



BH GLOBAL MARINE LIMITED
明輝環球海事有限公司

BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

THIRD-QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2008

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR 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		% Change	\$'000		% Change
	3rd quarter ended 30.09.08	3rd quarter ended 30.09.07			9 months ended 30.09.08	
Sales of goods	22,702	24,210	(6%)	74,506	63,634	17%
Cost of sales	(13,467)	(14,934)	(10%)	(45,570)	(38,188)	19%
Gross profit	9,235	9,276	(1%)	28,936	25,446	14%
Other operating income/(expense)	99	(17)	N.M	464	75	519%
Selling & Distribution expenses	(2,185)	(2,337)	(7%)	(7,048)	(6,618)	6%
Administrative expenses	(888)	(793)	12%	(2,907)	(2,472)	18%
Finance costs	(41)	(71)	(42%)	(115)	(110)	5%
Profit before tax	6,220	6,058	3%	19,330	16,321	18%
Tax expense	(1,130)	(1,093)	3%	(3,555)	(3,025)	18%
Net profit for the period attributable to equity holders of the Company	5,090	4,965	3%	15,775	13,296	19%

1(a)(ii) Notes to income statement

	Group					
	(\$'000)			(\$'000)		
	3rd	3rd	%	9 months	9 months	%
	quarter	quarter		ended	ended	
ended	ended	Change	ended	ended	Change	
30.09.08	30.09.07		30.09.08	30.09.07		
Other income including interest income	(9)	(3)	200%	(41)	(40)	3%
Interest on borrowings	41	71	(42%)	115	110	5%
Depreciation of property and equipment	137	136	1%	412	382	8%
Loss on disposal of fixed assets	-	5	N.M	-	5	N.M
Foreign exchange (gain)/loss	(89)	20	345%	(423)	(35)	N.M
Bad debts written off	-	-	N.M	1	-	N.M
Stocks written (back)/down	(11)	-	N.M	128	-	N.M
Write-back of provision for doubtful debts	(115)	-	N.M	(76)	-	N.M
Goodwill arising from consolidation written off	-	83	N.M	-	248	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		Company	
	(\$'000)		(\$'000)	
	30.09.08	31.12.07	30.09.08	31.12.07
Non-current assets				
Property, plant and equipment	12,666	6,926	-	-
Investment in subsidiaries	-	-	10,717	10,717
	12,666	6,926	10,717	10,717
Current assets				
Inventories	38,891	35,240	-	-
Trade receivables	25,075	22,129	-	-
Other receivables	268	414	13,926	22,046
Cash and cash equivalents	12,116	10,644	196	179
Total current assets	76,350	68,427	14,122	22,225
Total assets	89,016	75,353	24,839	32,942
Non-Current liabilities				
Bank Term Loan	1,433	-	-	-
	1,433	-	-	-
Current liabilities				
Trade payables	11,055	9,478	-	-
Bank borrowings	5,653	5,348	-	-
Other payables	5,148	5,243	314	2,923
Tax payable	3,681	3,973	5	5
	25,537	24,042	319	2,928
Total liabilities	26,970	24,042	319	2,928
Net assets	62,046	51,311	24,520	30,014

Shareholders' equity				
Share capital	23,069	23,069	23,069	23,069
Accumulated profits	38,977	28,242	1,451	6,945
Total shareholders' equity	62,046	51,311	24,520	30,014

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 30.09.08 (\$'000)		As at 31.12.07 (\$'000)	
Secured	Unsecured	Secured	Unsecured
400	5,253	5,348	-

Amount repayable after one year

As at 30.09.08 (\$'000)		As at 31.12.07 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,433	-	-	-

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 \$5.94 million (31.12.2007: \$6.24million)
- (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			
	\$'000	\$'000	\$'000	\$'000
	3rd quarter ended 30.09.08	3rd quarter ended 30.09.07	9 months ended 30.09.08	9 months ended 30.09.07
Cash flows from operating activities				
Profit before tax	6,220	6,058	19,330	16,321
Adjustments for :				
Depreciation	137	136	412	382
Goodwill arising on consolidation written off	-	83	-	248
Interest income	(3)	(7)	(7)	(44)
Interest expense	41	71	115	110
Loss on disposal of fixed assets	-	5	-	5
Operating cash before movements in working capital	6,395	6,346	19,850	17,022
Inventories	(3,221)	(1,838)	(3,651)	(12,507)
Receivables	5,606	(5,341)	(2,800)	(6,518)
Payables	(822)	(3,434)	1,482	4,023
Cash generated from / (used in) operations	7,958	(4,267)	14,881	2,020
Interest paid	(41)	(71)	(115)	(110)
Income tax paid	(1,231)	(1,007)	(3,847)	(3,070)
Net cash provided by / (used in) operating activities	6,686	(5,345)	10,919	(1,160)
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,371)	(32)	(6,152)	(192)
Interest received	3	7	7	44
Cash flow on acquisition of subsidiary, net of cash	-	-	-	(323)
Net cash used in investing activities	(3,368)	(25)	(6,145)	(471)
Cash flows from financing activities				
Proceeds from bankers	1,093	1,069	1,738	2,575
Dividend paid	-	-	(5,040)	(4,480)
Net cash from / (used in) financing activities	1,093	1,069	(3,302)	(1,905)

Net increase / (decrease) in cash and cash equivalents	4,411	(4,301)	1,472	(3,536)
Cash and cash equivalents at beginning of year	7,705	8,763	10,644	7,998
Cash and cash equivalents at end of year	12,116	4,462	12,116	4,462

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 2008	23,069	28,242	51,311
Profit for the period	–	5,005	5,005
Balance At 31 March 2008	23,069	33,247	56,316
Profit for the period	–	5,680	5,680
Dividends	–	(5,040)	(5,040)
Balance At 30 June 2008	23,069	33,887	56,956
Profit for the period	–	5,090	5,090
Balance At 30 September 2008	23,069	38,977	62,046
At 1 January 2007	23,069	15,206	38,275
Profit for the period	–	4,037	4,037
Balance At 31 March 2007	23,069	19,243	42,312
Profit for the period	–	4,294	4,294
Dividends	–	(4,480)	(4,480)
Balance At 30 June 2007	23,069	19,057	42,126
Profit for the period	–	4,965	4,965
Balance At 30 September 2007	23,069	24,022	47,091

Company	(\$'000)		
	Share Capital	Accumulated Profits	Total Shareholders' Equity
At 1 January 2008	23,069	6,945	30,014
Loss for the period	–	(265)	(265)
Balance At 31 March 2008	23,069	6,680	29,749
Loss for the period	–	(102)	(102)
Dividends	–	(5,040)	(5,040)
Balance At 30 June 2008	23,069	1,538	24,607
Loss for the period	–	(87)	(87)
Balance At 30 September 2008	23,069	1,451	24,520
At 1 January 2007	23,069	6,028	29,097
Loss for the period	–	(96)	(96)
Balance At 31 March 2007	23,069	5,932	29,001
Loss for the period	–	(250)	(250)
Dividends	–	(4,480)	(4,480)
Balance At 30 June 2007	23,069	1,202	24,271
Loss for the period	–	(235)	(235)
Balance At 30 September 2007	23,069	967	24,036

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

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.

	30.09.08	31.12.07
Total number of issued shares (excluding treasury shares)	420,000,000	280,000,000

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)

N.A

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 2007 in the preparation of the financial statements for current reporting period.

The new or revised Financial Reporting Standards ('FRS') and Interpretations to FRS that are applicable for the current financial period have 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			
	3rd quarter ended 30.09.08	3rd quarter ended 30.09.07	9 months ended 30.09.08	9 months ended 30.09.07
(i) Based on number of ordinary shares in issue	1.21 cents	1.18 cents	3.76 cents	3.17 cents
Number of ordinary shares in issue	420,000,000	*420,000,000	420,000,000	*420,000,000
(ii) On a fully diluted basis	1.21 cents	1.18 cents	3.76 cents	3.17 cents
Diluted number of ordinary shares in issue	420,000,000	*420,000,000	420,000,000	*420,000,000

*The issued number of ordinary shares as at 30.09.07 was 280,000,000. The number of ordinary shares has been adjusted to 420,000,000 ordinary shares in the computation of earnings per share for 140,000,000 bonus shares allotted and issued to existing shareholders on 21 February 2008.

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	
	30.09.08	31.12.07	30.09.08	31.12.07
Net asset value per ordinary share based on existing share capital	15 cents	18 cents	6 cents	11cents

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
(3Q2008 Vs 3Q2007)**

	Group		% Change
	3Q2008 \$'000	3Q2007 \$'000	
Marine Electrical Equipment			
Marine cables and accessories	15,614	17,790	(12%)
Marine lighting equipment and accessories	4,919	4,558	8%
	20,533	22,348	(8%)
Marine Consumables			
Marine lamps	1,075	984	9%
General marine consumable products	1,094	878	25%
	2,169	1,862	16%
Total sales revenue	22,702	24,210	(6%)

Marine Electrical Equipment

Marine electrical equipment remains the larger revenue contributor, accounting for 90% of the Group's turnover in 3Q2008, of which marine cables contributed 76% and marine lighting equipment and accessories 24%. The decrease in revenue from marine cables and accessories was due to 3Q2007 being an exceptional quarter where some projects in 4Q2007 were brought forward to 3Q2007. The increase in revenue from marine lighting equipment and accessories was due to new distributorships secured and increased product range.

Marine Consumables

The increase in revenue from both marine lamps and general marine consumable products was due to more orders secured from ship chandlers and shipyards' MRO (Maintenance, Repair and Overhaul) business.

Revenue (cont'd)
(9M 2008 Vs 9M 2007)

	Group		
	9 months ended 30 September		
	2008 \$'000	2007 \$'000	% Change
Marine Electrical Equipment			
Marine cables and accessories	55,024	44,269	24%
Marine lighting equipment and accessories	13,074	12,923	1%
	68,098	57,192	19%
Marine Consumables			
Marine lamps	3,191	3,094	3%
General marine consumable products	3,217	3,348	(4%)
	6,408	6,442	(1%)
Total sales revenue	74,506	63,634	17%

Marine Electrical Equipment

Marine electrical equipment contributed 91% of the Group's turnover in 9M2008, of which marine cables and accessories contributed 81% and marine lighting equipment and accessories 19%. The Group's strategy to focus on our core business, marine cables and accessories, has paid off as we were awarded more projects and orders in 9M2008, aided by the increase in rigs-and ship-building and ship conversion activities in Singapore and overseas. Revenue from marine lighting equipment and accessories remain relatively unchanged.

Marine Consumables

Revenue from both marine lamps and general marine consumable products in 9M2008 remains consistent and comparable to 9M2007.

Geographical Segment

Revenue derived from Singapore increased by \$6.1million or 11% from \$54.9million in 9M2007 to \$61.0million in 9M2008. The increase was mainly due to the increase in rig-and ship-building activities in Singapore.

Revenue derived from overseas increased by \$4.8million or 55% from \$8.7million in 9M2007 to \$13.5million in 9M2008 as the Group managed to secure more sales, from new customers, for shipbuilding and ship conversion projects overseas.

Revenue contributed from overseas has increased from 18% in 9M2007 to 24% in 9M2008. This is in line with the Group's efforts in venturing into overseas markets.

Gross profit

The Group's overall gross profit decreased by \$41,000 or 1% in 3Q2008 against 3Q2007 due to lower turnover. However, overall gross profit margin increased from 38% in 3Q2007 to 41% in 3Q2008. This was mainly due to weaker US Dollar in 3Q2008. Overall first 9 months gross profit increased by \$3.5million or 14% from \$25.4million in 9M2007 to \$28.9million in 9M2008 due to higher turnover. Overall gross profit margin decreased marginally from 40% in 9M2007 to 39% in 9M2008.

Other operating income/(expense)

Included in other operating income/(expense) is foreign exchange gain of \$89,000 in 3Q2008 as compared to a loss of \$20,000 in 3Q2007. This was due to weaker US and EUR Dollars in 3Q2008.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The decrease in selling and distribution expenses in 3Q2008 as compared to 3Q2007 is in line with the lower revenue contributions. The increase in administrative expenses in 3Q2008 against 3Q2007 is due to increase in head count and higher staff-related cost and legal and professional fees.

Finance costs

Finance cost decreased by \$30,000 from \$71,000 in 3Q2007 to \$41,000 in 3Q2008. The decrease was due to lower interest rates.

Income tax

The higher income tax for 3Q2008 against 3Q2007 is in line with higher profit before tax.

Balance Sheet and Cash Flow Analysis**Property, plant and equipment**

The increase in property, plant and equipment is mainly due to acquisition of a new property.

Inventories

Inventories increased \$3.7million from \$35.2million in FY2007 to \$38.9million in 9M2008 to support the increase in turnover. Inventories turnover days improved from 265 days in FY2007 to 234 days in 9M2008 due to better stock management and control.

Trade receivables

In line with higher turnover, trade receivables increased \$3.0million from \$22.1million in FY2007 to \$25.1million in 9M2008. Trade receivables turnover days improved from 98 days in FY2007 to 92 days in 9M2008 mainly due to tighter control over collection of receivables.

We draw attention to item 10 (Trade Receivables) of our Half-Year Announcement for the period ended 30 June 2008 on 17 July 2008 which referred to a certain corporate customer, of a subsidiary of the Company, based in Singapore owing \$1,592,011 (net of

allowance for doubtful receivable of \$188,014) to the subsidiary at 30 June 2008. Up to the date of this announcement, \$1,398,923 had been collected in respect of the amount owing as at 30 June 2008. At 30 September 2008, the amount due from the corporate customer was \$1,452,547 (net of allowance for doubtful receivable of \$74,720) of which more than 49% was current and not overdue.

In 2007, the corporate customer was sued by its banker for a substantial amount. In 2008, the bank served a statutory demand on the corporate customer for payment within 21 days from the date of demand. The corporate customer had in turn applied to the High Court for an injunction to restrain the bank from filing a winding up petition.

On 10 June 2008, the customer's parent company (which is a large and reputable company listed in Singapore) announced that the High Court had granted an Injunction restraining the banker from filing a winding up application against the corporate customer. On 4 July 2008, the banker filed a Notice of Appeal appealing against the decision of the High Court. Hearing of the appeal is expected to be held either later this year or early next year.

Based on the above, the directors are of the view that the amount due from the corporate customer will be collectible in due course and that no further allowance for doubtful receivable is necessary as at 30 September 2008.

Other Receivables

The decrease in other receivables is due to certain prepayment paid in FY2007 being expensed off in 9M2008.

Trade payables

The increase in trade payables is due to higher purchases to support the growth in revenue.

Banks borrowings

The increase in bank borrowings is due to new loans secured to finance the purchase of new property.

Cash flow

Net cash and cash equivalents increased by \$4.4million in 3Q2008 as compared to a decrease of \$4.3million in 3Q2007. This is mainly due to higher collection of trade receivables and higher level of payables, offsetted by higher level in inventories and acquisition of a new property.

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 quarter ended 30 September 2008 are in line with the prospect statement as announced in the quarterly announcement on 17 July 2008.

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.

Against the backdrop of the global financial and economic crises, inflation and volatile commodity prices, the demand for our products and services continue to remain stable.

While orders for new offshore vessels in the region are slowing down, demand for ship repair services continues, particularly for the offshore repair market as large numbers of vessels have been added globally over the past years.

As such, the Group continues to expect demand for our marine cables, lighting equipment and accessories, and other marine consumables to remain positive.

Middle East and PRC markets are expected to maintain their levels of marine activities. The Group is exploring alliances to expand its foothold in these two markets.

The Group is in net cash position of \$5million, with unutilised credit facilities of nearly \$1million. It expects consolidation within the industry as credit tightening by banks adversely affects the smaller competitors.

Notwithstanding the credit crunch in the global economy, the Group remains cautiously optimistic about its business prospects in the current year.

11. Dividend

(a) Current Financial Period Reported On?

Any dividend declared for the current financial period reported on?

No

(b)Corresponding Period of the Immediately Preceding Financial Year

No

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

(c) Date payable NA

(d) Books closure date NA

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

No dividend has been declared/recommended for the period ended 30 September 2008.

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. Negative assurance confirmation

The Board of Directors confirms that, to the best of its knowledge, saved as disclosed in item 8 under "Trade receivables", nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 September 2008 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
16 October 2008

Vincent Lim Hui Eng
Chief Executive Officer
16 October 2008