BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Half Financial Statement For The Period Ended 30 June 2010

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 2010 S$'000	2nd Qtr of 2009 S$'000	Increase / (Decrease) %	1st Half 2010 S$'000	1st Half 2009 S$'000	Increase / (Decrease) %
Revenue		**21,850**	**42,678**	**(49%)**	**43,327**	**76,470**	**(43%)**
Cost of sales		(16,371)	(33,531)	(51%)	(31,365)	(60,088)	(48%)
Gross profit		**5,479**	**9,147**	**(40%)**	**11,962**	**16,382**	**(27%)**
Other operating income (net)	(A)	212	95	123%	177	360	(51%)
Administrative expenses		(3,047)	(3,728)	(18%)	(6,667)	(7,201)	(7%)
Selling & distribution expenses		(378)	(496)	(24%)	(800)	(1,075)	(26%)
Profit from operations		**2,266**	**5,018**	**(55%)**	**4,672**	**8,466**	**(45%)**
Financial Income		2	1	100%	7	2	250%
Financial expenses		(393)	(383)	3%	(726)	(724)	0%
Share of results of associates, net of tax		(71)	(92)	(23%)	(125)	(158)	(21%)
Profit before taxation	**(B)**	**1,804**	**4,544**	**(60%)**	**3,828**	**7,586**	**(50%)**
Income tax expense		(444)	(1,255)	(65%)	(882)	(1,921)	(54%)
Profit after taxation		**1,360**	**3,289**	**(59%)**	**2,946**	**5,665**	**(48%)**
Attributable to :							
Equity holders of the Company		**1,284**	**3,019**	**(57%)**	**2,830**	**5,463**	**(48%)**
Minority Interests		76	270	(72%)	116	202	(43%)
		1,360	**3,289**	**(59%)**	**2,946**	**5,665**	**(48%)**

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	GROUP			GROUP		
	2nd Qtr of 2010 S$'000	**2nd Qtr of 2009 S$'000**	**Increase / (Decrease) %**	**1st Half 2010 S$'000**	**1st Half 2009 S$'000**	**Increase / (Decrease) %**
Profit after taxation	**1,360**	**3,289**	**(59%)**	**2,946**	**5,665**	**(48%)**
Foreign currency translation	7	(101)	NM	45	(8)	NM
Other comprehensve income, net of tax	**7**	**(101)**	**NM**	**45**	**(8)**	**NM**
Total comprehensive income	**1,367**	**3,188**	**(57%)**	**2,991**	**5,657**	**(47%)**
Total comprehensive income attributable to:						
Equity holders of the Company	**1,291**	**2,918**	**(56%)**	**2,875**	**5,455**	**(47%)**
Minority Interests	76	270	72%	116	202	(43%)
	1,367	**3,188**	**(57%)**	**2,991**	**5,657**	**(47%)**

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

Gain / (loss) on disposal of property, plant and equipment	31	(26)	24	(29)
Property, plant and equipment written off	-	-	-	(53)
Foreign exchange loss	(6)	(212)	(79)	(58)
Other Income	187	333	232	500

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

Interest income	2	1	7	2
Interest expense on borrowings	(363)	(366)	(686)	(695)
Depreciation of property, plant and equipment	(1,512)	(1,415)	(2,990)	(2,717)
Amortisation of intangible asset	(14)	(11)	(29)	(23)
Write-back of allowance for doubtful debts	16	221	23	241
Allowance for doubtful debts	(418)	(88)	(502)	(188)

NM - Not meaningful

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-10	31-Dec-09	30-Jun-10	31-Dec-09
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Property, plant and equipment	47,977	45,792	873	1,017
Intangible assets	2,650	2,663	-	-
Investment in subsidiaries	-	-	9,602	9,392
Investment in associates	4,037	4,152	-	200
Due from subsidiary (non-trade)	-	-	-	51
Current assets				
Inventories	9,436	9,020	-	-
Work-in-progress in excess of progress billings	12,208	9,243	1,767	2,280
Trade debtors	21,933	22,313	-	-
Other debtors	2,156	2,041	675	452
Prepayment	772	1,000	148	1
Due from subsidiaries (trade)	-	-	4,291	3,701
Due from subsidiaries (non trade)	-	-	34,714	33,631
Due from related parties (trade)	17,926	22,423	6,436	6,480
Due from related parties (non trade)	17	17	17	17
Due from associates (non-trade)	66	82	40	68
Fixed deposits	3,348	982	2,001	-
Cash and bank balances	9,819	18,286	3,775	5,865
	77,681	**85,407**	**53,864**	**52,495**
Current liabilities				
Trade creditors	15,679	19,711	70	88
Bills payable to banks	1,287	956	-	-
Other creditors and accruals	10,944	15,282	2,005	3,119
Due to subsidiaries (trade)	-	-	674	3,667
Due to subsidiaries (non-trade)	-	-	1,463	386
Due to related parties (trade)	554	1,853	306	306
Due to related parties (non trade)	215	289	-	-
Provision for income tax	2,632	3,017	-	-
Lease obligations	1,415	1,643	50	50
Bank overdrafts	289	-	-	-
Short-term bank loans	25,429	22,814	22,525	20,000
Term loans	2,693	2,678	1,256	1,258
	61,137	**68,243**	**28,349**	**28,874**
Net current assets	**16,544**	**17,164**	**25,515**	**23,621**

	GROUP		COMPANY	
	30-Jun-10	31-Dec-09	30-Jun-10	31-Dec-09
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Lease obligations	657	817	56	81
Deferred tax liabilties	903	866	-	-
Term loans	6,292	7,620	2,500	3,125
	7,852	9,303	2,556	3,206
Net assets	**63,356**	**60,468**	**33,434**	**31,075**
Equity attributable to equity holders of the Company				
Share capital	31,154	28,909	31,154	28,909
Revenue reserves	28,276	27,696	2,280	2,166
Translation reserves	11	(34)	-	-
	59,441	56,571	33,434	31,075
Minority interests	3,915	3,897	-	-
Total equity	**63,356**	**60,468**	**33,434**	**31,075**

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-10		As at 31-Dec-09	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings	-	27,005	-	23,770
Term loans	946	1,747	935	1,743
Lease obligations	1,415	-	1,643	-

Amount repayable after one year

	As at 30-Jun-10		As at 31-Dec-09	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	2,726	3,566	3,182	4,438
Lease obligations	657	-	817	-

Details of any collateral

Included in the Group's secured borrowings are:-
(a) S$3,672,000 (31 Dec 2009: S$4,117,000) in respect of a loan secured by a leasehold property.
(b) Lease obligations are secured by the underlying equipment.

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 2010	2nd Qtr of 2009
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	1,804	4,544
Adjustments for:		
Allowance for doubtful debts	418	88
Write-back of allowance for doubtful debts	(16)	(221)
(Gain) / loss on disposal of Property, plant and equipment	(31)	26
Depreciation of Property, plant and equipment	1,512	1,415
Amortisation of intangible assets	14	11
Allowance for stock obsolescence	-	56
Share of results of associates	71	92
Interest income	(2)	(1)
Interest expenses	363	366
Operating profit before working capital changes	**4,133**	**6,376**
(Increase) / decrease in:		
Inventories	(162)	1,045
Work-in-progress in excess of progress billings	2,387	(3,593)
Trade debtors	(377)	982
Other debtors	679	3,391
Prepayments	(96)	(61)
Due from related parties	(867)	(2,155)
Due from associates	10	(7)
Increase / (decrease) in:		
Trade creditors	(1,806)	3,371
Other creditors and accruals	(1,443)	(460)
Due to related parties	(63)	598
Net cash flows generated from operations	**2,395**	**9,487**
Interest received	2	1
Interest paid	(335)	(395)
Income taxes paid	(451)	(705)
Net cash flows generated from operating activities	**1,611**	**8,388**

	GROUP	
	2nd Qtr of 2010	2nd Qtr of 2009
	S$'000	S$'000
Cash flows from investing activities		
Proceeds from disposal of Property, plant and equipment	112	51
Purchase of Property, plant and equipment	(2,080)	(8,058)
Investment in an associate	(10)	(200)
Net cash outflow from acquisition of sole-proprietorship	(38)	-
Net cash flows used in investing activities	**(2,016)**	**(8,207)**
Cash flows from financing activities		
Repayment of finance lease liabilities	(652)	(607)
Increase / (decrease) in bills payable to banks	477	(990)
Net proceeds from / (repayment of) short term bank loans	1,486	(3,131)
Net (repayment of) / proceeds from term loans	(664)	6,000
Dividends paid to shareholders	(2,250)	(1,924)
Dividends paid to minority shareholders of a subsidiary	(98)	-
Net cash flows used in financing activities	**(1,701)**	**(652)**
Net effect of exchange rate changes in consolidating subsidiaries	9	(101)
Net decrease in cash and cash equivalents	**(2,097)**	**(572)**
Cash and cash equivalents at beginning of the period	**14,975**	**10,986**
Cash and cash equivalents at end of the period	**12,878**	**10,414**

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 2009	16,111	23,501	73	23,574	3,843	43,528
Dividends paid to shareholders	-	(1,924)	-	(1,924)	-	(1,924)
Total comprehensive income for the quarter	-	3,019	(101)	2,918	270	3,188
Balance as at 30 June 2009	**16,111**	**24,596**	**(28)**	**24,568**	**4,113**	**44,792**
Balance as at 31 March 2010	31,154	29,242	4	29,246	3,937	64,337
Dividends paid to shareholders	-	(2,250)	-	(2,250)	(98)	(2,348)
Total comprehensive income for the quarter	-	1,284	7	1,291	76	1,367
Balance as at 30 June 2010	**31,154**	**28,276**	**11**	**28,287**	**3,915**	**63,356**
COMPANY						
Balance as at 31 March 2009	16,111	3,209	-	3,209	-	19,320
Dividends paid to shareholders	-	(1,924)	-	(1,924)	-	(1,924)
Total comprehensive income for the quarter	-	235	-	235	-	235
Balance as at 30 June 2009	**16,111**	**1,520**	**-**	**1,520**	**-**	**17,631**
Balance as at 31 March 2010	31,154	4,358	-	4,358	-	35,512
Dividends paid to shareholders	-	(2,250)	-	(2,250)	-	(2,250)
Total comprehensive income for the quarter	-	172	-	172	-	172
Balance as at 30 June 2010	**31,154**	**2,280**	**-**	**2,280**	**-**	**33,434**

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.

Pursuant to the Call Option Agreement dated 7 September 2009, the new subscribers were granted an Option to subscribe 38,000,000 new shares in the Company at an exercise price of $0.25 per share. This Option is exercisable at the sole discretion of the subscribers within the period of 3 years from the date of the Call Option Agreement.

As at 30 June 2010, 22,000,000 Option shares have been exercised with 16,000,000 Option shares to be carried forward to the next quarter.

The details of changes in the Company's share capital were as follows:

Issued and fully paid	**No.of ordinary shares**	**S$'000**
Balance as at 31 March 2010	450,041,625	31,154
Issurance of shares	-	-
Balance as at 30 June 2010	450,041,625	31,154

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-10	As at 31-Dec-09
	No. of shares	No. of shares
Issued and fully paid	450,041,625	441,041,625

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 2009.

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 2010	1st half 2009
a) Based on weighted average number of ordinary shares on issue; and	0.63	1.42
Weighted no.of shares in issue	448,997,426	384,710,625
b) On a fully diluted basis	0.63	N/A

N/A - not applicable

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-Jun-10	31-Dec-09	30-Jun-10	31-Dec-09
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	13.21	12.83	7.43	7.05

30-Jun-10

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$59.44 million and the Company's net asset value as at the end of the period of S$33.43 million divided by the share capital of 450,041,625 ordinary shares.

31-Dec-09

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$56.57 million and the Company's net asset value as at the end of the period of S$31.08 million divided by the share capital of 441,041,625 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 FY2010

	2nd Quarter results			
Group Turnover	**FY 2010**	**FY 2009**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Infrastructure & Engineering ("IE")	**4.01**	**17.29**	**(13.28)**	**(76.8)**
Corrosion Prevention ("CP")	**13.51**	**19.12**	**(5.61)**	**(29.3)**
Supply & Distribution ("SD")	**4.33**	**6.27**	**(1.94)**	**(30.9)**
	21.85	**42.68**	**(20.83)**	**(48.8)**

The Group's revenue for 2Q2010 decreased by 48.8% from S$42.68 million to S$21.85 million as compared to 2Q2009. The revenue of IE division dropped by 76.8%, the revenue of CP division declined by 29.3% and the revenue of SD division dropped by 30.9%.

Revenue from our IE division decreased S$13.28 million from S$17.29 million in 2Q2009 to S$4.01 million in 2Q2010. This was due to fewer contracts secured due to the laggard effect of the slowdown in the marine industry in 2009. On the positive side, towards the end of May 2010, the Group had secured a S$6.4 million contract to build a crane barge for a customer from India. In addition to the securing of the crane barge contract, the IE divison has shown sign of improvement during the quarter 2Q2010 as compared to 1Q2010.

Our CP and SD divisions performed below expectation due to decrease in demand given the weak recovery of the global offshore marine, oil & gas industries.

The Group net profit attributable to shareholders decreased by 57% to S$1.28 million in 2Q2010 as compared to S$3.02 million in 2Q2009. This decrease was in tandem with the reduction in revenue for the period.

1st Half FY2010

Group Turnover	1st Half results			
	FY 2010 S$'million	FY 2009 S$'million	+ / (-) S$'million	+ / (-) %
Infrastructure Engineering ("IE")	**6.96**	**31.41**	**(24.45)**	**(77.8)**
Corrosion Prevention ("CP")	**27.19**	**32.79**	**(5.60)**	**(17.1)**
Supply & Distribution ("SD")	**9.18**	**12.27**	**(3.09)**	**(25.2)**
	43.33	**76.47**	**(33.14)**	**(43.3)**

The Group's turnover for the six months ended 30 June 2010 decreased by S$33.14 million to S43.33 million from S$76.47 million for the six months ended 30 June 2009. The revenue of IE division dropped by 77.8%, the revenue of CP division declined by 17.1% and the revenue of SD division dropped by 25.2%.

Revenue from our IE division declined S$24.45 million from S$31.41 million in 1H2009 to S$6.96 million in 1H2010. The IE division did not secure major contracts during the first five months of 2010. With the slow recovery from the marine, oil and gas industries, the IE division secured a major contract in May 2010 for the construction of a crane barge which is scheduled to complete at end of year 2010.

Revenue from our CP division declined S$5.60 million from S$32.79 million in 1H2009 to S$27.19 million in 1H2010. The recurring business from the hullside blasting and painting activities for the various shipyards in Singapore and Batam remain stable and continue to provide constant stream of revenue for the Group.

Revenue from our SD division declined S$3.09 million from S$12.27 million in 1H2009 to S$9.18 million in 1H2010. Our SD division performed below expectation due to decrease in demand given the weak recovery of the global offshore marine, oil & gas industries.

The Group's net profits attributable to shareholders decreased by 48% to S$2.83 million for the six months ended 30 June 2010 as compared to S$5.46 million for the previous corresponding period. The decrease in profit attributable to shareholders was in tandem with the reduction in revenue for the period.

CASHFLOW STATEMENT

The Group had recorded a positive cashflow from operating activities in 2Q2010. This was mainly attributable to the positive operating profit after adjustment for non cash expenses, mainly depreciation cost. However, the higher cash inflow due to decrease in work-in-progress in excess of progress billings was off-set by higher cash outflow on trade creditors, other creditors and accruals.

Net outflow from investing activities for 2Q2010 was S$2.02 million. This outlay was mainly related to the on going construction of a cargo barge, purchase of forklifts, hydrojetting machines and due to improvements to our Batam yard.

The net cash outflow from financing activities of S$1.70 million was mainly due to S$2.25 million dividends paid to shareholders in May 2010. During the quarter, the Group utilised S$1.5 million on short term bank loans, and repaid S$0.66 million on term loans and S$0.65 million on finance lease liabilities.

Despite the decrease in cash and cash equivalents by S$2.10 million during the quarter 2Q2010, the Group registered a reasonable healthy balance of S$12.88 million for the period ended 30 June 2010.

ASSETS AND LIABILITIES

The Group's Balance Sheet remains strong with S$132.35 million in "Total assets". The Group maintains a healthy cash and bank balances of S$12.88 million at the end of 2Q2010.

The Group's "Total Liabilities" was S$68.99 million at end of 2Q2010 as compared to S$94.23 million at end of 2Q2009. The significant drop in liabitlites was mainly attributable to the trade payables and accrual expenses associated with a barge project that were mostly settled and paid by end of year 2009. The decrease in total liabilities from S$70.81 in 1Q2010 to S$68.99 million in 2Q2010 was due to decrease in trade creditors, other creditors and accruals as a result of reduced in projects on hand.

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

Not applicable.

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.

For the first half of the year, business sentiment for the marine, offshore oil and gas industries was weak.
For the second half of the year, the Group's business is expected to continue to be challenging as the global economy recovery is expected to slow down.

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 2010.

13 Summary of Interested Person Transactions for the financial period ended 30 June 2010

	2nd Quarter of FY2010	
	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$100,000)**
Revenue/(Expenses)		S$
Labroy Shipbuilding & Engineering Pte Ltd		
Provision of corrosion prevention services		2,042,971
Provision of infrastructure engineering services		18,681
Sale of hardware equipment, tools and other consumables		17,475
Rental of machineries		137,249
Labroy Offshore Engineering Pte Ltd		
Provision of corrosion prevention services		496,833
Provision of infrastructure engineering services		(1,897,100)
PT Graha Trisaka Industri		
Provision of corrosion prevention services		810,000
Provision of infrastructure engineering services		1,391,367
Sale of hardware equipment, tools and other consumables		145,137
Drydocks World-Singapore Pte Ltd		
Provision of corrosion prevention services		453,658
Sale of hardware equipment, tools and other consumables		543
Transportation charges		(1,865)
PT Drydocks World Pertama		
Provision of corrosion prevention services		652,857
Sale of hardware equipment, tools and other consumables		26,207

14 Confirmation pursuant to Rule 705(5) 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 2010 to be false or misleading.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
13 August 2010

Chua Meng Hua
Managing Director