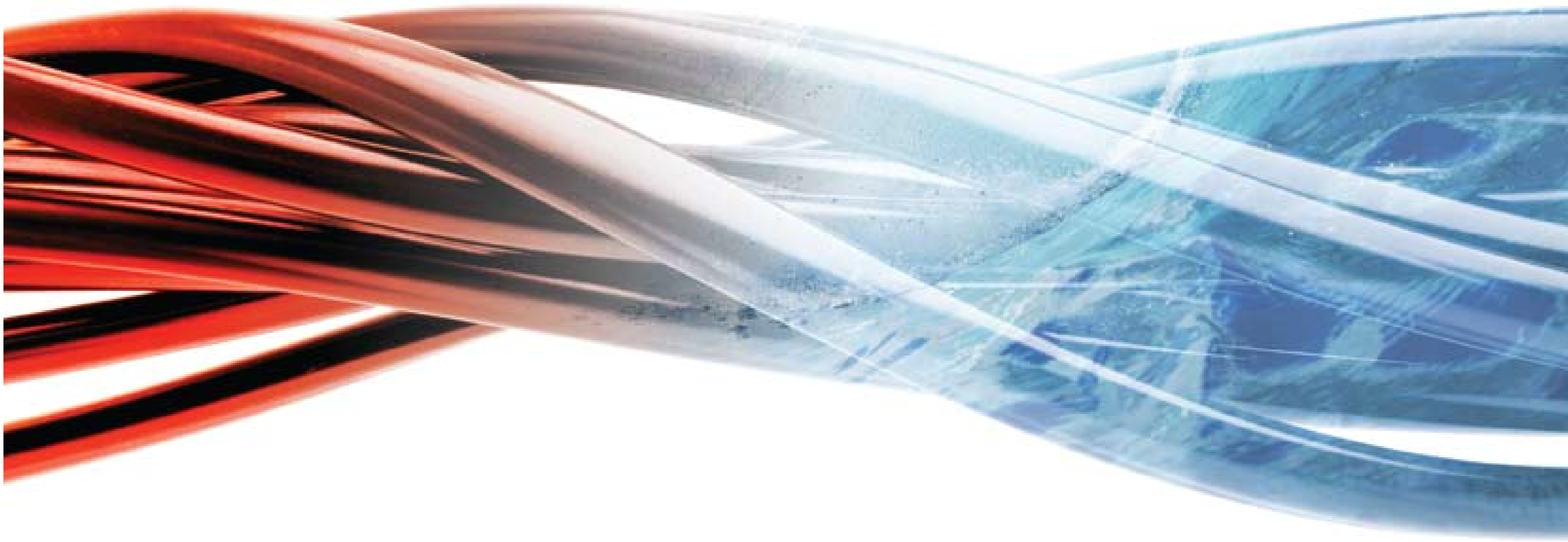
BH GLOBAL MARINE LIMITED



FOSTERING TIES ENSURING GROWTH

ANNUAL REPORT 2009

BH GLOBAL MARINE LIMITED ANNUAL REPORT 2009

CORPORATE PROFILE

BH GLOBAL MARINE LTD ("BH GLOBAL") is an integrated marine services group principally engaged in specialized marine electrical supplies, custom design and manufacturing of marine switchboards and provision of turnkey solutions for marine electrical and instrumentation installation systems & services.

BH GLOBAL has been in the Marine & Offshore electrical business for over 40 years. With its operational headquarters strategically located in Singapore, we offer a One-Stop supply service and MRO-Sourcing solution to the Shipbuilding and Repair, Ship Chandling and Offshore Oil & Gas industries in the region.

Year 2009 was indeed a year of growth and the following subsidiaries were incorporated or acquired and joint ventures entered to expand our Business Activities.

1. Dream Marine Ship Spare Parts Trading L.L.C. in Dubai for marine electrical supplies to the Middle East Market and in particular countries in the G.C.C. (Gulf Cooperation Council).

2. Z-Power Automation Pte Ltd for the design and manufacturing of Marine Electrical Switchboards, Bridge Consoles and all shipboard Alarm Monitoring Systems. This business unit complements the range of specialized electrical supplies which we can now package as total marine electrical solutions.

3. BH Marine & Offshore Engineering Pte Ltd (formerly known as B & C Electrical Pte Ltd) being a system integration contractor, provides turnkey Electrical & Instrumentation Installation Services to major shipyards in the region.

4. Sky Holding Pte Ltd is a supplier & manufacturer of specialized steel wire products for the armouring protection of electrical cables and their customers are major cable manufacturers based in India and the ASEAN and G.C.C. Countries.

5. Han Jiang Pte Ltd, for the oil & gas industrial sectors in Myanmar.

We have an extensive **GLOBAL** clientele comprising international ship managers, ship owners, ship chandlers, shipyards and FPSO conversion contractors, specialized rig fabricators from the Asia Pacific to the Middle East and oil majors based in North and South American.

We are consistently **AVAILABLE** and **RELIABLE**, and we are a total **GLOBAL SOLUTION** for your Marine & Offshore electrical needs.

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COMPANY'S BUSINESS

MARINE ELECTRICAL SUPPLIES & TRADING

BH Global is the MARKET LEADER and First Choice for all electrical products, accessories and support services in the marine & offshore industries.

We bring to the Marketplace a Portfolio of certified, international renowned brand partners/manufacturers to meet the ever growing product safety specifications & stringent operating conditions.

We have 4 subsidiaries and joint venture business units in this division:

- Beng Hui Marine Electrical Pte Ltd – our FLAGSHIP Trading company – serving the ASEAN, India Sub-Continent & Australia Markets.
- Sanshin Marine (S.E.A.) Pte Ltd for the Japanese Market.
- Yorkshire Marine & Offshore (S) Pte Ltd for the China Shipbuilding & Shiprepair Market.
- Dream Marine Ship Spare Parts Trading L.L.C. in Dubai serving the G.C.C. Countries and Middle East Market.

MANUFACTURING & SUPPLIES

- Z-Power Automation Pte Ltd – Custom Design, Manufacturing & Installation of Marine Electrical Switchboards, Bridge Consoles, Alarm Monitoring Systems, Integrated Marine Automation Systems to all major shipyards in the ASEAN region for new-builds, conversion and retrofitting projects.
- Sky Holding Pte Ltd – Manufacturer & Supplier of Specialty Steel Wires for electric power and telecommunications cables. Key customers are the cable manufacturing companies based in India and the ASEAN and G.C.C. Countries.

TURNKEY MARINE SYSTEMS INTEGRATOR & CONTRACTING

- BH Marine & Offshore Engineering Pte Ltd – provides turnkey installation services for electrical & instrumentation contracts, fire safety & security protection systems and other marine contracting businesses.

JOINT VENTURES

- Han Jiang Pte Ltd – a newly joint venture based in Singapore to engage the oil & gas upstream & downstream industries in Myanmar with the support from all the group core business activities.

MARKET CHALLENGES TO SHIPBUILDING, REPAIRS AND MOBILE OFFSHORE DRILLING UNITS FABRICATION

"BH Global enhances performance in shipyards and on the high seas..."

Major shipbuilders and specialized rig fabricators have to:

- Create new value-added customers services.
- Maximize manufacturing efficiency and processes to remain profitable while reducing production cost.
- Manage the entire supplier & subcontractor chain to punctually deliver quality systems while maintaining a competitive edge.

Shipbuilders & EPC contractors prefer multi-system packages from a single supplier or vendor. They expect quality and conformity to the highest maritime standards and product specifications.

COMPANY'S BUSINESS

Expectations of ship chandlers, ship owners, ship-management companies, shipyard repair and fabrication contractors:

1. A full range of cables, lighting and electrical equipment & consumables to cover increasingly complex shipboard requirements.
2. Ability to meet all maritime specification and classification, plus inter-operability.
3. Quality and reliability of products to ensure safe & efficient operations of all systems.
4. Approved supplier status, approved product and brands status.
5. Product availability on-demand, with punctual deliveries and technical support services.

BH GLOBAL GROUP STRATEGIES IN FY 2010

1. Increase in Export Business
   Shipbuilding, Ship Repair & Ship Chandling are international businesses where we can export to any countries without any customs or duty barriers. We have already established our regional footprints in ASEAN countries and we will pursue our export strategies with our Group products and services to Middle East, India Sub Continent and other countries.

2. Expansion & Retention of all Key Accounts and Customers
   We need to retain our existing major key accounts and also look for new customers in the marine & offshore support industries/systems contractors/valued resellers.

   We need to strengthen our business alliances with major Ship Chandlers & Ship Owners' Representatives as Singapore is a vibrant Maritime Cluster and Procurement Center for all Maritime Supplies. Our electrical speciality MRO products compliment the entire range of marine supplies and logistics provided by these Ship Management Companies.

3. Focus on Major New Builds and Conversions Projects
   The Marine Industry is resilient and the continued demand for oil & gas will be sustained. We need to focus and secure major supplies and systems installation contracts for new builds and specialized conversion projects for oil rigs, FPSO, Offshore Support Vessels in Singapore and export countries.

4. Acquisitions of New Product Lines
   In order to succeed in an increasingly global & competitive environment, we need to acquire & develop new product agency lines and services for our operating subsidiary companies:

   - New cable types, wiring devices & accessories.
   - ATEX Ex zone rated equipment for hazardous locations.
   - Integrated Marine Automation systems
   - Fire safety and Security Protection Systems.

GEOGRAPHICAL MARKET

**Our excellent logistical infrastructure enables us
to offer our products and services worldwide.
We are able to service customers in Dubai within one to three days.
In FY2009, 77% of our revenue contribution came from Singapore,
11% from South-East Asia, 3% from East Asia, 4% from the Middle East,
while the remaining came from countries spanning all over the globe
– including Argentina, Australia, Canada, Finland, France, Greece, Germany, Holland,
India, Mauritius, the United Kingdom and United States of America.
We are BH GLOBAL.
We are a GLOBAL SOLUTION for you.**

CHAIRMAN STATEMENT

IN OUR BUSINESS, IT IS CRUCIAL TO REACT STRATEGICALLY AND SWIFTLY TO CHANGES HAPPENING AROUND US. TO ENHANCE OUR COMPETITIVE EDGE, WE CONSTANTLY REVIEW OUR STRATEGIES TO ENSURE THAT IT IS IN LINE WITH OUR CORPORATE OBJECTIVES

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I would like to present the annual report for financial year ended 31 December 2009 ("FY2009").

CROSSING THE S$100 MILLION MARK

In FY2009, the Group achieved a record turnover of S$101.6 million, backed by contribution from the newly added business segments, namely marine switchboards and services and armouring steel that contributed S$16.2 million to total revenue. Despite the overall economic uncertainty, we remained profitable with a net profit attributable to shareholders of S$14.7 million for FY2009, even after taking into account the lower margins fetched by the new segments and several provisions made based on our accounting policies.

We are also pleased to propose a first and final dividend of 0.8 Singapore cents per ordinary share (one-tier tax exempt) for FY2009.

A BUSY YEAR FOR BH GLOBAL

In line with our vision to be a world-class corporation with supply chain management capabilities, we embarked on several strategic acquisitions and ventures:

(1) Becoming a one-stop marine electrical solutions provider

We expanded our product offerings through the acquisition, in early 2009, of a 60% stake in Z-Power Automation Pte Ltd ("ZPA") that specializes in the assembly, manufacture and repair of marine switchboards and switchgears. Through ZPA, we recruited a team of experienced personnel who played a major role in securing S$12.8 million in revenue for the marine switchboards business alone.

In December 2009, we also ventured into engineering and installation services, an integral part of the marine electrical solutions. We are excited that we secured our first engineering and installation contract with Twins Engineering and Hardware, with an expected contract value of over S$20 million. This is encouraging.

(2) Moving up the supply chain

Realising the strategic importance of vertical integration, we invested in Sky Holding Pte Ltd ("SKY"), a manufacturer and supplier of specialty steel and other types of wires, in February 2009. The specialty steel wire manufactured by SKY can be used for assembly into armouring cables and security fences.

Subsequently, a subsidiary of SKY entered into a joint venture with Al Lawami International LLC ("Al Lawami") to set up a galvanized steel wire manufacturing plant in the Sultanate of Oman ("Oman"), with expected annual capacity ranging from 20,000 to 50,000 tonnes. We are truly excited with this first major foray into the Middle East, especially Oman which is a relatively untapped market compared to the neighbouring Saudi Arabia and United Arab Emirates ("UAE"). The joint venture, known as Oman Sky Steel Industries LLC ("OSSI"), is expected to open up more doors for the Group to expand beyond Singapore by leveraging on the vast demand for specialty steel wires worldwide.

(3) Expanding our borders

With a vision of becoming an international player, we are constantly seeking opportunities to extend our core competence outside Singapore. On 25 February 2009, we invested in a 34% stake in Dream Marine Ship Spare Parts Trading LLC ("DMS"), Dubai, UAE. DMS is primarily engaged in the business of ship and boat spare parts and component trading.

In December 2009, the Group entered into a joint venture with two individual partners to carry on the business of exporting various marine related goods and products to Myanmar. This is believed to be of synergistic value to the Group to establish its presence in Myanmar and the surrounding region.

RECOGNITION FOR OUR CORPORATE GOVERNANCE AND TRANSPARENCY EFFORTS

At BH GLOBAL, we emphasize transparency in communications with our various stakeholders, especially our dear shareholders. Our corporate governance efforts over the past years were recognized when we were ranked 15th from among over 670 Singapore listed companies in the Governance and Transparency Index ("GTI") 2009. Focusing on how companies communicate with the shareholders, the GTI was jointly launched by The Business Times ("BT") and the Corporate Governance & Financial Reporting Centre ("CGFRC"). We are privileged to be recognized in the top 15.

I am also pleased to report that we have again won, for the second consecutive year, an award under the Best Investor Relations category at the Singapore Corporate Awards ("SCA") 2009 for companies with less than S$300 million market capitalization.

LOOKING AHEAD

While global economies have shown signs of slow and gradual recovery since the beginning of 2010, market observers remain cautious amidst the uncertainties surrounding the outlook for FY2010. However with the global shipping trend being a critical part of world trade, we believe that the long term fundamentals of the sector remain intact.

For BH GLOBAL, FY2010 would be a year of focus – focus on strategically and financially strengthening our core businesses. We will put in extra effort to grow our newly acquired businesses and to realize their potential in FY2010 and beyond. This will include marketing BH GLOBAL as a one-stop marine electrical solutions provider with value added services to cater to the needs of each of our customers.

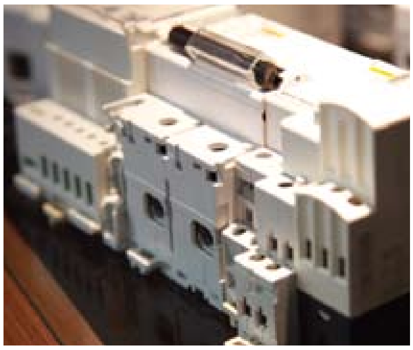
At present, the contribution derived outside Singapore accounts for 23% of the total FY2009 revenue, a decent growth from the 17% in FY2008. This is in line with the Group's strategy of venturing into overseas markets such as the Middle East and Southeast Asia. Going forward, BH GLOBAL will continue to pursue its strategy of geographical expansion by exploring opportunities in potential markets such as Myanmar and India.

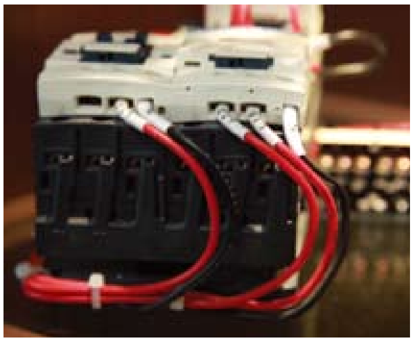
On the financial front, we will continue to adopt a prudent approach in cost management, so as to maximize the returns in the best interest of the shareholders.

APPRECIATION FOR UNWAVERING SUPPORT

Last but not least, I would like to take this opportunity to express my gratitude to the management team and all our staff for their continuous commitment and dedication; and to our customers, suppliers, bankers and business partners for their support; and finally, to our shareholders for their confidence in us. Thank you!

FINANCIAL REVIEW





RECORD TURNOVER DESPITE ECONOMIC UNCERTAINTY

The Group reported a record turnover of S$101.6 million, crossing the S$100 million dollar mark for the first time. This is mainly due to the additional contribution from newly acquired subsidiaries, namely Z-Power Automation Pte Ltd ("ZPA") and Sky Holding Pte Ltd ("SKY") that contributed S$16.2 million in revenue. Revenue from marine lighting equipment and accessories segment also increased to S$17.6 million for FY2009 (FY2008: S$16.6 million), as the Group secured more orders during the year. For the mainstay marine cable and accessories business, the revenue decreased by 13% to S$60.2 million for FY2009, resulting from lower selling prices due to lower copper prices.

Geographically, the Group saw an encouraging 39% jump in the revenue derived outside Singapore from S$16.5 million in FY2008 to S$23.0 million in FY2009. As a result, overseas revenue accounted for 23% of FY2009 revenue (FY2008: 17%). This is in line with the Group's strategy of venturing into new markets.

GROSS PROFIT

In terms of profitability, gross profit slipped by 3% to S$35.4 million in FY2009 due to the consolidation of the new businesses (marine switchboards and services and armouring steel segments) that generally fetched a lower gross margin compared to other segments. Overall gross margin remained healthy at 35%.

OPERATING EXPENSES

Operating expenses typically consist of administrative, selling and distribution expenses. For administrative expenses, the Group saw a 58% increase to S$6.0 million in FY2009, mainly due to the writing off of goodwill arising from consolidation (due to acquisition of ZPA and SKY) amounting to S$1.5 million. Also, the depreciation charges were higher for FY2009 at S$1.1 million (FY2008: S$0.6 million) arising from the Group's new property addition in early FY2009. As for the 28% increase in selling and distribution expenses to S$12.3 million in FY2009, the increase was due to higher provisions for stock obsolescence and doubtful debts totalling S$2.4 million.

FINANCE COST

Finance costs rose from S$155,000 to S$327,000 as a result of higher usage of bank facilities.

SHARE OF RESULTS IN JOINT VENTURE

This relates to the share of profit from the new investment in Dream Marine Ship Spare Parts Trading LLC ("DMS") that commenced in early 2009.

TAX EXPENSE

The lower income tax is in line with the lower profit before tax for the year.

NET PROFIT

The net profit attributable to shareholders declined by 24% to S$14.7 million, representing a net margin of 14%.

REWARDING SHAREHOLDERS

To express appreciation to the shareholders, the Board of Directors has recommended a first and final cash dividend of 0.8 cents per ordinary share (one-tier tax exempt), representing a payout ratio of 23%.

HEALTHY BALANCE SHEET

Following the completion of the new property at Penjuru Lane, the Group saw a S$934,000 increase in property, plant and equipment to S$16.5 million as at 31 December 2009.

BH Global maintained a net cash position of S$5.2 million as at 31 December 2009.

Inventories increased marginally by S$1.0 million to S$41.3 as at 31 December 2009, which was in line with the increase in turnover. Despite the increase, inventory turnover days improved from 254 days in FY2008 to 227 days in FY2009 (adjusted for the period of acquisition of ZPA and SKY) due to better inventory management and control.

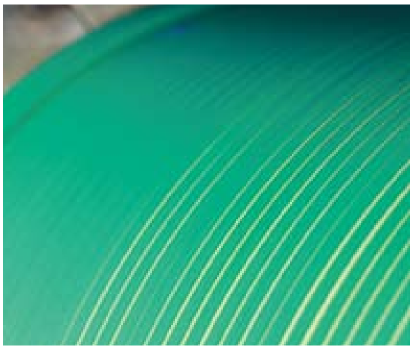
Trade receivables increased by S$14.4 million to S$38.2 million, mainly due to the consolidation of new subsidiaries and an advance billing to a customer towards the end of FY2009 for a project commencing in FY2010. As the Group experienced slower payments from customers during the economic slowdown, trade receivables turnover days increased from 92 days in FY2008 to 121 days in FY2009 (adjusted for the period of acquisition of ZPA and SKY and excluding the billing of the initial deposit).

The increase in other payables of S$5.4 million was primarily due to the inclusion of a significant portion of deferred revenue, arising from an advance billing for a project commencing in FY2010.

The increase in total bank borrowings of S$2.6 million was due to higher usage of bank facilities as a result of slower payment from customers.

CONCLUSION

With stringent cost control measures in place, management continues to exercise financial control over its corporate activities and day-to-day operations. Despite the current uncertainties in the outlook of the maritime industry, we believe that our market leadership, healthy balance sheet and integrated business model will provide us with the business resilience to continue to remain successful.



BOARD OF DIRECTORS

Alvin Lim Hwee Hong

Executive Chairman

Alvin Lim Hwee Hong is our Executive Chairman and has been a Director of our Company since April 2004. He has overall responsibility for the day-to-day operations of our Group. He is also responsible for the strategic and business development of our Group. Alvin Lim Hwee Hong has more than 20 years of working experience, most of which is related to the marine electrical supply industry. He has in-depth knowledge of the supply of marine electrical products and has an extensive network of contacts in this industry. Prior to joining our Company, Alvin Lim Hwee Hong was the managing director of Beng Hui Electric Trading Pte Ltd ("BHET") from 1987 to 2003. Since 1994, he has been an executive director of Sanshin Marine (S.E.A.) Pte Ltd ("SMSEA"). He was a sales executive of Guan Hup Electrical & Hardware Pte Ltd from 1985 to 1987.

Vincent Lim Hui Eng

Chief Executive Officer

Vincent Lim Hui Eng is our Chief Executive Officer and has been a Director of our Company since April 2004. He is responsible for overseeing the sales and procurement functions within our Group. Vincent Lim Hui Eng is also in charge of our Group's business development activities. He has more than 20 years of working experience, all of which has been in the marine electrical supply industry. Prior to joining our Company, he was an executive director of BHET from 1987 to 2003. Since 1994, Vincent Lim Hui Eng has been an executive director of SMSEA.

Patrick Lim Hui Peng

Chief Operating Officer

Patrick Lim Hui Peng is our Chief Operating Officer and has been a Director of our Company since April 2004. He is responsible for overseeing our Group's shipbuilding project tenders. He also shares the responsibility of overseeing the sales and procurement functions of our Group with Vincent Lim Hui Eng. He has more than 20 years of working experience, of which about 16 years is related to the marine electrical supply industry. Prior to joining our Company, he was an executive director of BHET from 1993 to 2003. Since 1994, Patrick Lim Hui Peng has been an executive director of SMSEA. He was a technician with the Republic of Singapore Navy from 1986 to 1992.

a. *Vincent Lim Hui Eng* ***b.*** *Winston Kwek Choon Lin*
c. *Patrick Lim Hui Peng* ***d.*** *Alvin Lim Hwee Hong*
e. *Loh Weng Whye* ***f.*** *David Chia Tian Bin*

Loh Weng Whye

Lead Independent Director

Loh Weng Whye was appointed as an Independent Director of our Group on August 3, 2005. He is a veteran in power industry and infrastructure development in Singapore and the region, with over 35 years of experience in senior appointments with the civil service, government-linked companies and the private sector. While with the Public Utilities Board, he headed Generation Projects responsible for the management and commissioning of power projects worth more than S$3 billion. He was also the founding General Manager (Projects) of Tuas Power Ltd. Loh Weng Whye was formerly President of ST Energy and SembCorp Energy Pte Ltd. He was appointed Advisor to Green Dot Capital, an investment and holding company under Temasek Holdings. He was the Senior Advisor to YTL Power International in the S$3.8 billion mega acquisition of PowerSeraya Ltd. Currently, Loh Weng Whye sits on the boards of local and overseas corporations, including several SGX mainboard-listed companies. He also holds advisory appointments in external councils and charity organizations. He sat on the mechanical engineering advisory panels of NUS and NTU for many years. Holding MSc.(Ind. Engg.) and BEng.(Mechanical) degrees, he is a Professional Engineer (Singapore), a Member of the Singapore Institute of Directors and was elected a Fellow of the Institution of Engineers, Singapore in 1995.

David Chia Tian Bin

Independent Director

David Chia Tian Bin was appointed as an Independent Director of our Group on 3 August 2005. He is currently a director of AXIA Equity Pte. Ltd. which provides business advisory services to companies in Singapore and the region. Prior to this and since 1990, he was actively involved in the private equity and venture capital industry in Asia as a director of an investment advisory firm engaged in direct investments in the region. From 1980 to 1990, David Chia Tian Bin was engaged in providing audit and financial consulting services in Singapore and Hong Kong with an international firm of accountants. David Chia Tian Bin is also an independent director on the boards of Avaplas Limited, Jasper Investments Limited and Albedo Limited. David Chia Tian Bin holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Fellow of the Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

Winston Kwek Choon Lin

Independent Director

Winston Kwek Choon Lin was appointed as an Independent Director of our Group on 3 August 2005. He is currently a partner in the law firm of Rajah & Tann LLP. Specialising in admiralty and shipping law, Winston Kwek Choon Lin is experienced in maritime issues. Since 2000, he has been nominated by various established legal publications as one of the leading lawyers in the region, especially in areas of shipping and maritime law. Winston Kwek Choon Lin graduated with a Bachelor of Law (Honours) from the National University of Singapore in 1990 and was called to the Singapore Bar in March 1991. Since 2003, he is also Adjunct Associate Professor in the Faculty of Law at the National University of Singapore.

d.

e.

f.

SENIOR MANAGEMENT

01 **Eileen Lim Chye Hoon** is our Director of Human Resource and Administration since April 2004. She is responsible for overseeing human resource and administration matters. Eileen Lim Chye Hoon has more than 20 years of working experience and has been in-charge of finance, personnel and administrative functions. Prior to joining our Company, she was an executive director of BHET from 1998 to 2003. From 1988 to 1998, she was an employee of BHET in-charge of accounting matters. She held the position of an accounts clerk of Guan Hup Electrical & Hardware Pte Ltd from 1982 to 1988.

02 **Dr. Steven Wong** has been the founder and Managing Director of Sky Holding Pte Ltd ("Sky") since 2003 before it became a subsidiary of the Group. He graduated with M.B,B.S (Rgn), MBA (USA), MSIM (Singapore) and FIMS (UK) and has 18 years of various business experiences from government tenders, trading, wholesale, regional sole agencies, to industrial product manufacturing with wide range of industries and products knowledge. Prior to setting up SKY, he was working with China Import & Export Corporations for various projects on import of machineries to China and on promotion of export raw materials and products out from China factories and government sectors for 10 years. Subsequently, in 2003, he set up SKY specializing in manufacturing and supplying of specialized steel wire to energy cable industry.

03 **Keegan Chua Tze Wee** is our Chief Financial Officer and is responsible for all aspects of financial planning, financial budgeting and control matters. Keegan Chua Tze Wee has about 16 years of experience in accountancy, audit and finance. Prior to joining our Group in December 2006, he had assumed auditing, finance and accounting positions in various accounting firms and an SGX mainboard-listed company. Keegan Chua Tze Wee obtained his Bachelor of Accountancy (Honours) degree from The Nanyang Technological University in 1994 and is a member of the Institute of Certified Public Accountants of Singapore.

Left to right:

01 Eileen Lim Chye Hoon
02 Dr. Steven Wong
03 Keegan Chua Tze Wee
04 Ang Cheng Siew
05 Lee Ka Meng
06 Johnny Lim Huay Hua

04 Ang Cheng Siew came on board as a Managing Director of Z-Power Automation Pte Ltd in 2009. He has more than 38 years of technical experience in the marine industries. He started his career with Keppel Harbour, than under British Swan Hunter as an apprentice in 1970 and rose to the rank of Technician, foreman, Electrical engineer, Shipyard manager, and Works manager, in various Keppel corporation yards and Subsidaries like Keppel Tuas, Keppel Benoi yard as well as Keppel Singmarine Benoi and Gul yard in charge of all the Electrical repairs, new builds as well as yard facilities and yard development. He also sail on board as an Electrical engineer with subsidiary, Kapal management for Keppel owned Bulk carriers. All in all 25 years in the Keppel group of companies. In 1994, he set up his own engineering company for 8 years supporting Niigata Power System of Japan as their service agent for the Far East on their Main Engines and Propulsion Remote Control System. Subsequently, he joined Total Automation Ltd (later known as Wartsila Automation) as a Division Manager in 2002 to set up a department for Switchboard manufacturing as well as manufacturing of Niigata's Engines and Propulsion Remote Control System as well as Alarm panels.

05 Lee Ka Meng is a Director of Yorkshire Marine & Offshore (S) Pte Ltd (YMO), our subsidiary, since October 2005. He is responsible for the marketing and procurement functions as well as the daily operations of YMO. With around 40 years of working experience in the electrical engineering field, he is responsible for building up YMO's relationship with customers and suppliers. Prior to joining our Group, Lee Ka Meng was running his own company trading similar products as the Group. He had close to 20 years of in-depth experience with reputable companies like Behn Meyer & Co Pte Ltd, ASEA Pte Ltd, United Motor Works Pte Ltd, etc. Lee Ka Meng was one of the pioneer trainees of and had extensive training, both local and overseas, with the Republic of Singapore Navy.

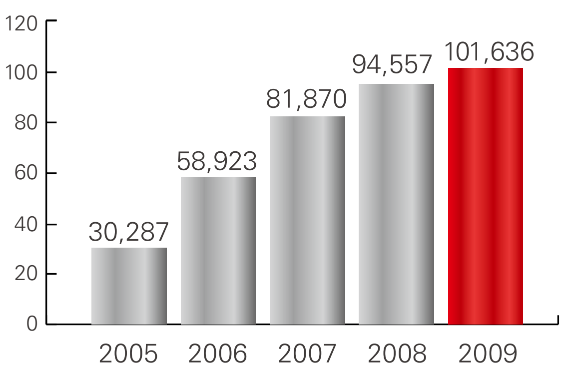
06 Johnny Lim Huay Hua is our Director of Operations since April 2004. He is responsible for managing the logistics and distribution functions within our Group. Johnny Lim Huay Hua has about 18 years of working experience, of which about 15 years is related to the marine electrical supply industry. Prior to joining our Company, Johnny Lim Huay Hua has been an executive director of BHET from 1993 to 2003. Since 1994, he was an executive director of SMSEA. In 1991, he was an employee of BHET in-charge of logistics.

FINANCIAL HIGHLIGHTS

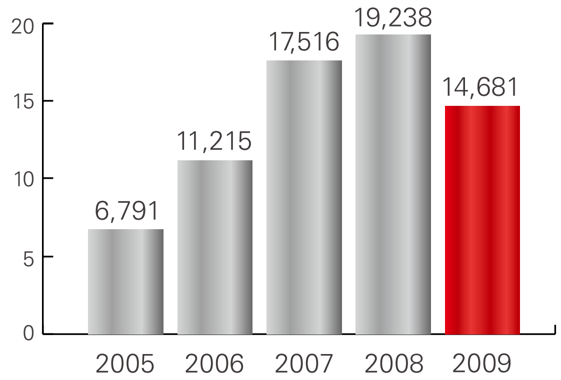
Geographical Segment Revenue	2009 S$'000	2008 S$'000	2007 S$'000	2006 S$'000	2005 S$'000
Singapore	**78,611**	78,058	70,671	49,382	24,297
South-East Asia	**11,473**	7,314	3,839	3,971	1,982
East Asia	**3,434**	5,049	3,768	2,438	1,240
Middle East	**3,647**	2,772	2,194	1,568	1,460
Other	**4,471**	1,364	1,398	1,564	1,308
	101,636	94,557	81,870	58,923	30,287

Sales Breakdown by Products	2009 S$'000	2008 S$'000	2007 S$'000	2006 S$'000	2005 S$'000
Marine Electrical Equipment	**90,668**	85,760	73,817	51,485	23,935
Marine Consumables	**7,580**	8,797	8,053	7,438	6,352
Armouring Steel	**3,388**	—	—	—	—
	101,636	94,557	81,870	58,923	30,287

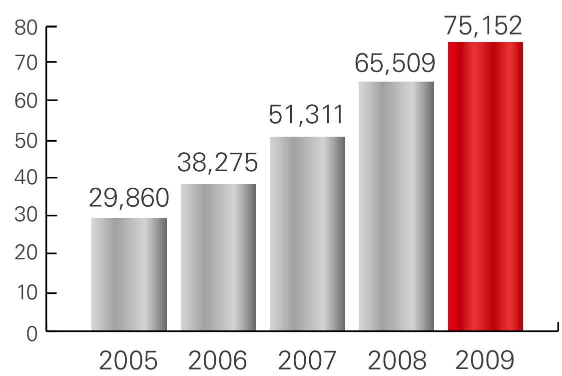
Turnover ($'000)



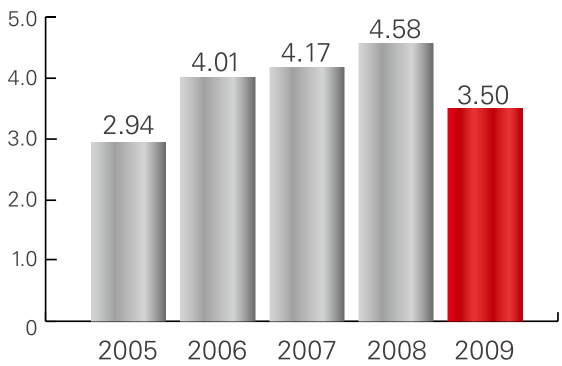
Net Profit# ($'000)



Shareholder's Equity ($'000)



Earnings Per Share* (cents)



Attributable to owners of the parent.

* EPS for 2007 have been calculated based on adjusted ordinary shares to 420,000,000 shares for 140,000,000 bonus shares allotted and issued to existing shareholders on 21 February 2008.

明輝環球海事有限公司
BH GLOBAL MARINE LTD

Marine Electrical Supplies & Trading

- ❑ BENG HUI MARINE ELECTRICAL PTE LTD (100%)
- ❑ SANSHIN MARINE (S.E.A) PTE LTD (100%)
- ❑ YORKSHIRE MARINE & OFFSHORE (S) PTE LTD (100%)
- ❑ DREAM MARINE SHIP SPARE PARTS TRADING L.L.C. (34%)

Manufacturing & Supplies

- ❑ Z-POWER AUTOMATION PTE LTD (60%)
- ❑ SKY HOLDING PTE LTD (60%)
- ❑ SKY WIRE (M) SDN BHD (100%) *
- ❑ SKY WIRE (HK) LTD (100%) *

Turnkey Marine Systems Integrator & Contracting

- ❑ BH MARINE & OFFSHORE ENGINEERING PTE LTD (Formerly known as B&C Electrical Pte Ltd) (100%)

Joint Venture Company

- ❑ HAN JIANG PTE LTD (30%)

* Shareholding is held via SKY HOLDING PTE LTD

CORPORATE INFORMATION

BOARD OF DIRECTORS
Alvin Lim Hwee Hong *Executive Chairman*
Vincent Lim Hui Eng *Executive Director and Chief Executive Officer*
Patrick Lim Hui Peng *Executive Director and Chief Operating Officer*
Loh Weng Whye *Lead Independent Director*
David Chia Tian Bin *Independent Director*
Winston Kwek Choon Lin *Independent Director*

COMPANY SECRETARY
Paige Lim Mee Fun
Toon Choi Fan

AUDIT COMMITTEE
David Chia Tian Bin *Chairman*
Loh Weng Whye
Winston Kwek Choon Lin

NOMINATING COMMITTEE
Winston Kwek Choon Lin *Chairman*
Loh Weng Whye
Vincent Lim Hui Eng

REMUNERATION COMMITTEE
Loh Weng Whye *Chairman*
David Chia Tian Bin
Winston Kwek Choon Lin

RISK MANAGEMENT COMMITTEE
Alvin Lim Hwee Hong *Chairman*
Vincent Lim Hui Eng
Keegan Chua Tze Wee

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00 PWC Building
Singapore 048424

AUDITORS AND REPORTING ACCOUNTANTS
Baker Tilly TFWLCL
Certified Public Accountants
15 Beach Road #03-10 Beach Centre
Singapore 189677
Partner-in-charge: Tiang Yii*
(a member of the Institute of Certified Public Accountants of Singapore)
*Appointed in financial year 2005

REGISTERED OFFICE
8 Penjuru Lane
Singapore 609189
Registration Number: 200404900H

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Group is committed to good corporate governance. The Group has substantively complied with the recommendations of the new Code of Corporate Governance 2005 ("Code") through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. This report describes the Group's corporate governance processes and activities in conjunction with the Singapore Securities Exchange Trading Limited's requirement that issuers describe their corporate governance practices with specific reference to the Code in their annual reports.

Principle 1: The Board's conduct of its Affairs

The Board's principal functions are:

Guideline 1.1 of the Code: The Board's role

1. approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. reviewing the performance of the business and approving the release of the financial results of the Group to shareholders;

3. providing guidance in the overall management of the business and affairs of the Group;

4. overseeing the processes for internal control, risk management, financial reporting and compliance; and

5. approving the recommended framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee.

Guideline 1.3 of the Code: Disclosure on delegation of authority by Board to Board Committees

The Board has delegated certain specific responsibilities to four (4) Committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). More information on them is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Guideline 1.4 of the Code: Board to meet regularly

The Board meets at least four (4) times in a year. The frequency of meetings and the attendance of each Director at every board and board committee meeting are disclosed on page 28 in this Report.

Guideline 1.5 of the Code: Matters requiring Board approval

Matters which are specifically reserved for decision by the Board include those involving business plans, material acquisitions and disposals of assets, corporate or financial structuring, corporate strategy, share issuances, dividends, and shareholder matters.

All Directors are regularly updated by Management on the industry, business, operations and corporate governance practices of the Group. The Company will, from time to time, organise seminars and briefing sessions for the Directors to keep pace with financial, corporate governance, regulatory and other changes. All Directors are members of the Singapore Institute of Directors ("SID"), and eligible to receive updates and training from SID. Directors and Senior Management are encouraged to attend SID courses and subscribe for journal updates on matters of topical interest.

Guideline 1.6 and 1.8 of the Code: Directors to receive appropriate training

A formal letter is provided to each Executive Director upon his appointment, setting out the Director's duties and obligations.

Guideline 1.7 of the Code: Formal letter to be provided to directors setting out duties and obligations

Principle 2: Board Composition and Guidance

The Board currently comprises six (6) Directors of whom three (3) are non-executive and independent Directors. The Board is supported by various committees, namely, the NC, the AC, the RC and the RMC whose functions are described below. The Board has been able to exercise objective judgment independently from Management and no individual or small group of individuals dominate the decisions of the Board.

Guideline 2.1 of the Code: One-third of directors to be independent

The Board is of the opinion that, given the scope and nature of the Group's operations, the present size of the Board is appropriate for effective decision making. The Board is made up of Directors who are qualified and experienced in various fields including business and management, accounting and finance, engineering and industry, and law. The profiles of each of the Directors are provided in pages 10 and 11 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

Guideline 2.3 and 2.4 of the Code: Board to determine its appropriate size and comprise directors with core competencies

The non-executive directors are also involved in reviewing the corporate strategies, business operations and practices of the Group, as well as reviewing and monitoring the performance of Management in achieving agreed goals and objectives.

Guideline 2.5 and 2.6 of the Code: Role of NEDs and regular meetings of NEDs.

Principle 3: Chairman and Chief Executive Officer

Mr Alvin Lim Hwee Hong is the Executive Chairman of the Board and Mr Vincent Lim Hui Eng is the Chief Executive Officer of the Company, effective since January 2008. Mr Alvin Lim Hwee Hong and Mr Vincent Lim Hui Eng are siblings.

Guideline 3.1 of the Code: Chairman and CEO should be separate persons

The roles of the Executive Chairman and Chief Executive Officer are separate and their responsibilities are clearly defined to ensure a check and balance of power and authority.

The Executive Chairman will, amongst other responsibilities, lead the Board, ensure effective communication with shareholders, encourage constructive relationship between the Board and Management, as well as between Board members, and promote high standards of corporate governance. The Chief Executive Officer manages the business of the Company and implements the Board's decisions.

Guideline 3.2 of the Code: Chairman's role

In view of the sibling relationship between the Executive Chairman and the Chief Executive Officer, the Board has appointed Mr Loh Weng Whye as the Lead Independent Director since February 2007.

Guideline 3.3 of the Code: Appointment of LID where Chairman and CEO are related by close family ties

Principle 6: Access to Information

The Board is provided with adequate and timely information prior to Board meetings and on an on-going basis. Board papers are distributed in advance of each meeting to Directors. The Company circulates copies of the minutes of the meetings of all Board Committees to all members of the Board to keep them informed of on-going developments within the Group.

Guideline 6.1 and 6.2 of the Code: Management obliged to provide Board with adequate and timely information and include background and explanatory information

The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Executive Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Guideline 6.3 and 6.5 of the Code: Directors to have access to Company Secretary; role of Company Secretary to be clearly defined and procedure for Board to take independent professional advice at company's expense

The Company Secretary attends the Company's Board, AC, RC and NC meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary's role is also to advise the Board on governance matters and to assist senior management in ensuring that the Company complies with rules and regulations which are applicable to the Company.

BOARD COMMITTEES

Principle 7: Remuneration Matters/Procedures for Developing Remuneration Policies

The Remuneration Committee is comprised entirely of non-executive Directors, all of whom, including the Chairman, are independent:

Guidelines 7.1 and 7.2 of the Code: RC to consist entirely of NEDs; majority, including RC chairman, must be independent & RC to recommend remuneration of directors and CEO, and to review remuneration of senior management

Mr Loh Weng Whye (Chairman)
Mr David Chia Tian Bin (Member)
Mr Winston Kwek Choon Lin (Member)

The RC is responsible for ensuring a formal and transparent procedure for developing an appropriate executive remuneration policy and a competitive framework and will recommend to the Board for endorsement, a framework of remuneration which should cover various aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, and benefits-in-kind, and the specific remuneration packages for each executive director and key executive in order to retain and motivate each of them to run the business and operations successfully. External consultants' advice will be sought when a major remuneration review is conducted.

Principle 8: Level and Mix of Remuneration

In recommending a remuneration framework, the RC takes into account the performance of the Group as well as the directors and key executives, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the longer term interests of the Group. It covers various aspects of remuneration including salaries, fees, allowances, bonuses, perks and benefits-in-kind. The Committee's recommendations are based on Management's reports and recommendations, made in consultation with the Chairman of the Board and submitted for endorsement to the entire Board. The payment of directors' fees is subject to the approval of shareholders. Factors such as level of contribution, effort and time spent, and responsibilities and leadership of the Non-Executive Directors are considered when determining the level of their fees.

Guideline 8.1 of the Code: Package should align executive directors' interests with shareholders' interests

Guideline 8.2 Remuneration to consider contribution, effort, time spent and responsibilities

The service contracts for the Executive Chairman and Chief Executive Officer were for a fixed period of three (3) years with effect from 1 October 2005. However, the Board extended their service contracts until 31 December 2008 while a review was being conducted by an external professional remuneration consultant. Subsequently, on 1 January 2009, the Company entered into new service contracts with the Executive Chairman, Chief Executive Officer and Chief Operating Officer. The RC is responsible for reviewing the compensation commitments in the event of an early termination, as stipulated in the service contracts.

Guideline 8.3 of the Code: Fixed appointment period for executive directors, RC to review compensation for early termination

Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year are as follows:

Name of Directors	Salary	Profit-Sharing	Fees
Below S$250,000			
Mr Loh Weng Whye			100%
Mr David Chia Tian Bin			100%
Mr Winston Kwek Choon Lin			100%
S$1,000,000 to S$1,249,999			
Mr Patrick Lim Hui Peng	35%	60%	5%
S$1,250,000 to S$1,499,999			
Mr Alvin Lim Hwee Hong	25%	71%	4%
Mr Vincent Lim Hui Eng	25%	71%	4%

Guideline 9.1 and 9.2 of the Code: Disclosure of directors' remuneration and top 5 executives of the Company in bands of $250,000

The remuneration of Mr Alvin Lim Hwee Hong, our Executive Chairman and Mr Vincent Lim Hui Eng, our Chief Executive Officer, was governed by their respective service agreements entered into with the Company on 1st August 2005 and duly disclosed in the Company's IPO Prospectus. The Board extended their service contracts until 31 December 2008 while a review was being conducted by an external professional remuneration consultant. Subsequently, on 1 January 2009, the Company entered into new service contracts with the Executive Chairman, Chief Executive Officer and also Chief Operating Officer.

The remuneration of the Top Six (6) Key Executives for the financial year are as follows:

Name of Key Executives	Salary	Bonus	Fees
Below S$250,000			
Mr Lee Ka Meng	71%	24%	5%
Mr Keegan Chua Tze Wee	73%	27%	
Mr Ang Cheng Siew	75%	20%	5%
Mr. Steven Wong	100%		
S$2500,000 to S$499,999			
Mr. Johnny Lim Huay Hua	68%	23%	9%
Ms Eileen Lim Chye Hoon	68%	23%	9%

Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon are siblings of Mr Alvin Lim Hwee Hong, Mr Vincent Lim Hui Eng and Mr Patrick Lim Hui Peng.

Principle 4: Board Membership
Principle 5: Board Performance
The Nominating Committee comprises the following Directors:-

Mr Winston Kwek Choon Lin (Chairman)
Mr Loh Weng Whye (Member)
Mr Vincent Lim Hui Eng (Member)

Guideline 4.1 of the Code: NC to comprise at least three directors, majority of whom are independent; chairman not associated with a substantial shareholder

Save for Mr Vincent Lim Hui Eng, the other members of the NC are non-executive and independent Directors.

The NC makes recommendations to the Board on all board appointments. It is responsible for re-nomination of directors at regular intervals taking into consideration the Directors' contribution and performance at Board meetings, including attendance, preparedness and participation.

The independence of each Director has been reviewed annually by the NC based on the Code's definition of what constitutes an independent director. Based on this review, the NC has confirmed the independence of the Directors concerned.

Guideline 4.3 of the Code: NC to determine directors' independence annually

The NC is also of the view that the Directors are able to and have adequately carried out their duties as Directors of the Company. As Board meetings are planned and scheduled well in advance of the meeting dates, Directors have been able to attend all of the Board and Committee meetings.

Pursuant to the Articles of Association of the Company:

(a) one third of the Directors shall retire from office at the Annual General Meeting;

(b) Directors appointed during the course of the year will submit themselves for re-election at the next Annual General Meeting of the Company; and

(c) the Chief Executive Officer shall be subjected to retirement and re-appointment by shareholders.

The NC has adopted guidelines for annual assessment of the effectiveness of the Board as a whole and of the contribution of each individual director to the effectiveness of the Board and has performed the necessary assessment for the financial year.

Principle 10: Accountability of the Board and Audit

The Board is responsible for providing a balance and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive reports. Management also provides to members of the Board annual budgets and targets, and monthly management accounts.

Guideline 10.1 & 10.2 of the Code: Board's responsibility to provide balanced, understandable assessment of Company's performance and position on interim basis and management accounts

Principle 11: Audit Committee

The Audit Committee comprises:

Mr David Chia Tian Bin (Chairman)
Mr Loh Weng Whye (Member)
Mr Winston Kwek Choon Lin (Member)

The Committee members are all non-executive and independent Directors capable of discharging their responsibilities appropriately. The members collectively have many years of experience in accounting and audit, business and financial management, law and engineering. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

Guideline 11.1 and 11.2 of the Code: AC should comprise at least three directors, all non-executives and the majority of whom, including the chairman, are independent and Board to ensure AC members are qualified

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

Guideline 11.3 of the Code: AC to have explicit authority to investigate and have full access to management and reasonable resources

The AC has written terms of reference. Specifically, the AC meets on a periodic basis to perform the following functions:

Guideline 11.4 of the Code: Duties of AC

(a) assist the Board of Directors in the identification and monitoring of areas of significant business risks with the help of internal and external auditors;

(b) review the effectiveness of the financial and accounting control systems and management of exposure to financial and business risks;

(c) review compliance with the Listing Manual and the Code of Corporate Governance;

(d) review with the external and internal auditors their respective audit plans, reports and their evaluation of the Group's system of risk management and internal controls;

(e) recommend the appointment of auditors and to review the level of audit fees;

(f) review the independence of the Company's auditors on an annual basis;

Guideline 11.6 of the Code: AC to review independence of external auditors annually

(g) review the adequacy of the internal audit function;

(h) review the Group's quarterly and annual reports and announcements before they are submitted to the Board for approval;

(i) review the consolidated balance sheet and income statement of the Group and other financial statements and other documents accompanying the same and thereafter to submit the same to the Board for approval; and

(j) review interested person transactions.

The AC has reviewed and is satisfied with the level of co-operation rendered by Management to the external auditors, the adequacy of the scope and quality of their audits, and the independence and objectivity of the external auditors. In the course of its review, the AC also met with the external auditors without the presence of Company's Management.

Guideline 11.5 of the Code: AC to meet internal and external auditors, without presence of management, annually

Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated and joint venture companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company and the Group. Accordingly, the Company has complied with Rule 716 of the Listing Rules of the SGX-ST.

Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board where employees of the Group can access the appropriate person to raise concerns about possible improprieties in matters of financial management and reporting or other matters.

Guideline 11.7 of the Code: AC to review arrangements for staff to raise possible improprieties to AC

Principle 12: Internal controls

Internal Auditors are tasked to perform independent reviews of risks and controls to provide reasonable assurance to the Board and the AC that the risks and controls have been adequately addressed and the controls operating effectively.

In addition, the AC has, with the assistance of the internal and external auditors, reviewed the effectiveness of the Group's material internal controls relating to financial, operational and compliance controls regularly. Based on this review, the Board is satisfied that the internal controls of the Group are adequate to safeguard shareholders' investments and the Group's assets, as well as ensure the integrity of its financial statements.

In addition, the Board has also set up a RMC comprising key executives of the Group demonstrating the Group's commitment to good corporate governance.

Guideline 12.1 and 12.2 of the Code: AC to review adequacy of financial, operational and compliance controls and risk management policies and Board to comment on the adequacy of the internal controls

The Risk Management Committee comprises:

Mr. Alvin Lim Hwee Hong	(Executive Chairman)
Mr. Vincent Lim Hui Eng	(Chief Executive Officer)
Mr. Keegan Chua Tze Wee	(Chief Financial Officer)

The RMC is chaired by the Executive Chairman, Mr. Alvin Lim Hwee Hong.

The main objective of the RMC is to assist the Board and AC to review and implement best corporate governance practices particularly with reference to compliance, enterprise risk management and internal controls.

The primary responsibilities of the RMC include:

(a) identifying, assessing and managing the Group's risks including managing the Group's enterprise risk management programme;

(b) reviewing the effectiveness of internal controls and to implement changes where required;

(c) ensuring compliance with statutory, regulatory requirements and the Group's policies and procedures;

(d) promoting awareness of the importance of risk management within the Group.

The RMC meets at least twice a year to review the internal controls, procedures, enterprise risk management reports and other related matters. The Board and AC are regularly updated on the activities and recommendations of the RMC.

Principle 13: Internal audit

The Group outsourced its internal audit function to JF Virtus Pte Ltd, an independent assurance service provider ("IA") which specialises in risk management and internal auditing. IA reports directly to the AC Chairman on audit matters, and to the Executive Chairman or Chief Executive Officer on administrative matters. The AC is satisfied that the appointed internal auditor meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Guideline 13.2 of the Code: IA should meet standards set by internationally-recognised professional bodies

The primary objective of the internal audit is to assure the AC and the Board that sound risk management processes and controls are in place and operating effectively.

The AC is satisfied that the internal audit function is adequately resourced and comprehensively covers the major activities within the Group.

Guideline 13.1 and 13.3 of the Code: IA to report to AC chairman, and CEO administratively and is adequately resourced

Principle 14 and 15: Communications with the Shareholders

(a) Communications with Shareholders

The Company has appointed an investor relation consultant, Financial PR Pte Ltd, to support the Group in facilitating the communication with shareholders and the investment community. The Company also ensures that timely and adequate disclosures of information on matters of material significance relating to the Group are made to shareholders of the Company, in compliance with the requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited with particular reference to the Corporate Disclosure Policy set out therein.

Guideline 14.1 of the Code: Company to regularly convey pertinent information

(b) Greater Shareholder Participation

At general meetings, shareholders of the Company will be given the opportunity to present their views and to ask Directors and Management questions regarding the Group. The Directors and Management will be present at these meetings to address any questions that shareholders may have. The external auditors will also be present to assist the Board in addressing queries by shareholders.

Guideline 15.3 of the Code: Committee chairman and external auditors to be presents at AGMs

The Articles allow a member of the Company to appoint a proxy to attend and vote at general meetings. For the time being, the Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Articles to allow votes in absentia. Separate resolutions on each distinct issue are tabled at general meetings.

Guideline 15.4 of the Code: Companies encouraged to amend Articles to avoid imposing limit on number of proxies for nominee companies

ATTENDANCE AT BOARD & COMMITTEE MEETINGS

The number of Directors' and other committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2009 is set out below:

Types of Meetings	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Names of Directors	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Alvin Lim Hwee Hong	4	4	–	–	–	–	–	–
Vincent Lim Hui Eng	4	4	–	–	2	2	–	–
Patrick Lim Hui Peng	4	4	–	–	–	–	–	–
Winston Kwek Choon Lin	4	4	4	4	2	2	2	2
Loh Weng Whye	4	4	4	4	2	2	2	2
David Chia Tian Bin	4	4	4	4	–	–	2	2

ADDITIONAL INFORMATION

Dealings in Securities

The Company has procedures in place in line with Rule 1207(18) in relation to dealings in the Company's securities by its officers. The Company has informed its officers not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing two weeks before quarterly announcement and one month before the full year announcement, as the case may be, and ending on the date of announcement of such financial results.

Material Contracts

There were no other material contracts entered into by the Company or its subsidiary, involving the interests of any Director (other than service contracts entered into between the Executive Directors and the Company) or controlling shareholder nor have such other contracts been entered into since the end of the previous financial year.

Interested Person Transactions

There were no interested person transactions above $100,000.

The directors are pleased to present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2009 and the balance sheet and statement of changes in equity of the Company as at 31 December 2009.

1 DIRECTORS

The directors in office at the date of this report are:

Alvin Lim Hwee Hong	(Executive Chairman)
Vincent Lim Hui Eng	(Executive Director and Chief Executive Officer)
Patrick Lim Hui Peng	(Executive Director and Chief Operating Officer)
Loh Weng Whye	(Lead Independent Non-executive)
Winston Kwek Choon Lin	(Independent Non-executive)
David Chia Tian Bin	(Independent Non-executive)

2 ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

(a) The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, except as follows:

	Number of ordinary shares			
	Holdings registered in name of director/nominee		**Holdings in which a director is deemed to have an interest**	
	At 1.1.2009	At 31.12.2009	At 1.1.2009	At 31.12.2009
The Company				
Alvin Lim Hwee Hong	3,828,690	3,828,690	282,828,600	282,828,600
Vincent Lim Hui Eng	3,828,690	3,828,690	282,828,600	282,828,600
Patrick Lim Hui Peng	3,828,690	3,828,690	282,828,600	282,828,600
Loh Weng Whye	100,000	215,000	–	–
Immediate and Ultimate Holding Company				
Beng Hui Holding (S) Pte Ltd				
Alvin Lim Hwee Hong	420,000	420,000	–	–
Vincent Lim Hui Eng	420,000	420,000	–	–
Patrick Lim Hui Peng	420,000	420,000	–	–

3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

	Number of ordinary shares			
	Holdings registered in name of director/nominee		Holdings in which a director is deemed to have an interest	
	At 1.1.2009	At 31.12.2009	At 1.1.2009	At 31.12.2009
Subsidiaries				
Sky Holding Pte Ltd				
Alvin Lim Hwee Hong	–	–	–	405,000
Vincent Lim Hui Eng	–	–	–	405,000
Patrick Lim Hui Peng	–	–	–	405,000
Z-Power Automation Pte Ltd				
Alvin Lim Hwee Hong	–	–	–	315,000
Vincent Lim Hui Eng	–	–	–	315,000
Patrick Lim Hui Peng	–	–	–	315,000

The deemed interests of Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng in the shares of the Company are by virtue of their shareholdings in Beng Hui Holding (S) Pte Ltd. At 31 December 2009, Beng Hui Holding (S) Pte Ltd holds 282,828,600 shares in the Company.

By virtue of Section 7(4) of the Companies Act, Cap. 50, the directors Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng are deemed to have an interest in shares held by the Company in all of its wholly-owned subsidiaries.

(b) The directors' interests in the shares of the Company at 21 January 2010 were the same at 31 December 2009.

4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than disclosed in the consolidated financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5 SHARE OPTIONS

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6 AUDIT COMMITTEE

The members of the Audit Committee during the financial year and at the date of this report are:

David Chia Tian Bin	(Chairman)
Loh Weng Whye	(Member)
Winston Kwek Choon Lin	(Member)

The Audit Committee carried out its functions specified in Section 201B of the Companies Act, the Listing Manual and the Code of Corporate Governance. The functions are detailed in the Report on Corporate Governance.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Baker Tilly TFWLCL, be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7 INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFWLCL has expressed its willingness to accept re-appointment.

On behalf of the directors

Alvin Lim Hwee Hong	Vincent Lim Hui Eng
Director	Director

1 February 2010

STATEMENT BY DIRECTORS

In the opinion of the Directors:

(i) the financial statements set out on pages 34 to 77 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Alvin Lim Hwee Hong	Vincent Lim Hui Eng
Director	Director

1 February 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH GLOBAL MARINE LIMITED

We have audited the accompanying financial statements of BH Global Marine Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 34 to 77, which comprise the balance sheets of the Group and the Company as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the accompanying balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2009 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFWLCL
Public Accountants and
Certified Public Accountants
Singapore

1 February 2010

CONSOLIDATED INCOME STATEMENT

		Group	
		2009	2008
	Note	**$'000**	$'000
Sales of goods		**101,636**	94,557
Cost of sales		**(66,231)**	(57,974)
Gross profit		**35,405**	36,583
Other operating income		**477**	461
Selling and distribution expenses		**(12,303)**	(9,576)
Administrative expenses		**(6,011)**	(3,804)
Finance costs	3	**(327)**	(155)
		17,241	23,509
Share of results of joint venture		**415**	–
Profit before tax	4	**17,656**	23,509
Tax expense	6	**(3,669)**	(4,271)
Profit for the year		**13,987**	19,238
Profit attributable to:			
Owners of the parent		**14,681**	19,238
Minority interests		**(694)**	–
		13,987	19,238
Earnings per share (EPS) ***(expressed in cents per share)***			
– Basic	7	**3.50**	4.58
– Diluted	7	**3.50**	4.58

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	2009	2008
	$'000	$'000
Profit for the year	**13,987**	19,238
Other comprehensive income:		
Currency translation differences arising on consolidation, net of tax	**3**	–
Total comprehensive income for the year	**13,990**	19,238
Total comprehensive income attributable to:		
Owners of the parent	**14,683**	19,238
Minority interests	**(693)**	–
	13,990	19,238

The accompanying notes form an integral part of these financial statements.

AT 31 DECEMBER 2009

BALANCE SHEETS

		Group		Company	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Non-current assets					
Property, plant and equipment	8	**16,531**	15,597	**–**	–
Investment in subsidiaries	9	**–**	–	**11,352**	10,717
Investment in joint venture	10	**1,312**	–	**892**	–
Goodwill on consolidation	11	**–**	–	**–**	–
Deferred tax assets	12	**35**	–	**–**	–
		17,878	15,597	**12,244**	10,717
Current assets					
Inventories	13	**41,277**	40,270	**–**	–
Trade receivables	14	**38,208**	23,787	**–**	–
Other receivables	15	**677**	340	**26,627**	25,002
Cash and cash equivalents	16	**11,038**	11,352	**135**	199
		91,200	75,749	**26,762**	25,201
Total assets		**109,078**	91,346	**39,006**	35,918
Non-current liabilities					
Bank borrowings	17	**2,266**	1,333	**–**	–
Finance lease liabilities	18	**20**	–	**–**	–
		2,286	1,333	**–**	–
Current liabilities					
Trade payables		**11,282**	11,591	**–**	–
Bank borrowings	17	**3,575**	1,900	**–**	–
Other payables	19	**12,129**	6,696	**3,868**	3,261
Finance lease liabilities	18	**16**	–	**–**	–
Tax payable		**4,620**	4,317	**4**	5
		31,622	24,504	**3,872**	3,266
Total liabilities		**33,908**	25,837	**3,872**	3,266
Net assets		**75,170**	65,509	**35,134**	32,652
Share capital and reserves					
Share capital	20	**23,069**	23,069	**23,069**	23,069
Accumulated profits		**52,081**	42,440	**12,065**	9,583
Translation reserve		**2**	–	**–**	–
Equity attributable to owners of the parent, total		**75,152**	65,509	**35,134**	32,652
Minority interests		**18**	–	**–**	–
Total equity		**75,170**	65,509	**35,134**	32,652

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Group

	Note	Share capital $'000	Accumulated profits $'000	Translation reserve $'000	Total $'000	Minority interests $'000	Total equity $'000
		Attributable to owners of the parent					
At 1 January 2008		23,069	28,242	–	51,311	–	51,311
Dividends	23	–	(5,040)	–	(5,040)	–	(5,040)
Total comprehensive income for the year		–	19,238	–	19,238	–	19,238
At 31 December 2008		23,069	42,440	–	65,509	–	65,509
Acquisitions of subsidiaries	9(c)	–	–	–	–	711	711
Dividends	23	–	(5,040)	–	(5,040)	–	(5,040)
Total comprehensive income for the year		–	14,681	2	14,683	(693)	13,990
At 31 December 2009		**23,069**	**52,081**	**2**	**75,152**	**18**	**75,170**

Company

	Note	Share capital $'000	Accumulated profits $'000	Total $'000
At 1 January 2008		23,069	6,945	30,014
Dividends	23	–	(5,040)	(5,040)
Total comprehensive income for the year		–	7,678	7,678
At 31 December 2008		23,069	9,583	32,652
Dividends	23	–	(5,040)	(5,040)
Total comprehensive income for the year		–	7,522	7,522
At 31 December 2009		**23,069**	**12,065**	**35,134**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

	Note	2009 $'000	2008 $'000
Cash flows from operating activities			
Profit before tax		**17,656**	23,509
Adjustments for:			
Depreciation of property, plant and equipment		**1,059**	588
Foreign exchange translation gain		**(3)**	–
Goodwill arising on consolidation written off		**1,505**	–
Interest income		**(11)**	(8)
Interest expense		**327**	155
Loss on disposal of property, plant and equipment		**31**	–
Negative goodwill arising on acquisition		**(5)**	–
Share of results of joint venture		**(415)**	–
Operating cash flows before working capital changes		**20,144**	24,244
Inventories		**4,045**	(5,030)
Receivables		**(13,056)**	(1,584)
Payables		**290**	3,566
Cash generated from operations		**11,423**	21,196
Interest paid		**(327)**	(155)
Income tax paid		**(3,428)**	(3,927)
Net cash from operating activities		**7,668**	17,114
Cash flows from investing activities			
Fixed deposit under pledge		**(581)**	–
Interest received		**11**	8
Investment in joint venture	10	**(892)**	–
Net cash outflow from acquisitions of subsidiaries	9(c)	**(554)**	–
Proceeds from disposal of property, plant and equipment		**26**	–
Purchase of property, plant and equipment	8	**(1,784)**	(9,259)
Net cash used in investing activities		**(3,774)**	(9,251)
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		**265**	(2,115)
Repayment of finance lease liabilities		**(14)**	–
Dividend paid		**(5,040)**	(5,040)
Net cash used in financing activities		**(4,789)**	(7,155)
Net (decrease)/increase in cash and cash equivalents		**(895)**	708
Cash and cash equivalents at beginning of financial year		**11,352**	10,644
Cash and cash equivalents at end of financial year	16	**10,457**	11,352

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

The Company (Co. Reg. No. 200404900H), is incorporated and domiciled in Singapore and its registered office is at 8 Penjuru Lane, Singapore 609189.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are those relating to wholesalers and retailers of electrical goods, appliances and other related products and in marine supply and servicing as disclosed in Note 9 to the financial statements.

The Company's immediate and ultimate holding company is Beng Hui Holding (S) Pte Ltd, incorporated in Singapore. Related companies are member companies of Beng Hui Holding (S) Pte Ltd.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1) Basis of preparation

The financial statements, (expressed in Singapore dollars which is the Company's functional currency), have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs has no material effect on the financial statements except for the adoption of the following new or revised FRS which are relevant to the Group:

FRS 1 (revised) Presentation of Financial Statement

The revised FRS 1 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Group has chosen the two statements approach.

FRS 108 Operating segments

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. The Group has determined that the reportable operating segments are the same as business segments previously identified under FRS 14. Additional disclosures as required by FRS 108 are shown in Note 27 including comparative information.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1) Basis of preparation (cont'd)

Amendment to FRS 107 Improving disclosures about financial statements

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 26). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

At the date of the balance sheet, the following FRSs and Interpretations of FRS ("INT FRS") were issued, revised or amended but not effective:

FRS 27	Consolidated and Separate Financial Statements
FRS 103	Business Combinations
INT FRS 117	Distributions of Non-cash Assets to Owners
INT FRS 118	Transfer of Assets from Customers
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to FRS 101	Additional Exemptions for First-time Adopters
Amendments to FRS 102	Share-based Payment – Group cash-settled Share-based Payment Transactions
Amendments to FRS 105	Non-Current Assets Held for Sale and Discontinued Operations
Improvements to FRSs 2009	

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 103 and FRS 27 as indicated below.

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority shareholders from 1 January 2010.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to acquire a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) Financial assets

(a) Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's only financial assets are loans and receivables and held for trading financial assets.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within trade and other receivables and "cash and cash equivalents" on the balance sheet.

(ii) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date. See Note 2.4 for accounting policies for derivative financial instruments and hedge accounting.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is also taken to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) Financial assets (cont'd)

(d) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Interest income on financial assets are recognised separately in profit or loss.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.3) Financial liabilities

Financial liabilities include trade and other payables and bank borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.4) Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank borrowings.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Revenue from sale of goods is recognised when the Company has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Interest income is recognised on a time proportion basis using the effective interest method.

2.6) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and continent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.7.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in profit or loss on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the profit or loss of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of jointly controlled entity is described in Note 2.9.

2.8) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.9) Joint venture

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group's interest in joint venture is accounted for in the consolidated financial statements using equity method.

Investment in joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9) Joint venture (cont'd)

In applying the equity method of accounting, the Group's share of its joint venture's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement.

Where a group entity transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

In the Company's financial statements, investment in joint venture is carried at cost less accumulated impairment loss.

2.10) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives.

The estimated useful lives of the property, plant and equipment are as follows:–

	Number of years
Extension, addition and alteration works	10-50
Motor vehicles	5
Warehouse equipment and fittings	5
Computer and office equipment	3
Furniture, fittings and renovation	5

The leasehold properties are depreciated based on the shorter of 50 years and lease period.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11) Inventories

Inventories (consisting of goods for sale) are stated at the lower of cost and net realisable value. Cost is determined on the following basis:

Marine electrical equipment and consumables – first-in first-out

Armouring steel – weighted average

Net realisable value is the estimated selling price in the ordinary course of business, less the costs to be incurred in marketing, selling and distribution.

2.12) Lease

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the assets or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.14) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14) Income taxes (cont'd)

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.15) Foreign currency translation and transactions

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates ruling on the date of the transactions. Foreign currency monetary assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date. Profits and losses arising on exchange are dealt with in profit or loss.

Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16) Employee benefits

Defined contribution plans

The Group makes contribution to the Central Provident Fund ("CPF"), a defined contribution pension scheme regulated and managed by the Singapore Government. Contributions to CPF are charged to profit or loss in the period in which the related service is performed. The Group's obligations under the CPF scheme are equivalent to the payments to CPF.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2.17) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

2.18) Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2.19) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flow, cash and cash equivalents comprise bank and cash balances and fixed deposits which form an integral part of the Group's cash management and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.21) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.23) Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date.

(a) Critical judgment made in applying accounting policies

Fair value of financial assets and liabilities

The notional amounts of cash and cash equivalents, current trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

Significant judgement is involved in determining the capital allowance and deductibility of certain expenses during the estimation of the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax liabilities at 31 December 2009 was $4,585,000 (2008: $4,317,000).

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23) Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(ii) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the balance sheet date are disclosed in Note 14 to 16 to the financial statements.

(iii) Write down for slow-moving inventories

Management reviews the inventory ageing listing on a periodic basis. This review involves comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether a write down is required to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements. The carrying amount of inventories included in the balance sheet as at 31 December 2009 was $41,277,000 (2008: $40,270,000) after write-down of $2,172,000 (2008: $171,000) during the year.

(iv) Impairment of non-financial assets

The Group assesses annually whether there are any indicators of impairment of all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

3 FINANCE COSTS

	Group	
	2009	2008
	$'000	$'000
Interests on bank borrowings		
– finance lease	**2**	–
– loans	**216**	45
– overdraft	**7**	–
– trust receipts	**102**	110
	327	155

4 PROFIT BEFORE TAX

	Group	
	2009	2008
	$'000	$'000
Profit before tax is arrived at after charging:		
Allowance for doubtful debts (Note 14)	**220**	–
Bad trade debts written off	**53**	1
Cost of inventories included in cost of sales	**61,572**	57,219
Depreciation of property, plant and equipment	**1,059**	588
Goodwill arising on consolidation written off	**1,505**	–
Inventories written down	**2,172**	171
Land and warehouse rental	**629**	477
Loss on disposal of property, plant and equipment	**31**	–
Non-audit fees paid to:		
– auditors of the Company	**15**	25
– other auditors	**–**	–
Other rental expenses	**18**	13
Staff costs (Note 5)	**10,935**	9,266
and crediting:		
Allowance for doubtful debts written back	**–**	52
Foreign exchange gain (net)	**128**	418
Interest income	**11**	8
Negative goodwill on acquisition	**5**	–

5 STAFF COSTS

	Group	
	2009	2008
	$'000	$'000
Paid to directors of the Company		
– Fee	**300**	300
– Remuneration	**3,675**	3,819
– CPF	**24**	24
Paid to other directors of subsidiaries		
– Fee	**90**	70
– Remuneration	**1,317**	1,056
– CPF	**46**	37
Key management staff (non-directors)		
– Salaries and related costs	**764**	278
– CPF	**48**	22
Other staff		
– Salaries and related costs	**3,983**	3,014
– CPF	**358**	426
Staff training and welfare	**330**	220
	10,935	9,266

5 STAFF COSTS (CONT'D)

Remuneration bands of directors of the Company

The following information relates to remuneration (including fees) of directors of the Company:–

Number of directors of the Company in remuneration bands

	Group	
	2009	2008
Below $250,000	**3**	3
$250,000 to below $500,000	**–**	–
$500,000 to below $750,000	**–**	1
$750,000 to below $1,000,000	**–**	–
$1,000,000 to below $1,250,000	**1**	–
$,1250,000 to below $1,500,000	**2**	–
$1,500,000 to below $1,750,000	**–**	2
Total	**6**	6

6 TAX EXPENSE

Tax expense attributable to profits is made up of:

	Group	
	2009	2008
	$'000	$'000
Deferred tax (Note 12)	**(35)**	–
Current income tax expense	**3,712**	4,263
(Over)/under provision in prior year	**(8)**	8
	3,669	4,271

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

	$'000	$'000
Profit before tax	**17,656**	23,509
Less: share of results of joint venture	**(415)**	–
	17,241	23,509
Tax calculated at the statutory tax rate of 17% (2008: 18%)	**2,931**	4,232
Statutory stepped income exemption	**(101)**	(84)
Income not subject to tax	**(37)**	–
(Over)/under provision in prior year	**(8)**	8
Expenses not deductible for tax purposes	**339**	90
Deferred tax assets not recognised	**534**	–
Others	**11**	25
	3,669	4,271

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

7 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the parent are based on the followings:

	Group	
	2009	2008
Earnings		
Net profit for the year attributable to owners of the parent ($'000)	**14,681**	19,238
Number of shares ('000)		
Number of ordinary shares in issue for the year	**420,000**	420,000

Basic and diluted earnings per share is calculated by dividing the profit after tax attributable to owners of the parent by the number of ordinary shares in issue during the financial year.

8 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold property $'000	Extension, addition & alteration works $'000	Motor vehicles $'000	Warehouse equipment & fittings $'000	Computer & office equipment $'000	Furniture, fittings & renovation $'000	Total $'000
2009							
Cost							
At 1.1.2009	6,130	9,536	326	367	534	624	17,517
Acquisitions of subsidiaries	–	–	73	71	143	103	390
Additions	–	1,291	–	79	287	127	1,784
Disposals	–	–	(28)	(92)	(15)	(45)	(180)
At 31.12.2009	6,130	10,827	371	425	949	809	19,511
Accumulated depreciation							
At 1.1.2009	328	596	266	221	299	210	1,920
Acquisitions of subsidiaries	–	–	7	21	56	40	124
Depreciation charge	155	420	43	78	207	156	1,059
Disposals	–	–	(27)	(41)	(31)	(24)	(123)
At 31.12.2009	483	1,016	289	279	531	382	2,980
Net carrying amounts							
At 31.12.2009	5,647	9,811	82	146	418	427	16,531

8 PROPERTY, PLANT AND EQUIPMENT – GROUP (CONT'D)

	Leasehold property $'000	Extension, addition & alteration works $'000	Motor vehicles $'000	Warehouse equipment & fittings $'000	Computer & office equipment $'000	Furniture, fittings & renovation $'000	Total $'000
2008							
Cost							
At 1.1.2008	3,560	3,283	326	309	411	407	8,296
Additions	2,570	6,253	–	58	161	217	9,259
Disposals	–	–	–	–	(38)	–	(38)
At 31.12.2008	6,130	9,536	326	367	534	624	17,517
Accumulated depreciation							
At 1.1.2008	190	411	235	165	246	123	1,370
Depreciation charge	138	185	31	56	91	87	588
Disposals	–	–	–	–	(38)	–	(38)
At 31.12.2008	328	596	266	221	299	210	1,920
Net carrying amount							
At 31.12.2008	5,802	8,940	60	146	235	414	15,597

The net carrying amounts of leasehold property and extension, addition and alteration works amounting to $9,407,000 (2008: $8,720,000) is mortgaged to secure banking facilities granted to the Group (Note 17).

9 INVESTMENT IN SUBSIDIARIES

	Company 2009 $'000	Company 2008 $'000
Unquoted equity shares, at cost		
At 1 January	**11,076**	11,076
Acquisitions during the year (c)	**2,232**	–
Contingent consideration arrangement (d)	**340**	–
	2,572	–
At 31 December	**13,648**	11,076
Movement of allowance for impairment:		
At 1 January	**359**	359
Impairment charge	**1,937**	–
At 31 December	**2,296**	359
Net carrying amount	**11,352**	10,717

9 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries:

Name of subsidiary (Country of incorporation)	**Principal activities**	**Group's effective equity interest held**	
		2009	2008
		%	%
Beng Hui Marine Electrical Pte Ltd* (Singapore)	Wholesalers and retailers of electrical goods, appliances and other related products in marine supply and servicing	**100**	100
Sanshin Marine (S.E.A.) Pte Ltd* (Singapore)	Wholesale trade in marine equipment and accessories	**100**	100
Yorkshire Marine & Offshore (S) Pte Ltd* (Singapore)	Wholesale trade in marine equipment and accessories	**100**	100
BH Marine & Offshore Engineering Pte Ltd* (formerly known as B & C Electrical Pte Ltd) (Singapore)	System integration contractor providing turnkey electrical and instrumentation installation services	**100**	100
Z-Power Automation Pte Ltd ("ZPA")* (Singapore)	Assembler, manufacturer and repairer of switchboards and switchgears for vessels	**60**	–
Sky Holding Pte Ltd ("SKY")* (Singapore)	Manufacturer and supplier of specialty steel wire and other types of wire	**60**	–

9 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries: (Cont'd)

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held 2009 %	2008 %
Subsidiaries held by SKY			
Sky Wire (M) Sdn Bhd ("SWMSB")#^ (Malaysia)	Dormant	**60**	–
Sky Wire (HK) Limited# (Hong Kong)	Manufacturing and supply of wires, cables and stranded wires, metal products and all kinds of industrial products	**60**	–

* Audited by Baker Tilly TFWLCL.
^ Subsequent to the year end, the Group applied for court order to wind up SWMSB.
# Audited by other firms of certified public accountants.

(b) Acquisitions of subsidiaries

During the year, the Company acquired the following subsidiaries:

(i) On 22 January 2009, the company acquired 60% of the issued share capital of ZPA for $450,000. The fair value of the identifiable net assets of the acquiree at the date of acquisition amounted to $296,000, resulting in goodwill on acquisition of $154,000.

(ii) On 18 February 2009, the company acquired 60% of the issued share capital of SKY for $1,782,000. The fair value of the identifiable net assets of the acquiree at the date of acquisition amounted to $771,000, resulting in goodwill on acquisition of $1,011,000.

The acquired subsidiaries have contributed revenues of $16,209,000 and net loss of $1,736,000 to the Group since the date of acquisition to 31 December 2009. The subsidiaries' assets and liabilities at 31 December 2009 were $11,339,000 and $11,296,000 respectively. If these acquisitions had occurred on 1 January 2009, the Group revenue would have been $102,344,000 and total profit would have been $13,804,000.

The acquired subsidiaries are involved in the marine and manufacturing industries. The goodwill is attributable to the expertise, technological knowhow and future prospects of these subsidiaries.

9 INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Details of the acquisitions are as follows:

	Group $'000
Fair values of identifiable net assets of subsidiaries acquired:	
Cash and cash equivalents	1,678
Inventories	5,052
Trade and other receivables	1,695
Property, plant and equipment	266
Bank borrowings	(2,343)
Finance lease liabilities	(50)
Tax payable	(27)
Provision for warranty	(26)
Trade and other payables	(4,467)
Net identifiable assets	1,778
Less: Minority interests	(711)
Net identifiable assets acquired	1,067
Goodwill (Note 11)	1,165
Total consideration – paid in cash	2,232
Less: Cash and cash equivalents in subsidiaries acquired	(1,678)
Net cash flow outflow from acquisition of subsidiaries	554

(d) Contingent consideration arrangement

(i) Pursuant to the Share Purchase Agreement of ZPA between the Company and the vendors of ZPA (the "Vendors"), ZPA will increase its share capital within 60 days after the issuance of its audited financial statements for the financial year ended 31 December 2009. The subscription price payable by the Company is determined based on the audited net operating profit after tax and work-in-progress of ZPA as at 31 December 2009 and shall not be greater than $1,340,000; and the subscription price payable by the Vendors shall be $1 per Vendor. After the additional shares subscription, the Company and the Vendors shall maintain the same percentage of equity interests held as before the share subscription.

The directors regard the additional shares subscription of ZPA to be probable, and recognise an amount of $340,000 being adjustment to purchase consideration of ZPA, that will not be represented by the Group's share of net assets in ZPA after the additional share subscription.

(ii) Pursuant to the Sale and Purchase Agreement of SKY between the Company and Wong Chan Seng and Steven Wong (collectively, the Vendors), the total purchase consideration paid by the Company is based on 1.188 times the average of the net operating profit after tax (excluding extraordinary and non-recurring items) ("Net Operating PAT") of SKY for the financial years ending 31 December 2009, 31 December 2010 and 31 December 2011 ("Actual Consideration"). The Actual Consideration shall be determined on the issuance of the statutory report for the financial year ending 31 December 2011. In the event the Actual Consideration shall be less than $1,782,000, the Vendors jointly and severally undertake to pay an amount of shortfall to the extent of the performance guaranteed.

9 INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Contingent consideration arrangement (cont'd)

At 31 December 2009, in accordance with FRS 103 Business Combinations, no adjustment is made to the purchase consideration as the directors are not able to reliably measure the Actual Consideration.

10 INVESTMENT IN JOINT VENTURE

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Carrying amount:				
Unquoted equity shares at cost	**84**	–	**84**	–
Negative goodwill on acquisition	**5**	–	**–**	–
Equity loan	**808**	–	**808**	–
Share of post-acquisitions profits, net of dividends received	**415**	–	**–**	–
	1,312	–	**892**	–
Movement in carrying amount:				
At 1 January	**–**	–	**–**	–
Acquisition during the year	**84**	–	**84**	–
Equity loan	**808**	–	**808**	–
Negative goodwill on acquisition	**5**	–	**–**	–
Share of profit or loss for the year	**415**	–	**–**	–
At 31 December	**1,312**	–	**892**	–
Share of net assets of joint venture	**560**	–	**560**	–

The following information relates to the joint venture:

Name of joint venture (Country of incorporation)	Principal activities	Group's effective equity interest held 2009 %	2008 %
Dream Marine Ship Spare Parts Trading LLC# (Dubai, UAE)	Trading in electrical components and spare parts of ships and boats.	**34**	–

Audited by other firms of certified public accountants.

10 INVESTMENT IN JOINT VENTURE (CONT'D)

The summarised financial information of the joint venture, not adjusted for the percentage of ownership held by the Group, is as follows:

	Group	
	2009	2008
	$'000	$'000
Assets	**3,175**	–
Liabilities	**2,242**	–
Revenues	**2,564**	–
Profit for the year	**692**	–

During the year, a subsidiary, Sky Wire (HK) Limited ("SWHK") entered into a joint venture agreement with Al Lawami International LLC, a company incorporated in the Sultanate of Oman, to incorporate a joint venture company in Oman, known as Oman Sky Steel Industries LLC ("OSSI"). The intended principal activity of OSSI is to carry on the business of manufacturing of galvanised steel wire products. SWHK will subscribe for 70% of the equity interest in OSSI for an amount of $4.59 million (equivalent to OMR 1.26 million). OSSI is expected to be incorporated after the year end.

On 4 December 2009, the Company entered into an agreement with Shwe Nyan Win and Myint Soe Thein to incorporate a joint venture company in Singapore to carry on the business of exporting various marine related goods and products to Myanmar, with 30% equity interest for an amount of $90,000. The joint venture company is successfully registered with the Accounting & Corporate Regulatory Authority on 27 January 2010 under the name of Han Jiang Pte Ltd.

11 GOODWILL ON CONSOLIDATION

	Group	
	2009	2008
	$'000	$'000
Cost:		
At 1 January	**359**	359
Acquisition of subsidiaries (Note 9)	**1,165**	–
Arising from contingent consideration arrangement (Note 9(d))	**340**	–
	1,505	–
At 31 December	**1,864**	359
Accumulated impairment		
At 1 January	**359**	359
Impairment charge (Note 4)	**1,505**	–
At 31 December	**1,864**	359
Net carrying amount	**–**	–

11 GOODWILL ON CONSOLIDATION (CONT'D)

Impairment test for goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2009	2008
	$'000	$'000
Marine electrical equipment	**494**	–
Armouring steel	**1,011**	–
	1,505	–

12 DEFERRED TAX ASSETS

	Group	
	2009	2008
	$'000	$'000
At beginning of the year	**–**	–
Credited to profit or loss (Note 6)	**35**	–
	35	–

The following are the major deferred tax assets/(liabilities) recognised by the Group and the movements thereon, during the year.

	Accelerated tax depreciation $'000	**Provisions for warranty $'000**	**Others $'000**	**Total $'000**
At 1 January 2009	–	–	–	–
(Charged)/credited to profit or loss for the year	(20)	78	(23)	35
At 31 December 2009	**(20)**	**78**	**(23)**	**35**

	Group	
	2009	2008
	$'000	$'000
Unrecorded deferred tax asset:		
Unutilised tax losses	**534**	–

No deferred tax asset has been recognised in respect of the above balance, as the future profit streams are not probable. The realisation of the future income tax benefits from tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

13 INVENTORIES

	Group	
	2009	2008
	$'000	$'000
Work-in-progress	**1,395**	–
Finished goods	**39,882**	40,270
	41,277	40,270

14 TRADE RECEIVABLES

	Group	
	2009	2008
	$'000	$'000
Trade receivables	**38,540**	23,899
Less: allowance for doubtful debts	**(332)**	(112)
	38,208	23,787

Movements of allowance for doubtful debts are as follows:–

At beginning of year	**112**	164
Allowance made	**220**	–
Allowance written back	**–**	(52)
At end of year	**332**	112

Included in trade receivables is an amount of $1,062,920 (2008: Nil) due from a joint venture company.

Trade receivables amounting to $30,000 (2008: Nil) have been factored to a bank with recourse to the Group at the balance sheet date. The corresponding cash received is recorded as bank borrowings (Note 17).

15 OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Sundry deposits	**268**	112	**–**	1
Prepayments	**183**	83	**24**	37
Amounts due from subsidiaries	**–**	–	**26,566**	24,843
Sundry receivables	**226**	145	**37**	121
	677	340	**26,627**	25,002

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**10,414**	9,852	**135**	199
Fixed deposits	**624**	1,500	**–**	–
Cash and cash equivalents	**11,038**	11,352	**135**	199
Less: fixed deposit under pledge	**(581)**	–	**–**	–
Cash and cash equivalents as per consolidated statement of cash flow	**10,457**	11,352	**135**	199

Fixed deposits of $581,000 (2008: Nil) are pledged to a bank to cover banker's letter of guarantee. The interest rates of fixed deposits at 31 December 2009 range from 0.25% to 0.3125% (2008: 0.72% to 0.84%) per annum.

17 BANK BORROWINGS

	Group	
	2009	2008
	$'000	$'000
Non-current		
Term loan 1 (secured)	**933**	1,333
Term loan 2 (secured)	**1,333**	–
	2,266	1,333
Current		
Term loan 1 (secured)	**400**	400
Term loan 2 (secured)	**1,000**	–
Working capital loan (unsecured)	**1,000**	1,500
Factoring loan (unsecured)	**30**	–
Trust receipts (unsecured)	**1,145**	–
	3,575	1,900
Total bank borrowings	**5,841**	3,233

The term loan of the Group is secured by legal mortgage of the Group's leasehold property and extension, addition and alteration works (Note 8) and covered by corporate guarantee from the Company.

Term loan 1 is repayable over 59 monthly instalments of $33,340 each and a final instalment of $32,940. The first instalment commenced on 1 May 2008. Term loan 2 is repayable over 35 monthly instalments of $83,340 each and a final instalment of $83,100, the first instalment commencing on 30 May 2009.

Included in factoring loan is amount totaling $30,000 (2008: Nil) which represent cash received from bank for trade receivables factored to a bank (Note 14).

The working capital loan and trust receipts are covered by corporate guarantee from the Company.

17 BANK BORROWINGS (CONT'D)

Interest rates at the balance sheet date were as follows:–

Term loan 1 – Variable rate at 1% (2008: 1%) per annum over the bank's cost of funds rate.
Term loan 2 – Variable rate at 1.25% (2008: Nil) per annum over the bank's cost of funds rate.
Working capital loan – Variable rate at 0.5% (2008: 0.5%) per annum above the finance institution's prevailing Enterprise Base Rate.
Factoring loan – range from 0.8% to 1.5% (2008: Nil) on gross invoice value and discount charge at 5.75% (2008: Nil) per annum.
Trust receipts – Variable rate at 1.25% per annum above SIBOR (2008: Nil).

18 FINANCE LEASE LIABILITIES

The minimum lease payment under the finance lease liabilities are payable as follows:

	Group 2009 $'000
Not later than one financial year	**18**
Later than one financial year but not later than five financial years	**24**
	42
Less: Future finance charges	**(6)**
Present value of finance lease liabilities	**36**
Representing finance lease liabilities:	
– Current	**16**
– Non-current	**20**
	36

The weighted average effective interest rate of the finance lease liabilities at the balance sheet date is 7.09% per annum.

19 OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Accrued operating expenses	**3,648**	3,714	**413**	274
Deferred revenue	**4,021**	–	**–**	–
Provision for warranty (i)	**464**	–	**–**	–
Provision for directors' fees				
– directors of the Company	**300**	300	**300**	300
– directors of subsidiaries	**90**	70	**–**	–
Amounts due to directors of the Company	**2,639**	2,612	**2,639**	2,612
Amount due to a subsidiary	**–**	–	**300**	75
Other creditors	**967**	–	**216**	–
	12,129	6,696	**3,868**	3,261

The amounts due to directors and a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

(i) Provision for warranty

The Company gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the financial year end for expected warranty claims based on the management's estimation of the level of repairs and returns.

Movements in provision for warranty are as follows:

	Group	
	2009	2008
	$'000	$'000
Acquisitions of subsidiaries (Note 9)	**26**	–
Provision made	**438**	–
End of the financial year	**464**	–

20 SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of issued shares	**Total share capital**	Number of issued shares	Total share capital
	'000	**$'000**	'000	$'000
Issued and fully paid up				
– Ordinary shares with no par value				
Balance at beginning of financial year	**420,000**	**23,069**	280,000	23,069
Bonus issue	**–**	**–**	140,000	–
Balance at end of financial year	**420,000**	**23,069**	420,000	23,069

In 2008, 140,000,000 new ordinary shares on the basis of one bonus share for every two existing ordinary shares in the issued share capital of the Company were allotted and issued to shareholders of the Company. The bonus shares rank pari passu with existing ordinary shares.

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

21 CONTINGENT LIABILITY

As at 31 December 2009, the Company has given unsecured corporate guarantees of $34,500,000 (2008: $26,900,000) for financing facilities granted by finance institutions to a subsidiary.

No material losses under these guarantees are expected.

22 COMMITMENTS

a) Lease commitments

Commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities, are payable as follows:

	Group	
	2009	2008
	$'000	$'000
Within 1 financial year	**416**	394
Between 2 to 5 financial years	**1,664**	1,578
Over 5 financial years	**11,773**	9,709
	13,853	11,681

The leases have varying terms and escalation clauses. Renewals of leases are subject to approval by lessor. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

22 COMMITMENTS (CONT'D)

b) Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements:

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Expenditure for property, plant and equipment	**14,160**	828	**–**	–
Additional shares subscription in a subsidiary	**–**	–	**1,000**	–
Subscription of shares in joint venture companies	**4,680**	–	**90**	–
	18,840	828	**1,090**	–

c) Other commitments

In 2008, the Group had entered into exclusive distribution agreements with suppliers, whereby the Group is expected to make minimum purchases of $150,000 under one of these agreements and generally required to maintain adequate stock of the products to meet the expected demand in a particular industry. The suppliers have the right to terminate their exclusive distribution agreements if the Group fails to meet the minimum purchase requirements pursuant to the terms and conditions of the agreements.

The Group is in compliance with all minimum purchase requirements pursuant to the terms and conditions of the agreements for the financial year ended 31 December 2008 and 2009.

d) Forward foreign exchange contracts

At 31 December 2009, the Group entered forward foreign exchange contracts at notional amounts of $10,381,000.

The fair values of outstanding forward foreign exchange contracts (which are not accounted as hedging instruments) at the balance sheet date are approximate to the contracted amounts.

Forward currency contracts are valued using a valuation technique (primarily forward pricing model) with market observable inputs such as foreign exchange spot and forward rates.

23 DIVIDENDS

	Group	
	2009	2008
	$'000	$'000
First and final (one-tier) tax exempt dividend:		
– 1.2 cents per share for the financial year ended 31 December 2009 (2008: 1.2 cents per share)	**5,040**	5,040

The directors have proposed a first and final (one-tier) tax exempt dividend for the financial year ended 31 December 2009 of 0.8 cents per share amounting to a total of $3,360,000. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 December 2010.

24 RELATED PARTY TRANSACTIONS

	Group	
	2009	2008
	$'000	$'000
Sales to a related party	**1,190**	–

25 FINANCIAL RISK MANAGEMENT

Categories of financial instruments

Financial instruments as at balance sheet date are as follows:–

	Group		Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Financial assets				
Trade and other receivables	**39,510**	24,044	**27,411**	24,965
Cash and cash equivalents	**11,038**	11,352	**135**	199
Loans and receivables	**50,548**	35,396	**27,546**	25,164
Financial liabilities				
Trade and other payables	**18,908**	18,287	**3,868**	3,261
Borrowings	**5,877**	3,233	**–**	–
Total financial liabilities at amortised cost	**24,785**	21,520	**3,868**	3,261

Financial risk factors

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk, liquidity and commodity price risk) and credit risk. The Group's overall financial risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (cont'd)

The Board of Directors provides written principles for overall financial risk management and written policies covering the specific areas above. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guideline are complied with. Risk management is carried out by the Risk Management Committee under the policies approved by the Board of Directors.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures financial risk. Market risk and credit risk exposures are measured using sensitivity analysis indicated below.

a) Market risk

Foreign exchange risk

Foreign currency risk arises on certain purchases that are denominated in currencies other than Singapore dollars. The currencies that give rise to this risk are primarily United States dollar, Euro and United Arab Emirates dirham.

The Group's financial risk management policy is to hedge any exposure exceeding US$100,000 or EUR70,000 based on the weekly foreign exchange requirement report and cash flow of the Group. It is not the Group's policy to take speculative positions in foreign currencies.

The Group's foreign currency exposure is as follows:

	USD S$'000	Euro S$'000	AED S$'000	Others S$'000	Total S$'000
At 31 December 2009					
Financial assets					
Cash and cash equivalents	1,091	1,194	–	–	2,285
Trade receivables	1,868	47	845	5	2,765
	2,959	1,241	845	5	5,050
Financial liabilities					
Trade payables	(3,061)	(3,918)	–	(204)	(7,183)
Gross balance sheet exposure	(102)	(2,677)	845	(199)	(2,133)
Next six-months' forecast purchases	(7,110)	–	–	–	(7,110)
Gross exposure	(7,212)	(2,677)	845	(199)	(9,243)
Foreign currency forwards	8,174	2,207	–	–	10,381
Net currency exposure	962	(470)	845	(199)	1,138

25 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

Foreign exchange risk (cont'd)

	USD S$'000	Euro S$'000	AED S$'000	Others S$'000	Total S$'000
At 31 December 2008					
Financial assets					
Cash and cash equivalents	254	209	–	–	463
Trade receivables	65	77	–	11	153
	319	286	–	11	616
Financial liabilities					
Trade payables	(4,674)	(2,866)	–	(719)	(8,259)
Gross balance sheet exposure	(4,355)	(2,580)	–	(708)	(7,643)
Next six-months' forecast purchases	–	(2,133)	–	–	(2,133)
Gross exposure	(4,355)	(4,713)	–	(708)	(9,776)
Foreign currency forwards	5,019	4,810	–	465	10,294
Net currency exposure	664	97	–	(243)	518

The Company's foreign currency exposure based on the information provided by key management is $845,000 (2008: Nil) included in other receivables and amount due from a joint venture company which are denominated in United Arab Emirates dirham.

If the foreign currencies, United States dollar, Euro and United Arab Emirates dirham change against the SGD by 5% (2008: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2009	2008
	Increase/(Decrease)	
	Profit after tax $'000	Profit after tax $'000
Group		
USD against SGD		
– strengthened	**40**	27
– weakened	**(40)**	(27)
Euro against SGD		
– strengthened	**(19)**	4
– weakened	**19**	(4)
Group and Company		
AED against SGD		
– strengthened	**35**	–
– weakened	**(35)**	–

25 FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market risk (cont'd)

Interest rate risk

The Group's exposure to the risk of changes in interest rates arise mainly from the Group's fixed deposits placed with financial institutions and bank borrowings. For interest income from the fixed deposits, the Group managed the interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms.

Interest expense from bank borrowings arises from term loans, working capital loan, factoring loan and trust receipts (Note 17). The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated in SGD. If the SGD interest rates increase/decrease by 0.5% (2008: 0.5%) with all other variables, including tax rate being held constant, the effects arising from the net profit after tax are as follows:

	2009	2008
	Increase/(Decrease)	
	Profit after tax	Profit after tax
	$'000	$'000
Group		
Interest rate		
– Increase	**(24)**	(14)
– Decrease	**24**	14

Commodity price risk

The Group has commodity price risk as copper is one of the main raw materials. Copper is a traded commodity and its price is subject to the fluctuations of the world commodity markets. Any significant increases in the price for copper will have a material adverse impact on the financial position and results of operation. The Group's profitability will be adversely affected if the Group is unable to pass on any increase in raw material prices to its customers on a timely basis or find cheaper alternative sources of supply.

The Group monitors the material price fluctuation closely and as far as possible, locked in material prices on confirmed orders.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 17).

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 year $'000	Total $'000
2009			
Trade and other payables	**18,908**	**–**	**18,908**
Bank borrowings	**3,668**	**2,330**	**5,998**
Finance lease obligations	**18**	**24**	**42**
	22,594	**2,354**	**24,948**
2008			
Trade and other payables	18,287	–	18,287
Bank borrowings	1,981	1,483	3,464
	20,268	1,483	21,751

The Company does not have any significant liquidity risk exposure.

c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place to ensure that sale of products are made to customers with appropriate credit histories and the exposure to credit risk is monitored on an ongoing basis by the directors. Credit evaluations are performed on all customers requiring credit extension or credit limit. The maximum exposure to credit risk is represented by the carrying amount of loans and receivables in the balance sheet and the following:

	Company	
	2009 $'000	2008 $'000
Corporate guarantees provided to banks for a subsidiary's borrowings (Note 17)	**34,500**	26,900

At the balance sheet date, there were significant concentrations of credit risks primarily on trade receivables.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

c) Credit risk (cont'd)

The Group's 4 (2008: 4) largest trade receivables amounted to $12,945,105 (2008: $7,587,811) and this represented 34% (2008: 32%) of total trade receivables and of which one major corporate customer represented 18% (2008: 13%) of total trade receivables.

The Group's trade receivables comprise the following:

	Group	
	2009	2008
	$'000	$'000
Not past due	**20,720**	15,599
Past due but not impaired	**17,488**	8,188
Past due and impaired	**332**	112
	38,540	23,899

Financial assets that are past due but not impaired

Past due 0 to 3 months	**15,112**	7,265
Past due 3 to 6 months	**1,728**	771
Past due over 6 months	**648**	152
	17,488	8,188

Financial assets that are past due and impaired

Full allowance for doubtful debts had been provided for debts which are past due and impaired.

d) Capital risk

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and the Group's overall strategy remains unchanged from 2008.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS BY CLASSES THAT ARE NOT CARRIED AT FAIR VALUE AND WHOSE CARRYING AMOUNTS ARE NOT REASONABLE APPROXIMATION OF FAIR VALUE

The carrying amount of current trade and other receivables, and payables and accrued operating expenses are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group				Company			
	2009		2008		**2009**		2008	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Financial assets:								
Equity loan due from joint venture	**808**	*	–	–	**808**	*	–	–
Financial liabilities: (Non-current)								
Bank borrowings								
– Term loan 1	**933**	**883**	1,333	1,234	**–**	**–**	–	–
– Term loan 2	**1,333**	**1,294**	–	–	**–**	**–**	–	–
Finance leases	**20**	**23**	–	–	**–**	**–**	–	–

* It is not practical to estimate the fair value of equity loan due from joint venture. This is principally due to the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Group does not anticipate the carrying amount at the balance sheet date to be significantly different from the value that would eventually be settled.

The fair values of non-current bank borrowings and finance leases are determined from discounted cash flow analysis using discount rate based upon the market borrowing rates of an equivalent instrument which the directors expect would be available to the Group at the balance sheet date as follows:

	2009	2008
	$	$
Term loan 1	**4.60%**	4.60%
Term loan 2	**4.21%**	–
Finance leases	**3.53%**	–

The fair values of outstanding forward foreign exchange contracts at the balance sheet date are disclosed in Note 22(d).

The Group and Company has no other financial instruments.

27. SEGMENT INFORMATION

For management purpose, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products/services. The Group has three main business segments, Marine Electrical Equipment, Marine Consumables and Armouring Steel.

Marine Electrical Equipment is further sub-divided into:

a. Marine cables and its accessories;
b. Marine lighting equipment and accessories; and
c. Marine switchboards and services

Marine Consumables is further sub-divided into:

d. Marine lamps; and
e. General marine consumable products

All the segments as mentioned above relate to supply and distribution of hardware equipment, tools and other products used in the marine industries.

Segment revenue comprise net sales to external customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise other receivables, tax payable, finance cost and interest income that cannot be directly allocated to a particular business segment.

Segment capital expenditure is the total costs incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

The following tables present revenue, segment results, assets and liabilities, depreciation, goodwill arising from consolidation written off, other significant non-cash expenses and capital expenditure information for the Group.

	Group	
	2009	2008
	$'000	$'000
Revenue		
Marine Electrical Equipment		
Marine cables and accessories	**60,247**	69,124
Marine lighting equipment and accessories	**17,600**	16,636
Marine switchboards and services	**12,821**	–
	90,668	85,760
Marine Consumables		
Marine lamps	**3,462**	4,226
General marine consumable products	**4,118**	4,571
	7,580	8,797
Armouring Steel	**3,388**	–
Total revenue	**101,636**	94,557

27. SEGMENT INFORMATION (CONT'D)

	Group 2009 $'000	Group 2008 $'000
Segment results		
Marine Electrical Equipment		
Marine cables and accessories	**11,807**	16,356
Marine lighting equipment and accessories	**4,379**	4,476
Marine switchboards and services	**1,726**	–
	17,912	20,832
Marine Consumables		
Marine lamps	**1,124**	1,684
General marine consumable products	**1,349**	985
	2,473	2,669
Armouring Steel	**(3,144)**	–
Total segment results	**17,241**	23,501
Unallocated interest income	**–**	8
Share of joint venture results	**415**	–
Net profit before tax	**17,656**	23,509
Tax expense	**(3,669)**	(4,271)
Net profit after tax	**13,987**	19,238
Minority interests	**694**	–
Net profit attributable to owners of the parent	**14,681**	19,238
Group Assets and Liabilities		
Assets		
Marine Electrical Equipment		
Marine cables and accessories	**71,630**	64,813
Marine lighting equipment and accessories	**18,484**	14,434
Marine switchboards and services	**8,518**	–
Marine Consumables		
Marine lamps	**3,766**	3,766
General marine consumable products	**3,376**	7,993
Armouring Steel	**2,755**	–
Unallocated corporate assets	**519**	340
Total assets	**109,078**	91,346

27 SEGMENT INFORMATION (CONT'D)

	Group	
	2009	2008
	$'000	$'000
Group Assets and Liabilities (cont'd)		
Liabilities		
Marine Electrical Equipment		
Marine cables and accessories	**17,384**	15,732
Marine lighting equipment and accessories	**5,079**	3,786
Marine switchboards and services	**3,753**	–
Marine Consumables		
Marine lamps	**999**	962
General marine consumable products	**1,188**	1,040
Armouring Steel	**886**	–
Unallocated corporate liabilities	**4,619**	4,317
Total liabilities	**33,908**	25,837
Other segment information		
Depreciation		
Marine Electrical Equipment		
Marine cables and accessories	**692**	430
Marine lighting equipment and accessories	**202**	104
Marine switchboards and services	**57**	–
Marine Consumables		
Marine lamps	**40**	26
General marine consumable products	**47**	28
Armouring Steel	**21**	–
	1,059	588
Goodwill arising from consolidation written off		
Marine Electrical Equipment		
Marine lighting equipment and accessories	**494**	–
Armouring Steel	**1,011**	
Unallocated item	**(5)**	–
	1,500	–
Other significant non-cash expenses		
Marine Electrical Equipment		
Marine cables and accessories	**330**	126
Marine lighting equipment and accessories	**96**	30
Marine switchboards and services	**224**	–
Marine Consumables		
Marine lamps	**19**	8
General marine consumable products	**23**	8
Armouring Steel	**1,752**	–
	2,444	172

27 SEGMENT INFORMATION (CONT'D)

	Group	
	2009	2008
	$'000	$'000
Other segment information (cont'd)		
Capital expenditure		
Marine Electrical Equipment		
Marine cables and accessories	**1,180**	6,768
Marine lighting equipment and accessories	**345**	1,629
Marine switchboards and services	**111**	–
Marine Consumables		
Marine lamps	**68**	414
General marine consumable products	**80**	448
Armouring Steel	**–**	–
	1,784	9,259

Geographical Information

The turnover by geographical segments is based on the billing location of customers. All the assets and capital expenditure of the Group are significantly located in Singapore.

The following table provides an analysis of the Group's revenue by geographical market, which is analysed based on the billing address of each individual customer:–

	Group	
	2009	2008
	$'000	$'000
Singapore	**78,611**	78,058
South-East Asia	**11,473**	7,314
East Asia	**3,434**	5,049
Middle East	**3,647**	2,772
Other countries	**4,471**	1,364
	101,636	94,557

Other countries comprise Africa, Australia, Canada, Germany, Holland, India, Mauritius, Norway, United Kingdom and United States of America.

Information about major customer

Revenue of approximately $28,000,000 (2008: $24,000,000) are derived from the top four largest group of customers and is attributable to marine electrical equipment segment.

28 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors dated 1 February 2010.

STATISTICS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 4 FEBRUARY 2010

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	34	1.28	15,575	0.01
1,000 – 10,000	799	30.04	4,969,175	1.18
10,001 – 1,000,000	1,807	67.93	87,282,250	20.78
1,000,001 AND ABOVE	20	0.75	327,733,000	78.03
TOTAL	**2,660**	**100.00**	**420,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 4 FEBRUARY 2010

	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	BENG HUI HOLDING (S) PTE LTD	282,828,600	67.34
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,068,500	0.97
3	LIM HWEE HONG	3,828,690	0.91
4	LIM HUAY HUA	3,828,690	0.91
5	LIM HUI ENG	3,828,690	0.91
6	LIM HUI PENG	3,828,690	0.91
7	LIM CHYE HOON	2,917,140	0.69
8	MAXTEL HOLDINGS LIMITED	2,825,000	0.67
9	DBS NOMINEES PTE LTD	2,646,500	0.63
10	CHIANG SOK YANG	2,473,000	0.59
11	UOB KAY HIAN PTE LTD	1,771,000	0.42
12	GOH LAY SUAN GINA	1,750,000	0.42
13	PHILLIP SECURITIES PTE LTD	1,710,500	0.41
14	SIM YONG KIM	1,500,000	0.36
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,468,500	0.35
16	WEE BOH HUAT	1,439,000	0.34
17	OCBC NOMINEES SINGAPORE PTE LTD	1,411,000	0.34
18	SIM YONG TENG	1,332,500	0.32
19	GOH CHENG HIAN	1,250,000	0.30
20	TAN SEK KHOON	1,027,000	0.24
	TOTAL	**327,733,000**	**78.03**

SUBSTANTIAL SHAREHOLDERS AS AT 4 FEBRUARY 2010

	Direct Interest	%	Deemed Interest	%
Beng Hui Holding (S) Pte Ltd	282,828,600	67.34	–	–
Lim Hwee Hong	3,828,690	0.91	282,828,600	67.34
Lim Hui Eng	3,828,690	0.91	282,828,600	67.34
Lim Hui Peng	3,828,690	0.91	282,828,600	67.34
Lim Huay Hua	3,828,690	0.91	282,828,600	67.34
Lim Chye Hoon	2,917,140	0.69	282,903,600	67.36

Rule 723 of the SGX Listing Manual – Free Float

Based on the information available to the Company as at 4 February 2010, approximately 28.25% of the issued Share Capital of the Company is being held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Boardroom, 8 Penjuru Lane, Singapore 609189 on Wednesday, 10 March 2010 at 10.00 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2009 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To declare a Final Dividend of 0.8 cents per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2009. **(Resolution 2)**

3. To approve the Directors' Fees of S$300,000 (31 December 2008: S$300,000) for the financial year ended 31 December 2009. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:–

   (a) Alvin Lim Hwee Hong **(Resolution 4)**

   (b) David Chia Tian Bin **(Resolution 5)**

   (See Explanatory Note 1)

5. To re-appoint Baker Tilly TFWLCL as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:–

6. **Share Issue Mandate**

   That pursuant to the Company's Articles of Association and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the share capital of the Company;

   (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

      (i) new shares arising from the conversion or exercise of convertible securities;

      (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

      (iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

(See Explanatory Note 2)

(d) the fifty per centum (50%) limit in sub-paragraph (a) above may be increased to one hundred per centum (100%) for issues of Shares and/or Instruments by way of a renounceable rights issue where shareholders of the Company are entitled to participate in the same on a pro-rata basis.

(See Explanatory Note 3) **(Resolution 7)**

7. **Discount For Non Pro-Rata Share Issue**

(a) That subject to and conditional upon the passing of Ordinary Resolution 7 above, approval be and is hereby given to the Directors of the Company at any time to issue Shares (other than on a pro-rata basis to shareholders of the Company) at an issue price for each Share which shall be determined by the Directors of the Company in their absolute discretion provided that such price shall not represent a discount of more than twenty per centum (20%) to the weighted average price of a Share for trades done on the SGX-ST (as determined in accordance with the requirements of SGX-ST); and

(b) That (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note 4) **(Resolution 8)**

8. **Authority to allot and issue shares under the BH Global Performance Share Plan**

That authority be and is hereby given to the Directors to grant awards in accordance with the BH Global Performance Share Plan and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the BH Global Performance Share Plan, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to BH Global Performance Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(See Explanatory Note 5) **(Resolution 9)**

9. To transact any other business which may properly be transacted at an Annual General Meeting.

Dated this 23rd day of February 2010

On behalf of the Board

Alvin Lim Hwee Hong
Executive Chairman

Explanatory Notes:–

1. The Ordinary Resolutions 4 & 5 proposed in item 4 above is to re-elect the retiring Directors pursuant to Article 104 of the Company's Articles of Association:–

   (a) Mr Alvin Lim Hwee Hong will, upon re-election as a Director of the Company, remain as the Chairman of Risk Management Committee.

   (b) Mr David Chia Tian Bin will, upon re-election as a Director of the Company, remain as the Chairman of Audit Committee and Member of the Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

3. This increased limit of up to 100% [referred to in sub-paragraph (d)] for renounceable pro-rata rights issue will be effective up to 31 December 2010 pursuant to SGX-ST's news release of 19 February 2009. The increased limit is subject to the condition that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and, provides a status report on the use of proceeds in the annual report.

4. Ordinary Resolution 8 proposed in item 7 above, if passed, will enable Directors to issue new Shares on a non pro-rata basis, at a discount of not more than 20% to the weighted average market price of the Company's shares, determined in accordance with the requirements of SGX-ST. The discount in issue price of non pro-rata new Share issue is one of the interim measures announced by the SGX to accelerate and facilitate listed issuer's fund-raising efforts in a volatile and difficult market condition.

5. The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to grant of share awards under the BH Global Performance Share Plan.

Notes:–

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies in his/her stead.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Penjuru Lane, Singapore 609189 not later than 48 hours before the time appointed for the Meeting.

BH GLOBAL MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200404900H)

PROXY FORM

Important:

1. For investors who have used their CPF monies to buy BH Global Marine Limited's shares, this Annual Report 2009 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intends and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We ______________________________ (Name) ________________ NRIC No./ Passport No./Company Registration No. ______________ of ______________________ ____ (Address)

being a member/members of BH GLOBAL MARINE LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of shareholdings

*and/or

as *my/our proxy/proxies* to vote for *me/us on* *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Boardroom, 8 Penjuru Lane, Singapore 609189 on Wednesday, 10 March 2010 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies* will vote or abstain from voting at *his/their* discretion.

		To be used on a show of hands		To be used in the event of a poll	
Resolution No.	**Ordinary Resolutions**	**For**	**Against**	**No. of Votes For**	**No. of Votes Against**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2009.				
2.	To declare a Final Dividend of 0.8 cents per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2009.				
3.	To approve the Directors' Fees of S$300,000 for the financial year ended 31 December 2009.				
4.	To re-elect Alvin Lim Hwee Hong as Director. (under Article 104)				
5.	To re-elect David Chia Tian Bin as Director. (under Article 104)				
6.	To re-appoint Baker Tilly TFWLCL as auditors of the Company and to authorise the Directors to fix their remuneration.				
7.	To approve the Share Issue Mandate.				
8.	To approve the Discount For Non-Pro-Rata Share Issue.				
9.	To authorise allotment and issue of shares under BH Global Performance Share Plan.				

Dated this ________ day of ________________ 2010

Total No. of Shares	No. of Shares
CDP Register	
Register of Member	

____
Signature/Common Seal of Member(s)

** Delete accordingly.*

Notes:–

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Penjuru Lane, Singapore 609189 not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares entered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time set for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

BH GLOBAL MARINE LIMITED
NO. 8 PENJURU LANE, SINGAPORE 609189
REGISTRATION NO: 200404900H