BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Half Financial Statement For The Period Ended 30 June 2008

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	2nd Qtr of 2008 S$'000	2nd Qtr of 2007 S$'000	Increase / (Decrease) %	1st Half 2008 S$'000	1st Half 2007 S$'000	Increase / (Decrease) %
Revenue		**35,009**	**29,787**	**18%**	**68,784**	**50,075**	**37%**
Cost of sales		(26,433)	(23,382)	13%	(52,670)	(38,622)	36%
Gross profit		**8,576**	**6,405**	**34%**	**16,114**	**11,453**	**41%**
Other operating income (net)	(A)	268	230	17%	395	239	65%
Administrative expenses		(3,800)	(3,311)	15%	(7,243)	(6,215)	17%
Selling & distribution expenses		(752)	(636)	18%	(1,372)	(1,162)	18%
Profit from operations		**4,292**	**2,688**	**60%**	**7,894**	**4,315**	**83%**
Financial Income		2	19	(89%)	22	42	(48%)
Financial expenses		(279)	(206)	35%	(533)	(383)	39%
Share of results of associates, net of tax		(148)	-	NM	(264)	-	NM
Profit before taxation	(B)	**3,867**	**2,501**	**55%**	**7,119**	**3,974**	**79%**
Taxation		(1,020)	(878)	16%	(1,841)	(1,200)	53%
Profit after taxation		**2,847**	**1,623**	**75%**	**5,278**	**2,774**	**90%**
Attributable to :							
Equity holders of the Company		**3,020**	**1,591**	**90%**	**5,370**	**2,766**	**94%**
Minority Interests		(173)	32	NM	(92)	8	NM
		2,847	**1,623**	**75%**	**5,278**	**2,774**	**90%**

NM - Not meaningful

Notes

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

	GROUP		GROUP	
	2nd Qtr of 2008 S$'000	2nd Qtr of 2007 S$'000	1st Half 2008 S$'000	1st Half 2007 S$'000
Gain on disposal of fixed assets	1	144	66	144
Fixed assets written off	-	(5)	(4)	(7)
Foreign exchange gain / (loss)	53	77	(33)	62
Other Income	214	14	366	40

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

Interest income	2	19	22	42
Interest expense on borrowings	(264)	(201)	(509)	(371)
Depreciation of fixed assets	(1,011)	(608)	(1,942)	(1,143)
Write-back of allowance for doubtful debts	27	98	35	99
Allowance for doubtful debts	(87)	(79)	(177)	(156)

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-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Fixed assets	24,896	20,352	741	853
Intangible assets [2]	3,995	3,995	-	-
Subsidiaries	-	-	8,701	8,498
Associates	3,456	3,719	-	-
Due from subsidiaries (non-trade)	-	-	360	185
Current assets				
Stocks	12,955	10,902	-	-
Work-in-progress in excess of progress billings	15,304	8,310	5,661	2,432
Trade debtors	25,194	18,336 [1]	11	3
Other debtors	3,953	1,741	123	233
Prepayment	1,186	859	133	7
Due from subsidiaries (trade)	-	-	3,424	2,424
Due from subsidiaries (non trade)	-	-	34,846	27,031
Due from related parties (trade)	16,658	11,993 [1]	3,189	1,566
Due from related parties (non trade)	2	86	-	-
Due from associates (trade)	52	6	-	-
Fixed deposits	1,375	3,500	-	-
Cash and bank balances	7,402	7,033	588	94
	84,081	**62,766**	**47,975**	**33,790**
Current liabilities				
Trade creditors	17,273	10,545 [1]	71	40
Bills payable to banks	7,259	7,605	1,931	1,954
Other creditors and accruals	15,093	11,981	4,450	3,405
Due to subsidiaries (trade)	-	-	3,524	935
Due to subsidiaries (non-trade)	-	-	40	39
Due to related parties (trade)	596	338 [1]	75	83
Due to related parties (non trade)	284	1,960	-	-
Provision for income tax	3,445	2,321	139	155
Lease obligations (current portion)	1,699	1,225	18	23
Bank overdrafts	974	1,931	405	1,325
Short-term bank loans	28,836	14,942	28,836	14,942
	75,459	**52,848**	**39,489**	**22,901**
Net current assets	**8,622**	**9,918**	**8,486**	**10,889**

	GROUP		COMPANY	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Lease obligations (non-current portion)	1,840	1,497	47	53
Deferred taxation	782	782	79	79
	2,622	2,279	126	132
Net assets	**38,347**	**35,705**	**18,162**	**20,293**
Share capital and reserves				
Share capital	16,111	16,111	16,111	16,111
Revenue reserves	18,874	16,197	2,051	4,182
Translation reserves	(29)	(6)	-	-
	34,956	32,302	18,162	20,293
Minority interests	3,391	3,403	-	-
Total equity	**38,347**	**35,705**	**18,162**	**20,293**

(1) Comparative figures have been re-stated to classify Dubai Drydocks World LLC and its subsidiaries as related parties.

(2) The Group has engaged an Independent Valuer to carry out the purchase price allocation ("PPA") exercise for the acquisition of Water & Environmental Technologies (WET) Pte Ltd. In accordance with Singapore Financial Standards ("FRS") 103, the Group is allowed to take one year to complete the PPA exercise. As at 31 December 2007, the fair value of the goodwill and the gain on deemed disposal of subsidiary amounting to S$3.29 million and S$2.77 million have been determined on a provisional basis as the results of the independent valuation has not been finalised as at the date of announcement.

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-Jun-08		As at 31-Dec-07	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	-	37,069	-	24,478
Lease obligations	1,699	-	1,225	-

Amount repayable after one year

	As at 30-Jun-08		As at 31-Dec-07	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease obligations	1,840	-	1,497	-

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	
	2nd Qtr of 2008	2nd Qtr of 2007
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	3,867	2,501
Adjustments for:		
Allowance for doubtful debts	87	79
Write-back of allowance for doubtful debts	(27)	(98)
Gain on disposal of fixed assets	(1)	(144)
Fixed assets written off	-	5
Depreciation of fixed assets	1,011	608
Share of results of associate	148	-
Interest income	(2)	(19)
Interest expenses	264	201
Operating profit before working capital changes	**5,347**	**3,133**
(Increase) / decrease in:		
Stocks	(3,158)	(527)
Work-in-progress in excess of progress billings	(1,084)	(2,617)
Trade debtors	(4,723)	(4,686)
Other debtors	(1,538)	(826)
Prepayments	(21)	4
Due from related parties, net	2,833	958
Due from associates, net	(49)	-
Increase / (decrease) in:		
Trade creditors	4,597	61
Other creditors and accruals	(1,794)	3,305
Due to related parties, net	(1,917)	4,299
Net cash (used in) / generated from operations	**(1,507)**	**3,104**
Interest received	2	19
Interest paid	(257)	(300)
Income taxes paid	(518)	(796)
Net cash (used in) / generated from operating activities	**(2,280)**	**2,027**

	GROUP	
	2nd Qtr of 2008	2nd Qtr of 2007
	S$'000	S$'000
Cash flows from investing activities		
Proceeds from disposal of fixed assets	250	290
Purchase of fixed assets	(3,084)	(4,337)
Proceeds from a minority shareholder of a subsidiary	80	-
Net cash outflow from acquisition of subsidiaries	-	(5,455)
Net cash outflow on acquisition of minority interest's share in a subsidiary	-	(250)
Net cash used in investing activities	**(2,754)**	**(9,752)**
Cash flows from financing activities		
Repayment of finance lease liabilities	(253)	(206)
Increase in bills payable to banks	71	610
Net proceeds from short-term bank loans	8,000	5,995
Dividends paid to shareholders	(2,693)	(1,157)
Net cash generated from financing activities	**5,125**	**5,242**
Net effect of exchange rate changes in consolidating subsidiaries	(21)	5
Net increase / (decrease) in cash and cash equivalents	**70**	**(2,478)**
Cash and cash equivalents at beginning of the period	**7,733**	**12,131**
Cash and cash equivalents at end of the period	**7,803**	**9,653**

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

	Attributable to equity holders of the Company					
	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 31 March 2007	16,111	11,561	(4)	11,557	1,082	28,750
Currency translation differences representing net gains and losses not recognised in statement of profit and loss.	-	-	7	7	-	7
Acquisition of minority interest	-	-	-	-	(473)	(473)
Negative goodwill realised to revenue reserve upon acquisition of minority interest	-	223	-	223	-	223
Acquisition of a subsidiary	-	-	-	-	495	495
Dividends paid to shareholders	-	(1,157)	-	(1,157)	-	(1,157)
Net profit for the quarter	-	1,591	-	1,591	32	1,623
Balance as at 30 June 2007	**16,111**	**12,218**	**3**	**12,221**	**1,136**	**29,468**
Balance as at 31 March 2008	16,111	18,547	(4)	18,543	3,484	38,138
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	-	-	(25)	(25)	-	(25)
Issuance of shares to minority interest	-	-	-	-	80	80
Dividends paid to shareholders	-	(2,693)	-	(2,693)	-	(2,693)
Net profit / (loss) for the quarter	-	3,020	-	3,020	(173)	2,847
Balance as at 30 June 2008	**16,111**	**18,874**	**(29)**	**18,845**	**3,391**	**38,347**
COMPANY						
Balance as at 31 March 2007	16,111	2,924	-	2,924	-	19,035
Dividends paid to shareholders	-	(1,157)	-	(1,157)	-	(1,157)
Net profit for the quarter	-	297	-	297	-	297
Balance as at 30 June 2007	**16,111**	**2,064**	**-**	**2,064**	**-**	**18,175**
Balance as at 31 March 2008	16,111	4,159	-	4,159	-	20,270
Dividends paid to shareholders	-	(2,693)	-	(2,693)	-	(2,693)
Net profit for the quarter	-	585	-	585	-	585
Balance as at 30 June 2008	**16,111**	**2,051**	**-**	**2,051**	**-**	**18,162**

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

None.

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

	As at 30-Jun-08	As at 31-Dec-07
	No. of shares	No. of shares
Issued and fully paid	384,710,625	384,710,625

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

None.

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

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

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

Not applicable.

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

The group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 2007.

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 half 2008	1st half 2007
a) Based on weighted average number of ordinary shares on issue; and	1.40	0.73
Weighted no.of shares in issue	384,710,625	376,953,720 [3]
b) On a fully diluted basis	N/A	N/A

N/A - not applicable

[3] Comparative figures for earnings per ordinary share have been re-stated for the sub-division of shares by share split of each ordinary share into 3 ordinary shares.

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding**

	GROUP		COMPANY	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	9.09	8.40	4.72	5.27

30-Jun-08

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$34.96 million and the Company's net asset value as at the end of the period of S$18.16 million divided by the share capital of 384,710,625 ordinary shares.

31-Dec-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$32.30 million and the Company's net asset value as at the end of the period of S$20.29 million divided by the share capital of 384,710,625 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

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

INCOME STATEMENT REVIEW

2nd Quarter of FY 2008

	2nd Quarter results			
Group Turnover	**FY 2008**	**FY 2007**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Corrosion Prevention ("CP")	**17.43**	**9.35**	**8.08**	**86.4**
Infrastructure & Engineering ("IE")	**10.21**	**12.48**	**(2.27)**	**(18.2)**
Supply & Distribution ("SD")	**7.36**	**7.96**	**(0.60)**	**(7.5)**
	35.00	**29.79**	**5.21**	**17.5**

The Group's turnover for 2Q2008 increased by 17.5% from S$29.79 million to S$35.00 million. This was mainly driven by continual strong demand momentum in marine, offshore oil and gas activities during the quarter.

The CP division contributed to the overall growth for the quarter with an increase in turnover of S$8.08 million as compared to 2Q2007. The contribution from our new subsidiary - PT Berger Batam continued to be one of the key factors for the growth.

Revenue from our IE division registered a drop of S$2.27 million from S$12.48 million in 2Q2007 to S$10.21 million in 2Q2008. The higher revenue in 2Q2007 was due to a one off high value project in the conversion and upgrading works of a floating production storage and offloading ("FPSO") vessel in Indonesia. However, the revenue momentum in IE remains positive as the revenue achieved in 2Q2008 was better than 1Q2008 by S$0.7 million.

The Group achieved a net profit attributable to shareholders of S$3.02 million for 2Q2008 an improvement of 90% compared to 2Q2007 with net profit of S$1.59 million.

1st Half FY2008

Group Turnover	1st Half results			
	FY 2008 S$'million	FY 2007 S$'million	+ / (-) S$'million	+ / (-) %
Corrosion Prevention ("CP")	34.68	16.99	17.69	104.1
Infrastructure & Engineering ("IE")	19.70	18.76	0.94	5.0
Supply & Distribution ("SD")	14.40	14.33	0.07	0.5
	68.78	50.08	18.70	37.3

The Group's turnover for the six months ended 30 June 2008 increased by 37.3% to S$68.78 million from S$50.08 million for the six months ended 30 June 2007. The increase in the Group's turnover was largely attributable to the strong performance of CP division due to the strong market demand for marine and offshore corrosion prevention services both in Singapore and Batam. Revenue from IE division and SD division continue its positive growth with marginal improvement in revenue for the six months period.

The Group's net profits attributable to shareholders increased by 94% to S$5.37 million for the six months ended 30 June 2008 as compared to S$2.77 million for the previous corresponding period. The improved performance was attributable to the upside in marine and offshore oil and gas activities while management kept administrative, selling and distribution expenses in check for the six months period.

CASHFLOW STATEMENT

The Group's net cash used in operations for the quarter was due to the higher working capital requirement to fund inventory, work in progress and increase in trade debtor balance.

The short-term bank loans increased during the quarter due to the working capital requirement as mentioned above, purchase of equipment and the construction in progress for the fabrication yard in Batam

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

The results for the 2Q2008 is in line with the prospect statement as disclosed in the FY2007 full-year result announcement.

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 industry is expected to remain robust, underpinned by the high oil prices and strong order books from the shipyards. Demand for the Group services and products which are used in shipyards and oil and gas industries are expected to remain strong for the remaining half FY2008.

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 June 2008.

13 Summary of Interested Person Transactions for the financial period ended 30 June 2008

	2nd Quarter of FY2008	
	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		2,271,010
Provision of infrastructure engineering services		286,000
Sale of hardware equipment, tools and other consumables		20,221
Rental of machineries		567,634
PT Nanindah Mutiara Shipyard		
Sale of hardware equipment, tools and other consumables		824,325
Heng Huat Shipbuilding & Construction Pte Ltd		
Rental of property expenses	(105,000)	
Labroy Marine Pte Ltd		
Provision of infrastructure engineering services		148,118
Provision of vehicle maintenance services & consumables		137
Rental of machineries		391
Labroy Offshore Engineering Pte Ltd		
Provision of infrastructure engineering services		3,000,000
Sale of hardware equipment, tools and other consumables		2,628
Labroy Product Tankers Pte Ltd		
Provision of electrical and repair maintenance		138,733
Labroy Offshore Ltd		
Provision of corrosion prevention services		743,186
PT Graha Trisaka Industri		
Sale of hardware equipment, tools and other consumables		299,917
Drydocks World-Singapore Pte Ltd		
Provision of corrosion prevention services		1,738,061
Sale of hardware equipment, tools and other consumables		5,271
Rental of machineries		1,000
PT. Pan-United Shipyard Indonesia		
Provision of corrosion prevention services		1,569,521
Sale of hardware equipment, tools and other consumables		22,724

14 Confirmation pursuant to Rule 705(4) of the listing manual of the Singapore Exchange Securities Trading Limited

We, Chua Beng Kuang and Chua Meng Hua, being Directors of Beng Kuang Marine Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 2nd quarter ended 30 June 2008 to be false or misleading.

BY ORDER OF THE BOARD

Chua Beng Kuang
Managing Director
4 August 2008

Chua Meng Hua
Executive Director