BENG KUANG MARINE LIMITED

Registration No. 199400196M

Unaudited Financial Statement for the 9 months ended 30 September 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

		GROUP			GROUP		
	Notes	3rd Qtr of 2007 S$'000	3rd Qtr of 2006 S$'000	Increase / (Decrease) %	1st 3 Qtrs of 2007 S$'000	1st 3 Qtrs of 2006 S$'000	Increase / (Decrease) %
Revenue		**21,008**	**18,061**	**16%**	**71,083**	**52,752**	**35%**
Cost of sales		(15,406)	(12,999)	19%	(54,028)	(38,914)	39%
Gross profit		**5,602**	**5,062**	**11%**	**17,055**	**13,838**	**23%**
Other operating income / (expenses), net	(A)	(74)	(5)	1,380%	165	66	150%
Administrative expenses		(2,802)	(2,952)	(5%)	(9,017)	(8,208)	10%
Selling & distribution expenses		(676)	(537)	26%	(1,838)	(1,527)	20%
Profit from operations		**2,050**	**1,568**	**31%**	**6,365**	**4,169**	**53%**
Financial income		10	3	233%	52	6	767%
Financial expenses		(265)	(254)	4%	(648)	(685)	(5%)
Non operating income	(B)	2,772	-	NM	2,772	-	NM
Share of results of associates, net of tax		(32)	-	NM	(32)	-	NM
Profit before taxation	(C)	**4,535**	**1,317**	**244%**	**8,509**	**3,490**	**144%**
Taxation		(518)	(232)	123%	(1,718)	(780)	120%
Profit after taxation		**4,017**	**1,085**	**270%**	**6,791**	**2,710**	**151%**
Attributable to :							
Equity holders of the Company		**1,668**	**1,001**	**67%**	**4,434**	**2,711**	**64%**
Minority interests		2,349	84	2,696%	2,357	(1)	NM
		4,017	1,085	270%	6,791	2,710	151%

NM - Not meaningful

Notes

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

	GROUP		GROUP	
	3rd Qtr of 2007 S$'000	3rd Qtr of 2006 S$'000	1st 3 Qtrs of 2007 S$'000	1st 3 Qtrs of 2006 S$'000
Gain / (loss) on disposal of fixed assets	71	(12)	215	43
Fixed assets written off	(18)	-	(25)	-
Other (expenses) / income	(127)	7	(25)	23

(B) The Group's non operating income comprises:

Gain on deemed disposal of subsidiary (provisional)	2,772	-	2,772	-

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

Interest income	10	3	52	6
Interest expense on borrowings	(257)	(244)	(628)	(621)
Depreciation of fixed assets	(666)	(487)	(1,809)	(1,455)
Write-back of allowance for doubtful debts	23	51	122	58
Allowance for doubtful debts	(92)	(121)	(248)	(446)
Foreign exchange loss, net	(210)	(6)	(148)	(48)

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

	GROUP		COMPANY	
	30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Fixed assets	16,773	9,827	746	440
Subsidiaries	-	-	8,498	2,786
Associates	3,502	-	-	-
Intangible assets	702	-	-	-
Goodwill on consolidation (provisional)	3,293	-	-	-
Due from subsidiaries (non-trade)	-	-	216	75
Current assets				
Stocks	11,046	8,656	-	-
Work-in-progress in excess of progress billings	4,639	5,493	414	719
Trade debtors	23,551	18,513	2	2
Other debtors	2,048	791	109	53
Prepayment	907	455	63	13
Due from subsidiaries (trade)	-	-	2,257	2,695
Due from subsidiaries (non trade)	-	-	22,791	17,092
Loan to associates	300	-	-	-
Due from related parties (trade)	7,867	4,777	2,011	1,656
Due from related parties (non trade)	-	55	-	-
Due from associates (trade)	11	-	2	-
Fixed deposits	2,131	87	-	-
Cash and bank balances	10,524	10,005	86	3,303
	63,024	**48,832**	**27,735**	**25,533**
Current liabilities				
Trade creditors	9,406	8,585	82	62
Bills payable to banks	7,962	5,616	726	1,864
Other creditors and accruals	11,738	7,699	1,812	1,654
Due to related parties (trade)	-	238	76	74
Due to related parties (non trade)	5,200	57	-	-
Due to subsidiaries (trade)	-	-	1,215	548
Due to subsidiaries (non-trade)	-	-	21	9
Provision for income tax	1,610	999	61	45
Lease obligations (current portion)	1,000	666	32	11
Bank overdrafts	1,078	7	673	-
Short-term bank loans	13,915	10,035	13,915	10,035
	51,909	**33,902**	**18,613**	**14,302**
Net current assets	**11,115**	**14,930**	**9,122**	**11,231**

	GROUP		COMPANY	
	30-Sep-07 S$'000	31-Dec-06 S$'000	30-Sep-07 S$'000	31-Dec-06 S$'000
Non-current liabilities				
Lease obligations (non-current portion)	1,251	1,058	54	12
Deferred taxation	719	660	62	62
	1,970	1,718	116	74
Net assets	**33,415**	**23,039**	**18,466**	**14,458**
Share capital and reserves				
Share capital	16,111	11,551	16,111	11,551
Revenue reserves	13,886	10,386	2,355	2,907
Translation reserves	(16)	(4)	-	-
	29,981	21,933	18,466	14,458
Minority interests	3,434	1,106	-	-
Total equity	**33,415**	**23,039**	**18,466**	**14,458**

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

Amount repayable in one year or less, or on demand

	As at 30-Sep-07		As at 31-Dec-06	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	-	22,955	-	15,658
Lease obligations	1,000	-	666	-

Amount repayable after one year

	As at 30-Sep-07		As at 31-Dec-06	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease obligations	1,251	-	1,058	-

Details of any collateral

- Lease obligations are secured by the underlying assets acquired.

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

	GROUP	
	3rd Qtr of 2007 S$'000	3rd Qtr of 2006 S$'000
Cash flows from operating activities		
Profit before taxation	4,535	1,317
Adjustments for:		
Allowance for doubtful debts	92	121
Write-back of allowance for doubtful debts	(23)	(51)
(Gain) / loss on disposal of fixed assets	(71)	12
Fixed assets written off	18	-
Depreciation of fixed assets	666	487
Gain on deemed disposal of subsidiary (provisional)	(2,772)	-
Share of results of associates	32	-
Interest income	(10)	(3)
Interest expenses	257	244
Operating profit before working capital changes	**2,724**	**2,127**
(Increase) / decrease in:		
Stocks	(1,768)	(421)
Work-in-progress in excess of progress billings	1,045	1,707
Trade debtors	630	(4,386)
Other debtors	4	(175)
Prepayments	(88)	9
Due from related parties, net	(2,065)	24
Due from associates	(11)	-
Increase / (decrease) in:		
Trade creditors	(137)	1,052
Other creditors and accruals	213	1,282
Due to related parties, net	565	114
Net cash generated from operations	**1,112**	**1,333**
Interest received	10	3
Interest paid	(259)	(298)
Income taxes paid	(195)	(290)
Net cash generated from operating activities	**668**	**748**
Cash flows from investing activities		
Proceeds from disposal of fixed assets	195	123
Purchase of fixed assets	(2,162)	(637)
Proceeds from disposal of subsidiary, net	868	-
Net cash used in investing activities	**(1,099)**	**(514)**

	GROUP	
	3rd Qtr of 2007	3rd Qtr of 2006
	S$'000	S$'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(226)	(107)
Increase in bills payable to banks	2,625	1,307
Dividends paid to minority interest	(29)	-
Net cash generated from financing activities	**2,370**	**1,200**
Net effect of exchange rate changes in consolidating subsidiaries	(15)	(2)
Net increase in cash and cash equivalents	**1,924**	**1,432**
Cash and cash equivalents at beginning of the period	**9,653**	**2,363**
Cash and cash equivalents at end of the period	**11,577**	**3,795**

During July 2007, the Group disposed 25,045 ordinary shares in the capital of NewEarth Pte. Ltd. ("NE") for a consideration of S$1 million to Tuas Power Ltd ("TP"). Further, NE issued and alloted 225,390 new ordinary shares to TP for a consideration of S$9 million. These transactions results in a combined decrease in equity interest held by the Group from 100% to 40% in NE.

The effect on the individual assets and liabilities is set out below:

	GROUP	
	3rd Qtr of 2007	3rd Qtr of 2006
	S$'000	S$'000
Trade debtors	5	-
Other debtors	54	-
Deferred tax assets	18	-
Cash and cash equivalents	132	-
Trade creditors	(17)	-
Other creditors and accruals	(35)	-
Loan from associate	(300)	-
	(143)	-
Minority interest	(22)	-
Attributable net liability disposed	(165)	-
Amount previously accounted for as subsidiary	(3,534)	
Goodwill on consolidation (provisional)	1,927	
Gain on deemed disposal (provisional)	2,772	-
Cash consideration received	1,000	-
The disposal of subsidiary, net of cash is represented by:		
Cash received	1,000	-
Less: Cash and cash equivalents disposed	(132)	-
Net cash inflow	868	-

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attrributable to equity holders of the Company					
	Share Capital	**Revenue Reserve**	**Translation Reserves**	**Total Reserves**	**Minority Interests**	**Total equity**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
GROUP						
Balance as at 30 June 2006	11,551	8,278	(3)	8,275	1,020	20,846
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	-	-	(2)	(2)	-	(2)
Net profit for the quarter	-	1,001	-	1,001	84	1,085
Balance as at 30 September 2006	**11,551**	**9,279**	**(5)**	**9,274**	**1,104**	**21,929**
Balance as at 30 June 2007	16,111	12,218	3	12,221	1,136	29,468
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	-	-	(19)	(19)	-	(19)
Disposal of subsidiary	-	-	-	-	(22)	(22)
Dividends paid to minority interest	-	-	-	-	(29)	(29)
Net profit for the quarter	-	1,668	-	1,668	2,349	4,017
Balance as at 30 September 2007	**16,111**	**13,886**	**(16)**	**13,870**	**3,434**	**33,415**
COMPANY						
Balance as at 30 June 2006	11,551	1,073	-	1,073	-	12,624
Net loss for the quarter	-	(72)	-	(72)	-	(72)
Balance as at 30 September 2006	**11,551**	**1,001**	**-**	**1,001**	**-**	**12,552**
Balance as at 30 June 2007	16,111	2,064	-	2,064	-	18,175
Net profit for the quarter	-	291	-	291	-	291
Balance as at 30 September 2007	**16,111**	**2,355**	**-**	**2,355**	**-**	**18,466**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

None.

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

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

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied consistent accounting policies and methods of computation for current reporting period compared with the audited financial statement for the financial year ended 31 December 2006.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period base on net profit attributable to shareholders (in cents):	Group	
	1st 3 Qtrs of 2007	**1st 3 Qtrs of 2006**
a) Based on weighted average number of ordinary shares on issue; and	3.50	2.33
Weighted no.of shares in issue	126,522,589	116,236,875
b) On a fully diluted basis	N/A	N/A

N/A - not applicable

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	GROUP		COMPANY	
	30-Sep-07	31-Dec-06	30-Sep-07	31-Dec-06
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	23.38	18.87	14.40	12.44

30-Sep-07

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of S$29.98 million and the Company's net asset value as at the end of the period of S$18.47 million divided by the share capital of 128,236,875 ordinary shares.

31-Dec-06

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of S$21.93 million and the Company's net asset value as at the end of the period of S$14.46 million divided by the share capital of 116,236,875 ordinary shares.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

INCOME STATEMENT REVIEW

3rd Qtr of 2007

	3rd Quarter results			
Group Turnover	**FY 2007**	**FY 2006**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Corrosion Prevention ("CP")	**8.28**	**7.55**	**0.73**	**9.7**
Infrastructure & Engineering ("IE")	**5.68**	**4.09**	**1.59**	**38.9**
Supply & Distribution ("SD")	**7.04**	**6.42**	**0.62**	**9.7**
	21.00	**18.06**	**2.94**	**16.3**

Revenue from the CP division increased by S$0.73 million from S$7.55 million in 3Q2006 to S$8.28 million in 3Q2007. This was due to the contributions from the Company's newly incorporated subsidiaries (which provide autoblasting services) and the increase in revenue from operations in Batam.

Revenue from the IE division increased by S$1.59 million from S$4.09 million in 3Q2006 to S$5.68 million in 3Q2007. This increase was due to revenue contributions from the conversion and upgrading works of a floating production storage and offloading ("FPSO") vessel in Indonesia.

The increase in shipyard and rig building activities had a positive effect on the SD division resulting in an increase in demand for the Group's hardware products. As a result, the SD division's revenue increased by S$0.62 million from S$6.42 million in 3Q2006 to S$7.04 million in 3Q2007.

In view of the above, the Group's revenue increased by a total of S$2.94 million from S$18.06 million in 3Q2006 to S$21.0 million in 3Q2007. This revenue increase is one of the reasons for the improved 3Q2007 operating earnings. The non operating income generated from the disposal of 25,045 ordinary shares in NewEath Pte. Ltd to Tuas Power Ltd for a consideration of S$1.0 million and the subscription by Tuas Power Ltd of 225,390 ordinary shares in NewEarth Pte. Ltd. for a consideration of S$9.0 million had a positive impact on 3Q2007 net profits attributable to shareholders. As a result, the Group's net profits attributable to shareholders for 3Q2007 increased by 67% from S$1.0 million in 3Q2006 to S$1.7 million in 3Q2007.

1st 3 Qtrs of 2007

	1st 3 quarters results			
Group Turnover	**FY 2007**	**FY 2006**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Corrosion Prevention ("CP")	**25.27**	**24.01**	**1.26**	**5.2**
Infrastructure & Engineering ("IE")	**24.44**	**12.09**	**12.35**	**102.2**
Supply & Distribution ("SD")	**21.37**	**16.66**	**4.71**	**28.3**
	71.08	**52.76**	**18.32**	**34.7**

The Group's turnover for the first nine months of FY2007 increased by 35% to S$71.08 million when compared with the first nine months of FY2006. The increase in the Group's turnover was mainly attributable to the securing of higher value projects by the IE division and improved sales performance from the SD division.

The Group's net profits attributable to shareholders increased by 64% to S$4.43 million for the first nine months of FY2007 as compared to S$2.71 million for the corresponding period in the previous year. The improved performance arose from the upside in marine and offshore oil and gas activities while maintaining administrative, selling and distribution expenses, all of which led to better net profit margins and net earnings for the current financial period. As mentioned above, the disposal of shares in NewEarth Pte. Ltd. and the subscription of shares by Tuas Power Ltd in NewEarth Pte. Ltd. had an impact on the profits attributable to shareholders.

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

BALANCE SHEET REVIEW

Shareholders' funds increased by S$1.7 million from S$28.3 million as at 30 June 2007 to $30.0 million as at 30 September 2007. This increase was due to the operating profits generated during the 3Q2007, and the gain on disposal of NewEarth Pte. Ltd..

Non-current assets increased by $3.31 million to $24.27 million as at 30 September 2007 as compared to S$20.96 million as at 30 June 2007. This increase was mainly due to the the disposal of 25,045 ordinary shares in NewEath Pte. Ltd to Tuas Power Ltd and the subscription by Tuas Power Ltd of 225,390 new ordinary shares in NewEarth Pte. Ltd.. This resulted in a decrease in equity interest held by the Group from 100% to 40% in NewEarth Pte. Ltd. and changed its status from that of a subsidiary to an associate company. The purchase of a unit of the autoblasting equipment also contributed to the increase in non-current assets.

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

This quarter results is in line with the Group's announcement on 6 August 2007 that its financial performance is expected to be better than the last financial year.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outlook for the marine and offshore oil and gas industries that we serve continue to remain positive for FY2007. Barring any unforeseen circumstances, the Group's expects to continue its growth momentum into the fourth quarter 2007.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared / recommended, a statement to that effect.

No interim dividend has been declared/recommended for the current period ended 30 September 2007.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales.

Not applicable.

16 A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details).

	Latest Full Year()	Previous Full Year ()
Ordinary	-	-
Preference	-	-
Total:	-	-

17 Summary of Interested Person Transactions for the financial period ended 30 September 2007

	3rd Quarter of FY2007	
	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
[Revenue/(Expenses)]	S$	S$
Labroy Shipbuilding & Engineering Pte Ltd		
Provision of Corrosion Prevention Services		596,105
Provision of Infrastructure Engineering Services		667,000
PT Nanindah Mutiara Shipyard		
Sale of hardware equipment, tools and other consumables		1,184,553
Heng Huat Shipbuilding & Construction Pte Ltd		
Provision of Infrastructure Engineering Services		406,439
Rental of property expenses	(105,000)	
PT Graha Trisaka Industri		
Provision of Corrosion Prevention Services		150,853
Sale of hardware equipment, tools and other consumables		225,861
Labroy Offshore Ltd		
Provision of Corrosion Prevention Services		1,039,121

Our Shareholders' Mandate first came into effect from our admission to the Official List of the SGX SESDAQ on 15 October 2004 and was renewed during our previous Annual General Meeting held on 26 April 2006 and our recent Annual General Meeting held on 27 April 2007.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
31 October 2007