



BH GLOBAL MARINE LIMITED
明輝環球海事有限公司

BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2011

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS

1(a) – An income statement (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year.

1(a)(i) Income Statement

	Group \$'000		
	1 st quarter ended 31.3.11	1 st quarter ended 31.3.10	% Change
Sales of goods	34,892	19,194	82%
Cost of sales	(24,713)	(11,867)	108%
Gross profit	10,179	7,327	39%
Other operating Income	14	18	(22%)
Selling & distribution expenses	(3,901)	(2,476)	58%
Administrative expenses	(1,586)	(1,178)	35%
Finance costs	(38)	(41)	(7%)
Profit from operations	4,668	3,650	28%
Share of results of joint venture	98	162	(40%)
Share of results of associate	(4)	-	N.M
Profit before taxation	4,762	3,812	25%
Tax expense	(764)	(678)	13%

Net profit after tax for the period	3,998	3,134	28%
Attributable to:			
Equity holders of the Company	3,757	3,013	25%
Non-controlling interests	241	121	99%
	3,998	3,134	28%

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	1st quarter ended 31.3.11	1st quarter ended 31.3.10	% Change
Net profit for the period	3,998	3,134	28%
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities (net)	(54)	1	N.M
Total comprehensive income for the period	3,944	3,135	26%
Total comprehensive income attributable to:			
Equity holders of the Company	3,713	3,014	23%
Non-controlling interests	231	121	91%
Total comprehensive income for the period	3,944	3,135	26%

1(a)(ii) Notes to income statement

	Group (S\$'000) 1 st quarter ended 31.3.11	Group (S\$'000) 1 st quarter ended 31.3.10	% Change
Other income including interest income	27	39	(31%)
Interest on borrowings	(38)	(41)	(7%)
Depreciation of property, plant and equipment	(647)	(265)	144%
Gain on disposal of property, plant and equipment	16	-	N.M.
Foreign exchange loss	(30)	(21)	43%
Provision for stock obsolescence	(589)	(247)	138%
Write-back of doubtful debts	134	83	61%

N.M. – Not meaningful

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

	Group (\$'000)		Company (\$'000)	
	31.03.11	31.12.10	31.03.11	31.12.10
Non-current assets				
Property, plant and equipment	22,841	22,171	-	-
Investment in subsidiaries	-	-	15,358	15,358
Investment in joint venture	1,562	1,481	806	823
Investment in an associated company	70	75	90	90
Deferred tax assets	160	160	-	-
Intangible assets	1,058	1,058	49	49
	25,691	24,945	16,303	16,320
Current assets				
Inventories	45,503	47,329	-	-
Due from customers on construction contracts	70	2,547	-	-
Amount due from joint venture (trade)	678	881	-	-
Trade receivables	41,266	34,861	-	-
Other receivables	4,413	1,538	40,995	34,077
Cash and cash equivalents	24,821	24,484	2,431	11,847
Total current assets	116,751	111,640	43,426	45,924
Total assets	142,442	136,585	59,729	62,244
Non-current liabilities				
Finance lease liabilities	2	6	-	-

Current liabilities

Due to customers on construction contracts	483	2,095	-	-
Trade payables	16,753	12,975	-	-
Bank borrowings	7,176	5,329	-	-
Other payables	8,219	7,827	3,639	2,657
Finance lease liabilities	55	14	-	-
Tax payable	3,427	2,596	70	70
	36,113	30,836	3,709	2,727

Total liabilities	36,115	30,842	3,709	2,727
Net assets	106,327	105,743	56,020	59,517

Shareholders' equity

Share capital	43,461	43,461	43,461	43,461
Translation reverses	(132)	(88)	-	-
Accumulated profits	60,362	59,965	12,559	16,056
Attributable to equity holders of the Company, total	103,691	103,338	56,020	59,517
Non-controlling interests	2,636	2,405	-	-
Total shareholders' equity	106,327	105,743	56,020	59,517

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following as at the financial period reported on with comparative figures as at the end of the immediate preceding financial year:

Amount repayable in one year or less, or on demand

As at 31.03.11 (\$'000)		As at 31.12.10 (\$'000)	
Secured	Unsecured	Secured	Unsecured
4,413	2,763	2,356	2,973

Amount repayable after one year

As at 31.03.11 (\$'000)		As at 31.12.10 (\$'000)	
Secured	Unsecured	Secured	Unsecured
	-	-	-

Details of any collateral

The Group's banking facilities were secured by the following:

- (a) Legal charge on the Group's leasehold property with net book value of \$9.03million (31.12.2010: \$9.33million)
- (b) Corporate guarantee by the Company
- (c) Fixed deposits of certain subsidiaries
- (d) Joint and several guarantee by certain directors of a subsidiary

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Group	
	S\$'000	S\$'000
	1st quarter	1st quarter
	ended 31.3.11	ended 31.3.10
Cash flows from operating activities		
Profit before tax	4,762	3,812
Adjustments for :		
Depreciation	647	268
Share of results in joint venture	(98)	(162)
Shares of results in associate	4	-
Gain on disposal of property, plant and equipment	(16)	-
Interest income	(7)	(1)
Interest expense	38	41
Unrealised translation difference	49	1
Operating cash before movements in working capital	5,379	3,959
Inventories	1,826	(7,344)
Due to customers on construction contracts	865	-
Receivables	(9,077)	3,532
Payables	809	(77)
Cash generated from operations	(198)	70
Interest paid	(38)	(41)
Income tax paid	(17)	(878)
Net cash used in operating activities	(253)	(849)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,317)	(2,187)
Proceeds from disposal of property, plant and equipment	16	-
Interest received	7	1
Investment in joint venture	-	(83)
Net cash used in investing activities	(1,294)	(2,269)
Cash flows from financing activities		
Proceeds from bankers	1,847	3,608
Increase in finance lease liabilities	37	-

Net cash used in financing activities	1,884	3,608
Net increase in cash and cash equivalents	337	490
Cash and cash equivalents at beginning of period	24,484	11,038
Cash and cash equivalents at end of period	24,821	11,528

1(d)(i) A Statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

(\$'000)

	Share capital	Translation reserves	Accumulated profits	Total	Non-controlling interests	Total shareholders' equity
At 1 January 2011	43,461	(88)	59,965	103,338	2,405	105,743
Loss not recognised in income statement	–	(44)	–	(44)	(10)	(54)
Profit for the period	–	–	3,757	3,757	241	3,998
Dividends	–	–	(3,360)	(3,360)	–	(3,360)
Balance at 31 March 2011	43,461	(132)	60,362	103,691	2,636	106,327
At 1 January 2010	23,069	2	52,081	75,152	18	75,170
Loss not recognised in income statement	–	(1)	–	(1)	–	(1)
Profit for the period	–	–	3,013	3,013	121	3,134
Balance at 31 March 2010	23,069	1	55,094	78,164	139	78,303

Company

(\$'000)

	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2011	43,461	16,056	59,517

Loss for the period	–	(137)	(137)
Dividends	–	(3,360)	(3,360)
Balance at 31 March 2011	43,461	12,559	56,020
At 1 January 2010	23,069	9,583	32,652
Profit for the period	–	2,429	2,429
Balance at 31 March 2010	23,069	12,012	35,081

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.03.11	31.12.10
Total number of issued shares (excluding treasury shares)	480,000,000	480,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice. (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect from the current financial year, there were no changes in accounting policies and methods of computation adoption in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2010.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the period ending 31 March 2011.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders :-

Group		
	31.3.11	31.3.10
(i) Based on number of ordinary shares in issue	0.78 cents	0.72 cents
Number of ordinary shares in issue	480,000,000	420,000,000
(ii) On a fully diluted basis	0.78 cents	0.72 cents
Diluted number of ordinary shares in issue	480,000,000	420,000,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year

	Group		Company	
	31.03.11	31.12.10	31.03.11	31.12.10
Net asset value per ordinary share based on existing share capital	22 cents	22 cents	12 cents	12 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-
(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue
(1Q2011 Vs 1Q2010)

	Group		% Change
	1Q 2011	1Q 2010	
	\$'000	\$'000	
Supply Chain Management			
Marine cables and accessories	11,981	10,237	17%
Marine lighting equipment and accessories	3,083	3,276	(6%)
Others	1,530	1,934	(21%)
	16,594	15,447	7%
Manufacturing			
Marine switchboards	2,313	2,832	(18%)
Galvanised steel wire	2,559	817	213%
	4,872	3,649	34%
Engineering Services			
Engineering and installation	13,426	98	N.M
Total sales revenue	34,892	19,194	82%

Supply Chain Management

Supply chain management accounts for 48% of the Group's turnover in 1Q2011, of which marine cables and accessories contributed 72%, marine lighting equipment and accessories 19% and others 9%. Revenue from marine cables and accessories increased by 17% mainly due to delivery of a few offshore projects secured in 4Q2010.

Manufacturing

The Manufacturing Division accounts for 14% of the Group's turnover in 1Q2011, of which marine switchboards contributed 47% and galvanised steel wire 53%. The decrease in revenue from marine switchboards is due to the postponement of the delivery of certain orders to 2Q2011. The increase in revenue from galvanized steel wire is due to higher orders from the Middle East.

Engineering Services

Engineering Services Division accounts for 38% of the Group's turnover in 1Q2011. The significant increase in revenue from engineering and installation is due to the formation of this new business unit in 1Q2010, which has secured orders from the marine and oil & gas industries.

Geographical Segment

Revenue derived from Singapore increased marginally by \$600K or 4% from \$15.1million in 1Q2010 to \$15.7million in 1Q2011 while revenue derived from overseas increased by \$15.1million or 368% from \$4.1million in 1Q2010 to \$19.2million in 1Q2011. The contribution from revenue derived from overseas to total revenue also increased from 21% in 1Q2010 to 55% in 1Q2011. This is mainly due to the contribution from the Group's Engineering Services Division which derived its revenue substantially from overseas customers.

Gross profit

The Group's gross profit increased by \$2.9million or 39% from \$7.3million in 1Q2010 to \$10.2million in 1Q2011 due to a higher turnover. However, overall gross profit margin decreased from 38% in 1Q2010 to 29% in 1Q2011. This was mainly due to the higher contribution from Engineering Services Division which yields a lower gross margin.

Other operating income

The decrease in other income in 1Q2011 as compared to 1Q2010 was mainly due to a higher foreign exchange loss.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The increase in both selling & distribution and administrative expenses in 1Q2011 as compared to 1Q2010 was mainly due to the inclusion of the Engineering Services Division.

Share of results in joint venture

The decrease in share of results in joint venture was due to a weaker UAE Dirham.

Share of results of associate

The increase in share of loss of associate is due to the formation of the associate company in 2Q2010.

Tax expense

The higher income tax for 1Q2011 against 1Q2010 was consistent with higher profit before tax.

Balance Sheet and Cash Flow Analysis

Property, plant and equipment

The increase in property, plant and equipment of \$670K was mainly due to the acquisition of plant and machinery for the Group's Engineering Services Division for the purpose of developing its fabrication facility.

Investment in joint venture

The increase in investment in joint venture is mainly due to the share of results from joint venture in 1Q2011.

Inventories

Inventories decreased by \$1.8million from \$47.3million in FY2010 to \$45.5million in 1Q2011. This was mainly due to a lower inventory level of the Supply Chain Management Division as a result of improved inventory management control offset by the acquisition of raw materials for the Group's new Engineering Services Division.

Due from customers on construction contracts

The decrease in due from customers on construction contracts is due to progressive billings to customers by our Engineering Services Division for projects completed in 1Q2011.

Amount due from joint venture (trade)

The decrease in amount due from joint venture (trade) is due to higher repayment as a result of improved cash flow of the joint venture.

Trade receivables

Trade receivables increased by \$6.4million from \$34.9million in FY2010 to \$41.3million in 1Q2011. This was mainly due to the higher revenue in 1Q2011.

Other receivables

The increase in other receivables of \$2.9million was mainly due to payment for a deposit for acquisition of shares in a new investment and purchase of a new fabrication facility.

Due to customers on construction contracts

The decrease in due to customers on construction contracts is due to the progress completion for projects in 1Q2011 billed in advance in 4Q2010 by our Engineering Services Division.

Trade payables

Trade payables increased by \$3.8million from \$13.0million in FY2010 to \$16.8 in 1Q2011. This was mainly due to purchase of raw materials by the Group's new Engineering Services Division as a result of higher orders.

Other payables

The increase in other payables of \$392K was due to provision of dividends payable to the shareholders of the Company offset by payment of staff related cost accrued in FY2010 .

Banks borrowings

The increase in bank borrowings of \$1.8million was mainly due to utilization of bank facilities to finance partially the acquisition of raw materials by the Group's Engineering Services Division.

Cash flow

Net cash and cash increased by \$337,000 as compared to an increase of \$490,000 in 1Q2010. This was mainly due to higher trade receivables as a result of higher sales of the Group's Engineering Services Division offset by a lower inventory level.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

1Q2011 was an eventful period for the major players in the industry as they witnessed a series of contracts secured from the oil & gas segment. Rising oil prices may spur oil exploration and production activities globally and that may translate into potential growth opportunities for the Group.

Recognising the need to scale up the value chain, the Group began to diversify its product and service offerings such as the new Engineering Services business, which focuses on engineering and installation services. The Group is also actively exploring the acquisition of a new range of lighting products. Other than organic growth, the Group is also sourcing for potential acquisitions that are synergistic to the Group's existing offerings. Concurrently, the Group is looking at expanding its regional footprints in Indonesia, Middle East and India to enhance its presence in the region.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b)Corresponding Period of the Immediately Preceding Financial Year

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

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded for the first quarter ended 31 March 2011.

13. Interested Person Transactions

[Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.]

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

14. Utilisation of proceeds from the Taiwan Depository Receipts issue

Intended use of proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance as at 31.03.2011 (S\$'000)	Descriptions (S\$'000)
Repayment of bank loans	10,300	7,973	2,327	Revolving Credit: S\$2,500 Bank trade facilities: S\$5,473
Investment in galvanized steel wire manufacturing plant	3,000	-	3,000	
Purchase of fixed assets	2,000	-	2,000	
Working capital	5,091	2,438	2,653	Trade Suppliers: S\$2,438
Total	20,391	10,411	9,980	

15. Negative assurance confirmation

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 31 March 2011 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
27 April 2011

Vincent Lim Hui Eng
Chief Executive Officer
27 April 2011