

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

**PENGUIN INTERNATIONAL LIMITED (Co. Registration Number : 197600165Z)**

**Unaudited Third Quarter And Nine Months Financial Statement and Dividend Announcement for the Period Ended 30 September 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR 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.**

**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

		Group					
		3 Months Ended		+ / (-) %	9 Months Ended		+ / (-) %
		30/09/2018	30/09/2017		30/09/2018	30/09/2017	
		\$'000	\$'000		\$'000	\$'000	
		Restated			Restated		
Revenue	1	19,721	9,718	102.9	65,415	59,823	9.3
Cost of sales	2	(12,859)	(5,303)	142.5	(45,619)	(44,529)	2.4
Gross profit		6,862	4,415	55.4	19,796	15,294	29.4
Other operating income	3	300	1,340	(77.6)	6,043	3,241	86.5
Distribution costs		(55)	(37)	48.6	(112)	(123)	(8.9)
Administrative expenses		(4,446)	(3,215)	38.3	(12,777)	(9,262)	38.0
Other operating expenses	4	(1,931)	(2,387)	(19.1)	(5,669)	(6,714)	(15.6)
Finance cost		(25)	(46)	(45.7)	(87)	(227)	(61.7)
Interest income		280	204	37.3	809	547	47.9
Profit before tax		985	274	259.5	8,003	2,756	190.4
Income tax (expense) / credit		(320)	23	NM	(1,680)	(201)	735.8
<b>Profit for the period</b>		<b>665</b>	<b>297</b>	123.9	<b>6,323</b>	<b>2,555</b>	147.5

The results for third quarter and nine months ended 30 September 2017 are restated following the adoption of the new financial reporting framework, Singapore Financial Reporting (International) ("SFRS(I)s"). Please refer to paragraph 5 for the details on the financial impact from the adoption of SFRS(I)s.

**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	<b>3 Months Ended</b>		<b>Group</b>	<b>9 Months Ended</b>		
	<b>30/09/2018</b>	<b>30/09/2017</b>	<b>+ / (-)</b>	<b>30/09/2018</b>	<b>30/09/2017</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
	<b>Restated</b>			<b>Restated</b>		
<b>Profit for the period</b>	<b>665</b>	<b>297</b>	123.9	<b>6,323</b>	<b>2,555</b>	147.5
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	(810)	(1,673)	(51.6)	1,431	(5,698)	NM
Foreign currency translation	443	(803)	NM	124	(2,833)	NM
	<u>(367)</u>	<u>(2,476)</u>		<u>1,555</u>	<u>(8,531)</u>	
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Changes in fair value of equity investment at FVOCI	(543)	-	NM	(400)	-	NM
<b>Other comprehensive income for the period, net of tax</b>	<u>(910)</u>	<u>(2,476)</u>	(63.2)	<u>1,155</u>	<u>(8,531)</u>	NM
<b>Total comprehensive income for the period, net of tax</b>	<u>(245)</u>	<u>(2,179)</u>	(88.8)	<u>7,478</u>	<u>(5,976)</u>	NM
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the company	(245)	(2,179)	(88.8)	7,478	(5,976)	NM
Non-controlling interests	-	-	NM	-	-	NM
<b>Total comprehensive income for the period</b>	<u>(245)</u>	<u>(2,179)</u>	(88.8)	<u>7,478</u>	<u>(5,976)</u>	NM

## NOTES TO CONSOLIDATED INCOME STATEMENT

	Group		Group	
	3 Months Ended		9 Months Ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
	Restated		Restated	
Other income including interest income	580	1,544	6,852	3,788
Interest expense	(13)	(34)	(57)	(199)
Depreciation of property, plant and equipment	(2,160)	(2,135)	(6,468)	(6,447)
Property, plant and equipment written off	-	(3)	-	(17)
Foreign exchange loss	(301)	(279)	(865)	(610)
Gain on disposal of property, plant and equipment*	2	1,267	5,558	3,011
(Provision) / reversal of provision of warranty claims on shipbuilding contracts, net	(10)	-	88	(55)
Net fair value gain / (loss) on derivatives **	93	(60)	42	(60)
Allowance for doubtful debts (trade)	(1)	(312)	(1)	(670)

\* This amount is included in other income including interest income above

\*\* This amount is included in net foreign exchange loss

**Notes to Consolidated Income Statement:**

- 1 Revenue is contributed primarily by shipbuilding, ship repair and vessel chartering activities.
- 2 Cost of Sales comprises primarily shipbuilding costs, ship repair costs and vessel operating expenses.
- 3 Other Operating Income is contributed primarily by gain on sale of vessels from the Group's operating fleet.
- 4 Other Operating Expenses comprises primarily depreciation of property, plant and equipment and net foreign exchange gain / loss.

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2018**

	Group		+ / (-) %	Company		+ / (-) %
	30/09/2018 \$'000	31/12/2017 \$'000 Restated		30/09/2018 \$'000	31/12/2017 \$'000 Restated	
<b>Equity attributable to owners of the Company</b>						
Share capital	94,943	94,943	0.0	94,943	94,943	0.0
Reserves	52,410	45,923	14.1	31,539	19,045	65.6
Non-controlling interest	(1)	(1)	0.0	-	-	NM
<b>Total equity</b>	<b>147,352</b>	<b>140,865</b>	<b>4.6</b>	<b>126,482</b>	<b>113,988</b>	<b>11.0</b>
<b>Non-current assets</b>						
Intangible asset	78	78	0.0	-	-	NM
Property, plant and equipment	1 75,694	74,100	2.2	6,845	10,646	(35.7)
Investments in subsidiaries	-	-	NM	25,535	25,535	0.0
Loan to a subsidiary	-	-	NM	70,837	80,373	(11.9)
Quoted investment	7,600	-	NM	7,600	-	NM
Other investments	-	-	NM	-	-	NM
Trade receivables	3 -	1,542	(100.0)	-	-	NM
Other receivables	4 8,728	9,348	(6.6)	-	-	NM
<b>Current assets</b>						
Inventories	2 28,574	18,906	51.1	-	-	NM
Trade receivables	3 11,549	10,352	11.6	1,445	938	54.1
Other receivables and deposits	4 9,642	6,858	40.6	187	171	9.4
Contract assets	6 11,708	1,012	1,056.9	11,708	-	NM
Prepayments	524	501	4.6	141	160	NM
Derivatives	16	-	NM	16	-	NM
Loan to subsidiaries	-	-	NM	13,849	21,246	(34.8)
Short-term deposits	24,773	29,736	(16.7)	23,997	29,638	(19.0)
Cash and bank balances	15,687	9,341	67.9	4,719	3,727	26.6
	102,473	76,706	33.6	56,062	55,880	0.3
Assets classified as held for sale	-	16,364	(100.0)	-	266	(100.0)
	102,473	93,070	10.1	56,062	56,146	(0.1)
<b>Current liabilities</b>						
Trade payables	12,894	8,422	53.1	155	116	33.6
Other payables and accruals	5 25,202	11,630	116.7	1,777	1,828	(2.8)
Provisions	109	307	(64.5)	-	-	NM
Contract liabilities	6 2,420	8,401	(71.2)	-	8,401	(100.0)
Derivatives	-	26	(100.0)	-	26	(100.0)
Deferred revenue	162	153	5.9	162	153	5.9
Provision for income tax	1,286	837	53.6	1,003	422	137.7
Term loan	1,000	2,250	(55.6)	-	-	NM
Deposit from subsidiaries	-	-	NM	34,991	44,688	(21.7)
	43,073	32,026	34.5	38,088	55,634	(31.5)
<b>Net current assets</b>	<b>59,400</b>	<b>61,044</b>	<b>(2.7)</b>	<b>17,974</b>	<b>512</b>	<b>3,410.5</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	2,135	2,478	(13.8)	705	1,474	(52.2)
Provisions	7 1,680	1,686	(0.4)	1,604	1,604	0.0
Term loan	333	1,083	(69.3)	-	-	NM
<b>Net Assets</b>	<b>147,352</b>	<b>140,865</b>	<b>4.6</b>	<b>126,482</b>	<b>113,988</b>	<b>11.0</b>

## **Notes to the Balance Sheet:**

- 1      Property, Plant and Equipment refer mainly to the Group's vessels, leasehold buildings and machinery and equipment.
- 2      Inventories refer mainly to construction cost of completed vessels and construction-in-progress in relation to uncompleted vessels.
- 3      Trade Receivables refer mainly to receivables from shipbuilding, ship repair and vessel chartering activities. Non-current portion pertains to shipbuilding sales under deferred payment arrangement.
- 4      Other Receivables and Deposits refers mainly to receivables for fleet vessel sales and deposits paid by the Group for equipment purchase with long lead time. Non-current portion pertains to fleet vessel sales under deferred payment arrangement.
- 5      Other Payables and Accruals refer mainly to advance payments and deposits received, advance billings and accrued operating expenses.
- 6      Contract Assets / (Liabilities) refers to progress billings in relation to shipbuilding contracts in deficit / (excess) of their corresponding revenue.
- 7      Provisions refer mainly to the provision for the cost of reinstatement of a leasehold property at 18 Tuas Basin Link.

**1(b)(ii)****Amount repayable in one year or less, or on demand**

As at 30/09/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,000	-	2,250	-

**Amount repayable after one year**

As at 30/09/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
333	-	1,083	-

**Details of any collateral**

The Group's borrowing from the bank is secured by way of mortgage over a subsidiary's vessel, including assignment of insurance policy and charter earning and contract.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

	Group		Group	
	3 Months Ended		9 Months Ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
	Restated		Restated	
<b>Cash flows from operating activities</b>				
Profit before tax	985	274	8,003	2,756
Adjustments:				
Depreciation of property, plant and equipment	2,160	2,135	6,468	6,447
Gain on disposal of property, plant and equipment	(2)	(1,267)	(5,558)	(3,011)
Property, plant and equipment written off	-	3	-	17
Interest expense	13	34	57	199
Interest income	(280)	(204)	(809)	(547)
Provision for employee retirement benefits	(3)	(2)	(6)	(4)
Net fair value (gain) / loss on derivatives	(93)	60	(42)	60
Allowance for doubtful debts (trade)	1	312	1	670
Provision / (reversal of provision) of warranty claims on shipbuilding contracts, net	10	-	(88)	55
Currency alignment	405	14	1,107	395
Operating cash flows before changes in working capital	3,196	1,359	9,133	7,037
Inventories	(8,289)	(2,198)	(9,605)	24,176
Trade receivables	(907)	(592)	345	(1,101)
Other receivables, deposits and prepayments	(2,011)	(6,614)	(2,907)	(13,718)
Contract assets	(4,930)	(1,846)	(10,696)	(3,847)
Trade payables	704	960	4,472	(2,261)
Other payables and accruals	7,201	743	13,572	(7,816)
Provision	(3)	(199)	(110)	(260)
Contract liabilities	1,941	2,823	(5,981)	11,058
Deferred revenue	36	(69)	9	(50)
Cash (used in) / from operations	(3,062)	(5,633)	(1,768)	13,218
Interest paid	(13)	(34)	(57)	(199)
Interest received	280	204	809	547
Income taxes paid, net	(271)	(67)	(852)	(39)
Net cash (used in) / generated from operating activities	(3,066)	(5,530)	(1,868)	13,527
<b>Cash flows from investing activities</b>				
Investment in quoted shares	-	-	(8,000)	-
Proceeds from disposal of property, plant and equipment	3	4,754	21,798	12,750
Additions to property, plant and equipment	(4,612)	(1,040)	(7,836)	(1,913)
Net cash (used in) / generated from investing activities	(4,609)	3,714	5,962	10,837
<b>Cash flows from financing activities</b>				
Repayment of term loans	(250)	(500)	(2,000)	(6,147)
Dividend paid	-	-	(991)	-
Decreased / (increase) in pledged deposits with licensed banks	755	(849)	755	(849)
Net cash generated from / (used in) financing activities	505	(1,349)	(2,236)	(6,996)
Net (decrease)/ increase in cash and cash equivalents	(7,170)	(3,165)	1,858	17,368
Effect of exchange rate change on cash and cash equivalents	(431)	(296)	261	(798)
Cash and cash equivalents at beginning of period	47,673	38,418	37,953	18,387
Cash and cash equivalents at end of period	40,072	34,957	40,072	34,957



**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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
Opening balance as at 31 December 2017						
As previously reported	94,943	(12,202)	59,076	141,817	(1)	141,816
Adoption of SFRS(I) 1	-	4,644	(4,644)	-	-	-
Adoption of SFRS(I) 15	-	-	(951)	(951)	-	(951)
Effect arising from adoption of SFRS(I) 1	-	(97)	97	-	-	-
Opening balance as restated at 1 January 2018	94,943	(7,655)	53,578	140,866	(1)	140,865
Profit for the period	-	-	5,658	5,658	-	5,658
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	2,241	-	2,241	-	2,241
Foreign currency translation	-	(319)	-	(319)	-	(319)
Change in fair value of equity investment at FVOCI	-	143	-	143	-	143
Other comprehensive income for the period, net of tax	-	2,065	-	2,065	-	2,065
Total comprehensive income for the period	-	2,065	5,658	7,723	-	7,723
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(991)	(991)	-	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)	-	(991)
<b>Closing balance as at 30 June 2018</b>	<b>94,943</b>	<b>(5,590)</b>	<b>58,245</b>	<b>147,598</b>	<b>(1)</b>	<b>147,597</b>
Profit for the period	-	-	665	665	-	665
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(810)	-	(810)	-	(810)
Foreign currency translation	-	443	-	443	-	443
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)	-	(543)
Other comprehensive income for the period, net of tax	-	(910)	-	(910)	-	(910)
Total comprehensive income for the period	-	(910)	665	(245)	-	(245)
<b>Closing balance as at 30 September 2018</b>	<b>94,943</b>	<b>(6,500)</b>	<b>58,910</b>	<b>147,353</b>	<b>(1)</b>	<b>147,352</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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
Opening balance as at 31 December 2016						
As previously reported	94,943	(4,078)	55,174	146,039	-	146,039
Adoption of SFRS(I) 1	-	4,644	(4,644)	-	-	-
Opening balance as restated at 1 January 2017	94,943	566	50,530	146,039	-	146,039
Profit for the period	-	-	2,258	2,258	-	2,258
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(4,025)	-	(4,025)	-	(4,025)
Foreign currency translation	-	(2,030)	-	(2,030)	-	(2,030)
Other comprehensive income for the period, net of tax	-	(6,055)	-	(6,055)	-	(6,055)
Total comprehensive income for the period	-	(6,055)	2,258	(3,797)	-	(3,797)
Others						
Disposal of property, plant and equipment	-	(301)	504	203	-	203
<b>Closing balance as at 30 June 2017</b>	<b>94,943</b>	<b>(5,790)</b>	<b>53,292</b>	<b>142,445</b>	<b>-</b>	<b>142,445</b>
Profit for the period	-	-	297	297	-	297
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(1,673)	-	(1,673)	-	(1,673)
Foreign currency translation	-	(803)	-	(803)	-	(803)
Other comprehensive income for the period, net of tax	-	(2,476)	-	(2,476)	-	(2,476)
Total comprehensive income for the period	-	(2,476)	297	(2,179)	-	(2,179)
<b>Closing balance as at 30 September 2017</b>	<b>94,943</b>	<b>(8,266)</b>	<b>53,589</b>	<b>140,266</b>	<b>-</b>	<b>140,266</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Other reserve \$'000</b>	<b>Revenue reserve \$'000</b>	<b>Total Equity \$'000</b>
Opening balance as at 31 December 2017				
As previously reported	94,943	-	19,359	114,302
Adoption of SFRS(I) 15	-	-	(314)	(314)
Balance as restated at 1 January 2018	94,943	-	19,045	113,988
Profit for the period	-	-	4,730	4,730
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	143	-	143
Total comprehensive income for the period	-	143	4,730	4,873
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(991)	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)
<b>Closing balance as at 30 June 2018</b>	<b>94,943</b>	<b>143</b>	<b>22,784</b>	<b>117,870</b>
Profit for the period	-	-	9,155	9,155
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)
Total comprehensive income for the period	-	(543)	9,155	8,612
<b>Closing balance as at 30 September 2018</b>	<b>94,943</b>	<b>(400)</b>	<b>31,939</b>	<b>126,482</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Other reserve \$'000</b>	<b>Revenue reserve \$'000</b>	<b>Total \$'000</b>
Opening balance as at 31 December 2016				
As previously reported	94,943	-	17,110	112,053
Adoption of SFRS(I) 15	-	-	-	-
Balance as restated at 1 January 2017	94,943	-	17,110	112,053
Total comprehensive income for the period	-	-	1,417	1,417
<b>Closing balance as at 30 June 2017</b>	<b>94,943</b>	<b>-</b>	<b>18,527</b>	<b>113,470</b>
Total comprehensive income for the period	-	-	601	601
<b>Closing balance as at 30 September 2017</b>	<b>94,943</b>	<b>-</b>	<b>19,128</b>	<b>114,071</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 end of the immediately preceding year.**

	Number of issued shares	
	30/09/2018	31/12/2017
Balance as at 1 January	220,169,774	220,169,774
Issue of shares	-	-
Balance as at 30 September 2018 / 31 December 2017	<u>220,169,774</u>	<u>220,169,774</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reporting on.**

There are no treasury shares as at end of the financial period ended 30 September 2018.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

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 a 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 financial information contained in this announcement has been based on the unaudited results for the period ended 30 September 2018, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2017 audited accounts, except for those 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 has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the third quarter and nine months ended 30 September 2018.

In adopting SFRS(I)s, the Group required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

**a) Application of SFRS(I) 1**

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of \$4,644,000 was reclassified from other reserve (foreign exchange translation account) to revenue reserve as at 1 January 2017.

**b) Adoption of SFRS(I)s**

The adoption of SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except the following:

**i) Adoption of SFRS(I) 15**

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirement of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognised revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirement in SFRS(I) 15, the Group has presented due from customer for contract work-in-progress as contract assets and due to customers for contract work-in-progress as contract liabilities.

**Impact on the comparatives for the Third Quarter and Nine Months Ended 30 September 2018 Financial Statements**

The financial effect of adopting SFRS(I)s is as follows:

<b>Group Profit and Loss Account</b>	<b>Third Quarter 30.09.2017 \$'000</b>	<b>Nine Months Ended 30.09.2017 \$'000</b>
(Decrease) / increase in revenue	(126)	1,847
Decrease / (increase) in cost of sales	87	(1,559)
Increase in gain on disposal of property, plant and equipment	97	97
Increase in gross profit and profit for the period	<u>58</u>	<u>385</u>
Attributable to Owners of the company	<u>58</u>	<u>385</u>
Increase in basis EPS	0.02 cts	0.17 cts
Increase in diluted EPS	0.02 cts	0.17 cts
<b>Group Balance Sheets</b>	<b>1.1.2018 \$'000</b>	<b>31.12.2017 \$'000</b>
Increase in inventories	-	5,936
Decrease in due from customer for contract-work-in progress	-	(1,066)
Increase in contract assets	-	1,012
Decrease in due to customer for contract-work-in progress	-	(1,568)
Increase in contract liabilities	-	8,401
Decrease in net assets	-	(951)
Decrease in revenue reserve	(4,547)	(951)
Increase in other reserve	4,547	-
Decrease in total equity	-	(951)

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 profit attributable to shareholders after deducting any provision for preference dividends:-	Group			
	3 Months Ended		9 Months Ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	Cent	Cent	Cents	Cents
(i) Based on the weighted average number of ordinary shares on issue (cts)	0.30	0.13	2.87	1.16
(ii) On a fully diluted basis (cts)	0.30	0.13	2.87	1.16

Profit per ordinary share for 3Q2018 was calculated based on the weighted average number of shares of 220,169,774 (3Q2017 was 220,169,774).

Earnings per ordinary share for nine months ended 30 September 2018 was calculated based on the weighted average number of shares of 220,169,774 (nine months ended 30 September 2017 was 220,169,774).

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**
- b) **Immediately preceding financial year**

	Group		Company	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on the issued share capital at the end of period (cts)	66.93	63.98	57.45	51.77

Net asset value per ordinary share was calculated based on the number of shares at 30 September 2018 (220,169,774 shares) and 31 December 2017 (220,169,774 shares).

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 affected 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 affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of Group's performance**  
**For the 3 months ended 30 September 2018 (3Q2018)**

Revenue in 3Q2018 was \$19.7 million, an increase of 102.9% from 3Q2017. The increase was due mainly to an increase in shipbuilding and chartering activities.

The increase in cost of sales corresponded to an increase in shipbuilding and chartering activities.

Gross profit in 3Q2018 was \$6.9 million, an increase of 55.4% from 3Q2017. The increase was due mainly to higher contributions from shipbuilding and chartering activities.

The decrease in gross profit margin in 3Q2018 compared with 3Q2017 was due mainly to a higher sale composition of progressively recognised build-to-order projects at a lower gross profit margin.

The decrease in other operating income was due mainly to the absence of vessel sales from the Group's operating fleet in 3Q2018, compared with 3Q2017.

The increase in administrative expenses was due mainly to higher personnel cost arising from an increase in headcount and wages, in line with an increase in shipbuilding and chartering activities.

The decrease in other operating expenses was due mainly to lower vessel depreciation costs and lower allowance for doubtful debts in 3Q2018 compared with 3Q2017.

As a result of the above, the Group posted a profit of \$665,000 in 3Q2018, compared to a profit of \$297,000 in 3Q2017.



**For the 9 months ended 30 September 2018 (9M2018)**

Revenue in 9M 2018 was \$65.4 million, an increase of 9.3% from 9M 2017. The increase was due mainly to an increase in shipbuilding and chartering activities.

The increase in cost of sales corresponded to an increase in shipbuilding and chartering activities.

Gross profit in 9M 2018 was \$19.8 million, an increase of 29.4% from 9M 2017. The increase was due mainly to higher contributions from shipbuilding and chartering activities.

The increase in gross profit margin in 9M 2018 compared with 9M 2017 was due mainly to higher contributions from shipbuilding and chartering activities.

The increase in other operating income was due mainly to higher gains for the sale of vessels from the Group's operating fleet, compared with the previous period.

The increase in administrative expenses was due mainly to higher personnel cost arising from an increase in headcount and wages, in line with an increase in shipbuilding and chartering activities.

The decrease in other operating expenses was due mainly to lower vessel depreciation costs and lower allowance for doubtful debts in 9M 2018, compared with 9M 2017. The year-on-year decrease in other operating expenses in 9M 2018 was partially offset by a higher net foreign exchange loss of \$865,000 in 9M 2018, compared to a lower net foreign exchange loss of \$610,000 in 9M 2017.

As a result of the above, the Group posted a profit of \$6.3 million in 9M 2018, compared to a profit of \$2.6 million in 9M 2017.

### **Changes in Balance Sheet**

The increase in inventories was due mainly to more vessels under construction.

The net increase in trade receivables and other receivables was due mainly to differences in payment arrangements and timing of collections during the period.

The increase in trade payables and other payables and accruals was due mainly to differences in timing of payment made during the period.

### **Review of Group Cashflow**

The net cash of \$1.9 million used in operating activities was due mainly to an increase in shipbuilding activities.

The net cash of \$6.0 million from investing activities arose mostly from the sale of vessels from the Group's operating fleet, which was partially offset by the addition of new vessels into the Group's operating fleet and an investment in quoted shares.

The net cash of \$2.2 million used in financing activities was due to the repayment of term loans and a dividend payment as approved by the Company's shareholders at its Annual General Meeting held on 24 April 2018.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$40.1 million as at 30 September 2018, from \$38 million as at 31 December 2017.

- 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.**

While sentiments are gradually improving in certain sectors of the offshore industry, the industry as a whole continues to be weighed down by excessive equipment and depressed charter rates, which are keeping margins compressed across the board.

The outlook for the Group's core shipbuilding and crewboat chartering businesses appear to be improving, but margins are expected to remain under pressure for the foreseeable future.

The Group has already responded to these external factors by cutting costs and diversifying into other marine sectors, such as passenger ferries and government projects, while continuing to innovate its fast craft designs and on-board systems.

The Group will continue to manage its cash flow conservatively and expects to secure new shipbuilding projects going forwards.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

Name of Dividend:

Dividend Type: NIL

Dividend rate:

Tax Rate:

**(b) (i) Amount per share (in cents)**

Not applicable.

**(ii) Previous corresponding period**

NIL

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividends are determined.**

Not applicable.

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

No dividend has been recommended.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company had in its Annual General Meeting held on 24 April 2018 obtained approval from its shareholders for the renewal of a general mandate for interested person transactions.

There were no significant interested persons transactions under general mandate of or over S\$100,000 in value entered into during the financial period ended 30 September 2018.

There were no other significant interested persons transactions of or over S\$100,000 in value entered into during the financial period ended 30 September 2018.

**14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).**

The Company has obtained the undertakings from all its Directors and executive officers.

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705 (5) OF THE LISTING MANUAL**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for the third quarter and nine months ended 30 September 2018 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Tung May Fong**  
**Finance & Administration Director**  
**5 November 2018**