BENG KUANG MARINE LIMITED
("BKM" / 明光海事)

Result Briefing
Full year results FY2006

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Agenda

- About Beng Kuang Marine Ltd ("BKM")
- Business Overview
- BKM Competitive Advantages
- Financial Highlights
- Prospects & Future Plan

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About the Company

Beng Kuang Marine Limited

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What We Do

- A leading and established corrosion prevention service provider
- Provide turnkey infrastructure engineering services
- Supply & distribute over 300 hardware equipment under our house brand, “Master”

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What We Do

- Mainly in the –
  - Marine industry
  - Offshore oil & gas industry
  - Upgrading and conversion of FPSOs

Corrosion Prevention



Infrastructure Engineering



Supply & Distribution



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Brief History

- Incorporated in 1994.
- Collectively, more than 70 years of experience in the marine industry
- Listed on SGX-SESDAQ in October 2004

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BKM Group Structure

Corrosion Prevention

100%
- Beng Kuang Marine (B&Chew) Pte. Ltd.
- Beng Kuang Marine (B&M) Pte. Ltd.
- Beng Kuang Marine (B&Y) Pte. Ltd.
- B & K Marine Pte. Ltd.

80%
- Nexus Hydrotech Pte. Ltd.

51%
- B & J Pte. Ltd.

51%
- BT Asia Marketing & Engineering Pte. Ltd.

100%
- Superior Services Centre

80%
- Superior Towing Services Pte Ltd

Infrastructure Engineering

100%
- Asian Sealand Engineering Pte Ltd
- PT. Nexus Engineering Indonesia
- ASIC Engineering Sdn Bhd

51%
- Venture Automation & Electrical Engineering Pte Ltd

Supply & Distribution

100%
- Nexus Sealand Trading Pte Ltd

100%
- Picco Enterprise Pte. Ltd

100%
- PT. Master Indonesia

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The Team Leading BKM

Board of Directors



Mr. Tan Boy Tee

Non-Executive Director



Mr. Alan Yong

Non-Executive Director



Mr. Chua Beng Kuang

Managing Director



Mr. Chua Meng Hua

Executive Director



Mr. Goh Chee Wee

Independent Director



DR. Wong Chiang Yin

Independent Director

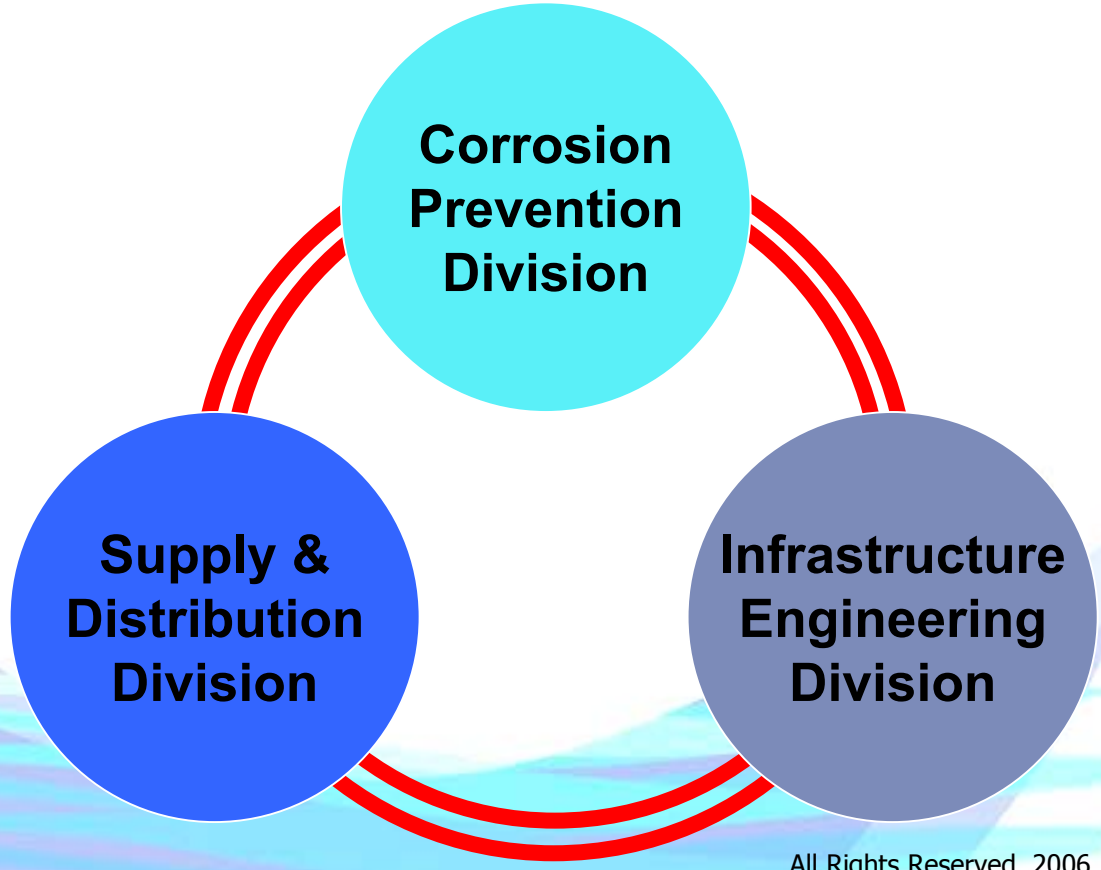
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Business Overview

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Business Model

Strategic Interdependence among 3 business divisions enhances operational flow, cost effectiveness and growth potential



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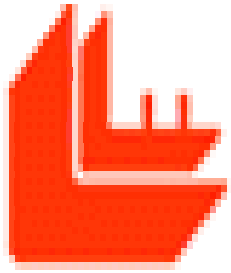
Corrosion Prevention ("CP")

- We provide such services to –
  - Shipyards such as –
    - Keppel Offshore Marine,
    - ST Marine,
    - Pan United Marine,
    - Jurong SML
    - Labroy Marine Limited
    - ASL Shipyard









  - Engineering Projects (steel works, piping, oil rigs, jack up rigs etc)

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The Process for CP

1



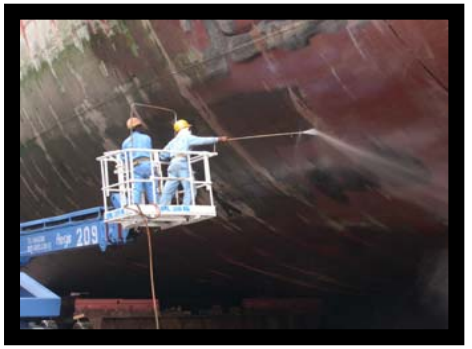
Docking of Vessel

2



Manual Scrapping

3



High Pressure Wash

4



Abrasive Blasting

5



Spray Painting

6



Handing Over

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Infrastructure Engineering ("IE")

- We provide turnkey engineering services for steel work modules and structures
- Construct refinery process plants, land-based structures, offshore oil rigs
- Support the offshore oil & gas industry

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Infrastructure Engineering ("IE")

- Our customers –
  - McConnell Dowell,
  - J.Ray McDermott Far East, INC
  - Labroy Offshore Ltd Mauritus
  - FACI Asia Pacific Pte Ltd
  - PT. Technip Indonesia
  - Sembawang Marine & Offshore Engineering
  - Malaysia Marine & Heavy Equipment Sdn. Bhd.
  - PT Acergy
  - PT. Nippon Steel Batam Offshore Service
  - Many Other Engineering Companies

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The Process for IE

1



Material Receipt

2



Fabrication

3



Corrosion Prevention

4



Testing & Installation

5



Pre-Commissioning

6



Project Handover

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Singapore

Location:

- 55 Shipyard Road, Singapore 628141

Land Area:

- 10,068 square metres

Wharf Frontage:

- 68 meter

Equipments:

- Overhead crane (10 ton capacity)
- Welding sets
- Generators
- Forklifts
- Air-Compressors
- Blasting Chamber, 6m x 18m
- Bend Saw (up to 650mm)







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Indonesia, Batam

Location:

- Jl. Brigjend Katamso Tanjung Uncang PO Box 108/SKU Batam 29422

Land Area:

- 80,000 square metres

Covered Workshop A:

- 2,160 square.metres

Covered Workshop B:

- 2,040 square metres.

Covered Workshop C:

- 2,040 square metres

Equipments:

- Mobile crane: 25tons
- Mobile crane: 50tons
- Mobile crane: 100tons
- Air compressors
- Blasting Chamber
- Overhead cranes (10 ton)
- Welding sets
- Iron worker (55t)
- Bend Saw (up to 750mm)
- CNC Underwater Plasma Cutting Machine
- Sub-Arc Welding Machine
- Generator








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Malaysia, Pasir Gudang

Location:

- PLO 605, Jalan Miel 1, Off Jalan Keluli 9, Kawasan Miel, Fasa 4, Pasir Gudang, Postal Code 81700, Johor, Malaysia

Land Area:

- 2,718 sq.m.

Covered Workshop:

- 1,347 sq.m.

Equipments:

- Mobile crane: 20ton
- Forklift : 3ton
- Welding Set
- Electrode Oven








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Supply & Distribution ("SD")

- We supply over 300 types of hardware equipment, tools and other product under our house brand – MASTER

- These products are also being supplied to our CP and IE customers



MASTER

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Competitive Advantages

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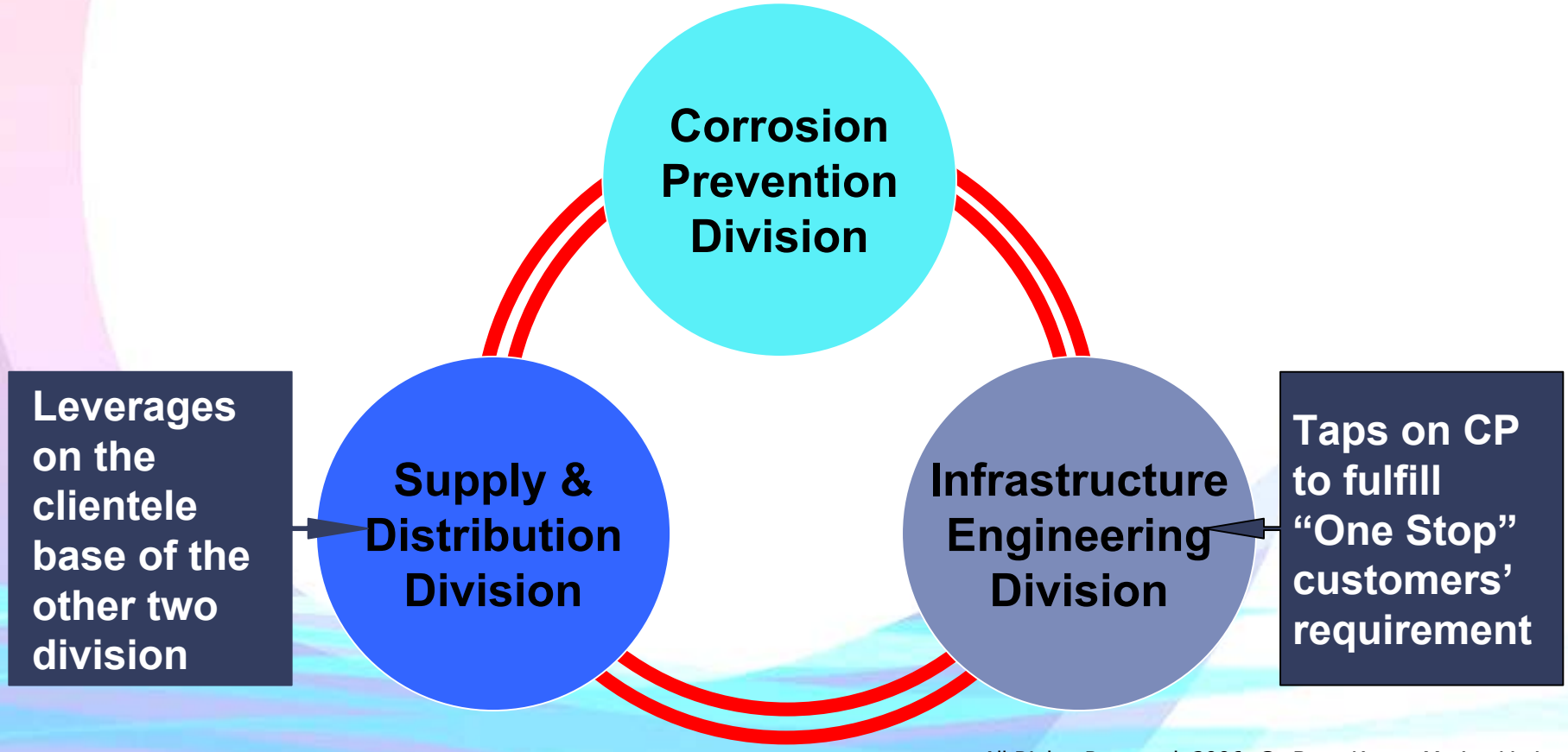
Our Competitive Edges

- Integrated Service Provider
- Quality Service
- Established Track Records
- Experience Management Team
- Long Standing Relationship

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Integrated Service Provider

Our three business divisions are integrated through the provision of a single to a comprehensive "One Stop" services, as well as through leveraging on the clientele base of each division.



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Quality Service

- Dedicated in providing quality services and products to customer
- Awarded the ISO 9001:2000 certification for our IE division
- Numerous letter of appreciation from customers

PSB TEST



CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

Asian Sealand Engineering Pte Ltd
55 Shipyard Road
Singapore 628141
Republic of Singapore

has been approved by Lloyd's Register Quality Assurance (Singapore) to the following Quality Management System Standards:

ISO 9001: 2000

The Quality Management System is applicable to:

Construction of structural steelwork for construction industry. Piping fabrication and installation of industrial plants and provision of blasting and painting services.

Approval Certificate No: SNG 0160033

Original Approval: 16 July 1999
Current Certificate: 1 August 2005
Certificate Expiry: 31 July 2008

Issued by: Lloyd's Register Quality Assurance Limited



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Approval Certificate No: SNG 0160033/A

Original Approval: 16 July 1999
Current Certificate: 1 August 2005
Certificate Expiry: 31 July 2008

Issued by: Lloyd's Register Quality Assurance Limited

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Established Track Record

- One of the leading contractor for hullside corrosion prevention services in Singapore and Batam
  - With more than 10 years of experiences in corrosion prevention business

- Status as "Hullside Resident Contractor" for several shipyards –
  - Seven major shipyards in Singapore
  - Two major shipyards in Batam

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Experienced Management Team



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Long-Standing Relationship

- Close working relationship with vendors and customers cultivated over the years
  - Strength in drawing satisfied customers for referrals
  - Strength in retaining more repeated businesses
- Approximately 70-80% of our annual revenue was derived from our repeat customers



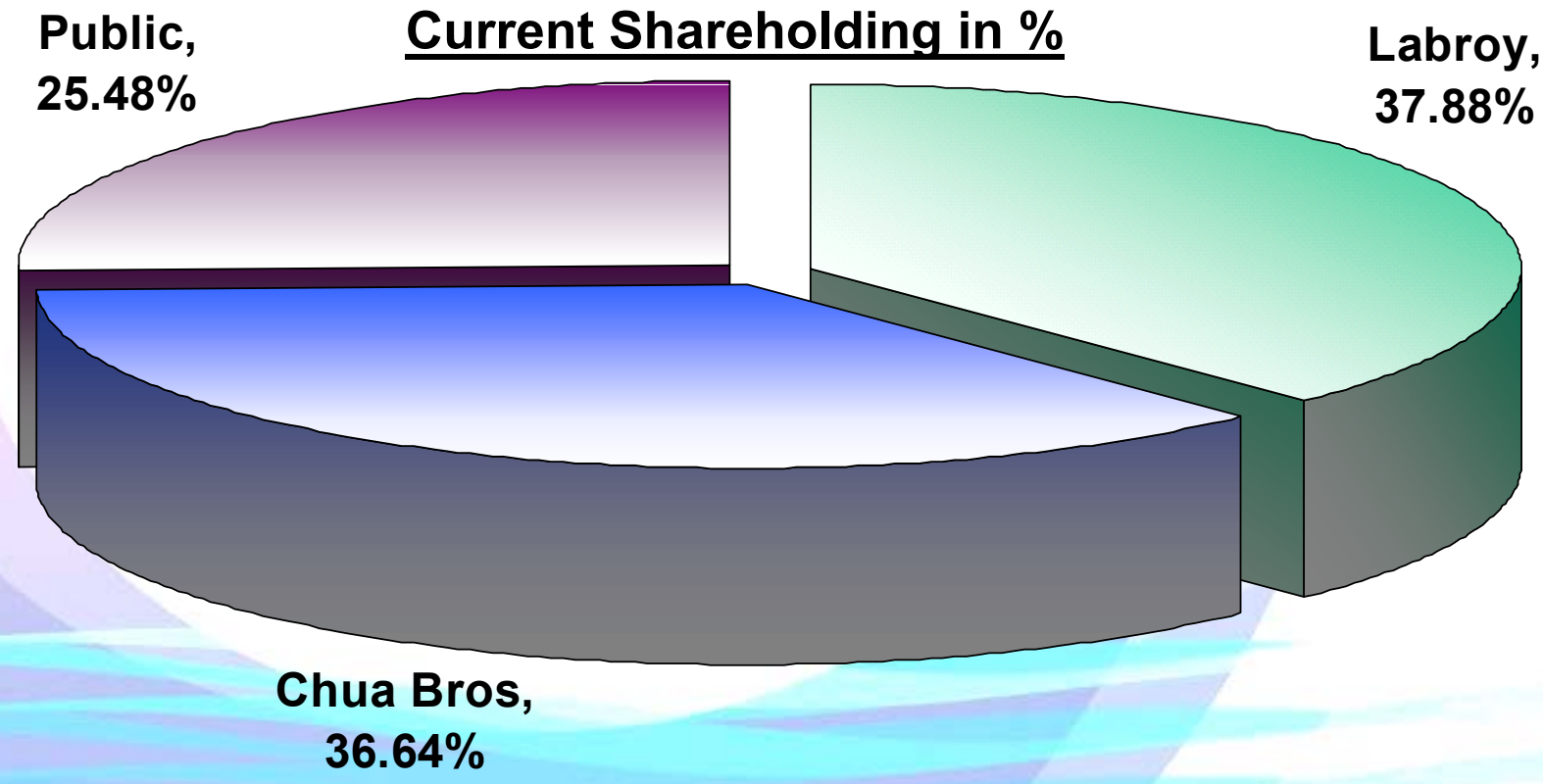
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Financial Highlights

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Shareholding

- No. of Shares as at 31/12/06 – 116,236,875
- Current No. of Shares – 128,236,875
- Current Public Float – 33,000,000



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Financial Statement Analysis
Full Year FY2006

- Revenue of S$70.55 million
  ( 32% compared to FY2005)

- Net Profits after tax of S$3.8 million
  ( 68% compared to FY2005)

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Financial Statement Analysis
Quarterly Results

S$'000 (FY Dec 31)	2006 1st Qtr	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr		Total Year
Revenue	**16.70**	**18.00**	**18.06**	**17.79**		**70.55**
Corrosion Prevention	8.61	7.86	7.55	8.25		32.27
Infrastructure Engineering	3.31	4.69	4.09	4.10		16.19
Supply & Distribution	4.78	5.45	6.42	5.44		22.09
EBITDA	**1.6**	**1.9**	**2.0**	**1.9**		**7.4**
% Margin	10%	11%	11%	11%		10%
Net Profit After Tax	**0.8**	**0.9**	**1.0**	**1.1**		**3.8**
% Margin	4.7%	5.1%	5.5%	6.1%		5.4%

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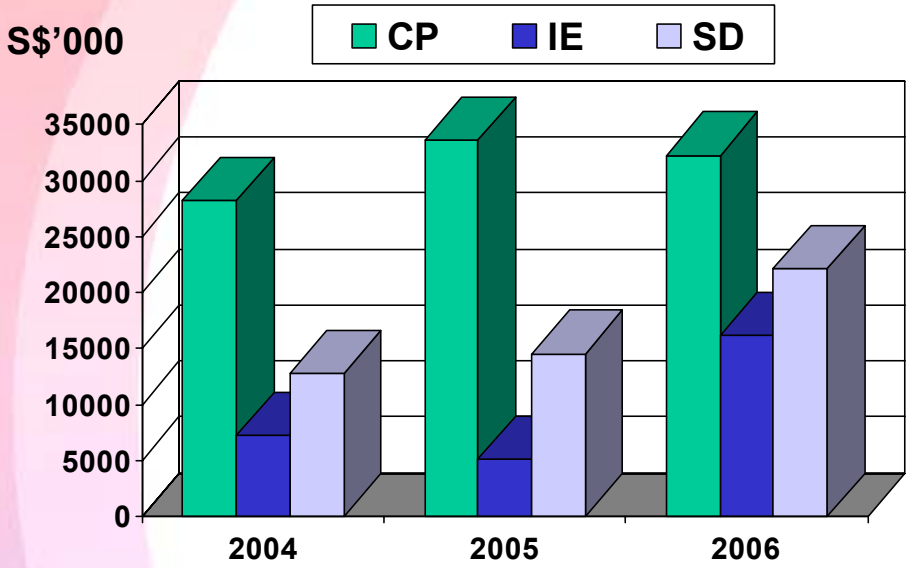
Financial Statement Analysis
Full Year Results

S$'000 (FY Dec 31)	2003 (audited)	2004 (IPO)*	2005 (audited)	2006 (unaudited)
Revenue	**41.24**	**48.13**	**53.24**	**70.55**
% Growth	9.2%	17%	11%	32%
Corrosion Prevention	19.8	28.2	33.6	32.27
Infrastructure Engineering	7.5	7.2	5.1	16.19
Supply & Distribution	10.0	12.7	14.5	22.09
Ship Repair Services	3.9	-	-	-
EBITDA	**5.2**	**4.5**	**5.4**	**7.4**
% Growth	46%	-13%	20%	37%
% Margin	13%	9%	10%	10%
Net Profit After Tax	**2.3**	**1.8**	**2.2**	**3.8**
% Growth	235%	-22%	27%	68%
% Margin	5.6%	3.7%	4.3%	5.4%
Shareholders' Equity	**10.9**	**16.5**	**18.8**	**23.0**
Dividends (cents)	**0.0**	**0.0**	**0.75**	**1.10**
Net debt / Equity	**122%**	**77%**	**53%**	**32%**

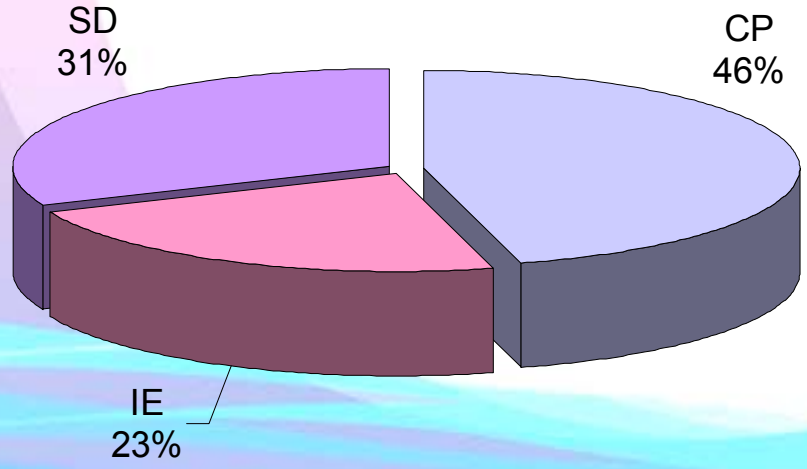
*** (IPO) listed on SGX-Sesdaq in October 2004**

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Revenue Breakdown – Divisions



Turnover S$'000	2006	2005	2004
CP	32,265	33,628	28,176
IE	16,193	5,102	7,181
SD	22,092	14,516	12,773



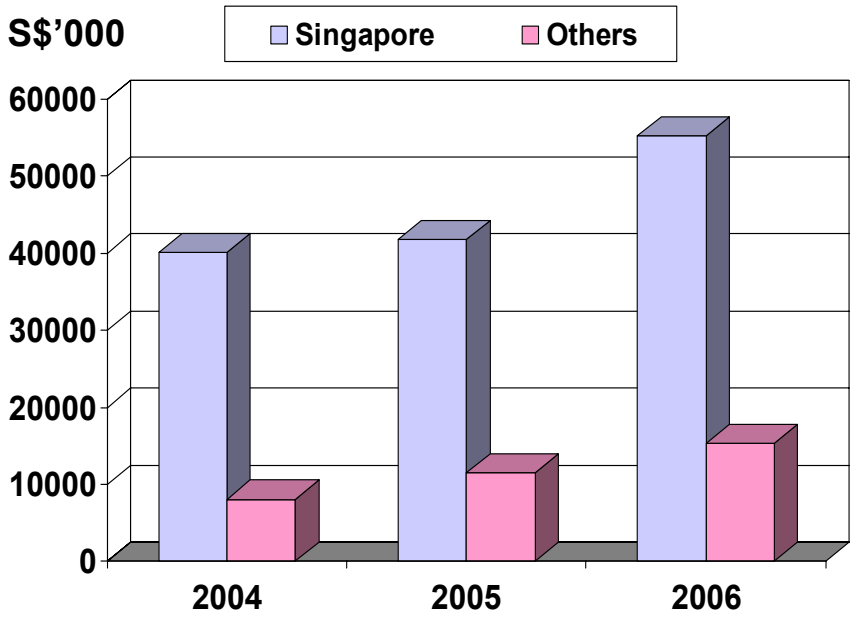
Turnover % of total turnover	2006	2005	2004
CP	46%	63%	58%
IE	23%	10%	15%
SD	31%	27%	27%

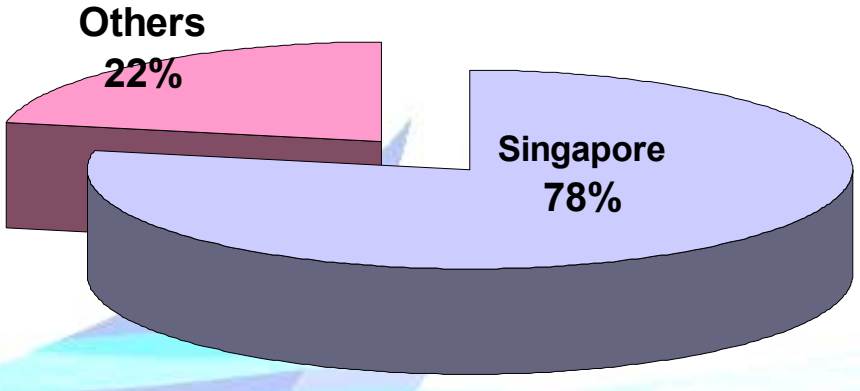
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Revenue Breakdown – Geographical

Turnover S$'000	2006	2005	2004
Singapore	55,146	41,751	40,045
Others*	15,404	11,495	8,085

% of total turnover	2006	2005	2004
Singapore	78%	78%	83%
Others*	22%	22%	17%

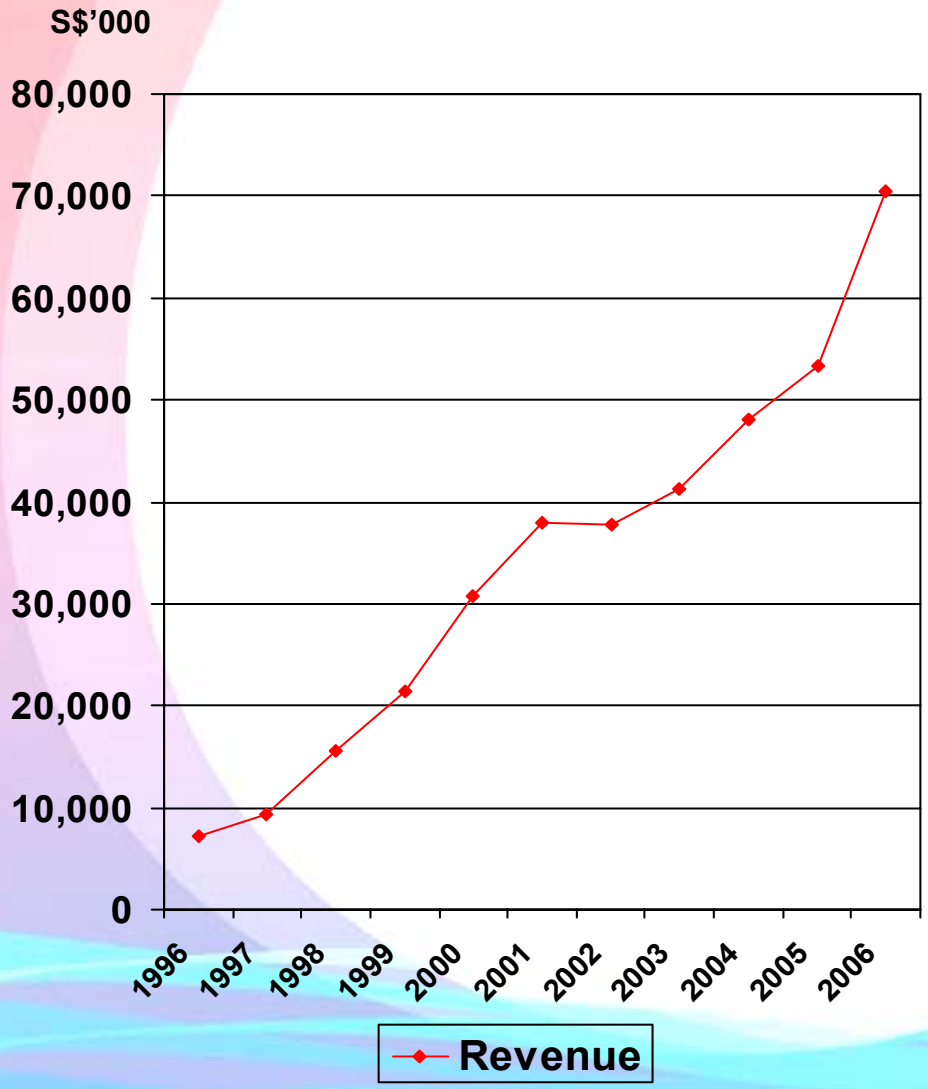


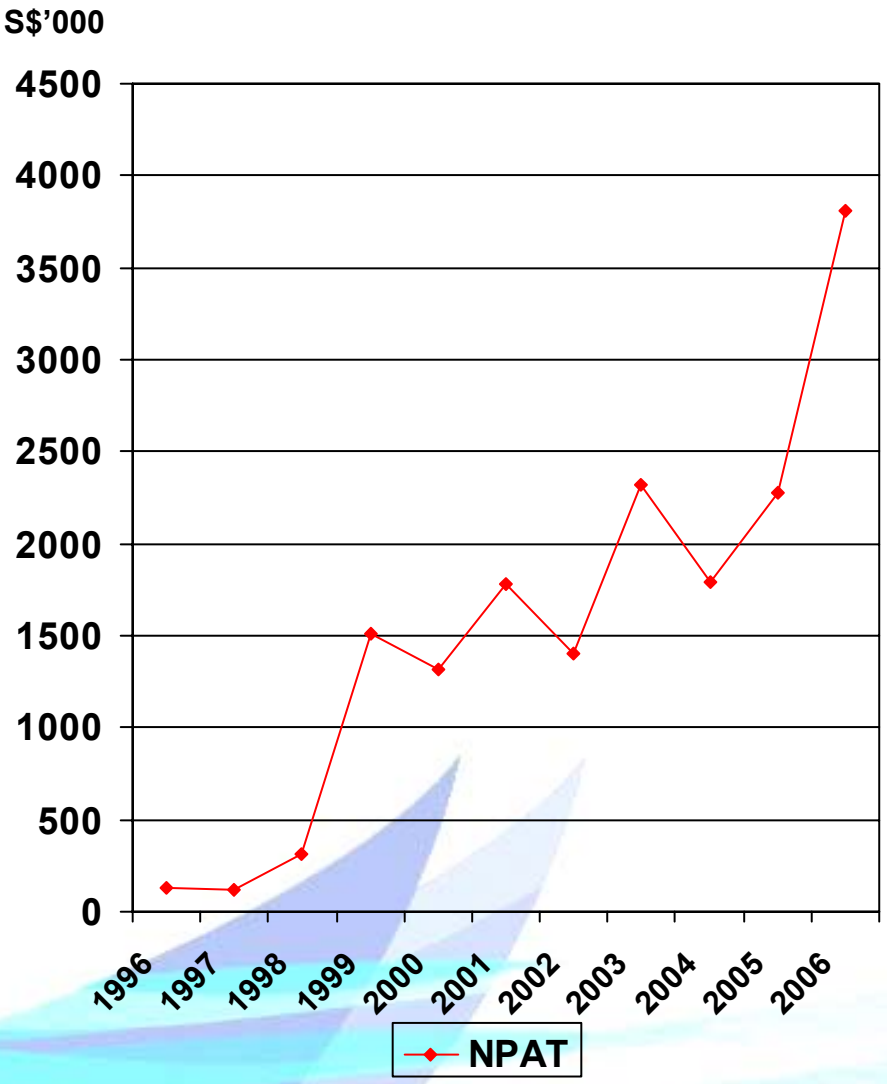


*** Others – Based on the billing location of customers**

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10 Years Track Record





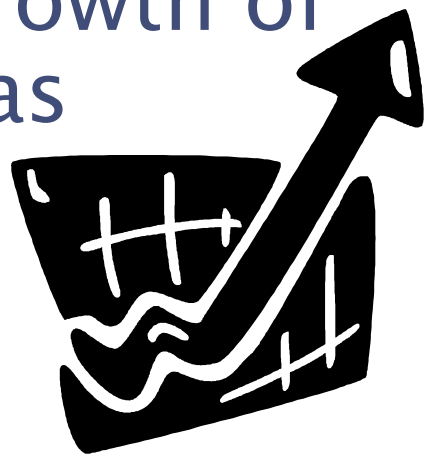
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Prospects & Future Plans

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Industry Prospects

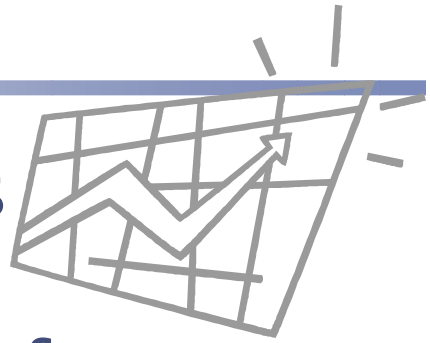
- Our business are tied to the growth of the marine, offshore oil and gas industries.



- Current market figures have highlighted the increase in global supply of rigs
  - Riding onto this, BKM is expecting to benefit from this in the coming years.

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Industry Prospects



- Increase in regional marine activities
- Increase in order book for shipyards for new vessel construction
  - Increase in shipping volumes and growing demands for vessel replacements
  - Earlier deadline for IMO phasing out single hull oil tankers from 2015 to 2010
- Merchant Shipping Act (MSA) – Chapter 179
  - Require maintenance & repair works every 2.5 years

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Industry Prospects

- Increase in demand for infrastructure engineering services due to –
  - Greater oil exploration and production activities
  - Aging of the current fleet of oil exploration and production vessels

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Future Plan

Expand Capabilities

Expand Market

Expand Products & Services

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Expand Capabilities

- Sourcing for new location
  - For larger scale of projects
  - With better infrastructure & facilities
- Target to secure more turnkey projects

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Expand Market

- Malaysia Market
  - Exploring opportunity to service more land-based projects
- Indonesia Market
  - Expand market shares

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Expand Products & Services

- Developing more in-house brand products to capture larger market share

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Recent News & Updates

- **Announcement on 22 November 2006**
  - Secured S$3.9 million Purchase Order for Corrosion Prevention Services for a rig project.

- **Announcement on 23 January 2007 – Placement of new shares**
  - 12 million placement shares
  - Placement Agent – UOB Kay Hian Private Limited
  - At S$0.38 per share
  - Gross proceeds S$4.56 million
  - Net Proceeds after 3% commission & other expenses – S$4.37million
  - Proceeds for (a) S$3.37 million for M&A and joint ventures (b) S$1.0 million for working capital
  - AIP on 8 February 2007
  - Trading of new placement shares commences on 12 February 2007

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Recent News & Updates

- **Announcement on 07 February 2007**
  - Secured S$3.5 million Contract for supplying Welding Cables and other hardware products by our Supply and Distribution Division.
- **Announcement on 13 February 2007**
  - Secured US$5.8 million Contract for conversion and upgrading of FPSO by our Infrastructure Engineering Division.

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Investors Relation Matters

For more information, please contact:-

Financial PR Pte Ltd

Mark LEE, marklee@financialpr.com.sg

Clarence ENG, clarence@financialpr.com.sg

Tel: (65) 6438 2990

Fax: (65) 6438 0064

BKM website: www.bkmgroup.com.sg

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