

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 First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2014

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

1(a) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2014**

		Group		
		3 Months Ended		
		31/03/2014	31/03/2013	+ / (-)
		\$'000	\$'000	%
Continuing Operations				
Revenue	1	30,780	19,836	55.2
Cost of sales	2	(20,731)	(13,640)	52.0
Gross profit		10,049	6,196	62.2
Other operating income	3	1,958	917	113.5
Distribution costs		(48)	(46)	4.3
Administrative expenses		(3,716)	(3,099)	19.9
Other operating expenses	4	(1,636)	(1,666)	(1.8)
Finance cost		(10)	(8)	25.0
Interest income		43	17	152.9
Profit before tax from continuing operations		6,640	2,311	187.3
Income tax credit / (expense)		391	(826)	NM
Profit for the period from continuing operations		7,031	1,485	373.5
Discontinued Operation				
Profit from discontinued operation, net of tax	5	55	69	(20.3)
Profit for the period		7,086	1,554	356.0

**INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2014**

	Group		
	3 Months Ended		
	31/03/2014	31/03/2013	+ / (-)
	\$'000	\$'000	%
Attributable to:			
Owners of the company			
Profit from continuing operations, net of tax	7,031	1,485	373.5
Profit from discontinued operation, net of tax	55	69	(20.3)
Profit for the year attributable to owners of the company	<u>7,086</u>	<u>1,554</u>	356.0
Non-controlling interests			
Profit from continuing operations	-	-	NM
Profit for the year attributable to non-controlling interests	-	-	NM
Profit for the period	<u>7,086</u>	<u>1,554</u>	356.0

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014**

	Group		
	3 Months Ended		
	31/03/2014	31/03/2013	+ / (-)
	\$'000	\$'000	%
Profit for the period	7,086	1,554	356.0
Other comprehensive income			
Currency translation differences	22	(20)	NM
Other comprehensive income / (loss) for the period, net of tax	22	(20)	NM
Total comprehensive income for the period, net of tax	<u>7,108</u>	<u>1,534</u>	363.4
Attributable to:			
Owners of the company	7,108	1,534	363.4
Non-controlling interests	-	-	NM
Total comprehensive income for the period	<u>7,108</u>	<u>1,534</u>	363.4
Attributable to:			
Owners of the company			
Total comprehensive income from continuing operations, net of tax	7,053	1,465	381.4
Total comprehensive income from discontinued operation, net of tax	55	69	(20.3)
Total comprehensive income for the period attributable to owners of the company	<u>7,108</u>	<u>1,534</u>	363.4

NOTES TO INCOME STATEMENT

Group	
3 Months Ended	
31/03/2014	31/03/2013
\$'000	\$'000

Continuing Operations

Other income including interest income	2,001	934
Interest expense	-	-
Depreciation of property, plant and equipment and amortisation of deferred drydocking expenditure	(2,346)	(1,620)
Foreign exchange gain/ (loss)	506	(394)
Gain on disposal of property, plant and equipment and deferred drydocking expenditure*	1,644	712
Property, plant and equipment written off	(1)	-
Net fair value gain / (loss) on derivatives **	148	(329)

Discontinued Operation

Other income including interest income	13	11
Depreciation of property, plant and equipment and amortisation of deferred drydocking expenditure	-	(24)
Gain on disposal of property, plant and equipment and deferred drydocking expenditure*	14	-
Reversal for doubtful trade receivables	50	-

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

** This amount is included in foreign exchange gain / (loss)

Notes to the Income Statement:

- 1 Revenue is contributed primarily by shipbuilding and vessel chartering activities.
- 2 Cost of sales comprises primarily shipbuilding costs and vessel operating expenses.
- 3 Other operating income is contributed primarily by proceeds from the sale of vessels from the Group's fleet.
- 4 Other operating expenses comprises primarily depreciation of vessels and foreign exchange gain.

- "Discontinued Operation" refers to the Group's bunkering subsidiary, which ceased its business activities in late FY2013. As a result of the cessation, this subsidiary's full-year financials have been classified as "Discontinued Operation".
- 5

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 31 MARCH 2014**

		Group		+ / (-)	Company		+ / (-)
		31/03/2014	31/12/2013	%	31/03/2014	31/12/2013	%
		\$'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		23,161	16,053	44.3	(9,054)	(8,824)	2.6
Total equity		118,104	110,996	6.4	85,889	86,119	(0.3)
Intangible asset		78	78	0.0	-	-	NM
Property, plant and equipment	1	70,733	70,631	0.1	16,233	15,949	1.8
Investments in subsidiaries		-	-	NM	23,722	23,722	0.0
Investment in a joint venture company				NM			NM
Other investments		6	6	0.0	6	6	0.0
Deferred drydocking expenditure		1,163	790	47.2	673	170	295.9
Current assets							
Inventories	2	28,196	26,847	5.0	-	-	NM
Trade receivables	3	5,648	12,131	(53.4)	1,482	1,836	(19.3)
Other receivables and deposits	4	4,961	6,984	(29.0)	77	30	156.7
Prepayments		377	396	(4.8)	111	116	(4.3)
Deferred drydocking expenditure		645	663	(2.7)	127	154	(17.5)
Loan to subsidiaries		-	-	NM	36,463	41,514	(12.2)
Derivatives		282	203	38.9	-	2	NM
Short-term deposits		17,378	9,255	87.8	17,378	9,255	87.8
Cash and bank balances		34,413	33,373	3.1	7,394	10,817	(31.6)
		91,900	89,852	2.3	63,032	63,724	(1.1)
Assets classified as held for sale	5	-	3,487	(100.0)	-	-	NM
		91,900	93,339	(1.5)	63,032	63,724	(1.1)
Current liabilities							
Trade payables		6,549	7,061	(7.3)	168	54	211.1
Other payables and accruals	6	26,054	34,218	(23.9)	1,924	2,741	(29.8)
Billings on work-in-progress in excess of related costs	7	1,950	2,614	(25.4)	-	-	NM
Deferred revenue		259	155	67.1	259	155	67.1
Derivatives		135	204	(33.8)	-	-	NM
Provision for income tax		4,638	3,539	31.1	-	-	NM
Deposit from subsidiaries		-	-	NM	13,391	12,484	7.3
		39,585	47,791		15,742	15,434	
Net current assets		52,315	45,548	14.9	47,290	48,290	(2.1)
Non-current liabilities							
Deferred tax liabilities		6,191	6,057	2.2	2,035	2,018	0.8
Net Assets		118,104	110,996	6.4	85,889	86,119	(0.3)

Notes to the Balance Sheet:

- 1 Property, plant and equipment refers mainly to the Group's vessels, leasehold buildings and machinery and equipment.
- 2 Inventories refers mainly to construction-in-progress in relation to uncompleted vessels.
- 3 Trade receivables refers mainly to receivables from shipbuilding and vessel chartering activities.
- 4 Other receivables and deposits refers mainly to deposits paid by the Group for equipment purchases with long lead time.
- 5 Assets classified as held for sale refers mainly to vessels identified for sale in which the sale is highly probable and the vessels are available for immediate sale in their present condition.
- 6 Other payables and accruals refers mainly to advance payments and deposits received, advance billing and accrued operating expenses.
- 7 Billings on work-in-progress in excess of related costs refers to progress billings in relation to shipbuilding contracts in excess of their corresponding costs.

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

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Amount repayable after one year

As at 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

Not applicable

- l(c) A cash flow statement (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 31 MARCH 2014**

	Group	
	3 Months Ended	
	31/03/2014	31/03/2013
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax from continuing operations	6,640	2,311
Profit before tax from discontinued operation	42	77
Profit before tax, total	6,682	2,388
Adjustments:		
Depreciation of property, plant and equipment and amortisation of deferred drydocking expenditure	2,346	1,644
Gain on disposal of property, plant and equipment and deferred drydocking expenditure	(1,658)	(712)
Interest expense	-	-
Interest income	(43)	(17)
Property, plant and equipment written off	1	-
Reversal for doubtful debts (Trade)	(50)	-
(Provision) / reversal for warranty claims on boat building contracts, net	(95)	99
Net fair value (gain) / loss on derivative liabilities	(148)	329
Currency alignment	(281)	(257)
Operating cash flows before changes in working capital	6,754	3,474
Inventories	(1,349)	(1,161)
Trade receivables	6,533	3,840
Other receivables, deposits and prepayments	2,042	(484)
Trade payables	(512)	4,072
Other payables and accruals	(8,069)	(2,732)
Work-in-progress in excess of progress billings	-	-
Billings on work-in-progress in excess of related costs	(664)	1,570
Deferred revenue	104	97
Cash generated from operations	4,839	8,676
Interest received	43	17
Income taxes refund / (paid), net	1,635	(11)
Net cash generated from operating activities	6,517	8,682
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and deferred drydocking expenditure	5,145	1,500
Purchase of property, plant and equipment and deferred drydocking expenditure	(2,424)	(6,964)
Net cash generated from / (used in) investing activities	2,721	(5,464)
Cash flows from financing activities		
Decrease / (increase) in pledged deposits with licensed banks	769	(184)
Net cash generated from / (used in) financing activities	769	(184)
Net increase in cash and cash equivalents	10,007	3,034
Effect of exchange rate change on cash and cash equivalents	(75)	34
Cash and cash equivalents at beginning of period	41,247	37,115
Cash and cash equivalents at end of period	51,179	40,183

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.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014**

Group	Attributable to owners of the Company				Non-controlling interest	Total Equity
	Share capital	Other reserves	Revenue reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2014	94,943	(5,744)	21,797	110,996	-	110,996
Profit for the period	-	-	7,086	7,086	-	7,086
<u>Other comprehensive income</u>						
Foreign currency translation	-	22	-	22	-	22
Balance as at 31 March 2014	94,943	(5,722)	28,883	118,104	-	118,104

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.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013**

Group	Attributable to owners of the Company					
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Balance at 1 January 2013	94,943	(4,913)	4,502	94,532	-	94,532
Profit for the period	-	-	1,554	1,554	-	1,554
<u>Other comprehensive income</u>						
Foreign currency translation	-	(20)	-	(20)	-	(20)
Balance as at 31 March 2013	94,943	(4,933)	6,056	96,066	-	96,066

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014**

Company	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total Equity \$'000
Balance as at 1 January 2014	94,943	(8,824)	-	86,119
Total comprehensive loss for the period	-	-	(230)	(230)
Balance as at 31 March 2014	94,943	(8,824)	(230)	85,889

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013**

Company	capital \$'000	reserves \$'000	reserve \$'000	Total \$'000
Balance as at 1 January 2013	94,943	-	(4,671)	90,272
Total comprehensive profit for the period	-	-	363	363
Balance as at 31 March 2013	94,943	-	(4,308)	90,635

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	Number of issued shares	
	31/03/2014	31/12/2013
Balance as at 1 January	660,518,052	660,518,052
Issue of shares	-	-
Balance as at 31 March / 31 December	<u>660,518,052</u>	<u>660,518,052</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 31 March 2014.

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

Figures have not been audited or reviewed by the auditors.

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

Not applicable.

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

The financial information contained in this announcement has been based on the unaudited results for the period ended 31 March 2014, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2013 audited accounts. There are no changes in those accounting policies and methods of computation.

- 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**

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.**

Earning per ordinary share from continuing operations for the period based on profit attributable to shareholders after deducting any provision for preference dividends:-	Group	
	3 Months Ended	
	31/03/2014	31/03/2013
	Cents	Cent
(i) Based on the weighted average number of ordinary shares on issue (cts)	1.06	0.22
(ii) On a fully diluted basis (cts)	1.06	0.22

Earning per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends:-	Group	
	3 Months Ended	
	31/03/2014	31/03/2013
	Cents	Cent
(i) Based on the weighted average number of ordinary shares on issue (cts)	1.07	0.24
(ii) On a fully diluted basis (cts)	1.07	0.24

Earnings per ordinary share for the period ended 31 March 2014 was calculated based on the weighted average number of shares of 660,518,052 (period ended 31 March 2013 was 660,518,052).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the**
a) Current financial period reported on

b) Immediately preceding financial year

	Group		Company	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on the issued share capital at the end of period (cts)	17.88	16.80	13.00	13.04

Net asset value per ordinary share was calculated based on the number of shares at 31 March 2014 (660,518,052 shares) and 31 December 2013 (660,518,052 shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group's performance
For the 3 months ended 31 March 2014 (1Q2014)

Continuing Operations

The Group's revenue in 1Q2014 was \$30.8 million, an increase of 55.2% from 1Q2013. The increase was due mainly to an increase in shipbuilding, ship repair and vessel chartering activities.

The increase in cost of sales was due to an increase in shipbuilding, ship repair and vessel chartering activities.

The increase in other operating income was due mainly to higher gains arising from the sale of vessels from our existing fleet.

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

Discontinued Operation

The Group ceased the business activities of its bunkering subsidiary in late FY2013. As a result of the cessation, this subsidiary's full-year financials have been classified as "Discontinued Operation".

Changes in Balance Sheet

The decrease in trade receivables was due mainly to collections from the sale of newbuild vessels.

The decrease in other receivables and deposits was due mainly to a decrease in deposits for long-lead equipment after receipt of equipment.

The decrease in trade payables and other payables and accruals was due mainly to payment made to suppliers.

Review of Group Cashflow

The net cash of \$6.5 million from operating activities was mostly generated by shipbuilding activities.

The net cash of \$2.7 million from investing activities was generated by the disposal of existing fleet vessels, and partially offset by investments in a new workshop and vessels.

The net cash of \$769,000 from financing activities was due mainly to a decrease in pledged deposits for financing activities.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$51.2 million as at 31 March 2014, from \$41.2 million in 31 December 2013.

- 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.**

The Group expects its core shipbuilding, ship repair and vessel chartering businesses to continue driving operating earnings for the next 12 months.

The Group will continue its programme of selling crewboats built-for-stock and increasing its crewboat chartering activities by expanding its fleet of crewboats and Fast Supply Intervention Vessels.

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

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.

Not applicable.

13. Interested Persons Transactions

The Company had in its Annual General Meeting held on 24 April 2014 obtained approval from its shareholders for the renewal of a general mandate for interested person transactions.

There were no significant interested person transactions during the financial period ended 31 March 2014.

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 first quarter ended 31 March 2014 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Tung May Fong

Finance & Administration Director

12 May 2014