

PENGUIN INTERNATIONAL LIMITED

Condensed interim financial statements
for the second half and year ended 31 December
2022

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A. CONDENSED INTERIM CONSOLIDATED INCOME
STATEMENT FOR THE SECOND HALF AND YEAR ENDED
31 DECEMBER 2022

	Note	Group		+ / (-) %	Group		+ / (-) %
		6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000		12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	
Revenue		73,818	90,542	(18.5)	135,227	132,649	1.9
Cost of sale		(53,564)	(65,763)	(18.5)	(99,311)	(95,470)	4.0
Gross profit		20,254	24,779	(18.3)	35,916	37,179	(3.4)
Other income	6.1	1,944	3,801	(48.9)	9,239	7,311	26.4
Marketing and distribution costs		(342)	(157)	117.8	(611)	(239)	155.6
Administrative expenses		(9,626)	(9,819)	(2.0)	(20,759)	(20,728)	0.1
Other operating expenses		(6,306)	(4,512)	39.8	(10,116)	(8,346)	21.2
Reversal/(Impairment) loss on trade receivable		241	(1)	NM	336	(240)	NM
Results from operating activities		6,165	14,091	(56.2)	14,005	14,937	(6.2)
Finance costs		(338)	(321)	5.3	(600)	(501)	19.8
Finance income		538	249	116.1	1,223	476	156.9
Profit before tax	6	6,365	14,019	(54.6)	14,628	14,912	(1.9)
Income tax expense	7	(2,653)	(1,659)	59.9	(4,074)	(2,244)	81.6
Profit for the period / year		3,712	12,360	(70.0)	10,554	12,668	(16.7)
Attributable to:							
Owners of the Company		3,713	12,361	(70.0)	10,555	12,669	(4.1)
Non-controlling interests		(1)	(1)	(24.7)	(1)	(1)	0.0
Profit for the period / year		3,712	12,360	(70.0)	10,554	12,668	(4.1)
Earnings per share (cents per share)							
- Basic	8	1.69	5.61		4.79	5.75	
- Diluted	8	1.69	5.61		4.79	5.75	

B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND HALF AND YEAR ENDED 31 DECEMBER 2022

	Group		+ / (-)	Group		+ / (-)
	6 months ended 31 December 2022	6 months ended 31 December 2021		12 months ended 31 December 2022	12 months ended 31 December 2021	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period / year	3,712	12,360	(70.0)	10,554	12,668	(16.7)
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	(4,248)	499	NM	(3,511)	1,226	NM
Foreign currency translation	311	(87)	NM	730	(45)	NM
	(3,937)	412	NM	(2,781)	1,181	NM
Items that will not be reclassified subsequently to profit or loss						
Changes in fair value of equity investment at FVOCI	2,914	243	1,099.0	3,400	3,400	0.0
	2,914	243	1,099.0	3,400	3,400	0.0
Other comprehensive income for the period / year, net of tax	(1,023)	655	NM	619	4,581	(86.5)
Total comprehensive income for the period / year, net of tax	2,689	13,015	(79.3)	11,173	17,249	(35.2)
Attributable to:						
Owners of the Company	2,690	13,016	(79.3)	11,174	17,250	(35.2)
Non-controlling interests	(1)	(1)	0.0	(1)	(1)	0.0
Total comprehensive income for the period / year	2,689	13,015	(79.3)	11,173	17,249	(35.2)

C. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group			+ / (-) %	Company		
		31 December 2022	31 December 2021	+ / (-) %		31 December 2022	31 December 2021	+ / (-) %
		\$'000	\$'000			\$'000	\$'000	
Non-current assets								
Property, plant and equipment	13	153,447	108,951	40.8	94	525	(82.1)	
Right-of-use assets		7,459	8,028	(7.1)	--	150	(100.0)	
Investment in subsidiaries		--	--	NM	15,518	19,571	(20.7)	
Loan to a subsidiary		--	--	NM	84,340	70,837	19.1	
Quoted investments	11	9,957	6,557	51.9	9,957	6,557	51.9	
Intangible asset	12	78	78	(0.0)	--	--	NM	
Trade receivables		13,814	18,096	(23.7)	--	--	NM	
Other receivables	14	3,669	1,507	143.5	--	--	NM	
		188,424	143,217	31.6	109,909	97,640	12.6	
Current assets								
Inventories		68,588	46,255	48.3	--	--	NM	
Trade receivables		21,189	20,621	2.8	5,233	2,204	137.4	
Other receivables and deposits	14	19,492	11,233	73.5	238	169	40.8	
Contract assets		4,543	6,325	(28.2)	--	5,398	(100.0)	
Prepayments		754	824	(8.5)	129	180	(28.3)	
Derivatives		487	35	1,291.4	487	35	1,291.4	
Loans to subsidiaries		--	--	NM	72,263	53,507	35.1	
Fixed deposits		2,453	2,264	8.3	--	--	NM	
Cash and bank balances		12,525	18,777	(33.3)	1,351	4,674	(71.1)	
		130,031	106,334	22.3	79,701	66,167	20.5	
Assets classified as held for sale		--	7,267	(100.0)	--	--	NM	
		130,031	113,601	14.5	79,701	66,167	20.5	
Current liabilities								
Trade payables		31,664	11,854	167.1	7	82	(91.5)	
Other payables and accruals	15	37,441	21,207	76.6	2,262	2,018	12.1	
Provisions		701	1,031	(32.0)	--	491	(100.0)	
Contract liabilities		9,388	2,717	245.5	712	442	61.1	
Derivatives		49	--	NM	49	--	NM	
Provision for income tax		2,441	1,801	35.5	256	458	(44.1)	
Lease liabilities		680	827	(17.8)	--	150	(100.0)	
Bank loans	16	7,994	6,603	21.1	7,994	6,603	21.1	
Deposits from subsidiaries		--	--	NM	22,644	10,547	114.7	
		90,358	46,040	96.3	33,924	20,791	63.2	
Net current assets		39,673	67,561	(41.3)	45,777	45,376	0.9	

**C. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (cont'd)**

	Note	Group			Company		
		31	31	+ / (-) %	31	31	+ / (-) %
		December 2022	December 2021		December 2022	December 2021	
\$'000	\$'000		\$'000	\$'000			
Non-current liabilities							
Deferred tax liabilities		4,841	2,743	76.5	381	15	2,440.0
Provisions		2,244	154	1,357.1	–	–	NM
Lease liabilities		7,009	7,366	(4.8)	–	–	NM
Bank loans	16	15,900	8,631	84.2	15,900	8,631	84.2
		<u>29,994</u>	<u>18,894</u>	58.7	<u>16,281</u>	<u>8,646</u>	88.3
Net assets		<u>198,103</u>	<u>191,884</u>	3.2	<u>139,405</u>	<u>134,370</u>	3.7
Share capital	17	94,943	94,943	0.0	94,943	94,943	0.0
Reserves		103,166	96,946	6.4	44,462	39,427	12.8
Non-controlling interests		(6)	(5)	0.0	–	–	NM
Total equity		<u>198,103</u>	<u>191,884</u>	3.2	<u>139,405</u>	<u>134,370</u>	3.7

D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year	–	–	10,555	10,555	(1)	10,554
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	(3,511)	–	(3,511)	–	(3,511)
Foreign currency translation	–	730	–	730	–	730
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400	–	3,400
Other comprehensive income for the year, net of tax	–	619	–	619	--	619
Total comprehensive income for the year	–	619	10,555	11,174	(1)	11,173
<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 31 December 2022	94,943	(7,292)	110,458	198,109	(6)	198,103

D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year	–	–	12,669	12,669	(1)	12,668
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	–	1,226	–	1,226	–	1,226
Foreign currency translation	–	(45)	–	(45)	–	(45)
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400	–	3,400
Other comprehensive income for the year, net of tax	–	4,581	–	4,581	–	4,581
Total comprehensive income for the year	–	4,581	12,669	17,250	(1)	17,249
Closing balance at 31 December 2021	94,943	(7,911)	104,857	191,889	(5)	191,884

**D. CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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 year	–	–	6,589	6,589
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400
Total comprehensive income for the year	–	3,400	6,589	9,989
<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 31 December 2022	94,943	1,957	42,505	139,405

	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 year	–	–	10,024	10,024
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	–	3,400	–	3,400
Total comprehensive income for the year	–	3,400	10,024	13,424
Closing balance at 31 December 2021	94,943	(1,443)	40,870	134,370

E. CONDENSED INTERIM CONSOLIDATED CASH FLOW
STATEMENT FOR THE SECOND HALF AND YEAR ENDED 31
DECEMBER 2022

	Note	Group			
		6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Operating activities					
Profit before tax		6,365	14,019	14,628	14,912
Adjustments for:					
Depreciation of property, plant and equipment and right-of-use assets		6,383	6,368	12,332	11,935
Gain on disposal of property, plant and equipment		(798)	(1,372)	(3,576)	(3,705)
Property, plant and equipment and inventory written off		–	61	147	64
Interest expense		307	278	545	439
Interest income		(538)	(249)	(1,223)	(476)
(Reversal)/impairment loss on trade receivable		(241)	1	(336)	240
Impairment on inventory		–	126	–	126
Provision for employee retirement benefits		24	(9)	24	(9)
Net fair value gain on derivatives		(224)	(35)	(403)	(35)
Reversal of restoration cost on leased land		(172)	(1,500)	(172)	(1,500)
Provision for warranty claims on shipbuilding contracts, net		413	264	468	357
Currency alignment		(887)	(335)	(1,098)	63
Operating cash flows before changes in working capital		10,632	17,617	21,336	22,411
Inventories		(28,800)	14,525	(32,889)	116
Trade receivables		11,210	(22,594)	4,050	(28,837)
Other receivables, deposits and prepayments		1,288	5,337	(9,537)	1,928
Contract assets		(2,163)	(6,325)	1,782	(4,630)
Trade payables		17,571	(2,726)	19,810	(6,913)
Other payables and accruals		2,212	(4,055)	16,234	(1,102)
Provisions		(229)	280	(626)	87
Contract liabilities		(3,780)	(1,701)	6,671	1,941
Deferred income, including government grant		–	(196)	–	(500)
Cash flows from / (used in) operations		7,941	162	26,831	(15,499)
Interest paid		(307)	(278)	(545)	(439)
Interest received		538	249	1,223	476
Income taxes paid, net		(1,064)	(939)	(2,089)	(2,180)
Net cash flows generated from / (used in) operating activities		7,108	(806)	25,420	(17,642)

E. CONDENSED INTERIM CONSOLIDATED CASH FLOW
STATEMENT FOR THE SECOND HALF AND YEAR ENDED 31
DECEMBER 2022 (cont'd)

Note	Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Investing activities				
Proceeds from disposal of property, plant and equipment and assets classified as held for sale	4,279	5,176	14,338	13,263
Additions to property, plant and equipment	(30,153)	(10,628)	(48,060)	(23,862)
Net cash flows used in investing activities	(25,874)	(5,452)	(33,722)	(10,599)
Financing activities				
Proceed from bank loans	11,159	2,995	11,159	12,237
Repayment of bank loans	(1,300)	(983)	(2,500)	(1,458)
Dividends paid	–	–	(4,954)	–
Payment of principal portion of lease liabilities	(564)	(3,300)	(1,269)	(1,808)
Decrease / (increase) in pledged deposits with licensed banks	3,135	3,489	(385)	2,568
Net cash flows generated from financing activities	12,430	2,201	2,051	11,539
Net decrease in cash and cash equivalents	(6,336)	(4,057)	(6,251)	(16,702)
Effect of exchange rate changes on cash and cash equivalents	(400)	242	(196)	334
Cash and cash equivalents at beginning of period / year	19,261	22,787	18,972	35,340
Cash and cash equivalents at end of period / year	12,525	18,972	12,525	18,972

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 year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are to act as: (a) 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 year ended 31 December 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 2022.

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 chartering segment charters out workboats and passenger boats as an owner and operator.
- (b) The shipbuilding, ship repair and maintenance segment designs and builds high-speed aluminium vessels.

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)

	Chartering		Shipbuilding, ship repair and maintenance		Adjustments and eliminations		Total		
	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	12 months ended 31 December	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	Notes	2022 \$'000	2021 \$'000
Revenue									
Sales to external customers	30,854	26,320	104,373	106,329	–	–		135,227	132,649
Inter-segment sales	847	445	64,669	40,255	(65,516)	(40,700)	A	–	–
Total revenue	31,701	26,765	169,042	146,584	(65,516)	(40,700)		135,227	132,649
Results									
Finance income	442	486	1,569	277	(788)	(287)	B	1,223	476
Dividend income	6,000	6,000	–	–	(6,000)	(6,000)		–	–
Depreciation	(9,257)	(8,376)	(4,236)	(3,572)	1,161	13	B	(12,332)	(11,935)
Financial costs	(450)	(293)	(938)	(495)	788	287	B	(600)	(501)
Impairment on inventory	–	(126)	–	–	–	–		–	(126)
Other non-cash expenses	(62)	(3)	250	(301)	–	–		188	(304)
Segment profit before tax	9,631	10,090	8,670	11,195	(3,673)	(6,373)	C	14,628	14,912
Taxation								(4,074)	(2,244)
Profit for the year								10,554	12,668

4.1 Reportable segments (cont'd)

The following table presents assets, liabilities and other segment information regarding the Group's business segments for the year ended 31 December 2022 and 2021:

	Chartering		Shipbuilding, ship repair and maintenance		Discontinued operation		Adjustments and eliminations			Total	
	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	Notes	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Assets and liabilities											
Additions to non-current assets	63,902	35,571	13,386	27,965	–	–	(11,622)	(6,188)	D	65,666	57,348
Goodwill	–	–	78	78	–	–	–	–		78	78
Segment assets	181,220	130,111	163,598	141,884	367	367	(26,730)	(15,544)	E	318,455	256,818
Segment liabilities	24,102	19,282	89,504	40,710	–	–	6,746	4,942	F	120,352	64,934

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:

	31 December 2022	31 December 2021
	\$'000	\$'000
From inter-segment transactions	(6,929)	(6,570)
Unallocated income	3,643	1,500
Unallocated expenses	(387)	(1,303)
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	(3,673)	(6,373)
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The unallocated income pertain mainly to consideration sum related to the early move-out and relocation from 18 Tuas Basin Link, ahead of the property's lease expiry in 2025 and reversal of restoration cost of leased land.

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:

	31 December 2022	31 December 2021
	\$'000	\$'000
Inter-segment assets	(26,730)	(15,931)
Unallocated assets	–	387
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	(26,730)	(15,544)
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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:

	31 December 2022	31 December 2021
	\$'000	\$'000
Inter-segment liabilities	(536)	(93)
Deferred tax liabilities	4,841	2,743
Current tax liabilities	2,441	1,801
Provision for restoration cost	–	491
	<hr/>	<hr/>
	6,746	4,942
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4.1 Reportable segments (cont'd) Geographical information

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

	Group					
	12 months ended					
	Chartering		Shipbuilding, ship repair and maintenance		Total	
	31	31	31	31	31	31
	December	December	December	December	December	December
	2022	2021	2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Singapore	4,950	4,809	7,026	13,416	11,976	18,225
Rest of Southeast Asia	23,480	20,026	6,674	432	30,154	20,458
East Asia	–	–	6,740	5,552	6,740	5,552
Africa	1,098	1,079	24,659	51,885	25,757	52,964
Europe	–	406	43,324	28,235	43,324	28,641
North America	–	–	9,128	–	9,128	–
India	–	–	–	5,881	–	5,881
Middle East	1,326	–	6,691	–	8,017	–
Others	–	–	131	928	131	928
	30,854	26,320	104,373	106,329	135,227	132,649

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					
	Shipbuilding, ship repair and maintenance					
	Chartering		Shipbuilding, ship repair and maintenance		Total	
	31	31	31	31	31	31
	December	December	December	December	December	December
	2022	2021	2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Types of goods or service:						
Sale of goods	–	–	98,983	103,416	98,983	103,416
Rendering of services	30,854	26,320	5,390	2,913	36,244	29,233
	30,854	26,320	104,373	106,329	135,227	132,649

5 Financial assets and financial liabilities

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

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	9,957	6,557	9,957	6,557
Financial assets as fair value through profit and loss	487	35	487	35
Cash and bank balances, fixed deposits, contract assets, trade receivables, other receivables and deposits and loans to subsidiaries (Amortised cost)	64,854	73,807	163,425	136,789
	<u>75,298</u>	<u>80,399</u>	<u>173,869</u>	<u>143,381</u>
Financial liabilities				
Trade payables, other payables and accruals, lease liabilities, deposit from subsidiary and bank loans (Amortised cost)	95,866	49,670	48,372	27,978
Financial liabilities at fair value through profit or loss	49	–	49	–
	<u>95,915</u>	<u>49,670</u>	<u>48,421</u>	<u>27,978</u>

6. Profit before tax

6.1 Significant items

	Group			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Other income				
Gain on disposal of property, plant, and equipment	798	1,372	3,576	3,705
Government grants under Covid-19 business support schemes provided by the Singapore government	–	512	268	1,364
Reversal of restoration cost of leased land	172	1,500	172	1,500
Consideration Sum*	–	–	3,550	–
Interest income	538	249	1,223	476
Interest expense	(307)	(278)	(545)	(439)
Depreciation of property, plant and equipment and right-of-use assets	(6,383)	(6,368)	(12,332)	(11,935)
Foreign exchange gain, net	291	426	1,542	380
Reversal/(impairment) loss on trade receivable	241	(1)	336	(240)
Impairment on inventory	–	(126)	–	(126)
Property, plant and equipment and inventory written off	–	(61)	(147)	(64)

* 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.

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 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Current tax				
Current income tax expense	1,234	792	2,197	1,466
(Over)/Under provision in respect of previous years	(223)	261	(223)	254
Deferred tax				
Movement in temporary differences	1,778	1,003	2,193	946
Over provision in respect of previous years	(136)	(397)	(93)	(422)
	2,653	1,659	4,074	2,244

8. Earnings per share

	Group	
	12 months ended 31 December 2022	31 December 2021
Profit attributable to equity holders of the Company (\$)	10,555,000	12,669,000
Weighted average number of ordinary shares in issue for calculation of basic and diluted earnings per share	220,169,774	220,169,774
Basic earnings per share (cents)	4.79	5.75

The calculation of basic earnings per share at 31 December 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 31 December 2022 and 31 December 2021.

9. Dividends

The directors have proposed a final dividend of 2.25 cents (2021: 2.25 cents) per ordinary share, one-tier exempt, totalling \$ 4,953,820 (2021: \$4,953,820) in respect of the year ended 31 December 2022.

10. Net asset value

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per ordinary share based on the issued share capital at the end of period (cents)	89.98	87.15	63.32	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	
	31 December 2022	31 December 2021
	\$'000	\$'000
Singapore listed equity securities		
- Marco Polo Marine Limited	9,957	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 31 December 2022, the Group has investment in quoted equity security representing Level 1 financial asset which is carried at fair value amount of \$9,957,000 (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 2022 and 31 December 2021	291
Accumulated impairment loss	
At 31 December 2022 and 31 December 2021	(213)
Net carrying amount	
At 31 December 2022 and 31 December 2021	78

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 2022 and 31 December 2021.

13. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to \$58,737,000 (31 December 2021: \$34,684,000) and disposed of assets amounting to \$10,763,000 (31 December 2021: \$9,636,000).

14. Other receivables and deposits

	Group		Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Current:				
<i>Financial assets</i>				
Other receivables	4,350	4,715	44	5
Deposits	1,342	535	194	164
Insurance claims	969	967	–	–
	6,661	6,217	238	169
<i>Non-financial assets</i>				
Advance payment to suppliers	12,333	4,363	–	–
Deposits	–	4	–	–
Other receivables	498	649	–	–
	12,831	5,016	–	–
Total current other receivables and deposits	19,492	11,233	238	169
Non-current:				
<i>Financial assets</i>				
Other receivables	3,669	1,507	–	–
Total other receivables and deposits	23,161	12,740	238	169

Included in the Group's current other receivables and non-current other receivables is an amount of \$1,616,000 (31 December 2021: \$3,568,000) and \$3,669,000 (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	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<i>Financial liabilities</i>				
Accrued operating expenses	31,718	13,663	1,692	1,781
Other payables	901	726	135	184
	<hr/>	<hr/>	<hr/>	<hr/>
	32,619	14,389	1,827	1,965
<i>Non-financial liabilities</i>				
Other payables	-	-	435	53
Advance payments and deposits received (non-refundable)	4,822	6,818	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,822	6,818	435	53
	<hr/>	<hr/>	<hr/>	<hr/>
Total other payables and accruals	37,441	21,207	2,262	2,018

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

16. Bank loans

	Group and Company	
	31 December 2022 \$'000	31 December 2021 \$'000
<u>Amount repayable within one year or on demand</u>		
Secured	6,956	5,616
Unsecured	1,038	987
	<hr/>	<hr/>
	7,994	6,603
<u>Amount repayable after one year</u>		
Secured	14,465	6,121
Unsecured	1,435	2,510
	<hr/>	<hr/>
	15,900	8,631
	<hr/>	<hr/>
Total bank loans	23,894	15,234

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			
	31 December 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 31 December 2022 and 31 December 2021.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 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 31 December 2022 and the related consolidated income, consolidated statement of comprehensive income, statement of changes in equity and consolidated of cash flow statement for the year ended 31 December 2022 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, but remain under pressure from rising costs, supply chain disruptions and patchy demand across various market segments.

Review of the Group's Performance For 2H2022

Revenue	2H2022	2H2021	+ / (-)
	\$'000	\$'000	%
Shipbuilding, ship repair and maintenance	56,130	75,166	(25.3%)
Chartering	17,688	15,376	15.0%
Total	73,818	90,542	(18.5%)

Group revenue in 2H2022 was \$73.8 million, a decrease of 18.5% from 2H2021. The decrease in revenue and cost of sales was due mainly to a decrease in the number of stock vessels sold over the period.

The decrease in other income in 2H2022 compared with 2H2021 was due mainly to lower gains from the sale of vessels from the Group's operating fleet in 2H2022. Furthermore, in 2H2021, there was a reversal of restoration cost of leased land amounting to \$1.5 million.

The increase in other operating expenses was due mainly higher marine insurance cost and sundry cost, in line from more vessels being added to the Group's operating fleet,

As a result of the above, the Group posted a lower net profit of \$3.7 million in 2H2022, versus a net profit of \$12.4 million in 2H2021.

For FY2022

Revenue	FY2022	FY2021	+ / (-)
	\$'000	\$'000	%
Shipbuilding, ship repair and maintenance	104,373	106,329	(1.8%)
Chartering	30,854	26,320	17.2%
Total	135,227	132,649	1.9%

Group revenue in FY2022 was \$135.2 million, a modest increase of 1.9% from FY2021. The increase in revenue and cost of sales was due mainly to an increase in chartering activity year-on-year.

Notwithstanding the increase in group revenue, gross profit margin in FY2022 fell to 26.6% from 28.0% the previous year, due mainly to lower shipbuilding margins.

The increase in other income in FY2022 compared with FY2021 was due mainly to a Consideration Sum received in FY2022 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. In FY2021, there was a reversal of a provision made earlier for the restoration cost of leased land amounting to \$1.5 million.

The increase in other operating expenses was due mainly to higher marine insurance cost and sundry cost, in line with more vessels being added to the Group's operating fleet.

As a result of the above, the Group posted a lower net profit of \$10.6 million in FY2022, compared with a net profit of \$12.7 million in FY2021.

Changes in Balance Sheet

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

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

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

The net increase in other receivables (non-current) and other receivables (current) was due mainly to an increase in deposits for long-lead equipment for shipbuilding activities and increase in other receivables from the disposal of property, plant, and equipment (namely fleet vessels) under deferred payment arrangements.

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 \$25.4 million from operating activities was generated mostly by shipbuilding activities.

The net cash of \$33.7 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 fleet.

The net cash of \$2.1 million from financing activities arose from the drawdown of bank loans. This was offset by the repayment of bank loans and dividend payment.

As a result of the above cash movements, the Group's cash and cash equivalents fell to \$12.5 million as at 31 December 2022, compared with \$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

Challenges in shipbuilding

Penguin's shipbuilding business in FY2022 was challenged by rising costs, supply chain disruptions and patchy demand across various market segments. Nevertheless, the company remains a strong global market leader in the design, construction and operation of aluminium high-speed vessels.

Notwithstanding a year-on-year increase in FY2022 group revenue from \$133m to \$135m, gross profit margin fell from 28.0% to 26.6% over the period, weighed down by lower shipbuilding income.

In FY2022, the group's shipyards in Batam and Singapore delivered 10 stock vessels (versus 13 in FY2021) and 7 build-to-order (BTO) vessels (versus 2 in FY2021). Over this period, shipbuilding, repair and maintenance revenue fell 1.8% year-on-year, from \$106m to \$104m.

With few exceptions, stock vessel sales earn higher profit margins than BTO vessel sales. Penguin's overall shipbuilding margin in FY2022 declined year-on-year due primarily to fewer stock vessels sold.

In FY2022, Penguin delivered the following BTO projects: 5 small ferries, 1 Crew Transfer Vessel (CTV) and 1 hybrid-electric patrol boat.

Apart from rising costs of equipment, material and labour, another challenge faced by Penguin's shipyards is supply chain disruption. In FY2022, delays in the delivery of some key equipment forced the group to push back the handover of some shipbuilding projects to FY2023.

Penguin expects the situation to improve in FY2023 as costs stabilise and logistics bottlenecks ease.

New and old markets

Among Penguin's various market segments for its stock vessels, offshore wind performed relatively well. In FY2022, the group sold 5 of its stock WindFlex-27 CTVs and delivered an additional 1 CTV that was built to order. This compares with only 3 stock CTVs sold in FY2021.

In the offshore oil and gas segment, the group sold 5 Flex crewboats /security boats, down from 9 in the previous year. While demand for such vessels appears to be growing, many shipowners are struggling to secure financing in this new era of decarbonisation and credit tightening, while those with financing are struggling with higher borrowing costs. In contrast, these challenges do not seem to inflict to CTV owners in offshore wind.

Over in West Africa, which is home to over 80 Flex crewboats/security boats and security boats, demand is subdued but stable. In FY2022, Africa contributed to 23.6% of group shipbuilding, repair and maintenance revenue, compared with 48.8% a year earlier and a peak of 70.9% in 2019.

And for the first time ever, FY2022 saw Europe become Penguin's largest market by group shipbuilding, repair and maintenance revenue (\$43.3m and 41.5% share), followed by Africa (\$24.7m and 23.6% share).

Penguin's pivot to Europe corresponds to its growing role as the builder of choice among premium European CTV owners. However, the group's CTV profit margins are currently lower than its crewboat/security boat margins because Penguin is a relatively new entrant to the CTV market and lacks the first mover advantages which it enjoys in its traditional oil and gas segment. The group expects its CTV margins to improve over time as it differentiates its WindFlex CTVs with new features and new energy.

The group expects its CTV margins to improve over time as it differentiates its WindFlex CTVs with new features and new energy.

There was no stock ferry sold in FY2022, compared with 1 in the previous year.

Meanwhile, Penguin continues to make good progress in its decarbonisation journey. After having successfully delivered Singapore's first and second hybrid-electric seagoing ships in 2020 and 2022, the Group is currently commissioning a fleet of pure electric commuter ferries and rapid shore chargers to support Shell's Energy and Chemicals Park on the island of Pulau Bukom off southern Singapore - a first for the country and for Shell worldwide.

Dubbed Electric Dream, Penguin is the project's designer, builder, owner and operator.

Investing in the fleet

While FY2021 was marked by high shipyard CAPEX activities arising from the upgrading of Penguin's Batam shipyard and the construction of new shipbuilding facilities in Singapore, FY2022 was marked by high fleet CAPEX activities. Last year, the group added 9 new crewboats to its chartering fleet, bringing its total fleet size to 22 crewboats as at 31 December 2022, with an average age of 1.8 year per crewboat.

The above fleet expansion resulted in a record \$25.9m in crewboat chartering revenue in FY2022.

The higher CAPEX activities over the past two years necessitated increased borrowings. In FY2022, total bank borrowings rose 56.8% year-on-year to \$23.9m, of which \$15.9m was long-term debt. Notwithstanding the increased borrowings, the group's gearing ratio remained modest at 0.16 as at the end of last year. As always, Penguin refrains from borrowing to build stock vessels.

To stay ahead as a global market leader in the design, construction and operation of aluminium high-speed vessels, bank borrowings will form an integral part of Penguin's capital structure for the foreseeable future.

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Name of Dividend: Final
Dividend Type: Cash
Dividend rate: 2.25 cents per ordinary share
Tax Rate: One-tier tax exempt

5b. Corresponding Period of the Immediate Preceding Financial Year

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

Name of Dividend: Final
Dividend Type: Cash
Dividend rate: 2.25 cents per ordinary share
Tax Rate: One-tier tax exempt

5c. The date the dividend is payable

To be announced.

5d. The date on which Registrable Transfer received by the company (up to 5.00pm) will be registered before entitlement to the dividends are determined

To be announced.

5e. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Latest Full Year S\$	Previous Full Year S\$
Ordinary shares – Final	<u>4,953,820</u>	<u>4,953,820</u>

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 persons transactions.

There were no significant interested persons transactions of or over S\$100,000 in value entered into during the financial year end 31 December 2022.

7. **Review of performance of the Group – turnover and earnings**

	Group		
	2022	2021	+ / (-)
	\$'000	\$'000	%
Sales from continuing operations reported for first half-year	61,409	42,107	45.8
Profit for the year but before deducting non-controlling interest reported for the first half-year	6,842	308	2,121.4
Sales from continuing operations reported for second half-year	73,818	90,542	(18.5)
Profit for the year but before deducting non-controlling interest reported for the second-half year	3,712	12,360	(70.0)

8. **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.

9. **Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tung Tak Wai	51	Brother of Finance and Administration Director, Tung May Fong	Appointed Manager (Logistics, Security and Facilities) on 1 June 2021. Responsibility over the Group's shipyard logistics, security and facilities functions.	No change

Confirmation by the Board

On behalf of the Board of Directors of the Company, to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the year ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tung May Fong
Finance & Administration Director

Singapore
23 February 2023