BENG KUANG MARINE LIMITED

Registration No. 199400196M

First 9 months Financial Statement For The Period Ended 30 September 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			GROUP		
		3rd Qtr of 2011	3rd Qtr of 2010	Increase / (Decrease)	9 Months of 2011	9 Months of 2010	Increase / (Decrease)
	Notes	S$'000	S$'000		S$'000	S$'000	
Revenue		34,439	18,639	85%	106,909	61,966	73%
Cost of sales		(26,817)	(14,242)	88%	(87,155)	(45,607)	91%
Gross profit		7,622	4,397	73%	19,754	16,359	21%
Other (loss) / gains, net	(A)	(282)	22	NM	(358)	206	NM
Expenses							
- Selling and distribution		(363)	(343)	6%	(1,094)	(1,143)	(4%)
- Administrative		(5,023)	(3,171)	58%	(12,353)	(9,877)	25%
- Finance		(651)	(348)	87%	(1,600)	(1,034)	55%
Share of loss of associated companies		(52)	(81)	(36%)	(208)	(206)	1%
Profit before income tax	(B)	1,251	476	163%	4,141	4,305	(4%)
Income tax expense		(94)	(182)	(48%)	(550)	(1,064)	(48%)
Net profit		1,157	294	294%	3,591	3,241	11%
Profit attributable to:							
Equity holders of the Company		1,417	431	229%	4,029	3,262	24%
Non-controlling interests		(260)	(137)	90%	(438)	(21)	NM
		1,157	294	294%	3,591	3,241	11%

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 3rd Qtr of 2011 S$'000	GROUP 3rd Qtr of 2010 S$'000	Increase / (Decrease)	GROUP 9 Months of 2011 S$'000	GROUP 9 Months of 2010 S$'000	Increase / (Decrease)
Profit after tax		1,157	294	294%	3,591	3,241	11%
Currency translation differences arising from consolidation		61	(11)	NM	(32)	-	NM
Other comprehensive income, net of tax		61	(11)	NM	(32)	-	NM
Total comprehensive income		1,218	283	330%	3,559	3,241	10%
Total comprehensive income attributable to:							
Equity holders of the Company		1,441	420	243%	3,990	3,262	22%
Non-controlling interests		(223)	(137)	63%	(431)	(21)	NM
		1,218	283	330%	3,559	3,241	10%

Notes
(A) The Group's other operating gain / (loss), net includes:

Gain / (loss) on disposal of Property, plant and equipment	91	(56)		114	(32)
Property, plant and equipment written off	-	-		(7)	-
Foreign exchange (loss) / gain	(543)	6		(870)	(73)
Interest Income	2	3		28	10
Other Income	168	69		377	301

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

	GROUP 3rd Qtr of 2011 S$'000	GROUP 3rd Qtr of 2010 S$'000	GROUP 9 Months of 2011 S$'000	GROUP 9 Months of 2010 S$'000
Interest expense on borrowings	(651)	(348)	(1,600)	(1,034)
Depreciation of Property, plant and equipment	(1,651)	(1,550)	(4,510)	(4,540)
Amortisation of intangible asset	(15)	(25)	(44)	(54)
Write-back of allowance for doubtful debts	64	376	201	399
Allowance for doubtful debts	(52)	(79)	(128)	(581)

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-11	31-Dec-10	30-Sep-11	31-Dec-10
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	11,085	24,067	1,181	10,164
Trade and other receivables	95,360	52,717	61,532	55,558
Inventories	12,737	9,824	-	-
	119,182	86,608	62,713	65,722
Non-current assets				
Investment in associated companies	3,487	3,695	-	-
Investment in subsidiaries	-	-	12,059	12,022
Intangible assets	2,641	2,621	-	-
Property, plant and equipment	92,825	54,924	1,221	1,401
	98,953	61,240	13,280	13,423
Total assets	218,135	147,848	75,993	79,145
LIABILITIES				
Current liabilities				
Trade and other payables	63,489	25,976	3,066	3,118
Current income tax liabilities	1,551	1,202	-	-
Borrowings	58,036	30,624	19,901	23,336
	123,076	57,802	22,967	26,454
Non-current liabilities				
Borrowings	9,240	6,618	3,100	2,304
Deferred tax liabilities	989	990	37	37
	10,229	7,608	3,137	2,341
Total Liabilities	133,305	65,410	26,104	28,795
NET ASSETS	84,830	82,438	49,889	50,350
EQUITY				
Capital and reserves attributable to equity holders of the				
Share capital	49,651	49,651	49,651	49,651
Currency translation reserve	(52)	(13)	-	-
Retained profits	31,390	28,171	238	699
	80,989	77,809	49,889	50,350
Non-controlling interests	3,841	4,629	-	-
Total equity	84,830	82,438	49,889	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 30-Sep-11		As at 31-Dec-10	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings	-	52,502	-	26,548
Term loans	962	2,426	941	1,753
Lease Obligations	2,146	-	1,382	-

Amount repayable after one year

	As at 30-Sep-11		As at 31-Dec-10	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	1,586	2,429	2,270	2,691
Lease Obligations	5,225	-	1,657	-

Details of any collateral

Included in the Group's secured borrowings are:-
(a) S$2,548,000 (30 June 2011: S$2,751,000) 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	
	3rd Qtr of 2011	**3rd Qtr of 2010**
	S$'000	**S$'000**
Cash flows from operating activities		
Net profit	1,157	294
Adjustments for:		
Income tax expense	94	182
Allowance for impairment for trade receivables	52	79
Write-back of allowance for impairment of trade receivables	(64)	(376)
(Gain) / loss on disposal of Property, plant and equipment	(91)	55
Depreciation of Property, plant and equipment	1,651	1,550
Amortisation of intangible assets	15	25
Share of losses of associated companies	52	67
Interest income	(2)	(3)
Interest expenses	651	348
	3,515	2,221
Changes in working capital		
Inventories and construction work-in-progress	(19,876)	(435)
Trade and other receivables	8,573	1,056
Trade and other payables	7,748	(3,009)
Bills payable	(2,279)	986
Cash flows (used in) / generated from operations	(2,319)	819
Interest received	2	3
Interest paid	(537)	(436)
Income taxes paid	(60)	(787)
Net cash flows used in operating activities	(2,914)	(401)
Cash flows from investing activities		
Acquisition of non-controlling interests' share in subsidiary, net of cash acquired	(37)	(153)
Proceeds from disposal of Property, plant and equipment	96	129
Addition to Property, plant and equipment	(12,941)	(1,795)
Net cash flows used in investing activities	(12,882)	(1,819)
Cash flows from financing activities		
Repayment of lease liabilities	(885)	(524)
Net proceeds from issue of new ordinary shares	-	18,497
Proceeds from / (Repayment of) borrowings, net	6,461	(1,624)
Proceeds from non-controlling interest in shares	-	90
Dividends paid to a non-controlling interest	(98)	-
Net cash flows generated from financing activities	5,478	16,439
Net (decrease) / increase in cash and cash equivalents	(10,318)	14,219
Cash and cash equivalents		
Beginning of the period	20,712	12,879
Effects of currency translation on cash and cash equivalents	691	(11)
End of financial period	11,085	27,087

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 2010	31,154	28,276	11	28,287	3,914	63,355
Issuance of new shares	18,900	-	-	-	90	18,990
Share issue expense	(403)	-	-	-	-	(403)
Total comprehensive income for the quarter	-	431	(11)	420	(137)	283
Balance as at 30 September 2010	**49,651**	**28,707**	**-**	**28,707**	**3,867**	**82,225**
Balance as at 30 June 2011	49,651	29,973	(76)	29,897	4,199	83,747
Dividend paid to minority interest	-	-	-	-	(98)	(98)
Acquisition of minority interest	-	-	-	-	(37)	(37)
Total comprehensive income for the quarter	-	1,417	24	1,441	(223)	1,218
Balance as at 30 September 2011	**49,651**	**31,390**	**(52)**	**31,338**	**3,841**	**84,830**

	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 30 June 2010	31,154	2,280	-	2,280	-	33,434
Issuance of new shares	18,900	-	-	-	-	18,900
Share issue expense	(403)	-	-	-	-	(403)
Total comprehensive income for the quarter	-	404	-	404	-	404
Balance as at 30 September 2010	**49,651**	**2,684**	**-**	**2,684**	**-**	**52,335**
Balance as at 30 June 2011	49,651	383	-	383	-	50,034
Total comprehensive income for the quarter	-	(145)	-	(145)	-	(145)
Balance as at 30 September 2011	**49,651**	**238**	**-**	**238**	**-**	**49,889**

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 for 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 September 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 30 September 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 30-Sep-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	Group	
	9 Months 2011	9 Months 2010
a) Based on weighted average number of ordinary shares on issue: and	0.75	0.71
Weighted no. of shares in issue	540,041,625	461,547,119
b) On a fully diluted basis	0.75	0.71

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-11	31-Dec-10	30-Sep-11	31-Dec-10
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	15.00	14.41	9.24	9.32

30-Sep-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$80.99 million and the Company's net asset value as at the end of the period of S$49.89 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

	3rd Quarter results			
Group Turnover	**FY 2011**	**FY 2010**	**+ / (-)**	**+ / (-)**
	S$'million	**S$'million**	**S$'million**	**%**
Infrastructure & Engineering ("IE")	**21.95**	**5.35**	**16.60**	**310.3**
Corrosion Prevention ("CP")	**7.91**	**8.75**	**(0.84)**	**(9.6)**
Supply & Distribution ("SD")	**4.38**	**4.54**	**(0.16)**	**(3.5)**
Shipping and Others ("SH")	**0.20**	**-**	**0.20**	**NM**
	34.44	**18.64**	**15.80**	**84.8**

The Group's revenue increased by 84.8% from S$18.64 million in 3Q2010 to S$34.44 million in 3Q2011. The revenue of IE division increased by 310.3%, while the revenue for CP and SD division declined by 9.6% and 3.5% respectively.

Revenue from our IE division increased by S$16.60 million from S$5.35 million in 3Q2010 to S$21.95 million in 3Q2011. This was mainly attributed to the revenue recognition from the on-going construction of patrol boat, submersible barges and crane barges. These contracts were secured in 4Q2010, 1Q2011 and 2Q2011 respectively with an estimated total value of S$99 million.

Revenue from our CP division decreased by S$0.84 million from S$8.75 million in 3Q2010 to S$7.91 million in 3Q2011. This was mainly due to fewer projects secured from other shipyards as compared to the previous corresponding period.

Revenue from our SD division decreased marginally by S$0.16 million from S$4.54 million in 3Q2010 to S$4.38 million in 3Q2011. This was due to weak market demand for hardwares and consumables.

The Group's net profit attributable to shareholders increased 228.8% from S$0.43 million in 3Q2010 to S$1.42 million in 3Q2011.This was attributed by the increase in revenue from IE division as mentioned above and write back of the over provision of prior years' taxation.

Group Turnover	9 Months results			
	FY 2011 S$'million	FY 2010 S$'million	+ / (-) S$'million	+ / (-) %
Infrastructure & Engineering ("IE")	**72.57**	**12.31**	**60.26**	**489.5**
Corrosion Prevention ("CP")	**21.95**	**35.94**	**(13.99)**	**(38.9)**
Supply & Distribution ("SD")	**11.96**	**13.72**	**(1.76)**	**(12.8)**
Shipping and Others ("SH")	**0.43**	**-**	**0.43**	**NM**
	106.91	**61.97**	**44.94**	**72.5**

The Group's turnover for the 9 months ended 30 September 2011 rose by 72.5% to S$106.91 million as compared to the same period last year. The revenue for IE division increased by 489.5%, CP division decreased by 38.9% and SD division decreased by 12.8%. The SH division only commenced its shipping business in the fourth quarter of FY2010, thus comparative figures for this period are not available.

Revenue from our IE division increased by S$60.26 million from S$12.31 million in 9M2010 to S$72.57 million in 9M2011. This increase was mainly due to the revenue generated from the key projects secured during the year. As the major on-going projects progressed, the Group's revenue exceeded last year's performance.

Revenue from our CP division declined by S$13.99 million from S$35.94 million in 9M2010 to S$21.95 million in 9M2011. This was mainly due to lesser projects secured.

Revenue from our SD division declined by S$1.76 million from S$13.72 million in 9M2010 to S$11.96 million in 9M2011. This was due to weak demand for hardwares in 9M2011.

The Group's net profits attributable to shareholders increased by 23.5% to S$4.03 million for the nine months ended 30 September 2011 as compared to S$3.26 million for the previous corresponding period. The increase was largely attributed to the various on-going projects in construction by our IE division in our Batam yard.

CASHFLOW STATEMENT

During the quarter, the surge in working capital requirement by the IE division was due to several major on-going projects that were in the final stages of work. The Group had recorded negative cashflow from operating activities in 3Q2011.

Net outflow from investing activities for 3Q2011 was S$12.88 million. This outlay was mainly related to the additional fixed assets acquired during the quarter. The IE division added two crawler cranes, four forklifts, and various welding machines to strengthen the yard operating facilities. The SH division had launched and completed two 230ft cargo barges, while two tugs and two 300ft cargo barges are being scheduled for completion towards the last quarter of the year. The conversion of a vessel into a livestock carrier is in progress and has been scheduled for delivery in the last quarter of the year.

During the quarter, the Group has increased its investment by acquiring the remaining 49% interest of B & J Marine Pte Ltd.

The net cash inflow in financing activities of S$5.48 million in 3Q2011 was mainly contributed by net banks borrowings. The drawdown of short term bank borrowings were mainly for financing the conversion of livestock carrier, and the two submersible barges.

Overall, the Group registered cash and bank balances of S$11.09 million. The cash and bank balances decreased by 59.1% as compared to the same corresponding quarter in the previous year. Since the receipt of the equity proceeds raised in 3Q2010, approximately 52.9% or S$10.00 million of the proceeds has been utilised for capital investments including the acquiring of vessels and Batam's yard development. The decrease in cash and bank balances was largely due to the higher working capital requirement from the on-going shipbuilding contracts.

ASSETS AND LIABILITIES

As the shipbuilding contracts moved into the advance stage of work in progress, the significant increase in operating activities led to the rise in third parties' trade receivables, trade payables and projects' work-in-progress.

During the quarter 3Q2011, the Group acquired new crawler cranes, forklifts and equipment for the yard. The SH continues to expand through the construction of its new fleet of vessels. As highlighted previously, the Batam yard completed two 230ft cargo barges which will be made available for third parties' chartering in 4Q2011.

The Group's Balance Sheet remains strong with S$218.14 million in "Total assets". The Group's cash and bank balances stood at S$11.09 million at the end of 30 September 2011.

The Group's "Total Liabilities" was S$133.31 million at end of 30 September 2011. For the nine months ended 30 September 2011, with the increased pace of shipbuilding activities for Singapore and Batam yards, the Group experienced significant increased in trade payables due to procurement for project materials, equipment and service subcontractors. The net increase of S$6.46 million in bank borrowings during the quarter resulted in S$67.28 million in total bank borrowings for financing yard operating equipment, investment in building tug boats and barges, the conversion of a livestock carrier and working capital for the current on-going projects.

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.

The Infrastructure Engineering Division is progressing well in executing its current order book of vessel construction. The Shipping Division has chartered out all its 6 pairs of tugs and barges while the conversion of its livestock carrier is expected to be completed in November when it will also commence its charter contract.

With the current uncertainties in the financial market and economy in Europe and United States, the Group is cautiously optimistic of its prospect. The Group will continue to focus on achieving sustainable growth in our various business divisions.

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 2011.

13 Summary of Interested Person Transactions for the financial period ended 30 September 2011

	3rd 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$
Labroy Offshore Engineering Pte Ltd		
Procurement of Steel Materials		(1,936,067)
Rental of Machineries		26,265
PT Graha Trisaka Industri		
Provision of Corrosion Prevention Services		582,165
Sale of Hardware Equipments, Tools and Other Consumables		11,943
Drydocks World-Singapore Pte Ltd		
Provision of Corrosion Prevention Services		954,724
Procurement of Steel Materials		(68,274)
Transportation Charges		(1,053)
PT Drydocks World Pertama		
Provision of Corrosion Prevention Services		(32,778)
Provision of Infrastructure Engineering Services		122,568
Procurement of Steel Materials		(329,395)

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 period ended 30 September 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
2 Nov 2011

Chua Meng Hua
Managing Director