BENG KUANG MARINE LIMITED

Registration No. 199400196M

First Quarter Financial Statement For The Period Ended 31 March 2015

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		
	1st Qtr of 2015	**1st Qtr of 2014**	**Increase / (Decrease)**
	S$'000	**S$'000**	
Revenue	19,598	17,603	11%
Cost of sales	(14,618)	(12,833)	14%
Gross profit	4,980	4,770	4%
Other (losses) / gains, net	(39)	190	NM
Expenses			
- Selling and distribution	(503)	(490)	3%
- Administrative	(3,820)	(3,844)	(1%)
- Finance	(574)	(513)	12%
Profit before income tax	44	113	(61%)
Income tax credit / (expense)	96	(102)	NM
Net profit	140	11	1,173%
Profit / (loss) attributable to:			
Equity holders of the Company	114	124	(8%)
Non-controlling interests	26	(113)	NM
	140	11	1,173%

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)

	GROUP		
	1st Qtr of 2015 S$'000	**1st Qtr of 2014 S$'000**	**Increase / (Decrease)**
Net profit after tax	140	11	1,173%
Currency translation differences arising from consolidation	(52)	115	NM
Other comprehensive (loss) / income, net of tax	(52)	115	NM
Total comprehensive income	88	126	(30%)
Total comprehensive income attributable to:			
Equity holders of the Company	70	212	(67%)
Non-controlling interests	18	(86)	NM
	88	126	(30%)

	GROUP	
	1st Qtr of 2015 S$'000	**1st Qtr of 2014 S$'000**
Notes		
The Group's profit from operations is arrived at after (charging) / crediting		
Interest Income	2	3
Interest expense on borrowings	(574)	(513)
Foreign exchange losses	(281)	(100)
Gain on disposal of property, plant and equipment	25	40
Property, plant and equipment written off	-	(2)
Depreciation of property, plant and equipment	(2,344)	(2,276)
Write-back of allowance for impairment of trade receivables	5	14

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-15	31-Dec-14	31-Mar-15	31-Dec-14
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and bank balances	5,615	6,495	181	175
Trade and other receivables	48,352	47,320	69,145	68,087
Inventories	13,564	12,751	-	-
	67,531	66,566	69,326	68,262
Non-current assets				
Investment in subsidiaries	-	-	10,827	10,827
Intangible assets	64	64	-	-
Property, plant and equipment	105,886	106,902	722	772
Deferred income tax assets	340	373	8	8
	106,290	107,339	11,557	11,607
Total assets	173,821	173,905	80,883	79,869
LIABILITIES				
Current liabilities				
Trade and other payables	29,838	28,282	11,287	10,499
Deferred Income	686	408	-	-
Provision for warranty	-	68	-	-
Current income tax liabilities	544	733	-	-
Borrowings and overdrafts	45,146	45,960	17,612	17,298
	76,214	75,451	28,899	27,797
Non-current liabilities				
Deferred Income	880	934	-	-
Borrowings	16,961	18,114	8	16
Deferred tax liabilities	762	794	-	-
	18,603	19,842	8	16
Total Liabilities	94,817	95,293	28,907	27,813
NET ASSETS	79,004	78,612	51,976	52,056
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Currency translation reserve	(440)	(396)	-	-
Retained profits	27,029	26,915	2,325	2,405
	76,240	76,170	51,976	52,056
Non-controlling interests	2,764	2,442	-	-
Total equity	79,004	78,612	51,976	52,056

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-15		As at 31-Dec-14	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	3,120	34,090	3,422	34,634
Term loans	5,742	861	5,638	903
Finance lease liabilities	1,333	-	1,363	-

Amount repayable after one year

	As at 31-Mar-15		As at 31-Dec-14	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	15,379	792	16,100	1,000
Finance lease liabilities	790	-	1,014	-

Details of any collateral

Included in the Group's secured borrowings are:-
(a) S$19,471,000 as at 31 March 2015 (31 December 2014: S$20,240,000) in respect of loans are secured by vessels, tugs and barges.
(b) S$4,771,000 as at 31 March 2015 (31 December 2014: S$4,920,000) in respect of loans are secured by property
(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 2015 S$'000	1st Qtr of 2014 S$'000
Cash flows from operating activities		
Net profit	140	11
Adjustments for:		
Income tax (credit) / expense	(96)	102
Write-back of allowance for impairment of trade receivables	(5)	(14)
Gain on disposal of property, plant and equipment	(25)	(40)
Property, plant and equipment written off	-	2
Depreciation of property, plant and equipment	2,344	2,276
Interest income	(2)	(3)
Finance expenses	574	513
Amortisation of deferred income	54	54
Unrealised currency translation losses	319	81
	3,303	2,982
Changes in working capital		
Inventories and construction work-in-progress	411	3,929
Trade and other receivables	1,409	6,030
Trade and other payables	(1,256)	(9,070)
Bills payable	(237)	(446)
Cash flows generated from operations	3,630	3,425
Interest received	2	3
Interest paid	(572)	(337)
Income taxes paid	(92)	(103)
Net cash flows generated from operating activities	2,968	2,988
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	218	93
Addition to property, plant and equipment	(1,184)	(1,966)
Interest paid	(55)	(87)
Net cash flows used in investing activities	(1,021)	(1,960)
Cash flows from financing activities		
Repayment of finance lease liabilities	(417)	(551)
Repayment of borrowings, net	(2,563)	(1,485)
Interest paid	-	(58)
Net cashflow from acquisition of subsidiary	39	-
Net cash flows used in financing activities	(2,941)	(2,094)
Net decrease in cash and cash equivalents	(994)	(1,066)
Cash and cash equivalents		
Beginning of the period	3,120	5,582
Effects of currency translation on cash and cash equivalents	46	(62)
End of financial period	2,172	4,454

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 2014	49,651	31,936	(407)	31,529	2,600	83,780
Total comprehensive income / (loss) for the quarter	-	124	88	212	(86)	126
Balance as at 31 March 2014	**49,651**	**32,060**	**(319)**	**31,741**	**2,514**	**83,906**
Balance as at 1 January 2015	49,651	26,915	(396)	26,519	2,442	78,612
Acquisition of a subsidiary	-	-		-	304	304
Total comprehensive income / (loss) for the quarter	-	114	(44)	70	18	88
Balance as at 31 March 2015	**49,651**	**27,029**	**(440)**	**26,589**	**2,764**	**79,004**

	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 2014	49,651	2,724	-	2,724	-	52,375
Total comprehensive income for the quarter	-	164	-	164	-	164
Balance as at 31 March 2014	**49,651**	**2,888**	**-**	**2,888**	**-**	**52,539**
Balance as at 1 January 2015	49,651	2,405	-	2,405	-	52,056
Total comprehensive loss for the quarter	-	(80)	-	(80)	-	(80)
Balance as at 31 March 2015	**49,651**	**2,325**	**-**	**2,325**	**-**	**51,976**

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 2015 and 31 March 2015	540,041,625	49,651

Convertibles

	As at 31-Mar-15	**As at 31-Mar-14**
	No. of shares	**No. of shares**
Outstanding option to subscribe new shares	Nil	Nil

Treasury Shares

The Company did not have any treasury shares as at 31 March 2015 and 31 March 2014.

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-15	As at 31-Dec-14
	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 2014.

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 based on net profit attributable to shareholders (in cents):

	Group	
	1st Quarter 2015	**1st Quarter 2014**
a) Based on weighted average number of ordinary shares on issue; and	0.02	0.02
Weighted no.of shares in issue	540,041,625	540,041,625
b) On a fully diluted basis	0.02	0.02

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-15	31-Dec-14	31-Mar-15	31-Dec-14
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	14.12	14.10	9.62	9.64

31-Mar-15

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$76.24 million and the Company's net asset value as at the end of the period of S$51.98 million divided by the share capital of 540,041,625 ordinary shares.

31-Dec-14

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$76.17 million and the Company's net asset value as at the end of the year of S$52.06 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 2015**	**FY 2014**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	5.48	3.81	1.67	43.8
Corrosion Prevention ("CP")	8.05	8.91	(0.86)	(9.7)
Supply & Distribution ("SD")	3.21	3.37	(0.16)	(4.7)
Shipping & Others ("SH")	2.86	1.51	1.35	89.4
	19.60	**17.60**	**2.00**	**11.4**

The Group's revenue improved by 11.4% or S$2.00 million from S$17.60 million in 1Q2014 to S$19.60 million in 1Q2015.

Revenue for our IE division improved by 43.8% or S$1.67 million from S$3.81 million in 1Q2014 to S$5.48 million in 1Q2015. The improvement was generated from securing more orders for fabrication and offshore maintenance services.

Revenue for our CP division decreased by 9.7% or S$0.86 million from S$8.91 million in 1Q2014 to S$8.05 million in 1Q2015. SD division's revenue decreased marginally by 4.7% or S$0.16 million from S$3.37 million in 1Q2014 to S$3.21 million in 1Q2015. Demand for both CP services and SD hardware supplies remained stable in 1Q2015.

Revenue for our SH division increased by 89.4% or S$1.35 million from S$1.51 million in 1Q2014 to S$2.86 million in 1Q2015. This was mainly due to revenue contribution from the second livestock carrier which commenced charter in 2Q2014.

The Group's gross profit improved marginally by S$0.21 million from $4.77 million in 1Q2014 to S$4.98 million in 1Q2015. This was due to gross profit contribution from second livestock carrier.

The Group's profit attributable to shareholders was $0.11 million for 1Q2015 compared to S$0.12 million for 1Q2014.

CASHFLOW STATEMENT

The Group registered a positive net cash flow of S$2.97 million in 1Q2015 from its operating activities.

The Group registered net cash outflow in investing activities of S$1.02 million. This was mainly due to mandatory drydocking of one of its livestock carriers and investment in equipment.

Net cash outflow in financing activities was approximately S$2.94 million during 1Q2015. This was mainly due to repayment of hire purchase liabilities and bank borrowings.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S$0.99 million for 1Q2015.

ASSETS AND LIABILITIES

The Group registered total asset of S$173.82 million as at 31 March 2015.

The Group's current assets increased from S$66.57 million as at 31 December 2014 to S$67.53 million as at 31 March 2015. This was mainly due to increase in net trade receivables and inventories.

Total liabilities for the Group was S$94.82 million at 1Q2015 as compared to S$95.29 million at end of FY2014. The reduction was mainly attributable to repayment of bank borrowings of S$1.96 million during 1Q2015.

The Group registered net current liabilities of S$8.68 million as at 31 March 2015 as compared to S$8.89 million as at 31 December 2014. The net current liabilities position registered in both periods was mainly due to the Group's utilisation of its short-term bank borrowings to finance the conversion of the second livestock carrier.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, the available bank facilities and recent issuance of redeemable convertible bonds ("RCB") completed in April 2015, the Group is able to meet its short-term obligations as and when they fall due.

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 2015. The Group's actual results for its first quarter ended 31 March 2015 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 2014.

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 IE division has shown improvement in 1Q2015. The Group is continuing its effort to increase its revenue from offshore maintenance and fabrication activities. We expect the shipping division to perform better in 2015.

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 2015.

13 Summary of Interested Person Transactions for the financial period ended 31 March 2015.

	1st Quarter of FY2015	
	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$
DP Shipbuilding & Engineering Pte Ltd		
Provision of corrosion prevention services		(299,267)
PT Nanindah Mutiara Shipyard		
Procurement of materials and consumables		(21,259)
Provision of corrosion prevention services		725,812
PT Graha Trisaka Industri		
Provision of corrosion prevention services		175,252
Procurement of materials and consumables		(52,405)
DDW - Paxocean Shipyard Pte Ltd		
Provision of corrosion prevention services		914,000
Procurement of materials and consumables		(32,376)
Transportation charges		(1,530)
PT. Drydocks World Pertama		
Provision of corrosion prevention services		216,024
Procurement of materials and consumables		(18,540)

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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
11 May 2015

Chua Meng Hua
Managing Director