

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 Second Quarter And Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2019**

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

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

**CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

		3 Months Ended		+ / (-) %	6 Months Ended		+ / (-) %
		30/06/2019	30/06/2018		30/06/2019	30/06/2018	
		\$'000	\$'000		\$'000	\$'000	
Revenue	1	52,127	19,741	164.1	67,936	45,694	48.7
Cost of sales	2	(38,718)	(13,652)	183.6	(49,043)	(32,760)	49.7
Gross profit		13,409	6,089	120.2	18,893	12,934	46.1
Other operating income	3	2,544	5,501	(53.8)	3,606	5,743	(37.2)
Distribution costs		(59)	(27)	118.5	(79)	(57)	38.6
Administrative expenses		(5,737)	(4,416)	29.9	(9,814)	(8,331)	17.8
Other operating expenses	4	(1,883)	(2,655)	(29.1)	(3,547)	(3,738)	(5.1)
Finance cost		(37)	(25)	48.0	(92)	(62)	48.4
Interest income		266	263	1.1	518	529	(2.1)
Profit before tax		8,503	4,730	79.8	9,485	7,018	35.2
Income tax expense		(1,048)	(1,171)	(10.5)	(1,120)	(1,360)	(17.6)
<b>Profit for the period</b>		<b>7,455</b>	<b>3,559</b>	<b>109.5</b>	<b>8,365</b>	<b>5,658</b>	<b>47.8</b>

**CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2019**

	3 Months Ended		Group + / (-) %	6 Months Ended		+ / (-) %
	30/06/2019	30/06/2018		30/06/2019	30/06/2018	
	\$'000	\$'000		\$'000	\$'000	
<b>Profit for the period</b>	<b>7,455</b>	<b>3,559</b>	<b>109.5</b>	<b>8,365</b>	<b>5,658</b>	<b>47.8</b>
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	(750)	4,089	NM	(542)	2,241	NM
Foreign currency translation	620	31	1900.0	50	(319)	NM
	<u>(130)</u>	<u>4,120</u>	NM	<u>(492)</u>	<u>1,922</u>	NM
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Changes in fair value of equity investment at FVOCI	543	(1,357)	NM	(543)	543	NM
Issue of Management Award Share per the investment agreement	-	-	NM	-	(400)	(100.0)
	<u>543</u>	<u>(1,357)</u>	NM	<u>(543)</u>	<u>143</u>	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>413</b>	<b>2,763</b>	<b>(85.1)</b>	<b>(1,035)</b>	<b>2,065</b>	<b>NM</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>7,868</b>	<b>6,322</b>	<b>24.5</b>	<b>7,330</b>	<b>7,723</b>	<b>(5.1)</b>
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the company	7,868	6,322	24.5	7,330	7,723	(5.1)
Non-controlling interests	-	-	NM	-	-	NM
<b>Total comprehensive income for the period</b>	<b>7,868</b>	<b>6,322</b>	<b>24.5</b>	<b>7,330</b>	<b>7,723</b>	<b>(5.1)</b>

## NOTES TO CONSOLIDATED INCOME STATEMENT

	<b>Group</b>		<b>Group</b>	
	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>30/06/2019</b>	<b>30/06/2018</b>	<b>30/06/2019</b>	<b>30/06/2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Other income including interest income	<b>2,810</b>	<b>5,764</b>	<b>4,124</b>	<b>6,272</b>
Interest expense	<b>(20)</b>	<b>(18)</b>	<b>(41)</b>	<b>(44)</b>
Depreciation of property, plant and equipment	<b>(2,387)</b>	<b>(2,196)</b>	<b>(4,767)</b>	<b>(4,308)</b>
Foreign exchange loss	<b>(312)</b>	<b>(1,032)</b>	<b>(727)</b>	<b>(564)</b>
Gain on disposal of property, plant and equipment*	<b>2,388</b>	<b>5,398</b>	<b>2,388</b>	<b>5,556</b>
Reversal of allowance for doubtful trade receivable	<b>(72)</b>	<b>-</b>	<b>(99)</b>	<b>-</b>
(Provision) / reversal of provision of warranty claims on shipbuilding contracts, net	<b>(381)</b>	<b>60</b>	<b>(381)</b>	<b>98</b>
Net fair value loss on derivatives **	<b>(273)</b>	<b>(60)</b>	<b>(160)</b>	<b>(51)</b>

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

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

## **Notes to Consolidated Income Statement:**

- 1 Revenue is contributed primarily by shipbuilding, ship repair and vessel chartering activities.
- 2 Cost of Sales comprises primarily shipbuilding costs, ship repair costs and vessel operating expenses.
- 3 Other Operating Income includes income from all other activities which are not related to the principal activities of the Group.
- 4 Other Operating Expenses comprises primarily depreciation of property, plant and equipment and net foreign exchange gain / loss.

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Group		+ / (-) %	Company		+ / (-) %
	30/6/2019 \$'000	31/12/2018 \$'000		30/6/2019 \$'000	31/12/2018 \$'000	
<b>Equity attributable to owners of the Company</b>						
Share capital	94,943	94,943	0.0	94,943	94,943	0.0
Reserves	61,852	57,274	8.0	17,964	20,568	(12.7)
Non-controlling interest	(2)	(2)	0.0	-	-	NM
<b>Total equity</b>	<b>156,793</b>	<b>152,215</b>	<b>3.0</b>	<b>112,907</b>	<b>115,511</b>	<b>(2.3)</b>
<b>Non-current assets</b>						
<b>Intangible asset</b>	<b>78</b>	<b>78</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Property, plant and equipment</b>	<b>83,819</b>	<b>86,559</b>	<b>(3.2)</b>	<b>5,401</b>	<b>6,373</b>	<b>(15.3)</b>
<b>Right-of-use assets</b>	<b>1,416</b>	<b>-</b>	<b>NM</b>	<b>805</b>	<b>-</b>	<b>NM</b>
<b>Investments in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>NM</b>	<b>19,919</b>	<b>19,919</b>	<b>0.0</b>
<b>Loan to a subsidiary</b>	<b>-</b>	<b>-</b>	<b>NM</b>	<b>70,837</b>	<b>70,837</b>	<b>0.0</b>
<b>Quoted investment</b>	<b>4,614</b>	<b>5,157</b>	<b>(10.5)</b>	<b>4,614</b>	<b>5,157</b>	<b>(10.5)</b>
<b>Other investments</b>	<b>-</b>	<b>-</b>	<b>NM</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Other receivables</b>	<b>3,836</b>	<b>8,471</b>	<b>(54.7)</b>	<b>-</b>	<b>-</b>	<b>NM</b>
<b>Current assets</b>						
Inventories	24,166	20,608	17.3	-	-	NM
Trade receivables	19,406	20,200	(3.9)	4,326	9,954	(56.5)
Other receivables and deposits	15,665	7,705	103.3	205	213	(3.8)
Contract assets	12,326	14,812	(16.8)	1,016	6,504	(84.4)
Prepayments	201	373	(46.1)	101	75	34.7
Derivatives	5	163	(96.9)	5	163	(96.9)
Loan to subsidiaries	-	-	NM	17,067	12,997	31.3
Short-term deposits	27,020	31,624	(14.6)	17,178	20,822	(17.5)
Cash and bank balances	21,435	10,995	95.0	4,171	1,946	114.3
	120,224	106,480	12.9	44,069	52,674	(16.3)
Assets classified as held for sale	3,297	-	NM	14	-	NM
	123,521	106,480	16.0	44,083	52,674	(16.3)
<b>Current liabilities</b>						
Trade payables	19,180	18,085	6.1	147	392	(62.5)
Other payables and accruals	28,387	23,790	19.3	1,610	1,721	(6.4)
Provisions	565	196	188.3	340	117	190.6
Contract liabilities	3,953	4,715	(16.2)	-	-	NM
Derivatives	2	-	NM	2	-	NM
Deferred revenue	-	178	(100.0)	-	178	(100.0)
Provision for income tax	2,702	2,606	3.7	543	1,023	(46.9)
Lease liabilities	757	-	NM	432	-	NM
Term loan	583	1,000	(41.7)	-	-	NM
Deposit from subsidiaries	-	-	NM	27,133	33,738	(19.6)
	56,129	50,570	11.0	30,207	37,169	(18.7)
<b>Net current assets</b>	<b>67,392</b>	<b>55,910</b>	<b>20.5</b>	<b>13,876</b>	<b>15,505</b>	<b>(10.5)</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	1,971	2,184	(9.8)	554	676	(18.0)
Provisions	1,694	1,693	0.1	1,604	1,604	0.0
Lease liabilities	697	-	NM	387	-	NM
Term loan	-	83	(100.0)	-	-	NM
<b>Net Assets</b>	<b>156,793</b>	<b>152,215</b>	<b>3.0</b>	<b>112,907</b>	<b>115,511</b>	<b>(2.3)</b>

## 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. The non-current portion pertains to shipbuilding sales under deferred payment arrangements.
- 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.

## 1(b)(ii)

### Amount repayable in one year or less, or on demand

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured*	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
583	757	1,000	-

### Amount repayable after one year

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured*	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	697	83	-

### Details of any collateral

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

\* The unsecured amounts relate to 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 2019**

	Group		Group	
	3 Months Ended		6 Months Ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	8,503	4,730	9,485	7,018
Adjustments:				
Depreciation of property, plant and equipment	2,387	2,196	4,767	4,308
Gain on disposal of property, plant and equipment	(2,388)	(5,398)	(2,388)	(5,556)
Property, plant and equipment written off	-	-	-	-
Interest expense	20	18	41	44
Interest income	(266)	(263)	(518)	(529)
Reversal of allowance for doubtful trade receivable	(72)	-	(99)	-
Provision for employee retirement benefits	-	-	1	(3)
Net fair value loss on derivatives	273	60	160	51
Provision / (reversal of provision) of warranty claims on shipbuilding contracts, net	381	(60)	381	(98)
Currency alignment	(5)	1,500	41	702
	<u>8,833</u>	<u>2,783</u>	<u>11,871</u>	<u>5,937</u>
Operating cash flows before changes in working capital				
Inventories	8,546	(9,014)	(3,558)	(1,316)
Trade receivables	(3,838)	111	893	1,252
Other receivables, deposits and prepayments	(1,393)	(1,132)	(3,153)	(896)
Contract assets	(7,318)	(5,769)	2,486	(5,766)
Trade payables	222	4,196	1,095	3,768
Other payables and accruals	(2,582)	3,183	4,597	6,371
Provision	(2)	(16)	(12)	(107)
Contract liabilities	(612)	479	(762)	(7,922)
Lease liabilities	(142)	-	(279)	-
Deferred revenue	(129)	(46)	(178)	(27)
	<u>1,585</u>	<u>(5,225)</u>	<u>13,000</u>	<u>1,294</u>
Cash from / (used in) operations				
Interest paid	(32)	(18)	(41)	(44)
Interest received	266	263	518	529
Income taxes paid, net	(1,229)	(532)	(1,236)	(581)
	<u>590</u>	<u>(5,512)</u>	<u>12,241</u>	<u>1,198</u>
Net cash generated from / (used in) operating activities				
<b>Cash flows from investing activities</b>				
Investment in quoted shares	-	-	-	(8,000)
Proceeds from disposal of property, plant and equipment	8,571	21,637	8,571	21,795
Additions to property, plant and equipment	(2,359)	(2,651)	(11,645)	(3,224)
	<u>6,212</u>	<u>18,986</u>	<u>(3,074)</u>	<u>10,571</u>
Net cash generated from / (used in) investing activities				
<b>Cash flows from financing activities</b>				
Repayment of term loans	(250)	(250)	(500)	(1,750)
Increase in pledged deposits with licensed banks	(545)	-	(1,278)	-
Dividend paid	(2,752)	(991)	(2,752)	(991)
	<u>(3,547)</u>	<u>(1,241)</u>	<u>(4,530)</u>	<u>(2,741)</u>
Net cash used in financing activities				
<b>Net increase in cash and cash equivalents</b>	3,255	12,233	4,637	9,028
<b>Effect of exchange rate change on cash and cash equivalents</b>	(3)	1,014	(80)	692
<b>Cash and cash equivalents at beginning of period</b>	42,311	34,426	41,006	37,953
<b>Cash and cash equivalents at end of period</b>	<u>45,563</u>	<u>47,673</u>	<u>45,563</u>	<u>47,673</u>



**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	Revenue reserve \$'000	Total \$'000		
Opening balance as at 1 January 2019	94,943	(8,896)	66,170	152,217	(2)	152,215
Profit for the period	-	-	910	910	-	910
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	208	-	208	-	208
Foreign currency translation	-	(570)	-	(570)	-	(570)
Change in fair value of equity investment at FVOCI	-	(1,086)	-	(1,086)	-	(1,086)
Other comprehensive income for the period, net of tax	-	(1,448)	-	(1,448)	-	(1,448)
Total comprehensive income for the period	-	(1,448)	910	(538)	-	(538)
<b>Closing balance as at 31 March 2019</b>	<b>94,943</b>	<b>(10,344)</b>	<b>67,080</b>	<b>151,679</b>	<b>(2)</b>	<b>151,677</b>
Profit for the period	-	-	7,455	7,455	-	7,455
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(750)	-	(750)	-	(750)
Foreign currency translation	-	620	-	620	-	620
Change in fair value of equity investment at FVOCI	-	543	-	543	-	543
Other comprehensive income for the period, net of tax	-	413	-	413	-	413
Total comprehensive income for the period	-	413	7,455	7,868	-	7,868
<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 as 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>

**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 2018**

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
Opening balance as at 31 December 2017						
As previously reported	94,943	(12,202)	59,076	141,817	(1)	141,816
Adoption of SFRS(I) 1	-	4,644	(4,644)	-	-	-
Adoption of SFRS(I) 15	-	-	(951)	(951)	-	(951)
Opening balance as restated at 1 January 2018	94,943	(7,558)	53,481	140,866	(1)	140,865
Profit for the period	-	-	2,099	2,099	-	2,099
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(1,848)	-	(1,848)	-	(1,848)
Foreign currency translation	-	(350)	-	(350)	-	(350)
Issue of Management Award Share as per the investment agreement	-	(400)	-	(400)	-	(400)
Change in fair value of equity investment at FVOCI	-	1,900	-	1,900	-	1,900
Other comprehensive income for the period, net of tax	-	(698)	-	(698)	-	(698)
Total comprehensive income for the period	-	(698)	2,099	1,401	-	1,401
<b>Closing balance as at 31 March 2018</b>	94,943	(8,256)	55,580	142,267	(1)	142,266
Profit for the period	-	-	3,559	3,559	-	3,559
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	4,089	-	4,089	-	4,089
Foreign currency translation	-	31	-	31	-	31
Change in fair value of equity investment at FVOCI	-	(1,357)	-	(1,357)	-	(1,357)
Other comprehensive income for the period, net of tax	-	2,763	-	2,763	-	2,763
Total comprehensive income for the period	-	2,763	3,559	6,322	-	6,322
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(991)	(991)	-	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)	-	(991)
<b>Closing balance as at 30 June 2018</b>	<b>94,943</b>	<b>(5,493)</b>	<b>58,148</b>	<b>147,598</b>	<b>(1)</b>	<b>147,597</b>

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

Company	Share capital \$'000	Other reserve \$'000	Revenue reserve \$'000	Total Equity \$'000
Opening balance as at 1 January 2019	94,943	(2,843)	23,411	115,511
Profit for the period	-	-	904	904
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(1,086)	-	(1,086)
Total comprehensive income for the period	-	(1,086)	904	(182)
<b>Closing balance as at 31 March 2019</b>	<b>94,943</b>	<b>(3,929)</b>	<b>24,315</b>	<b>115,329</b>
Loss for the period	-	-	(213)	(213)
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	543	-	543
Total comprehensive income for the period	-	543	(213)	330
<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 as at 30 June 2019</b>	<b>94,943</b>	<b>(3,386)</b>	<b>21,350</b>	<b>112,907</b>

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

Company	Share capital \$'000	Other reserve \$'000	Revenue reserve \$'000	Total \$'000
Opening balance as at 31 December 2017				
As previously reported	94,943	-	19,359	114,302
Adoption of SFRS(I) 15	-	-	(314)	(314)
Balance as restated at 1 January 2018	94,943	-	19,045	113,988
Profit for the period	-	-	824	824
<u>Other comprehensive income</u>				
Issue of Management Award Share per the investment agreement	-	(400)	-	(400)
Change in fair value of equity investment at FVOCI	-	1,900	-	1,900
	-	1,500	-	1,500
Total comprehensive income for the period	-	1,500	824	2,324
<b>Closing balance as at 31 March 2018</b>	<b>94,943</b>	<b>1,500</b>	<b>19,869</b>	<b>116,312</b>
Profit for the period	-	-	3,906	3,906
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(1,357)	-	(1,357)
Total comprehensive income for the period	-	(1,357)	3,906	2,549
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(991)	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)
<b>Closing balance as at 30 June 2018</b>	<b>94,943</b>	<b>143</b>	<b>22,784</b>	<b>117,870</b>

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

Not applicable.

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

	Number of issued shares	
	30/06/2019	31/12/2018
Balance as at 1 January	220,169,774	220,169,774
Issue of shares	-	-
Balance as at 30 June / 31 December	220,169,774	220,169,774

- 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 2019.

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

Figures have not been audited or reviewed by the auditors.

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

Not applicable.

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

The financial information contained in this announcement has been based on the unaudited results for the period ended 30 June 2019, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2018 audited accounts, except for those disclosed under paragraph 5.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduce a single, on-balance sheet lease accounting model. It require a lessee to recognise a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company have applied the practical expedient to recognise the amount of ROU asset equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 30 June 2019 were mainly related to leases of the land use rights, the office and the dormitory occupied by the Group in various locations. Accordingly, there was an increase in right-of-use assets and lease liabilities of approximately S\$1.41 million and S\$1.45 million respectively as at 30 June 2019.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends:-	Group			
	3 Months Ended		6 Months Ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	Cents	Cents	Cents	Cents
(i) Based on the weighted average number of ordinary shares on issue (cts)	3.39	1.62	3.80	2.57
(ii) On a fully diluted basis (cts)	3.39	1.62	3.80	2.57

Profit per ordinary share for 2Q2019 was calculated based on the weighted average number of shares of 220,169,774 (2Q2018 was 220,169,774).

Earnings per ordinary share for 1H2019 was calculated based on the weighted average number of shares of 220,169,774 (1H2018 was 220,169,774).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :**
- a) **Current financial period reported on**  
b) **Immediately preceding financial year**

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on the issued share capital at the end of period (cts)	71.21	69.14	51.28	52.46

Net asset value per ordinary share was calculated based on the number of shares at 30 June 2019 (220,169,774 shares) and 31 December 2018 (220,169,774 shares).

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

**Review of Group's performance**  
**For the 3 months ended 30 June 2019 (2Q2019)**

<b>Revenue</b>	<b>2Q2019</b>	<b>2Q2018</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding, ship repairs and maintenance	45,327	13,975	224.3%
Chartering	6,800	5,766	17.9%
<b>Total</b>	<b>52,127</b>	<b>19,741</b>	<b>164.1%</b>

Revenue in 2Q2019 was \$52.1 million, an increase of 164.1% from 2Q2018. The increase was due mainly to an increase in the number of stock vessels sold, as well as an improvement in the utilisation rate and charter rates of the Group's Flex crewboats.

The increase in cost of sales corresponded to an increase in the number of stock vessels sold over the period.

Gross profit in 2Q2019 was \$13.4 million, an increase of 120.2% from 2Q2018. The increase was due mainly to higher contributions from both shipbuilding projects and chartering activities.

The decrease in gross profit margin in 2Q2019 compared with 2Q2018 was due mainly to a change in revenue mix where there was a higher contribution from lower-margin shipbuilding activities compared to higher-margin chartering activities.

The decrease in other operating income in 2Q2019 compared with 2Q2018 was due mainly to disposal of fewer vessels from the Group's operating fleet.

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

The decrease in other operating expenses was due mainly to a net foreign exchange loss of \$312,000 in 2Q2019, compared to a net foreign exchange loss of \$1 million in 2Q2018.

As a result of the above, the Group posted a profit of \$7.5 million in 2Q2019, compared to a profit of \$3.6 million in 2Q2018.

**For the 6 months ended 30 June 2019 (1H2019)**

<b>Revenue</b>	<b>1H2019</b>	<b>1H2018</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Shipbuilding, ship repairs and maintenance	55,139	34,863	58.2%
Chartering	12,797	10,831	18.2%
<b>Total</b>	<b>67,936</b>	<b>45,694</b>	<b>48.7%</b>

Revenue in 1H2019 was \$67.9 million, an increase of 48.7% from 1H2018. The increase was due mainly to an increase in the number of stock vessels sold, as well as an improvement in the utilisation rate and charter rates of the Group's Flex crewboats.

The increase in cost of sales corresponded to an increase in the number of stock vessels sold over the period.

Gross profit in 1H2019 was \$18.9 million, an increase of 46.1% from 1H2018. The increase was due mainly to higher contributions from both shipbuilding and chartering activities.

The decrease in other operating income in 1H2019 compared with 1H2018 was due mainly to disposal of fewer vessels from the Group's operating fleet.

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

As a result of the above, the Group posted a net profit of \$8.4 million in 1H2019, compared to a net profit of \$5.7 million in 1H2018.



## **Changes in Balance Sheet**

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

The increase in right-of-use assets and lease liabilities were due to the adoption of the new accounting standard SFRS(I) 16 on leases as disclosed in paragraph 5.

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 and the reclassification of a portion of other receivables non-current to other receivables current.

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 \$12.2 million from operating activities was mostly generated by shipbuilding and chartering activities.

The net cash of \$3.1 million used in investing activities arose from the addition of new Flex crewboats to the Group's own operating fleet, which was partially offset by the opportunistic sale of vessels from the operating fleet.

The net cash of \$4.5 million used in financing activities arose from the repayment of term loans, a dividend payment as approved by the Company's shareholders at its Annual General Meeting held on 25 April 2019 and pledged deposits with licensed banks.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$45.6 million as at 30 June 2019, from \$41.0 million as at 31 December 2018.

**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's core shipbuilding and crewboat chartering activities are continuing to pick up amidst rising demand in new and existing markets. Crewboat chartering rates and utilisation have improved, in line with improving sentiments in the offshore oil and gas industry.

Penguin Shipyard recently added passenger ferries to its internally funded build-for-stock programme, alongside its main stock programme for crewboats and security boats. In addition, the company is working to secure new build-to-order projects across various market segments.

The Group plans to add more crewboats to its operating fleet as utilisation rates and charter rates improve.

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

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

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

Name of Dividend:

Dividend Type: NIL

Dividend rate:

Tax Rate:

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

Not applicable.

**(ii) Previous corresponding period**

NIL

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been recommended.

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

The Company had in its Annual General Meeting held on 25 April 2019 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 2019.

There were no other interested persons transactions entered into during the financial period ended 30 June 2019.

**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 second quarter and half year ended 30 June 2019 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Tung May Fong**  
**Finance & Administration Director**  
**5 August 2019**