

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 Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2020**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF  
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 JUNE 2020**

		Group		+ / (-) %
		6 Months Ended		
		30/06/2020	30/06/2019	
		\$'000	\$'000	
		Reclassification		
Revenue	1	50,137	67,936	(26.2)
Cost of sales	2	(37,503)	(49,121)	(23.7)
Gross profit		12,634	18,815	(32.9)
Other operating income	3	5,836	3,606	61.8
Marketing and distribution costs		(175)	(79)	121.5
Administrative expenses		(10,248)	(9,739)	5.2
Other operating expenses	4	(3,551)	(3,547)	0.1
Finance cost		(74)	(89)	(16.9)
Interest income		191	518	(63.1)
Profit before tax		4,613	9,485	(51.4)
Income tax expense		(701)	(1,120)	(37.4)
Profit for the period		3,912	8,365	(53.2)

The comparative figures for the Group's cost of sales, administrative expenses and finance costs had been reclassified. The depreciation of right-of-use assets of \$75,000 and interest expenses on lease liabilities of \$3,000 in relation to lease of worker dormitories that were previously classified as administrative expense and finance costs respectively had been reclassified to cost of sales to provide a more meaningful comparison of costs.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2020**

	<b>Group</b>		
	<b>6 Months Ended</b>		
	<b>30/06/2020</b>	<b>30/06/2019</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit for the period</b>	<b>3,912</b>	<b>8,365</b>	<b>(53.2)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net effect of exchange differences arising from quasi capital loan to subsidiaries	<b>1,908</b>	<b>(542)</b>	<b>NM</b>
Foreign currency translation	<b>401</b>	<b>50</b>	<b>702.0</b>
	<b>2,309</b>	<b>(492)</b>	<b>NM</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of equity investment at FVOCI	<b>(971)</b>	<b>(543)</b>	<b>78.8</b>
	<b>(971)</b>	<b>(543)</b>	<b>78.8</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>1,338</b>	<b>(1,035)</b>	<b>NM</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>5,250</b>	<b>7,330</b>	<b>(28.4)</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the company	<b>5,250</b>	<b>7,330</b>	<b>(28.4)</b>
Non-controlling interests	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>5,250</b>	<b>7,330</b>	<b>(28.4)</b>

## NOTES TO CONSOLIDATED INCOME STATEMENT

	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Other income including interest income	6,027	4,124
Interest expense	(57)	(41)
Government grant for Covid-19 business support schemes provided by the Singapore government.	1,700	-
Depreciation of property, plant and equipment and right-of-use assets	(5,173)	(4,767)
Net foreign exchange gain / (loss)	52	(727)
Gain on disposal of property, plant and equipment *	3,686	2,388
Reversal of allowance for doubtful trade receivable	-	99

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

## **Notes to the 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 refers to income from all other activities which are not related to the principal activities of the Group.
- 4 Other Operating Expenses comprises primarily depreciation of motor launches and net foreign exchange gain / loss.

Refer to Note 8 for additional information.

**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 JUNE 2020**

		Group		+/ (-)	Company		+/ (-)
		30/6/2020	31/12/2019	%	30/6/2020	31/12/2019	%
		\$'000	\$'000		\$'000	\$'000	
Equity attributable to owners of the Company							
Share capital		94,943	94,943	0.0	94,943	94,943	0.0
Reserves		74,151	72,754	1.9	21,439	24,481	(12.4)
Non-controlling interest		(3)	(3)	0.0	-	-	NM
Total equity		169,091	167,694	0.8	116,382	119,424	(2.5)
Non-current assets							
Intangible asset		78	78	0.0	-	-	NM
Property, plant and equipment	1	87,810	82,174	6.9	2,317	3,027	(23.5)
Right-of-use assets	2	1,687	2,253	(25.1)	1,167	1,653	(29.4)
Investments in subsidiaries		-	-	NM	18,390	18,390	0.0
Loan to a subsidiary		-	-	NM	70,837	70,837	0.0
Quoted investment		3,643	5,157	(29.4)	3,643	5,157	(29.4)
Other investments		-	-	NM	-	-	NM
Other receivable	5	2,887	124	2,228.2	-	-	NM
Current assets							
Inventories	3	63,875	42,008	52.1	-	-	NM
Trade receivables	4	10,826	13,139	(17.6)	2,173	1,906	14.0
Other receivables and deposits	5	16,882	14,469	16.7	519	487	6.6
Contract assets	7	1,339	3,268	(59.0)	-	156	(100.0)
Prepayments		184	577	(68.1)	71	150	(52.7)
Loan to subsidiaries		-	-	NM	32,526	24,330	33.7
Short-term deposits		14,134	34,885	(59.5)	72	10,227	(99.3)
Cash and bank balances		41,663	25,018	66.5	16,894	1,098	1,438.6
		148,903	133,364	11.7	52,255	38,354	36.2
Assets classified as held for sale		-	7,322	(100.0)	-	1,412	(100.0)
		148,903	140,686	5.8	52,255	39,766	31.4
Current liabilities							
Trade payables		20,055	16,038	25.0	135	193	(30.1)
Other payables and accruals	6	37,767	37,543	0.6	1,628	3,008	(45.9)
Provisions		515	522	(1.3)	-	193	(100.0)
Contract liabilities	7	4,445	1,042	326.6	206	93	121.5
Deferred revenue		731	-	NM	425	-	NM
Provision for income tax		2,083	1,427	46.0	379	335	13.1
Lease liabilities		1,435	1,292	11.1	895	897	(0.2)
Term loan		944	83	1,037.3	944	-	NM
Deposit from subsidiaries		-	-	NM	21,547	11,724	83.8
		67,975	57,947	17.3	26,159	16,443	59.1
Net current assets		80,928	82,739	(2.2)	26,096	23,323	11.9
Non-current liabilities							
Deferred tax liabilities		1,833	2,075	(11.7)	173	568	(69.5)
Provisions	8	1,727	1,726	0.1	1,604	1,604	0.0
Lease liabilities		403	1,030	(60.9)	312	791	(60.6)
Term loan		3,979	-	NM	3,979	-	NM
Net Assets		169,091	167,694	0.8	116,382	119,424	(2.5)

## Notes to the Balance Sheet:

- 1 Property, Plant and Equipment refers mainly to the Group's vessels, leasehold buildings, as well as machinery and equipment.
- 2 Right-of-use assets refers to the recognition of leases as right-of-use assets arising from the adoption of SFRS(I) 16 Leases.
- 3 Inventories refers mainly to construction costs of completed vessels and construction-in-progress vessels yet to be completed.
- 4 Trade Receivables refers mainly to receivables from shipbuilding, ship repair and vessel chartering activities.
- 5 Other Receivables and Deposits refers mainly to receivables for fleet vessel sales, deposits paid by the Group for equipment purchase with long lead time. The non-current portion pertains to fleet vessel sales under deferred payment arrangements.
- 6 Other Payables and Accruals refers mainly to advance payments and deposits received, advance billings and accrued operating expenses.
- 7 Contract Assets / (Liabilities) refers to progress billings in relation to shipbuilding contracts in deficit / (excess) of their corresponding revenue.
- 8 Provisions refers mainly to the provision for the cost of reinstatement of a leasehold property at 18 Tuas Basin Link.

Refer to Note 8 for additional information.

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

As at 30/06/2020		As at 31/12/2019	
Secured	Unsecured*	Secured	Unsecured*
\$'000	\$'000	\$'000	\$'000
-	2,379	83	1,292

**Amount repayable after one year**

As at 30/06/2020		As at 31/12/2019	
Secured	Unsecured*	Secured	Unsecured*
\$'000	\$'000	\$'000	\$'000
-	4,382	-	1,030

**Details of any collateral**

Not applicable

\* The unsecured amounts include:

- a) \$5 million unsecured term loan under Enterprise Singapore's Temporary Bridging Loan Programme (TBLP). As announced in the Solidarity Budget 2020, eligible enterprises may borrow up to \$5 million under the TBLP, with the interest rate capped at 3% p.a.
- b) Lease Liabilities arising from the adoption of SFRS(I) 16 Leases.

**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 JUNE 2020**

	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before tax, total	4,613	9,485
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	5,173	4,767
Gain on disposal of property, plant and equipment	(3,686)	(2,388)
Interest expense	57	41
Interest income	(191)	(518)
Reversal of allowance for doubtful trade receivable	-	(99)
Provision for employee retirement benefits	-	1
Net fair value gain on derivatives	-	160
Provision for warranty claims on shipbuilding contracts, net	79	381
Currency alignment	(1,664)	41
Operating cash flows before changes in working capital	4,381	11,871
Inventories	(21,867)	(3,558)
Trade receivables	2,313	958
Other receivables, deposits and prepayments	(4,783)	(3,218)
Contract assets	1,929	2,486
Trade payables	4,017	1,095
Other payables and accruals	767	4,597
Provision	(86)	(12)
Contract liabilities	3,403	(762)
Deferred revenue	731	(178)
Cash (used in) / generated from operations	(9,195)	13,279
Interest paid	(57)	(41)
Interest received	191	518
Income taxes paid, net	(294)	(1,236)
Net cash flows (used in) / generated from operating activities	(9,355)	12,520
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	11,363	8,571
Additions to property, plant and equipment	(8,360)	(11,645)
Net cash flows from / (used in) investing activities	3,003	(3,074)
<b>Financing activities</b>		
Proceed from term loan	5,000	-
Repayment of term loans	(160)	(500)
Payment of principal portion of lease liabilities	(625)	(279)
Increase in pledged deposits with licensed banks	(478)	(1,278)
Dividend paid	(3,853)	(2,752)
Net cash flows used in financing activities	(116)	(4,809)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,468)</b>	<b>4,637</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>1,883</b>	<b>(80)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>57,150</b>	<b>41,006</b>
<b>Cash and cash equivalents at end of period</b>	<b>52,565</b>	<b>45,563</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 JUNE 2020**

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000		
Opening balance at 1 January 2020	94,943	(10,079)	82,833	167,697	(3)	167,694
Profit for the period	-	-	3,912	3,912	-	3,912
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	-	1,908	-	1,908	-	1,908
Foreign currency translation	-	401	-	401	-	401
Change in fair value of equity investment at FVOCI	-	(971)	-	(971)	-	(971)
Other comprehensive income for the period, net of tax	-	1,338	-	1,338	-	1,338
Total comprehensive income for the period	-	1,338	3,912	5,250	-	5,250
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(3,853)	(3,853)	-	(3,853)
Total contributions by and distributions to owners	-	-	(3,853)	(3,853)	-	(3,853)
<b>Closing balance at 30 June 2020</b>	<b>94,943</b>	<b>(8,741)</b>	<b>82,892</b>	<b>169,094</b>	<b>(3)</b>	<b>169,091</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 JUNE 2019**

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000		
Opening balance at 1 January 2019	94,943	(8,896)	66,170	152,217	(2)	152,215
Profit for the period	-	-	8,365	8,365	-	8,365
<u>Other comprehensive income</u>						
Net effect of exchange differences arising from quasi capital loan to subsidiaries	-	(542)	-	(542)	-	(542)
Foreign currency translation	-	50	-	50	-	50
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)	-	(543)
Other comprehensive income for the period, net of tax	-	(1,035)	-	(1,035)	-	(1,035)
Total comprehensive income for the period	-	(1,035)	8,365	7,330	-	7,330
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(2,752)	(2,752)	-	(2,752)
Total contributions by and distributions to owners	-	-	(2,752)	(2,752)	-	(2,752)
<b>Closing balance at 30 June 2019</b>	<b>94,943</b>	<b>(9,931)</b>	<b>71,783</b>	<b>156,795</b>	<b>(2)</b>	<b>156,793</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2020**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Other reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total Equity \$'000</b>
Opening balance at 1 January 2020	94,943	(3,386)	27,867	119,424
Profit for the period	-	-	1,782	1,782
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(971)	-	(971)
Total comprehensive income for the period	-	(971)	1,782	811
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(3,853)	(3,853)
owners	-	-	(3,853)	(3,853)
<b>Closing balance at 30 June 2020</b>	<b>94,943</b>	<b>(4,357)</b>	<b>25,796</b>	<b>116,382</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2019**

<b>Company</b>	<b>Share capital \$'000</b>	<b>Other reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total \$'000</b>
Opening balance at 1 January 2019	94,943	(2,843)	23,411	115,511
Total comprehensive income for the period	-	-	691	691
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)
	-	(543)	-	(543)
Total comprehensive income for the period	-	(543)	691	148
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(2,752)	(2,752)
Total contributions by and distributions to owners	-	-	(2,752)	(2,752)
<b>Closing balance at 30 June 2019</b>	<b>94,943</b>	<b>(3,386)</b>	<b>21,350</b>	<b>112,907</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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	
	30/06/2020	31/12/2019
Balance as at 1 January	220,169,774	220,169,774
Issue of shares	-	-
Balance as at 30 June / 31 December	<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 June 2020.

- 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 modifications 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 June 2020, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2019 audited accounts.

- 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 the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which is effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group.

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:-	<b>Group</b>	
	<b>6 Months Ended</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>Cents</b>	<b>Cents</b>
(i) Based on the weighted average number of ordinary shares on issue (cts)	<b>1.78</b>	<b>3.80</b>
(ii) On a fully diluted basis (cts)	<b>1.78</b>	<b>3.80</b>

Earnings per ordinary share for 1H2020 was calculated based on the weighted average number of shares of 220,169,774 (1H2019 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**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2020</b>	<b>31/12/2019</b>	<b>30/06/2020</b>	<b>31/12/2019</b>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Net asset value per ordinary share based on the issued share capital at the end of period (cts)	<b>76.80</b>	<b>76.17</b>	<b>52.86</b>	<b>54.24</b>

Net asset value per ordinary share was calculated based on the number of shares at 30 June 2020 (220,169,774 shares) and 31 December 2019 (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.

#### **Overview**

In 1H2020, the Group's business was negatively affected by the Covid-19 pandemic and weak oil prices. Demand for new vessels had weakened and crewboat charter rates and utilisation rates had fallen.

To date, none of the Group's clients has sought to terminate any shipbuilding contract, although some vessel deliveries have been delayed by mutual agreement.

The lockdown of foreign workers' dormitories in Singapore had affected the Group's in-house and subcontracted labour, resulting in delays to the Group's internal newbuilding projects for its chartering fleet. As of the date of this announcement, all in-house foreign workers are back at work while most subcontracted foreign workers are still under lockdown.

There are currently no third-party shipbuilding projects in Singapore. All third-party shipbuilding projects are being undertaken by the Group's Batam shipyard, which has remained open and operational throughout.

In 1H2020, the Group delivered 6 new vessels, of which 3 were built for stock and chartering, and 3 were built to order.

The build-to-order deliveries in 1H2020 included one windfarm Crew Transfer Vessel and one windfarm Service Accommodation and Transfer Vessel for an owner-operator in Taiwan.

#### **Review of Group's performance** **For the half year ended 30 June 2020 (1H2020)**

<b>Revenue</b>	<b>1H2020</b>	<b>1H2019</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding, ship repair and maintenance	39,262	55,139	-28.8%
Chartering	10,875	12,797	-15.0%
<b>Total</b>	<b>50,137</b>	<b>67,936</b>	<b>-26.2%</b>

Revenue in 1H2020 was \$50.1 million, a 26.2% decrease from 1H2019. The decline was due mainly to fewer stock vessels sold and a decrease in chartering activities over the period.

The decrease in cost of sales corresponded to fewer stock vessels sold and a reduction in chartering activities.

Gross profit in 1H2020 was \$12.6 million, a decrease of 32.9% from 1H2019. The decrease was due mainly to lower contributions from shipbuilding due to fewer stock vessels sold over the period.

The increase in other operating income in 1H2020 compared with 1H2019 was due mainly to higher gains from the sale of more vessels from the Group's operating fleet, as well as Covid-19 business support schemes provided by the Singapore government amounting to \$1.7 million in 1H2020.

The increase in administration expenses was due mainly to an increase in depreciation of right-of-use assets arising from additional yard lease.

As a result of the above, the Group posted a lower net profit of \$3.9 million in 1H2020, compared to a net profit of \$8.4 million in 1H2019.

## **Changes in Balance Sheet**

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

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

The increase in other receivables and deposits was due mainly to an increase in deposits for long-lead 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 working capital increase in inventories was due mainly to more vessels under construction and pending delivery.

The net cash of \$9.3 million used in operating activities was used mostly in shipbuilding activities.

The net cash of \$3 million from investing activities was generated by the sale of vessels from the Group's operating fleet, which was partially offset by the addition of new vessels to the fleet.

The net cash of \$116,000 used in financing activities was used for the repayment of a term loan, a dividend payment as approved by the Company's shareholders at its Annual General Meeting held on 29 May 2020, payment of the principal portion of lease liabilities and pledged deposits with licensed banks. This was offset by the draw down of a \$5 million unsecured term loan under Enterprise Singapore's Temporary Bridging Loan Programme (TBLP).

As a result of the above cash movements, the Group's cash and cash equivalents decreased to \$52.5 million as at 30 June 2020, from \$57.2 million as at 31 December 2019.

### **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.**

Penguin's core shipbuilding and crewboat chartering businesses have been negatively affected by the Covid-19 pandemic and slumping oil prices. Demand for new vessels has weakened and crewboat charter rates and utilisation rates have fallen year-on-year.

To conserve cash, the Group has either halted or slowed down some of its uncommitted build-for-stock vessels. All committed build-for-stock and build-to-order vessels are being completed as scheduled.

To further strengthen its cash position, the Group has obtained and drawn down on a \$5 million unsecured term loan under Enterprise Singapore's Temporary Bridging Loan Programme (TBLP).

As previously announced, the Group is in the process of acquiring 21 Tuas Road in anticipation of the expiry of its lease at 18 Tuas Basin Link, and is expecting to invest up to \$20 million in this new facility, which will serve as Penguin's new shipbuilding base in Singapore for the next 20 years or more. The Group is also investing up to \$8 million to upgrade its shipbuilding facilities in Batam.

Out of the Group's key market segments, offshore wind (windfarm boats) remains fairly resilient for now, offshore oil and gas (crewboats) and maritime protection (security vessels) have weakened but stabilised, and tourism (passenger ferries) has stalled. Overall business sentiments in all market segments have been eroded to varying degrees by the pandemic and weakening oil prices.

Notwithstanding the challenges, the Group is still working hard to secure new build-to-order projects across various market segments, as it expands its geographical reach. Its Batam shipyard is currently building various types of vessels for ship owners from Southeast Asia, Australia, North Asia, Africa and Europe.

As always, in good times and bad, Penguin will continue to manage its cash flow and business conservatively.

**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 29 May 2020 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 June 2020.

There were no significant interested persons transactions entered into during the financial period ended 30 June 2020.

**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 half year ended 30 June 2020 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Tung May Fong**  
**Finance & Administration Director**  
**6 August 2020**