BENG KUANG MARINE LIMITED
Registration No. 199400196M

Second Quarter Financial Statement For The Period Ended 30 June 2019

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			GROUP		
	2nd Qtr 2019 S$'000	2nd Qtr 2018 S$'000 Restated	Increase / (Decrease)	1st half of 2019 S$'000	1st half of 2018 S$'000 Restated	Increase / (Decrease)
Continuing Operations						
Revenue	15,399	18,215	(15%)	26,162	29,356	(11%)
Cost of sales	(13,467)	(16,280)	(17%)	(21,904)	(23,291)	(6%)
Gross profit	1,932	1,935	(0%)	4,258	6,065	(30%)
Other gain, net	5,998	1,270	372%	5,898	1,003	488%
Expenses						
- Selling and distribution	(165)	(272)	(39%)	(374)	(532)	(30%)
- Administrative	(3,321)	(2,691)	23%	(6,292)	(5,697)	10%
- Finance	(438)	(536)	(18%)	(957)	(1,097)	(13%)
Profit / (loss) before income tax from Continuing Operations	4,006	(294)	NM	2,533	(258)	NM
Income tax credit / (expense)	377	(93)	NM	182	(240)	NM
Net profit / (loss) from Continuing Operations	4,383	(387)	NM	2,715	(498)	NM
Discontinued Operations						
Net loss for the period from Discontinued Operation	(1,579)	(1,360)	16%	(2,124)	(2,507)	(15%)
Net profit / (loss)	2,804	(1,747)	NM	591	(3,005)	NM
Profit / (loss) attributable to:						
Equity holders of the Company	3,089	(1,962)	NM	1,225	(3,525)	NM
Non-controlling interests	(285)	215	NM	(634)	520	NM
	2,804	(1,747)	NM	591	(3,005)	NM

Discontinued operations and subsidiary classified as asset held-for-sale:

On 23 January 2019, the Company announced that it has entered into a sale and purchase agreement in relation to the Company's proposed disposal of the entire issued and paid-up share capital of Asian Sealand Engineering Pte Ltd ("ASE"), a wholly-owned subsidiary. Hence, ASE is classified as "Discontinued Operations" and prior year's comparative figures are restated.

The disposal of ASE was completed on 25 June 2019 for a cash consideration of S$14.0 million. The gain on disposal of ASE recognised was S$5.81 million.

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			GROUP		
	2nd Qtr 2019 S$'000	2nd Qtr 2018 S$'000 Restated	Increase / (Decrease)	1st half of 2019 S$'000	1st half of 2018 S$'000 Restated	Increase / (Decrease)
Net profit / (loss) after tax	2,804	(1,747)	NM	591	(3,005)	NM
Currency translation differences arising from consolidation	366	416	(12%)	46	(45)	NM
Other comprehensive gain / (loss), net of tax	366	416	(12%)	46	(45)	NM
Total comprehensive income / (loss)	3,170	(1,331)	NM	637	(3,050)	NM
Total comprehensive income / (loss) attributable to:						
Equity holders of the Company	3,456	(1,673)	NM	1,286	(3,611)	NM
Non-controlling interests	(286)	342	NM	(649)	561	NM
	3,170	(1,331)	NM	637	(3,050)	NM
Gain / (loss) attributable to equity holders of the Company relates to:						
Continuing Operations	5,035	(313)	NM	3,410	(1,104)	NM
Discontinued Operations	(1,579)	(1,360)	16%	(2,124)	(2,507)	(15%)
	3,456	(1,673)	NM	1,286	(3,611)	NM

Notes

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

	GROUP		GROUP	
	2nd Qtr 2019 S$'000	2nd Qtr 2018 S$'000	1st half of 2019 S$'000	1st half of 2018 S$'000
Continuing Operations				
Interest income	2	2	5	4
Interest expense on borrowings	(438)	(536)	(957)	(1,097)
Foreign exchange losses	(84)	1,105	(300)	574
Gain on disposal of property, plant and equipment	169	222	178	242
Property, plant and equipment written off	-	(13)	-	(13)
Amortisation on right-of-use assets	(111)	-	(111)	-
Depreciation of property, plant and equipment	(1,485)	(1,784)	(3,034)	(3,578)
Credit loss allowance	(17)	17	(36)	-
Credit loss allowance written back	4	75	8	93
Gain on disposal of asset held-for-sale	5,810	-	5,810	-
Discontinued Operations				
Interest expense on borrowings	(138)	(159)	(283)	(319)
Foreign exchange gains / (losses)	3	3	(5)	65
Gain on disposal of property, plant and equipment	-	8	3	8
Property, plant and equipment written off	(112)	-	(112)	-
Depreciation of property, plant and equipment	(194)	(283)	(401)	(566)

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	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and bank balances	4,722	5,212	1,658	1,428
Trade and other receivables	23,939	22,801	89,763	77,311
Contract assets	7,376	5,417	-	-
Inventories	8,265	11,238	-	-
	44,302	44,668	91,421	78,739
Assets in subsidiary classified as held-for-sale	-	13,511	-	-
Non-current asset classified as held-for-sale	-	-	-	7,800
	44,302	58,179	91,421	86,539
Non-current assets				
Trade and other receivables	3,273	4,030	-	-
Investment in subsidiaries	-	-	4,992	4,676
Intangible assets	64	64	-	-
Property, plant and equipment	68,248	67,276	325	381
Right-of-use assets	3,878	-	3,878	-
Deferred income tax assets	1,110	356	190	17
	76,573	71,726	9,385	5,074
Total assets	120,875	129,905	100,806	91,613
LIABILITIES				
Current liabilities				
Trade and other payables	29,773	24,455	26,618	17,944
Contract liabilities	262	483	-	-
Deferred income	192	250	-	-
Current income tax liabilities	375	625	-	-
Borrowings and overdrafts	20,319	23,899	9,658	17,637
Lease liabilities	1,050	-	1,050	-
	51,971	49,712	37,326	35,581
Liabilities in subsidiary classified as held-for-sale	-	13,859	-	-
	51,971	63,571	37,326	35,581
Non-current liabilities				
Deferred income	-	77	-	-
Borrowings	11,852	11,071	7,506	1,983
Lease liabilities	2,836	-	2,836	-
Deferred tax liabilities	11	11	-	-
	14,699	11,159	10,342	1,983
Total liabilities	66,670	74,730	47,668	37,564
NET ASSETS	54,205	55,175	53,138	54,049
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Other reserves	(1,658)	(1,554)	-	163
Retained profits	5,874	4,484	3,487	4,235
	53,867	52,581	53,138	54,049
Non-controlling interests	338	2,594	-	-
Total equity	54,205	55,175	53,138	54,049

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-19		As at 31-Dec-18	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	740	12,135	-	15,841
Term loans	6,703	625	2,738	240
Convertible bonds	-	-		4,987
Finance lease liabilities	116	-	93	-

Amount repayable after one year

	As at 30-Jun-19		As at 31-Dec-18	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	3,245	4,375	6,117	4,760
Bond	-	4,032	-	-
Finance lease liabilities	200	-	194	-

Details of any collateral

Included in the Group's secured borrowings are:-

(a) S$8,023,000 as at 30 June 2019 (31 March 2019: S$5,199,000) in respect of loans are secured by vessels.

(b) S$2,665,000 as at 30 June 2019 (31 March 2019: S$10,933,000) in respect of loans are secured by immovable properties.

(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	
	2nd Qtr of 2019	2nd Qtr of 2018
	S$'000	S$'000
Cash flows from operating activities		
Net profit / (loss)	2,804	(1,747)
Adjustments for:		
Credit loss allowance	17	-
Credit loss allowance written back	(4)	(60)
Inventory written down	20	-
Income tax expense	292	93
Gain on disposal of property, plant and equipment	(169)	(230)
Property, plant and equipment written off	112	13
Depreciation of property, plant and equipment	1,679	2,067
Amortisation on right-of-use assets	111	-
Interest income	(2)	(2)
Interest expenses	576	695
Gain on disposal of asset held-for-sale	(5,810)	-
Unrealised currency translation loss / (gains)	401	(888)
	27	(59)
Changes in working capital		
Inventories	3,290	6,937
Trade and other receivables	960	(5,750)
Contract assets	(805)	(1,526)
Trade and other payables	887	3,659
Contract liabilities	(169)	(5)
Deferred income	(393)	(72)
Cash flows generated from operations	3,797	3,184
Interest received	2	2
Interest paid	(525)	(582)
Income taxes paid	(270)	(43)
Net cash flows generated from operating activities	3,004	2,561
Cash flows from investing activities		
Addition to property, plant and equipment	(991)	(578)
Proceeds from disposal of property, plant and equipment	239	1,063
Net cash inflow on asset held-for-sale	13,462	-
Net cash flows generated from investing activities	12,710	485
Cash flows from financing activities		
Repayment of borrowings, net	(11,903)	(1,945)
Repayment of convertible bond	(5,000)	-
Proceeds from bond	4,000	-
Repayment of finance lease liabilities	(28)	(35)
Repayment of lease liabilities	(120)	-
Bills payable	(497)	563
Dividend paid to non-controlling interest	(1,607)	(392)
Interest paid	(133)	(5)
Net cash flows used in financing activities	(15,288)	(1,814)
Net increase in cash and cash equivalents	426	1,232
Cash and cash equivalents		
Beginning of the period	1,091	174
Effects of currency translation on cash and cash equivalents	1	28
End of financial period	1,518	1,434

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	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP								
Balance as at 1 April 2018	49,651	14,581	(1,875)	163	(52)	62,468	3,922	66,390
Dividend paid to non-controlling interest	-	-	-	-	-	-	(392)	(392)
Total comprehensive (loss) / income for the quarter	-	(1,962)	289	-	-	(1,673)	342	(1,331)
Balance as at 30 June 2018	**49,651**	**12,619**	**(1,586)**	**163**	**(52)**	**60,795**	**3,872**	**64,667**
Balance as at 1 April 2019	49,651	2,622	(1,973)	163	(52)	50,411	2,231	52,642
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,607)	(1,607)
Transfer of other reserve on extinguishment of convertible bond	-	163		(163)	-	-	-	-
Total comprehensive income / (loss) for the quarter	-	3,089	367	-	-	3,456	(286)	3,170
Balance as at 30 June 2019	**49,651**	**5,874**	**(1,606)**	**-**	**(52)**	**53,867**	**338**	**54,205**
COMPANY								
Balance as at 1 April 2018	49,651	3,153	-	163	-	52,967	-	52,967
Total comprehensive income for the quarter	-	287	-	-	-	287	-	287
Balance as at 30 June 2018	**49,651**	**3,440**	**-**	**163**	**-**	**53,254**	**-**	**53,254**
Balance as at 1 April 2019	49,651	4,339	-	163	-	54,153	-	54,153
Transfer of other reserve on extinguishment of convertible bond	-	163		(163)	-	-	-	-
Total comprehensive loss for the quarter	-	(1,015)	-	-	-	(1,015)	-	(1,015)
Balance as at 30 June 2019	**49,651**	**3,487**	**-**	**-**	**-**	**53,138**	**-**	**53,138**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 March 2019 and 30 June 2019	135,010,406	49,651

Convertibles

On 27 April 2015, the Company issued convertible bonds with a nominal value of $5 million bearing interest at 8% per annum. All or any part of the bonds may be converted to new shares at $0.84 after 12 months from the date of issue or redeemable within 4 years from the date of issue. There was no conversion of the bonds to new shares upon maturity on 26 April 2019.

The said convertible bonds have been exchanged for non-convertible 2022 bonds at an aggregate principal amount of S$4.0 million bearing interest at 9.0% per annum. The exchange bonds will mature on or around 26 April 2022. The remaining S$1.0 million of the convertible bonds has been redeemed.

	As at 30-Jun-19	As at 30-Jun-18
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	Nil

Treasury Shares

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

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-19	As at 31-Dec-18
	No. of shares	No. of shares
Issued and fully paid	135,010,406	135,010,406

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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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 2018.

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 half 2019	**1st half 2018**
a) Based on weighted average number of ordinary shares on issue; and		
From Continuing Operations	2.48	-0.75
From Discontinued Operations	-1.57	-1.86
Total	0.91	-2.61
Weighted no.of shares in issue	135,010,406	135,010,406
b) On a fully diluted basis		
From Continuing Operations	2.48	-0.75
From Discontinued Operations	-1.57	-1.86
Total	0.91	-2.61

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-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	39.90	38.95	39.36	40.03

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the share capital of 135,010,406 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 results			
Group Turnover	**FY 2019**	**FY 2018**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	3.54	1.70	1.84	108.2
Corrosion Prevention ("CP")	5.69	4.06	1.63	40.1
Supply & Distribution ("SD")	1.46	1.81	(0.35)	(19.3)
Shipping & Others ("SH")	4.72	10.65	(5.93)	(55.7)
	15.41	**18.22**	**(2.81)**	**(15.4)**

The Group's revenue decreased by 15.4% or S$2.81 million from S$18.22 million in 2Q2018 to S$15.41 million in 2Q2019.

Revenue for our IE division increased by S$1.84 million to S$3.54 million in 2Q2019 as compared to S$1.70 million in 2Q2018. The increase in revenue for 2Q2019 was mainly attributable to offshore asset repair and maintenance services as well as slight increase of recurring steel fabrication orders in Singapore. Nevertheless, IE division's business remains challenging as our fabrication yards could not secure sizeable projects during 2Q2019.

Revenue for our CP division increased by S$1.63 million from S$4.06 million in 2Q2018 to S$5.69 million in 2Q2019 as it has received more work orders from Singapore shipyards since 1Q2019. During 2Q2019, our Indonesian subsidiary secured a blasting and painting contract with estimated value S$0.8 million to be completed in FY2019.

Revenue for our SD division decreased by S$0.35 million from S$1.81 million in 2Q2018 to S$1.46 million in 2Q2019 due to weak demand for marine and industrial hardware products.

Revenue for our SH division decreased by S$5.93 million from S$10.65 million in 2Q2018 to S$4.72 million in 2Q2019 as one of the livestock carriers was undergoing five year mandatory drydocking survey and repairs. The other key factor was the one-time sale of four sets of used tugs and barges at S$6.30 million in 2Q2018.

In 2Q2019, the Group recorded other income of approximately S$6.0 million largely attributable to S$5.81 million from gain on disposal of a subsidiary, Asian Sealand Engineering Pte Ltd for consideration S$14.0 million.

Interest expense on borrowings for continuing operations decreased by 18.28% or S$0.10 million from S$0.54 million in 2Q2018 to S$0.44 million in 2Q2019 primarily as a result of reduction in bank borrowings.

Foreign exchange losses on continuing operations was S$84,000 for 2Q2019 due to slight weakening of US dollar during the period. Similarly, foreign exchange losses during 2Q2018 was caused by lower of US dollar against Singapore dollar.

Depreciation expenses decreased by S$0.29 million from S$1.78 million in 2Q2018 to S$1.49 million in 2Q2019 due to decrease in fixed assets.

The Group's gross profit from continuing operations was approximately S$1.93 million for both 2Q2019 and 2Q2018. The Group lacked sizeable projects to generate adequate revenue and earnings to cover its fixed costs (which includes significant depreciation expense) and finance expenses. Though the net profit attributable to shareholders was S$3.46 million in 2Q2019, the profit was solely generated from S$5.81 million gain on disposal of a subsidiary. The Group continues to operate under challenging conditions in the marine and offshore oil and gas industries.

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: (Cont'd)

(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 (Cont'd)

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

	1st half results			
Group Turnover	**FY 2019**	**FY 2018**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	6.85	4.25	2.60	61.2
Corrosion Prevention ("CP")	9.99	8.05	1.94	24.1
Supply & Distribution ("SD")	2.91	3.84	(0.93)	(24.2)
Shipping & Others ("SH")	6.42	13.22	(6.80)	(51.4)
	26.17	**29.36**	**(3.19)**	**(10.9)**

The Group's revenue decreased by 3.2% or S$10.9 million from S$29.36 million in 1H2018 to S$26.17 million in 1H2019.

Revenue for our IE division increased by S$2.60 million to S$6.85 million in 1H2019 as compared to S$4.25 million in 1H2018. The increase in revenue for 1H2019 was mainly attributable to offshore asset repair and maintenance services. IE division's business remained weak as our fabrication yards did not secure sizeable contracts in 1H2019.

Revenue for our CP division increased by S$1.94 million from S$8.05 million in 1H2018 to S$9.99 million in 1H2019 mainly due to increase in work orders from major shipyards in Singapore.

Revenue for our SD division decreased by S$0.93 million from S$3.84 million in 1H2018 to S$2.91 million in 1H2019 due to weak demand for marine and industrial hardware products.

Revenue for our SH division decreased by S$6.80 million from S$13.22 million in 1H2018 to S$6.42 million in 1H2019 as there was a one off sale of four sets of tugs and barges at S$6.3 million in June 2018. In addition, during 1H2019 one of the livestock carriers was undergoing five year mandatory drydocking survey and repairs.

Interest expense on borrowings for continuing operations decreased by 12.7% or S$0.14 million from S$1.10 million in 1H2018 to S$0.96 million in 1H2019 as a result of reduction in bank borrowings.

Foreign exchange losses on continuing operations was S$0.30 million for 1H2019 due to slight weakening of US dollar during the period.

Depreciation expenses decreased by S$0.54 million from S$3.58 million in 1H2018 to S$3.03 million in 1H2019 due to decrease in total fixed assets between the two corresponding periods.

The Group's gross profit from continuing operations decreased by S$1.80 million from S$6.06 million in 1H2018 to S$4.26 million in 1H2019. This was primarily due to the Group's failure to secure sizeable projects and the drydocking of one of the livestock carriers. The Group registered net profit attributable to shareholders of S$1.23 million in 1H2019 primarily generated from S$5.81 million gain on disposal of a subsidiary. The Group continues to operate under difficult conditions in marine and offshore oil and gas industries.

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$3.0 million in 2Q2019. This was attributable to changes in working capital mainly generated from S$3.29 million decrease in inventories.

Net cash inflow generated from investing activities was S$12.71 million in 2Q2019. This was mainly attributable to S$13.46 million net proceeds received from disposal of a subsidiary. During 2Q2019, there was outflow of S$1.0 million related to cost incurred for mandatory drydocking repairs on one of the livestock carriers.

Net cash outflow in financing activities was S$15.29 million in 2Q2019. This was mainly due to repayment of S$11.9 million borrowings; redemption of S$5.0 million convertible bond matured in April 2019; proceeds on the exchange of 2022 bond from existing bondholders; and S$1.61 million dividend paid to non-controlling interest.

As a result of the above, the Group registered a net increase in cash and cash equivalent of S$0.43 million for 2Q2019.

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: (Cont'd)

(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 (Cont'd)

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)

ASSETS AND LIABILITIES

The Group registered total assets of S$120.88 million as at 30 June 2019.

The Group's current assets decreased from S$58.18 million as at 31 December 2018 to S$44.30 million as at 30 June 2019 mainly due to the completion of the disposal of a subsidiary which was recorded as asset held-for-sale at S$13.51 million as at 31 December 2018 to NIL as at 30 June 2019.

The Group's non current assets increased from S$71.73 million as at 31 December 2018 to S$76.57 million as at 30 June 2019 mainly due to S$3.88 million on right-of-use assets relating to a recently entered 3 year lease agreement for headquarter office as well as rental of various equipment.

Total liabilities for the Group decreased by S$8.06 million from S$74.73 million as at 31 December FY2018 to S$66.67 million as at 30 June 2019.

The Group's current liabilities decreased by S$11.60 million from S$63.57 million as at 31 December FY2018 to S$51.97 million as at 30 June 2019. This was mainly due to completion of the disposal of a subsidiary which was recorded as liabilities held-for-sale at S$13.86 million as at 31 December 2018 to NIL as at 30 June 2019.

The Group's non current liabilities increased from S$11.16 million as at 31 December 2018 to S$14.70 million as at 30 June 2019 mainly due to S$2.84 million on relating to the recently entered 3 year lease agreement for headquarter office as well as rental of various equipment as explained earlier on the right-of-use assets.

The Group registered net current liabilities of S$7.67 million as at 30 June 2019 as compared to S$5.39 million as at 31 December 2018. The increase was primarily due to ballooned payment of US$ 2.63 million of a vessel loan payable within twelve months. In addition, the Group registered lease liabilities (current portion) of S$1.0 million on the newly entered 3 years lease agreement (pursuant to SFRS(I) 16 Leases - The Group has applied the standard from its mandatory adoption date of 1 January 2019 to all leases, including leases of Right-of-Use assets in a sublease.).

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as its Group's existing assets, 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 30 June 2019.

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 Group will continue with its cost reduction measures and seek new business projects to generate sustainable earnings for the Group. The difficult business conditions are likely to continue in the 2H2019.

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 and the reason(s) for the decision.

After considering the Group's financial position and the difficult business environment, no dividend is declared or recommended for the profit under review.

13 Summary of Interested Person Transactions for the financial period ended 30 June 2019.

During the financial period ended 30 June 2019, the Group did not enter into interested person transactions with aggregate value of more than S$100,000.

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 30 June 2019 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Group has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
8 Aug 2019

Chua Meng Hua
Managing Director and Chief Executive Officer