



BH GLOBAL MARINE LIMITED
明輝環球海事有限公司

BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2009

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3) AND HALF-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			Group		
	\$'000		% Change	\$'000		% Change
	2nd quarter ended 30.06.09	2nd quarter ended 30.06.08		1st half ended 30.06.09	1st half ended 30.06.08	
Sales of goods	26,123	27,321	(4%)	48,972	51,804	(5%)
Cost of sales	(16,775)	(17,029)	(1%)	(31,924)	(32,103)	(1%)
Gross profit	9,348	10,292	(9%)	17,048	19,701	(13%)
Other operating income	110	225	(51%)	227	365	(38%)
Selling & Distribution expenses	(3,178)	(2,637)	21%	(5,495)	(4,863)	13%
Administrative expenses	(1,311)	(891)	47%	(2,481)	(2,019)	23%
Finance costs	(96)	(27)	256%	(170)	(74)	130%
Profit from operations	4,873	6,962	(30%)	9,129	13,110	(30%)
Share of results of joint venture	18	-	N.M	31	-	N.M
Net Profit before taxation	4,891	6,962	(30%)	9,160	13,110	(30%)
Tax expense	(906)	(1,282)	(29%)	(1,680)	(2,425)	(31%)

Net profit after tax	3,985	5,680	(30%)	7,480	10,685	(30%)
Attributable to:						
Equity holders of the Company	3,968	5,680	(30%)	7,404	10,685	(31%)
Minority interests	17	-	N.M	76	-	N.M
	3,985	5,680	(30%)	7,480	10,685	(30%)

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

	2nd quarter ended 30.06.09	2nd quarter ended 30.06.08	% Change	1st half ended 30.06.09	1st half ended 30.06.08	% Change
Net profit after tax	3,985	5,680	(30%)	7,480	10,685	(30%)
Other comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(6)	-	N.M	(6)	-	N.M
Total comprehensive income	3,979	5,680	(30%)	7,474	10,685	(30%)
Total comprehensive income attributable to:						
Equity holders of the Company	3,964	5,680	(30%)	7,400	10,685	(31%)
Minority interests	15	-	N.M	74	-	N.M
Total comprehensive income	3,979	5,680	(30%)	7,474	10,685	(30%)

1(a)(ii) Notes to income statement

	Group					
	(\$'000)			(\$'000)		
	2nd quarter ended 30.06.09	2nd quarter ended 30.06.08	%	1st half ended 30.06.09	1st half ended 30.06.08	%
Other income including interest income	77	5	1440%	151	32	372%
Interest on borrowings	(97)	(27)	259%	(171)	(74)	131%
Depreciation of property, plant and equipment	(242)	(152)	59%	(473)	(275)	72%
Loss on disposal of fixed assets	-	-	N.M	(7)	-	N.M
Foreign exchange gain	33	221	(85%)	83	334	(75%)
Stocks written down	(396)	(139)	185%	(396)	(139)	185%
Write-back of provision/(Provision) for doubtful debts	36	(37)	197%	25	(39)	164%
Goodwill arising from consolidation written off	(332)	-	N.M	(448)	-	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	
	30.06.09	31.12.08	30.06.09	31.12.08
Non-current assets				
Property, plant and equipment	16,761	15,597	-	-
Investment in subsidiaries	-	-	12,501	10,717
Investment in Joint Venture	1,984	-	84	-
Intangible Assets	663	-	-	-
	<u>19,408</u>	<u>15,597</u>	<u>12,585</u>	<u>10,717</u>
Current assets				
Inventories	41,814	40,270	-	-
Trade receivables	34,093	23,787	-	-
Other receivables	524	340	14,420	25,002
Cash and cash equivalents	8,610	11,352	160	199
Total current assets	<u>85,041</u>	<u>75,749</u>	<u>14,580</u>	<u>25,201</u>
Total assets	<u>104,449</u>	<u>91,346</u>	<u>27,165</u>	<u>35,918</u>
Non-current liabilities				
Bank borrowings	3,111	1,333	-	-
Hire-Purchase Creditors	38	-	-	-
	<u>3,149</u>	<u>1,333</u>	<u>-</u>	<u>-</u>

Current liabilities

Trade payables	13,916	11,591	-	-
Bank borrowings	7,977	1,900	-	-
Other payables	6,363	6,696	227	3,261
Hire-Purchase Creditors	13	-	-	-
Tax payable	4,338	4,317	5	5
	32,607	24,504	232	3,266
Total liabilities	35,756	25,837	232	3,266
Net assets	68,693	65,509	26,933	32,652

Shareholders' equity

Share capital	23,069	23,069	23,069	23,069
Translation reserves	(4)	-	-	-
Accumulated profits	44,804	42,440	3,864	9,583
	67,869	65,509	26,933	32,652
Minority Interests	824	-	-	-
Total shareholders' equity	68,693	65,509	26,933	32,652

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 30.06.09 (\$'000)		As at 31.12.08 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,513	6,464	400	1,500

Amount repayable after one year

As at 30.06.09 (\$'000)		As at 31.12.08 (\$'000)	
Secured	Unsecured	Secured	Unsecured
2,967	144	1,333	-

Details of any collateral

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

- Legal charge on the Group's leasehold property with net book value of \$9.39million (31.12.2008: \$8.72million)
- Corporate guarantee by the Company.
- Fixed deposit of a subsidiary.
- Joint and several guarantee by 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			
	\$'000	\$'000	\$'000	\$'000
	2nd quarter ended 30.06.09	2nd quarter ended 30.06.08	1st half ended 30.06.09	1st half ended 30.06.08
Cash flows from operating activities				
Profit before tax	4,891	6,962	9,160	13,110
Adjustments for :				
Depreciation	242	152	473	275
Goodwill arising on consolidation written off	332	-	448	-
Unrealised translation loss	6	-	6	-
Share of results in joint venture	(18)	-	(31)	-
Loss on disposal of fixed assets	-	-	7	-
Interest income	(3)	(3)	(7)	(4)
Interest expense	97	27	171	74
Operating cash before movements in working capital	5,547	7,138	10,227	13,455
Inventories	2,800	2,483	3,375	(430)
Receivables	(5,693)	(6,256)	(8,404)	(8,407)
Payables	(1,522)	1,769	(2,680)	2,304
Cash generated from operations	1,132	5,134	2,518	6,922
Interest paid	(97)	(27)	(171)	(74)
Income tax paid	(1,007)	(2,600)	(1,686)	(2,615)
Net cash from operating activities	28	2,507	661	4,233
Cash flows from investing activities				
Purchase of property, plant and equipment	(440)	(208)	(1,382)	(2,781)
Proceeds from disposal of property, plant and equipment	-	-	26	-
Interest received	3	3	7	4
Investment in joint venture	(407)	-	(1,959)	-
Cash flow on acquisition, net of cash	-	-	(560)	-
Net cash used in investing activities	(844)	(205)	(3,868)	(2,777)
Cash flows from financing activities				

Proceeds from bankers	5,199	2,521	5,512	645
Repayment of hire purchase creditors	(4)	-	(7)	-
Dividend paid	(5,040)	(5,040)	(5,040)	(5,040)
Net cash from / (used in) financing activities	155	(2,519)	465	(4,395)
Net decrease in cash and cash equivalents	(661)	(217)	(2,742)	(2,939)
Cash and cash equivalents at beginning of year	9,271	7,922	11,352	10,644
Cash and cash equivalents at end of year	8,610	7,705	8,610	7,705

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	Minority Interests	Total Shareholders' Equity
At 1 January 2009	23,069	-	42,440	-	65,509
Acquisition of subsidiaries	-	-	-	750	750
Profit for the period	-	-	3,436	59	3,495
Balance At 31 March 2009	23,069	-	45,876	809	69,754
Loss not recognised in income statement	-	(4)	-	(2)	(6)
Dividends	-	-	(5,040)	-	(5,040)
Profit for the period	-	-	3,968	17	3,985
Balance At 30 June 2009	23,069	(4)	44,804	824	68,693
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

Company	(\$'000)		
	Share Capital	Accumulated Profits	Total Shareholders' Equity
At 1 January 2009	23,069	9,583	32,652
Loss for the period	–	(279)	(279)
Balance At 31 March 2009	23,069	9,304	32,373
Loss for the period	–	(400)	(400)
Dividends	–	(5,040)	(5,040)
Balance At 30 June 2009	23,069	3,864	26,933
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

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.

	30.06.09	31.12.08
Total number of issued shares (excluding treasury shares)	420,000,000	420,000,000

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.

The Group applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements, except for those as disclosed under paragraph 5.

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 Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS.

The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements, except for the disclosure of a statement of comprehensive income in accordance with the FRS 1 (Revised) Presentation of Financial Statements.

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			
	2nd quarter ended 30.06.09	2nd quarter ended 30.06.08	1st half ended 30.06.09	1st half ended 30.06.08
(i) Based on number of ordinary shares in issue	0.94 cents	1.35 cents	1.76 cents	2.54 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	0.94 cents	1.35 cents	1.76 cents	2.54 cents
Diluted number of ordinary shares in issue	420,000,000	420,000,000	420,000,000	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	
	30.06.09	31.12.08	30.06.09	31.12.08
Net asset value per ordinary share based on existing share capital	16 cents	16 cents	6 cents	8 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
(2Q2009 Vs 2Q2008)**

	Group		% Change
	2Q2009 \$'000	2Q2008 \$'000	
Marine Electrical Equipment			
Marine cables and accessories	16,121	21,143	(24%)
Marine lighting equipment and accessories	4,655	4,129	13%
Marine switchboards and services	2,128	-	N.M
	22,904	25,272	(9%)
Marine Consumables			
Marine lamps	933	988	(6%)
General marine consumable products	1,122	1,061	6%
	2,055	2,049	1%
Armouring Steel			
Galvanized steel wire	1,164	-	N.M
Total sales revenue	26,123	27,321	(4%)

Marine Electrical Equipment

Marine electrical equipment accounts for 88% of the Group's turnover in 2Q2009, of which marine cables and accessories contributed 70%, marine lighting equipment and accessories 20% and marine switchboards and services 10%. The decrease in revenue from marine cables and accessories was mainly due to the fall in selling price as a result of lower copper price, which is one of the main components in cables and a stronger USD. The increase in revenue from marine lighting equipment and accessories was due to the Group's effort to secure more projects. The increase in revenue from marine switchboards and services was due to acquisition of Z-Power Automation Pte Ltd ("ZPA").

Marine Consumables

Revenue from marine consumables in 2Q2009 remains consistent and comparable to 2Q2008.

Armouring Steel

The increase in revenue from galvanized steel wire was due to acquisition of Sky Holding Pte Ltd ("SKY").

(1H2009 VS 1H2008)

	Group		
	Half-year ended 30 June		
	2009	2008	%
	\$'000	\$'000	Change
Marine Electrical Equipment			
Marine cables and accessories	30,198	39,410	(23%)
Marine lighting equipment and accessories	9,152	8,155	12%
Marine switchboards and services	4,230	-	N.M
	43,580	47,565	(8%)
Marine Consumables			
Marine lamps	1,794	2,116	(15%)
General marine consumable products	2,266	2,123	7%
	4,060	4,239	(4%)
Armouring Steel			
Galvanized steel wire	1,332	-	N.M
Total sales revenue	48,972	51,804	(5%)

Marine Electrical Equipment

Marine electrical equipment remains the larger revenue contributor, accounting for 89% of the Group's turnover in 1H2009, of which marine cables and accessories contributed 69%, marine lighting equipment and accessories 21% and marine switchboards and services 10%. Despite the Group's effort to focus on our core business, revenue from marine cables and accessories still fell by 23%. This was mainly due to the fall in selling price as a result of lower copper price, which is one of the main components in cables and a stronger USD in 1H2009 as compared to 1H2008. The increase in revenue from marine lighting equipment and accessories was due to the Group's effort to secure more projects. The increase in revenue from marine switchboards and services was due to acquisition of ZPA.

Marine Consumables

Revenue from marine consumables remains relatively unchanged.

Armouring Steel

The increase in revenue from galvanized steel wire was due to acquisition of SKY.

Geographical segment

Revenue derived from Singapore decreased by \$6.7million or 16% from \$42.9million in 1H2008 to \$36.2million in 1H2009. The decrease was mainly due to the fall in selling price in marine cables and accessories as a result of lower copper price and stronger USD.

Revenue derived from overseas increased by \$3.9million or 44% from \$8.9million in 1H2008 to \$12.8million in 1H2009 as the Group managed to secure more sales for shipbuilding and ship conversion projects overseas.

Revenue contributed from overseas has increased from 17% in 1H2008 to 26% in 1H2009. This is in line with the Group's efforts in venturing into overseas markets.

Gross profit

The Group's overall gross profit decreased by \$1.0million or 9% from \$10.3million in 2Q2008 to \$9.3million in 2Q2009. The decrease was due to lower revenue and decrease in overall gross margin from 38% in 2Q2008 to 36% in 2Q2009. The lower overall gross margin was due to the lower selling prices from marine cables and accessories as a result of lower copper prices, stronger USD and the consolidation of our new marine switchboards and services segment which carries a lower gross margin.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The increase in selling and distribution expenses is mainly due to the consolidation of ZPA and SKY. The increase in administrative expenses is mainly due to goodwill arising from consolidation written off.

Finance costs

Finance costs increased by \$69,000 from \$27,000 in 2Q2008 to \$96,000 in 2Q2009. The increase was mainly due to higher usage of bank facilities by the Group.

Share of results in joint venture

The increase in share of result in joint venture was due to the investment in Dream Marine Ship Spare Parts Trading LLC ("DMS").

Income tax

The lower income tax for 2Q2009 against 2Q2008 is in line with lower profit before tax.

Other income including interest income

The increase in other income was mainly due to subsidies received under the Job Credit Scheme from the Government of Singapore.

Depreciation

The increase in depreciation was due to the completion of a new property at the beginning of FY2009.

Foreign exchange gain

Foreign exchange gain decrease by \$188,000 from \$221,000 in 2Q2008 to \$33,000 in 2Q2009 was due to a stronger USD in 2Q2009.

Goodwill arising from consolidation written off

The increase in goodwill arising from consolidation written off was due to acquisition of ZPA and SKY and investment in DMS.

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

The increase in property, plant and equipment of \$1.2million was mainly due to the completion of the final phase of the Group's new property acquired in FY2008.

Investment in joint venture

The increase in investment in joint venture of \$2million was mainly due to the investment in DMS.

Inventories

Inventories increased by \$1.5million due to consolidation of 2 new subsidiaries acquired in 1H2009. Inventory turnover days improved to 235 days in 1H2009 (adjusted for the period of acquisition of ZPA and SKY) as compared to 254 days in FY2008.

Trade receivables

Trade receivables increased by \$10.3million from \$23.8million in FY2008 to \$34.1million in 1H2009 while trade receivables turnover days increased from 92 days in FY2008 to 125 days in 1H2009 (adjusted for the period of acquisition of ZPA and SKY). This was due to slower payments from customers as a result of the economic slowdown.

Other Receivables

The increase in other receivables of \$184,000 was mainly due to certain prepaid expenses incurred.

Trade payables

The increase in trade payables of \$2.3million was mainly due to the consolidation of ZPA and SKY.

Other payables

The decrease in other payables of \$333,000 was mainly due to provision of staff related cost in FY2008 which was paid in 1H2009.

Banks borrowings

The increase in bank borrowings of \$7.9million was mainly due to higher usage of bank facilities as a result of slower payments from customers due to the current economic slowdown.

Cash flow

Net cash and cash equivalents decreased by \$661,000 in 2Q2009 as compared to \$217,000 in 2Q2008. This is mainly due lower profit before tax and slower payments from customers offset by an increase from bank borrowings.

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.

As we enter into the second half of the year, the Group expects the short-term business outlook to continue to be challenging. The average selling price has been on a declining trend since earlier this year due to the fall in copper prices. In response, the Group is taking concerted measures such as extensive marketing efforts to secure more orders from new and existing customers and to offer a wider product range. In addition, the Group will focus on improving its credit control and collection processes.

Going forward, the Group remains confident of the long term fundamentals and outlook for the marine and offshore industry.

The Group's balance sheet remains healthy with low gearing. With unutilized trade facilities amounting to S\$20 million, the Group believes it will weather the current economic crisis. The Group maintains a cautious and prudent approach to its business activities for the next 12 months.

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

Nil

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

(c) Date payable Not applicable

(d) Books closure date Not applicable

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

No dividend has been declared/recommendeded for the second quarter and half-year ended 30 June 2009.

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, nothing has come to its attention which may render the unaudited interim financial results for the financial period 30 June 2009 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
15 July 2009

Vincent Lim Hui Eng
Chief Executive Officer
15 July 2009