

PENGUIN INTERNATIONAL LIMITED

Condensed interim financial statements
for the six months ended 30 June 2022

TABLE OF CONTENTS

	Page
A. Condensed Interim Consolidated Income Statement	1
B. Condensed Interim Consolidated Statement of Comprehensive Income	2
C. Condensed Interim Statements of Financial Position	3
D. Condensed Interim Statements of Changes in Equity	5
E. Condensed Interim Consolidated Cash Flow Statement	8
F. Notes to the Condensed Interim Consolidated Financial Statements	10
Other Information Required by Listing Rule Appendix 7.2	23

A. CONDENSED INTERIM CONSOLIDATED INCOME
STATEMENT FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Group		+ / (-) %
		6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	
Revenue		61,409	42,107	45.8
Cost of sales		(45,747)	(29,707)	54.0
Gross profit		15,662	12,400	26.3
Other income	6.1	7,295	3,510	107.8
Marketing and distribution costs		(269)	(82)	228.0
Administrative expenses		(11,133)	(10,909)	2.1
Other operating expenses		(3,810)	(3,834)	(0.6)
Reversal / (impairment) loss on trade receivable		95	(239)	NM
Results from operating activities		7,840	846	826.7
Finance costs		(262)	(180)	45.6
Finance income		685	227	201.8
Profit before tax	6	8,263	893	825.3
Income tax expense	7	(1,421)	(585)	142.9
Profit for the period		6,842	308	2,121.4
Attributable to:				
Owners of the Company		6,842	308	2,121.4
Non-controlling interests		–	–	NM
Profit for the period		6,842	308	2,121.4
Earnings per share (cents per share)				
- Basic	8	3.11	0.14	
- Diluted	8	3.11	0.14	

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30
JUNE 2022

	Group		+ / (-) %
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	
Profit for the period	6,842	308	2,121.4
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net effect of exchange differences arising from quasi capital loan to subsidiaries	737	727	1.4
Foreign currency translation	419	42	897.6
	1,156	769	50.3
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of equity investment at FVOCI	486	3,157	(84.6)
	486	3,157	(84.6)
Other comprehensive income for the period, net of tax	1,642	3,926	(58.2)
Total comprehensive income for the period, net of tax	8,484	4,234	100.4
Attributable to:			
Owners of the Company	8,484	4,234	100.4
Non-controlling interests	–	–	NM
Total comprehensive income for the period	8,484	4,234	100.4

C. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group			Company		
		30 June 31 December		+ / (-) %	30 June 31 December		+ / (-) %
		2022	2021		2022	2021	
		\$'000	\$'000		\$'000	\$'000	
Non-current assets							
Property, plant and equipment	13	122,523	108,951	12.5	116	525	(77.9)
Right-of-use assets		7,813	8,028	(2.7)	–	150	(100.0)
Investment in subsidiaries		–	–	NM	19,571	19,571	0.0
Loan to a subsidiary		–	–	NM	70,837	70,837	0.0
Quoted investments	11	7,043	6,557	7.4	7,043	6,557	7.4
Intangible asset	12	78	78	0.0	–	–	NM
Trade receivables		22,174	18,096	22.5	–	–	NM
Other receivables	14	1,549	1,507	2.8	–	–	NM
		161,180	143,217	12.5	97,567	97,640	(0.1)
Current assets							
Inventories		50,465	46,255	9.1	–	–	NM
Trade receivables		23,798	20,621	15.4	4,894	2,204	122.1
Other receivables and deposits	14	22,492	11,233	100.2	296	169	75.1
Contract assets		2,380	6,325	(62.4)	–	5,398	(100.0)
Prepayments		465	824	(43.6)	89	180	(50.6)
Loans to subsidiaries		–	–	NM	51,967	53,507	(2.9)
Derivatives		319	35	811.4	319	35	811.14
Fixed deposits		5,600	2,264	147.3	–	–	NM
Cash and bank balances		19,250	18,777	2.5	5,532	4,674	18.4
		124,769	106,334	17.3	63,097	66,167	(4.6)
		–	7,267	NM	–	–	NM
Assets classified as held for sale		124,769	113,601	9.8	63,097	66,167	(4.6)
Current liabilities							
Trade payables		14,093	11,854	18.9	71	82	(13.4)
Other payables and accruals	15	35,229	21,207	66.1	2,117	2,018	4.9
Provisions		689	1,031	(33.2)	272	491	(44.6)
Contract liabilities		13,168	2,717	384.7	575	442	30.1
Derivatives		105	–	NM	105	–	NM
Provision for income tax		1,856	1,801	3.1	314	458	(31.4)
Lease liabilities		821	827	(0.7)	–	150	(100.0)
Term loans	16	6,644	6,603	0.6	6,644	6,603	0.6
Deposits from subsidiaries		–	–	NM	10,547	10,547	0.0
		72,605	46,040	57.7	20,645	20,791	(0.7)
Net current assets		52,164	67,561	(22.8)	42,452	45,376	(6.4)

C. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (cont'd)

	Group			Company			
		30 June 2022	31 December 2021	30 June 2022	31 December 2021		
	Note	\$'000	\$'000	+/(-) %	\$'000	\$'000	+/(-) %
Non-current liabilities							
Deferred tax liabilities		3,200	2,743	16.7	92	15	513.3
Provisions		152	154	(1.3)	–	–	NM
Lease liabilities		7,188	7,366	(2.4)	–	–	NM
Term loans	16	7,390	8,631	(14.4)	7,390	8,631	(14.4)
		<u>17,930</u>	<u>18,894</u>	<u>(5.1)</u>	<u>7,482</u>	<u>8,646</u>	<u>(13.5)</u>
Net assets		<u>195,414</u>	<u>191,884</u>	<u>1.8</u>	<u>132,537</u>	<u>134,370</u>	<u>(1.4)</u>
Share capital	17	94,943	94,943	0.0	94,943	94,943	0.0
Reserves		100,476	96,946	3.6	37,594	39,427	(4.6)
Non-controlling interests		(5)	(5)	0.0	–	–	NM
Total equity		<u>195,414</u>	<u>191,884</u>	<u>1.8</u>	<u>132,537</u>	<u>134,370</u>	<u>(1.4)</u>

D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	<u>Attributable to owners of the Company</u>			Sub-total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000			
The Group						
Opening balance at 1 January 2022	94,943	(7,911)	104,857	191,889	(5)	191,884
Profit for the period	–	–	6,842	6,842	–	6,842
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	737	–	737	–	737
Foreign currency translation	–	419	–	419	–	419
Change in fair value of equity investment at FVOCI	–	486	–	486	–	486
Other comprehensive income for the period, net of tax	–	1,642	–	1,642	–	1,642
Total comprehensive income for the period	–	1,642	6,842	8,484	–	8,484
<u>Contributions by and distributions to owners</u>						
Dividends paid	–	–	(4,954)	(4,954)	–	(4,954)
Total contributions by and distributions to owners	–	–	(4,954)	(4,954)	–	(4,954)
Closing balance at 30 June 2022	94,943	(6,269)	106,745	195,419	(5)	195,414

D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022 (cont'd)

	<u>Attributable to owners of the Company</u>				Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Sub-total \$'000		
The Group						
Opening balance at 1 January 2021	94,943	(12,492)	92,188	174,639	(4)	174,635
Profit for the period	–	–	308	308	–	308
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	727	–	727	–	727
Foreign currency translation	–	42	–	42	–	42
Change in fair value of equity investment at FVOCI	–	3,157	–	3,157	–	3,157
Other comprehensive income for the period, net of tax	–	3,928	–	3,926	–	3,926
Total comprehensive income for the period	–	3,926	308	4,234	–	4,234
Closing balance at 30 June 2021	94,943	(8,566)	92,496	178,873	(4)	178,869

**D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022 (cont'd)**

	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total equity \$'000
The Company				
Opening balance at 1 January 2022	94,943	(1,443)	40,870	134,370
Profit for the period	–	–	2,635	2,635
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	486	–	486
Total comprehensive income for the period	–	486	2,635	3,121
<u>Contributions by and distributions to owners</u>				
Dividends paid	–	–	(4,954)	(4,954)
Total contributions by and distributions to owners	–	–	(4,954)	(4,954)
Closing balance at 30 June 2022	94,943	(957)	38,551	132,537

	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company				
Opening balance at 1 January 2021	94,943	(4,843)	30,846	120,946
Profit for the period	–	–	2,004	2,004
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	3,157	–	3,157
Total comprehensive income for the period	–	3,157	2,004	5,161
Closing balance at 30 June 2021	94,943	(1,686)	32,850	126,107

E. CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2022

	Group	
	6 months	6 months
	ended 30 June	ended 30 June
Note	2022	2021
	\$'000	\$'000
Operating activities		
Profit before tax	8,263	893
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	5,949	5,567
Gain on disposal of property, plant and equipment and assets classified as held for sale	(2,778)	(2,333)
Interest expense	238	161
Interest income	(685)	(227)
Property, plant and equipment written off	147	3
Net fair value gain on derivatives	(179)	-
Provision for warranty claims on shipbuilding contracts, net	55	93
Reversal / (impairment) loss on trade receivable	(95)	239
Currency alignment	(211)	398
	<hr/>	<hr/>
Operating cash flows before changes in working capital	10,704	4,794
Inventories	(4,089)	(3,587)
Trade receivables	(7,160)	(6,243)
Other receivables, deposits and prepayments	(10,825)	(3,409)
Contract assets	3,945	1,695
Trade payables	2,239	(4,187)
Other payables and accruals	14,022	2,953
Provisions	(397)	(193)
Contract liabilities	10,451	3,642
Deferred income, including government grant	-	(304)
	<hr/>	<hr/>
Cash flows from / (used in) operations	18,890	(4,839)
Interest paid	(238)	(161)
Interest received	685	227
Income taxes paid, net	(1,025)	(1,241)
	<hr/>	<hr/>
Net cash flows from / (used in) operating activities	18,312	(6,014)
	<hr/>	<hr/>

E. CONDENSED INTERIM CONSOLIDATED CASH FLOW
STATEMENT FOR THE PERIOD ENDED 30 JUNE 2022 (cont'd)

	Group	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2022 \$'000
Investing activities		
Proceeds from disposal of property, plant and equipment and assets classified as held for sale	10,059	8,087
Additions to property, plant and equipment	(17,907)	(24,056)
Net cash flows used in investing activities	(7,848)	(15,969)
Financing activities		
Proceed from bank loans	-	9,242
Repayment of bank loans	(1,200)	(475)
Dividends paid	(4,954)	-
Payment of principal portion of lease liabilities	(705)	(921)
(Increase) / decrease in pledged deposits with licensed banks	(3,520)	1,492
Net cash flows (used in) / from financing activities	(10,379)	9,338
Net increase / (decrease) in cash and cash equivalents	85	(12,645)
Effect of exchange rate changes on cash and cash equivalents	204	92
Cash and cash equivalents at beginning of period	18,972	35,340
Cash and cash equivalents at end of period	19,261	22,787

F. Notes to the condensed interim consolidated financial statements

1. Corporate information

Penguin International Limited (the Company) is a limited company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

These condensed interim consolidated financial statements for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are to act as: (i) owners and operators of workboats and passenger boats, (ii) designers and builders of aluminium high-speed vessels and (iii) investment holding.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the note below.

The condensed interim financial statements are presented in Singapore dollar, which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgement, estimates and assumptions that effect the application of accounting policies and the reporting amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimations uncertainty were the same as those that applied to the consolidated financial statement as at end of the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1 Reportable segments

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) The vessel chartering segment charters out workboats and passenger boats as an owner and operator.
- (b) The shipbuilding, ship repair and maintenance segment act as a builder of high speed aluminium commercial vessels and contractor for ship repairs and maintenance services.

Except as indicated above, no operating results have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

4.1 Reportable segments (cont'd)

	Vessel chartering		Shipbuilding, ship repair and maintenance	Adjustments and eliminations		Notes	Total	
	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2022 \$'000	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2022 \$'000		6 months ended 30 June 2021 \$'000	6 months ended 30 June 2022 \$'000
Revenue								
Sales to external customers	13,166	10,944	48,243	31,163	–	–	61,409	42,107
Inter-segment sales	241	243	12,735	25,923	(12,976)	(26,166)	A	–
Total revenue	13,407	11,187	63,978	57,086	(12,976)	(26,166)		61,409
Results								
Finance income	176	268	619	103	(110)	(144)	B	685
Depreciation	(4,334)	(3,869)	(1,910)	(1,696)	295	(2)	B	(5,949)
Financial costs	(133)	(87)	(239)	(237)	110	144	B	(262)
Other non-cash expenses	(61)	(3)	9	–	–	–		(51)
Segment profit before tax	1,431	1,194	2,821	3,612	4,011	(3,913)	C	8,263
Taxation								(1,421)
Profit for the interim period								6,842
								308

4.1 Reportable segments (cont'd)

The following table presents assets, liabilities and other segment information regarding the Group's business segments for the period ended 30 June 2022 and 2021:

	Vessel chartering		Shipbuilding, ship repair and maintenance		Discontinued operation		Adjustments and eliminations		Notes	Total	
	6 month ended 30 June 2022	6 month ended 30 June 2021	6 month ended 30 June 2022	6 month ended 30 June 2021	6 month ended 30 June 2022	6 month ended 30 June 2021	6 month ended 30 June 2022	6 month ended 30 June 2021		6 month ended 30 June 2022	6 month ended 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Assets and liabilities											
Additions to non-current assets	15,831	26,853	10,299	10,860	–	–	(2,426)	(4,944)	D	23,704	32,769
Goodwill	–	–	78	78	–	–	–	–		78	78
Segment assets	136,022	136,902	167,021	132,519	367	367	(17,461)	(18,546)	E	285,949	251,242
Segment liabilities	16,600	19,483	69,337	51,027	–	–	4,598	1,863	F	90,535	72,373

4.1 Reportable segments (cont'd)

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A. Inter-segment revenues are eliminated on consolidation.
- B. Inter-segment interest income and finance expenses are eliminated on consolidation. Depreciation on mark-up arising from inter-segment sale of vessels are also eliminated on consolidation.
- C. The following items are added to / (deducted from) segment profit/(loss) before tax to arrive at "profit/(loss) before tax" presented in the consolidated income statement:

	30 June 2022	30 June 2021
	\$'000	\$'000
From inter-segment transactions	927	(3,252)
Unallocated expenses	3,084	(661)
	<hr/> 4,011	<hr/> (3,913)

The unallocated expenses pertain mainly to depreciation of leasehold building.

- D. The adjustments and eliminations relate to additions to leasehold building which cannot be allocated to each segment and inter-segment sales of vessels.
- E. The following items are added to / (deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	30 June 2022	30 June 2021
	\$'000	\$'000
Inter-segment assets	(17,461)	(19,187)
Unallocated assets	-	641
	<hr/> (17,461)	<hr/> (18,546)

The unallocated assets pertain mainly to leasehold building.

- F. The following items are added to / (deducted from) segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	30 June 2022	30 June 2021
	\$'000	\$'000
Inter-segment liabilities	(730)	(3,597)
Deferred tax liabilities	3,200	2,137
Current tax liabilities	1,856	1,719
Provision for restoration cost	272	1,604
	<hr/> 4,598	<hr/> 1,863

4.1 Reportable segments (cont'd)
Geographical information

The following is revenue information based on the geographical location of the Group's customers:

	Group 6 months ended					
	Vessel chartering		Shipbuilding, ship repair and maintenance		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore	2,489	2,101	4,077	3,121	6,566	5,222
Rest of Southeast Asia	10,493	8,288	6,658	432	17,151	8,720
East Asia	–	–	6,740	313	6,740	313
Africa	184	555	11,670	17,779	11,855	18,334
Europe	–	–	15,252	9,020	15,252	9,020
North America	–	–	3,812	–	3,812	–
Others	–	–	34	498	34	498
	13,166	10,944	48,243	31,163	61,409	42,107

Management does not monitor non-current assets and capital expenditure by geographical segment because the Group's non-current assets comprise mainly of vessels, which cannot be meaningfully allocated by geographic location as vessels can be deployed at any location at various points in time.

4.2 Disaggregation of revenue

	Group 6 months ended					
	Vessel chartering		Shipbuilding, ship repair and maintenance		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:						
Sale of goods	-	-	46,079	28,818	46,079	28,818
Rendering of services	13,166	10,944	2,164	2,345	15,330	13,289
	13,166	10,944	48,243	31,163	61,409	42,107

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	7,043	6,557	7,043	6,557
Cash and bank balances, fixed deposits, contract assets, trade receivables, other receivables and deposits and loans to subsidiaries (Amortised cost)	82,855	73,807	133,498	136,789
Financial assets at fair value through profit or loss	319	35	319	35
	90,217	80,399	140,860	143,381
Financial liabilities				
Trade payables, other payables and accruals, lease liabilities, deposit from subsidiary and bank loans (Amortised cost)	64,441	49,670	26,453	27,978
Financial liabilities at fair value through profit or loss	105	-	105	-
	64,546	49,670	26,558	27,978

6. Profit before tax

6.1 Significant items

	Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000
Gain on disposal of property, plant, and equipment	2,778	2,333
Government grants under Covid-19 business support schemes provided by the Singapore government	278	870
Consideration sum*	3,550	0
Interest income	685	227
Interest expense	(238)	(161)
Depreciation of property, plant and equipment and right-of-use assets	(5,949)	(5,567)
Foreign exchange gain / (loss), net	1,251	(46)
Reversal / (Impairment) loss on trade receivable	95	(239)
Property, plant and equipment written off	(147)	(3)

* The consideration sum relates to the early move-out and relocation from 18 Tuas Basin Link, ahead of the property's lease expiry in 2025.

6.2 Interested person transactions

The Company does not have a shareholders' mandate for interested person transactions.

There were no significant interested persons transactions of or over S\$100,000 in value entered into during the financial period ended 30 June 2022.

7. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income are:

	6 months ended 30 June 2022	6 months ended 30 June 2021
	\$'000	\$'000
Current tax		
Current income tax expense	963	674
Over provision in respect of previous years	0	(7)
Deferred tax		
Movement in temporary differences	415	(57)
Under / (over) provision in respect of previous years	43	(25)
	<u>1,421</u>	<u>585</u>

8. Earnings per share

	Group	
	6 months ended	
	30 June 2022	30 June 2021
Profit attributable to equity holders of the Company (\$)	<u>6,842,000</u>	<u>308,000</u>
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	<u>220,169,774</u>	<u>220,169,774</u>
Basic earnings per share (cents)	<u>3.11</u>	<u>0.14</u>

The calculation of basic earnings per share at 30 June was based on profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding.

The Group has no dilution in its earnings per share at 30 June 2022 and 30 June 2021.

9. Dividends

No interim dividend for the half year ended 30 June 2022 (30 June 2021: Nil) is recommended as the Group intends to conserve cash for its fleet and shipyard expansion projects.

10. Net asset value

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net asset value per ordinary share based on the issued share capital at the end of period (cents)	88.76	87.15	60.20	61.03

Net asset value per share for both periods is computed based on the number of shares in issue of 220,169,774.

11. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	30 June 2022	31 December 2021
	\$'000	\$'000
Singapore listed equity securities		
- Marco Polo Marine Limited	7,043	6,557

11.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date,

Level 2– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3– Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

As at 30 June 2022, the Group has investment in quoted equity security representing Level 1 financial asset which is carried at fair value amount of \$7,043,000 (31 December 2021: \$6,557,000). The quoted equity security is listed on the SGX-ST in Singapore

12. Intangible assets

	Goodwill
	\$'000
Group	
Cost	
At 31 December 2021 and 30 June 2022	291
	<hr/>
Accumulated impairment loss	
At 31 December 2021 and 30 June 2022	(213)
	<hr/>
Net carrying amount	
At 31 December 2021 and 30 June 2022	78
	<hr/> <hr/>

Goodwill on consolidation arose from the acquisition of PT Kim Seah Shipyard Indonesia during the financial year ended 31 December 2006. The goodwill amount was determined based on the fair value of the net assets acquired less the purchase consideration paid on the date of purchase. The goodwill has been allocated to PT Kim Seah Shipyard Indonesia as a cash generating unit ("CGU") for impairment testing.

No impairment loss for goodwill was required for the financial year / period ended 31 December 2021 and 30 June 2022.

13. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$17,907,000 (30 June 2021: \$24,056,000) and disposed of assets amounting to \$7,284,000 (30 June 2021: \$5,820,000).

14. Other receivables and deposits

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Current:				
<i>Financial assets</i>				
Other receivables	6,598	4,715	37	5
Deposits	729	535	231	164
Insurance claims	777	967	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	8,104	6,217	268	169
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Non-financial assets</i>				
Advance payment to suppliers	14,095	4,363	–	–
Deposits	37	4	28	–
Other receivables	256	649	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	14,388	5,016	28	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total current other receivables and deposits	22,492	11,233	296	169
	<hr/>	<hr/>	<hr/>	<hr/>
Non-current:				
<i>Financial assets</i>				
Other receivables	1,549	1,507	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total other receivables and deposits	24,040	12,740	296	169
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the Group's current other receivables and non-current other receivables is an amount of \$3,210,000 (31 December 2021: \$3,600,000) and \$1,549,000 (31 December 2021: \$1,507,000) respectively which pertains to sale of vessels (under property, plant and equipment) under deferred payment arrangements.

15. Other payables and accruals

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
<i>Financial liabilities</i>				
Accrued operating expenses	27,420	13,663	1,595	1,781
Other payables	885	726	206	184
	<u>28,305</u>	<u>14,389</u>	<u>1,801</u>	<u>1,965</u>
<i>Non-financial liabilities</i>				
Other payables	–	–	316	53
Advance payments and deposits received (non-refundable)	6,924	6,818	–	–
Total other payables and accruals	<u>35,229</u>	<u>21,207</u>	<u>2,117</u>	<u>2,018</u>

Advance payments and deposits received (non-refundable) refer mainly to downpayments arising from shipbuilding activities.

16. Bank loans

	Group and Company	
	30 June 2022	31 December 2021
	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	5,616	5,616
Unsecured	1,028	987
	<u>6,644</u>	<u>6,603</u>
<u>Amount repayable after one year</u>		
Secured	5,433	6,121
Unsecured	1,957	2,510
	<u>7,390</u>	<u>8,631</u>
Total bank loans	<u>14,034</u>	<u>15,234</u>

The Group's bank borrowings are secured by way of mortgages over subsidiaries' vessels and property, including assignment of insurance policies, charter earnings and contracts.

17. Share capital

	Group and Company			
	30 June 2022		31 December 2021	
	Number of shares	Amount	Number of shares	Amount
	'000	\$'000	'000	\$'000
Ordinary shares issued and fully paid				
Beginning of interim period	220,170	94,943	220,170	94,943

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. **Review**

The statement of financial position as at 30 June 2022 and the related consolidated income, consolidated statement of comprehensive income, statement of changes in equity and consolidated of cash flow statement for the half year period then ended and the selected explanatory notes (the “Condensed Interim financial Statement”) have not been audited or reviewed by the Company’s auditors.

2. **Review of performance of the Group**

Overview

Penguin’s core shipbuilding and crewboat chartering activities are gradually picking up amidst rising, albeit erratic, demand in new and existing markets.

Review of the Group’s performance **For the half year ended 30 June 2022 (1H2022)**

Revenue	1H2022	1H2021	+ / (-)
	\$’000	\$’000	%
Shipbuilding, ship repair and maintenance	48,243	31,163	54.8%
Vessel chartering	13,166	10,944	20.3%
Total	61,409	42,107	45.8%

Group revenue in 1H2022 was \$61.4 million, an increase of 45.8% from 1H2021. The increase in revenue and cost of sales was due mainly to an increase in the number of build-for-stock vessels sold and an increase in chartering activities over the period.

Notwithstanding the increase in revenue, gross profit margin decreased in 1H2022 (25.5%) compared with 1H2021 (29.4%), due mainly to lower margins from shipbuilding activities.

The increase in other income in 1H2022 compared with 1H2021 was due mainly to higher gains from the sale of vessels from the Group’s operating fleet as well as a consideration sum in relation to the Group’s early move-out and relocation from 18 Tuas Basin Link, ahead of the property’s lease expiry in 2025.

As a result of the above, the Group posted a higher net profit of \$6.8 million 1H2022, compared to a net profit of \$308,000 in 1H2021.

Changes in Balance Sheet

As of the date of this announcement, the Group's core businesses in vessel chartering and shipbuilding remain unchanged.

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

The increase in trade receivables (non-current) and trade receivables (current) was due mainly to differences in the timing of billings and collections during the period and the sale of build-for-stock vessel from inventories under deferred payment arrangements.

The increase in other receivables (non-current) and other receivables (current) and deposits was due mainly to an increase in deposits for long lead-time equipment for shipbuilding activities.

The increase in trade payables and other payables and accruals was due mainly to more vessels under construction.

Review of Group Cashflow

The net cash of \$18.3 million from operating activities was generated mostly from shipbuilding activities.

The net cash of \$7.8 million used in investing activities arose from the addition of new vessels to the Group's fleet and investment in the Group's new shipyard in Tuas. This was partially offset by the sale of vessels from the Group's operating fleet.

The net cash of \$10.4 million used in financing activities arose from a dividend payment, an increase in pledged deposits with licensed banks and repayment of bank loans.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$19.2 million as at 30 June 2022, from \$19.0 million as at 31 December 2021.

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

Not applicable.

4. 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 operating period and the next 12 months

Notwithstanding an increase in 1H2022 revenue and net profit over the previous year, the Group is challenged by global supply chain disruptions, cost escalation for its labour, materials and equipment, and unprecedented movements in foreign currency and raw material markets.

As a result, the Group's gross profit margin for shipbuilding has declined year-on-year and remains under considerable pressure. The supply chain disruptions have also caused some shipbuilding projects and some crewboat charters to be delayed.

Meanwhile, demand for the Group's stock security boats in Africa has softened, while demand for its build-for-stock crewboats and windfarm vessels in Asia, the Middle East and Europe remain firm. Global competition is also growing more intense, as more and more governments tighten enforcement of local content.

There were more build-to-order shipbuilding projects in 1H2022 compared to a year ago, albeit at modest margins. Crewboat charters remained stable over the period.

Regardless of the challenges, the Group is working hard to secure new shipbuilding and chartering projects across various market segments, while expanding its geographical reach.

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No interim dividend for the half year ended 30 June 2022 is recommended as the Group intends to conserve cash for its fleet and shipyard expansion projects.

5b. Corresponding Period of the Immediate Preceding Financial Year

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

No interim dividend for the half year ended 30 June 2021 is recommended as the Group intends to conserve cash during these challenging times.

6. If the group has obtained a general mandate from shareholders for IPT's, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.

The Company does not have a shareholders' mandate for interested person transactions.

There were no significant interested persons transactions of or over S\$100,000 in value entered into during the financial period ended 30 June 2022.

7. 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 received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tung May Fong
Finance & Administration Director

Singapore
11 August 2022