



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 2010**

**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		% Change
	1 <sup>st</sup> quarter ended 31.3.10	1 <sup>st</sup> quarter ended 31.3.09	
Sales of goods	19,194	22,849	(16%)
Cost of sales	(11,867)	(15,149)	(22%)
<b>Gross profit</b>	<b>7,327</b>	<b>7,700</b>	(5%)
Other operating Income	18	117	(85%)
Selling & distribution expenses	(2,476)	(2,317)	7%
Administrative expenses	(1,178)	(1,170)	1%
Finance costs	(41)	(74)	(45%)
<b>Profit from operations</b>	<b>3,650</b>	<b>4,256</b>	(14%)
<b>Share of results of joint venture</b>	<b>162</b>	<b>13</b>	N.M.
Profit before taxation	<b>3,812</b>	<b>4,269</b>	(11%)
Tax expense	(678)	(774)	(12%)
<b>Net profit after tax for the period</b>	<b>3,134</b>	<b>3,495</b>	(10%)

**Attributable to:**

<b>Equity holders of the Company</b>	<b>3,013</b>	<b>3,436</b>	(12%)
<b>Minority interests</b>	<b>121</b>	<b>59</b>	105%
	<b>3,134</b>	<b>3,495</b>	(10%)

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

	<b>1<sup>st</sup> quarter ended 31.3.10</b>	<b>1<sup>st</sup> quarter ended 31.3.09</b>	<b>% Change</b>
<b>Net profit for the period</b>	<b>3,134</b>	<b>3,495</b>	(10%)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities (net)	1	-	N.M
<b>Total comprehensive income for the period</b>	<b>3,135</b>	<b>3,495</b>	(10%)
Total comprehensive income attributable to:			
Equity holders of the Company	<b>3,014</b>	<b>3,495</b>	(14%)
Minority interests	121	-	N.M
<b>Total comprehensive income for the period</b>	<b>3,135</b>	<b>3,495</b>	(10%)

## 1(a)(ii) Notes to income statement

	Group		
	(\$'000)	(\$'000)	
	1 <sup>st</sup> quarter ended 31.3.10	1 <sup>st</sup> quarter ended 31.3.09	% Change
Other income including interest income	39	74	(47%)
Interest on borrowings	(41)	(74)	(45%)
Depreciation of property, plant and equipment	(268)	(231)	16%
Loss on disposal of property, plant and equipment	-	(7)	N.M.
Foreign exchange (loss) / gain	(21)	50	(142%)
Provision for stock obsolescence	(247)	-	N.M.
Write-back of / (Provision for) doubtful debts	83	(11)	N.M.
Goodwill arising from consolidation written off	-	(116)	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 (\$'000)		Company (\$'000)	
	31.03.10	31.12.09	31.03.10	31.12.09
<b>Non-current assets</b>				
Property, plant and equipment	18,450	16,531	-	-
Investment in subsidiaries	-	-	12,203	11,352
Investment in joint venture	1,558	1,312	174	892
Deferred tax assets	35	35	-	-
	<b>20,043</b>	<b>17,878</b>	<b>12,377</b>	<b>12,244</b>
<b>Current assets</b>				
Inventories	48,621	41,277	-	-
Amount due from joint venture (trade)	1,244	1,063	-	-
Trade receivables	32,764	37,145	-	-
Other receivables	1,343	677	23,025	26,627
Cash and cash equivalents	11,528	11,038	157	135
<b>Total current assets</b>	<b>95,500</b>	<b>91,200</b>	<b>23,182</b>	<b>26,762</b>
<b>Total assets</b>	<b>115,543</b>	<b>109,078</b>	<b>35,559</b>	<b>39,006</b>
<b>Non-current liabilities</b>				
Bank borrowings	1,916	2,266	-	-
Hire-purchase creditors	19	20	-	-
	<b>1,935</b>	<b>2,286</b>	<b>-</b>	<b>-</b>

<b>Current liabilities</b>				
Trade payables	15,559	11,282	-	-
Bank borrowings	7,533	3,575	-	-
Other payables	7,775	12,129	474	3,868
Hire-purchase creditors	18	16	-	-
Tax payable	4,420	4,620	4	4
	<b>35,305</b>	<b>31,622</b>	<b>478</b>	<b>3,872</b>
<b>Total liabilities</b>	<b>37,240</b>	<b>33,908</b>	<b>3,872</b>	<b>3,872</b>
<b>Net assets</b>	<b>78,303</b>	<b>75,170</b>	<b>35,081</b>	<b>35,134</b>
<b>Shareholders' equity</b>				
Share capital	23,069	23,069	23,069	23,069
Translation reverses	1	2	-	-
Accumulated profits	55,094	52,081	12,012	12,065
	<b>78,164</b>	<b>75,152</b>	<b>35,081</b>	<b>35,134</b>
Minority interests	<b>139</b>	<b>18</b>	-	-
<b>Total shareholders' equity</b>	<b>78,303</b>	<b>75,170</b>	<b>35,081</b>	<b>35,134</b>

**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 31.03.10 (\$'000)		As at 31.12.09 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,400	6,133	1,416	2,175

**Amount repayable after one year**

As at 31.12.09 (\$'000)		As at 31.12.09 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,916	-	2,286	-

**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 \$9.33million (31.12.2009: \$9.41million)
- 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.**

	<b>Group</b>	
	<b>S\$'000</b>	<b>S\$'000</b>
	<b>1<sup>st</sup> quarter</b>	<b>1<sup>st</sup> quarter</b>
	<b>ended 31.3.10</b>	<b>ended 31.3.09</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>3,812</b>	<b>4,269</b>
<b>Adjustments for :</b>		
Depreciation	268	231
Goodwill arising on consolidation written off	-	116
Share of results in joint venture	(162)	(13)
Loss on disposal of property, plant and equipment	-	7
Interest income	(1)	(4)
Interest expense	41	74
Unrealised translation loss	1	-
<b>Operating cash before movements in working capital</b>	<b>3,959</b>	<b>4,680</b>
Inventories	(7,344)	575
Receivables	3,532	(2,711)
Payables	(77)	(1,158)
<b>Cash generated from operations</b>	<b>70</b>	<b>1,386</b>
Interest paid	(41)	(74)
Income tax paid	(878)	(679)
<b>Net cash (used in)/provided by operating activities</b>	<b>(849)</b>	<b>633</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,187)	(942)
Proceeds from disposal of property, plant and equipment	-	26
Interest received	1	4
Investment in joint venture	(83)	(1552)
Cash flow on acquisition of subsidiary, net of cash	-	(560)
<b>Net cash used in investing activities</b>	<b>(2,269)</b>	<b>(3,024)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bankers	3,608	313
Repayment of hire purchase creditors	-	(3)

<b>Net cash used in financing activities</b>	<b>3,608</b>	<b>310</b>
Net increase / (decrease) in cash and cash equivalents	490	(2,081)
Cash and cash equivalents at beginning of period	11,038	11,352
<b>Cash and cash equivalents at end of period</b>	<b>11,528</b>	<b>9,271</b>

**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.**

<b>Group</b>	(\$'000)				
	Share capital	Translation reserves	Accumulated profits	Minority interests	Total shareholders' equity
At 1 January 2010	23,069	2	52,081	18	75,170
Loss not recognised in income statement	–	(1)	–	–	(1)
Profit for the period	–	–	3,013	121	3,134
<b>Balance at 31 March 2010</b>	<b>23,069</b>	<b>1</b>	<b>55,094</b>	<b>139</b>	<b>78,303</b>
At 1 January 2009	23,069	–	42,440	–	65,509
Acquisition of subsidiaries	–	–	–	711	711
Profit for the period	–	–	3,436	59	3,495
<b>Balance at 31 March 2009</b>	<b>23,069</b>	<b>–</b>	<b>45,876</b>	<b>770</b>	<b>69,715</b>

<b>Company</b>	(\$'000)		
	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2010	23,069	12,065	35,134
Loss for the period	–	(53)	(53)
<b>Balance at 31 March 2010</b>	<b>23,069</b>	<b>12,012</b>	<b>35,081</b>

At 1 January 2009	23,069	9,583	32,652
Loss for the period	–	(279)	(279)
<b>Balance at 31 March 2009</b>	<b>23,069</b>	<b>9,304</b>	<b>32,373</b>

**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.**

	<b>31.03.10</b>	<b>31.12.09</b>
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.**

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 2009.

**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 year ending 31 December 2010.

**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 :-

	<b>Group</b>	
	<b>31.3.10</b>	<b>31.3.09</b>
(i) Based on number of ordinary shares in issue	0.72 cents	0.82 cents
Number of ordinary shares in issue	420,000,000	420,000,000
(ii) On a fully diluted basis	0.72 cents	0.82 cents
Diluted number of ordinary shares in issue	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**

	<b>Group</b>		<b>Company</b>	
	<b>31.03.10</b>	<b>31.12.09</b>	<b>31.03.10</b>	<b>31.12.09</b>
Net asset value per ordinary share based on existing share capital	19 cents	18 cents	8 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  
(1Q2010 Vs 1Q2009)**

	<b>Group</b>		<b>% Change</b>
	<b>1Q 2010</b>	<b>1Q 2009</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>Supply Chain Management</b>			
Marine cables and accessories	10,237	14,077	(27%)
Marine lighting equipment and accessories	3,276	4,497	(27%)
Others	1,934	2,005	(4%)
	<b>15,447</b>	<b>20,579</b>	<b>(25%)</b>
<b>Manufacturing</b>			
Marine switchboards	2,832	2,102	35%
Galvanised steel wire	817	168	386%
	<b>3,649</b>	<b>2,270</b>	<b>61%</b>
<b>Services</b>			
Engineering and installation	<b>98</b>	-	N.M
<b>Total sales revenue</b>	<b>19,194</b>	<b>22,849</b>	<b>(16%)</b>

**Supply Chain Management**

Supply chain management accounts for 80% of the Group's turnover in 1Q2010, of which marine cables and accessories contributed 66%, marine lighting equipment and accessories 21% and others 13%. Revenue from both marine cables and accessories and marine lighting equipment and accessories decreased by 27%. This is mainly due to the Group adopting a more cautious approach to sales as a result of slow-payment from some clients affected by the economic downturn.

**Manufacturing**

The Manufacturing Division accounts for 19% of the Group's turnover in 1Q2010, of which marine switchboards contributed 78% and galvanised steel wire 22%. The increase in revenue from both marine switchboards and galvanised steel wire was due to the full quarter

consolidation in 1Q2010 as compared to partial consolidation of these 2 business units in 1Q2009 when they were acquired.

### **Services**

The increase in revenue from engineering and installation is due to the formation of this new business unit in 1Q2010.

### **Geographical Segment**

Revenue derived from Singapore decreased by \$2.1million or 12% from \$17.2million in 1Q2009 to \$15.1million in 1Q2010 while revenue derived from overseas decreased by \$1.6million or 28% from \$5.7million in 1Q2009 to \$4.1million in 1Q2010. This is mainly due to the Group adopting a more cautious approach to sales as a result of slow-payment from some clients affected by the economic downturn.

### **Gross profit**

The Group's gross profit decreased by \$400,000 or 5% from \$7.7million in 1Q2009 to \$7.3million in 1Q2010 due to a lower turnover. However, overall gross profit margin increased from 34% in 1Q2009 to 38% in 1Q2010. This was mainly due to the rise in copper prices between the times when certain marine cables and accessories were purchased in FY2009 and subsequently sold in 1Q2010.

### **Other operating income**

The decrease in other income in 1Q2010 as compared to 1Q2009 was mainly due to a foreign exchange loss in 1Q2010 as against a gain in 1Q2009.

### **Operating expenses**

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The increase in selling and distribution expenses in 1Q2010 as compared to 1Q2009 was due to a higher provision for stock obsolescence offset by a write back of provision for doubtful debts. Administrative expenses in 1Q2010 remain comparatively unchanged against 1Q2009.

### **Finance costs**

Finance costs decreased by \$33,000 from \$74,000 in 1Q2009 to \$41,000 in 1Q2010. The decrease was mainly due to lower interest rates.

### **Share of results in joint venture**

The increase in share of results in joint venture was due to the joint venture's increased product range and marketing effort to capture more customers.

**Tax expense**

The lower income tax for 1Q2010 against 1Q2009 was consistent with lower profit before tax.

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

The increase in property, plant and equipment of \$1.9million was mainly due to the acquisition of plant and machinery for the Group's new Services Division.

**Inventories**

Inventories increased by \$7.3million from \$41.3million in FY2009 to \$48.6million in 1Q2010. This was mainly due to the acquisition of raw materials for the Group's new Services Division.

**Amount due from joint venture (trade)**

The increase in amount due from joint venture (trade) is due to higher amount of sale of goods to the joint venture. This is consistent with the Group's effort to expand the business of the joint venture.

**Trade receivables**

Trade receivables decreased by \$4.3million from \$37.1million in FY2009 to \$32.8million in 1Q2010. This was mainly due to lower sales in 1Q2010.

**Other receivables**

The increase in other receivables of \$666,000 was mainly due to rental paid in advance for the use of premises by the Group's new Services Division.

**Trade payables**

Trade payables increased by \$4.3million from \$11.3million in FY2009 to \$15.6 in 1Q2010. This was mainly due to purchase of raw materials by the Group's new Services Division.

**Other payables**

The decrease in other payables of \$4.3million was due to provision of staff related cost in FY2009 which was paid in 1Q2010.

**Banks borrowings**

The increase in bank borrowings of \$3.6million was mainly due to utilization of bank facilities to finance partially the acquisition of raw materials by the Group's new Services Division.

**Cash flow**

Net cash and cash increased by \$490,000 on as compared to a decrease of \$2.1million in 1Q2009. This was mainly due to acquisition of plant and machinery and raw materials by the Group's new Services Division offset by a higher usage of bank facilities to finance such acquisition.

**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.**

For the supply chain management business, the Group is experiencing slower orders and delays in certain projects due to the lagged effect of the financial crisis. Besides, the Group is also adopting a more cautious approach to sales due to slower payments from clients. However, we believe the long term fundamentals of the marine and offshore sector remain intact.

The manufacturing businesses of marine switchboards and galvanised steel wire are contributing positively to the Group. To develop our Group's manufacturing businesses, we are in the process of setting up a joint venture company, Oman Sky Steel Industries LLC, to construct a galvanised steel wire manufacturing plant in Oman, with planned annual capacity of 50,000 tonnes. These are expected to expand the Group's manufacturing capabilities in the future.

As for territorial expansion, BH Global is exploring opportunities in overseas markets with potential, such as Middle East, Myanmar and India. In January 2010, the Group has set up a joint venture company, Han Jiang Pte Ltd, to export BH Global's products and services to Myanmar.

On 13 April 2010, the Group announced its plan to offer Taiwan Depository Receipts ("TDR") on the Taiwan Stock Exchange to raise funds and broaden shareholders' base. The proposed issue is up to 60 million new ordinary shares.

Notwithstanding that the overall economic situation appears to be improving, the Group retains a cautious outlook for the foreseeable future.

## **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 2010.

## **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 ended 31 March 2010 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong  
Executive Chairman  
22 April 2010

Vincent Lim Hui Eng  
Chief Executive Officer  
22 April 2010