



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 2012

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) RESULTS

1(a) – An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	\$'000		Group		\$'000		% Change
	2nd quarter ended 30.06.12	2nd quarter ended 30.06.11			1st half ended 30.06.12	1st half ended 30.06.11	
Revenue	27,907	41,117	(32%)		60,811	76,009	(20%)
Cost of sales	(21,997)	(28,954)	(24%)		(45,999)	(53,667)	(14%)
Gross profit	5,910	12,163	(51%)		14,812	22,342	(34%)
Other operating income	374	46	713%		71	60	18%
Selling & Distribution expenses	(2,054)	(4,816)	(57%)		(4,993)	(8,717)	(43%)
Administrative expenses	(1,900)	(2,135)	(11%)		(4,691)	(3,721)	26%
Finance costs	(189)	(49)	286%		(340)	(87)	291%
Profit from operations	2,141	5,209	(59%)		4,859	9,877	(51%)

Share of results of associated companies	(9)	(5)	80%	(108)	(9)	1,100%
Share of results of a joint venture	133	82	62%	269	180	49%
Profit before taxation	2,265	5,286	(57%)	5,020	10,048	(50%)
Tax expense	(786)	(974)	(19%)	(1,127)	(1,738)	(35%)
Net profit after tax for the period	1,479	4,312	(66%)	3,893	8,310	(53%)
Attributable to:						
Equity holders of the Company	2,018	3,980	(49%)	5,001	7,737	(35%)
Non-controlling interests	(539)	332	N.M.	(1,108)	573	N.M.
	1,479	4,312	(66%)	3,893	8,310	(53%)

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 30.06.12	2nd quarter ended 30.06.11	% Change	1st half ended 30.06.12	1st half ended 30.06.11	% Change
Net profit for the period	1,479	4,312	(66%)	3,893	8,310	(53%)
Other Comprehensive income:						
Exchange differences on translation of the financial statements of foreign entities (net)	(475)	55	N.M.	(2,135)	1	N.M.
Total comprehensive income for the period	1,004	4,367	(77%)	1,758	8,311	(79%)
Total comprehensive income attributable to:						
Equity holders of the Company	1,545	4,021	(62%)	2,969	7,734	(62%)
Non-controlling interests	(541)	346	N.M.	(1,211)	577	N.M.
Total comprehensive income for the period	1,004	4,367	(77%)	1,758	8,311	(79%)

1(a)(ii) Notes to income statement

	Group					
	(S\$'000)		% Change	(S\$'000)		
	2nd quarter ended 30.06.12	2nd quarter ended 30.06.11		1st half ended 30.06.12	1st half ended 30.06.11	% Change
Other income including interest income	36	33	9%	52	60	(13%)
Interest on borrowings	(189)	(49)	286%	(340)	(87)	291%
Depreciation of property, plant and equipment	(776)	(755)	3%	(1,537)	(1,402)	10%
Gain on disposal of property, plant and equipment	11	15	(27%)	11	31	(65%)
Foreign exchange gain/(loss)	327	(170)	N.M.	8	(200)	N.M.
Reversal/(allowance) for stock obsolescence	58	(1,002)	N.M.	(4)	(1,591)	(100%)
Write-back of allowance for doubtful debts	649	408	59%	733	542	35%

N.M. – Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year.

	Group (\$'000)		Company (\$'000)	
	30.06.12	31.12.11	30.06.12	31.12.11
Non-current assets				
Property, plant and equipment	46,881	34,256	-	-
Investment in subsidiaries	-	-	15,985	15,535
Investment in associated companies	6,264	6,277	6,296	6,296
Investment in a joint venture	2,272	2,015	815	826
Deferred tax assets	308	264	-	-
Intangible assets	1,578	1,578	49	49
	57,303	44,390	23,145	22,706
Current assets				
Inventories	67,350	56,552	-	-
Due from customers on construction contracts	24,536	20,462	-	-
Amount due from joint venture (trade)	269	334	-	-
Trade receivables	31,751	37,645	-	-
Other receivables	4,979	5,166	37,708	43,059
Cash and cash equivalents	16,891	16,952	94	139
Total current assets	145,776	137,111	37,802	43,198
Total assets	203,079	181,501	60,947	65,904

Non current liabilities

Deferred Tax Liability	955	937	-	-
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Current liabilities

Due to customers on construction contracts	168	84	-	-
Trade payables	20,218	22,004	-	-
Other payables	18,355	7,678	1,589	2,953
Bank borrowings	39,912	28,353	-	-
Finance lease liabilities	21	49	-	-
Tax payable	2,682	3,358	4	19
	81,356	61,526	1,593	2,972

Total liabilities	82,311	62,463	1,593	2,972
Net assets	120,768	119,038	59,354	62,932

Shareholders' equity

Share capital	43,461	43,461	43,461	43,461
Translation reserves	(2,123)	(91)	-	-
Accumulated profits	70,898	69,544	15,893	19,471
Attributable to equity holders of the Company, total	112,236	112,914	59,354	62,932

Non-controlling interests	8,532	6,124	-	-
Total shareholders' equity	120,768	119,038	59,354	62,932

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 30.06.12 (\$'000)		As at 31.12.11 (\$'000)	
Secured	Unsecured	Secured	Unsecured
6,170	33,742	8,039	20,314

Amount repayable after one year

As at 30.06.12 (\$'000)		As at 31.12.11 (\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

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

- (a) Legal charge on the Group's leasehold property with net book value of \$8.68million (31.12.2011: \$8.84million)
- (b) Corporate guarantee by the Company.
- (c) Fixed deposits of certain subsidiaries.
- (d) Joint and several guarantees by certain directors of certain subsidiaries.
- (e) Fixed charge for all monies over a subsidiary's present and future contracts financed or to be financed directly or indirectly, wholly or partly.
- (f) Existing first fixed charge over a subsidiary's fixed property and assets.

1(c) A statement of cash flows (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 30.06.12	2nd quarter ended 30.06.11	1st half ended 30.06.12	1st half ended 30.06.11
Cash flows from operating activities				
Profit before tax	2,265	5,286	5,020	10,048
Adjustments for :				
Depreciation	776	755	1,537	1,402
Interest income	(5)	(12)	(9)	(19)
Interest expense	189	49	340	87
Share of results of an associated companies	9	5	108	9
Share of results of a joint venture	(133)	(82)	(269)	(180)
Gain on disposal of property, plant and equipment	(11)	(15)	(11)	(31)
Operating cash before movements in working capital	3,090	5,986	6,716	11,316
Inventories	(9,878)	(6,594)	(10,798)	(4,768)
Due from customers on construction contract, net	399	(15,014)	(3,990)	(14,149)
Receivables	4,201	7,619	6,146	(1,458)
Payables	11,772	9,552	8,929	10,361
Currency translation adjustments	(373)	(48)	(1,537)	1
Cash generated from operations	9,211	1,501	5,466	1,303

Interest paid	(189)	(49)	(340)	(87)
Income tax paid	(2,136)	(1,703)	(1,847)	(1,720)
Net cash provided by/(used in) operating activities	6,886	(251)	3,279	(504)
Cash flows from investing activities				
Purchase of property, plant and equipment	(14,467)	(7,664)	(14,776)	(8,941)
Proceeds from disposal of property, plant and equipment	19	17	19	33
Investment in associated company	(64)	-	(95)	-
Interest received	5	12	9	19
Contribution from non-controlling interest	3,735	-	3,782	-
Fixed deposit	(189)	(202)	(189)	(202)
Net cash used in investing activities	(10,961)	(7,837)	(11,250)	(9,091)
Cash flows from financing activities				
Proceeds from bankers	13,985	5,723	11,559	7,570
Repayment of hire purchase creditors	(11)	(5)	(28)	(8)
Dividend paid	(3,360)	(3,360)	(3,360)	(3,360)
Acquisition of non-controlling interest	(450)	-	(450)	-
Net cash from financing activities	10,164	2,358	7,721	4,202
Net increase/(decrease) in cash and cash equivalents	6,089	(5,730)	(250)	(5,393)
Cash and cash equivalents at beginning of period	8,370	22,853	14,709	22,516
Cash and cash equivalents at end of period	14,459	17,123	14,459	17,123
Cash and cash equivalents comprises the following				
Cash and cash equivalents	16,891	19,293	16,891	19,293
Less: Fixed deposits	(2,432)	(2,170)	(2,432)	(2,170)
Cash and cash equivalents as per statement of cash flows	14,459	17,123	14,459	17,123

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	Total	Non-Controlling interests	Total shareholders' equity
At 1 January 2012	43,461	(91)	69,544	112,914	6,124	119,038
Loss not recognised in income statement	-	(1,559)	-	(1,559)	(101)	(1,660)
Incorporation of new subsidiary	-	-	-	-	47	47
Profit for the period	-	-	2,983	2,983	(569)	2,414
Balance At 31 March 2012	43,461	(1,650)	72,527	114,338	5,501	119,839
Loss not recognised in income statement	-	(473)	-	(473)	(2)	(475)
Additional investment in subsidiaries	-	-	(287)	(287)	3,572	3,285
Dividend	-	-	(3,360)	(3,360)	-	(3,360)
Profit for the period	-	-	2,018	2,018	(539)	1,479
Balance At 30 June 2012	43,461	(2,123)	70,898	112,236	8,532	120,768
At 1 January 2011	43,461	(88)	59,965	103,338	2,405	105,743
Loss not recognised in income statement	-	(44)	-	(44)	(10)	(54)
Dividend	-	-	(3,360)	(3,360)	-	(3,360)
Profit for the period	-	-	3,757	3,757	241	3,998
Balance at 31 March 2011	43,461	(132)	60,362	103,691	2,636	106,327
Profit not recognised in income statement	-	41	-	41	14	55
Profit for the period	-	-	3,980	3,980	332	4,312
Balance At 30 June 2011	43,461	(91)	64,342	107,712	2,982	110,694

Company	(\$'000)		
	Share capital	Accumulated profits	Total shareholders' equity
At 1 January 2012	43,461	19,471	62,932
Loss for the period	-	(131)	(131)
Balance at 31 March 2012	43,461	19,340	62,801
Loss for the period	-	(87)	(87)
Dividends	-	(3,360)	(3,360)
Balance at 30 June 2012	43,461	15,893	59,354
At 1 January 2011	43,461	16,056	59,517
Loss for the period	-	(137)	(137)
Dividends	-	(3,360)	(3,360)
Balance at 31 March 2011	46,461	12,559	56,020
Loss for the period	-	(298)	(298)
Balance At 30 June 2011	43,461	12,261	55,722

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.

	30.06.12	31.12.11
Total number of issued shares (excluding treasury shares)	480,000,000	480,000,000

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 has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest audited annual financial statements for the financial year ended 31 December 2011.

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 period ending 30 June 2012.

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 30.06.12	2nd quarter ended 30.06.11	1st half ended 30.06.12	1st half ended 30.06.11
(i) Based on number of ordinary shares in issue	0.42 cents	0.83 cents	1.04 cents	1.61 cents
Number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000
(ii) On a fully diluted basis	0.42 cents	0.83 cents	1.04 cents	1.61 cents
Diluted number of ordinary shares in issue	480,000,000	480,000,000	480,000,000	480,000,000

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	
	30.06.12	31.12.11	30.06.12	31.12.11
Net asset value per ordinary share based on existing share capital	23 cents	24 cents	12 cents	13 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
(2Q2012 Vs 2Q2011)**

	Group		% Change
	2Q2012 \$'000	2Q2011 \$'000	
Supply Chain Management			
Marine cables and accessories	12,619	11,598	9%
Marine lighting equipment and accessories	2,619	2,257	16%
Others	1,873	2,492	(25%)
	17,111	16,347	5%
Manufacturing			
Marine switchboards	2,803	2,766	1%
Galvanized steel wire	705	1,078	(35%)
	3,508	3,844	(9%)
Engineering Services			
Engineering and installation	7,288	20,926	(65%)
Total sales revenue	27,907	41,117	(32%)

Supply Chain Management

Supply Chain Management Division accounts for 61% of the Group's turnover in 2Q2012, of which marine cables and accessories contributed 74%, marine lighting equipment and accessories 15% and others 11%. Revenue from Supply Chain Management Division remains comparably unchanged.

Manufacturing

Manufacturing Division accounts for 13% of the Group's turnover in 2Q2012, of which marine switchboards contributed 80% and galvanized steel wire 20%. Revenue from marine switchboards remains comparably unchanged. The decrease in revenue from galvanized steel wire is due to the division's focus on the construction of a steel wire plant which is scheduled to complete by 1Q 2013.

Engineering Services

Engineering Services Division accounts for 26% of the Group's turnover in 2Q2012. The decrease in revenue from engineering and installation is due to the recognition of lesser revenue owing to the near completion of 2 major projects in 2Q2012.

(1H2012 VS 1H2011)

	Group		
	1H2012 \$'000	1H2011 \$'000	% Change
Supply Chain Management			
Marine cables and accessories	25,983	23,503	11%
Marine lighting equipment and accessories	5,370	6,226	(14%)
Others	3,514	3,212	9%
	34,867	32,941	6%
Manufacturing			
Marine switchboards	5,654	5,079	11%
Galvanized steel wire	1,273	3,637	(65%)
	6,927	8,716	(21%)
Engineering Services			
Engineering and installation	19,017	34,352	(45%)
Total sales revenue	60,811	76,009	(20%)

Supply Chain Management

Supply Chain Management Division accounts for 57% of the Group's turnover in 1H2012, of which marine cables and accessories contributed 75%, marine lighting equipment and accessories 15% and others 10%. Revenue from Supply Chain Management Division remains comparably unchanged in 1H2012.

Manufacturing

Manufacturing Division accounts for 12% of the Group's turnover in 1H2012, of which marine switchboards contributed 82% and galvanized steel wire 18%. Revenue from marine switchboards increased by 11% mainly due to higher service revenue in 1Q2012. The decrease in revenue from galvanized steel wire is due to the division's focus on the construction of a steel wire plant which is scheduled to complete by 1Q 2013.

Engineering Services

Engineering Services Division accounts for 31% of the Group's turnover in 1H2012. The decreased in revenue from engineering and installation is due to the recognition of lesser revenue owing to completion of one major project in 1Q2012 and near completion of another 2 major projects in 2Q2012.

Geographical segment

Revenue derived from Singapore decreased marginally by \$353,000 or 2% from 16.4million in 2Q2011 to \$16.0million in 2Q2012.

Revenue derived from overseas decreased by \$12.8million or 52% from \$24.7million in 2Q2011 to \$11.9million in 2Q2012. This is mainly due to the lower contribution from the Group's Engineering Services which derived its revenue substantially from overseas customers.

Gross profit

The Group's overall gross profit decreased by \$6.3million or 51% from \$12.2million in 2Q2011 to \$5.9million in 2Q2012 due to lower revenue. The Group's gross margin decreased from 30% in 2Q2011 to 21% in 2Q2012 due mainly to the lower gross margin from Engineering Services Division as a result of a weak Indonesian Rupiah and lower revenue recognized resulting in lower recovery of fixed cost of sales.

Other operating income

The increase in other income is mainly due to a foreign exchange gain in 2Q2012 versus a loss in 2Q2011.

Profit from operation

The Group's profit from operation decreased by \$3.1million or 59% from \$5.2million in 2Q2011 to \$2.1million in 2Q2012 mainly due to a lower gross profit offset by a decrease in selling & distribution and administrative expenses.

Operating expenses

The lower selling & distribution expense is due to the lower provision for stock obsolescence as a result of a revised stock policy effective from 4Q2011 and lower provision for personnel related cost in line with lower profit in 2Q2012. The lower administration expense is due to lower provision for personnel related cost in line with lower profit in 2Q2012.

Share of results of associated companies

The increase in share of loss in associated companies is due to share of loss from an associated company, GL Lighting Holding Pte Ltd which is the holding company of General Luminaire (Shanghai) Co., Ltd and General Luminaire Co., Ltd (Taiwan) acquired in 3Q2011 and a newly incorporated associated company, Z-Power Automation (Vietnam) Co., Ltd.

Share of results in joint venture

The increase in share of results in joint venture is due to more orders secured as compared to 2Q2011.

Tax expense

The tax expense decreased by \$188,000 from \$974,000 in 2Q2011 to \$786,000 in 2Q2012 as a result of a lower profit before tax.

Interest on borrowings

The increase in interest on borrowings is mainly due to higher usage of bank facilities.

Foreign Exchange Gain/(Loss)

The gain in foreign exchange in 2Q2012 as compared to a loss in 2Q2011 is mainly due to the depreciation in value of US dollar and Euro payables between the transacted and settlement dates.

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

The increase in property, plant and equipment of \$12.6 million is mainly due to the acquisition of plant and equipment by the Group's galvanized steel wire of Manufacturing Division for the purpose of constructing its new factory.

Investment in associated companies

The decrease in investment in associated Companies is mainly due to share of loss from associated companies and partially offset by the incorporation of Z-Power Automation (Vietnam) Co., Ltd in 1Q2012.

Investment in a joint venture

The increase in investment in joint venture is mainly due to the share of results from joint venture in 1H2012.

Inventories

Inventories increased by \$10.8million from \$56.6million in FY2011 to \$67.4million in 1H2012. This is mainly due to purchase of raw materials to build up inventories for sales by the Group's Engineering Services Division in 1H2012.

Due from customers on construction contracts

The increase in amount due from customers on construction contracts is due to unbilled work-in-progress of projects of the Engineering Services Division.

Trade receivables

Trade receivables decreased by \$5.9million from \$37.6million in FY2011 to \$31.7million in 1H2012. This is mainly due to lower revenue.

Other payables

Other payables increased by \$10.7million from \$7.7million in FY2011 to \$18.4million in 1H2012. This is mainly due to the acquisition of plant and equipment for the Group's galvanized steel wire of Manufacturing Division for the purpose of constructing its new factory.

Banks borrowings

The increase in bank borrowings of \$11.6million was mainly due to utilization of bank facilities to finance the acquisition of raw materials by the Group's Engineering Services Division.

Cash flow

Net cash and cash equivalent increased by \$6.1million in 2Q2012 as compared to a decrease of \$5.7 million in 2Q2011. This was mainly due to the increase in proceeds from bankers and payables and decrease in receivables to finance the increase in inventories, and acquisition of property, plant and equipment.

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.

General marine market remains soft. Macro operating environment continues to be plagued by global uncertainties. The industry also witnessed diminishing new order flows and pricing pressure sets in as yards compete to maintain its market share.

Anticipating the downturn and to strengthen the Group's ability to weather business cycles, the Group embarked on a vertical integration strategy in 2010/2011 to better manage segmental risks. With its expanded product and service offerings, the Group hopes to secure projects on a turnkey basis integrating all 3 business segments.

The Group will continue to consolidate and integrate these businesses to maximize resource deployment, productivity and cost efficiency.

Operating environment continues to remain challenging in the near future. The Group will maintain its cautious approach moving forward.

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 2012.

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 30 June 2012 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Executive Chairman
31 July 2012

Vincent Lim Hui Eng
Chief Executive Officer
31 July 2012