BENG KUANG MARINE LIMITED
Registration No. 199400196M

Financial Statement and Dividend Announcement for the Year Ended 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 (Year to date)		
		4th Qtr of 2006	4th Qtr of 2005	Increase / (Decrease)	FY 2006	FY 2005 (audited)	Increase / (Decrease)
	Notes	S$'000	S$'000	%	S$'000	S$'000	%
REVENUE		**17,798**	**13,653**	**30%**	**70,550**	**53,246**	**32%**
Cost of Sales		(14,364)	(9,287)	55%	(53,278)	(38,427)	39%
GROSS PROFIT		**3,434**	**4,366**	**(21%)**	**17,272**	**14,819**	**17%**
Other operating income (net)	(A)	36	16	125%	102	33	209%
Administrative expenses		(1,605)	(3,050)	(47%)	(9,813)	(9,830)	(0%)
Selling & distribution expenses		(556)	(656)	(15%)	(2,083)	(1,482)	41%
PROFIT FROM OPERATIONS		**1,309**	**676**	**94%**	**5,478**	**3,540**	**55%**
Financial income		3	(15)	120%	9	88	(90%)
Financial expenses		(242)	(173)	40%	(927)	(646)	43%
PROFIT BEFORE TAXATION	(B)	**1,070**	**488**	**119%**	**4,560**	**2,982**	**53%**
TAXATION		40	1	3,900%	(740)	(749)	(1%)
PROFIT AFTER TAXATION		**1,110**	**489**	**127%**	**3,820**	**2,233**	**71%**
Attributable to :							
Shareholders of the Company		**1,108**	**464**	**139%**	**3,819**	**2,273**	**68%**
Minority interests		2	25	(92%)	1	(40)	103%
		1,110	489	127%	3,820	2,233	71%

Notes

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

	GROUP		GROUP (Year To Date)	
	4th Qtr of 2006	4th Qtr of 2005	FY 2006	FY 2005 (audited)
	S$'000	S$'000	S$'000	S$'000
Gain on disposal of fixed assets	35	17	78	11
Fixed assets written off	(68)	(21)	(68)	(40)
Other income	69	20	92	62

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

	GROUP		GROUP (Year To Date)	
	4th Qtr of 2006	4th Qtr of 2005	FY 2006	FY 2005 (audited)
	S$'000	S$'000	S$'000	S$'000
Interest income	3	0	9	16
Interest expense on borrowings	(223)	(167)	(844)	(626)
Depreciation of fixed assets	(509)	(456)	(1,964)	(1,786)
Provision for doubtful trade debts written back	1,136	18	1,194	64
Provision for doubtful trade debts	(79)	(1,042)	(525)	(1,674)
Provision for stock obsolescence	(31)	0	(31)	(11)
Foreign exchange (loss) / gain	(14)	(15)	(62)	72

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

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Fixed assets	9,827	7,631	440	721
Subsidiaries	0	0	2,786	2,684
Due from subsidiaries (non-trade)	0	0	75	340
Current assets				
Stocks	8,656	6,007	0	0
Work-in-progress in excess of progress billings	5,493	7,675	719	1,013
Trade debtors	18,513	16,231	2	9
Other debtors, deposits and prepayments	1,246	699	66	46
Due from subsidiaries (trade)	0	0	2,701	5,105
Due from subsidiaries (non-trade)	0	0	17,093	14,736
Due from related parties (trade)	4,777	3,186	1,656	1,447
Due from related parties (non-trade)	55	79	0	0
Fixed deposits	87	448	0	0
Cash and bank balances	10,005	3,032	3,303	614
	48,832	**37,357**	**25,540**	**22,970**
Current liabilities				
Trade creditors	8,585	5,504	116	191
Bills payable to banks	5,615	3,196	1,864	615
Other creditors and accruals	7,700	4,188	1,600	1,571
Due to related parties (trade)	238	345	74	139
Due to related parties (non-trade)	57	45	0	1
Due to subsidiaries (trade)	0	0	555	494
Due to subsidiaries (non-trade)	0	0	9	6
Provision for income tax	1,002	941	45	61
Lease obligations (current portion)	666	123	11	11
Bank overdrafts	7	30	0	30
Short-term bank loans	10,035	10,012	10,035	10,012
	33,905	**24,384**	**14,309**	**13,131**
Net current assets	**14,927**	**12,973**	**11,231**	**9,839**

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Lease obligations (non-current portion)	1,058	96	12	24
Deferred taxation	657	683	62	102
	23,039	**19,825**	**14,458**	**13,458**
Share capital and reserves				
Share capital*	11,551	9,299	11,551	9,299
Share premium	0	2,252	0	2,252
Revenue reserves	10,387	7,265	2,907	1,907
Translation reserves	(5)	2	0	0
	21,933	18,818	14,458	13,458
Minority interests	1,106	1,007	0	0
	23,039	**19,825**	**14,458**	**13,458**

* Pursuant to the Companies (Amendment) Act 2005 effective 30 January 2006, the concept of authorised share capital and par value has been abolished. The credit in the share premium account has been transferred to the share capital account as at that date.

1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

	As at 31/12/06		As at 31/12/05	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank Borrowings		$ 15,657		$ 13,238
Lease Obligations	$ 666		$ 123	

Amount repayable after one year

	As at 31/12/06		As at 31/12/05	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Lease Obligations	$ 1,058		$ 96	

Details of any collateral

- Lease obligations are secured by the underlying assets acquired.

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	
	FY 2006	**FY 2005 (audited)**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit before taxation	4,560	2,982
Adjustments:		
Provision for doubtful trade debts	525	1,674
Provision for doubtful trade debts written back	(1,194)	(64)
Gain on disposal of fixed assets	(78)	(11)
Fixed assets written off	68	40
Depreciation of fixed assets	1,964	1,786
Interest income	(9)	(16)
Interest expenses	844	626
Operating profit before working capital changes	**6,680**	**7,017**
(Increase) / decrease in:		
Stocks	(2,649)	(749)
Work-in-progress in excess of progress billings	2,182	456
Trade debtors	(1,613)	172
Other debtors, deposits and prepayments	(547)	(280)
Due from related parties	(1,567)	(902)
Increase / (decrease) in:		
Trade creditors	3,081	331
Other creditors and accruals	3,512	683
Due to related parties	(95)	(720)
Cash generated from operations	**8,984**	**6,008**
Interest received	9	16
Interest paid	(821)	(626)
Income taxes paid	(705)	(548)
Net cash generated from operating activities	**7,467**	**4,850**

	GROUP	
	FY 2006	**FY 2005 (audited)**
	S$'000	**S$'000**
Cash flows from investing activities		
Proceeds from disposal of fixed assets	414	201
Purchase of fixed assets	(2,778)	(2,297)
Proceeds from a minority shareholder of a subsidiary	98	10
Net cash used in investing activities	**(2,266)**	**(2,086)**
Cash flows from financing activities		
Repayment of finance lease obligations	(281)	(251)
Increase in bills payable to banks	2,419	115
Repayment of short-term bank loans	0	(999)
Dividends paid to shareholders	(697)	0
Dividends paid to a minority shareholder of a subsidiary	0	(39)
Net cash generated from / (used in) financing activities	**1,441**	**(1,174)**
Net effect of exchange rate changes in consolidating subsidiaries	(7)	2
Net increase in cash and cash equivalents	**6,635**	**1,592**
Cash and cash equivalents at beginning of the year	**3,450**	**1,858**
Cash and cash equivalents at end of the year	**10,085**	**3,450**

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					Minority Interests	Total Equity
	Share Capital S$'000	Share Premium S$'000	Revenue Reserve S$'000	Translation Reserves S$'000	Total Reserve S$'000	S$'000	S$'000
GROUP							
Balance as at 1 Jan 2005	9,299	2,252	4,992	0	4,992	1,076	17,619
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	0	0	0	2	2	0	2
Issuance of shares to minority interest	0	0	0	0	0	10	10
Net profit / (loss) for the year	0	0	2,273	0	2,273	(40)	2,233
Dividends paid to a minority shareholder of a subsidiary	0	0	0	0	0	(39)	(39)
Balance as at 31 December 2005	**9,299**	**2,252**	**7,265**	**2**	**7,267**	**1,007**	**19,825**
Balance as at 1 Jan 2006	9,299	2,252	7,265	2	7,267	1,007	19,825
Currency translation differences representing net gains and losses not recognised in statement of profit and loss	0	0	0	(7)	(7)	0	(7)
# Transfer of share premium reserve to share capital account	2,252	(2,252)	0	0	0	0	0
Issuance of shares to minority interest	0	0	0	0	0	98	98
Dividends paid to shareholders	0	0	(697)	0	(697)	0	(697)
Net profit for the year	0	0	3,819	0	3,819	1	3,820
Balance as at 31 December 2006	**11,551**	**0**	**10,387**	**(5)**	**10,382**	**1,106**	**23,039**

	Attributable to equity holders of the company					Minority Interests	Total
	Share Capital S$'000	Share Premium S$'000	Revenue Reserve S$'000	Translation Reserves S$'000	Total Reserve S$'000	S$'000	S$'000
COMPANY							
Balance as at 1 Jan 2005	9,299	2,252	318	0	318	0	11,869
Net profit for the year	0	0	1,589	0	1,589	0	1,589
Balance as at 31 December 2005	**9,299**	**2,252**	**1,907**	**0**	**1,907**	**0**	**13,458**
Balance as at 1 Jan 2006	9,299	2,252	1,907	0	1,907	0	13,458
# Transfer of share premium reserve to share capital account	2,252	(2,252)	0	0	0	0	0
Dividends paid to shareholders	0	0	(697)	0	(697)	0	(697)
Net profit for the year	0	0	1,697	0	1,697	0	1,697
Balance as at 31 December 2006	**11,551**	**0**	**2,907**	**0**	**2,907**	**0**	**14,458**

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. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

None.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

Figures have not been audited or reviewed.

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.

Yes.

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.

The Group has adopted new / revised Financial Reporting Standards and interpretations that are mandatory for the financial years beginning on or after 1 January 2006. These do not have any material financial impact on the Group's results.

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.

	Group	
Earnings per Ordinary Share (cents) for the period:	**FY 2006**	**FY 2005**
a) Based on number of ordinary shares in issue	3.29	1.96
b) On a fully diluted basis	3.29	1.96

(i) The earnings per ordinary share for both periods were computed based on 116,236,875 ordinary shares in issue.

(ii) There is no dilution of earnings per ordinary share since there is presently no share option scheme on unissued shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	GROUP		COMPANY	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net asset value per ordinary share based on issued share capital at end of the period/year (in cents)	18.87	16.19	12.44	11.58

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

FY 2006	**4th Quarter Results**			
Group Turnover	**4th Qtr of 2006 S$'million**	**4th Qtr of 2005 S$'million**	**+ / (-) S$'million**	**+ / (-) %**
Corrosion Prevention ("CP")	8.26	9.86	(1.60)	(16.2)
Infrastructure & Engineering ("IE")	4.10	0.41	3.69	900.0
Supply & Distribution ("SD")	5.44	3.38	2.06	60.9
	17.80	13.65	4.15	30.4

4th Quarter of 2006

Our Group's sales increased by 30.4% from S$13.65 million in 4Q2005 to S$17.80 million in 4Q2006 due to the increase in demand for our services and products. Net profit attributable to shareholders for 4Q2006 increased by approximately 139% from S$0.46 million in 4Q2005 to S$1.11 million in 4Q2006 mainly due to increased sales.

FY 2006	**Full Year Results**			
Group Turnover	**FY 2006 S$'million**	**FY 2005 S$'million**	**+ / (-) S$'million**	**+ / (-) %**
Corrosion Prevention ("CP")	32.27	33.63	(1.36)	(4.0)
Infrastructure & Engineering ("IE")	16.19	5.10	11.09	217.5
Supply & Distribution ("SD")	22.09	14.52	7.57	52.1
	70.55	53.25	17.30	32.5

Full year FY 2006

Our Group's turnover for FY2006 increased by 32.5% from S$53.25 million in FY2005 to S$70.55 million in FY2006. This increase was largely driven by increases in demand for services in our IE division and for hardware products in our SD division. The IE division perfomed particularly well in FY2006; revenues more than doubled year-on-year. This was due to the Group undertaking more vessel and rig construction projects in the thriving marine and offshore industries in Singapore, Batam and Malaysia. Revenue increases in the IE and SD divisions more than offset the decrease in revenue in our CP division.

Our CP division's revenue for FY2006 decreased by 4.0% from S$33.63 million in FY2005 to S$32.27 million in FY2006. The decrease was mainly due to reduction in tank cleaning services, and collection of used copper slag services. However, the segment results from the CP division remain stable at S$2.65 million for FY2006.

Better performances in turnover from our IE and SD divisions contributed to the overall increased on Group's turnover. As a result, our Group's net profits attributable to shareholders increased by 68% from S$2.27 million in FY2005 to S$3.82 million in FY2006. Our constant efforts towards improving our resources management and work processes to maintain our competitiveness in the industry have contributed to the improved earnings.

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

In our previous announcement of 10 October 2006, we had forecasted to remain profitable for FY2006. This fourth quarter results are in line with the said forecast.

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 marine and offshore industries (consisting of the rig building, shipbuilding, and ship repair and conversion sectors) had a positive year in 2006 and its outlook remains optimistic through 2007. Recent industry data such as rising exploration and production capex, and high rig day rates and utilisation rates, indicate that the demand in the marine and offshore industries will remain strong. As a sign of the robust demand, the Group's major and traditional shipyard customers continue to report new contract wins for shipbuilding and rig building with yard capacities taken up to beyond 2007.

With the expected increase in shipbuilding and rig building activities of the major shipyards, the Group is well-positioned to ride on this growth momentum. With our proven track record and capabilities, we would expect to benefit from the outsourcing of work by the major shipyards.

Barring any unforseen circumstances, the Group expects to achieve better revenue and earnings in FY2007.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes.

Name of Dividend:	First & Final	
Dividend Type:	Cash	
Dividend Rate (Gross):	1.10	cents
Tax Rate:	18%	

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend:	First & Final	
Dividend Type:	Cash	
Dividend Rate (Gross):	0.75	cents
Tax Rate:	20%	

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

12. If no dividend has been declared / recommended, a statement to that effect.

Not Applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

BUSINESS SEGMENTS

	GROUP 2006 (Year to-date)				
	CORROSION PREVENTION	INFRASTRUCTURE & ENGINEERING	SUPPLY & DISTRIBUTION	ELIMINATION	GROUP
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue					
Sales to external customers	32,265	16,193	22,092	-	70,550
Inter-segment sales	245	533	4,226	(5,004)	-
	32,510	16,726	26,318	(5,004)	70,550
Results:					
Segment results	2,650	977	2,141	-	5,768
Unallocated expenses					(290)
Financial expenses					(927)
Financial income					9
Profit before taxation					4,560
Taxation					(740)
Profit after taxation					3,820
Minority interests					(1)
Net profit for the year					3,819
Segment assets	51,007	12,000	21,088	(25,436)	58,659
Segment liabilities	(31,710)	(10,807)	(16,880)	25,436	(33,961)
Unallocated liabilities					(1,659)
Total liabilities					(35,620)
Capital expenditure	3,369	928	269		4,566
Depreciation	1,600	207	158		1,964
Non cash expenses / (income)	827	(433)	367		761

BUSINESS SEGMENTS

	GROUP 2005 (Year to-date)				
	CORROSION PREVENTION	INFRASTRUCTURE & ENGINEERING	SUPPLY & DISTRIBUTION	ELIMINATION	GROUP
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue					
Sales to external customers	33,628	5,102	14,516	-	53,246
Inter-segment sales	164	11	3,847	(4,022)	-
	33,792	5,113	18,363	(4,022)	53,246
Results					
Segment results	2,671	(281)	1,307	-	3,697
Unallocated expenses					(157)
Financial expenses					(646)
Financial income					88
Profit before taxation					2,982
Taxation					(749)
Profit after taxation					2,233
Minority interests					40
Net profit for the year					2,273
Segment assets	36,010	6,878	13,750	(11,650)	44,988
Segment liabilities	(19,414)	(6,211)	(9,564)	11,650	(23,539)
Unallocated liabilities					(1,624)
Total liabilities					(25,163)
Capital expenditure	1,852	347	134		2,333
Depreciation	1,424	175	187		1,786
Non cash expenses	600	885	189		1,674

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15. A breakdown of sales.

	GROUP			
	FY 2006 S$'000	FY 2005 S$'000	+ / (-) S$'000	+ / (-) %
First Half				
(a) Revenue	**34,691**	**25,027**	**9,664**	**38.6%**
(b) Profit after tax	**1,625**	**1,275**	**350**	**27.5%**
Second Half				
(a) Revenue	**35,859**	**28,219**	**7,640**	**27.1%**
(b) Profit after tax	**2,195**	**958**	**1,237**	**129.1%**

16. A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details). Not Applicable.

	Latest Full Year()	Previous Full Year ()
Ordinary	1,411	872
Preference	-	-
Total:	1,411	872

17. Summary of Interested Person Transactions for the financial period ended 31 December 2006

	4th Quarter of FY2006		Full Year FY 2006	
	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)	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 Shipbuilding & Engineering Pte Ltd				
Provision of Corrosion Prevention Services		981,035		3,961,787
Sale of hardware equipment, tools and other consumables		194,303		1,091,443
Provision of Infrastructure Engineering Services		176,925		905,613
Procurement of Yard's Consumables		(52,251)		(160,530)
PT Nanindah Mutiara Shipyard				
Sale of hardware equipment, tools and other consumables		710,378		2,912,033
Heng Huat Shipbuilding & Construction Pte Ltd				
Rental of property expenses	(105,000)		(420,000)	
Tellus Marine Engineering Pte Ltd				
Sale of hardware equipment, tools and other consumables		143,696		512,419
Crown Shipping Pte Ltd				
Provision of electrical and maintenance services		25,976		101,186

Our Shareholders' Mandate first came into effect from our admission to the Official List of the SGX SESDAQ on 15 October 2004 and was renewed during our previous Annual General Meeting held on 28 April 2005 and our recent Annual General Meeting held on 26 April 2006.

BY ORDER OF THE BOARD

Chua Meng Hua
Executive Director
27/February/2007