BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2011

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		
	Notes	1st Qtr of 2011 S$'000	1st Qtr of 2010 S$'000	Increase / (Decrease)
Revenue		31,644	21,477	47%
Cost of sales		(26,934)	(14,994)	80%
Gross profit		4,710	6,483	(27%)
Other gains / (loss), net	(A)	37	(30)	NM
Expenses				
- Selling and distribution		(378)	(422)	(10%)
- Administrative		(3,190)	(3,624)	(12%)
- Finance		(396)	(329)	20%
Share of loss of associated companies		(75)	(54)	39%
Profit before income tax	(B)	708	2,024	(65%)
Income tax expense		(95)	(438)	(78%)
Net profit		613	1,586	(61%)
Profit attributable to:				
Equity holders of the Company		686	1,546	(56%)
Non-controlling interests		(73)	40	NM
		613	1,586	(61%)

NM - Not meaningful

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

	Notes	GROUP 1st Qtr of 2011 S$'000	1st Qtr of 2010 S$'000	Increase / (Decrease)
Other comprehensive income:				
Currency translation differences arising from consolidation		(41)	38	NM
Other comprehensive income, net of tax		(41)	38	NM
Total comprehensive income		572	1,624	(65%)
Total comprehensive income attributable to:				
Equity holders of the Company		645	1,584	(59%)
Non-controlling interests		(73)	40	NM
		572	1,624	(65%)

Notes

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

Loss on disposal of property, plant and equipment	-	(7)
Property, plant and equipment written off	(7)	-
Foreign exchange loss	(92)	(73)
Interest Income	23	5
Other Income	113	45

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

	GROUP 1st Qtr of 2011 S$'000	1st Qtr of 2010 S$'000
Interest expense on borrowings	(396)	(323)
Depreciation of property, plant and equipment	(1,407)	(1,478)
Amortisation of intangible asset	(15)	(15)
Write-back of allowance for doubtful debts	94	7
Allowance for doubtful debts	(52)	(84)

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	
	31-Mar-11	31-Dec-10	31-Mar-11	31-Dec-10
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,699	24,067	4,022	10,164
Trade and other receivables	65,267	52,717	65,540	55,558
Inventories	8,980	9,824	-	-
	89,946	86,608	69,562	65,722
Non-current assets				
Investment in associated companies	3,620	3,695	-	-
Investment in subsidiaries	-	-	12,022	12,022
Intangible assets	2,606	2,621	-	-
Property, plant and equipment	61,117	54,924	1,313	1,401
	67,343	61,240	13,335	13,423
Total assets	157,289	147,848	82,897	79,145
LIABILITIES				
Current liabilities				
Trade and other payables	31,615	25,976	3,783	3,118
Current income tax liabilities	1,255	1,202	-	-
Borrowings	34,617	30,624	24,658	23,336
	67,487	57,802	28,441	26,454
Non-current liabilities				
Borrowings	5,803	6,618	3,817	2,304
Deferred tax liabilities	989	990	37	37
	6,792	7,608	3,854	2,341
Total Liabilities	74,279	65,410	32,295	28,795
NET ASSETS	83,010	82,438	50,602	50,350
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Currency translation reserve	(54)	(13)	-	-
Retained profits	28,857	28,171	951	699
	78,454	77,809	50,602	50,350
Non-controlling interests	4,556	4,629	-	-
Total equity	83,010	82,438	50,602	50,350

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

Amount repayable in one year or less, or on demand

	As at 31-Mar-11		As at 31-Dec-10	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings	-	30,804	-	26,548
Term loans	970	1,755	941	1,753
Lease Obligations	1,088	-	1,382	-

Amount repayable after one year

	As at 31-Mar-11		As at 31-Dec-10	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	2,042	2,253	2,270	2,691
Lease Obligations	1,508	-	1,657	-

Details of any collateral

Included in the Group's secured borrowings are:-
(a) S$3,012,000 (31 Dec 2010: S$3,211,000) 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	
	1st Qtr of 2011	**1st Qtr of 2010**
	S$'000	**S$'000**
Cash flows from operating activities		
Net profit	613	1,586
Adjustments for:		
Income tax expense	95	438
Allowance for impairment for trade receivables	52	84
Write-back of allowance for impairment of trade receivables	(94)	(7)
Loss on disposal of property, plant and equipment	-	7
Property, plant and equipment written off	7	-
Depreciation of property, plant and equipment	1,407	1,478
Amortisation of intangible assets	15	15
Allowance for impairment of inventories	42	11
Share of losses of associated companies	75	54
Interest income	(23)	(5)
Interest expenses	396	323
	2,585	3,984
Changes in working capital		
Inventories and construction work-in-progress	(11,254)	(5,562)
Trade and other receivables	(5,180)	5,399
Trade and other payables	10,368	(6,563)
Bills payable	4,098	(146)
Cash flows generated from / (used in) operations	617	(2,888)
Interest received	23	5
Interest paid	(436)	(331)
Income taxes paid	(42)	(780)
Net cash flows generated from / (used in) operating activities	162	(3,994)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	417
Addition to property, plant and equipment	(7,539)	(2,920)
Net cash flows used in investing activities	(7,539)	(2,503)
Cash flows from financing activities		
Repayment of lease liabilities	(515)	(414)
(Repayment of) / Proceeds from borrowings, net	(438)	336
Proceeds from issuance of ordinary shares	-	2,245
Net cash flows (used in) / generated from financing activities	(953)	2,167
Net decrease in cash and cash equivalents	(8,330)	(4,330)
Cash and cash equivalents		
Beginning of the period	24,067	19,268
Effects of currency translation on cash and cash equivalents	(38)	33
End of financial period	15,699	14,971

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 31 December 2009	28,909	27,696	(34)	27,662	3,897	60,468
Issuance of shares	2,250	-	-	-	-	2,250
Share issue expenses	(5)	-	-	-	-	(5)
Total comprehensive income for the quarter	-	1,546	38	1,584	40	1,624
Balance as at 31 March 2010	**31,154**	**29,242**	**4**	**29,246**	**3,937**	**64,337**
Balance as at 31 December 2010	49,651	28,171	(13)	28,158	4,629	82,438
Total comprehensive income for the quarter	-	686	(41)	645	(73)	572
Balance as at 31 March 2011	**49,651**	**28,857**	**(54)**	**28,803**	**4,556**	**83,010**

	Share Capital S$'000	**Revenue Reserve S$'000**	**Translation Reserves S$'000**	**Total Reserves S$'000**	**Minority Interests S$'000**	**Total S$'000**
COMPANY						
Balance as at 31 December 2009	28,909	2,166	-	2,166	-	31,075
Issuance of shares	2,250	-	-	-	-	2,250
Share issue expenses	(5)	-	-	-	-	(5)
Total comprehensive income for the quarter	-	2,192	-	2,192	-	2,192
Balance as at 31 March 2010	**31,154**	**4,358**	**-**	**4,358**	**-**	**35,512**
Balance as at 31 December 2010	49,651	699	-	699	-	50,350
Total comprehensive income for the quarter	-	252	-	252	-	252
Balance as at 31 March 2011	**49,651**	**951**	**-**	**951**	**-**	**50,602**

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 31 March 2011, 22,000,000 Call Option shares have been exercised with 16,000,000 Call Option shares to be carried forward to the next period.

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 1 January 2011 and 31 March 2011	540,041,625	49,651

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 31-Mar-11	As at 31-Dec-10
	No. of shares	No. of shares
Issued and fully paid	540,041,625	540,041,625

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 2010.

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 Quarter 2011	1st Quarter 2010
a) Based on weighted average number of ordinary shares on issue: and	0.13	0.35
Weighted no.of shares in issue	540,041,625	447,941,625
b) On a fully diluted basis	0.13	0.34

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	
	31-Mar-11	31-Dec-10	31-Mar-11	31-Dec-10
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	14.53	14.41	9.37	9.32

31-Mar-11

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$78.45 million and the Company's net asset value as at the end of the period of S$50.60 million divided by the share capital of 540,041,625 ordinary shares.

31-Dec-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$77.81 million and the Company's net asset value as at the end of the period of S$50.35 million divided by the share capital of 540,041,625 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

	1st Quarter results			
Group Turnover	**FY 2011**	**FY 2010**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Infrastructure & Engineering ("IE")	**21.08**	**2.95**	**18.13**	**614.6**
Corrosion Prevention ("CP")	**6.97**	**13.68**	**(6.71)**	**(49.0)**
Supply & Distribution ("SD")	**3.59**	**4.85**	**(1.26)**	**(26.0)**
	31.64	**21.48**	**10.16**	**47.3**

The Group's revenue increased 47.3% from S$21.48 million in 1Q2010 to S$31.64 million in 1Q2011. The revenue of IE division increased by 614.6%, while the revenue of CP and SD division declined 49.0% and 26.0% respectively.

Revenue from our IE division increased S$18.13 million from S$2.95 million in 1Q2010 to S$21.08 million in 1Q2011. This was mainly contributed from the recent shipbuilding contracts to construct a patrol boat and two submersible barges. These contracts were secured in 4Q2010 and 1Q2011 with an estimated total value of S$84 million.

Revenue from our CP division decreased S$6.71 million from S$13.68 million in 1Q2010 to S$6.97 million in 1Q2011. This was mainly due to fewer projects secured from other shipyards as compared to the previous corresponding period.

Revenue from our SD division decreased S$1.26 million from S$4.85 million in 1Q2010 to S$3.59 million in 1Q2011. This was due to lower demand for hardwares and consumables from customers.

The Group's net profit attributable to shareholders decreased 55.6% to S$0.69 million in 1Q2011 as compared to S$1.55 million in 1Q2010. This decrease was primarily due to poor performance of the CP division and SD division with revenue declining by 49.0% and 26.0% respectively. Profit margin reduced by approximately 50% for CP division during this quarter due to poor market conditions.

CASHFLOW STATEMENT

The Group had recorded positive cashflow from operating activities in 1Q2011. This was attributable to operating profit during the quarter which exceeded the negative working capital changes.

Net outflow from investing activities for FY2011 was S$7.54 million. This outlay was mainly related to the additional pair of tug boat and barge, and the construction in progress for the four barges in Shipping division.

The net cash outflow in financing activities of S$0.95 million was due to repayment of lease liabilities and bank term loan.

Overall, the Group registered healthy cash and bank balances of S$15.70 million. The cash and bank balances improved by 4.86% as compared to the same corresponding quarter in previous year.

ASSETS AND LIABILITIES

The Group's Balance Sheet remains strong with S$157.29 million in "Total assets". The Group's cash and bank balances remain healthy at S$15.70 million at the end of 1Q2011.

The Group's "Total Liabilities" was S$74.28 million at end of 1Q2011 as compared to S$65.41 million at end of FY2010. This increased in trade creditors and bills payables on purchase of materials and equipment were mainly due to the increase in shipbuilding activities in our Batam yard.

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.

With the current order book in hand, revenue is expected to improve over the next 12 months. The outlook for the demand in oil rigs and offshore support vessels remains positive. Going forward, the Group will continue to seek out opportunities to secure more offshore marine projects.

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 31 March 2011.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2011

	1st Quarter of FY2011	
	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$
Drydocks World-Singapore Pte Ltd		
Provision of Corrosion Prevention Services		652,523
Transportation charges		(2,226)
PT Graha Trisaka Industri		
Provision of Corrosion Prevention Services		202,500
Provision of Infrastructure Engineering Services		(1,582)
PT. Drydocks World Pertama		
Provision of Infrastructure Engineering Services		493,226
Provision of Corrosion Prevention Services		(2,384)
Sale of Hardware Equipments, Tools and Other Consumables		140

18 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 period ended 31 March 2011 to be false or misleading.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
9 May 2011

Chua Meng Hua
Managing Director