



BH GLOBAL MARINE LIMITED
明輝環球海事有限公司

BH GLOBAL MARINE LIMITED

(Company Registration No: 200404900H)

QUARTERLY FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2010

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 2ND QUARTER 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

	\$'000		Group		\$'000	
	2nd quarter ended 30.06.10	2nd quarter ended 30.06.09	% Change	1st half ended 30.06.10	1st half ended 30.06.09	% Change
Sales of goods	23,518	26,123	(10%)	42,712	48,972	(13%)
Cost of sales	(15,948)	(16,775)	(5%)	(27,815)	(31,924)	(13%)
Gross profit	7,570	9,348	(19%)	14,897	17,048	(13%)
Other operating income	84	110	(24%)	102	227	(55%)
Selling & Distribution expenses	(2,787)	(3,178)	(12%)	(5,263)	(5,495)	(4%)
Administrative expenses	(1,314)	(1,311)	-%	(2,492)	(2,481)	1%
Finance costs	(63)	(96)	(34%)	(104)	(170)	(39%)
Profit from operations	3,490	4,873	(28%)	7,140	9,129	(22%)
Share of results of an associated company	(6)	-	N.M	(6)	-	N.M

Share of results of joint ventures	(7)	18	N.M	155	31	N.M
Profit before taxation	3,477	4,891	(29%)	7,289	9,160	(20%)
Tax expense	(596)	(906)	(34%)	(1,274)	(1,680)	(24%)
Net profit for the period	2,881	3,985	(28%)	6,015	7,480	(20%)
Attributable to:						
Equity holders of the Company	2,707	3,968	(32%)	5,720	7,404	(23%)
Minority interests	174	17	N.M	295	76	N.M
	2,881	3,985	(28%)	6,015	7,480	(20%)

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 30.06.10	2nd quarter ended 30.06.09	% Change	1st half ended 30.06.10	1st half ended 30.06.09	% Change
Net profit for the period	2,881	3,985	(28%)	6,015	7,480	(20%)
Other Comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	-	(6)	N.M	(1)	(6)	83%
Total comprehensive income for the period	2,881	3,979	(28%)	6,014	7,474	(20%)
Total comprehensive income attributable to:						
Equity holders of the Company	2,707	3,964	(32%)	5,719	7,400	(23%)
Minority interests	174	15	N.M	295	74	N.M
Total comprehensive income for the period	2,881	3,979	(28%)	6,014	7,474	(20%)

1(a)(ii) Notes to income statement

	Group					
	(\$'000)			(\$'000)		
	2nd quarter ended 30.06.10	2nd quarter ended 30.06.09	%	1st half ended 30.06.10	1st half ended 30.06.09	%
		Change			Change	
Other income including interest income	20	77	(74%)	59	151	(61%)
Interest on borrowings	(63)	(97)	(35%)	(104)	(171)	(39%)
Depreciation of property, plant and equipment	(372)	(242)	54%	(640)	(473)	35%
Loss on disposal of property, plant and equipment	-	-	N.M.	-	(7)	N.M.
Foreign exchange gain	62	33	88%	41	83	(51%)
Provision for stock obsolescence	(488)	(396)	23%	(735)	(396)	86%
Write-back of provision for doubtful debts	36	36	N.M.	119	25	N.M.
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	
	(\$'000)		(\$'000)	
	30.06.10	31.12.09	30.06.10	31.12.09
Non-current assets				
Property, plant and equipment	16,529	16,531	-	-
Investment in subsidiaries	-	-	13,408	11,352
Investment in associated company	84	-	90	-
Investment in joint venture	2,360	1,312	984	892
Other investment	49	-	49	-
Deferred tax assets	35	35	-	-
	19,057	17,878	14,531	12,244
Current assets				
Inventories	50,283	41,277	-	-
Amount due from joint venture (non - trade)	3,945	-	-	-
Amount due from joint venture (trade)	1,250	1,063	-	-
Trade receivables	31,567	37,145	-	-
Other receivables	2,196	677	17,255	26,627
Cash and cash equivalents	10,169	11,038	106	135
Total current assets	99,410	91,200	17,361	26,762
Total assets	118,467	109,078	31,892	39,006

Non-current liabilities				
Bank borrowings	1,650	2,266	-	-
Hire-purchase creditors	15	20	-	-
	1,665	2,286	-	-
Current liabilities				
Trade payables	14,610	11,282	-	-
Bank borrowings	12,926	3,575	-	-
Other payables	7,976	12,129	222	3,868
Hire-purchase creditors	18	16	-	-
Tax payable	3,111	4,620	4	4
	38,641	31,622	226	3,872
Total liabilities	40,306	33,908	226	3,872
Net assets	78,161	75,170	31,666	35,134
Shareholders' equity				
Share capital	23,069	23,069	23,069	23,069
Translation reverses	(1)	2	-	-
Accumulated profits	54,441	52,081	8,597	12,065
	77,509	75,152	31,666	35,134
Minority interests	652	18	-	-
Total shareholders' equity	78,161	75,170	31,666	35,134

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 30.06.10 (\$'000)		As at 31.12.09 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,418	11,526	1,416	2,175

Amount repayable after one year

As at 30.06.10 (\$'000)		As at 31.12.09 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,665	-	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 \$9.25million (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.

	Group			
	\$'000	\$'000	\$'000	\$'000
	2nd quarter ended 30.06.10	2nd quarter ended 30.06.09	1st half ended 30.06.10	1st half ended 30.06.09
Cash flows from operating activities				
Profit before tax	3,477	4,891	7,289	9,160
Adjustments for :				
Depreciation	372	242	640	473
Goodwill arising on consolidation written off	-	332	-	448
Unrealised translation loss	-	6	1	6
Share of results of joint venture	7	(18)	(155)	(31)
Share of results of an associated company	6	-	6	-
Loss on disposal of fixed assets	-	-	-	7
Interest income	-	(3)	(1)	(7)
Interest expense	63	97	104	171
Operating cash before movements in working capital	3,925	5,547	7,884	10,227
Inventories	(1,662)	2,800	(9,006)	3,375
Receivables	304	(5,693)	3,836	(8,404)
Payables	(409)	(1,522)	(486)	(2,680)
Cash generated from operations	2,158	1,132	2,228	2,518
Interest paid	(63)	(97)	(104)	(171)
Income tax paid	(1,905)	(1,007)	(2,783)	(1,686)
Net cash provided by / (used in) operating activities	190	28	(659)	661
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,357)	(440)	(4,544)	(1,382)
Proceeds from disposal of property, plant and equipment	-	-	-	26
Interest received	-	3	1	7
Investment in joint venture	(817)	(407)	(900)	(1,959)
Investment in associated company	(90)	-	(90)	-
Other Investments	(49)	-	(49)	-
Cash flow on acquisition, net of cash	-	-	-	(560)
Net cash used in investing activities	(3,313)	(844)	(5,582)	(3,868)

Cash flows from financing activities				
Proceeds from bankers	5,127	5,199	8,735	5,512
Repayment of hire purchase creditors	(3)	(4)	(3)	(7)
Dividend paid	(3,360)	(5,040)	(3,360)	(5,040)
Net cash from financing activities	1,764	155	5,372	465
Net decrease in cash and cash equivalents	(1,359)	(661)	(869)	(2,742)
Cash and cash equivalents at beginning of year	11,528	9,271	11,038	11,352
Cash and cash equivalents at end of year	10,169	8,610	10,169	8,610

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 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
Balance at 31 March 2010	23,069	1	55,094	139	78,303
Gain not recognised in income statement	-	(2)	-	-	(2)
Profit for the period	-	-	2,707	174	2,881
Dividends	-	-	(3,360)	-	(3,360)
Additional Investment in subsidiary	-	-	-	339	339
Balance At 30 June 2010	23,069	(1)	54,441	652	78,161
At 1 January 2009	23,069	-	42,440	-	65,509
Acquisition of subsidiaries	-	-	-	711	711
Profit for the period	-	-	3,436	59	3,495
Balance at 31 March 2009	23,069	-	45,876	770	69,715

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	785	68,654

Company

(\$'000)

	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2010	23,069	12,065	35,134
Loss for the period	-	(53)	(53)
Balance at 31 March 2010	23,069	12,012	35,081
Loss for the period	-	(55)	(55)
Dividends	-	(3,360)	(3,360)
Balance At 30 June 2010	23,069	8,597	31,666
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

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.

	30.06.10	31.12.09
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 :-

	Group			
	2nd quarter ended 30.06.10	2nd quarter ended 30.06.09	1st half ended 30.06.10	1st half ended 30.06.09
(i) Based on number of ordinary shares in issue	0.64 cents	0.94 cents	1.36 cents	1.76 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	0.64 cents	0.94 cents	1.36 cents	1.76 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	
	30.06.10	31.12.09	30.06.10	31.12.09
Net asset value per ordinary share based on existing share capital	18 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
(2Q2010 Vs 2Q2009)**

	Group		
	2Q2010 \$'000	2Q2009 \$'000	% Change
Supply Chain Management			
Marine cables and accessories	12,498	16,121	(22%)
Marine lighting equipment and accessories	3,416	4,655	(27%)
Others	1,072	2,055	(48%)
	16,986	22,831	(26%)

Manufacturing			
Marine switchboards	3,491	2,128	64%
Galvanized steel wire	1,735	1,164	49%
	5,226	3,292	59%
Services			
Engineering and installation	1,306	-	N.M
Total sales revenue	23,518	26,123	(10%)

Supply Chain Management

Supply chain management accounts for 72% of the Group's turnover in 2Q2010, of which marine cables and accessories contributed 74%, marine lighting equipment and accessories 20% and others 6%. Revenue from marine cables and accessories decreased by 22%, marine lighting equipment and accessories decreased by 27% and others decreased by 48%. Due to the lagged effect of the financial crisis, the demand for our Supply Chain Management Division's products have softened resulting in slower orders and delays in certain projects. The Group has also adopted a more cautious approach to sales as a result of slow-payment from some clients affected by the industry slowdown.

Manufacturing

The Manufacturing Division accounts for 22% of the Group's turnover in 2Q2010, of which marine switchboards contributed 67% and galvanized steel wire 33%. The increase in revenue from marine switchboards is due to the Group's marketing effort to secure more projects. The increased in revenue from galvanized steel wire is due to the higher demand as a result of the economic recovery.

Services

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

(1H2010 VS 1H2009)

	Group		
	Half-year ended 30 June		
	2010 \$'000	2009 \$'000	% Change
Supply Chain Management			
Marine cables and accessories	22,735	30,198	(25%)
Marine lighting equipment and accessories	6,692	9,152	(27%)
Others	3,006	4,060	(26%)
	32,433	43,410	(25%)

Manufacturing			
Marine switchboards and services	6,323	4,230	49%
Galvanized steel wire	2,552	1,332	92%
	8,875	5,562	60%
Services			
Engineering and installation	1,404	-	N.M
Total sales revenue	42,712	48,972	(13%)

Supply Chain Management

Supply chain management accounts for 76% of the Group's turnover in 1H2010, of which marine cables and accessories contributed 70%, marine lighting equipment and accessories 21% and others 9%. Revenue from marine cables and accessories decreased by 25%, marine lighting equipment and accessories decreased by 27% and others decreased by 26%. Due to the lagged effect of the financial crisis, the demand for our Supply Chain Management Division's products have softened resulting in slower orders and delays in certain projects. The Group has also adopted a more cautious approach to sales as a result of slow-payment from some clients affected by the industry slowdown.

Manufacturing

The Manufacturing Division accounts for 21% of the Group's turnover in 1H2010, of which marine switchboards contributed 71% and galvanized steel wire 29%. The increase in revenue from marine switchboards is due to the Group's marketing effort to secure more projects. The increased in revenue from galvanized steel wire is due to the higher demand as a result of the economic recovery. Both marine switchboards and galvanized steel wire were also consolidated on a full half-year basis in 1H2010 as compared to partial consolidation of these 2 business units in 1H2009 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 \$2.4million or 7% from \$36.2million in 1H2009 to \$33.8million in 1H2010 while revenue derived from overseas decreased by \$3.9million or 30% from \$12.8million in 1H2009 to \$8.9million in 1H2010 . This is mainly due to a decrease in revenue from the Group's Supply Chain Management Division which adopts a more cautious approach to sales as a result of slow-payment from some clients affected by the economic downturn partially offset by an increase in revenue from both Manufacturing and Services Divisions.

Gross profit

The Group's overall gross profit decreased by \$1.7million or 19% from \$9.3million in 2Q2009 to \$7.6million in 2Q2010. The decrease was due to lower revenue and decrease in overall gross margin from 36% in 2Q2009 to 32% in 2Q2010. The lower overall gross margin was due to the proportionate increase in contributions from Manufacturing and Services Divisions which carry a lower gross margin.

Operating expenses

The Group's operating expenses comprise mainly selling & distribution and administrative expenses. The lower selling & distribution expenses is consistent with the lower sales in 2Q2010. Administrative expenses in 2Q2010 remain comparatively unchanged against 2Q2009.

Finance costs

Finance costs decreased by \$33,000 from \$96,000 in 2Q2009 to \$63,000 in 2Q2010. The decrease was mainly due to lower interest rates.

Share of results of an associated company

The share of results of an associated company is due to the incorporation of a new associated company in 1H2010, Han Jiang Pte Ltd ("HJL").

Share of results in joint venture

The decrease in share of result in joint venture was due to share of losses of a new joint venture in 2Q2010, Long Life Holding Pte Ltd ("LLH").

Income tax

The lower income tax for 2Q2010 against 2Q2009 was consistent with lower profit before tax.

Depreciation

The increase in depreciation is due to the additions of fixed assets for the Group's new Services Division in 2Q2010.

Foreign Exchange Gain

The increase in foreign exchange gain is due to weaker US dollar and EURO in 2Q2010.

Statement of Financial Position and Cash Flow Analysis**Investment in associated company**

The increase in investment in associated company is due to the incorporation of HJL.

Investment in joint venture

The increase in investment in joint venture of \$1.0million was significantly due to the investment in LLH.

Other Investment

The increase in other investment is due to the purchase of a country club membership.

Amount due from joint venture (non-trade)

The increase in amount due from joint venture (non-trade) is mainly due to the disposal of property, plant and equipment to joint venture.

Inventories

Inventories increased by \$9.0million from \$41.3million in 1H2009 to \$50.3million in 1H2010. This was mainly due to purchase of raw materials by the Group's new Services Divisions in 1H2010.

Trade receivables

Trade receivables decreased by \$5.5million from \$37.1million in FY2009 to \$31.6million in 1H2009. This is consistent with the lower sales in 1H2010.

Other Receivables

The increase in other receivables of \$1.5million was mainly due to rental paid in advance for the use of premises by the Group's new Services Division, a deposit for subscription of shares which was subsequently refunded in 3Q2010 and payment of certain prepaid expenses in 1H2010.

Trade payables

The increase in trade payables of \$3.3million was mainly due to the purchase of raw materials for the Group's new Services Division.

Other payables

The decrease in other payables of \$4.2million was mainly due to provision of staff related cost in FY2009 which was paid in 1H2010.

Banks borrowings

The increase in bank borrowings of \$8.7million was mainly due to utilization of bank facilities to finance the acquisition of raw materials by the Group's new Services Division.

Cash flow

Net cash and cash equivalents decreased by \$1.4million in 2Q2010 as compared to \$661,000 in 2Q2009. This is mainly due lower profit before tax and increase in purchase of inventories and property, plant and equipment offset by a higher collection from receivables.

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.

Due to the lagged effect of the financial crisis, the demand for products such as marine cables, lighting equipment and accessories have softened resulting in slower orders and delays in certain projects. The Group also adopted a relatively cautious sales policy due to slower payments from the affected clients. However, we believe the long term fundamentals of the marine and offshore sector remain intact.

To further complement our core competencies, we recently entered into two joint ventures ("JVs"):

- (1) 50% stake in Long Life Holding Pte. Ltd. ("LLH") that specialises in the business of securing engineering and installation contracts in the marine and offshore sector;
- (2) 60% stake in Oil & Gas Solutions Pte. Ltd. ("OGS") that engages in providing on- and off-shore oil & gas engineering related services.

These strategic JVs are aligned with the Group's vision of becoming an integrated supply chain management company that provides turnkey marine electrical solutions in the area of EPCM - Engineering, Procurement and Construction Management.

On 8 July 2010, the Group submitted an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the offering and listing of Taiwan Depository Receipts ("TDR"), representing an aggregate of up to 60 million shares of BH Global.

The Group continues to maintain 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

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/recommended for the half-year ended 30 June 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 30 June 2010 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
16 July 2010

Vincent Lim Hui Eng
Chief Executive Officer
16 July 2010