



BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

BH GLOBAL MARINE LIMITED
明輝環球海事有限公司

FULL-YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL 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 (S\$'000) | | % |
|--|--------------------|---------------|--------|
| | 31.12.07 | 31.12.06 | Change |
| Sales revenue | 81,870 | 58,923 | 39% |
| Cost of sales | (48,542) | (36,281) | 34% |
| Gross profit | 33,328 | 22,642 | 47% |
| Other operating income | 320 | 441 | (27%) |
| Marketing expenses | (502) | (517) | (3%) |
| Administrative expenses | (11,628) | (8,300) | 40% |
| Finance costs | (181) | (6) | 2917% |
| Profit before tax | 21,337 | 14,260 | 50% |
| Tax expense | (3,821) | (3,045) | 25% |
| Net profit for the year attributable to equity holders of the Company | 17,516 | 11,215 | 56% |

1(a)(ii) Notes to income statement

| | Group (S\$'000) | | % Change |
|---|--------------------|----------|-------------|
| | 31.12.07 | 31.12.06 | |
| Other income including interest income | 49 | 138 | (64%) |
| Interest on borrowings | 181 | 6 | 2917% |
| Depreciation of property and equipment | 498 | 452 | 10% |
| Foreign exchange gain | 286 | 303 | (6%) |
| Bad debts written off | 1 | 18 | (94%) |
| Provision for stock obsolescence | 568 | - | N.M. |
| Provision for doubtful debts | 164 | - | N.M. |
| Intangible asset written off | - | 700 | N.M. |
| Goodwill arising from consolidation written off | 359 | - | N.M. |

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 (S\$'000) | | Company (S\$'000) | |
|-----------------------------------|--------------------|---------------|----------------------|---------------|
| | 31.12.07 | 31.12.06 | 31.12.07 | 31.12.06 |
| Non-current assets | | | | |
| Property and equipment | 6,926 | 7,135 | - | - |
| Investment in subsidiaries | - | - | 10,717 | 10,664 |
| | 6,926 | 7,135 | 10,717 | 10,664 |
| Current assets | | | | |
| Inventories | 35,240 | 18,053 | - | - |
| Trade receivables | 22,129 | 21,692 | - | - |
| Other receivables | 414 | 90 | 22,046 | 18,204 |
| Cash and cash equivalents | 10,644 | 7,998 | 179 | 2,117 |
| Total current assets | 68,427 | 47,833 | 22,225 | 20,321 |
| Total assets | 75,353 | 54,968 | 32,942 | 30,985 |
| Current liabilities | | | | |
| Trade payables | 9,478 | 9,840 | - | - |
| Other payables | 5,243 | 3,049 | 2,923 | 1,883 |
| Bank borrowings | 5,348 | 661 | - | - |
| Tax payable | 3,973 | 3,143 | 5 | 5 |
| | 24,042 | 16,693 | 2,928 | 1,888 |
| Total liabilities | 24,042 | 16,693 | 2,928 | 1,888 |
| Net assets | 51,311 | 38,275 | 30,014 | 29,097 |
| Shareholders' equity | | | | |
| Share capital | 23,069 | 23,069 | 23,069 | 23,069 |
| Accumulated profits | 28,242 | 15,206 | 6,945 | 6,028 |
| Total shareholders' equity | 51,311 | 38,275 | 30,014 | 29,097 |

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 31.12.07 (S\$'000) | | As at 31.12.06 (S\$'000) | |
|---------------------------------|-----------|---------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 5,348 | - | 661 | - |

Amount repayable after one year

| As at 31.12.06 (S\$'000) | | As at 31.12.05 (S\$'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 \$6.24 million at 31.12.2007.
- (b) Corporate guarantee by the Company

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) | |
| | 31.12.07 | 31.12.06 |
| Cash flows from operating activities | | |
| Profit before tax | 21,337 | 14,260 |
| Adjustments for : | | |
| Depreciation | 498 | 452 |
| Goodwill arising from consolidation written off | 359 | - |
| Intangible asset written off | - | 700 |
| Interest income | (49) | (129) |
| Interest expense | 181 | 6 |
| Loss / (Gain) on disposal of property, plant and equipment | 16 | (5) |
| | <hr/> | <hr/> |
| Operating cash before movements in working capital | 22,342 | 15,284 |
| Inventories | (16,961) | (8,000) |
| Receivables | (200) | (10,541) |
| Payables | 1,011 | 6,397 |
| | <hr/> | <hr/> |
| Cash generated from operations | 6,192 | 3,140 |
| Interest paid | (181) | (6) |
| Income tax paid | (3,037) | (2,132) |
| | <hr/> | <hr/> |
| Net cash provided by operating activities | 2,974 | 1,002 |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 14 | 5 |
| Purchase of property and equipment | (275) | (515) |
| Interest received | 49 | 129 |
| Cash flow on acquisition of subsidiary, net of cash (See Note A) | (323) | - |
| Purchase of intangible asset | - | (700) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (535) | (1,081) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Increase in bank borrowings | 4,687 | 661 |
| Dividend paid | (4,480) | (2,800) |
| | <hr/> | <hr/> |
| Net cash provided by / (used in) financing activities | 207 | (2,139) |
| | <hr/> | <hr/> |
| Net increase / (decrease) in cash and cash equivalents | 2,646 | (2,218) |
| Cash and cash equivalents at beginning of year | 7,998 | 10,216 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of year | 10,644 | 7,998 |

Note A

Acquisition of subsidiary

During the period, the Group acquired B & C Electrical Pte Ltd, a wholly-owned subsidiary. The fair value of assets acquired and liabilities assumed were as follows:

| | (\$'000) |
|---|-------------|
| Cash | 89 |
| Inventories | 226 |
| Trade and other receivables | 540 |
| Plant, property and equipment | 44 |
| Goodwill | 359 |
| Taxation | (25) |
| Trade and other payables | (821) |
| Total purchase price paid | <u>412</u> |
| Less: Cash of subsidiary | <u>(89)</u> |
| Cashflow on acquisition, net of cash acquired | <u>323</u> |

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 | Accumulated Profits | Total Shareholders' Equity |
| At 1 January 2007 | 23,069 | 15,206 | 38,275 |
| Profit for the year | – | 17,516 | 17,516 |
| Dividends | – | (4,480) | (4,480) |
| At 31 December 2007 | <u>23,069</u> | <u>28,242</u> | <u>51,311</u> |
| At 1 January 2006 | 23,069 | 6,791 | 29,860 |
| Profit for the year | – | 11,215 | 11,215 |
| Dividends | – | (2,800) | (2,800) |
| At 31 December 2006 | <u>23,069</u> | <u>15,206</u> | <u>38,275</u> |

| Company | (S\$'000) | | |
|----------------------------|---------------|---------------------|----------------------------|
| | Share Capital | Accumulated Profits | Total Shareholders' Equity |
| At 1 January 2007 | 23,069 | 6,028 | 29,097 |
| Profit for the year | – | 5,397 | 5,397 |
| Dividends | – | (4,480) | (4,480) |
| At 31 December 2007 | 23,069 | 6,945 | 30,014 |
| At 1 January 2006 | 23,069 | 3,050 | 26,119 |
| Profit for the year | – | 5,778 | 5,778 |
| Dividends | – | (2,800) | (2,800) |
| At 31 December 2006 | 23,069 | 6,028 | 29,097 |

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.

On 23 November 2007, the board of directors approved a bonus issue of 140,000,000 new ordinary shares on the basis of one (1) new ordinary share credited as fully paid for every two (2) existing ordinary shares held in the capital of the Company. The bonus issue which will rank pari passu with existing shares is presently pending for approval from the Singapore Exchange Securities Trading Limited and will be issued when approval is obtained.

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.

Not Applicable.

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.

The Group applied the same accounting policies and methods of computation, set in the audited financial statements as at 31 December 2006 in the preparation of the financial statements for current reporting year.

The new or revised Financial Reporting Standards ('FRS') and Interpretations to FRS that are applicable for the current financial year has no material effect on the financial statements.

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.

There were no changes in accounting policies and methods of computation.

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 | |
|--|-----------------|-----------------|
| | 31.12.07 | 31.12.06 |
| (i) Based on weighted average number of ordinary share in issues | 6.26 cents | 4.01 cents |
| Weighted average number of ordinary shares in issue | 280,000,000 | 280,000,000 |
| (ii) On a fully diluted basis | 6.26 cents | 4.01 cents |
| Diluted weighted average number of ordinary shares in issue | 280,000,000 | 280,000,000 |

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 | |
|--|----------|----------|----------|----------|
| | 31.12.07 | 31.12.06 | 31.12.07 | 31.12.06 |
| Net asset value per ordinary share based on existing share capital | 18cents | 14 cents | 11cents | 10 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

The Group's revenue increased by \$23million or 39% from \$58.9million in FY2006 to \$81.9million in FY2007. This was due to an overall increase in revenue in both marine electrical equipment and marine consumables segments.

Marine electrical equipment contributed 90% to the Group's revenue, of which marine cables contributed 77% and marine lighting 23%. Marine consumables contributed 10%.

The increase in revenue was the result of the Group's strategy in increasing its inventory level, both in quantity and range to meet customers' demand and deliver to them on a timely basis. The increase in revenue was also aided by the higher demand in the marine sector, driven by the increase in oil and gas production and exploration activities worldwide.

Revenue derived from Singapore increased by \$21.3million or 43% from \$49.4million in FY2006 to \$70.7million in FY2007. The increase was mainly due to the increase in rig- and ship-building activities in Singapore.

Revenue derived from overseas increased by \$1.7million or 18% from \$9.5million in FY2006 to \$11.2million in FY2007 as the Group managed to secure more sales for shipbuilding and ship conversion projects overseas.

Gross profit

Our overall gross profit increased by \$10.7million or 47% from \$22.6million in FY2006 to \$33.3million in FY2007. The increase was due to higher revenue and increase in overall gross margin from 38% in FY2006 to 41% in FY2007. The higher overall gross margin was due to better margin from sales of marine cables and accessories.

Operating expenses

The Group's operating expenses comprise mainly marketing and administrative expenses. The operating expenses increased by \$3.3million from \$8.8million in FY2006 to \$12.1million in FY2007. This was mainly due to increase in head count and higher staff-related cost, and provision for stock obsolescence and doubtful debts.

Finance costs

Finance cost increased by \$175,000 from \$6,000 in FY2006 to \$181,000 in FY2007. The increase was due to higher usage of trade facilities for purchases to meet the increase in turnover.

Income tax

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

Balance Sheet and Cash Flow Analysis**Inventories**

The increase in inventories of \$17.2million was in line with the Group's strategy to position ourselves as a supplier of a comprehensive range of marine electrical products.

Trade Receivables

Despite the increase in revenue by 39%, trade receivables increased only by 2% from \$21.7million in FY2006 to \$22.1million in FY2007 due to better credit policy and control.

Other Receivables

The increase in other receivable of \$324,000 was mainly due to a deposit paid for the acquisition of a new leasehold property.

Other payables

The increase in other payables of \$2.2million was mainly due to higher provision of staff related cost.

Bank Borrowings

The increase in bank borrowings of \$4.7million was due to higher usage of trade facilities for purchases to meet the increase in turnover.

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

The results for the year ended 31 December 2007 are in line with the prospect statement as announced in the interim announcement on 27 July 2007.

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.

The outlook for the marine industry is expected to remain positive in view of the increasing offshore oil and gas exploration and production activities, infrastructure projects in the Middle East and general fleet renewal of ship owners.

According to Clarkson Research Services (CRS), the total amount of newbuilding contracts placed in 2007 reached 240.9 million dwt, far outstripping the previous high of 172.2 million dwt in 2006. The report also highlighted that the "...shipping industry has plenty of cash and although the global credit squeeze and a softer dry-bulk chartering market may caused some to draw in their horns, there is little sign that owners have become investment shy...."

Based on the generally positive industry environment, the Group is cautiously optimistic about its business prospects in FY2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors recommend a first and final dividend for the year ended 31 December 2007 as stated below:

| | |
|---------------------------------|---|
| Name of Dividend | First & Final |
| Dividend Type | Cash |
| Dividend amount per share (S\$) | 1.8 cents per ordinary share (one-tier tax exempt) Dividend per share will be reduced to 1.2 cents per ordinary share (one-tier tax exempt) after the issuance of 140,000,000 bonus shares in first quarter of 2008, subject to approval from Singapore Exchange Securities Trading Limited. |

| | |
|--------------------------|----|
| Par value of share (S\$) | NA |
| Tax rate | NA |

(b) Corresponding Period of the Immediately Preceding Financial Year

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

| | |
|---------------------------------|---|
| Name of Dividend | First & Final |
| Dividend Type | Cash |
| Dividend amount per share (S\$) | 1.6 cent per ordinary share (one-tier tax exempt) |
| Par value of share (S\$) | NA |
| Tax rate | NA |

(c) Date payable 7 May 2007

(d) Books closure date

Notice is hereby given that the Registrar of Members of the Company will be closed on 25 April 2007, for the purpose of determining dividend entitlements and the preparation of dividend warrants in respect of the first and final dividend to be paid on 7 May 2007. Duly completed transfers received by the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) of 8 Cross Street, #11-00, Singapore 048424 up to 5.00pm on 24 April 2007 will be registered before the entitlements to the dividend are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 24 April 2007 will be entitled to the dividend.

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

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR
ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

By Business Segments

| | Group | |
|--|----------------|----------------|
| | 2007 | 2006 |
| | S\$'000 | S\$'000 |
| <u>Revenue by business segment</u> | | |
| Marine Electrical Equipment | | |
| Marine cables and accessories | 56,503 | 40,039 |
| Marine lighting equipment and accessories | 17,314 | 11,446 |
| | <hr/> | <hr/> |
| | 73,817 | 51,485 |
| | <hr/> | <hr/> |
| Marine Consumables | | |
| Marine lamps | 4,042 | 4,075 |
| General marine consumable products | 4,011 | 3,363 |
| | <hr/> | <hr/> |
| | 8,053 | 7,438 |
| | <hr/> | <hr/> |
| Total revenue | 81,870 | 58,923 |
| | <hr/> | <hr/> |
| <u>Segment results</u> | | |
| Marine Electrical Equipment | | |
| Marine cables and accessories | 13,136 | 8,577 |
| Marine lighting equipment and accessories | 5,568 | 3,584 |
| | <hr/> | <hr/> |
| | 18,704 | 12,161 |
| | <hr/> | <hr/> |

| | Group | |
|------------------------------------|--------------------|--------------------|
| | 2007 | 2006 |
| | S\$'000 | S\$'000 |
| Marine Consumables | | |
| Marine lamps | 1,764 | 1,749 |
| General marine consumable products | 820 | 221 |
| | <hr/> 2,584 | <hr/> 1,970 |
| Total segment results | 21,288 | 14,131 |
| Unallocated interest income | 49 | 129 |
| | <hr/> 21,337 | <hr/> 14,260 |
| Net profit before tax | (3,821) | (3,045) |
| Tax expense | | |
| Net profit for the financial year | <hr/> <hr/> 17,516 | <hr/> <hr/> 11,215 |

Group Assets and Liabilities

Segment assets

| | | |
|---|--------------|--------------|
| Marine Electrical Equipment | | |
| Marine cables and accessories | 55,123 | 37,507 |
| Marine lighting equipment and accessories | 13,903 | 11,019 |
| Marine Consumables | | |
| Marine lamps | 3,458 | 3,959 |
| General marine consumable products | 2,455 | 2,393 |
| Unallocated corporate assets | 414 | 90 |
| Total assets | <hr/> 75,353 | <hr/> 54,968 |

Segment liabilities

| | | |
|---|--------------|--------------|
| Marine Electrical Equipment | | |
| Marine cables and accessories | 13,851 | 9,208 |
| Marine lighting equipment and accessories | 4,244 | 2,632 |
| Marine Consumables | | |
| Marine lamps | 991 | 937 |
| General marine consumable products | 983 | 773 |
| Unallocated corporate liabilities | 3,973 | 3,143 |
| Total liabilities | <hr/> 24,042 | <hr/> 16,693 |

Other segment information

| | Group | |
|---|----------------|----------------|
| | 2007 | 2006 |
| | S\$'000 | S\$'000 |
| <u>Depreciation</u> | | |
| Marine Electrical Equipment | | |
| Marine cables and accessories | 344 | 307 |
| Marine lighting equipment and accessories | 105 | 88 |
| Marine Consumables | | |
| Marine lamps | 25 | 31 |
| General marine consumable products | 24 | 26 |
| | <hr/> 498 | <hr/> 452 |
| <u>Capital expenditure</u> | | |
| Marine Electrical Equipment | | |
| Marine cables and accessories | 190 | 350 |
| Marine lighting equipment and accessories | 58 | 100 |
| Marine Consumables | | |
| Marine lamps | 14 | 36 |
| General marine consumable products | 13 | 29 |
| | <hr/> 275 | <hr/> 515 |

By Geographical

| | | |
|------------------------|--------------|--------------|
| Singapore | 70,671 | 49,382 |
| South-East Asia | 3,839 | 3,971 |
| East Asia | 3,768 | 2,438 |
| Middle East | 2,194 | 1,568 |
| Other countries | 1,398 | 1,564 |
| | <hr/> 81,870 | <hr/> 58,923 |

The turnover by geographical segments is based on the billing location of customers.

All the assets and capital expenditure of the Group are located in Singapore.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue from marine cables and accessories increased by \$16.4million or 41% from \$40.0million in FY2006 to \$56.5million in FY2007. Contribution to total revenue increased from 68.0% in FY2006 to 69.0% in FY2007. This has resulted in an increase in contribution to the Group's total segment results from 60.7% in FY2006 to 61.7% in FY2007. The increase in revenue was due to an increase in demand in the marine sector and the Group's effort to secure more sales to rig- and ship-builders, both local and overseas.

15. A breakdown of sales

| | Group (S\$'000) | | % Change |
|--|----------------------------|-----------------|---------------------|
| | 31.12.07 | 31.12.06 | |
| Sales reported for first half year | 39,424 | 22,676 | 74% |
| Operating profit after tax reported for the first half year | 8,331 | 5,236 | 59% |
| Sales reported for second half year | 42,446 | 36,247 | 17% |
| Operating profit after tax reported for the second half year | 9,185 | 5,979 | 54% |

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | (S\$'000) | |
|-----------------|------------------|---------------|
| | FY 2007 | FY2006 |
| Ordinary shares | 4,480 | 2,800 |

17. 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) |
|---------------------------|---|--|
| Not Applicable | Not Applicable | Not Applicable |

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
24 January 2008

Vincent Lim Hui Eng
Managing Director
24 January 2008