BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

		GROUP		
	Notes	1st Qtr of 2013 S$'000	1st Qtr of 2012 S$'000	Increase / (Decrease)
Revenue		20,365	25,015	(19%)
Cost of sales		(14,782)	(18,837)	(22%)
Gross profit		5,583	6,178	(10%)
Other (losses) / gains, net	(A)	(24)	400	NM
Expenses				
- Selling and distribution		(519)	(491)	6%
- Administrative		(3,977)	(4,512)	(12%)
- Finance		(567)	(596)	(5%)
Share of loss of associated companies		-	(4)	NM
Profit before income tax	(B)	496	975	(49%)
Income tax expense		(249)	(200)	25%
Net profit		247	775	(68%)
Profit attributable to:				
Equity holders of the Company		277	779	(64%)
Non-controlling interests		(30)	(4)	650%
		247	775	(68%)

NM - Not meaningful

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	Notes	GROUP 1st Qtr of 2013 S$'000	1st Qtr of 2012 S$'000	Increase / (Decrease)
Net profit after tax		247	775	(68%)
Currency translation differences arising from consolidation		33	(128)	NM
Other comprehensive income, net of tax		33	(128)	NM
Total comprehensive income		280	647	(57%)
Total comprehensive income attributable to:				
Equity holders of the Company		304	704	(57%)
Non-controlling interests		(24)	(57)	(58%)
		280	647	(57%)

	GROUP 1st Qtr of 2013 S$'000	1st Qtr of 2012 S$'000
Notes		
(A) The Group's other operating (losses) / gains, net includes:		
Gain on disposal of property, plant and equipment	13	9
Property, plant and equipment written off	(10)	-
Foreign exchange (loss) / gain	(127)	315
Interest Income	3	10
Other Income	97	66
(B) The Group's profit from operations is arrived at after (charging) / crediting		
Interest expense on borrowings	(567)	(596)
Depreciation of property, plant and equipment	(2,202)	(2,355)
Amortisation of intangible asset	-	(15)
Write-back of allowance for impairment of trade receivables	-	2
Allowance for impairment of trade receivables	(47)	(73)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and bank balances	9,046	15,077	1,366	2,799
Trade and other receivables	54,878	50,257	67,814	66,974
Inventories	14,432	14,824	-	-
	78,356	80,158	69,180	69,773
Assets held-for-sale	6,866	7,854	-	-
	85,222	88,012	69,180	69,773
Non-current assets				
Investment in subsidiaries	-	-	4,515	4,515
Intangible assets	64	64	-	-
Property, plant and equipment	100,489	100,417	1,308	1,375
	100,553	100,481	5,823	5,890
Total assets	185,775	188,493	75,003	75,663
LIABILITIES				
Current liabilities				
Trade and other payables	33,721	34,267	4,833	4,164
Current income tax liabilities	799	834	-	-
Borrowings and overdrafts	52,121	55,963	16,746	18,086
	86,641	91,064	21,579	22,250
Non-current liabilities				
Borrowings	20,102	18,677	214	270
Deferred tax liabilities	678	678	16	16
	20,780	19,355	230	286
Total Liabilities	107,421	110,419	21,809	22,536
NET ASSETS	78,354	78,074	53,194	53,127
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Currency translation reserve	(128)	(154)	-	-
Retained profits	26,631	26,353	3,543	3,476
	76,154	75,850	53,194	53,127
Non-controlling interests	2,200	2,224	-	-
Total equity	78,354	78,074	53,194	53,127

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-13		As at 31-Dec-12	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings	7,598	34,803	7,841	37,733
Term loans	6,211	1,324	6,398	1,767
Finance lease liabilities	2,180	-	2,224	-

Amount repayable after one year

	As at 31-Mar-13		As at 31-Dec-12	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	17,190	250	15,037	459
Finance lease liabilities	2,662	-	3,181	-

Details of any collateral

Included in the Group's secured borrowings are:-

(a) S$5,707,000 as at 31 March 2013 (31 December 2012: S$5,927,000) in respect of a loan secured by a leasehold property.

(b) S$25,288,000 as at 31 March 2013 (31 December 2012: S$23,349,000) in respect of loans secured by vessels, tugs and barges.

(c) Finance lease obligations are secured by the underlying equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP	
	1st Qtr of 2013	**1st Qtr of 2012**
	S$'000	**S$'000**
Cash flows from operating activities		
Net profit	247	775
Adjustments for:		
Income tax expense	249	200
Allowance for impairment for trade receivables	47	73
Write-back of allowance for impairment of trade receivables	-	(2)
Gain on disposal of property, plant and equipment	(13)	(9)
Property, plant and equipment written off	10	-
Depreciation of property, plant and equipment	2,202	2,355
Amortisation of intangible assets	-	15
Share of losses of associated companies	-	4
Interest income	(3)	(10)
Interest expenses	567	596
	3,306	3,997
Changes in working capital		
Inventories and construction work-in-progress	2,921	18,502
Trade and other receivables	(7,151)	(6,550)
Trade and other payables	(593)	(9,323)
Bills payable	(687)	720
Cash flows (used in) / generated from operations	(2,204)	7,346
Interest received	3	10
Interest paid	(561)	(321)
Income taxes paid	(284)	(228)
Net cash flows (used in) / generated from operating activities	(3,046)	6,807
Cash flows from investing activities		
Proceeds from assets held-for-sale	989	-
Proceeds from disposal of property, plant and equipment	13	197
Addition to property, plant and equipment	(2,237)	(6,063)
Net cash flows used in investing activities	(1,235)	(5,866)
Cash flows from financing activities		
Repayment of finance lease liabilities	(564)	(588)
Repayment of borrowings, net	(1,177)	(6,875)
Net cash flows used in financing activities	(1,741)	(7,463)
Net decrease in cash and cash equivalents	(6,022)	(6,522)
Cash and cash equivalents		
Beginning of the period	15,077	13,160
Effects of currency translation on cash and cash equivalents	(14)	(113)
End of financial period	9,041	6,525

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	Retained profits	Translation reserves	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP						
Balance as at 1 January 2012	49,651	31,873	(72)	31,801	3,410	84,862
Total comprehensive income for the quarter	-	779	(75)	704	(57)	647
Balance as at 31 March 2012	**49,651**	**32,652**	**(147)**	**32,505**	**3,353**	**85,509**
Balance as at 1 January 2013	49,651	26,354	(155)	26,199	2,224	78,074
Total comprehensive income for the quarter	-	277	27	304	(24)	280
Balance as at 31 March 2013	**49,651**	**26,631**	**(128)**	**26,503**	**2,200**	**78,354**

	Share capital	Retained profits	Translation reserves	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
COMPANY						
Balance as at 1 January 2012	49,651	1,264	-	1,264	-	50,915
Total comprehensive income for the quarter	-	1,357	-	1,357	-	1,357
Balance as at 31 March 2012	**49,651**	**2,621**	**-**	**2,621**	**-**	**52,272**
Balance as at 1 January 2013	49,651	3,476	-	3,476	-	53,127
Total comprehensive income for the quarter	-	67	-	67	-	67
Balance as at 31 March 2013	**49,651**	**3,543**	**-**	**3,543**	**-**	**53,194**

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.

Ordinary shares

	No.of ordinary shares	S$'000
Balance as at 1 January 2013 and 31 March 2013	540,041,625	49,651

Convertibles

	As at 31-Mar-13	As at 31-Mar-12
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	16,000,000

Treasury Shares

The Company did not have any treasury shares as at 31 March 2013 and 31 March 2012.

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-13	As at 31-Dec-12
	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 2012.

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 2013	1st Quarter 2012
a) Based on weighted average number of ordinary shares on issue; and	0.05	0.14
Weighted no.of shares in issue	540,041,625	540,041,625
b) On a fully diluted basis	0.05	0.14

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-13	31-Dec-12	31-Mar-13	31-Dec-12
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	14.51	14.46	9.85	9.84

31-Mar-13

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$78.35 million and the Company's net asset value as at the end of the period of S$53.19 million divided by the share capital of 540,041,625 ordinary shares.

31-Dec-12

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the year of S$78.07 million and the Company's net asset value as at the end of the year of S$53.13 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 2013**	**FY 2012**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	7.24	11.78	(4.54)	(38.5)
Corrosion Prevention ("CP")	7.61	7.92	(0.31)	(3.9)
Supply & Distribution ("SD")	3.78	3.77	0.01	0.3
Shipping & Others ("SH")	1.74	1.54	0.20	13.0
	20.37	**25.01**	**(4.64)**	**(18.6)**

The Group's revenue decreased by 18.6% or S$4.64 million from S$25.01 million in 1Q2012 to S$20.37 million in 1Q2013.

This decrease was largely due to the lower construction revenue recognised by our IE division during 1Q2013, which fell significantly by S$4.54 million year-on-year to S$7.24 million. This was mainly because works on most of the division's projects were completed during FY2012. In addition, there were no significant projects secured to replenish the order book due to the difficult market conditions. Its current order book consisted mainly of projects of less significant values.

Revenue for our CP division decreased marginally by S$0.31 million from S$7.92 million in 1Q2012 to S$7.61 million in 1Q2013. The marginal decrease in revenue was mainly due to a slightly weaker demand from shipyards for our corrosion prevention services on new building projects during 1Q2013.

Our SD division registered a marginal increase in revenue of S$0.01 million from S$3.77 million in 1Q2012 to S$3.78 million in 1Q2013 as demand for our hardware products and consumables remained stable as compared to the corresponding period.

Compared with 1Q2012, our fleet had lesser vessels' downtime repair during 1Q2013. As a result, our SH division was able to achieve an increase in revenue of S$0.20 million for 1Q2013 from S$1.54 million in 1Q2012 to S$1.74 million in 1Q2013.

Despite registering better gross profit margin (1Q2013: 27% compared with 1Q2012: 25%) which was mainly attributable to our SH division, the Group's profit attributable to shareholders fell to S$0.28 million for 1Q2013 from S$0.78 million for 1Q2012. This was mainly due to the significantly lower revenue contribution by our IE division and the foreign exchange loss of S$0.13 million in 1Q2013 compared with foreign exchange gain of $0.32 million in 1Q2012.

CASHFLOW STATEMENT

The Group registered a net operating cash outflow of S$3.05 million in 1Q2013 due mainly to an increase in trade and other receivables arising from delays in the settlement of billings by our CP division with its shipyard customers.

Our fixed asset investment for 1Q2013 was approximately S$2.24 million. This was largely related to costs incurred for the on-going conversion of our second livestock carrier in our yard. The outlay was partially set off by the cash proceeds of S$0.99 million arising from the disposal of our associated interests in the waste recycling business during the first week of March 2013. Consequently, the Group's net investment cash outflow was approximately S$1.24 million for 1Q2013.

Net cash outflow in financing activities was approximately S$1.74 million during 1Q2013. This was mainly due to repayment of lease liabilities and bank borrowings of S$4.44 million, which more than offset proceeds of S$2.70 million arising from the drawdown of term loan financing for the conversion of our second livestock carrier.

As a result of the above, the Group registered a net decrease in cash and cash equivalents of approximately S$6.0 million for 1Q2013.

ASSETS AND LIABILITIES

The Group registered total assets of S$185.78 million as at 31 March 2013.

The Group's current assets declined from S$88.01 million as at 31 December 2012 to S$85.22 million as at 31 March 2013 mainly due to a decrease in its cash balance of approximately S$6.0 million which was partially set off by an increase in trade and other receivables.

Total liabilities for the Group were S$107.42 million at end of 1Q2013 as compared to S$110.42 million at end of FY2012. The reduction was mainly attributable to net repayment of borrowings of S$1.74 million during 1Q2013.

The Group registered net current liabilities of S$1.42 million as at 31 March 2013 as compared to S$3.05 million as at 31 December 2012. The Group recently completed the sale and leaseback of its property at 38 Tuas View Square on 10 May 2013. As announced earlier, this is expected to improve its working capital position.

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

The Company did not make any forecast and prospect statement in respect of its result for 31 March 2013. The Group's actual results for its first quarter ended 31 March 2013 are in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the full year ended 31 December 2012.

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.

Arising from the excess capacity faced by most shipyards worldwide, competition for new vessel building jobs remains intense. Our IE division's performance during the current year expected to be challenging. Even though we have been successful in securing several projects in recent months, they are not sizeable enough for our Batam shipyard to achieve optimal operating capacity. We will continue to enhance our competitiveness through rationalisation of our yard’s resources whilst increasing our marketing effort to secure more projects to improve yard's utilisation.

Nevertheless, barring any unforeseen circumstances, the Company is optimistic that its CP, SD and SH divisions will continue to contribute positively to the Group’s earnings in the current year.

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 period?

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 2013.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2013

	1st Quarter of FY2013	
	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$
DDW - Paxocean Shipyard Pte Ltd (Formerly known as Drydocks World - Singapore Pte Ltd)		
Provision of corrosion prevention services		1,001,815
Transportation charges		(799)
PT. Drydocks World Pertama		
Provision of corrosion prevention services		160,307
Pacific Workboats Pte Ltd		
Heavy lift services	(333,000)	

14 Negative confirmation pursuant to Rule 705(5).

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 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
14 May 2013

Chua Meng Hua
Managing Director