BENG KUANG MARINE LIMITED

Registration No. 199400196M

Unaudited Financial Statement for the 9 months ended 30 September 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	3rd Qtr of 2008 S$'000	3rd Qtr of 2007 S$'000	Increase / (Decrease) %	9 Months 2008 S$'000	9 Months 2007 S$'000	Increase / (Decrease) %
Revenue		**31,394**	**21,008**	**49%**	**100,178**	**71,083**	**41%**
Cost of sales		(24,257)	(15,406)	57%	(76,927)	(54,028)	42%
Gross profit		**7,137**	**5,602**	**27%**	**23,251**	**17,055**	**36%**
Other operating income (net)	(A)	173	(74)	NM	568	165	244%
Administrative expenses		(3,937)	(2,802)	41%	(11,180)	(9,017)	24%
Selling & distribution expenses		(735)	(676)	9%	(2,107)	(1,838)	15%
Profit from operations		**2,638**	**2,050**	**29%**	**10,532**	**6,365**	**65%**
Financial Income		5	10	(50%)	27	52	(48%)
Financial expenses		(349)	(265)	32%	(882)	(648)	36%
Non operating income	(B)	-	1,452	NM	-	1,452	NM
Share of results of associates, net of tax		(12)	(32)	(63%)	(276)	(32)	763%
Profit before taxation	(C)	**2,282**	**3,215**	**(29%)**	**9,401**	**7,189**	**31%**
Taxation		(613)	(518)	18%	(2,454)	(1,718)	43%
Profit after taxation		**1,669**	**2,697**	**(38%)**	**6,947**	**5,471**	**27%**
Attributable to :							
Equity holders of the Company		**1,505**	**995**	**51%**	**6,875**	**3,761**	**83%**
Minority Interests		164	1,702	**(90%)**	72	1,710	**(96%)**
		1,669	**2,697**	**(38%)**	**6,947**	**5,471**	**27%**

NM - Not meaningful

Notes

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

	GROUP		GROUP	
	3rd Qtr of 2008 S$'000	**3rd Qtr of 2007 S$'000**	**9 Months 2008 S$'000**	**9 Months 2007 S$'000**
Gain on disposal of fixed assets	20	71	86	215
Fixed assets written off	(1)	(18)	(5)	(25)
Foreign exchange gain / (loss)	44	(210)	11	(148)
Other Income	110	83	476	123

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

Gain on deemed disposal of subsidiary	-	1,452 [(2)]	-	1,452 [(2)]

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

Interest income	5	10	27	52
Interest expense on borrowings	(328)	(257)	(837)	(628)
Depreciation of fixed assets	(1,201)	(666)	(3,143)	(1,809)
Write-back of allowance for doubtful debts	5	23	40	122
Allowance for doubtful debts	(128)	(92)	(305)	(248)

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-08	31-Dec-07	30-Sep-08	31-Dec-07
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Fixed assets	29,213	20,352	1,147	853
Intangible assets	2,745	2,745 [(2)]	-	-
Subsidiaries	-	-	8,981	8,498
Associates	4,323	4,600 [(2)]	-	-
Due from subsidiaries (non-trade)	-	-	298	185
Current assets				
Stocks	16,123	10,902	-	-
Work-in-progress in excess of progress billings	12,223	8,310	4,409	2,432
Trade debtors	22,283	18,336 [(1)]	20	3
Other debtors	2,966	1,741	38	233
Prepayment	554	859	82	7
Due from subsidiaries (trade)	-	-	3,117	2,424
Due from subsidiaries (non trade)	-	-	34,429	27,031
Due from related parties (trade)	18,036	11,993 [(1)]	5,002	1,566
Due from related parties (non trade)	4	86	-	-
Due from associates (trade)	20	6	-	-
Fixed deposits	1,485	3,500	-	-
Cash and bank balances	9,553	7,033	996	94
	83,247	**62,766**	**48,093**	**33,790**
Current liabilities				
Trade creditors	13,866	10,545 [(1)]	17	40
Bills payable to banks	10,434	7,605	1,557	1,954
Other creditors and accruals	16,257	11,981	6,998	3,405
Due to subsidiaries (trade)	-	-	2,850	935
Due to subsidiaries (non-trade)	-	-	22	39
Due to related parties (trade)	562	338 [(1)]	75	83
Due to related parties (non trade)	262	1,960	-	-
Provision for income tax	3,189	2,339	34	155
Lease obligations (current portion)	2,283	1,225	54	23
Bank overdrafts	828	1,931	-	1,325
Short-term bank loans	28,840	14,942	28,840	14,942
	76,521	**52,866**	**40,447**	**22,901**
Net current assets	**6,726**	**9,900**	**7,646**	**10,889**

	GROUP		COMPANY	
	30-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Lease obligations (non-current portion)	2,612	1,497	144	53
Deferred taxation	719	740 [(2)]	79	79
	3,331	2,237	223	132
Net assets	**39,676**	**35,360**	**17,849**	**20,293**
Share capital and reserves				
Share capital	16,111	16,111	16,111	16,111
Revenue reserves	19,706	15,524	1,738	4,182
Translation reserves	(15)	(6)	-	-
	35,802	31,629	17,849	20,293
Minority interests	3,874	3,731	-	-
Total equity	**39,676**	**35,360**	**17,849**	**20,293**

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

[(2)] The purchase price allocation ("PPA") of the acquisition of Water & Environmental Technologies (WET) Pte Ltd ("WET") in the financial year ended 31 December 2007 were provisional as the Group has sought an independent valuation for the intellectual property rights owned by WET. The result of this valuation had not been received at the date the 2007 financial statement were authorised for issue. The valuation of the intellectual property rights were completed in 2008 and the fair value of the net identifiable asset at acquisition date was $2.98 million, an increase of $1.99 million compared to the initial provisional value of $0.99 million. There was also a corresponding reduction in goodwill of $1.02 million from the initial provision value of $5.22 million to a goodwill of $4.20 million.

The 2007 comparative figures have been restated to reflect this adjustment. The gain on deemed disposal was restated from the provisional gain of $2.77 million to $1.45 million to reflect the fair value of the WET PPA as mentioned above.

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-08		As at 31-Dec-07	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	-	40,102	-	24,478
Lease obligations	2,283	-	1,225	-

Amount repayable after one year

	As at 30-Sep-08		As at 31-Dec-07	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease obligations	2,612	-	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	
	3rd Qtr of 2008	3rd Qtr of 2007
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	2,282	4,535
Adjustments for:		
Allowance for doubtful debts	128	92
Write-back of allowance for doubtful debts	(5)	(23)
Gain on disposal of fixed assets	(20)	(71)
Fixed assets written off	1	18
Depreciation of fixed assets	1,201	666
Share of results of associate	12	32
Gain on disposal of a subsidiary	-	(2,772)
Interest income	(5)	(10)
Interest expenses	328	257
Operating profit before working capital changes	**3,922**	**2,724**
(Increase) / decrease in:		
Stocks	(3,168)	(1,768)
Work-in-progress in excess of progress billings	2,060	1,045
Trade debtors	2,787	630
Other debtors	986	4
Prepayments	632	(88)
Due from related parties, net	(1,380)	(2,065)
Due from associates, net	32	(11)
Increase / (decrease) in:		
Trade creditors	(3,408)	(137)
Other creditors and accruals	2,190	213
Due to related parties, net	(55)	565
Net cash generated from operations	**4,598**	**1,112**
Interest received	5	10
Interest paid	(324)	(259)
Income taxes paid	(908)	(195)
Net cash generated from operating activities	**3,371**	**668**

	GROUP	
	3rd Qtr of 2008	3rd Qtr of 2007
	S$'000	S$'000
Cash flows from investing activities		
Proceeds from disposal of fixed assets	94	195
Purchase of fixed assets	(3,658)	(2,162)
Proceeds from disposal of subsidiary, net	-	868
Net cash used in investing activities	**(3,564)**	**(1,099)**
Cash flows from financing activities		
Repayment of finance lease liabilities	(590)	(226)
Increase in bills payable to banks	3,175	2,625
Dividends paid to minority interest	(10)	(29)
Net cash generated from financing activities	**2,575**	**2,370**
Net effect of exchange rate changes in consolidating subsidiaries	25	(15)
Net increase in cash and cash equivalents	**2,407**	**1,924**
Cash and cash equivalents at beginning of the period	**7,803**	**9,653**
Cash and cash equivalents at end of the period	**10,210**	**11,577**

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 30 June 2007	16,111	12,218	3	12,221	2,111	30,443
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	-	995	-	995	1,702	2,697
Balance as at 30 September 2007	**16,111**	**13,213**	**(16)**	**13,197**	**3,762**	**33,070**
Balance as at 30 June 2008	16,111	18,201	(29)	18,172	3,720	38,003
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	-	-	14	14	-	14
Dividends paid to minority interest	-	-	-	-	(10)	(10)
Net profit for the quarter	-	1,505	-	1,505	164	1,669
Balance as at 30 September 2008	**16,111**	**19,706**	**(15)**	**19,691**	**3,874**	**39,676**
COMPANY						
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**
Balance as at 30 June 2008	16,111	2,051	-	2,051	-	18,162
Net profit for the quarter	-	272	-	272	-	272
Balance as at 30 September 2008	**16,111**	**2,323**	**-**	**2,323**	**-**	**18,434**

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-Sep-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	
	9 Months 2008	9 Months 2007
a) Based on weighted average number of ordinary shares on issue; and	1.79	0.99
Weighted no.of shares in issue	384,710,625	379,567,767 [(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 financial year.**

	GROUP		COMPANY	
	30-Sep-08	31-Dec-07	30-Sep-08	31-Dec-07
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	9.31	8.22	4.64	5.27

30-Sep-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$35.80 million and the Company's net asset value as at the end of the period of S$17.85 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$31.63 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

3rd Quarter of FY 2008

	3rd Quarter Results			
Group Turnover	**FY 2008**	**FY 2007**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Corrosion Prevention ("CP")	**15.01**	**8.28**	**6.73**	**81.3**
Infrastructure & Engineering ("IE")	**9.69**	**5.68**	**4.01**	**70.6**
Supply & Distribution ("SD")	**6.69**	**7.04**	**(0.35)**	**(5.0)**
	31.39	**21.00**	**10.39**	**49.5**

The Group's turnover for 3rd quarter 2008 increased by 49.5% from S$21.00 million to S$31.39 million. This was mainly driven by continual strong demand momentum in marine, offshore oil and gas activities during the quarter.

Supported by buoyant ship repair, ship building, rig building activities in various Batam and Singapore shipyards, the CP division continued to achieve higher growth for the quarter with an increase in turnover of S$6.73 million from S$8.28 million in 3rd quarter 2007 to S$15.01 million.

Turnover from our IE division registered an increased of S$4.01 million from S$5.68 million in 3rd quarter 2007 to S$9.69 million in 3rd quarter 2008. The growth was attributed to higher revenue generated from the electrical, installation and automation services for our related parties. In this quarter, we also provided a new service line in the form of rope access services to a customer in the oil and gas industry.

The Group achieved a net profit attributable to shareholders of S$1.5 million for 3rd quarter 2008 an improvement of 51% compared to 3rd quarter 2007 with net profit of S$995,000.

9 Months FY2008

Group Turnover	9 Months Results			
	FY 2008 S$'million	FY 2007 S$'million	+ / (-) S$'million	+ / (-) %
Corrosion Prevention ("CP")	49.70	25.27	24.43	96.7
Infrastructure & Engineering ("IE")	29.39	24.44	4.95	20.3
Supply & Distribution ("SD")	21.09	21.37	(0.28)	(1.3)
	100.18	71.08	29.10	40.9

The Group's turnover for the nine months ended 30 September 2008 registered a 40.9% growth to S$100.18 million from S$71.08 million in the previous corresponding period. The increase in the Group's turnover was largely attributable to the strong performance of CP division, the latter being supported by the strong order books in ship building, ship repairs and rig buildings in the various Singapore and Batam shipyards.

For the nine months in 2008, the IE division had achieved steady growth and this was partly fueled by the activities related to the oil and gas sector and stream of new contracts secured from repeated customers and new customers during the period.

The SD division played an important internal group procurement role to facilitate and support the growth for the CP and IE divisions.

The Group's net profits attributable to shareholders increased by 83% to S$6.87 million for the nine months ended 30 September 2008 as compared to S$3.76 million for the previous corresponding period. The improved performance was attributable to the strong marine and offshore oil and gas activities for the first nine months of the year.

CASHFLOW STATEMENT

The Group has improved its operating cashflow during the 3rd quarter by taking measures to collect debts promptly.

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 nine months 2008 was in line with the prospect statement as disclosed in the FY2007 full-year result

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 Group has commenced operation in October 2008 at the new 32.8 hectare yard in Batam with the construction of the accomodation modules of a pipe laying barge (with a contract value of S$21 million) together with other ongoing projects. The outlook for the marine oil and gas sector for the near term remains positive, underpinned by the existing order books secured by the shipyard industry in Singapore and Batam.

With the challenging business environment and the uncertain financial market, the Group will continue to adopt a cautious approach to capital expenditures. At the same time, the Group will continue to focus on its debt recovery and cash collection efforts.

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 2008.

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

	3rd 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		4,078,070
Provision of infrastructure engineering services		284,000
Sale of hardware equipment, tools and other consumables		53,167
Rental of machineries		512,780
PT Nanindah Mutiara Shipyard		
Sale of hardware equipment, tools and other consumables		797,511
Heng Huat Shipbuilding & Construction Pte Ltd		
Rental of property expenses	(105,000)	
Crown Shipping Pte Ltd		
Provision of electrical and repair maintenance		378,927
Labroy Offshore Engineering Pte Ltd		
Sale of hardware equipment, tools and other consumables		1,762,204
Labroy Offshore Ltd		
Provision of corrosion prevention services		4,171,586
PT Graha Trisaka Industri		
Provision of corrosion prevention services		3,043,365
Sale of hardware equipment, tools and other consumables		228,764
Drydocks World-Singapore Pte Ltd		
Provision of corrosion prevention services		1,059,132
Sale of hardware equipment, tools and other consumables		3,000
PT. Pan-United Shipyard Indonesia		
Provision of corrosion prevention services		2,170,623
Sale of hardware equipment, tools and other consumables		16,356

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 nine months ended 30 September 2008 to be false or misleading.

BY ORDER OF THE BOARD

Chua Beng Kuang
Managing Director
11 November 2008

Chua Meng Hua
Executive Director