



BH GLOBAL MARINE LIMITED

明輝環球海事有限公司

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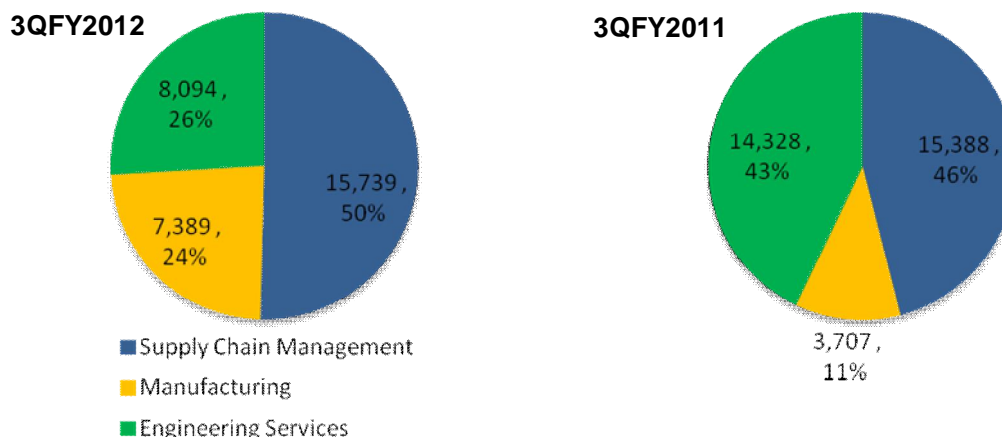
BH Global Marine's 3Q2012 results in the red, but remained profitable for 9M2012

- Loss was attributed to variation order issues, foreign exchange fluctuations and lower business volume in the Engineering Services business division
- Core Supply Chain Management remained sound and profitable; revenue contribution remained steady at 50%
- Adopting a proactive approach in resolving the issues on hand and introducing measures to mitigate impact going forward

Singapore, 30 October 2012 – BH Global Marine Limited (“BH Global” , “明輝環球海事” or the “Group”), an integrated group providing premium electrical products and EIT (Electrical, Instrumentation and Telecommunication) solutions to the Marine & Offshore and Oil & Gas industries, posted a quarterly net loss for the three months ended 30 September 2012 (“3Q2012”), impacted by decline in revenue and profitability of its Engineering Services business division.

Financial Highlights (S\$'000)	3Q2012	3Q2011	Change (%)	9M2012	9M2011	Change (%)
Revenue	31,222	33,423	(7)	92,033	109,432	(16)
Gross Profit	2,497	10,021	(75)	17,309	32,363	(47)
Gross Profit Margin	8%	30%	-	19%	30%	-
Profit Before Tax	(4,817)	4,193	N.M	203	14,241	(99)
Net Profit Attributable to Shareholders	(3,461)	3,429	N.M	1,540	11,166	(86)
Net Margin	(17%)	11%	-	(1%)	11%	-
Basic Earnings per Share (cents)	(0.72)	0.71	N.M	0.32	2.33	(86)

Revenue breakdown by business segments (S\$'000)



3Q2012 Analysis

Revenue declined 7% year-on-year ("y-o-y") to S\$31.2 million in 3Q2012. Gross profit declined to S\$2.5 million and gross profit margin reduced to 8% in 3Q2012 as compared to S\$10.0 million and 30% in 3Q2011 respectively. These were largely due to poor performance of the Engineering Service business division. The Group has two subsidiaries under Engineering Services, Oil & Gas Solutions Pte Ltd ("OGS") and BH Marine & Offshore Engineering Pte Ltd ("BHE"). OGS was held up by their first major project that tied down most of their manpower resources since December 2011. Labour costs were incurred but the recovery of relevant costs from customer is uncertain. With limited capacity to accommodate new projects and provision made to cushion against potentially irrecoverable project costs, OGS's financial performance was adversely affected. BHE experienced lower business volume during the quarter. The sharp depreciation of Indonesian Rupiah against Singapore Dollars during the period exacerbated the situation further, thereby producing an unfavourable set of results.

Notably, the Group's core business, Supply Chain Management, remained sound and racked in S\$15.7 million worth of revenue contribution in 3Q2012, as compared to S\$15.4 million in the previous corresponding period. Supply Chain Management maintained its role as the key revenue driver for the Group in 3Q2012.

As a result, the Group recorded a net loss attributable to shareholders of S\$3.5 million in 3Q2012, represented by basic loss per share of 0.72 Singapore cents.

Operating cash flow returned to black at S\$1.9 million in 3Q2012 as compared to operating cash outflow of S\$5.8 million in 3Q2011.

“It was a quiet quarter for our fabrication yard in Batam and with current projects nearing completion, our topline was affected. Volatility in the foreign exchange rates was another tricky issue. To better manage foreign exchange risks, the Group will be exploring different hedging structures and will work with customers on a contractual value range beyond which it will be subjected to renegotiation.

The project that engaged OGS as an Electrical, Instrumentation and Telecommunication service provider was OGS’s first sizeable project. We are currently going through the learning curve. Tighter control measures will be enforced and we will work closely with our customer to pursue recovery of variation orders I believe we can rise up to the challenge and emerge stronger once we gain more project management experience and exposure.

Investment in Engineering Services was made initially to expand our business offerings and exposure, adding on a complementary revenue stream. We hold firmly to our belief and will continue to make the necessary restructuring to consolidate this investment into our Group.”

Vincent Lim, Chief Executive Officer, BH Global

Outlook

The general marine industry remains demanding. The unattractive Baltic Dry Index deters shipowners and operators from placing newbuild orders with shipyards. Banks remain cautious in extending financing facilities to the shipbuilding industry.

The offshore industry is the place to be and I believe E&P activities will remain active so long as oil price remains encouraging. Going forward, we may consider increasing our exposure to the offshore industry through strategic partnerships.”

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About BH Global Marine Limited (Bloomberg Code: BHGM.SP)

BH Global Marine Limited (“BH Global”) is an integrated corporation providing premium electrical products and EIT (Electrical, Instrumentation and Telecommunication) solution to the Marine & Offshore and Oil & Gas industries, which specializes 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

BH Global has over 800 local and international customers, which include ship owners, operators, management companies, chandlers, repair contractors and shipyards.

For more information, please refer to the website, www.bhglobal.com.sg

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