BH GLOBAL CORPORATION LTD

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BH GLOBAL CORPORATION LTD ANNUAL REPORT 2013

STEERING AHEAD

ANNUAL REPORT 2013

BH GLOBAL CORPORATION LTD

VISION

WE PURSUE EXCELLENCE AND AIM TO BE THE MARKET LEADER IN OUR FIELDS OF EXPERTISE.

VALUES

INTEGRITY AND DISCIPLINE
We act with complete honesty and transparency, be responsible and accountable in all our dealings.

TEAMWORK AND PERFORMANCE
We are self-driven, cooperative, passionate and competent in achieving common organisational goals together with open communications.

CLIENT FOCUSED
We deliver total customer satisfactions with quality products, value added services and solutions.

INNOVATIVE
We embrace change with innovative ideas and solutions to constantly improve productivity and efficiency in our daily works.

LEARNING AND DEVELOPMENT
We continuously learning new skills and knowledge to develop our potential and be the leader in our fields of expertise.

MISSION

WE COMMIT TO BE A TRUSTED AND VALUED PARTNER, DELIVERING BEST VALUES TO OUR CUSTOMERS AND STAKE HOLDERS.


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CONTENTS

CORPORATE PROFILE

ESTABLISHED IN THE 1960S AND LISTED ON THE SGX MAINBOARD SINCE SEPTEMBER 2005, BH GLOBAL CORPORATION LTD ("BH GLOBAL" OR COLLECTIVELY KNOWN AS THE "GROUP") HAS PROGRESSED FROM MERE SUPPLY CHAIN MANAGEMENT TO AN INTEGRATED GROUP PROVIDING PREMIUM ELECTRICAL PRODUCTS AND ELECTRICAL, INSTRUMENTATION AND TELECOMMUNICATION ("EIT") SOLUTIONS TO THE MARINE & OFFSHORE AND OIL & GAS INDUSTRIES, SPECIALIZING IN THREE MAJOR SEGMENTS:

- Supply Chain Management: Premium lighting, cables and electrical equipment for the marine and oil & gas industries
- Manufacturing: Marine switchboards and galvanised steel wires
- Engineering Services: Engineering and installation services

The Group was also hailed as the first marine concept stock to be dual-listed on the Taiwan Stock Exchange via the issuance of Taiwan Depository Receipts on 20th October 2010.

Headquartered in Singapore, BH Global has expanded its regional footprints together with its joint venture partners and distribution channels into South-East Asia, East Asia, Middle East, India subcontinent, Europe and Australia. With over 40 years of operating experience, BH Global has established itself as a reputable and reliable business partner that carries a premium product portfolio of certified, internationally renowned brand partners and manufacturers.

Leveraging on its extensive product knowledge, BH Global scaled up the value chain and extended its service offerings to include Manufacturing and Engineering Services to better meet customers' needs. Consequently, BH Global's customer base grew and it currently has over 1,200 local and international customers, which include ship owners, operators, management companies, chandlers, repair contractors and shipyards.

AT A GLANCE

OUR 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 FY2013, 59% of our revenue contribution came from Singapore, 12% from South-East Asia, 8% from Europe, 12% from East Asia, 5% from the Middle East,while the remaining came from countries spanning all over the globe–including Argentina, Australia, Canada, India, Mauritius and United States of America.

We are BH GLOBAL.
We are a GLOBAL SOLUTION for you.

AWARDS & ACCOLADES

2007
- Receipt of Merit Award for Best Investor Relations for a newly listed company at the Singapore Corporate Awards
- Selected by Forbes Asia as one of the "200 Best Companies Under A Billion" in Asia Pacific in 2006

2008
- Receipt of Silver Award for the Best Investor Relations for Companies under S$500 million market capitalization at the Singapore Corporate Awards
- 2nd time recipient of the distinctive recognition as one of the "200 Best Companies Under A Billion" in Asia Pacific by Forbes Asia
- Only marine company to win the Promising Brand Award Category under Singapore Prestigious Brand Awards
- Chosen as one of the Best Performers in ST Marine Annual Suppliers' Performance Evaluation

2009
- 2nd time recipient of Silver Award for the Best Investor Relations for Companies under S$300 million market capitalization at the Singapore Corporate Awards

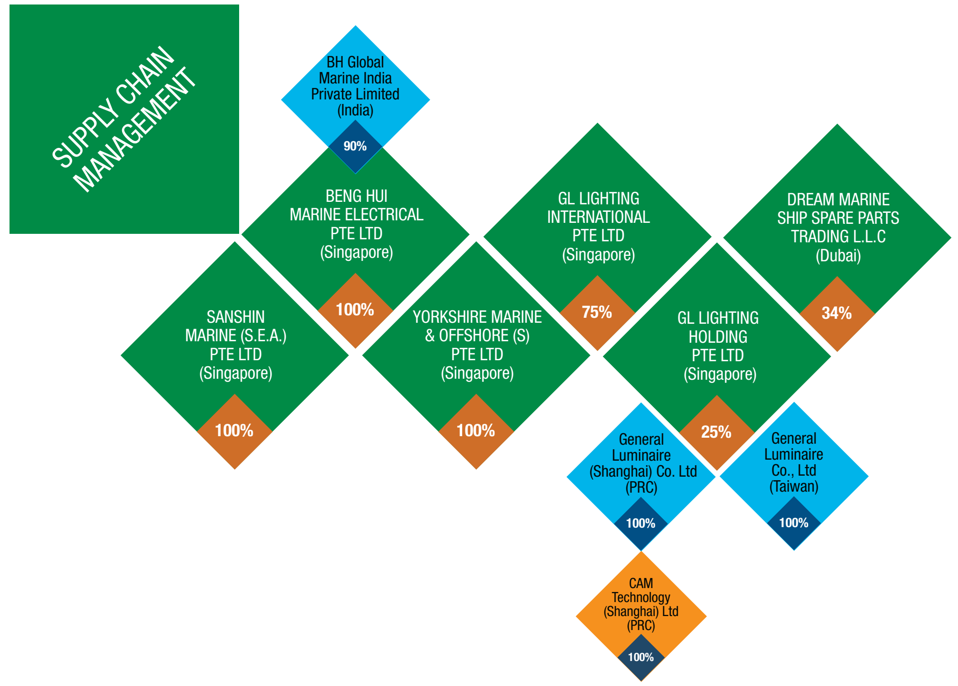
2010
- Receipt of the Gold Award for the Best Investor Relations for Companies under S$300 million market capitalization at the Singapore Corporate Awards

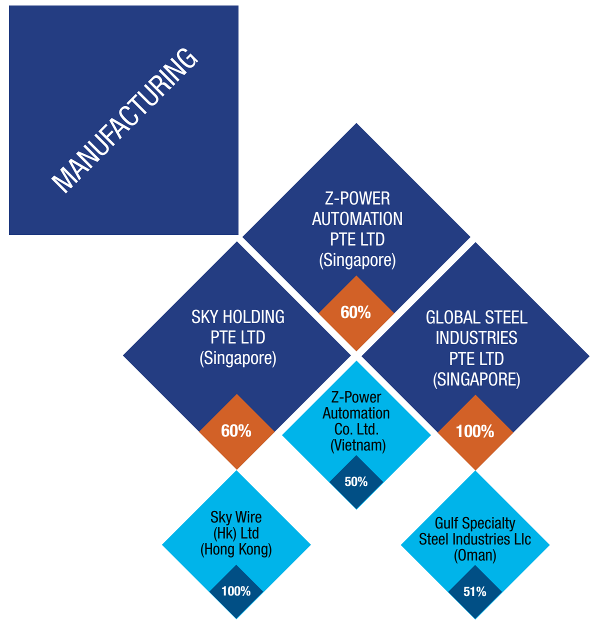
2011
- Receipt of Silver Award for Best Managed Board for Companies under S$300 million market capitalization at the Singapore Corporate Awards
- Receipt of Best CFO award for Companies under S$300 million market capitalization at the Singapore Corporate Awards

2012
- Chosen as one of the Best Performers in ST Marine Annual Suppliers' Performance Evaluation

CORPORATE STRUCTURE

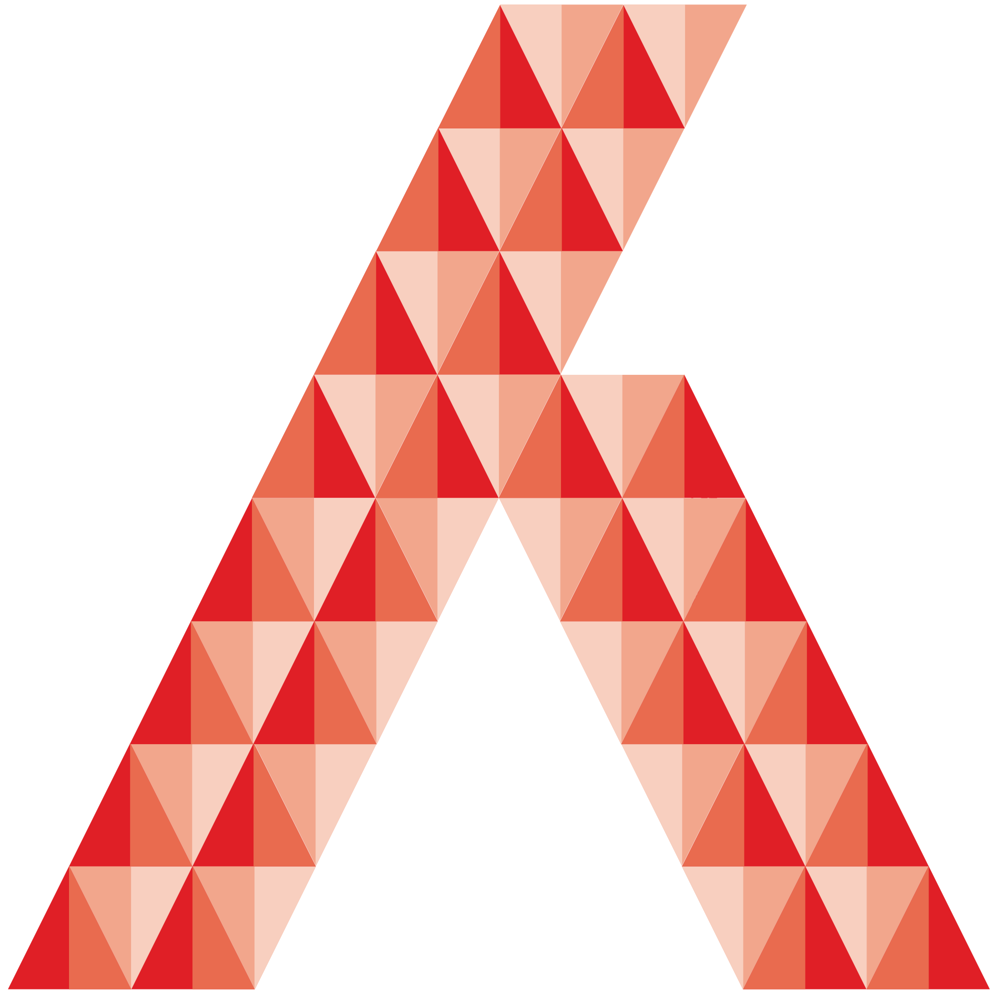
BH GLOBAL
CORPORATION LTD





We value our people as assets to the Company. At BH Global , we maintain a culture of interdependence where our staff feel valued and give value in return.

TALENT {人}



BUSINESS PROFILE:

SUPPLY CHAIN MANAGEMENT

BH Global boasts a comprehensive range of marine electrical products like marine cables, lighting systems and marine electrical consumables from international renowned brand partners/manufacturers. These products not only meet product safety specifications, but are also technically certified to marine class approvals.

BH Global has over S$29 million worth of inventory, consisting of 10,000 product line items from international premium manufacturers & suppliers. This premium product portfolio allows BH Global to support ship chandlers, ship owners, ship-management companies, shipyards and fabrication contractors in their new-build, repair and retrofitting projects.

Headquartered in Singapore, BH Global's warehouse is strategically located in close proximity to its customers. Over 200,000 square feet, the facility houses a warehouse equipped with state-of-the-art storage facilities, material handling equipment, cable cutting & reeling machines, manufacturing grounds and logistics offices. BH Global has its own truck fleet and has developed a strong alliance with international freight forwarders to provide fast track and timely deliveries to customers within the Asia-Pacific region and the Middle East within 3 working days.

BH Global differentiates itself from other distributors with its capabilities in providing on-site/off-site support with its sales, technical & engineering support team available 365 days a year. BH Global also introduces a cable management program whereby interim storage for ordered products will be provided to support customers' on-going projects for just-in-time deliveries. The total cable management solution will also be accompanied with project inventory reports.

The vast distribution network and strong infrastructure in place makes BH Global a Reliable and Valued Partner to their customers.

BUSINESS PROFILE:

MANUFACTURING

BH Global provides custom design, manufacturing, testing and commissioning of marine electrical switchboards, bridge consoles, distribution panels, alarm monitoring systems and integrated marine automation systems. BH Global, through its 60% owned subsidiary, Z-Power Automation Pte Ltd, serves major shipyards and rig builders in the ASEAN region for new builds, conversion and retrofitting projects.

BH Global, through its 60% owned subsidiary, Sky Holding Pte Ltd, manufactures and supplies specialty steel wires for electric power and telecommunications cables. Sky Holding counts cable manufacturing companies based in G.C.C Countries and ASEAN countries as key customers.

The Group expanded into the Sultanate of Oman in a joint venture called Gulf Specialty Steel Industries LLC (GSSI). GSSI was formed between BH Global and our Omani partner Takamul Investment Company S.A.O.C., a subsidiary of Omani-state owned Oman Oil Company to manufacture galvanized steel wires for use in armouring cables. The modern manufacturing plant is located in the Sultanate of Oman to serve the booming demands of cables factories in the MENA region and the plant was completed and inaugurated in 2013 with an initial annual capacity of 60,000 tonnes of galvanized steel wire.

BUSINESS PROFILE:

ENGINEERING SERVICES

Engineering Services was initiated in FY2010 to provide turnkey installation services for fire and gas, safety and security systems and other marine sub-contracting businesses targeted at new-build, repairs and retrofitting projects. This Division also specialises in engineering, procurement and construction management ("EPCM") and front end engineering design ("FEED") for electrical, instrumentation and telecommunications ("EIT") systems for onshore and offshore facilities.

This business is synergistic and complementary in nature to the Group's core business in Supply Chain Management and Manufacturing. It further enhances BH Global's capabilities in cross-selling within its 3 business segments and to provide strategic support to their customers on the most efficient solutions package.

Our design engineering services include:

- **Electrical, Instrument and Control System HVAC / Structure Engineering Design**
- **Engineering and Fabrication of Marine, Oil and Gas Equipment / Systems**
- **Multi-Disciplinary Topside Facilities, Shipside and Value Engineering**
- **Floating Production Storage Offloading (FPSO)**
- **Offshore and Onshore Oil and Gas platforms**
- **Refineries and petrochemical gas plants**
- **Power plants**

BUSINESS PROFILE:

JOINT VENTURE

BH Global entered into a strategic partnership to form GL Lighting Holding Pte Ltd ("GL Holding") and GL Lighting International Pte Ltd ("GL International") in 2011. GL Holding's 2 wholly-owned subsidiaries, General Luminaire (Shanghai) Co Ltd ("GL Shanghai") and General Luminaire Co Ltd (Taiwan) ("GL Taiwan"), collectively has more than 14 years of experience in LED lighting business and has an established technical track record in LED modules, controls, electronic, power management, optical and luminaire design.

GL Shanghai houses a strong technical team equipped with know-how in optic design, thermal management, electronic and luminaire development capabilities, developing many ideal LED solutions to both commercial & industrial and marine & offshore lighting industry. These LED light control systems can be used as energy saving tool by incorporating scheduled management, status feedback and temperature management for further reduce and saving of energy. The Group's LED products are subjected to 100% ICT, Burn-in test, IP test, Hi-pot testing and vibration test before delivering to customers.

CORPORATE MILESTONES

1988
Founded Beng Hui Electrical Trading Pte Ltd, which would be subsequently renamed as BH Global Marine Limited, with Mr. Alvin Lim (Chairman), Mr Vincent Lim (CEO) and Ms. Eileen Lim (Director)

2005
Successfully listed on SGX-Mainboard on 12 September 2005

2006
Clinched first offshore project awarded by Labroy Marine Ltd to supply cables for jack-up drilling rig

2007
Proposed Bonus Issue of 140 million new ordinary shares on the basis of 1 bonus share for every 2 ordinary shares to increase trading liquidity

2008
Expanded warehousing facilities with newly acquired land area of approximately 124,934 square feet at 10 Penjuru Lane

Only marine company to win the Promising Brand Award Category under Singapore Prestigious Brand Awards

2009
Achieved record turnover of S$101.6 million, crossing the $100 million mark for the first time in corporate history

Invested in Z-Power Automation Pte Ltd and Sky Holding Pte Ltd to acquire manufacturing capability

2010
First Marine Concept stock to be dual-listed on Taiwan Stock Exchange via the issuance of Taiwan Depository Receipts

Initiated new business segment, Engineering Services to provide turnkey installation services for fire and gas, safety and security systems and other marine subcontracting businesses targeted at newbuilds, repairs and retrofitting projects

Expanded geographical footprints into Vietnam, China, India and the Middle East

2011
Invested in LED lighting business with the objective of developing the LED lighting into marine and offshore use

Established presence in the Middle East through a Joint Venture agreement to manufacture galvanised steel wire in the Sultanate of Oman

2012
Set up BH Global Marine India Pte Ltd and Z-Power Automation Co. Ltd (Vietnam) to establish our presence in India and Vietnam

2013
Rebranding exercise to BH Global Corporation Ltd

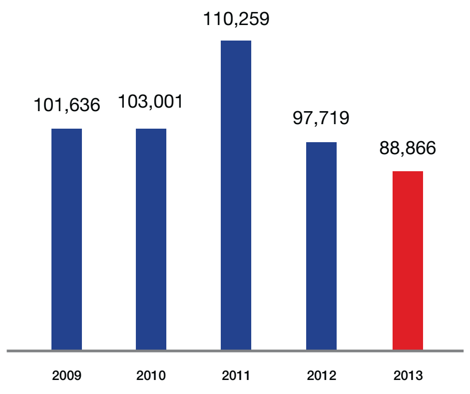
Inaugurates the Gulf Specialty Steel Industries Plant for the manufacture of galvanized steel wires in Oman

FINANCIAL HIGHLIGHTS

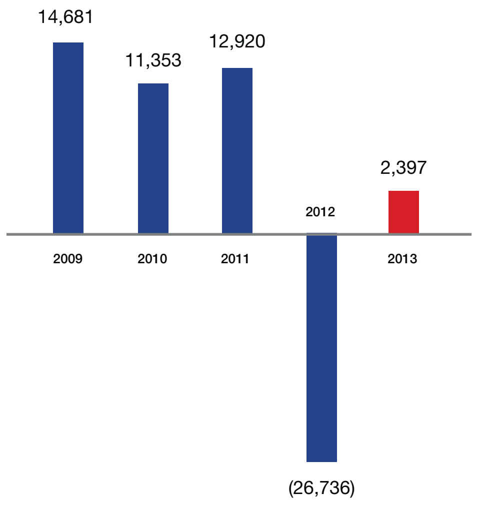
GEOGRAPHICAL SEGMENT ($'000)

	2013	2012	2011	2010	2009
SINGAPORE	53,150	61,679	58,860	73,504	78,611
SOUTH-EAST ASIA	10,673	13,394	9,306	12,042	11,473
EUROPE	7,537	16,298	33,241	4,237	4,048
EAST ASIA	10,726	4,537	2,876	3,539	3,434
MIDDLE EAST	4,585	1,554	3,826	6,088	3,647
OTHER	2,195	257	2,150	3,591	423
TOTAL	88,866	97.719	110,259	103,001	101,636

TURNOVER ($'000)



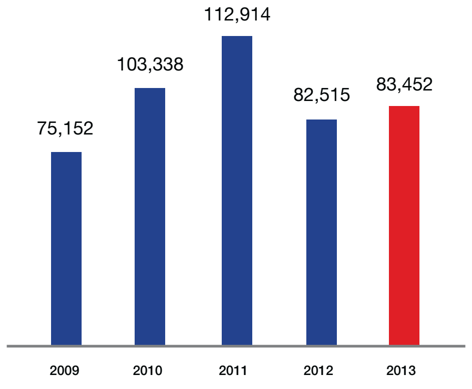
PROFIT# / NET(LOSS) ($'000)



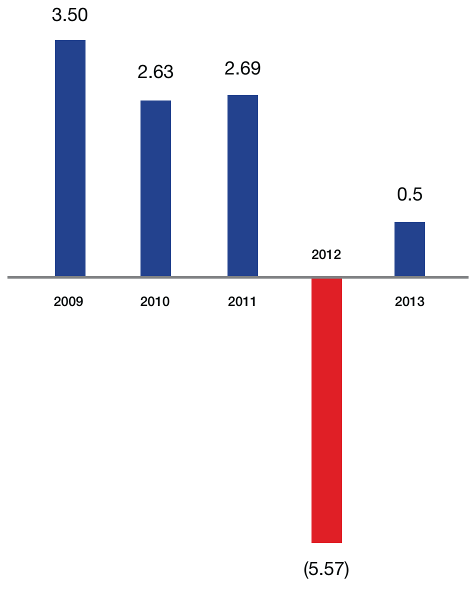
SALES BREAKDOWN BY PRODUCTS ($'000)

	2013	2012	2011	2010	2009
SUPPLY CHAIN MANAGEMENT	54,751	63,434	62,020	66,796	85,427
MANUFACTURING	26,860	19,278	17,108	19,039	16,209
ENGINEERING SERVICES	7,255	15,007	31,131	17,166	-
TOTAL	88,866	97,719	110,259	103,001	101,636

SHAREHOLDER'S EQUITY# ($'000)



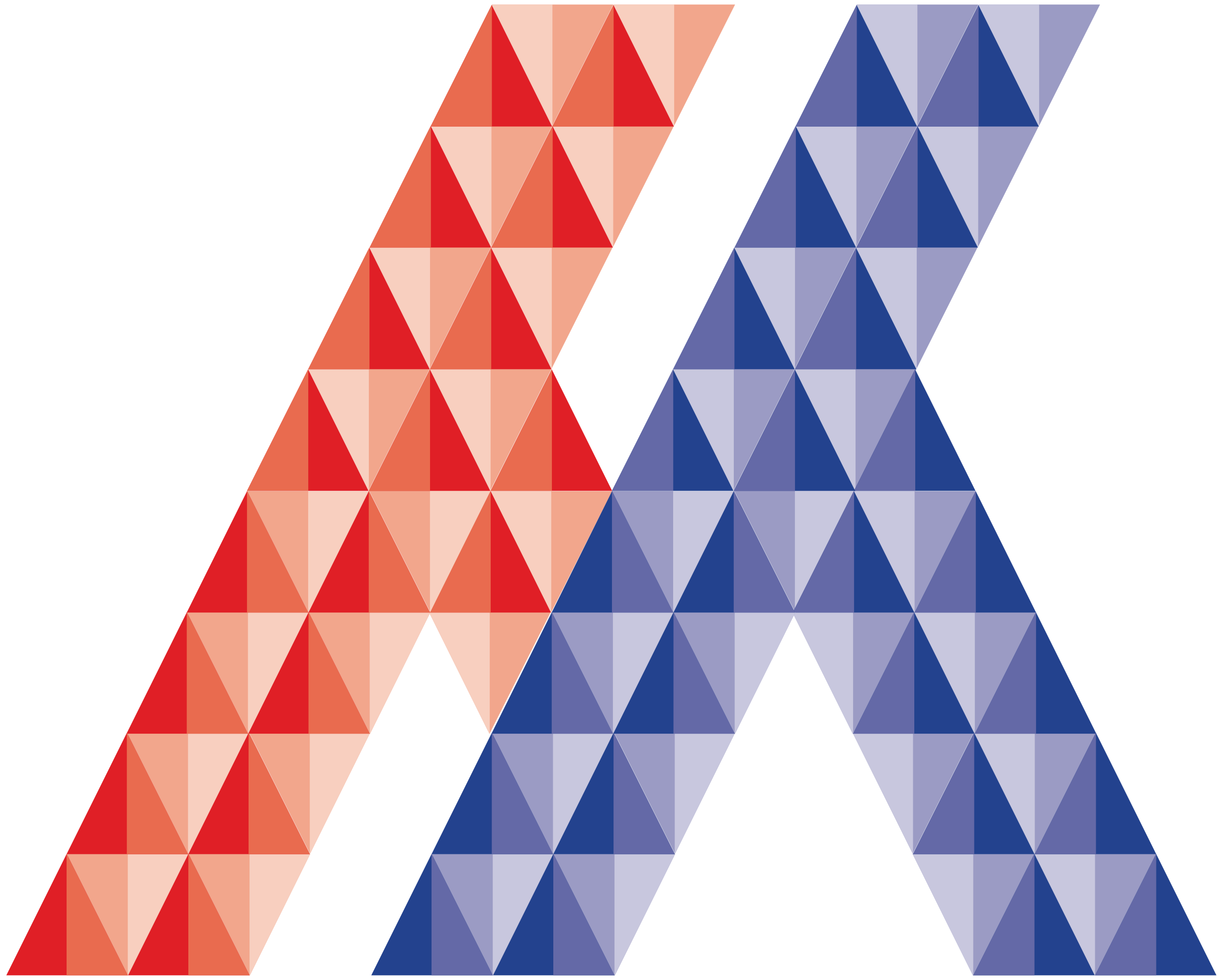
EARNINGS / (LOSS) PER SHARE* (CENTS)



Attributable to owners of the parent.
* EPS for 2010 have been calculated based on weighted average number of ordinary shares of 432,000,000 adjusted for 60,000,000 new shares issued in the capital of the company on the Taiwan Stock Exchange on 20 October 2010.

Established in Singapore since 1965, BH Global has expanded from strength to strength. With added capabilities and growth opportunities from its investments and acquisitions, the Group provides a unique platform to integrate and deliver value-added services for their clients in the region and across the globe.

TRANSFORM {从}



CHAIRMAN STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS, IT GIVES ME GREAT PLEASURE TO ADDRESS AND PRESENT TO YOU THE ANNUAL REPORT OF BH GLOBAL CORPORATION LIMITED ("BH GLOBAL", "明辉环球企业" OR THE "GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 ("FY2013").

Dear Shareholders,

LOOKING AT FY2013: BACK IN THE BLACK

I would like to start off by saying that our overall performance for FY2013 has been encouraging, in light of recent events and the slowdown in the marine industry. I say this because despite our revenue suffering from a slight dip of 9% to S$88.9 million, we are now back in the black with our net profit for continuing operations standing at S$3.2 million, as we have successfully turned around the Group with our continuing operations. Though we are still affected by the industry conditions and our discontinued operations, I am pleased with the team that we have assembled here, as turning the situation around in the short time span of a year is a very laudable effort.

BUSINESS UPDATES

In FY2013, we made a conscious decision to undergo a corporate rebranding exercise, to reflect our status as a modern, forward looking Group with interests in other industries aside from our core businesses in the marine industry. The rebranding exercise culminated with the change of our Group's name from BH Global Marine to BH Global Corporation, and we now adopt a cleaner, sleeker logo to represent the Group.

FY2013 has been nothing short of a challenge for everyone involved in BH Global. We have been involved in a few incidents involving our operations in Batam, of which I am sure has led to some concern among our shareholders. As Chairman of the Group, I would like to take this opportunity to assure our shareholders that everything that can be done is being done to ensure that these matters are resolved to the best interest of the Group and in the shortest time practical. I believe that our efforts are paying off and it is progressively being reflected in our financials.

Moving on, FY2013 was also a great platform for us to continue showcasing our capabilities despite being burdened by matters abovementioned. In FY2013, the Group once again demonstrated its ability to win major contracts as we secured several notable contract wins.

FY2013 also marked a major milestone in the history of the Group as we successfully inaugurated our galvanized steel wire plant in Oman. In a ceremony graced by the Under-Secretary of the Ministry of Oil and Gas and Chairman of Oman Oil Company, H.E Nasser bin Khamis al Jashmi, the inauguration of Gulf Specialty Steel Industries Plant (GSSI) was celebrated at Sohar Industrial Estate. GSSI is a joint venture between BH Global Corporation Ltd (Global Steel Industries Pte Ltd), Singapore and Takamul Investment Company SAOC, Oman and will have the capacity to produce 60,000 metric tonnes (MT) of galvanized steel wires annually. This will be used in the manufacture of underground electrical cables and will be marketed locally, regionally and internationally. The plant, which will be made up of a 70% Omani workforce, has the potential to ramp up its production capacity to 200,000 MT annually, depending on the progress of the market demands. It is very exciting for BH Global to play a role in participating in the growth of the Omani economy.

For our LED business, we are also engaged in final discussions with our joint venture partner to embark on expansion plans. We are confident that our operational capabilities remain excellent even in tough times and we will strive to maintain our standards.

TIDES SLOWLY TURNING

The marine industry is showing early signs of a possible upturn in the current tough conditions. The offshore oil & gas industry however, continues to be resilient given the robust drilling and exploration activities taking place around the world. However, global macro uncertainties continue to plague the industry. The Baltic Dry Index continues to suffer from a weakness in commodity demand as mining firms in Australia and Brazil face challenges, as well as the implementation of tighter export rules in Colombia and restrictions in ore exports from Indonesia. We are taking bold but cautious steps to ensure that the Group will emerge as a stronger entity.

The Group's vertical integration strategy to branch into both downstream (Manufacturing) and upstream (Engineering Services) in 2010/2011 has enabled us to tap on different pockets within the value chain and enhance the Group's ability to provide turnkey services to our customers.

Our Supply Chain Management Division will continue to remain focused on expanding our network in the region as we believe that this will put us in a first mover position when the industry recovers in due time while our Manufacturing Division, in particular the marine switchboards segment, has also completed the delivery of several major orders in FY2013.

REWARDING SHAREHOLDERS

I would also like to take this opportunity to extend my appreciation on behalf of the Group to our shareholders who have continued to stand by us throughout the events of the past year.

We are pleased to propose a first and final cash dividend of 0.5 Singapore cents per ordinary share (one-tier tax exempt) for FY2013 to reward our shareholders, in line with our dividend rate given out in FY2012.

Finally, I would also like to express my sincerest gratitude and appreciation to our board of directors, management team, employees, customers, vendors and other stakeholders for their continuous support.

BH Global is truly honoured to have your support!

Thank you!

Alvin Lim Hwee Hong
Executive Chairman

CEO'S OPERATIONAL AND FINANCIAL REVIEW

THE GROUP'S REVENUE DIPPED SLIGHTLY BY 9% FROM S$97.7 MILLION IN FY2012 TO S$88.9 MILLION IN FY2013, DUE LARGELY TO A DROP IN REVENUE CONTRIBUTION FROM THE ENGINEERING SERVICES DIVISION AND THE SUPPLY CHAIN MANAGEMENT DIVISION.

GROUP OVERVIEW

Singapore continues to be the strongest performer for the Group, contributing S$53.2 million or 60% to the Group's revenue in FY2013. Revenue derived from South-East Asia and East Asia grew 19% y-o-y to S$18.8 million in FY2013. Revenue from Oman and the Middle East surged by 195% as Oman became a contributor to Group revenue for the first time in FY2013 while the contribution from Other Countries also surged 123%. The increased revenues from other markets are in line with the Group's strategy to expand our geographical footprints beyond Singapore.

For FY2013, the Group's gross profit increased by 33% from S$19.5 million to S$26.0 million while our gross profit margins also improved from 20% to 29%. This is due mainly to the depreciation of US Dollar against Singapore Dollar and cost overrun of a major project by the Engineering Services Division in FY2012.

The Group's operating expenses comprises mainly selling & distribution and administrative expenses. The higher selling & distribution expense is due mainly to higher manpower and marketing expenses in Supply Chain Management and Manufacturing Divisions offset by a write back of provision of doubtful debts. The lower administration expense in FY2013 is due mainly to the provision for a fair value adjustment of contingent consideration in a business combination and impairment of goodwill arising from consolidation in FY2012.

The Group concluded FY2013 with a net profit from continuing operations of S$3.2 million, compared to a loss of S$2.7 million in FY2012. Taking into consideration the accounts of the Group's discontinued operations, the Group would have made a net profit attributable to shareholders of S$2.4 million.

CEO'S OPERATIONAL AND FINANCIAL REVIEW
(Cont'd)

SEGMENTAL OVERVIEW

SUPPLY CHAIN MANAGEMENT

The Group's Supply Chain Management Division distributes a wide spectrum of marine and offshore electrical products like premium lighting systems, cables, consumables and other electrical equipment from more than 300 renowned international principals. With an inventory of close to S$29.1 million as at 31 December 2013, consisting of more than 10,000 product line items housed in the Group's more than 200,000 square feet of warehousing facility, the Division is able to serve over 1,200 local and international customers which include ship chandlers, ship owners, ship management companies, shipyards operators and ship repair contractors.

The Supply Chain Management Division continues to be the Group's core business unit and contributed 62% to the Group's revenue in FY2013. Revenue from this division dipped 14% to S$54.8 million in FY2013 (FY2012: S$63.4 million), of which marine cables and accessories contributed 70%, marine lighting equipment and accessories 19% and others 12%.

MANUFACTURING

The Manufacturing Division is split into two sub-divisions: Marine Switchboards & Services and Galvanized Steel Wire.

The Manufacturing division contributed S$26.9 million in FY2013 (FY2012: S$19.3 million), representing about 30% of the Group's revenue. Marine Switchboards & Services contributed S$21.3 million or 79% to the division's revenue in FY2013 while Galvanized Steel Wire contributed S$5.6 million or 21% to the division's revenue in FY2013. The increase in revenue from marine switchboards is due to the delivery of several major orders in second half of FY2013 while the increase in revenue from galvanized steel wire is due mainly to the commencement of production of galvanized steel wire in Oman in 4Q2013.

ENGINEERING SERVICES

Engineering Services was initiated in FY2010 to provide turnkey installation services for fire and gas, safety and security systems and other marine sub-contracting businesses targeted at new build, repairs and retrofitting projects. This Division also specialises in engineering, procurement and construction management ("EPCM") and front end engineering design ("FEED") for electrical, instrumentation and telecommunications ("EIT") systems for onshore and offshore facilities.

Revenue contribution from the Engineering Services has declined by 52% to S$7.3 million in FY2013, representing approximately 8% of the Group's revenue in FY2013. The decrease in revenue is due to the absence of significant orders in 1Q2013 and lower revenue recognized from two major projects which commenced in 2Q2013 and 3Q2013 respectively

FINANCIAL POSITION

The Group's total assets were S$156.6 million as at 31 December 2013, down 8% y-o-y from the previous year. Current assets are currently worth S$98.0 million, down 22% y-o-y. This was primarily due to a decrease in the amount due from customers on construction contracts as a result of certain unbilled work-in-progress from the Engineering Services Division and Discontinued Operations being delivered and billed in the year.

As at 31 December 2013, Group inventories decreased by $3.4million from $44.4million to $41.0million. The decrease in inventories is due mainly to an increase in the provision for inventories obsolescence in Supply Chain Management and 2 major projects in Discontinued Operations being completed and delivered. The Group's trade receivables also decreased by $9.5million from $39.4million to $29.9million for the year due mainly to collections from customers of major completed projects and lower revenue from Engineering Services Division and Discontinued Operations.

As at 31 December 2013, the Group's total liabilities decreased by 13% y-o-y to S$74.2 million. Trade payables decreased by $7.3million from $23.9million to $16.6million due mainly to the repayment of trade payables from the proceeds of completed projects from Engineering Services Division and Discontinued Operations.

The decrease in other payables is also due mainly to the write back of certain expenses which are no longer necessary and reclassification of advance payment from customers to revenue upon the delivery of products as well as repayment to suppliers for the acquisition of property, plant and equipment for the galvanized steel wire plant of Manufacturing Division. The Group concluded FY2013 with a net gearing ratio of 39%.

CONCLUSION

The Group is taking active steps to resolve all the outstanding matters involving our Batam subsidiary, including the divestment of its remaining assets and closure of its operations. Moving forward, we will enforce tighter monitoring and controls in project execution at subsidiary levels.

We believe that we have learnt valuable lessons during the year and we look forward to utilizing this added experience to ensure that the coming future will be a brighter one.

Vincent Lim Hui Eng
Chief Executive Officer

FINANCIAL CALENDAR

2013

2 March
FY 2012 Full year results announcement
(with analysts briefing)

25 APRIL
1Q 2013 results announcement

30 APRIL
Annual General Meeting

31 MAY
Payment of dividend
(Subject to Shareholders' approval at AGM)

31 JULY
2Q 2013 results announcement
(with analysts briefing)

30 OCTOBER
3Q 2013 results announcement

2014*

28 FEBRUARY
FY 2013 Full year results announcement
(with analysts briefing)

15 APRIL
Annual General Meeting

9 MAY
Payment of dividend

14 MAY
1Q 2014 results announcement

31 JULY
2Q 2014 results announcement
(with analysts briefing)

30 OCTOBER
3Q 2014 results announcement

* Dates stated may subject to change

CORPORATEINFORMATION

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

Pan Mi Keay
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.)
80 Robinson Road #02-00
Singapore 068898

INDEPENDENT AUDITOR

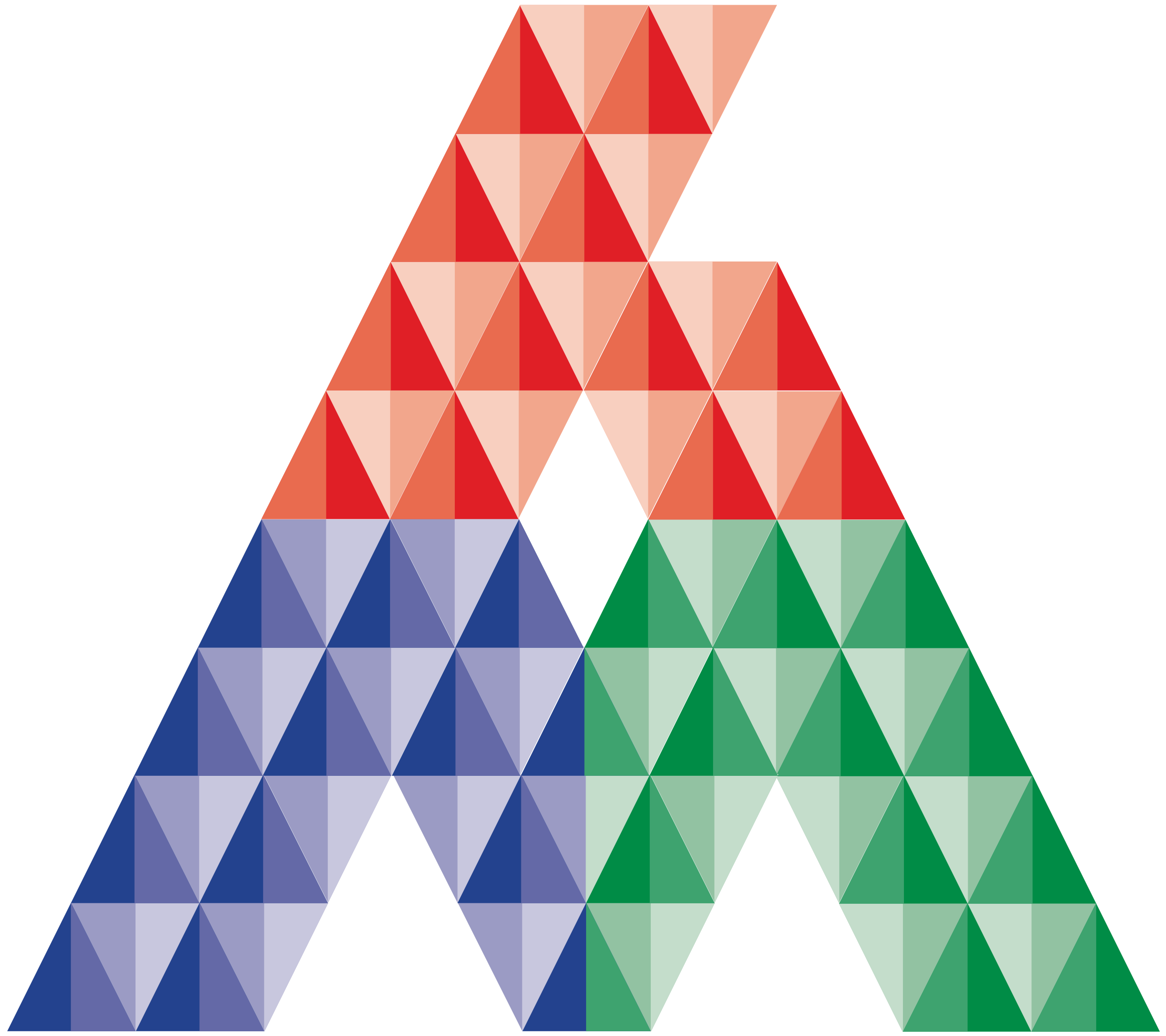
Baker Tilly TFW LLP
Certified Public Accountants
15 Beach Road #03-10 Beach Centre
Singapore 189677
Partner-in-charge: Joseph Toh Kian Leong*
(a member of the Institute of Certified Public Accountants of Singapore)
*Appointed in financial year 2010

REGISTERED OFFICE

8 Penjuru Lane
Singapore 609189
Registration Number: 200404900H

With Teamwork as one of its core values, BH Global believes in being passionate and focused on competency, but at the same time, being cooperative and communicating with one another.

TEAMWORK {众}



BOARD OF DIRECTORS

MR 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 29 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.

MR 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 our Group's strategic business planning and development. Vincent Lim Hui Eng is also overseeing the sales and procurement functions within our Group. He has more than 26 years of working experience, all of which has been in the supply chain management of marine electrical industry. Prior to joining our Company, he was an executive director of BHET from 1987 to 2003. Since 1994, Vincent Lim has been an executive director of SMSEA.

MR PATRICK LIM HUI PENG
Chief Operating Officer

Patrick Lim Hui Peng graduated from Ngee Ann Polytechnic with a Diploma in Electrical and Electronic Engineering in the year 1986. Prior to joining the marine business in 1992, Patrick Lim Hui Peng served in the Navy as chief technician for Underwater Systems from 1986 to 1992. Patrick Lim Hui Peng has over 20 years of experience in electrical business for the Marine & Offshore industries. He is the Chief Operating Officer of BH Global Corporation Ltd since 2008, and serves on the board of BH Global Corporation Ltd since 2005. Patrick Lim Hui Peng is in-charge of the Group's strategic operations and planning for the growth of the Group's businesses in various divisions – Supply Chain Management, Manufacturing and Engineering Services. Together, the three divisions synergized for growth by leveraging on collective expertise and market networks. This helps to create a platform for BH Global to be the market leader against competitions.

MR LOH WENG WHYE
Lead Independent Director

Loh Weng Whye was appointed as an Independent Director of our Group on August 3 2005 and further appointed as the Lead Independent Director in February 2007. He is a veteran in energy/power industry and infrastructure development in Singapore and the region, with over 40 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 development, management and commissioning of power projects worth more than S$3 billion. He was also the founding General Manager (Projects) of Tuas Power Ltd. Mr Loh was formerly President/CEO of ST Energy Pte Ltd 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, Mr Loh also sits on the boards of several other Singapore and overseas corporations, including XinRen Aluminum Holdings Ltd (SGX mainboard-listed), Layar Positif Sdn Bhd (Malaysia) and Moral Home for the Aged Sick Limited etc. He also holds advisory appointments in external councils and charity organizations. He sat on the mechanical and production engineering advisory/consultative committees of NUS and NTU for many years. Holding MSc.(Ind. Engg.) and BEng.(Mechanical) degrees, he is a Professional Engineer, Singapore(Er.), a Member of the Singapore Institute of Directors (MSID) and was elected a Fellow of the Institution of Engineers, Singapore (FIES) in 1995.

MR 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. He is also an independent director on the boards of Popular Holdings Limited and Jasper Investments Limited. He holds a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Fellow Chartered Accountant of Singapore and a member of the Singapore Institute of Directors.

MR 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.

KEY MANAGEMENT

MR JOHNNY LIM HUAY HUA
Director, Logistics & Global Mobility - Import & Export Division

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 22 years of working experience, of which about 18 years is related to the marine electrical supply industry. Prior to joining our Company, he 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.

MS EILEEN LIM CHYE HOON
Director, Corporate Administration & Human Resource

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 27 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.

MR KEEGAN CHUA TZE WEE
Chief Financial Officer

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 has about 20 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 obtained his Bachelor of Accountancy (Honours) degree from The Nanyang Technological University in 1994 and is a member of the Institute of Singapore Chartered Accountants. In 2011, he was awarded the Best Chief Financial Officer of the year (companies with less than $300 million in market capitalization) at the Singapore Corporate Awards.

MR ANG CHENG SIEW
Managing Director
(Z-Power Automation Pte Ltd)

Ang Cheng Siew came on board as a Managing Director of Z-Power Automation Pte Ltd in 2009. He has more than 40 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 development. He also sail on board 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.

DR. STEVEN WONG
Chief Executive Officer
(Gulf Specialty Steel Industries LLC)

Dr. Steven Wong has been CEO of Gulf Specialty Steel Industries LLC ("GSSI") since November 2011. GSSI is a state-of-the-art manufacturing plant which manufactures 60,000 MT per annum of Special Steel Wires for the Electrical and Telecommunication Cable Industries and located at Sohar, Sultanate of Oman. Prior to that he has been the founder and managing director of Sky Holding Pte Ltd ("SKY") since 2003 before it became a subsidiary of the Group. SKY specializes in manufacturing and supplying of specialized steel wire to energy cable industry. He graduated with M.B,B.S (Rgn), MBA (USA), MSIM (Singapore) and FIMS (UK) and has 22 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.

MR SOH L.P. DION
Managing Director
(Oil & Gas Solutions Pte Ltd)

Soh L.P. Dion is co-founder and Managing Director of Oil & Gas Solutions Pte Ltd ("OGS") which was formed in 2010. He has been dynamically involved in the oil & gas industry for over 17 years, primarily in Offshore and Onshore Oil & Gas sector directly with the shipyards, field operators & owners. In 2000, Dion formed his own company to serve the offshore industry in Electrical & Instrumentation ("E&I") package as this niche service was identified by major oil companies as the competency shortfall during project hand-over, start up and operation. His success in mitigating the client risk of E&Iintegration and coordination services was recognised and over the years, his dynamic and energetic nature has also won over continual repeat customers whom had complete trust in company's competency in delivering quality and prompt project delivery. Under his leadership, OGS has nurtured into a company capable of providingan EPCM Solutions in Electrical, Instrumentation, Controls and Telecomsfor the offshore oil & gas sector.

MR TOMMY HO
Technical & Engineering Director
(Oil & Gas Solutions Pte Ltd)

Tommy Ho is the Technical & Engineering Director of Oil & Gas Solutions Pte Ltd. Graduated with a Degree and PHD in Physics from Concordia University and armed with over 27 years of EPC experience in the oil & gas sector primarily in the Offshore Oil & Gas industry. His broad experience with major Oil companies spectrum spans from Shell, Chevron, Exxon Mobil Inc. in the North & South America as well as major EPC such as Monenco and AMI Offshore Inc. In addition, his previous assignment includes Project Management, Project Steering member committee and Strategic business repositioning in USA, Brazil and Korea for an extensive period of time. He was allocated to Singapore since 2003 under new corporate reassignment prior jointly to set-up Oil & Gas Solutions Pte.Ltd., an Offshore Oil & Gas EIT solutions provider with BH Global and Mr Soh L.P. Dion in 2010, growing OGS into a reputable and international firm.

INVESTOR RELATIONS

Since its listing in 2005, the Group is committed to good corporate governance and remains dedicated to continuously improve on the communications with its shareholders and the investing community. Bagging the Best Investor Relations Award at the Singapore Corporate Award for four (4) consecutive years, from 2007 – 2010, best demonstrates the Group's commitment and dedication towards corporate disclosures and communications.

BH Global always strives to announce their financial results well within the regulatory timeline. BH Global will also make timely announcements to keep the investment community updated on the corporate activities and development.

BH Global hosts semi-annual results briefing with analysts, funds and retail traders, highlighting to the attendees the business model and operations, investment merits and also sharing with them financial highlights and business outlook. Over the past year, the regular semi-annual results briefing was conducted and this also included timely updates about BH Global's activities and development.

To allow investors to have a better picture of the Group's business, BH Global arranges regular plant visits to their facility at 8 Penjuru Lane, giving visitors a full tour of the showroom, warehouse and facilities.

The management also participates actively in media supplements and engages the investment community by speaking to the financial media. Mainstream media that have featured BH Global includes Straits Times, Business Times, Lianhe Zaobao and the Edge, as well as online media and trade publications.

GOING FORWARD, THE BOARD OF DIRECTORS WOULD LIKE TO REAFFIRM THEIR COMMITMENT TO MAINTAINING A HIGH LEVEL OF TRANSPARENCY TO SHAREHOLDERS AND THE INVESTING COMMUNITY.

HUMAN RESOURCE

At BH Global, we believe that developing a strong talent pool and being able to retain them simultaneously is the key to our success in driving the Group's growth. To empower the young to become responsible and competent leaders of tomorrow, we believe that education is an integral component. In achieving this, BH Global has invested incessantly in human capital with a range of training and development programs, welfare and healthcare program (WHP) and teambuilding activities.

EMPLOYEE DEVELOPMENT: During the year, we provide training and development programs tailor-made for every level of our staffs which are relevant to both employee and business needs. The trainings are aimed to broaden their skill sets in all aspects such as finance, accounting, technical and operational, whilst we also attempt to groom future leaders via programs such as talent management workshop and leadership training.

BH Global also organized a 6-star EQ workshop, bringing participants on a learning journey of 6 vital attributes: love, filial piety, loyalty, responsibility, gratitude, persistence through team building games and lectures. The BH Global management hopes to foster teamwork and collaboration within teams, whilst improving the mentality of employees and increasing the sense of responsibility and sense of belonging towards their colleagues and the Company.

WELLFARE AND HEALTH PROGRAMS: At BH Global, we are consistently engaging employees to make good decisions and better manage their health. Apart from organizing health talks and workshops periodically on diets, cancer prevention and stress management, we are also concerned in making BH Global a safe and ergonomic place to work.

TEAM BUILDING: Regular departmental team building activities are held with the purpose of fostering a stronger team spirit and promoting good camaraderie while improving communication between all levels of employees. In 2013, we marked the 25th anniversary of Beng Hui Marine Electrical Pte Ltd with a 2D2N Star Cruise trip to reward all staff for their hard work. Long service awards were also given out during the trip as recognition and appreciation of the contributions that these veterans have given to BH Global. Team building games were also conducted on board and the BH Global team spent the majority of the trip indulging in joyous laughter.

Aside from the cruise trip, BH Global also organizes quarterly Happy Hour gathering and monthly birthday celebration to promote comfortable interaction in the workplace.

WE WILL CONTINUOUSLY REVIEW OUR LEARNING AND DEVELOPMENT PLANS, AND TAKES ACTIVE STEPS TO ENSURE THAT TRAININGS, PROGRAMS AND ACTIVITIES REMAIN RELEVANT FROM YEAR TO YEAR.

CORPORATE SOCIAL RESPONSIBILITY

CONTRIBUTIONS TO COMMUNITY

BH Global is a consistent contributor to Corporate Social Responsibility ("CSR") as we recognize the importance in building strong relationships with our stakeholders and supporting the communities in which we operate.

Our commitment to being a good corporate citizen is a collective group effort. We strongly encourage our people to participate in our initiatives and we will gradually embed these meaningful causes as part of our corporate culture. BH Global has committed itself to seeking meaningful ways in making positive differences to the community by directing its CSR initiatives in the areas of education and community development through volunteerism and monetary donations.

In 2013, BH Global continued its tradition of organizing and participating in the "Back-to-School" event, in collaboration with Jalan Besar CC and Woodlands CC. "Back-to-School" is a semi-annual event that is organised by non-profit organisations to assist students from lower-income family to select and purchase stationeries and assessment books, in preparation for their new semesters. 2013 marks the fourth year that BH Global has participated in this event and it is through our participation in this event that allows us not only to bond with fellow colleagues, but also provide an opportunity to give back as we often forget how fortunate we are. BH Global teamed up with local community centres and sponsored breakfast coupons, Popular Bookstore cash vouchers, transportation, etc for the event. Over 30 employees were actively involved in facilitating more than 200 students with their purchases, bringing wide smiles to the faces of underprivileged children

This year, BH Global also celebrated Parents' Day in conjunction with Jalan Besar CC. Armed with big hearts and a great deal of compassion, the BH Global group of volunteers made Parents' Day an even more special occasion for the elderly. Bonding with the elderly over a sumptuous buffet spread and engaging in conversation often sprinkled with laughter, the BH Global volunteers brought joy to the oft-neglected members of our society.

THE GROUP WILL CONTINUE TO MAKE POSITIVE DIFFERENCES TO THE COMMUNITY THROUGH MEANINGFUL INITIATIVES.

CORPORATE GOVERNANCE REPORT

The Group is committed to achieving and maintaining high standards of corporate governance. The Group has substantively complied with the recommendations of the revised Code of Corporate Governance 2012 ("Code"), issued on 2 May 2012, 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 Exchange Securities Trading Limited's requirements that issuers describe its corporate governance practices with specific reference to the Code in its annual reports.

Principle 1: The Board's conduct of 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 announcement 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 statutory 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) board committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). More information on these committees is set out below. The Board accepts that while these board 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 48 in this Report. Ad-hoc meetings are held to discuss urgent matters. Article 110 of the Company's Articles of Association allows for participation in board meetings by means of telephone conference or any other similar communications equipment.

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, communications with regulatory authorities and shareholder matters.

Guideline 1.6 of the Code: Directors to receive appropriate training

All Directors are regularly updated by Management and the Corporate Secretary 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.

CORPORATE GOVERNANCE REPORT (cont'd)

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 board committees, namely, the NC, AC, RC and RMC whose functions are described below. The Board has been able to exercise objective judgment independently from Management and 10% shareholders and no individual or small group of individuals dominate the decisions of the Board.

Guidelines 2.1 and 2.2 of the Code: At least half of directors to be independent where the Chairman and CEO are immediate family members

The Board considers an independent director as one that has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. Under this definition, half of the Board is considered independent.

Guideline 2.3 of the Code: Definition of independent director

All three non-executive Directors will have served on the Board beyond nine years effective from 3 August 2014, however, based on NC's assessment of the independence of each of the non-executive Director, NC is of the view that all three non-executive Directors are able to exercise independent and objective judgement and there are no relationship or circumstances which affect their judgement and ability to discharge their responsibilities as independent directors.

Guideline 2.4 of the Code: Any director who has served more than 9 years should be subject to rigorous review

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 28 and 29 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

Guidelines 2.5 and 2.6 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. The non-executive Directors do confer at least once a year and whenever necessary to discuss issues without the presence of Management.

Guidelines 2.7 and 2.8 of the Code: Role of NEDs and regular meetings of NEDs.

CORPORATE GOVERNANCE REPORT (cont'd)

As at 31 December 2013, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of appointment
Alvin Lim Hwee Hong	Chairman	23.04.2004	30.04.2013	Executive/Non-independent
Vincent Lim Hui Eng	Director	23.04.2004	30.03.2011	Executive/Non-independent
Patrick Lim Hui Peng	Director	23.04.2004	24.04.2012	Executive/Non-independent
Loh Weng Whye	Director	03.08.2005	24.04.2012	Non-executive/ Independent
David Chia Tian Bin	Director	03.08.2005	30.04.2013	Non-executive/ Independent
Winston Kwek Choon Lin	Director	03.08.2005	30.03.2011	Non-executive/ Independent

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, since February 2007, appointed Mr Loh Weng Whye as Lead Independent Director. Non-executive and independent Directors comprise half of the number of directors on the Board.

Guideline 3.3 of the Code: Appointment of LID where Chairman and CEO are immediate family members

CORPORATE GOVERNANCE REPORT (cont'd)

Principle 4: Board Membership
Principle 5: Board Performance

The NC comprises the following Directors:-

Guideline 4.1 of the Code: NC to comprise at least three directors, majority of whom are independent, including the Chairman. The lead independent director should be a member.

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

Save for Mr Vincent Lim Hui Eng, the other members of the NC are non-executive and independent Directors. Mr Loh Weng Whye is our lead independent director.

The NC's key terms of reference, describing its responsibilities, include:-

Guideline 4.2 of the Code: NC to make recommendations to the Board.

(a) Reviewing and recommending the appointment and re-election of the Directors having regard to the Director's contribution and performance, including attendance, preparedness and participation;

(b) Determining on an annual basis whether or not a Director is independent in accordance to the Code;

(c) Reviewing the training and professional development programs for the Board;

(d) Reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director; and

(e) Deciding on how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval by the Board.

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 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 almost all of the Board and Committee meetings. The NC is also of the view that Directors with multiple board representations and other principal commitments, have also ensured that sufficient time and attention are given to the affairs of each company. As a director's ability to commit time to the Group's affair is essential for his contribution and performance, the NC has determined that the maximum number of listed company board representations which each of the Director of the Company may hold is five (5) and all Directors have complied with the set limit.

Guideline 4.4 of the Code: NC to decide if a director is able to and has been adequately carrying out his duties as a director.

The Board does not encourage approving the appointment of alternate directors except in exceptional cases. If an alternate director is appointed, the alternate director should be familiar with the Group's affairs and be appropriately qualified.

Guideline 4.5 of the Code: Appointment of alternate dirctors

CORPORATE GOVERNANCE REPORT (cont'd)

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-election by shareholders.

The NC selects and recommends the appointment and re-appointment of new directors to the Board after assessing the candidates' qualifications, attributes and past experience. The candidates' independence, expertise, background and right skills will also be considered before the NC interviewed the shortlisted candidates and makes its recommendations to the Board after the interviews. This is to ensure a balanced board and improve its overall effectiveness.

Guideline 4.6 of the Code: Process for selection, appointment and re-appointment of new directors.

Key information of each director is set out on pages 28 to 29 of this Annual Report.

Guideline 4.7 of the Code: Key information regarding directors.

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

Guideline 5.1 of the Code: Assesssment of the Board and its board committee.

Principle 6: Access to Information

With few exceptions, the Board is provided with adequate and timely information prior to Board meetings and on an on-going basis and 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.

Guidelines 6.1 and 6.2 of the Code: Management obliged to provide Board with adequate and timely information and include board papers and related materials, 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 Board Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

Guidelines 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 the Board and Senior Management in ensuring that the Company complies with rules and regulations which are applicable to the Company.

CORPORATE GOVERNANCE REPORT (cont'd)

BOARD COMMITTEES

Principle 7: Remuneration Matters / Procedures for Developing Remuneration Policies

The RC comprises entirely of non-executive Directors, all of whom, including the Chairman, are independent:

Guidelines 7.1, 7.2 and 7.3 of the Code: RC to consist entirely of NEDs; majority of whom, including RC Chairman, must be independent & RC to recommend remuneration of directors and CEO, and to review remuneration of key management personnel and to seek expert advice, if necessary

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

The RC's key terms of reference, describing its responsibilities, include:-

(a) To recommend to the Board all matters relating to remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel;

(b) To review and ensure that the level and structure of remuneration of the Directors and key management personnel should be aligned with the long-term interest and risk policies of the Company;

(c) To structure a significant and appropriate proportion of executive directors' and key management personnel's remunerations so as to link rewards to corporate and individual performance and to such remunerations should be aligned with the interests of shareholders and promote the long-term success of the Company; and

(d) To review and ensure the remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the directors and they should not be over-compensated to the extent that their independence may be compromised.

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, where necessary, when a major remuneration review is conducted.

CORPORATE GOVERNANCE REPORT (cont'd)

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.

Guideline 8.1 of the Code: Align remuneration with corporate and individual performance and interests of shareholders and promote long term success of the Company.

The payment of directors' fees is subject to the approval of shareholders. Factors such as level of contribution, effort and time spent, and responsibilities of the non-executive Directors are considered when determining the level of their fees.

Guideline 8.3 of the Code: Remuneration of NEDs should be appropriate, taking into account their contribution, effort, time spent and responsibilities

New service contracts for the Executive Chairman, Chief Executive Officer and Chief Operating Officer for a fixed period of two years were established after a major review conducted in late 2008 by the RC with consultation from external consultants on the original executive Directors' service contracts disclosed in the IPO Prospectus. The new service agreements were put into effect from 1 January 2009. The Board extended their service contracts until 31 December 2011 while a review was being conducted by the RC. Subsequently, on 1 January 2012, after completion of the review, the Company entered into new 2-year service contracts with the Executive Chairman, Chief Executive Officer and Chief Operating Officer. The contracts have expired since 31 December 2013 and on 1 January 2014, a new 2-year service contracts have been entered. As stipulated in the latest service contracts, the RC is responsible for reviewing the compensation commitments in the event of an early termination.

RC reviewed the annual assessments on the performance of members of senior management and their remuneration packages proposed, and recommended them to the Board for approval.

RC also reviewed the proposed bonus/incentives for the executive Directors and members of senior management. Bonus for the executive Directors were calculated based on profit performance as stipulated in their respective service contracts.

CORPORATE GOVERNANCE REPORT (cont'd)

Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year 31 December 2013 are as follows:

Guidelines 9.1, 9.2, 9.3 and 9.4 of the Code: Disclosure of directors' remuneration,top 5 executives of the Company in bands of $250,000 and immediate family members of a director or the CEO whose remuneration exceed $50,000 per annum

Name of Directors	Salary	Bonus / Profit-Sharing	Fees
Below S$250,000			
Mr Loh Weng Whye	-	-	100%
Mr David Chia Tian Bin	-	-	100%
Mr Winston KwekChoon Lin	-	-	100%
S$250,000 to S$499,999			
Mr Alvin Lim Hwee Hong	87%	-	13%
Mr Vincent Lim Hui Eng	87%	-	13%
Mr Patrick Lim Hui Peng	87%	-	13%

For competitive reasons, the Company is only disclosing the bands of remuneration for each Director.

The remuneration of the Top Seven (7) Key Executives for the financial year 31 December 2013 are as follows:

Name of Key Executives	Salary	Bonus	Fees
Below S$250,000			
Mr Ang Cheng Siew	71%	22%	7%
Mr Dion Soh Long Ping	96%	-	4%
Mr Tommy Ho	100%	-	-
S$250,000 to S$499,999			
Mr Johnny Lim Huay Hua#	75%	15%	10%
Ms Eileen Lim Chye Hoon#	75%	15%	10%
Mr Keegan Chua Tze Wee	83%	17%	-
Dr Steven Wong	100%	-	-

Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon are the siblings of Mr Alvin Lim Hwee Hong, Mr Vincent Lim Hui Eng and Mr Patrick Lim Hui Peng. Apart from Mr Johnny Lim and Ms Eileen Lim, there were no other immediate family members of the Executive Directors, except Mr Ken Hing Kah Wah who is the spouse of Ms Eileen Lim Chye Hoon, employed by the Group whose remuneration exceed $50,000 per annum during the year.

The aggregate amount of the total remuneration paid to the Key Executives (who are not Directors or CEO) is $1,809,155 for the financial year ended 31 December 2013.

The Company has adopted a remuneration policy for staff comprising of a fixed (basic salary) and variable (bonus) components. The variable component is linked to the performance of the Company and individual.

Guideline 9.6 of the Code: Discouse on link between remuneration and performance.

CORPORATE GOVERNANCE REPORT (cont'd)

Principle 10: **Accountability of the Board and Audit**

The Board is responsible for providing a balanced 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 monthly management accounts.

Guidelines 10.1, 10.2 & 10.3 of the Code: Board's responsibility to provide balanced, understandable assessment of Company's performance and position on interim basis and management accounts.

The Board ensures that the financial statements are prepared according to applicable accounting policies and accounting standards as well as comply with other legislative and regulatory requirements.

Principle 11: Risk Management and Internal controls

The Audit Committee (AC) and Risk Management Committee (RMC) assist the Board in the oversight of risk management responsibilities, internal controls and governance processes.

The AC, with the assistance of the Internal Auditor ("IA"), periodically reviews the effectiveness of the Group's internal controls relating to finance, operational, compliance and information technology controls.

Risk Management

The Board has set up the RMC in 2010 which 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, with reference to compliance, enterprise risk management and internal controls. The primary responsibilities of the RMC include:

Guidelines 11.1 and 11.2 of the Code: Board to review adequacy of financial, operational and compliance controls and risk management policies and Board to comment on the adequacy of the internal controls

- Identifying, assessing, and managing the Group's risk including managing the Group's enterprise risk programme;
- Reviewing the effectiveness of internal controls and to implement changes where required;
- Ensuring compliance with statutory, regulatory requirements and the Group's policies and procedures; and
- Promoting awareness of the importance of risk management within the Group.

CORPORATE GOVERNANCE REPORT (cont'd)

The Group has implemented an Enterprise Risk Management System. An Enterprise Risk Assessment (ERA) has been carried out to form a "Risk Map" of the high priority business risks. Based on the Risk Map, measures were taken to address and monitor the top business risks.

Based on the Enterprise Risk Assessment, the Board is satisfied with the risk management process in place, and in its opinion, that the effectiveness and adequacy of the controls have been appropriately reviewed through the management and independent assurance provided by the Group's internal and external auditors.

Internal Controls

During the year, IA worked closely with Management to align its subsidiaries to the Group's internal control environment and compliance standards in order to strengthen the internal checks and balances.

The IA conducted periodic audits of its subsidiaries to review their key operations and business practices to ensure compliance with the Group's system of internal controls. Significant control issues were highlighted with recommendations provided by IA and remedial action were taken by Management. An Internal Control Self Assessment was conducted to assist the Board and Management to review the adequacy and effectiveness of the system of internal controls for the year under review.

Following the results of the Enterprise Risk Assessment and findings on the risks and system of internal controls made by both external and internal auditors as well as the Internal Control Self Assessment, the Board, with the concurrence of the AC, is generally satisfied that the system of internal controls and procedures is adequate and effective in achieving its objectives and addressing financial, operational and compliance risks. In respect of the issues pertaining to its subsidiary, PT BH Marine & Offshore Engineering, and as highlighted in announcements to the SGX dated 12 December 2012, 8 February 2013 and 2 March 2013, the Board has taken additional steps to tighten internal controls by re-organising its management. The re-organisation will ensure that all aspects of its operations, which are in process of being disposed, will be reported directly to the Board on a regular basis.

Guideline 11.3 of the Code: Board to receive assurance from CEO and CFO

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer:-

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and operating effectively.

CORPORATE GOVERNANCE REPORT (cont'd)

Principle 12: Audit Committee

The AC comprises:

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

The AC 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.

Guidelines 12.1 and 12.2 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 12.3 of the Code: AC to have explicit authority to investigate and have full access to management and reasonable resources

The AC's scope of work is governed by written terms of reference. Specifically, the AC meets on a periodic basis to perform the following functions:

Guideline 12.4 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 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;
(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 AC is also of the view that the scope of audit, experience levels of staff and quality of the audits are adequate. The AC also convened a meeting with the internal and external auditors without the presence of Management to discuss matters relating to the audits.

Guideline 12.5 of the Code: AC to meet internal and external auditors, without presence of management, annually.

CORPORATE GOVERNANCE REPORT (cont'd)

The AC, having reviewed all non-audit services provided by the external auditors, are satisfied that the nature and extent of such services would not affect the independence and objectivity of the external auditors.

Guideline 12.6 of the Code: AC to review independence of external auditors 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 Rules 712 and 716 of the Listing Rules of the Singapore Exchange Securities Trading Limited.

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 an external service provider to raise concerns about possible improprieties in matters of financial management and reporting or other matters. The policy encourages employees to identify themselves because appropriate follow-up enquiry or investigation may not be possible unless the source of information is identified. Concerns expressed anonymously will nevertheless be investigated, with due consideration given to:

Guideline 12.7 of the Code: AC to review arrangements for staff to raise possible improprieties to AC

(a) The seriousness of the issue raised;
(b) The credibility of the concern; and
(c) The likelihood of verification against known sources.

During the year, the whistle-blowing policy was reviewed and updated and widely disseminated to employees of the Group.

The AC members take measures to keep abreast of changes of accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the Group's external auditor.

Guideline 12.8 of the Code: AC to keep abreast of changes to accounting standards and issues

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. The 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 IA meets and has carried out its function according to 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 13.1, 13.2,13.3 and 13.4 of the Code: IA to report to AC chairman, and CEO administratively and is adequately resourced and staffed with persons with relevant qualifications and experience. The IA should carry out its function according to the standards set by nationally or 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.

CORPORATE GOVERNANCE REPORT (cont'd)

Principle 14 and 15: Shareholder Rights and Responsibilities

(a) Shareholder rights

It is the Group's culture to ensure that all shareholders are treated fairly and equitably to ensure their ownership rights are met. Timely and transparent disclosure are made to ensure all shareholders are informed of any changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

Guideline 14.1 of the Code: All shareholders are treated fairly and equitably

Shareholders are given the opportunity to attend and vote at general meetings. The rules, including voting procedures, that govern general meetings of shareholders are also clearly communicated.

Guideline 14.2 of the Code: Shareholders have opportunity to participate and vote at general meetings

(b) Communications with Shareholders

The Company has appointed an investor relation consultant, Financial PR Pte Ltd, to support the Group in facilitating communication with shareholders and the investment community. The Company also ensures that timely and adequate disclosure of information on matters of material impact or significance relating to the Group are made to shareholders of the Company through SGXNET and other information channels, 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.

Guidelines 15.1, 15.2, 15.3 and 15.4 of the Code: Company to regularly convey pertinent information on a timely basis

All quarterly and full year results announcements, annual reports, dividend declaration and notice of book closure are announced via SGXNET or issued within the prescribed period under Listing Manual.

Principle 16: Conduct of Shareholder Meetings

At general meetings, shareholders of the Company will be given the opportunity to present their views and to put questions regarding the Group to Directors and Management. 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.

Guidelines 16.1 and 16.3 of the Code: Shareholders have the opportunity to participate and vote at general meetings. Committee chairman and external auditors to be present at AGMs

The Articles of Association of the Company allows a member of the Company to appoint up to two proxies 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 its Articles of Association to allow votes in absentia. Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed.

Guidelines 16.4 and 16.5 of the Code: Companies encouraged to amend Articles to avoid imposing limit on number of proxies for nominee companies

CORPORATE GOVERNANCE REPORT (cont'd)

ATTENDANCE AT BOARD & COMMITTEE MEETINGS

The number of Directors' and board committees' meetings and the record of attendance of each Director during the financial year ended 31 December 2013 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	3	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(19) 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. The Officers of the Company are discouraged from dealing in the Company's securities on a short-term basis.

CORPORATE GOVERNANCE REPORT (cont'd)

Interested Person Transactions

The Company has set out the procedures for review and approval of the Company's interested person transactions.

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 31 December 2013 are stated in the table below:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Beng Hui Holding (S) Pte Ltd [(1)] Provision of software licences	$259,953	–
Techace Innovation Pte Ltd [(2)] Provision of information technology services	$110,912	–
Global Eduhub Pte Ltd [(2)] Rental of office premises	$378,438*	–

(1) controlling shareholder of the Company, Beng Hui Holding (S) Pte Ltd, in which the Directors, Messrs Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng together with their family members held an aggregate interest of 100%.

(2) subsidiaries of the controlling shareholder of the Company, Beng Hui Holding (S) Pte Ltd, in which the Directors, Messrs Alvin Lim Hwee Hong, Vincent Lim Hui Eng and Patrick Lim Hui Peng together with their family members held an aggregate interest of 100%.

* The rental agreement is for 3 years and $93,217 has been charged during FY2013.

The Audit Committee and the Board of Directors have reviewed the transactions and were satisfied that the terms were fair and reasonable and were not prejudicial to the interests of the Company and its minority shareholders.

Material Contracts

Save for the service contracts entered into between the executive Directors and the Company, the service agreements with Techace Innovation Pte Ltd and the rental agreement with Global Eduhub Pte Ltd as disclosed in this report, there were no other material contracts entered into by the Company or its subsidiaries, involving the interests of the CEO or any director or controlling shareholder either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors present their report to the members together with the audited consolidated financial statements of BH Global Corporation Limited (formerly known as BH Global Marine Limited) (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

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)
David Chia Tian Bin	(Independent Non-executive)
Winston Kwek Choon Lin	(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 companies 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			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2013	At 31.12.2013	At 1.1.2013	At 31.12.2013
The Company				
Alvin Lim Hwee Hong	3,928,690	3,928,690	286,675,600	286,675,600
Vincent Lim Hui Eng	3,828,690	3,828,690	286,675,600	286,675,600
Patrick Lim Hui Peng	3,828,690	3,828,690	286,675,600	286,675,600
Loh Weng Whye	215,000	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	–	–

DIRECTORS' REPORT (cont'd)

3 Directors' interest in shares or debentures (cont'd)

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2013	At 31.12.2013	At 1.1.2013	At 31.12.2013
Subsidiaries				
Z-Power Automation Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	1,610,000	1,610,000
Vincent Lim Hui Eng	–	–	1,610,000	1,610,000
Patrick Lim Hui Peng	–	–	1,610,000	1,610,000
Sky Holding Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	405,000	405,000
Vincent Lim Hui Eng	–	–	405,000	405,000
Patrick Lim Hui Peng	–	–	405,000	405,000
Sky Wire (HK) Limited				
(In the process of liquidation)				
Alvin Lim Hwee Hong	–	–	10,000	10,000
Vincent Lim Hui Eng	–	–	10,000	10,000
Patrick Lim Hui Peng	–	–	10,000	10,000
BH Marine & Offshore Engineering Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	300,000	300,000
Vincent Lim Hui Eng	–	–	300,000	300,000
Patrick Lim Hui Peng	–	–	300,000	300,000
Oil & Gas Solutions Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	750,000	750,000
Vincent Lim Hui Eng	–	–	750,000	750,000
Patrick Lim Hui Peng	–	–	750,000	750,000
Long Life Holding Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	1,600,000	1,600,000
Vincent Lim Hui Eng	–	–	1,600,000	1,600,000
Patrick Lim Hui Peng	–	–	1,600,000	1,600,000
PT. O & G Solutions				
(formerly known as PT. Long Life Marine Industries)				
Alvin Lim Hwee Hong	–	–	2,000	2,000
Vincent Lim Hui Eng	–	–	2,000	2,000
Patrick Lim Hui Peng	–	–	2,000	2,000
PT. BH Marine & Offshore Engineering				
Alvin Lim Hwee Hong	–	–	2,000	2,000
Vincent Lim Hui Eng	–	–	2,000	2,000
Patrick Lim Hui Peng	–	–	2,000	2,000

3 Directors' interest in shares or debentures (cont'd)

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.1.2013	At 31.12.2013	At 1.1.2013	At 31.12.2013
GL Lighting International Pte. Ltd.				
Alvin Lim Hwee Hong	–	–	210,000	225,000
Vincent Lim Hui Eng	–	–	210,000	225,000
Patrick Lim Hui Peng	–	–	210,000	225,000
PT. Dwi Utama Mandiri Sukses				
Alvin Lim Hwee Hong	–	–	250,000	250,000
Vincent Lim Hui Eng	–	–	250,000	250,000
Patrick Lim Hui Peng	–	–	250,000	250,000
Gulf Specialty Steel Industries LLC				
Alvin Lim Hwee Hong	–	–	2,182,800	2,182,800
Vincent Lim Hui Eng	–	–	2,182,800	2,182,800
Patrick Lim Hui Peng	–	–	2,182,800	2,182,800
Dalian Nautical Offshore & Marine Technologies Co., Ltd				
Alvin Lim Hwee Hong	–	–	525,000*	525,000*
Vincent Lim Hui Eng	–	–	525,000*	525,000*
Patrick Lim Hui Peng	–	–	525,000*	525,000*
BH Global Marine India Private Limited				
Alvin Lim Hwee Hong	–	–	50,000	50,000
Vincent Lim Hui Eng	–	–	50,000	50,000
Patrick Lim Hui Peng	–	–	50,000	50,000

* Represents capital injected in RMB.

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 2013, Beng Hui Holding (S) Pte Ltd holds 286,675,600 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 2014 were the same at 31 December 2013.

DIRECTORS' REPORT (cont'd)

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 and this report) 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 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(5) of the Singapore Companies Act. Their 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 nominated Baker Tilly TFW LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

7 Independent auditor

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

On behalf of the directors

Alvin Lim Hwee Hong
Director

Vincent Lim Hui Eng
Director

25 March 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 58 to 124 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards; 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
Director

Vincent Lim Hui Eng
Director

25 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BH GLOBAL CORPORATION LIMITED AND ITS SUBSIDIARIES

(Formerly known as BH Global Marine Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of BH Global Corporation Limited (formerly known as BH Global Marine Limited) (the "Company") and its subsidiaries (the "Group") as set out on pages 58 to 124, which comprise the statements of financial position of the Group and Company as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

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 about 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 judgment, 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 of financial statements that give a true and fair view 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, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 Group and Company as at 31 December 2013 and 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.

Report on the Financial Statements (cont'd)

Emphasis of matter

We draw attention to Note 11(d) to the financial statements. The auditor of a 51% owned subsidiary, Gulf Specialty Steel Industries LLC ("GSS"), has issued an emphasis of matter opinion in the auditor's report because as at 31 December 2013, GSS had accumulated losses of $7,259,449 and as of that date, its current liabilities exceeded its current assets by $24,236,488. GSS will be able to continue as a going concern only with the continuing financial support from its shareholders and the successful implementation of its business plan.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 TFW LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2014

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000
Continuing operations			
Revenue	3	**88,866**	97,719
Cost of sales		**(62,827)**	(78,172)
Gross profit		**26,039**	19,547
Other operating income/(expense)		**922**	(1,287)
Selling and distribution expenses		**(10,707)**	(7,963)
Administrative expenses		**(10,698)**	(10,758)
Finance costs	4	**(811)**	(675)
		4,745	(1,136)
Share of results of joint venture		**467**	479
Share of results of associated companies		**154**	(39)
Profit/(loss) before tax		**5,366**	(696)
Tax expense	5	**(2,204)**	(1,986)
Profit/(loss) from continuing operations, net of tax		**3,162**	(2,682)
Discontinued operations			
Loss from discontinued operations, net of tax	6	**(3,786)**	(32,702)
Loss for the year	7	**(624)**	(35,384)
Profit/(loss) attributable to:			
Equity holders of the Company		**2,397**	(26,736)
Non-controlling interests		**(3,021)**	(8,648)
		(624)	(35,384)
Earnings/(loss) per share (EPS)			
(expressed in cents per share)	9		
Basic - continuing operations		**1.19**	0.49
Diluted - continuing operations		**1.19**	0.49
Basic - discontinued operations		**(0.69)**	(6.06)
Diluted - discontinued operations		**(0.69)**	(6.06)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Group	
	2013	2012
	$'000	$'000
Loss for the year	**(624)**	(35,384)
Other comprehensive income:		
Item that is or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation, net of tax	**1,145**	(280)
Total comprehensive income/(loss) for the year	**521**	(35,664)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**3,340**	(26,751)
Non-controlling interests	**(2,819)**	(8,913)
	521	(35,664)

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2013

		Group		Company	
		2013	2012	**2013**	2012
	Note	**$'000**	$'000	**$'000**	$'000
Non-current assets					
Property, plant and equipment	10	**49,301**	35,521		–
Investment in subsidiaries	11	**–**	–	**13,880**	13,865
Investment in joint venture	12	**2,353**	2,214	**809**	783
Investment in associated companies	13	**6,612**	6,455	**6,235**	6,296
Deferred tax assets	14	**81**	198	**–**	–
Intangible assets	15	**227**	227	**49**	49
Total non-current assets		**58,574**	44,615	**20,973**	20,993
Current assets					
Inventories	16	**40,954**	44,421	**–**	–
Due from customers on construction contracts	17	**4,584**	14,627	**–**	–
Trade receivables	18	**30,169**	39,560	**–**	–
Other receivables	19	**2,966**	4,080	**24,419**	27,558
Cash and cash equivalents	21	**12,468**	14,429	**2,222**	78
		91,141	117,117	**26,641**	27,636
Disposal group assets classified as held for sale	6	**6,915**	8,551	**–**	–
Total current assets		**98,056**	125,668	**26,641**	27,636
Total assets		**156,630**	170,283	**47,614**	48,629
Non-current liabilities					
Deferred tax liabilities	14	**662**	115	**–**	–
Finance lease liabilities	22	**750**	–	**–**	–
Total non-current liabilities		**1,412**	115	**–**	–
Current liabilities					
Due to customers on construction contracts	17	**1,360**	41	**–**	–
Trade payables		**16,591**	23,926	**–**	–
Other payables	23	**8,991**	13,711	**479**	1,225
Provisions	24	**356**	634	**–**	–
Bank borrowings	25	**44,093**	45,050	**–**	–
Finance lease liabilities	22	**179**	4	**–**	–
Tax payable		**1,939**	2,569	**196**	–
		73,509	85,935	**675**	1,225
Liabilities directly associated with disposal group classified as held for sale	6	**645**	888	**–**	–
Total current liabilities		**74,154**	86,823	**675**	1,225
Total liabilities		**75,566**	86,938	**675**	1,225
Net assets		**81,064**	83,345	**46,939**	47,404

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

		Group		Company	
		2013	2012	**2013**	2012
	Note	**$'000**	$'000	**$'000**	$'000
Equity					
Share capital	26	**43,461**	43,461	**43,461**	43,461
Currency translation reserve		**837**	(106)	**–**	–
Retained earnings		**39,154**	39,160	**3,478**	3,943
Equity attributable to equity holders of the Company, total		**83,452**	82,515	**46,939**	47,404
Non-controlling interests		**(2,388)**	830	**–**	–
Total equity		**81,064**	83,345	**46,939**	47,404

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

Group

	Note	Share capital $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		<—— Attributable to equity holders of the Company			——>		
At 1 January 2012		43,461	(91)	69,544	112,914	6,124	119,038
Loss for the year		–	–	(26,736)	(26,736)	(8,648)	(35,384)
Other comprehensive income							
Currency translation differences arising on consolidation, net of tax		–	(15)	–	(15)	(265)	(280)
Total comprehensive loss for the year		–	(15)	(26,736)	(26,751)	(8,913)	(35,664)
Distribution to equity holders of the Company Dividends	27	–	–	(3,360)	(3,360)	–	(3,360)
Total distribution to equity holders of the Company		–	–	(3,360)	(3,360)	–	(3,360)
Changes in ownership interest in subsidiaries							
Incorporation of a subsidiary		–	–	–	–	47	47
Additional investment in a subsidiary		–	–	–	–	3,734	3,734
Changes in ownership interest in a subsidiary that do not result in loss of control		–	–	(288)	(288)	(162)	(450)
Total changes in ownership interest in subsidiaries		–	–	(288)	(288)	3,619	3,331
Total transactions with equity holders of the Company		–	–	(3,648)	(3,648)	3,619	(29)
At 31 December 2012		43,461	(106)	39,160	82,515	830	83,345

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

Group

	Note	Share capital $'000	Currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to equity holders of the Company					
At 31 December 2012 (Balance brought forward)		43,461	(106)	39,160	82,515	830	83,345
Profit for the year		–	–	2,397	2,397	(3,021)	(624)
Other comprehensive income							
Currency translation differences arising on consolidation, net of tax		–	943	–	943	202	1,145
Total comprehensive income/(loss) for the year		–	943	2,397	3,340	(2,819)	521
Distribution to equity holders of the Company							
Dividends	27	–	–	(2,400)	(2,400)	–	(2,400)
Dividends paid to non-controlling interests of a subsidiary		–	–	–	–	(400)	(400)
Total distribution to equity holders of the Company		–	–	(2,400)	(2,400)	(400)	(2,800)
Changes in ownership interest in subsidiaries							
Changes in ownership interest in subsidiaries that do not result in loss of control	11(b)	–	–	(3)	(3)	1	(2)
Total changes in ownership interest in subsidiaries		–	–	(3)	(3)	1	(2)
Total transactions with equity holders of the Company		–	–	(2,403)	(2,403)	(399)	(2,802)
At 31 December 2013		**43,461**	**837**	**39,154**	**83,452**	**(2,388)**	**81,064**

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

STATEMENTS OF CHANGES IN EQUITY (cont'd)

For the financial year ended 31 December 2013

Company

	Note	Share capital $'000	Retained earnings $'000	Total $'000
At 1 January 2012		43,461	19,471	62,932
Loss and total comprehensive loss for the year		–	(12,168)	(12,168)
Distribution to equity holders of the Company				
Dividends	27	–	(3,360)	(3,360)
At 31 December 2012		43,461	3,943	47,404
Profit and total comprehensive income for the year		–	1,935	1,935
Distribution to equity holders of the Company				
Dividends	27	–	(2,400)	(2,400)
At 31 December 2013		**43,461**	**3,478**	**46,939**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		**5,366**	(696)
Loss before tax from discontinued operations		**(3,820)**	(32,642)
Profit/(loss) before tax, total		**1,546**	(33,338)
Adjustments for:			
Depreciation of property, plant and equipment		**2,196**	3,053
Impairment loss on goodwill		**–**	1,268
Interest income		**(22)**	(22)
Interest expense		**926**	869
Gain on disposal of property, plant and equipment		**(288)**	(267)
Share of results of joint venture		**(467)**	(479)
Share of results of associated companies		**(154)**	39
Fair value adjustment of contingent consideration in a business combination		**(465)**	–
Write back of impairment loss on investment in an associated company		**–**	(30)
(Write back of)/impairment loss on property, plant and equipment		**(626)**	4,710
Property, plant and equipment written off		**53**	546
Loss on liquidation of an associated company		**17**	–
Operating cash flows before working capital changes		**2,716**	(23,651)
Inventories		**3,467**	12,131
Due from customers on construction contracts, net		**11,362**	5,792
Receivables		**10,394**	(678)
Payables		**(11,883)**	8,556
Currency translation adjustments		**1,911**	1,651
Cash generated from operations		**17,967**	3,801
Interest paid		**(915)**	(869)
Income tax paid		**(2,144)**	(2,669)
Net cash from operating activities		**14,908**	263

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

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from investing activities			
Interest received		**22**	22
Dividend received from joint venture		**355**	236
Investment in associated companies		**(62)**	(187)
Proceeds from disposal of property, plant and equipment		**1,166**	453
Purchase of property, plant and equipment	10	**(14,340)**	(19,492)
Decrease in fixed deposit under pledge		**75**	89
Contributions from non-controlling interests	11(b)	**13**	3,781
Additional investment in subsidiaries	11(b)	**(15)**	(450)
Proceed from liquidation of an associated company	13	**42**	–
Net cash used in investing activities		**(12,744)**	(15,548)
Cash flows from financing activities			
Net drawdown of short term borrowings		**3,042**	20,208
Drawdown of bank borrowings		**13,204**	14,365
Repayment of bank borrowings		**(15,410)**	(18,947)
Repayment of finance lease liabilities		**(84)**	(45)
Dividends paid to shareholders of the Company	27	**(2,400)**	(3,360)
Dividends paid to non-controlling interests of a subsidiary		**(400)**	–
Net cash (used in)/from financing activities		**(2,048)**	12,221
Net increase/(decrease) in cash and cash equivalents		**116**	(3,064)
Cash and cash equivalents at beginning of financial year		**9,489**	12,736
Effects of exchange rate changes on cash and cash equivalents		**(5)**	(183)
Cash and cash equivalents at end of financial year	21	**9,600**	9,489

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

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. The address of 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 disclosed in Note 11 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 subsidiaries of Beng Hui Holding (S) Pte Ltd.

On 13 May 2013, the Company's name was changed from BH Global Marine Limited to BH Global Corporation Limited.

2 Significant accounting policies

a) Basis of preparation

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

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(ee) to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

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 FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2013 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
FRS 110 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

The Group will apply FRS 110 from 1 January 2014, but this is not expected to have any significant impact on the financial statements of the Group.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement. FRS 111 disallows proportionate consolidation for joint ventures and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group has been applying the equity accounting method for its joint venture and there will be no impact on the financial statements of the Group when the Group adopts FRS 111 from 1 January 2014.

FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
FRS 112 requires disclosures of information that helps users of financial statements evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The entities will apply FRS 112 prospectively from 1 January 2014. FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

2 Significant accounting policies (cont'd)

b) Revenue recognition

Revenue comprises the fair value for the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. 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 a Group entity has delivered the products to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Revenue from services is recognised during the financial year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed. The accounting policy for revenue from construction contracts is disclosed in Note 2(l).

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

Dividend income is recognised when the right to receive payment is established.

c) 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control over another entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. 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 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(g). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

e) Associated companies

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2 Significant accounting policies (cont'd)

e) Associated companies (cont'd)

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Investment in associated companies are 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.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, 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 associated company.

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 associate 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 as income in the Group's profit or loss.

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

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in associated companies in which significant influence is retained are recognised in profit or loss.

In the Company's financial statements, investment in associated companies are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Joint ventures

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

f) Joint ventures (cont'd)

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.

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 other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from joint venture 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 as income in the Group's profit or loss.

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.

Upon loss of significant influence over the joint venture, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investment in joint venture in which significant influence is retained are recognised in profit or loss.

In the Company's financial statements, investment in joint venture is carried at cost less accumulated impairment loss. On disposal of investment in joint venture, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

g) Goodwill

Goodwill is initially measured 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 subsequent periods.

2 Significant accounting policies (cont'd)

g) Goodwill (cont'd)

On disposal of a subsidiary, associated company and jointly controlled entity, 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 associated companies and joint venture are described in Notes 2(e) and 2(f) respectively.

h) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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 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
Yard facilities	10
Plant and machinery	5

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

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

Properties in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

i) Intangible assets

Club membership

Club membership is stated at cost less impairment losses, if any. Club membership with indefinite useful live is tested for impairment annually, or more frequently if the events or circumstances indicate that the carrying value may be impaired.

j) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw materials, direct labour and related production overheads based on normal operating capacity but excludes borrowing costs.

Cost is determined on the following basis:

Marine electrical equipment, steel products and consumables	-	first-in first-out
Armouring steel	-	weighted average
Others	-	specific identification

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 Significant accounting policies (cont'd)

l) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

At the end of the reporting date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts.

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "other payables".

m) Lease

Finance leases
Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to 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 asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. 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 asset 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 incidental to 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 expires, 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

n) 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 or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

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.

o) Financial assets

i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

2 Significant accounting policies (cont'd)

o) Financial assets (cont'd)

i) Classification (cont'd)

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 end of the reporting period which are classified as non-current assets. Loans and receivables are classified within trade and other receivables (excluding prepayments and advance payment to suppliers) and cash and cash equivalents on the statement of financial position.

ii) 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 disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised as expenses.

iv) Subsequent measurement

Financial assets, at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

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

v) Impairment

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

Loans and 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 carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

o) Financial assets (cont'd)

v) Impairment (cont'd)

Loans and receivables (cont'd)

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

p) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

q) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

r) Derivative financial instruments and hedge accounting

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured 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)

s) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting date. This provision is calculated based on past historical experience of the level of repairs and replacements.

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2(h)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

t) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statements of financial position of the Group and the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

u) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

v) Employee benefits

Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

w) Foreign currencies

Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in Singapore Dollars, which is the Company's functional currency.

Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Significant accounting policies (cont'd)

w) Foreign currencies (cont'd)

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 Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(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 recognised in the currency translation reserve within equity.

Translation of Group entities' financial statements (cont'd)

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.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

x) Dividends

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

y) 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.

z) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits. Bank overdrafts are presented as current borrowings on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

aa) 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.

bb) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

cc) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

dd) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

The assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

2 Significant accounting policies (cont'd)

ee) Critical accounting judgments and key sources of estimation uncertainty

Critical judgment in applying the entity's accounting policies
In the process of applying the Group's accounting policies, management has made the following judgment that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

Discontinued operations
In the previous financial year, the Group discontinued the operations of a subsidiary group in Batam which are reported under the Engineering Services Segment. The subsidiary group consists of BH Marine & Offshore Engineering Pte Ltd, PT. BH Marine & Offshore Engineering ("PTE") and PT. Dwi Utama Mandiri Sukses (collectively "the Subsidiary Group"). The sale has not been completed at the end of the reporting period. The Board has reassessed and satisfied that the Subsidiary Group continues meeting the criteria to be classified as held for sale in accordance with FRS 105 Non-current assets held for sale and discontinued operations.

For more details on the discontinued operations refer to Note 6 to the financial statements.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

Income taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences 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 income tax payable, deferred tax assets and liabilities at 31 December 2013 are $1,939,000, $81,000 and $662,000 (2012: $2,569,000, $198,000 and $115,000) respectively.

Impairment of trade and other receivables
The Group assesses at the end of each reporting period 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 trade and other receivables at 31 December 2013 are disclosed in Notes 18 and 19. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for impairment for trade and other receivables balance at the end of the reporting period will be affected accordingly.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

2 Significant accounting policies (cont'd)

ee) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

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 at 31 December 2013 is $40,954,000 (2012: $44,421,000) after write-down of $1,115,000 (2012: $3,442,000) during the year.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for 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. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and the carrying amount of the goodwill, are given in Note 15 to the financial statements.

Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(h). The estimation of the useful lives and residual amount involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage.

The net carrying amount of property, plant and equipment at 31 December 2013 is $49,301,000 (2012: $35,521,000) and the annual depreciation charge and impairment loss for the financial year ended 31 December 2013 is $2,196,000 (2012: $3,053,000) and Nil (2012: $4,710,000) respectively (Note 10).

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date compared to the estimated total costs for the contract.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group relied on past experience and knowledge of the project managers/engineers. The carrying amounts of assets and liabilities arising from construction contracts at 31 December 2013 are disclosed in Note 17.

2 Significant accounting policies (cont'd)

ee) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Warranty claims

The Group gives warranties from 12 to 24 months for certain products under the Manufacturing and Engineering Services Segments and undertakes to repair or replace items that fail to perform satisfactorily. Management estimates the related provision for future warranty claims based on past experience of repairs and returns, as well as recent trends that suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the Group's productivity and quality initiatives, as well as parts and labour costs.

The Group's provision for warranty at 31 December 2013 is $186,000 (2012: $481,000) (Note 24).

3 Revenue

	Group	
	2013	2012
	$'000	$'000
Sales of goods	**80,002**	81,309
Services rendered	**2,036**	1,626
Construction revenue	**6,828**	14,784
	88,866	97,719

4 Finance costs

	Group	
	2013	2012
	$'000	$'000
Interests on borrowings		
- finance leases	**14**	2
- loans	**530**	263
- overdraft	**111**	145
- trust receipts	**145**	265
- unwinding of discount (Note 24(b))	**11**	–
	811	675

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

5 Tax expense

Tax expense attributable to profits/(loss) is made up of:

	Group	
	2013	2012
	$'000	$'000
From continuing operations		
Current income tax		
- Singapore income tax	**1,605**	2,217
Deferred tax (Note 14)	**460**	92
	2,065	2,309
(Over)/under provision in prior year		
- Singapore income tax	**(56)**	(323)
- Deferred tax (Note 14)	**195**	–
	2,204	1,986
From discontinued operations (Note 6)		
Deferred tax (Note 14)	**–**	40
(Over)/under provision of income tax in prior year	**(34)**	20
	(34)	60
	2,170	2,046

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore standard rate of income tax to profit/(loss) before tax due to the following factors:

	$'000	$'000
Profit/(loss) before tax from:		
- Continuing operations	**5,366**	(696)
- Discontinued operations	**(3,820)**	(32,642)
	1,546	(33,338)
Tax calculated at a tax rate of 17%	**263**	(5,667)
Singapore statutory stepped income exemption	**(51)**	(77)
Income not subject to tax	**(210)**	(67)
Under/(over) provision of taxes in prior year	**105**	(303)
Expenses not deductible for tax purposes	**352**	3,521
Effect of different tax rates in other countries	**(565)**	(2,621)
Deferred tax assets not recognised	**2,917**	7,581
Tax incentive	**(537)**	(176)
Utilisation of previously unrecognised deferred tax assets	**(40)**	(25)
Share of results of an associated companies	**(26)**	7
Others	**(38)**	(127)
	2,170	2,046

6 Discontinued operations and Disposal group classified as held for sale

In the previous financial year, the Group discontinued the operations of a subsidiary group in Batam which are reported under the Engineering Services Segment. The subsidiary group consists of BH Marine & Offshore Engineering Pte Ltd, PT. BH Marine & Offshore Engineering ("PTE") and PT. Dwi Utama Mandiri Sukses (collectively "the Subsidiary Group").

The sale has not been completed as at the end of the reporting period. The Board has reassessed and satisfied that the Subsidiary Group continues to meet the criteria to be classified as held for sale in accordance with FRS 105 Non-current assets held for sale and discontinued operations.

The assets and liabilities directly related to the disposal group have been presented in the statement of financial position as "Disposal group assets classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". The entire results from the Subsidiary Group are presented separately in income statement as "Loss from discontinued operations, net of tax".

An analysis of the results of discontinued operations, and the result recognised on the remeasurement of disposal group is as follows:

	Group	
	2013	2012
	$'000	$'000
Revenue	**8,982**	28,657
Cost of sales	**(7,331)**	(38,738)
Gross profit/(loss)	**1,651**	(10,081)
Other operating expense	**(3,548)**	(5,351)
Selling and distribution expenses	**(440)**	(11,134)
Administrative expenses	**(1,994)**	(1,172)
Finance costs	**(115)**	(194)
Loss before tax	**(4,446)**	(27,932)
Tax credit/(expense) (Note 5)	**34**	(60)
Net loss for the year	**(4,412)**	(27,992)
Gain/(loss) on the remeasurement to fair value less cost to sell on disposal group (net of tax of $Nil)	**626**	(4,710)
Total loss from discontinued operations	**(3,786)**	(32,702)

During the year, the Group engaged independent valuers to determine the fair value of its property, plant and equipment located in Batam, Indonesia which has been classified under disposal group assets classified as held for sale in the previous financial year. The fair value of these property, plant and equipment which is valued using sales comparison method for land and plant and machinery, and cost approach for yard facilities and equipment is $8,188,000 (Rp 79,000,000,000) (2012: $8,245,000 (Rp 65,000,000,000). A gain on the remeasurement of property, plant and equipment of $626,000 is recognised in the discontinued operations for increase in fair value less cost to sell on disposal group (2012: Impairment loss on the remeasurement to fair value less cost to sale of $4,710,000 is recognised to write down the carrying amount to its fair value).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

6 Discontinued operations and Disposal group classified as held for sale (cont'd)

The impact of the discontinued operations on the cash flows of the Group are as follows:

	2013 $'000	2012 $'000
Operating cash flows	**(1,921)**	(1,417)
Investing cash flows	**999**	107
Financing cash flows	**(5,113)**	(7,796)
Total cash flows	**(6,035)**	(9,106)

Details of disposal group classified as held for sale are as follows:

	$'000	$'000
Property, plant and equipment	**6,608**	8,110
Other receivables	**294**	183
Cash and cash equivalents	**13**	258
	6,915	8,551

Liabilities directly associated with disposal group classified as held for sale:

	$'000	$'000
Deferred tax liabilities	**643**	888
Other payables	**2**	–
	645	888

7 Loss for the year

	Group					
	Continuing operations		Discontinued operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Loss for the year is arrived at after charging:						
Allowance for impairment of:						
- trade receivables (Note 18)	**24**	–	**–**	–	**24**	–
- other receivables (Note 19)	**–**	–	**30**	2,494	**30**	2,494
Audit fees paid to:						
- auditors of the Company	**204**	192	**23**	36	**227**	228
- other auditors*	**66**	49	**7**	13	**73**	62
Non-audit fees paid to:						
- auditors of the Company	**78**	44	**5**	6	**83**	50
- other auditors*	**2**	–	**–**	–	**2**	–
Bad debts written off	**–**	–	**254**	–	**254**	–
Cost of inventories included in cost of sales	**54,020**	57,553	**11,568**	37,894	**65,588**	95,447
Depreciation of property, plant and equipment (Note 10)	**2,194**	1,575	**2**	1,478	**2,196**	3,053
Foreign exchange loss (net)	**–**	1,366	**3,144**	5,078	**3,144**	6,444
Impairment loss on goodwill (Note 15(a))	**–**	651	**–**	617	**–**	1,268
Impairment loss on property, plant and equipment (Note 6)	**–**	–	**–**	4,710	**–**	4,710
Inventories written down	**924**	591	**191**	2,851	**1,115**	3,442
Liabilities for liquidated damages	**–**	–	**–**	685	**–**	685
Loss on liquidation of an associated company (Note 13)	**17**	–	**–**	–	**17**	–
Provision for warranty (Note 24)	**42**	–	**–**	334	**42**	334
Property, plant and equipment written off	**–**	–	**53**	546	**53**	546
Rental expenses						
- Land and warehouse	**1,076**	949	**–**	44	**1,076**	993
- Other	**120**	40	**45**	–	**165**	40
Staff costs (Note 8)	**19,345**	15,101	**1,401**	1,450	**20,746**	16,551

* Includes independent member firms of the Baker Tilly International Network.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

7 Loss for the year (cont'd)

	Group					
	Continuing operations		**Discontinued operations**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
and crediting:						
Allowance for impairment of receivables written back (Note 18)	**131**	726	**–**	556	**131**	1,282
Foreign exchange gain (net)	**383**	–	**–**	–	**383**	–
Gain on disposal of property, plant and equipment	**118**	12	**170**	255	**288**	267
Interest income	**35**	10	**11**	12	**46**	22
Impairment loss on investment in an associated company written back	–	30	**–**	–	**–**	30
Rental income	**102**	–	**–**	4	**102**	4
Reversal of fair value adjustment of contingent consideration in a business combination (Note 11(c))	**465**	–	**–**	–	**465**	–
Reversal of provision for warranty (Note 24)	–	208	**314**	–	**314**	208
Reversal of inventories written down (Note 16)	**17**	–	**–**	–	**17**	–
Write back of impairment loss on property, plant and equipment (Note 6)	**–**	–	**626**	–	**626**	–

8 Staff costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Directors of the Company						
- Fee	**360**	330	**–**	–	**360**	330
- Remuneration	**1,216**	1,145	**–**	–	**1,216**	1,145
- CPF	**28**	28	**–**	–	**28**	28
Other directors of subsidiaries						
- Fee	**90**	100	**–**	–	**90**	100
- Remuneration	**1,739**	1,347	**12**	144	**1,751**	1,491
- CPF	**50**	54	**–**	9	**50**	63
Key management staff (non-directors)						
- Salaries and related costs	**850**	973	**–**	–	**850**	973
- CPF	**31**	34	**–**	–	**31**	34
Close members of key management personnel						
- Salaries and related costs	**144**	104	**–**	–	**144**	104
- CPF	**15**	15	**–**	–	**15**	15
Other staff						
- Salaries and related costs	**12,457**	9,555	**1,196**	1,155	**13,653**	10,710
- CPF	**1,236**	903	**31**	29	**1,267**	932
Staff training and welfare	**1,129**	513	**162**	113	**1,291**	626
	19,345	15,101	**1,401**	1,450	**20,746**	16,551

9 Earnings/(loss) per share

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Group	
	2013	2012
	$'000	$'000
Net profit/(loss) for the year attributable to equity holders of the Company	**2,397**	(26,736)
Weighted average number of ordinary shares for basic and diluted earnings per share	**480,000**	480,000

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

9 Earnings/(loss) per share (cont'd)

Earnings figures are calculated as follows:

	2013	2012
	$'000	$'000
Profit/(loss) for the year attributable to equity holders of the Company	**2,397**	(26,736)
Add: Loss for the year from discontinued operations	**3,335**	29,065
Earnings for the purpose of basic earnings per share from continuing operations	**5,732**	2,329

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is based on the loss for the year from the discontinued operation of $3,335,000 (2012: $29,065,000) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

10 Property, plant and equipment - Group

	Leasehold properties $'000	Extension, addition & alteration works $'000	Motor vehicles $'000	Warehouse equipment & fittings $'000	Computer & office equipment $'000	Furniture, fittings & renovation $'000	Plant and machinery $'000	Capital work in progress $'000	Total $'000
2013									
Cost									
At 1.1.2013	7,837	10,927	938	539	2,370	1,898	210	17,948	42,667
Additions	126	75	937	535	956	594	89	12,021	15,333
Disposals and write-offs	–	–	(208)	(134)	–	(3)	–	–	(345)
Reclassifications	9,617	–	–	2,990	–	143	17,871	(30,621)	–
Currency translation differences	–	–	1	–	6	5	6	652	670
At 31.12.2013	**17,580**	**11,002**	**1,668**	**3,930**	**3,332**	**2,637**	**18,176**	**–**	**58,325**
Accumulated depreciation									
At 1.1.2013	1,020	2,320	504	406	1,729	1,106	61	–	7,146
Depreciation charge	310	439	212	167	432	424	212	–	2,196
Disposals and write-offs	–	–	(185)	(126)	–	(1)	–	–	(312)
Currency translation differences	–	–	–	–	(6)	(2)	2	–	(6)
At 31.12.2013	**1,330**	**2,759**	**531**	**447**	**2,155**	**1,527**	**275**	**–**	**9,024**
Net carrying value									
At 31.12.2013	**16,250**	**8,243**	**1,137**	**3,483**	**1,177**	**1,110**	**17,901**	**–**	**49,301**

10 Property, plant and equipment - Group (cont'd)

	Leasehold properties $'000	Extension, addition & alteration works $'000	Motor vehicles $'000	Warehouse equipment & fittings $'000	Computer & office equipment $'000	Furniture, fittings & renovation $'000	Yard facilities $'000	Plant and machinery $'000	Capital work in progress $'000	Total $'000
2012										
Cost										
At 1.1.2012	11,983	10,864	843	843	2,281	1,656	6,521	6,844	–	41,835
Additions	–	63	219	–	514	299	328	121	17,948	19,492
Disposals and write-offs	–	–	(10)	–	–	–	–	(835)	–	(845)
Reclassified as held for sale	(3,676)	–	(100)	(268)	(390)	(52)	(6,093)	(5,455)	–	(16,034)
Currency translation differences	(470)	–	(14)	(36)	(35)	(5)	(756)	(465)	–	(1,781)
At 31.12.2012	7,837	10,927	938	539	2,370	1,898	–	210	17,948	42,667
Accumulated depreciation and impairment losses										
At 1.1.2012	806	1,884	413	400	1,348	905	885	938	–	7,579
Depreciation charge	389	436	140	93	631	227	538	599	–	3,053
Disposals and write-offs	–	–	(9)	–	–	–	–	(104)	–	(113)
Reclassified as held for sale	(175)	–	(36)	(81)	(234)	(25)	(5,098)	(2,275)	–	(7,924)
Impairment loss	–	–	–	–	–	–	3,781	929	–	4,710
Currency translation differences	–	–	(4)	(6)	(16)	(1)	(106)	(26)	–	(159)
At 31.12.2012	1,020	2,320	504	406	1,729	1,106	–	61	–	7,146
Net carrying value										
At 31.12.2012	6,817	8,607	434	133	641	792	–	149	17,948	35,521

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

10 Property, plant and equipment - Group (cont'd)

The net carrying amounts of property, plant and equipment mortgaged to secure banking facilities granted to the Group (Note 25) are as follows:

	2013	2012
	$'000	$'000
Leasehold property	**11,724**	6,728
Extension, addition and alteration works	**6,152**	6,357
Capital work in progress	**–**	13,383
Plant and machinery	**17,897**	–
Warehouse equipment & fittings	**3,134**	–
Computer & office equipment	**256**	–
Furniture, fittings & renovation	**432**	–
Motor vehicles	**80**	–
	39,675	26,468

At the end of the reporting period, the net carrying values of property, plant and equipment of the Group under finance lease arrangements amounted to $961,913 (2012: $36,750) (Note 22).

During the year, the Group acquired property, plant and equipment of which $1,009,496 (2012: $Nil) was acquired by means of finance leases (Note 22).

11 Investment in subsidiaries

	Company	
	2013	2012
	$'000	$'000
<u>Unquoted equity shares, at cost</u>		
At 1 January	**18,460**	18,010
Acquisition of additional interest in subsidiaries (b)(i)	**15**	450
At 31 December	**18,475**	18,460
Movement of allowance for impairment:		
At 1 January	**4,595**	2,475
Impairment charge	**–**	2,120
At 31 December	**4,595**	4,595
Net carrying amount	**13,880**	13,865

11 Investment in subsidiaries (cont'd)

a) Details of subsidiaries:

Name of subsidiary (Country of incorporation)	Principal activities	Group's effective equity interest held 2013 %	2012 %
Beng Hui Marine Electrical Pte Ltd* ("BHM") (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 ("BHMOE")* (Singapore)	System integration contractor providing turnkey electrical and instrumentation installation services	**90**	90
Z-Power Automation Pte Ltd* (Singapore)	Assembler, manufacturer and repairer of switchboards and switchgears for vessels	**60**	60
Sky Holding Pte Ltd ("SKY")* (Singapore)	Manufacturer and supplier of specialty steel wire and other types of wire	**60**	60
Oil & Gas Solutions Pte Ltd ("OGS")* (Singapore)	Providing marine and offshore related services and products	**60**	60
GL Lighting International Pte Ltd* (Singapore)	Wholesale of lighting related products and facilities	**75**	70
Global Steel Industries Pte Ltd ("GSI")* (Singapore)	Investment holding	**100**	100
Long Life Holding Pte. Ltd. ("LLH")* (Singapore)	Securing engineering and installation facilities for the marine and offshore sectors	**80**	80

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

11 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 2013 %	2012 %
Subsidiary held by SKY			
Sky Wire (HK) Limited@ (Hong Kong)	Dormant	**60**	60
Subsidiary held by BHMOE			
PT. BH Marine & Offshore Engineering ("PTE")** (Indonesia)	Provision of engineering and installation services in the marine and offshore sector	**90**	90
Subsidiary held by LLH			
PT. O & G Solutions (formerly known as PT. Long Life Marine Industries)** (Indonesia)	Provision of engineering and installation facilities for the marine and offshore sectors	**80**	80
Subsidiary held by PTE			
PT. Dwi Utama Mandiri Sukses** (Indonesia)	Investment holding	**90**	90
Subsidiary held by GSI			
Gulf Specialty Steel Industries LLC# (Sultanate of Oman)	Manufacturer and supplier of specialty steel wire and other types of wire	**51**	51
Subsidiary held by BHM			
BH Global Marine India Private Limited# (India)	Wholesale trade in marine equipment and accessories	**90**	100
Subsidiary held by OGS			
Dalian Nautical Offshore & Marine Technologies Co., Ltd*** (People's Republic of China)	Provision of marine and offshore related services and products	**42**	42

* Audited by Baker Tilly TFW LLP
** Audited by Baker Tilly TFW LLP for the purpose of consolidation
*** Audited by independent overseas member firms of Baker Tilly International
# Audited by other firms of certified public accountants
@ In the process of liquidation

11 Investment in subsidiaries (cont'd)

b) Changes in ownership interests in subsidiaries

(i) During the year, the Company acquired additional 5% equity interest in a subsidiary, GL Lighting International Pte Ltd ("GLI") from a non-controlling shareholder at consideration of $15,000. The equity interest in GLI is increased from 70% to 75%.

(ii) During the year, a wholly-owned indirect subsidiary, BH Global Marine India Private Limited ("BHI") issued 15,556 ordinary shares to a third party at consideration of $13,000. The effective equity interest in BHI is diluted to 90%.

The effects of these changes are as follows:

	2013
	$'000
Net carrying amount of non-controlling interests acquired	1
Net consideration paid to non-controlling interests, net of transaction costs	2
Net difference recognised in retained earnings within equity	3

c) Contingent consideration arrangement

In 2010, pursuant to the Joint Venture Agreement of Oil & Gas Solutions Pte Ltd ("OGS") between the Company and Soh Long Ping, Chang Kainy and Tommy Ho, the Company is required to subscribe additional shares in OGS based on 60% of the aggregate of the FY 2010 and FY 2011 net profit after tax and the total subscription price shall not exceed $4,950,000. The estimated fair value of the contingent consideration of $465,000 had been recognised in the financial statements.

During the year, the shareholders of OGS have agreed to waive the additional shares subscription in OGS and the contingent consideration accrued in the previous financial year has been written back to profit or loss (Note 7).

d) Going concern of a subsidiary

A subsidiary, Gulf Specialty Steel Industries LLC ("GSS") incurred a net loss of $4,578,731 during the financial year ended 31 December 2013 and as at that date, GSS had accumulated losses of $7,259,449 and its current liabilities exceeded its current assets by $24,236,488. These factors indicate the existence of a material uncertainty which may cast significant doubt about GSS's ability to continue as a going concern. The ability of GSS to continue as a going concern depends on its ability to obtain continuing financial support from its shareholders and the successful implementation of its business plan.

If GSS is unable to continue in operational existence for the foreseeable future, GSS may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, GSS may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Total non-current assets and liabilities of GSS as at the end of the reporting period amounted to $31,445,837 and $363,630 respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

12 Investment in joint venture

a) Included in investment in joint venture of the Company and the Group is an amount of $725,000 (2012: $700,000) being equity loan due from joint venture. The amount is unsecured, interest-free and has no fixed repayment term.

b) The summarised financial information of the joint venture at the end of the financial year based on the percentage of ownership held by the Group, is as follows:

	Group	
	2013	2012
	$'000	$'000
Assets	**2,609**	2,329
Liabilities	**853**	792
Revenues	**1,970**	1,894
Profit for the year	**467**	479

c) The following information relates to the joint venture at the end of the financial year:

Name of joint venture (Country of incorporation)	Principal activities	Group's effective equity interest held	
		2013	2012
		%	%
Dream Marine Ship Spare Parts Trading LLC# (Dubai, UAE)	Trading in electrical components and spare parts of ships and boats	**34**	34

Audited by other firms of certified public accountants

13 Investment in associated companies

The following information relates to the associated companies:

Name of associates (Country of incorporation)	Principal activities	Group's effective equity interest held 2013 %	2012 %
Han Jiang Pte Ltd^ (Singapore)	Export of marine related goods and product	**–**	30
GL Lighting Holding Pte Ltd ("GLH")* (Singapore)	Investment holding	**25**	25
Z-Power Automation (Vietnam) Co., Ltd# (Vietnam)	Manufacturing of industrial electrical equipment	**30**	30
Subsidiaries held by GLH			
General Luminaire (Shanghai) Co., Ltd ("SGL")** (People's Republic of China)	Research and development, manufacturing and selling LED lighting modules and fixtures	**25**	25
General Luminaire Co., Ltd# (Taiwan)	Trading business of LED lighting modules and fixtures	**25**	25
Subsidiary held by SGL			
CAM Technology (Shanghai) Ltd@	Trading of LED lighting modules and fixtures	**25**	–

* Audited by Baker Tilly TFW LLP
** Audited by independent overseas member firms of Baker Tilly International
# Audited by other firms of certified public accountants
@ Incorporated during the year
^ The associated company was liquidated during the financial year. Net distribution received from the liquidation is $42,000 and loss on liquidation of an associated company of $17,000 is recognised in profit or loss (Note 7).

The summarised financial information of the associates at the end of the financial year based on the percentage of ownership held by the Group is as follows:

	Group 2013 $'000	Group 2012 $'000
Assets	**2,760**	2,343
Liabilities	**1,466**	1,185
Revenue	**5,130**	3,864
Net profit/(loss)	**154**	(39)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

14 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group	
	2013	2012
	$'000	$'000
Balance at beginning of the year	**(83)**	673
Tax charged to profit or loss (Note 5)	**655**	132
Exchange Difference	**9**	–
Reclassified to liabilities directly associated with disposal group classified as held for sale (Note 6)	**–**	(888)
Balance at end of the year	**581**	(83)

Presented on the statement of financial position:

Non-current		
Deferred tax assets	**(81)**	(198)
Deferred tax liabilities	**662**	115
	581	(83)

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

	Accelerated tax depreciation	**Provision for warranty**	**Others**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2013				
At 1 January 2013	(47)	46	84	83
(Charged)/credited to profit or loss for the year	(385)	7	(277)	(655)
Exchange Difference	–	–	(9)	(9)
At 31 December 2013	**(432)**	**53**	**(202)**	**(581)**

14 Deferred tax (cont'd)

	Accelerated tax depreciation $'000	Provision for warranty $'000	Fair value adjustment on acquisition of a subsidiary $'000	Others $'000	Total $'000
2012					
At 1 January 2012	(79)	60	(928)	274	(673)
Credited/(charged) to profit or loss for the year	32	(14)	40	(190)	(132)
Reclassified to liabilities directly associated with disposal group classified as held for sale	–	–	888	–	888
At 31 December 2012	(47)	46	–	84	83

	Group	
	2013	2012
	$'000	$'000
Unrecorded deferred tax assets:		
Unabsorbed capital allowances	**–**	4
Unutilised tax losses	**47,474**	26,242
Other deductible temporary differences	**8,481**	8,994
	55,955	35,240

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

15 Intangible assets

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Goodwill arising on business combination (a)	**178**	178	**–**	–
Club membership	**49**	49	**49**	49
	227	227	**49**	49

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

15 Intangible assets (cont'd)

a) Goodwill arising on business combination

	Group	
	2013	2012
	$'000	$'000
Cost:		
At 1 January	**3,490**	3,573
Currency translation differences	**–**	(83)
At 31 December	**3,490**	3,490
Accumulated impairment		
At 1 January	**3,312**	2,044
Impairment charge (Note 7)	**–**	1,268
At 31 December	**3,312**	3,312
Net carrying amount	**178**	178

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. At the end of financial year, the net carrying amount of goodwill of $178,000 is attributable to a single CGU in the manufacturing segment.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The key assumptions used in impairment test for goodwill are as follows:

	Group	
	Growth rates	**Discount rates**
	%	**%**
Manufacturing	10	2

16 Inventories

	Group	
	2013	2012
	$'000	$'000
Raw material	**4,964**	6,367
Work-in-progress	**5,775**	7,128
Finished goods	**30,215**	30,926
	40,954	44,421

16 Inventories (cont'd)

Raw materials, consumables and changes in finished goods and work in progress included as cost of sales amounted to $65,588,000 (2012: $95,447,000).

In 2013, the Group recognises a reversal of $17,000 being part of an inventory write down made in 2012, as the inventories were sold above the carrying amounts in 2013. The reversal was included in selling and distribution expenses.

17 Due from/(to) customers on construction contracts

	Group	
	2013	2012
	$'000	$'000
Costs incurred to-date	**47,477**	53,992
Attributable loss recognised to-date	**1,339**	(1,377)
	48,816	52,615
Less: Progress billing to-date	**(45,592)**	(38,029)
	3,224	14,586
Presented on the statement of financial position:		
Due from customers on construction contracts	**4,584**	14,627
Due to customers on construction contracts	**(1,360)**	(41)
	3,224	14,586

18 Trade receivables

	Group	
	2013	2012
	$'000	$'000
Trade receivables	**30,485**	40,026
Less: allowance for impairment of trade receivables	**(316)**	(466)
	30,169	39,560

Movements of allowance for impairment of trade receivables are as follows:		
At 1 January	**466**	1,748
Allowance made during the year (Note 7)	**24**	–
Allowance written back during the year (Note 7)	**(131)**	(1,282)
Bad debt written off	**(43)**	–
At 31 December	**316**	466

Included in trade receivables is an amount of $258,000 (2012: $149,000) due from a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

19 Other receivables

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Amount due from an associated company	**33**	87	**8**	8
Deferred costs	**–**	616	**–**	–
Sundry deposits	**3,508**	3,246	**24**	5
Prepayments	**373**	450	**5**	27
Amounts due from subsidiaries (Note 20)	**–**	–	**74,736**	70,233
Advance payment to suppliers	**46**	1,854	**–**	–
Sundry receivables	**1,530**	321	**33**	32
	5,490	6,574	**74,806**	70,305
Less: allowance for impairment				
- Sundry deposits	**(2,494)**	(2,494)	**–**	–
- Amounts due from subsidiaries (Note 20)	**–**	–	**(50,387)**	(42,747)
- Sundry receivable	**(30)**	–	**–**	–
	(2,524)	(2,494)	**(50,387)**	(42,747)
	2,966	4,080	**24,419**	27,558
Movement in allowance for impairment:				
At 1 January	**2,494**	–	**42,747**	2,193
Allowance made during the year	**30**	2,494	**7,640**	40,554
At 31 December	**2,524**	2,494	**50,387**	42,747

The amount due from an associated company is non-trade in nature, unsecured, interest-free and repayable on demand.

20 Amounts due from subsidiaries

	Company	
	2013	2012
	$'000	$'000
Interest-free advances	**23,373**	22,917
Loans at variable interest rates	**51,363**	47,316
	74,736	70,233
Less: allowance for impairment	**(50,387)**	(42,747)
	24,349	27,486

The amounts due from subsidiaries are non-trade in nature, unsecured and repayable on demand. Loan from subsidiaries are at variable interest rates range from 2.318% to 2.414% (2012: 1.994% to 2.221%) per annum based on the average cost of funds incurred by the Group.

During the financial year ended 31 December 2013, a net impairment loss of $7,640,000 (2012: $40,554,000) was recognised to write down the amounts due from subsidiaries to their recoverable amounts.

21 Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**10,389**	12,275	**2,222**	78
Fixed deposits	**2,079**	2,154	**–**	–
	12,468	14,429	**2,222**	78

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period.

	Group	
	2013	2012
	$'000	$'000
Cash and short-term deposits:		
- continuing operations	**12,468**	14,429
- discontinued operations (Note 6)	**13**	258
	12,481	14,687
Fixed deposits pledged	**(2,079)**	(2,154)
Bank overdraft (Note 25)	**(802)**	(3,044)
Cash and cash equivalents	**9,600**	9,489

Fixed deposits of $2,079,000 (2012: $2,154,000) are pledged to banks to cover bankers' letter of guarantees and bank overdraft. The interest rates of fixed deposits at 31 December 2013 range from 0.21% to 0.75% (2012: 0.21% to 1.00%) per annum.

22 Finance lease liabilities

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

	Group	
	2013	2012
	$'000	$'000
Not later than one financial year	**204**	5
Later than one financial year but not later than five financial years	**784**	–
More than five financial years	**79**	–
Total minimum lease payments	**1,067**	5
Less: Future finance charges	**(138)**	(1)
Present value of finance lease liabilities	**929**	4
Representing finance lease liabilities:		
- Current	**179**	4
- Non-current	**750**	–
	929	4

The weighted average effective interest rate of the finance lease liabilities at the end of the reporting period is 4.74% (2012: 6.60%) per annum. The net carrying values of motor vehicles acquired under finance lease agreements are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

23 Other payables

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Accrued operating expenses	**3,676**	4,682	**80**	112
Deferred revenue	**1,819**	2,220	**–**	–
Provision for directors' fees				
- directors of the Company	**360**	330	**360**	330
- directors of subsidiaries	**100**	100	**–**	–
Amounts due to directors of the subsidiaries	**–**	274	**–**	–
Amount due to a subsidiary	**–**	–	**–**	293
Advance payment from customers	**2**	875	**–**	–
Other creditors	**3,034**	4,765	**39**	25
Contingent consideration on business combination	**–**	465	**–**	465
	8,991	13,711	**479**	1,225

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

24 Provisions

	Group	
	2013	2012
	$'000	$'000
Warranty (a)	**186**	481
Site restoration (b)	**170**	153
	356	634

(a) Provision for warranty

The Group 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	
	2013	2012
	$'000	$'000
At 1 January	**481**	355
Reversal of provision during the year (Note 7)	**(314)**	(208)
Provision made during the year (Note 7)	**42**	334
Utilised	**(3)**	–
Exchange difference	**(20)**	–
At 31 December	**186**	481

24 Provisions (cont'd)

(b) Provision for site restoration

According to the Lease Agreement ("LA") between a subsidiary, Gulf Specialty Steel Industries ("GSS") and Sohar Industrial Estate ("SIE") dated 19 October 2011, GSS is required to restore the site to its original condition at the end of the term of the LA. The management of GSS has estimated the amount of the site restoration obligation and a provision for site restoration has been made in the financial statements.

Movement in provision for site restoration are as follows:

	Group	
	2013	2012
	$'000	$'000
At 1 January	**153**	–
Provision made during the year	**–**	153
Unwinding of discount (Note 4)	**11**	–
Exchange difference	**6**	–
At 31 December	**170**	153

25 Bank borrowings

	Group	
	2013	2012
	$'000	$'000
Term loan 1 (secured)	**21,189**	12,365
Term loan 2 (secured)	**–**	132
Term loan 3 (secured)	**–**	2,392
Term loan 4 (secured)	**1,224**	1,699
Working capital loans (unsecured)	**14,178**	16,410
Trust receipts	**6,700**	9,008
Bank overdrafts (Note 21)	**802**	3,044
Total borrowings	**44,093**	45,050

Term loans of the Group are secured by legal mortgage of the Group's leasehold property and extension, addition and alteration works (Note 10), existing first fixed charge over a subsidiary's fixed property and assets and covered by corporate guarantee from the Company and a non-controlling interest.

Term loan 1 is repayable in 16 half yearly instalments commencing March 2014. Term loan 2 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 3 are repayable over 59 monthly instalments of $58,334 each commencing in June 2011 and a final instalment of $58,294. Term loan 4 is repayable over 48 monthly instalments of $46,667 each commencing in May 2012 and a final instalment of $46,666.

Notwithstanding to the above, these term loans are subjected to review, recall, alter or cancel from time to time at the lender's discretion. Accordingly, these loans are classified under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

25 Bank borrowings (cont'd)

The working capital loans and trust receipts are covered by corporate guarantee from the Company, joint and several guarantee by certain directors of a subsidiary and first charge of all assets and insurance of a subsidiary.

Bank overdrafts are secured by fixed deposits of the Group (Note 21).

Interest rates at the end of the reporting period were as follows:

Term loan 1 - Variable rate at 6 months USD Libor + 3.25%.
Term loan 2 - Variable rate at 1% per annum over the bank's cost of funds rate.
Term loan 3 - Variable rate at 1.25% per annum over the bank's cost of funds rate.
Term loan 4 - Fixed rate at 3.00% per annum.

Working capital loans - Variable rates range from 0.93% to 4.5% (2012: 1.50% to 4.50%) per annum above the financial institution's prevailing Enterprise Base Rate.

Trust receipts - Variable rate range from 1.25% to 2.49% (2012: 1.44% to 2.51%) per annum above SIBOR.

Bank overdrafts - Range from 5% - 5.62% (2012: 5% to 5.25%) per annum.

Breach of bank's borrowing covenants
During the financial year, a subsidiary breached the covenant imposed by a bank which required the subsidiary to maintain minimum networth of $45,000,000 throughout the facilities. The subsidiary has been given an extension of time to restore its networth to $45,000,000 by 31 December 2014. Total amount utilised by the subsidiary as at 31 December 2013 is $9,658,000 and this amount is included as current liabilities under bank borrowings.

26 Share capital

	Group and Company			
	2013		2012	
	Number of issued shares ’000	**Total share capital $’000**	Number of issued shares ’000	Total share capital $’000
Issued and fully paid up				
- Ordinary shares with no par value				
Balance at 1 January/31 December	**480,000**	**43,461**	480,000	43,461

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

27 Dividends

	Group	
	2013	2012
	$'000	$'000
First and final (one-tier) tax exempt dividend:		
- 0.5 cents per share for the financial year ended 31 December 2012 (2012: 0.7 cents per share for the financial year ended 31 December 2011)	**2,400**	3,360

The directors have proposed a first and final (one-tier) tax exempt dividend for the financial year ended 31 December 2013 of 0.5 cents (2012: 0.5 cents) per share amounting to a total of $2,400,000 (2012: $2,400,000). These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

28 Contingent liabilities

a) Corporate guarantees

As at 31 December 2013, the Company has provided unsecured corporate guarantees of $83,714,000 (2012: $96,005,000) for financing facilities (Note 25) granted by financial institutions to its subsidiaries.

b) Litigation

During the year, a customer (the "Customer") claims against a subsidiary in Indonesia, PT. BH Marine & Offshore Engineering ("PTE") for alleged non-delivery of three vessels that are currently in the possession of PTE.

The Customer is seeking to recover losses amounting to the sum of S$12.7 million (Rp 117,148,000,000) based on the assertion that payments for these vessels have already been made and registration certificates have been issued in its name in Indonesia.

PTE has defended the claim on the basis that it has not received payment for these vessels. In addition, PTE is also taking the stand that there was fraud involved in the registration of these vessels. Thus, PTE has made a counter-claim against the Customer and another party for the total sum of S$28.15 million (Rp 258,757,600,000) for total losses suffered by PTE.

The Group has not made any provisions in respect of the Customer's claim because of the reason in the preceding paragraph.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

29 Commitments

a) Lease commitments

The Group leases various warehouses and land from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 3 to 39 years, varying terms, escalation clauses and renewal options. No restrictions are imposed on dividends or further leasing.

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

	Group	
	2013	2012
	$'000	$'000
Within 1 financial year	**1,048**	1,112
Between 2 to 5 financial years	**2,874**	3,438
Over 5 financial years	**12,432**	13,038
	16,354	17,588

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.

b) Capital commitments

Capital commitments contracted for at the end of the reporting period but not recognised in the financial statements:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Expenditure for property, plant and equipment	**1,419**	5,466	**–**	–
Additional shares subscription in a subsidiary	**–**	–	**–**	697
	1,419	5,466	**–**	697

c) Forward foreign exchange contracts

At 31 December 2013, the Group entered forward foreign exchange contracts at notional amounts of $3,594,000 (2012: $3,686,000).

The fair values of outstanding forward foreign exchange contracts (which are not accounted as hedging instruments) at the end of the reporting period approximate 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.

30 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2013	2012
	$'000	$'000
With jointly controlled entities		
Sales of goods	**669**	761
With associated companies		
Research and development cost	**–**	180
Purchase of goods	**946**	161
Other related parties		
Rental charged to a related company	**98**	96
Purchase of computer software from a related company	**111**	194
Upkeep of motor vehicles charged by a related company	**29**	60

31 Financial risk instruments

Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Trade and other receivables	**38,025**	56,047	**25,139**	28,231
Cash and cash equivalents	**12,481**	14,687	**2,222**	78
Loans and receivables	**50,506**	70,734	**27,361**	28,309
Financial liabilities				
Trade and other payables	**23,585**	33,869	**479**	760
Borrowings	**44,093**	45,050	**–**	–
Finance lease liabilities	**929**	4	**–**	–
At amortised cost	**68,607**	78,923	**479**	760
Contingent consideration of business combination	**–**	465	**–**	465
	68,607	79,388	**479**	1,225

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

31 Financial risk instruments (cont'd)

Financial risk management

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and commodity price risk), liquidity 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.

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 and guidelines 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 sales and purchases transactions that are denominated in currencies other than the respective functional currencies of entities in the Group. 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. The use of financial derivatives primarily foreign currency forward contracts, is governed by the Group's policies approved by the board of directors. The Group does not use derivative financial instruments for speculative purposes.

The Group's foreign currency exposure is as follows:

	USD S$'000	Euro S$'000	AED S$'000	SGD S$'000	Others S$'000	Total S$'000
At 31 December 2013						
Financial assets						
Cash and cash equivalents	3,086	1,307	–	276	–	4,469
Trade and other receivables	3,456	45	725	3,773	5	8,004
	6,542	1,352	725	4,049	5	12,673
Financial liabilities						
Trade payables	(3,972)	(1,351)	–	(1,323)	(393)	(7,039)
Gross statement of financial position exposure	2,570	1	725	2,726	(388)	5,634
Next six-months' forecast purchases	(7,146)	(508)	–	–	(98)	(7,752)
Gross exposure	(4,576)	(507)	725	2,726	(486)	(2,118)
Foreign currency forwards	2,994	490	–	–	110	3,594
Net exposure	(1,582)	(17)	725	2,726	(376)	(1,476)

31 Financial risk instruments (cont'd)

Financial risk management (cont'd)

a) **Market risk** (cont'd)

Foreign exchange risk (cont'd)

	USD S$'000	Euro S$'000	AED S$'000	SGD S$'000	Others S$'000	Total S$'000
At 31 December 2012						
Financial assets						
Cash and cash equivalents	1,264	4,388	–	62	–	5,714
Trade and other receivables	16,355	876	700	5,491	7	23,429
	17,619	5,264	700	5,553	7	29,143
Financial liabilities						
Trade payables	(1,898)	(1,547)	–	(1,188)	(326)	(4,959)
Gross statement of financial position exposure	15,721	3,717	700	4,365	(319)	24,184
Next six-months' forecast purchases	(4,470)	(872)	–	(1,888)	(396)	(7,626)
Gross exposure	11,251	2,845	700	2,477	(715)	16,558
Foreign currency forwards	(488)	473	–	–	–	(15)
Net exposure	10,763	3,318	700	2,477	(715)	16,543

The Company's foreign currency exposure based on the information provided by key management is $725,000 (2012: $700,000) included in other receivables and amount due from a joint venture company which are denominated in United Arab Emirates dirham.

Sensitivity analysis of the Group's and Company's foreign exchange risk exposure are not presented as a reasonably possible change of 5% in the foreign currencies exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant will have no significant impact on the Group's and Company's net loss.

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 manages 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 loans, trust receipts and bank overdrafts (Note 25).

The Company's exposure to interest rate risk is minimal as the impact of interest rate fluctuations on loans to subsidiaries (Note 20) are insignificant, and the Company has no other interest-bearing liabilities.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 basis points in interest rates are not expected to be significant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

31 Financial risk instruments (cont'd)

Financial risk management (cont'd)

a) **Market risk** (cont'd)

Commodity price risk

The Group has commodity price risk as copper and steel are its main raw materials. Copper and steel are traded commodities and their prices are subject to the fluctuations of the world commodity markets. Any significant increases in the prices for copper and steel 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.

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 25).

The table below summarises the maturity profile of the Group's and Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	**1 to 5 year $'000**	**More than 5 years $'000**	**Total $'000**
Group				
2013				
Trade and other payables	**23,585**	**–**	**–**	**23,585**
Bank borrowings	**25,700**	**13,138**	**8,300**	**47,138**
Finance lease obligations	**204**	**784**	**79**	**1,067**
	49,489	**13,922**	**8,379**	**71,790**
2012				
Trade and other payables	33,869	–	–	33,869
Bank borrowings	32,218	9,193	4,637	46,048
Finance lease obligations	4	–	–	4
Contingent consideration of business combination	465	–	–	465
	66,556	9,193	4,637	80,386

31 Financial risk instruments (cont'd)

Financial risk management (cont'd)

b) **Liquidity risk (cont'd)**

	1 year or less $'000
Company	
2013	
Trade and other payables	**479**
Financial guarantee contracts	**83,714**
	84,193
2012	
Trade and other payables	760
Contingent consideration of business combination	465
Financial guarantee contracts	106,021
	107,246

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groups based on the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Group Less than 1 year	
	2013 **$'000**	2012 $'000
Gross - settled currency forwards		
- Receipts	**3,594**	3,693
- Payments	**(3,598)**	(3,686)

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 statement of financial position and the following:

	Company	
	2013 **$'000**	2012 $'000
Corporate guarantees provided to banks for subsidiaries' borrowings (Note 25)	**83,714**	106,021

At the end of the reporting period, there were significant concentrations of credit risks primarily on trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

31 Financial risk instruments (cont'd)

Financial risk management (cont'd)

c) **Credit risk (cont'd)**

The Group's 4 (2012: 4) largest trade receivables amounted to $11,625,000 (2012: $18,359,000) and this represented 39% (2012: 43%) of total trade receivables and of which one major corporate customer represented 17% (2012: 14%) of total trade receivables.

The Group's trade receivables comprise the following:

	Group	
	2013	2012
	$'000	$'000
Not past due	**16,530**	22,633
Past due but not impaired	**13,639**	16,927
Past due and impaired	**316**	466
	30,485	40,026

Financial assets that are past due but not impaired

Past due 0 to 3 months	**6,526**	11,909
Past due 3 to 6 months	**2,913**	2,696
Past due over 6 months	**4,200**	2,322
	13,639	16,927

Included in trade receivables is an amount due from a customer of $3,404,745 (Rp 32,781,295,000) of which the customer is currently claiming against a subsidiary in Indonesia, PT. BH Marine & Offshore Engineering ("PTE") for alleged non-delivery of three vessels (Note 28(b)).

No allowance for impairment is made on this balance because the management is in the view that there are liens on the three vessels which are currently in possession of PTE.

Financial assets that are past due and impaired

Full allowance for impairment of trade receivables had been provided for debts which are past due and impaired.

32 Fair value of assets and liabilities

a) **Fair value hierarchy**

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and
iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32 Fair value of assets and liabilities (cont'd)

b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Group				
Recurring fair value measurements				
Financial assets				
Derivatives				
- Forward currency contracts	–	–*	–	–
Non-recurring fair value measurements				
Disposal group classified as held-for-sale	–	–	6,608	6,608
2012				
Group				
Recurring fair value measurements				
Financial assets				
Derivatives				
- Forward currency contracts	–	–*	–	–
Financial liabilities				
Contingent consideration of business combination	–	–	465	465
Non-recurring fair value measurements				
Disposal group classified as held-for-sale	–	–	8,110	8,110

* Forward currency contracts are included in Level 2 of the fair value hierarchy. The fair value of these contracts is insignificant at the end of the reporting date.

c) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Derivatives

The fair values of forward exchange contracts (Level 2 fair values) are based on broker quotes for equivalent instruments valued at the market forward rates applicable to the remaining period to maturity of the contracts.

Contingent consideration

The fair value is calculated based on the expected payment amounts and their associated probabilities (probability-weighted expected contingent consideration). A significant change in the probability of meeting the contractual target would result in a significantly higher or lower fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

32 Fair value of assets and liabilities (cont'd)

c) **Determination of fair values (cont'd)**

Disposal group classified as held for sale - Property, plant and equipment

The property, plant and equipment are valued using sales comparison method by the independent valuers for land and plant and machinery and cost method for yard facilities and equipment taking into consideration sales of similar properties that have been transacted in the open market at the end of the reporting period, with appropriate yield adjustments made for differences in the nature, location or condition of the specific properties being valued.

The fair value measurement of property, plant and equipment is categorised as Level 3 in the fair value hierarchy.

d) **Movements in Level 3 assets and liabilities measured at fair value**

i) The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measures:

	Contingent consideration		**Disposal group classified as held-for-sale - property, plant and equipment**	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**465**	465	**8,110**	–
Reclassified from property, plant and equipment	**–**	–	**–**	12,820
Addition during the year	**–**	–	**16**	–
Gain/(loss) on the remeasurement to fair value less cost to sale on disposal group	**–**	–	**626**	(4,710)
Disposed/written off during the year	**–**	–	**(898)**	–
Write-back to profit or loss	**(465)**	–	**–**	–
Currency translation differences	**–**	–	**(1,246)**	–
Balance at end of financial year	**–**	465	**6,608**	8,110

ii) Total gains and losses for the period included in profit or loss:

Gain/(loss) on the remeasurement to fair value less cost to sale on disposal group	**–**	–	**626**	(4,710)
Write back of contingent consideration to profit or loss	**465**	–	**–**	–

33 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, Supply Chain Management, Manufacturing and Engineering Services.

Supply Chain Management is further sub-divided into:

a. Marine cables and accessories;
b. Marine lighting equipment and accessories; and
c. Others

Manufacturing is further sub-divided into:

d. Marine switchboards; and
e. Galvanised steel wire

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

	Group	
	2013	2012
	$'000	$'000
Segment revenue		
Supply Chain Management		
Sales to external customers		
Marine cables and accessories	**38,119**	46,924
Marine lighting equipment and accessories	**10,294**	10,104
Others	**6,338**	6,406
	54,751	63,434
Intersegment sales	**1,817**	5,189
Subtotal	**56,568**	68,623
Manufacturing		
Sales to external customers		
Marine switchboards	**21,292**	16,232
Galvanised steel wire	**5,568**	3,046
	26,860	19,278
Intersegment sales	**111**	229
Subtotal	**26,971**	19,507
Engineering Services		
Sales to external customers		
Engineering and installation	**7,255**	15,007
Intersegment sales	**433**	–
Subtotal	**7,688**	15,007
Less: Eliminations	**(2,361)**	(5,418)
Total revenue from continuing operations	**88,866**	97,719

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

33 Segment information (cont'd)

	Group	
	2013	2012
	$'000	$'000
Segment results		
Supply Chain Management		
Marine cables and accessories	**4,747**	6,384
Marine lighting equipment and accessories	**2,467**	2,838
Others	**1,461**	1,316
	8,675	10,538
Manufacturing		
Marine switchboards	**2,076**	527
Galvanised steel wire	**(3,998)**	(2,125)
	(1,922)	(1,598)
Engineering Services		
Engineering and installation	**(2,008)**	(10,076)
Total segment results	**4,745**	(1,136)
Share of results of joint venture	**467**	479
Share of results of associated companies	**154**	(39)
Net profit/(loss) before tax	**5,366**	(696)
Tax expense	**(2,204)**	(1,986)
Net profit/(loss) from continuing operations, net of tax	**3,162**	(2,682)
Loss from discontinued operations, net of tax	**(3,786)**	(32,702)
Net loss for the year	**(624)**	(35,384)
Non-controlling interests	**3,021**	8,648
Net profit/(loss) attributable to equity holders of the Company	**2,397**	(26,736)
Group Assets and Liabilities		
Assets		
Supply Chain Management		
Marine cables and accessories	**55,780**	55,398
Marine lighting equipment and accessories	**12,699**	11,009
Others	**7,354**	6,235
Manufacturing		
Marine switchboards	**13,640**	12,586
Galvanised steel wire	**39,638**	31,711
Engineering Services		
Engineering and installation	**20,523**	44,595
Unallocated corporate assets	**81**	198
Disposal group assets classified as held for sale	**6,915**	8,551
Total assets	**156,630**	170,283

33 Segment information (cont'd)

	Group	
	2013	2012
	$'000	$'000
Group Assets and Liabilities (cont'd)		
Segment assets includes:		
Investment in joint venture and associated companies		
Supply Chain Management		
Marine cables and accessories	**2,457**	2,139
Marine lighting equipment and accessories	**6,508**	6,530
	8,965	8,669
Additions to non-current assets		
Supply Chain Management		
Marine cables and accessories	**1,358**	152
Marine lighting equipment and accessories	**367**	33
Others	**227**	21
Manufacturing		
Marine switchboards	**405**	210
Galvanised steel wire	**12,893**	18,511
Engineering Services		
Engineering and installation	**83**	565
	15,333	19,492
Liabilities		
Supply Chain Management		
Marine cables and accessories	**17,435**	24,189
Marine lighting equipment and accessories	**4,708**	5,208
Others	**2,898**	3,302
Manufacturing		
Marine switchboards	**6,405**	6,298
Galvanised steel wire	**29,943**	18,504
Engineering Services		
Engineering and installation	**10,931**	25,865
Unallocated corporate liabilities	**2,601**	2,684
Liabilities directly associated with disposal group classified as held for sale	**645**	888
Total liabilities	**75,566**	86,938

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

33 Segment information (cont'd)

	Group	
	2013	2012
	$'000	$'000
Other segment information		
Depreciation		
Supply Chain Management		
Marine cables and accessories	**752**	706
Marine lighting equipment and accessories	**203**	151
Others	**125**	96
Manufacturing		
Marine switchboard	**161**	113
Galvanised steel wire	**553**	89
Engineering Services		
Engineering and installation	**400**	420
	2,194	1,575
Other significant non-cash expenses		
Supply Chain Management		
Marine cables and accessories	**659**	340
Marine lighting equipment and accessories	**105**	74
Others	**47**	16
Manufacturing		
Marine switchboards	**65**	(220)
Armouring steel wire	**(17)**	17
Engineering services		
Engineering and installation	**(465)**	51
	394	278

Significant non-cash expenses (other than depreciation) consist of the following:

	$'000	$'000
Allowance for impairment of receivable written back	**(131)**	(726)
Allowance for impairment of receivables	**24**	–
Impairment loss on goodwill	**–**	651
Impairment loss on investment in an associated company written back	**–**	(30)
Inventories written down	**924**	591
Loss on liquidation of an associated company	**17**	–
Provision for warranty	**42**	–
Reversal of fair value adjustment of contingent consideration in a business combination	**(465)**	–
Reversal of inventories written down	**(17)**	–
Reversal of provision for warranty	**–**	(208)
	394	278

33 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements.

Segment assets

The amounts provided to the Management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred income tax assets which are classified as unallocated assets.

Segment liabilities

The amounts provided to Management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than current and deferred tax liabilities which are classified as unallocated liabilities.

Geographical Information

Revenue and non-current assets information based on the billing location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore	**53,150**	61,679	**18,055**	17,236
Japan	**10,058**	3,382	**–**	–
Norway	**3,713**	13,852	**–**	–
South-East Asia	**10,673**	13,394	**–**	42
Sultanate of Oman	**2,984**	–	**31,445**	18,431
Other countries	**8,288**	5,412	**28**	39
	88,866	97,719	**49,528**	35,748

South-East Asia comprises Brunei, Indonesia, Malaysia, Philippines and Vietnam.

Other countries comprise Australia, Bangladesh, Canada, China, Dubai, India, Maldives, Mauritius, Netherlands, Sir Lanka and United States of America.

Non-current assets information presented above are non-current assets as presented on the consolidated statement of financial position excluding deferred tax assets, investment in joint venture and associate companies.

Information about major customer

Revenue of approximately $9,635,000 (2012: $13,452,000) are derived from 1 (2012: 1) external customer that individually contributes to more than 10% of the Group revenue and are attributable to the Manufacturing segment (2012: Engineering Services segment).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2013

34 Capital management

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 shareholders' 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 borrowings and the Group's overall strategy remains unchanged from 2012.

Except as disclosed in note 25 to the financial statements, the Group is in compliance with all externally imposed capital requirement for the financial years ended 31 December 2013 and 2012.

35 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors dated 25 March 2014.

STATISTICS OF SHAREHOLDINGS

AS AT 17 March 2014

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 17 March 2014

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	53	2.19	25,486	0.00
1,000 – 10,000	707	29.26	4,483,640	0.94
10,001 – 1,000,000	1,603	67.47	89,187,874	18.58
1,000,001 AND ABOVE	26	1.08	386,303,000	80.48
TOTAL	**2,416**	**100.00**	**480,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

AS AT 17 MARCH 2014

	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	BENG HUI HOLDING (S) PTE LTD	286,675,600	59.72
2	CITIBANK NOMINEES SINGAPORE PTE LTD	24,613,000	5.13
3	POH CHOO BIN	11,743,000	2.45
4	MAYBANK NOMINEES (SINGAPORE) PTE LTD	8,310,000	1.73
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,483,000	1.14
6	LIM HWEE HONG	3,928,690	0.82
7	LIM HUAY HUA	3,828,690	0.80
8	LIM HUI ENG	3,828,690	0.80
9	LIM HUI PENG	3,828,690	0.80
10	HONG LEONG FINANCE NOMINEES PTE LTD	3,030,500	0.63
11	CIMB SECURITIES (SINGAPORE) PTE LTD	2,924,000	0.61
12	LIM CHYE HOON	2,917,140	0.61
13	MAYBANK KIM ENG SECURITIES PTE LTD	2,763,000	0.58
14	DBS NOMINEES PTE LTD	2,661,000	0.55
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,368,500	0.49
16	PHILLIP SECURITIES PTE LTD	2,164,000	0.45
17	SEE YONG HAI	2,000,000	0.42
18	RAFFLES NOMINEES (PTE) LTD	1,990,000	0.41
19	GINA GOH LAY SUAN	1,912,000	0.40
20	WEE BOH HUAT	1,779,000	0.37
	TOTAL	378,748,500	78.91

STATISTICS OF SHAREHOLDINGS

AS AT 17 March 2014

SUBSTANTIAL SHAREHOLDERS

AS AT 17 MARCH 2014

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST	%	DEEMED INTEREST	%
BENG HUI HOLDING (S) PTE. LTD.	286,675,600	59.72	–	–
ALVIN LIM HWEE HONG	3,928,690	0.82	286,675,600	59.72
VINCENT LIM HUI ENG	3,828,690	0.80	286,675,600	59.72
PATRICK LIM HUI PENG	3,828,690	0.80	286,675,600	59.72
JOHNNY LIM HUAY HUA	3,828,690	0.80	286,675,600	59.72
EILEEN LIM CHYE HOON	2,917,140	0.61	286,750,600	59.74
POH CHOO BIN	27,636,000	5.76	–	–

RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

Based on the information available to the Company as at 17 March 2014, approximately 30.64% 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 BH GLOBAL CORPORATION LIMITED (the "Company") will be held at the Boardroom, 8 Penjuru Lane, Singapore 609189 on Tuesday, 15 April 2014 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 2013 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a Final Dividend of 0.5 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2013. **(Resolution 2)**

3. To approve the Directors' Fees of S$360,000 for the financial year ended 31 December 2013 (2012: S$330,000). **(Resolution 3)**

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

   (a) Mr Vincent Lim Hui Eng; and **(Resolution 4)**
   (b) Mr Winston Kwek Choon Lin. **(Resolution 5)**

   (See Explanatory Note 1)

5. To re-appoint Messrs Baker Tilly TFW LLP 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 Section 161 of the Companies Act, Chapter 50 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 centium (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 centium (20%) of the total number of issued Shares (excluding treasury shares) in the share capital of the Company;

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(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 until:

(i) 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 the 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." **(Resolution 7)**

(See Explanatory Note 2)

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

"That authority be and is hereby given to the Directors to 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 share capital of the Company from time to time."

(See Explanatory Note 3)

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

On behalf of the Board

Alvin Lim Hwee Hong
Executive Chairman
31 March 2014

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:-

1. Mr Vincent Lim Hui Eng (Executive Director and Chief Executive Officer) will, upon re-election as Director of the Company, continue to serve as a member of the Nominating Committee and Risk Management Committee. He is the sibling of the Executive Directors, Mr Alvin Lim Hwee Hong and Mr Patrick Lim Hui Peng.

   Mr Winston Kwek Choon Lin (Independent Non-executive) will, upon re-election as Director of the Company, continue to serve as the Chairman of the Nominating Committee as well as a member of the Remuneration Committee and Audit Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Detailed information on Mr Vincent Lim Hui Eng and Mr Winston Kwek Choon Lin can be found under the "Directors' Profile" section in the Company's Annual Report 2013.

2. The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of the Annual General 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. The proposed Ordinary Resolution 8, 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 centum (15%) of the total number of issued Shares (excluding treasury shares) in the share capital of the Company from time to time pursuant to the 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 CORPORATION LIMITED
(Company Registration Number: 200404900H)
(Incorporated in the Republic of Singapore)

PROXY FORM

Important:
1. For investors who have used their CPF monies to buy BH Global Corporation Limited's shares, this Annual Report 2013 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 intents 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 CORPORATION LIMITED** (the "Company"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies* to vote for **me/us* on **my/our* behalf and, if necessary, to demand a poll, at the AGM of the Company to be held at the Boardroom, 8 Penjuru Lane, Singapore 609189 on Tuesday, 15 April 2014 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 AGM 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.

* Please delete accordingly.

Resolution No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2013.		
2.	To declare a Final Dividend of 0.5 Singapore cent per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2013.		
3.	To approve the Directors' Fees of S$360,000 for the financial year ended 31 December 2013.		
4.	To re-elect Mr Vincent Lim Hui Eng as Director.		
5.	To re-elect Mr Winston Kwek Choon Lin as Director.		
6.	To re-appoint Messrs Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To approve the Share Issue Mandate.		
8.	To authorise the allotment and issuance of shares under the BH Global Performance Share Plan.		

Note:
1 Please indicate your vote "For" or "Against" with an "X" within the box provided.
2 If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of _____________ 2014

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

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ BELOW NOTES BEFORE COMPLETING THIS PROXY FORM

Notes:

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

2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Penjuru Lane, Singapore 609189 not less than 48 hours before the time appointed for the meeting.

4 Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

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

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.