bills payable to banks	780,941	–	–	780,941

35. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

2007 Group	Within 1 year $	Within 2 to 5 years $	More than 5 years $	Total $
Fixed rate				
Lease obligations	1,224,608	1,475,961	21,460	2,722,029
Floating rate				
Fixed deposits	3,500,126	–	–	3,500,126
Bank overdrafts	1,931,086	–	–	1,931,086
Short-term bank loans	14,941,563	–	–	14,941,563
Bills payable to banks	7,604,963	–	–	7,604,963
Company				
Fixed rate				
Lease obligations	22,892	46,654	6,648	76,194
Floating rate				
Bank overdrafts	1,324,720	–	–	1,324,720
Short-term bank loans	14,941,563	–	–	14,941,563
Bills payable to banks	1,953,593	–	–	1,953,593

35. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Cashflow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis points (bp) in the interest rate at the reporting date would increase (decrease) profit or loss by the amounts shown below. This analysis assumes that all variables, in particular, foreign currency rates, remain constant.

	2008		2007	
Group	**100 bp Increase**	**100 bp Decrease**	**100 bp Increase**	**100 bp Decrease**
	$	**$**	**$**	**$**
Floating rate instruments				
Singapore Dollar	(312,354)	312,354	(194,110)	194,110
United States Dollar	–	–	15,675	(15,675)
Malaysian Ringgit	3,748	(3,748)	6,420	(6,420)
Company				
Floating rate instruments				
Singapore Dollar	(252,444)	252,444	(149,403)	149,403

35. Financial risk management objectives and policies (cont'd)

Liquidity risk

The Group's exposure to liquidity arises in the general funding of the Group's business activities. It includes the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group also managed sufficient funding through short-term bank loans and overdraft facilities.

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the balance sheet date based on the contractual undiscounted cashflow:-

	2008				2007			
	Within 1 year	Within 2 to 5 years	More than 5 years	Total	Within 1 year	Within 2 to 5 years	More than 5 years	Total
	$	$	$	$	$	$	$	$
Group								
Trade and other payables	39,064,719	–	–	39,064,719	24,525,582	–	–	24,525,582
Due to related parties (trade)	281,325	–	–	281,325	338,131	–	–	338,131
Due to related parties (non-trade)	257,183	–	–	257,183	1,960,193	–	–	1,960,193
Loans and borrowings	40,806,322	2,432,900	19,900	43,259,122	25,702,220	1,475,961	21,460	27,199,641
	80,409,549	2,432,900	19,900	82,862,349	50,526,126	1,475,961	21,460	52,023,547
Company								
Trade and other payables	4,858,805	–	–	4,858,805	3,445,216	–	–	3,445,216
Due to subsidiaries (trade)	6,053,958	–	–	6,053,958	935,325	–	–	935,325
Due to subsidiaries (non-trade)	44,326	–	–	44,326	38,977	–	–	38,977
Due to related parties (trade)	115,350	–	–	115,350	83,379	–	–	83,379
Loans and borrowings	30,836,744	131,256	–	30,968,000	18,242,768	46,654	6,648	18,296,070
	41,909,183	131,256	–	42,040,439	22,745,665	46,654	6,648	22,798,967

35. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis through the application of credit approvals, credit limits and debt monitoring procedures. Where appropriate, the Company or its subsidiaries obtain guarantees from the customer or arrange netting agreements. For customers of lower credit standing, the Group would usually enforce to transact in cash terms, advance payments, and letters of credit.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance includes general and specific loss components.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (Trade and other receivables).

The extent of the Group's and the Company's credit exposure is represented by aggregate carrying amount of cash and cash equivalents, trade debtors (including due from related parties and subsidiaries) and other debtors.

As at 31 December 2008, the Group has no significant concentrations of credit risk with any single customer.

35. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and business sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2008		2007	
	$	% of total	$	% of total
			(restated)	
By country				
Singapore	16,110,980	71%	14,627,667	79%
Indonesia	3,354,233	15%	2,857,412	15%
Malaysia	3,147,884	14%	1,025,149	6%
	22,613,097	100%	18,510,228	100%

Foreign exchange risk

Certain subsidiaries of the Group generate revenue and incur certain operating costs in foreign currencies which give rise to foreign exchange risk. The Group's exposure to foreign exchange risk is not considered as significant by management and the risk is primarily managed by natural hedges of matching assets and liabilities denominated in foreign currencies. The Group will closely monitor the foreign exchange risk and will consider hedging significant foreign currency exposure should the need arise in future.

Sensitivity analysis for foreign currency risk

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
United States Dollar	(380,513)	(410,811)	(242,978)	(21,853)
Malaysian Ringgit	(131,459)	(62,850)	–	–
Indonesian Rupiah	(4)	3	–	–

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

36. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board of Directors manages the level of dividends to shareholders, return capital to shareholders or issue new shares. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2008	2007	2008	2007
	$	$	$	$
		(restated)		
Net debt	67,716,182	41,490,790	39,926,989	22,704,530
Total equity	41,059,133	35,342,701	19,058,018	20,292,760
Total capital	108,775,315	76,833,491	58,985,007	42,997,290
Gearing ratio	62%	54%	68%	53%

The Group and Company are in compliance with all borrowing covenants for the financial years ended 31 December 2008 and 2007. There were no changes in the Group's approach to capital management during the financial year.

37. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, trade and other debtors, and amounts due from related parties and subsidiaries

The carrying amount approximates fair value due to the short-term maturity of these financial instruments.

Short-term borrowings, trade and other creditors, and amounts due to related parties and subsidiaries

The carrying amount approximates fair value because of the short period to maturity of these instruments.

37. Fair value of financial instruments (cont'd)

Lease obligations

The fair value of lease obligations is determined by discounting the relevant cash flow using current interest rate for similar instruments as of balance sheet date.

As at 31 December 2008, the fair values of financial assets and financial liabilities which do not approximate the carrying amounts in the balance sheet are presented in the following table.

	Note	2008 Carrying amount $	2008 Estimated fair value $	2007 Carrying amount $	2007 Estimated fair value $
Group					
Lease obligations	17	4,761,390	4,993,893	2,722,029	2,862,763
Company					
Lease obligations	17	182,181	188,166	76,194	87,528

38. Prior year comparatives

	Group 2007 as reclassified $	Group 2007 as previously classified $
Balance sheet		
Trade debtors	18,510,228	21,229,120
Due from related parties (trade)	11,818,853	9,099,961
Trade creditors	10,544,683	10,576,172
Due to related parties (trade)	338,131	306,642

Trade debtors and trade creditors amounting to $2,718,892 and $31,489 respectively, were reclassified and disclosed as due from related parties (trade) and due to related parties (trade) respectively.

39. Subsequent events

(a) On 22 January 2009, the Singapore Finance Minister announced the revision in the Singapore corporate tax rate from 18% to 17% with effect from Year of Assessment 2010. In accordance with FRS 12, Income Taxes, and FRS 10, Events After the Balance Sheet, this is a non-adjusting subsequent event and the financial effect of the reduced tax rate will be reflected in the 31 December 2009 financial year.

The Group's deferred tax provision has been computed on the year end prevailing tax rate of 18%. Applying the reduced tax rate of 17% would result in an approximately $46,000 reduction in deferred tax liability.

(b) On 22 January 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit scheme. Under this scheme, employers will receive a 12% cash grant on the first S$2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009. For each payment, employers will receive Jobs Credit on the employees that are on their CPF payrolls at the start of the quarter in which payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12 % cash credit that employers will receive.

According to FRS 10, this is a non adjusting subsequent event and the financial effect of the Jobs Credit scheme will be reflected in the 31 December 2009 financial year. Applying the Jobs Credit cash grant of 12% would result in an estimated $502,000 of grants receivable.

(c) On the 22 January 2009, Heng Huat Shipbuilding & Construction Pte Ltd granted a subsidiary of the Company an option to acquire a leasehold property for a purchase consideration of $7.2 million. The purchase consideration was arrived at on a willing-seller-willing-buyer basis and taking into account, inter alia, the valuation carried out by Chesterton International Property Consultants Pte Ltd, an independent valuer appointed by the Group.

(d) The Company has entered into a memorandum of understanding with Quill Far East Pte Ltd ("Quill"), pursuant to which the parties will establish a joint venture company ("JVC") in Singapore, to be known as Quill Marine Pte Ltd (the "JVC"). The JVC will be engaged in the business of rental, sales, repair and maintenance of wet blasting machines and its related business.

(e) A subsidiary of the Company had increased its issued and paid up capital from $1,000 to $100,000. Nexus Sealand Trading, a wholly owned subsidiary of the Company has subscribed for an additional 99,000 ordinary shares satisfied by cash of $99,000.

40. Authorisation of financial statements

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the Directors on 20 March 2009.

SHAREHOLDING STATISTICS

As at 13 March 2009

Issued and fully paid	:	S$16,111,142.00
Number of shares	:	384,710,625
Number of Treasury Shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2009, 25.15% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	314	22.40	1,962,000	0.51
10,001 - 1,000,000	1,069	76.25	72,040,000	18.73
1,000,001 and above	19	1.35	310,708,625	80.76
	1,402	100.00	384,710,625	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Labroy Marine Pte. Ltd.	145,712,625	37.88
2	Chua Beng Kuang	35,947,500	9.34
3	Chua Beng Hock	34,999,500	9.10
4	Chua Beng Yong	34,999,500	9.10
5	Chua Meng Hua	34,999,500	9.10
6	Kim Eng Securities Pte. Ltd.	4,057,000	1.05
7	DBS Nominees Pte Ltd	2,722,000	0.71
8	United Overseas Bank Nominees Pte Ltd	2,317,000	0.60
9	Ng Ah Hock	1,946,000	0.51
10	OCBC Nominees Singapore Pte Ltd	1,585,000	0.41
11	Subramaniam s/o Muneyandi	1,515,000	0.39
12	OCBC Securities Private Ltd	1,452,000	0.38
13	See Mui Khim	1,443,000	0.38
14	Hong Leong Finance Nominees Pte Ltd	1,378,000	0.36
15	Phillip Securities Pte Ltd	1,310,000	0.34
16	UOB Kay Hian Pte Ltd	1,182,000	0.31
17	DBS Vickers Securities (S) Pte Ltd	1,097,000	0.29
18	Giam Choon Huat	1,041,000	0.27
19	Ng Hwee Koon	1,005,000	0.26
20	Koh Teck Yeow	960,000	0.25
		311,668,625	81.03

SHAREHOLDING STATISTICS
As at 13 March 2009

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Labroy Marine Pte. Ltd.	145,712,625	37.88	-	-
Chua Beng Kuang	35,947,500	9.34	-	-
Chua Meng Hua	34,999,500	9.10	-	-
Chua Beng Yong	34,999,500	9.10	-	-
Chua Beng Hock	34,999,500	9.10	-	-
Dubai Drydocks World LLC(1)	-	-	145,712,625	37.88
Dry Docks & Maritime World LLC(1)	-	-	145,712,625	37.88
Dubai World Holdings Limited(1)	-	-	145,712,625	37.88

Note:

1. Dubai Drydocks World LLC, Dry Docks & Maritime World LLC and Dubai World Holdings Limited are deemed to have an interest in 145,712,625 shares held by Labroy Marine Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Beng Kuang Marine Limited (the "Company") will be held at 55 Shipyard Road, Singapore 628141 on Monday, 27 April 2009 at 3.00 p.m., for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial period ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a one-tier tax exempt first and final dividend of 0.50 cents per ordinary share for the financial year ended 31 December 2008. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:

   (i) Mr Chua Beng Kuang (Article 107) **(Resolution 3)**

   (ii) Mr Yong Thiam Fook (Article 107) **(Resolution 4)**

4. To approve the payment of Directors' fees of S$108,000 (2007: S$107,000) for the financial year ended 31 December 2008. **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments:

   Authority to allot and issue shares up to 50 per centum (50%) of issued share capital

   "That pursuant to Section 161 of the Companies Act, Cap. 50, and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities issued pursuant to such authority shall not exceed 50 per centum (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed 20 per centum (20%) of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of awards outstanding or subsisting at the time such authority is given and any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or on the date by which the next AGM is required by law to be held, whichever is the earlier." [See Explanatory Note 1] **(Resolution 7)**

7. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments:

Renewal of Shareholders' Mandate for Interested Person Transactions

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual), or any of them, to enter into any of the transactions falling within the types of interested person transactions set out in the addendum to this Annual Report dated 8 April 2009 (the "Addendum") with any party who is of the class of interested persons described in Addendum provided that such transactions are on normal commercial terms, not prejudicial to the interests of the Company and its minority Shareholders and in accordance with the review procedures for such interested person transactions (the "Shareholders' Mandate");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company, and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution." [See Explanatory Note 2] **(Resolution 8)**

8. To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without modification:

Authority to issue shares at a discount

"That subject to and pursuant to the share issue mandate in resolution 7 above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST." [See Explanatory Note 3] **(Resolution 9)**

9. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries

Singapore
8 April 2009

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 55 Shipyard Road, Singapore 628141, not less than 48 hours before the time appointed for holding the above Meeting.

Explanatory Notes:

1. The proposed Ordinary Resolution 7, if passed, will authorise the Directors of the Company to issue shares up to 50% of the Company's issued share capital, with an aggregate sub-limit of 20% of the Company's share capital for any issue of shares not made on a pro-rata basis to shareholders of the Company.

2. The proposed Ordinary Resolution 8, if passed, will authorise the interested person transactions as described in the Addendum and recurring in the year and will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to do all acts necessary to give effect to the Shareholders' Mandate. The rationale for and categories of interested person transactions pursuant to the Shareholders' Mandate are set out in greater detail in the Addendum accompanying this Notice.

3. The proposed Ordinary Resolution 9, if passed, will authorise the Directors to issue new shares (other than on a pro-rata basis to shareholders of the Company) at an issue price of up to 20% discount to the weighted average price per share.

ADDENDUM DATED 8 APRIL 2009

This Addendum is circulated to Shareholders of Beng Kuang Marine Limited (the "Company") together with the Company's Annual Report. Its purpose is to explain to Shareholders the rationale and provide information to the Shareholders for proposed renewal of the Shareholders' Mandate for Interested Person Transactions to be tabled at the Annual General Meeting to be held on 27 April 2009 at 3.00 p.m. at 55 Shipyard Road, Singapore 628141.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.

Beng Kuang Marine Limited

明 光 海 事 有 限 公 司

(Company Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

ADDENDUM IN RELATION TO THE DETAILS OF THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

DEFINITIONS

In this Addendum, the following definitions apply throughout unless otherwise stated:-

"Act"	:	The Companies Act (Chapter 50) of Singapore
"AGM"	:	The Annual General Meeting of the Company
"Board" or "Directors"	:	The Directors of the Company as at the date of this Addendum
"CDP"	:	The Central Depository (Pte) Limited of Singapore
"Company"	:	Beng Kuang Marine Limited
"Controlling Shareholder"	:	A person who has an interest in the Shares of an aggregate of not less than 15% of the total votes attached to all the Shares, or in fact exercises control over the Company
"DDW LLC"	:	Dubai Drydocks World LLC
"DWS"	:	Drydocks World – Singapore Pte. Ltd.
"Executive Director"	:	The Executive Directors of the Company as at the date of this Addendum, unless otherwise stated
"Executive Officers"	:	The Executive Officers of the Group as at the date of this Addendum, unless otherwise stated
"Group"	:	The Company and its subsidiaries
"Hwah Hong"	:	Hwah Hong Transportation Pte. Ltd.
"Interested Person"	:	A Director, Chief Executive Officer or Controlling Shareholder of the listed company or an associate of such Director, Chief Executive Officer or Controlling Shareholder
"Interested Person Transaction"	:	Transactions proposed to be entered into between the Group and any interested person
"LMPL"	:	Labroy Marine Pte. Ltd.
"Latest Practicable Date"	:	28 March 2009, being the latest practicable date prior to the printing of this Addendum

"Listing Manual"	:	The listing manual of the SGX-ST
"NTA"	:	Net tangible assets
"Securities Account"	:	Securities account maintained by a Depositor with CDP
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
"Substantial Shareholder"	:	A person who owns directly or indirectly 5% or more of the total share capital in the Company or in a company, as the case may be
"S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any modification thereof and not otherwise defined in this Addendum shall have the same meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Addendum is made by reference to Singapore time unless otherwise stated.

BENG KUANG MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199400196M)

Directors	***Registered Office***
Mr Chua Beng Kuang (Executive Chairman)	55 Shipyard Road
Mr Chua Meng Hua (Managing Director)	Singapore 628141
Mr Yong Thiam Fook (Executive Director)	
Mr Sameer Y. Khan (Non-Executive Director)	
Mr Goh Chee Wee (Independent Director)	
Dr Wong Chiang Yin (Independent Director)	8 April 2009

To: The Shareholders of Beng Kuang Marine Limited

Dear Sir/Madam

1. INTRODUCTION

The purpose of this Addendum is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the Group's existing general mandate, approved by the Shareholders during the last extraordinary general meeting held on 22 April 2008, which will enable the Group to enter into transactions with Interested Person in compliance with Chapter 9 of the Listing Manual ("Shareholders' Mandate").

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its unlisted subsidiaries or unlisted associated companies proposes to enter with an interested person of the listed company. An "interested person" is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations which may be carried out with the listed company's interested persons, but not the purchase or sale of assets, undertakings or businesses provided such transactions are entered into at arm's length basis and on normal commercial terms and are not prejudicial to the interests of the listed company and its minority shareholders.

The current Shareholders' Mandate, which was approved by the Shareholders during the last extraordinary general meeting held on 22 April 2008, will continue to be in force until the forthcoming AGM, which is to be held on 27 April 2009. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the forthcoming AGM.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as "interested person", "associate", "associated company" and "controlling shareholder", are set out in the annexure of this Addendum.

2. SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Categories of Interested Persons

The renewed Shareholders' Mandate will apply to all transactions (as defined below) with entered into between the Group and:-

(a) DDW LLC, its existing subsidiaries, including LMPL and its subsidiaries and DWS and its subsidiaries, together with any of their respective future subsidiaries which may be newly set up or to be acquired by them from time to time (collectively, "DDW LLC Group"); and

(b) Hwah Hong.

By virtue of LMPL's equity interest of approximately 37.88% in the Company as at the Latest Practicable Date, the DDW LLC Group is deemed an Interested Person of the Company for the purposes of Chapter 9 of the Listing Manual.

Mr Chua Beng Hock, who is the Executive Officer of the Group and the brother of Mr Chua Beng Kuang (Executive Chairman), Mr Chua Meng Hua (Managing Director) and Mr Chua Beng Yong (Executive Officer), has an equity interest of approximately 65% in Hwah Hong as at the Latest Practicable Date. Accordingly, Hwah Hong is deemed an Interested Person of the Company for the purposes of Chapter 9 of the Listing Manual.

Transactions with the DDW LLC Group, Hwah Hong or any other Interested Person of the Group that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Mandate.

2.2 Categories of Interested Person Transactions

The interested Person Transactions with the DDW LLC Group and/or Hwah Hong which will be covered by the Shareholders' Mandate ("Mandate Transactions") include the following:

(a) the provision of corrosion prevention services and infrastructure engineering services to the DDW LLC Group;

(b) the engagement of services and sub-contract work from the DDW LLC Group to fulfill the contractual commitments relating to the infrastructure engineering projects including but not limited to pipe fabrication services and steel welding services, and the purchase of items necessary from the DDW LLC Group to carry out such work including, but not limited to, steel materials, angle bars and electrodes;

(c) the supply of hardware equipment and tools (such as electrode holders, welding cables, wire brushes) and other consumables (such as electrodes and gloves) to the DDW LLC Group;

(d) the engagement of sea transportation services from the DDW LLC Group for the projects and products; and

(e) the engagement of lorry and crane services from Hwah Hong.

The Shareholders' Mandate will not cover any Mandate Transaction that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. Interested Person Transactions entered or to be entered into by the Group that do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Mandate.

2.3 Rationale for and Benefits of the Shareholders' Mandate

The Mandate Transactions are entered into or are to be entered into by the Group in its ordinary course of business. The Mandate Transactions are recurring transactions which are likely to occur with some degree of frequency and may arise at any time and from time to time. The Directors are of the view that it will be beneficial to the Group to transact with the DDW LLC Group and/or Hwah Hong. It is intended that the Mandate Transactions shall continue in the future as long as the DDW LLC Group and/or Hwah Hong (as the case may be) are Interested Persons of the Group and so long as the transactions are at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders.

The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to announce and/or convene separate general meetings on each occasion in order to seek Shareholders' prior approval for the entry by the Group into Mandate Transactions. This will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficiency, and allow resources and time of the Group to be focused towards other corporate and business opportunities.

The Shareholders' Mandate is intended to facilitate the Mandate Transactions, provided that they are carried out at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders.

2.4 Review Procedures for Mandate Transactions

To ensure that Mandate Transactions are undertaken at arm's length basis and on normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the DDW LLC Group and/or Hwah Hong than those extended to unrelated third parties, we will adopt the specific guidelines and procedures as set out below:-

(i) All Mandate Transactions of which are S$100,000 and above in value shall not be entered into unless the terms are determined as follows:

(a) In relation to the sale of products to the DDW LLC Group, the selling price or fee shall not be more favourable to the DDW LLC Group than that offered to the Group's unrelated third party customers in recent transactions after taking into consideration non-price factors such as customers' credit standing, volume of transactions, delivery requirements, length of business relationship and potential for future repeated business;

(b) In relation to the supply of services to the DDW LLC Group, the fee shall not be more favourable to the DDW LLC Group than that offered to the Group's unrelated third party customers in recent transactions after taking into consideration non-price factors as mentioned in (a) above and additional factors such as the type of facilities available and material requirements; and

(c) In relation to the purchase of items and the engagement of services from the DDW LLC Group and/or Hwah Hong, the Group shall obtain two other quotations from non-Interested Persons for comparison. The purchase price or fee shall not be less favourable to the Group than the most competitive price or fee of the other quotations from non-Interested Persons. In determining the most competitive price or fee, non-price factors such as quality, delivery time, credit terms granted and track record will be taken into account.

(ii) In the event that it is not possible for external quotations to be obtained (for instance, if there is no unrelated third party who is able to provide the same products or perform the same function) or there are no relevant successful sales of products or services to unrelated third party customers for the comparison, the Group will adopt the following procedures to determine whether the prices or fees offered by or to the DDW LLC Group and/or Hwah Hong are in accordance with the industry norms, at arm's length basis and on normal commercial terms:-

(a) For purchases of products and/or engagement of services from the DDW LLC Group and/or Hwah Hong, the purchase price must be no less favourable to the Group than that charged by the DDW LLC Group and/or Hwah Hong to their other unrelated customers after taking into consideration other non-price factors such as quality, delivery time, track record, and credit terms granted. We will obtain from the DDW LLC Group, Hwah Hong and elsewhere, the necessary evidence to satisfy ourselves that the basis set out herein have been adhered to in the purchases from them. We will also consider the cost and benefits of such transactions to the Group; and

(b) For sale of products and services to the DDW LLC Group, the price charged by the Group shall be determined in accordance with the Group's usual business practices and consistent with the Group's profit margin to be obtained by the Group for the same or substantially the same products and services after taking into consideration non-price factors such as customers' credit standing, volume of transactions, delivery requirements, length of business relationship, type of working facilities and equipment available, scope of supply of materials and potential for future repeat business.

(iii) In addition, the following review and approval procedures will be implemented by the Group:-

(a) Any Mandate Transaction which equals or exceeds more than S$100,000 but less than or equal to 3% of the Group's latest audited NTA in value will be reviewed and approved by either a Director, the Financial Controller or an Executive Officer of the Group (each of whom shall not be an Interested Person in respect of the particular transaction) prior to entering into the transaction; and

(b) Any Mandate Transaction which exceeds 3% of the Group's latest audited NTA in value will be reviewed and approved by the Audit Committee prior to entering into the transaction.

(iv) The Group has also implemented the following procedures for the identification of Interested Persons and the recording of Interested Person Transactions (including the Mandate Transactions):-

(a) The Company will maintain a list of Interested Persons (which is to be updated immediately if there are any changes), and disclose the list to relevant key personnel of each subsidiary to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed on at least a quarterly basis; and

(b) The Company will maintain a register of transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into).

(v) The Audit Committee will review the Interested Person Transactions on at least a quarterly basis as part of its standard procedures while examining the adequacy of the Group's internal controls including those relating to Interested Person Transactions. The Board will also ensure that all disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

(vi) In the event that the Financial Controller, Executive Officer, Director or a member of the Audit Committee (where applicable) is interested in any Interested Person Transaction, he will abstain from reviewing and/or approving that particular transaction. The Board will also ensure that all disclosure requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

(vii) The Audit Committee shall review from time to time the above guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Mandate Transactions are conducted at arm's length basis and on normal commercial terms and are not prejudicial to the Company and the minority Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and procedures as stated above are inappropriate or are not sufficient to ensure that the Mandate Transactions will be at arm's length basis and on normal commercial terms and will not be prejudicial to the Company and the minority Shareholders, the Company will (pursuant to the Listing Manual) revert to Shareholders for a fresh mandate based on new guidelines and procedures.

2.5 Audit Committee's Statements

(a) The Independent Directors from the Audit Committee have reviewed the terms of the Shareholders' Mandate and are satisfied that the review procedures for the Interested Person Transactions, as well as the reviews to be made periodically by the Audit Committee in relation thereto, are sufficient to ensure that the Interested Person Transactions will be made with the relevant categories of Interested Persons at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Independent Directors from the Audit Committee confirm that the methods and procedures for determining the transaction prices have not changed since the last Shareholders' approval which took place on 22 April 2008.

(b) If, during the periodic reviews by the Audit Committee, the Independent Directors from the Audit Committee are of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transactions will be at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Chua Beng Kuang	35,947,500	9.34	-	-
Chua Meng Hua	34,999,500	9.10	-	-
Yong Thiam Fook	150,000	0.04	-	-
Sameer Y. Khan	-	-	-	-
Goh Chee Wee	300,000	0.08	-	-
Wong Chiang Yin	-	-	-	-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders (other than Director)				
Labroy Marine Pte. Ltd.	145,712,625	37.88	-	-
Dubai Drydocks World LLC[(1)]	-	-	145,712,625	37.88
Dry Docks & Maritime World LLC[(1)]	-	-	145,712,625	37.88
Dubai World Holdings Limited[(1)]	-	-	145,712,625	37.88
Chua Beng Yong	34,999,500	9.10	-	-
Chua Beng Hock	34,999,500	9.10	-	-

Note:

(1) Dubai Drydocks World LLC, Dry Docks & Maritime World LLC and Dubai World Holdings Limited are deemed to have an interest in 145,712,625 shares held by Labroy Marine Pte. Ltd.

In the event that any of the above Directors and Substantial Shareholders is interested in any Interested Person Transaction, he will abstain from reviewing and/or approving that particular transaction.

4. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Shareholders' Mandate is sought at the AGM. The resolution relating to the proposed renewal of the Shareholders' Mandate is contained in the Notice of AGM as Ordinary Resolution 8.

As Rule 919 of the Listing Manual requires that interested persons must not vote on any shareholders' resolution approving any mandate in respect of any interested person transactions, each of the interested persons referred to in paragraph 2.1 of this Addendum together with their associates who are shareholders of the Company shall abstain from voting in respect of Ordinary Resolution 8 at the AGM to be held on 27 April 2009.

5. DIRECTORS' RECOMMENDATION

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Mr Yong Thiam Fook, Mr Goh Chee Wee and Dr Wong Chiang Yin (the "Independent Directors"). The Independent Directors are of the opinion that the entry into the Interested Person Transactions by the Group in the ordinary course of business will enhance the efficiency of the Group and is in the best interests of the Company. For reasons set out in paragraph 2.3 of this Addendum, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution 8, being the resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Addendum) collectively and individually accept responsibility for the accuracy of the information contained in this Circular and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Addendum are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Addendum misleading in any material respect.

7. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2007 and 31 December 2008 are available for inspection at the registered office of the Company during normal business hours from the date of the Addendum up to the date of AGM.

Yours faithfully
For and on behalf of the Board of Directors
Beng Kuang Marine Limited

Chua Beng Kuang
Executive Chairman

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Scope

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (other than a subsidiary that is listed on an approved stock exchange) or associated companies (other than an associated company that is listed on an approved stock exchange or over which the listed group and/or its interested person(s) has no control) proposes to enter into with a counter-party who is an interested person of the listed company.

Definitions

An "Interested Person" means a Director, Chief Executive Officer or Controlling Shareholder of the listed company or an associate of such Director, Chief Executive Officer or Controlling Shareholder.

An "Associate":-

(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-

  (i) his immediate family;

  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

An "Associated Company" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A "Controlling Shareholder" means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over its listed company.

General Requirements

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement, or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the group; or

(b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds 5% of the latest audited consolidated NTA of the group. However, a transaction which has been approved by shareholders, or is the subject approved by shareholders, need not be included in any subsequent aggregation.

Immediate announcement of a transaction is required where:

(a) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the group, or

(b) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the group is equal to or exceeds 3% of the latest audited consolidated NTA of the group.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below $100,000.

General Mandate

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

BENG KUANG MARINE LIMITED
(Registration No.: 199400196M)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy the Shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________ (Name) NRIC/Passport No.* ______________________

of ____ (Address)

being a shareholder/shareholders of **BENG KUANG MARINE LIMITED** (the "Company") hereby appoint :

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or *

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Annual General Meeting (the **"AGM"**) of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the Annual General Meeting (the **"AGM"**) of the Company to be held at Shipyard Road, Singapore 628141 on Monday, 27 April 2009 at 3.00 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2008		
2.	Payment of proposed first and final dividend		
3.	Re-election of Mr Chua Beng Kuang as a Director		
4.	Re-election of Mr Yong Thiam Fook as a Director		
5.	Approval of Directors' Fees for the financial year ended 31 December 2008		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7.	Authority to allot and issue of shares		
8.	Renewal of Shareholders' Mandate for Interested Person Transactions		
9.	Authority to issue shares at a discount		

* Delete accordingly

Dated this ______________ day of ______________ 2009.

Total Number of Shares held

____

Signature(s) of Shareholder(s)/or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing the a proxy or proxies must be deposited at the Company's registered office at 55 Shipyard Road, Singapore 628141, not less than 48 hours before the time appointed for the meeting.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by the Depository to the Company.

Beng Kuang Marine Limited

明 光 海 事 有 限 公 司

(Company Reg. No: 199400196M)

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