



BH GLOBAL MARINE LIMITED
(Company Registration No: 200404900H)

**HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 JUNE 2007**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS
OF 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 (S\$'000)		% Change
	30.06.07	30.06.06	
Sales revenue	39,424	22,676	74%
Cost of sales	(23,254)	(13,398)	74%
Gross profit	16,170	9,278	74%
Other operating income	92	204	(55%)
Marketing expenses	(211)	(259)	(19%)
Administrative expenses	(5,749)	(2,604)	121%
Finance costs	(39)	(6)	550%
Profit before tax	10,263	6,613	55%
Tax expense	(1,932)	(1,377)	40%
Net profit for the period attributable to equity holders of the Company	8,331	5,236	59%

1(a)(ii) Notes to income statement

	Group (S\$'000)		% Change
	30.06.07	30.06.06	
Other income including interest income	37	97	(62%)
Interest on borrowings	(39)	(6)	550%
Depreciation of property and equipment	(246)	(205)	20%
Foreign exchange gain	55	107	(49%)
Goodwill arising from consolidation written off	(165)	-	N.M
Intangible asset written off	-	(350)	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 year.

	Group (S\$'000)		Company (S\$'000)	
	30.06.07	31.12.06	30.06.07	31.12.06
Non-current assets				
Property and equipment	7,092	7,135	-	-
Investment in subsidiaries	-	-	10,911	10,664
Goodwill arising on consolidation	165	-	-	-
	<u>7,257</u>	<u>7,135</u>	<u>10,911</u>	<u>10,664</u>
Current assets				
Inventories	28,947	18,053	-	-
Trade receivables	23,384	21,692	-	-
Other receivables	115	90	13,444	16,619
Cash and cash equivalents	8,763	7,998	268	2,117
Total current assets	<u>61,209</u>	<u>47,833</u>	<u>13,712</u>	<u>18,736</u>
Total assets	<u>68,466</u>	<u>54,968</u>	<u>24,623</u>	<u>29,400</u>
Current liabilities				
Trade payables	17,576	9,840	-	-
Other payables	3,583	3,049	347	298
Bank borrowings	667	661	-	-
Short-term loan from a financial institution	1,500	-	-	-
Hire purchase creditors	2	-	-	-
Tax payable	3,012	3,143	5	5
	<u>26,340</u>	<u>16,693</u>	<u>352</u>	<u>303</u>
Total liabilities	<u>26,340</u>	<u>16,693</u>	<u>352</u>	<u>303</u>
Net assets	<u>42,126</u>	<u>38,275</u>	<u>24,271</u>	<u>29,097</u>

Shareholders' equity				
Share capital	23,069	23,069	23,069	23,069
Accumulated profits	19,057	15,206	1,202	6,028
Total shareholders' equity	42,126	38,275	24,271	29,097

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 30.06.07 (S\$'000)		As at 31.12.06 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
669	1,500	661	-

Amount repayable after one year

As at 30.06.07 (S\$'000)		As at 31.12.06 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's facilities were covered by the following:

- (a) Legal charge on the Group's leasehold property with net book value of \$6.36 million at 30.06.2007.
- (b) Corporate guarantee by the Company

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Group (S\$'000)	
	30.06.07	30.06.06
Cash flows from operating activities		
Profit before tax	10,263	6,613
Adjustments for :		
Depreciation	246	205
Goodwill arising on consolidation written off	165	-
Intangible asset written off	-	350
Interest income	(37)	(87)
Interest expense	39	6
Operating cash before movements in working capital	10,676	7,087
Inventories	(10,669)	(4,244)
Receivables	(1,177)	(3,224)
Payables	7,457	(944)
Cash from/(used in) operations	6,287	(1,325)
Interest paid	(39)	(6)
Income tax paid	(2,063)	(1,592)
Net cash from/(used in) operating activities	4,185	(2,923)
Cash flows from investing activities		
Purchase of property and equipment	(160)	(330)
Interest received	37	87
Cash flow on acquisition of subsidiary, net of cash (See Note A)	(323)	-
Purchase of intangible asset	-	(700)
Net cash used in investing activities	(446)	(943)
Cash flows from financing activities		
Proceeds from interest-bearing liabilities	1,506	-
Dividend paid	(4,480)	(2,800)
Net cash used in financing activities	(2,974)	(2,800)
Net increase/ (decrease) in cash and cash equivalents	765	(6,666)
Cash and cash equivalents at beginning of period	7,998	10,216
Cash and cash equivalents at end of period	8,763	3,550

Note A

Acquisition of subsidiary

During the period, the Group acquired B & C Electrical Pte Ltd, a wholly-owned subsidiary. The fair value of assets acquired and liabilities assumed were as follows:

	(\$'000)
Cash	89
Inventories	226
Trade and other receivables	540
Plant, property and equipment	44
Goodwill	330
Trade and other payables	<u>(817)</u>
Total purchase price paid	412
Less: Cash of subsidiary	<u>(89)</u>
Cashflow on acquisition, net of cash acquired	<u>323</u>

1(d)(i) 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 immediate preceding financial year.

Group	(\$'000)		
	Share Capital	Accumulated Profits	Total Shareholders' Equity
At 1 January 2007	23,069	15,206	38,275
Profit for the period	–	8,331	8,331
First and final dividend (one-tier tax exempt) of \$0.016 per share for the financial year ended 31 December 2006	–	(4,480)	(4,480)
At 30 June 2007	23,069	19,057	42,126
At 1 January 2006	23,069	6,791	29,860
First and final dividend (one-tier tax exempt) of \$0.01 per share for the financial year ended 31 December 2005	–	(2,800)	(2,800)
Net profit for the period	–	5,236	5,236
At 30 June 2006	23,069	9,227	32,296

Company	(S\$'000)		
	Share Capital	Accumulated Profits	Total Shareholders' Equity
At 1 January 2007	23,069	6,028	29,097
Net loss for the period	–	(346)	(346)
First and final dividend (one-tier tax exempt) of \$0.016 per share for the financial year ended 31 December 2006	–	(4,480)	(4,480)
At 30 June 2007	23,069	1,202	24,271
At 1 January 2006	23,069	3,050	26,119
First and final dividend (one-tier tax exempt) of \$0.01 per share for the financial year ended 31 December 2005	-	(2,800)	(2,800)
Net profit for the period	–	42	42
At 30 June 2006	23,069	292	23,361

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or 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 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.

Nil.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have been reviewed by the auditors in accordance with Singapore Standards on Review Engagements 2400 (Engagements to Review Financial Statements).

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Refer to attached.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group applied the same accounting policies and methods of computation, set in the audited financial statements as at 31 December 2006 in the preparation of the financial statements for current reporting period.

The new or revised Financial Reporting Standards ('FRS') and Interpretations to FRS that are applicable for the current financial period has no material effect on the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There were no changes in accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on net profit attributable to shareholders :-

	Group	
	30.06.07	30.06.06
(i) Based on weighted average number of ordinary share in issues	2.98 cents	1.87 cents
Weighted average number of ordinary shares in issue	280,000,000	280,000,000
(ii) On a fully diluted basis	2.98 cents	1.87 cents
Diluted weighted average number of ordinary shares in issue	280,000,000	280,000,000

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	30.06.07	31.12.06	30.06.07	31.12.06
Net asset value per ordinary share based on existing share capital	15 cents	14 cents	9 cents	10 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant

factors that affect the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

The Group's revenue increased by \$16.7million or 74% from \$22.7million in the first half of FY2006 to \$39.4million in the first half of FY2007. This was due to an overall increase in revenue in both marine electrical equipment and marine consumables segments.

Marine electrical equipment contributed 88.4% to the Group's revenue, of which marine cables contributed 76.0% and marine lighting 24.0%. Marine consumables contributed 11.6%.

The increase in revenue was a result of the vibrant demand in the marine sector, driven by the increase in oil and gas production and exploration activities worldwide and the Group's ongoing strategy of increasing its inventory level, both in quantity and range to meet customers' demand and deliver to them on a timely basis.

Revenue derived from Singapore increased by \$15.2million or 82.9% from \$18.3million in the first half of FY2006 to \$33.5million in the first half of FY2007. The increase was mainly due to the increase in rig- and ship-building activities in Singapore.

Revenue derived from overseas increased by \$1.6million or 36.3% from \$4.4million in the first half of FY2006 to \$6.0million in the first half of FY2007 as we managed to secure more sales from shipbuilding and ship conversion projects overseas.

Gross profit

Our overall gross profit increased by \$6.9million or 74% from \$9.3million in the first half of FY2006 to \$16.2million in the first half of FY2007. The increase was due to higher revenue.

Other income

Other income decreased by \$112,000 from \$204,000 in the first half of FY2006 to \$92,000 in the first half of FY2007 due to lower interest income and foreign exchange gain.

Operating expenses

Our operating expenses comprise mainly marketing and administrative expenses. The operating expenses increased by \$3.1million from \$2.9million in the first half of FY2006 to \$6.0million in the first half of FY2007. This was mainly due to increase in head count and higher staff-related cost.

Finance costs

Finance cost increased by \$33,000 from \$6,000 in the first half of FY2006 to \$39,000 in the first half of FY2007. The lower finance cost in the first half year of FY2006 was due to repayment of amount due to financial institutions from proceeds received from IPO in FY2006.

Income tax

The higher income tax is in line with higher profit before tax for the period.

Balance Sheet Analysis**Goodwill arising on consolidation**

Goodwill arising on consolidation from acquisition of a new subsidiary during the period was \$330,000 of which \$165,000 representing 50% of the goodwill was written off to the income statement for the half-year ended 30 June 2007.

Inventories

The increase in inventories of \$10.9million was due to higher sales and is in line with the Group's strategy to position ourselves as a supplier of a comprehensive range of marine electrical products.

Trade receivables

The increase in trade receivables of \$1.7million was due to higher revenue for the year.

Trade payables

The increase in trade payables of \$7.7million was due to increase in purchases to meet the increase in sales.

Short term loan from a financial institution

The short term loan from a financial institution of \$1.5million was used to finance the purchase of part of the increase in inventories.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results for the period ended 30 June 2007 is in line with the prospect statement as announced in the full year announcement on 5 February 2007.

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.

The Group is a beneficiary of both the buoyant marine and offshore oil & gas industry and the continual high shipping traffic through Singapore.

The marine and offshore market is expected to remain positive in light of the sustained demand for oil & gas activities and the continuing supply-side constraints. Worldwide increase in the number and size of newbuild vessels as well as increasing demand for safety requirements is likely to result in strong overall demand for marine cables and electrical lightings. Many of the Group's key clients are expected to continue growing in the next five years.

Trade Publication Lloyd's List estimates Singapore's port to record 28.3million boxes in 2008, continuing to be one of the busiest ports in the world.

Against this industry backdrop, the Group is cautiously optimistic of improving its performance in the current year as compared to the previous year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b)Corresponding Period of the Immediately Preceding Financial Year

No.

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

(c) Date payable **NA**

(d) Books closure date **NA**

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

Not applicable

13. Interested person transactions

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 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 2007 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Alvin Lim Hwee Hong
Chairman
26 July 2007

Vincent Lim Hui Eng
Managing Director
26 July 2007