

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 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 31 MARCH 2019**

|                                  |   | <u>Group</u>          |                       | + / (-)<br>% |
|----------------------------------|---|-----------------------|-----------------------|--------------|
|                                  |   | <u>3 Months Ended</u> | <u>3 Months Ended</u> |              |
|                                  |   | <u>31/03/2019</u>     | <u>31/03/2018</u>     |              |
|                                  |   | <u>\$'000</u>         | <u>\$'000</u>         | <u>%</u>     |
| Revenue                          | 1 | 15,809                | 25,953                | (39.1)       |
| Cost of sales                    | 2 | (10,325)              | (19,108)              | (46.0)       |
| Gross profit                     |   | <u>5,484</u>          | <u>6,845</u>          | (19.9)       |
| Other operating income           | 3 | 1,062                 | 242                   | 338.8        |
| Marketing and distribution costs |   | (20)                  | (30)                  | (33.3)       |
| Administrative expenses          |   | (4,077)               | (3,915)               | 4.1          |
| Other operating expenses         | 4 | (1,664)               | (1,083)               | 53.6         |
| Finance cost                     |   | (55)                  | (37)                  | 48.6         |
| Interest income                  |   | 252                   | 266                   | (5.3)        |
| Profit before tax                |   | <u>982</u>            | <u>2,288</u>          | (57.1)       |
| Income tax expense               |   | (72)                  | (189)                 | (61.9)       |
| <b>Profit for the period</b>     |   | <u><u>910</u></u>     | <u><u>2,099</u></u>   | (56.6)       |

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2019**

|  | <b>Group</b>          |                   | + / (-)<br>% |
|--|-----------------------|-------------------|--------------|
|  | <b>3 Months Ended</b> |                   |              |
|  | <b>31/03/2019</b>     | <b>31/03/2018</b> |              |
|  | <b>\$'000</b>         | <b>\$'000</b>     |              |
| <b>Profit for the period</b>   | <b>910</b>            | <b>2,099</b>      | (56.6)       |
| <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 | 208                   | (1,848)           | (111.3)      |
| Foreign currency translation   | (570)                 | (350)             | 62.9         |
|  | <u>(362)</u>          | <u>(2,198)</u>    | (83.5)       |
| <b>Items that will not be reclassified subsequently to profit or loss</b>                          |                       |                   |              |
| Changes in fair value of equity investment at FVOCI  | (1,086)               | 1,900             | NM           |
| Issue of Management Award Share per the investment agreement                                       | -                     | (400)             | (100.0)      |
|  | <u>(1,086)</u>        | <u>1,500</u>      | NM           |
| <b>Other comprehensive income for the period, net of tax</b>                                       | <u>(1,448)</u>        | <u>(698)</u>      | 107.4        |
| <b>Total comprehensive income for the period, net of tax</b>                                       | <u>(538)</u>          | <u>1,401</u>      | NM           |
| <b>Total comprehensive income for the period attributable to:</b>                                  |                       |                   |              |
| Owners of the company  | (538)                 | 1,401             | NM           |
| Non-controlling interests  | -                     | -                 | NM           |
| <b>Total comprehensive income for the period</b>   | <u>(538)</u>          | <u>1,401</u>      | NM           |

## NOTES TO CONSOLIDATED INCOME STATEMENT

|  | <b>Group</b>          |                   |
|--|-----------------------|-------------------|
|  | <b>3 Months Ended</b> |                   |
|  | <b>31/03/2019</b>     | <b>31/03/2018</b> |
|  | <b>\$'000</b>         | <b>\$'000</b>     |
| Other income including interest income                                   | 1,314                 | 508               |
| Interest expense   | (21)                  | (26)              |
| Depreciation of property, plant and equipment                            | (2,380)               | (2,112)           |
| Net foreign exchange (loss) / gain                                       | (415)                 | 468               |
| Gain on disposal of property, plant and equipment *                      | -                     | 158               |
| Reversal of allowance for doubtful trade receivable                      | (27)                  | -                 |
| Reversal of provision for warranty claims on shipbuilding contracts, net | -                     | 38                |
| Net fair value gain on derivatives **                                    | 113                   | 9                 |

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

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

## **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 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 31 MARCH 2019**

|   | Group               |                      | + / (-)<br>%  | Company             |                      | + / (-)<br>% |
|---|---------------------|----------------------|---------------|---------------------|----------------------|--------------|
|   | 31/3/2019<br>\$'000 | 31/12/2018<br>\$'000 |               | 31/3/2019<br>\$'000 | 31/12/2018<br>\$'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  | 56,736              | 57,274               | (0.9)         | 20,386              | 20,568               | (0.9)        |
| Non-controlling interest                            | (2)                 | (2)                  | 0.0           | -                   | -                    | NM           |
| <b>Total equity</b>                                 | <b>151,677</b>      | <b>152,215</b>       | <b>(0.4)</b>  | <b>115,329</b>      | <b>115,511</b>       | <b>(0.2)</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>86,975</b>       | <b>86,559</b>        | <b>0.5</b>    | <b>5,904</b>        | <b>6,373</b>         | <b>(7.4)</b> |
| <b>Right-of-use assets</b>                          | <b>1,056</b>        | <b>-</b>             | <b>NM</b>     | <b>918</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>4,071</b>        | <b>5,157</b>         | <b>NM</b>     | <b>4,071</b>        | <b>5,157</b>         | <b>NM</b>    |
| <b>Other investments</b>                            | <b>-</b>            | <b>-</b>             | <b>NM</b>     | <b>-</b>            | <b>-</b>             | <b>NM</b>    |
| <b>Other receivables</b>                            | <b>3,860</b>        | <b>8,471</b>         | <b>(54.4)</b> | <b>-</b>            | <b>-</b>             | <b>NM</b>    |
| <b>Current assets</b>                               |                     |                      |               |                     |                      |              |
| Inventories   | 32,712              | 20,608               | 58.7          | -                   | -                    | NM           |
| Trade receivables                                   | 15,469              | 20,200               | (23.4)        | 7,288               | 9,954                | (26.8)       |
| Other receivables and deposits                      | 14,146              | 7,705                | 83.6          | 193                 | 213                  | (9.4)        |
| Contract assets                                     | 5,008               | 14,812               | (66.2)        | 2,083               | 6,504                | NM           |
| Prepayments   | 330                 | 373                  | (11.5)        | 115                 | 75                   | 53.3         |
| Derivatives   | 280                 | 163                  | 71.8          | 280                 | 163                  | 71.8         |
| Loan to subsidiaries                                | -                   | -                    | NM            | 22,459              | 12,997               | 72.8         |
| Short-term deposits                                 | 21,295              | 31,624               | (32.7)        | 10,545              | 20,822               | (49.4)       |
| Cash and bank balances                              | 23,366              | 10,995               | 112.5         | 7,277               | 1,946                | 273.9        |
|   | 112,606             | 106,480              | 5.8           | 50,240              | 52,674               | (4.6)        |
| Assets classified as held for sale                  | 6,289               | -                    | NM            | -                   | -                    | NM           |
|   | 118,895             | 106,480              | 11.7          | 50,240              | 52,674               | (4.6)        |
| <b>Current liabilities</b>                          |                     |                      |               |                     |                      |              |
| Trade payables                                      | 18,958              | 18,085               | 4.8           | 169                 | 392                  | (56.9)       |
| Other payables and accruals                         | 30,969              | 23,790               | 30.2          | 1,016               | 1,721                | (41.0)       |
| Provisions  | 186                 | 196                  | (5.1)         | 117                 | 117                  | 0.0          |
| Contract liabilities                                | 4,565               | 4,715                | (3.2)         | -                   | -                    | NM           |
| Derivatives   | 4                   | -                    | NM            | 4                   | -                    | NM           |
| Deferred revenue                                    | 129                 | 178                  | (27.5)        | 129                 | 178                  | (27.5)       |
| Provision for income tax                            | 2,816               | 2,606                | 8.1           | 1,155               | 1,023                | 12.9         |
| Lease liabilities                                   | 424                 | -                    | NM            | 350                 | -                    | NM           |
| Term loan   | 833                 | 1,000                | (16.7)        | -                   | -                    | NM           |
| Deposit from subsidiaries                           | -                   | -                    | NM            | 30,853              | 33,738               | (8.6)        |
|   | 58,884              | 50,570               | 16.4          | 33,793              | 37,169               | (9.1)        |
| <b>Net current assets</b>                           | <b>60,011</b>       | <b>55,910</b>        | <b>7.3</b>    | <b>16,447</b>       | <b>15,505</b>        | <b>6.1</b>   |
| <b>Non-current liabilities</b>                      |                     |                      |               |                     |                      |              |
| Deferred tax liabilities                            | 2,039               | 2,184                | (6.6)         | 587                 | 676                  | (13.2)       |
| Provisions  | 1,694               | 1,693                | 0.1           | 1,604               | 1,604                | 0.0          |
| Lease liabilities                                   | 641                 | -                    | NM            | 576                 | -                    | NM           |
| Term loan   | -                   | 83                   | (100.0)       | -                   | -                    | NM           |
| <b>Net Assets</b>                                   | <b>151,677</b>      | <b>152,215</b>       | <b>(0.4)</b>  | <b>115,329</b>      | <b>115,511</b>       | <b>(0.2)</b> |

## Notes to the Balance Sheet:

- 1 Property, Plant and Equipment refer mainly to the Group's vessels, leasehold buildings, as well as machinery and equipment.
- 2 Inventories refer mainly to construction cost of completed vessels and construction-in-progress vessels yet to be completed.
- 3 Trade Receivables refer mainly to receivables from shipbuilding, ship repair and vessel chartering activities. The non-current portion pertains to shipbuilding sales under deferred payment arrangements.
- 4 Other Receivables and Deposits refer mainly to receivables for fleet vessel sales, deposits paid by the Group for equipment purchase with long lead time and tax installments. The non-current portion pertains to fleet vessel sales under deferred payment arrangements.
- 5 Other Payables and Accruals refer mainly to advance payments and deposits received, advance billings and accrued operating expenses.
- 6 Contract Assets / (Liabilities) refers to progress billings in relation to shipbuilding contracts in deficit / (excess) of their corresponding revenue.
- 7 Provisions refer 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 31/03/2019 |           | As at 31/12/2018 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| \$'000           | \$'000    | \$'000           | \$'000    |
| 833              | -         | 1,000            | -         |

**Amount repayable after one year**

| As at 31/03/2019 |           | As at 31/12/2018 |           |
|------------------|-----------|------------------|-----------|
| Secured          | Unsecured | Secured          | Unsecured |
| \$'000           | \$'000    | \$'000           | \$'000    |
| -                | -         | 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.

**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 31 MARCH 2019**

|  | <b>Group</b>          |                   |
|--|-----------------------|-------------------|
|  | <b>3 Months Ended</b> |                   |
|  | <b>31/03/2019</b>     | <b>31/03/2018</b> |
|  | <b>\$'000</b>         | <b>\$'000</b>     |
| <b>Operating activities</b>  |                       |                   |
| Profit before tax, total   | 982                   | 2,288             |
| Adjustments for:   |                       |                   |
| Depreciation of property, plant and equipment  | 2,380                 | 2,112             |
| Gain on disposal of property, plant and equipment                                      | -                     | (158)             |
| Interest expense   | 21                    | 26                |
| Interest income  | (252)                 | (266)             |
| Reversal of allowance for doubtful trade receivable                                    | (27)                  | -                 |
| Provision for employee retirement benefits   | 1                     | (3)               |
| Net fair value gain on derivatives   | (113)                 | (9)               |
| (Reversal of provision) / provision for warranty claims on shipbuilding contracts, net | -                     | (38)              |
| Currency alignment   | 46                    | (798)             |
| Operating cash flows before changes in working capital                                 | 3,038                 | 3,154             |
| Inventories  | (12,104)              | 7,698             |
| Trade receivables  | 4,731                 | 1,141             |
| Other receivables, deposits and prepayments  | (1,760)               | 236               |
| Contract assets  | 9,804                 | 3                 |
| Trade payables   | 873                   | (428)             |
| Other payables and accruals  | 7,179                 | 3,188             |
| Provision  | (10)                  | (91)              |
| Contract liabilities   | (150)                 | (8,401)           |
| Lease liabilities  | (137)                 | -                 |
| Deferred revenue   | (49)                  | 19                |
| Cash generated from operations   | 11,415                | 6,519             |
| Interest paid  | (9)                   | (26)              |
| Interest received  | 252                   | 266               |
| Income taxes paid, net   | (7)                   | (49)              |
| Net cash flows generated from operating activities                                     | 11,651                | 6,710             |
| <b>Investing activities</b>  |                       |                   |
| Investment in quoted shares  | -                     | (8,000)           |
| Proceeds from disposal of property, plant and equipment                                | -                     | 158               |
| Additions to property, plant and equipment   | (9,286)               | (573)             |
| Net cash flows used in investing activities  | (9,286)               | (8,415)           |
| <b>Financing activities</b>  |                       |                   |
| Repayment of term loans  | (250)                 | (1,500)           |
| Increase in pledged deposits with licensed banks                                       | (733)                 | -                 |
| Net cash flows used in financing activities  | (983)                 | (1,500)           |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                          | <b>1,382</b>          | <b>(3,205)</b>    |
| <b>Effect of exchange rate change on cash and cash equivalents</b>                     | <b>(77)</b>           | <b>(322)</b>      |
| <b>Cash and cash equivalents at beginning of period</b>                                | <b>41,006</b>         | <b>37,953</b>     |
| <b>Cash and cash equivalents at end of period</b>                                      | <b>42,311</b>         | <b>34,426</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 31 MARCH 2019**

| Group  | Attributable to owners of the Company |                          |                           |                 | Non-controlling interest<br>\$'000 | Total Equity<br>\$'000 |
|--|---------------------------------------|--------------------------|---------------------------|-----------------|------------------------------------|------------------------|
|  | Share capital<br>\$'000               | Other reserves<br>\$'000 | Revenue reserve<br>\$'000 | Total<br>\$'000 |                                    |                        |
| Opening balance 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  | -                                     | -                        | (538)                     | (538)           | -                                  | (538)                  |
| <b>Closing balance at 31 March 2019</b>  | <b>94,943</b>                         | <b>(8,896)</b>           | <b>65,632</b>             | <b>151,679</b>  | <b>(2)</b>                         | <b>151,677</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 31 MARCH 2018**

| Group  | Attributable to owners of the Company |                          |                           |                 | Non-controlling interest<br>\$'000 | Total Equity<br>\$'000 |
|--|---------------------------------------|--------------------------|---------------------------|-----------------|------------------------------------|------------------------|
|  | Share capital<br>\$'000               | Other reserves<br>\$'000 | Revenue reserve<br>\$'000 | Total<br>\$'000 |                                    |                        |
| Closing balance 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 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 at 31 March 2018</b>  | <b>94,943</b>                         | <b>(8,256)</b>           | <b>55,580</b>             | <b>143,218</b>  | <b>(1)</b>                         | <b>142,266</b>         |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2019**

| Company  | Share<br>capital<br>\$'000 | Other<br>reserve<br>\$'000 | Revenue<br>reserve<br>\$'000 | Total<br>Equity<br>\$'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 at 31 March 2019</b>            | 94,943                     | (3,929)                    | 24,315                       | 115,329                   |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018**

| Company  | Share<br>capital<br>\$'000 | Other<br>reserve<br>\$'000 | Revenue<br>reserve<br>\$'000 | Total<br>\$'000 |
|--|----------------------------|----------------------------|------------------------------|-----------------|
| Balance 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         |
| Total comprehensive income 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 at 31 March 2018</b>                      | 94,943                     | 1,500                      | 19,869                       | 116,312         |

**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 |                    |
|--------------------------------------|-------------------------|--------------------|
|                                      | 31/03/2019              | 31/12/2018         |
| Balance as at 1 January              | 220,169,774             | 220,169,774        |
| Issue of shares                      | -                       | -                  |
| Balance as at 31 March / 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 31 March 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 31 March 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 has 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 31 March 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 a corresponding increase in lease liabilities of approximately S\$1 million as at 31 March 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:- | <b>Group</b>          |                   |
|--|-----------------------|-------------------|
|  | <b>3 Months Ended</b> |                   |
|  | <b>31/03/2019</b>     | <b>31/03/2018</b> |
|  | <b>Cent</b>           | <b>Cent</b>       |
| (i) Based on the weighted average number of ordinary shares on issue (cts)   | <b>0.41</b>           | <b>0.95</b>       |
| (ii) On a fully diluted basis (cts)  | <b>0.41</b>           | <b>0.95</b>       |

Earnings per ordinary share for 1Q2019 was calculated based on the weighted average number of shares of 220,169,774 (1Q2018 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>31/03/2019</b> | <b>31/12/2018</b> | <b>31/03/2019</b> | <b>31/12/2018</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>68.89</b>      | <b>69.14</b>      | <b>52.38</b>      | <b>52.46</b>      |

Net asset value per ordinary share was calculated based on the number of shares at 31 March 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 31 March 2019 (1Q2019)**

Revenue in 1Q2019 was \$15.9 million, a decrease of 39.1% from 1Q2018. The decrease was due mainly to a decrease in the sale of stock crewboats, and was partially offset by an increase in chartering activities.

The decrease in cost of sales corresponded to a decrease in the sale of stock crewboats.

Gross profit in 1Q2019 was \$5.5 million, a decrease of 19.9% from 1Q2018. The decrease was due mainly to a decrease in revenue from the sale of stock crewboats.

The increase in gross profit margin in 1Q2019 compared with 1Q2018 was due mainly to higher contributions from chartering activities.

The increase in other operating income was due mainly to forfeiture of deposit from a terminated sale and purchase agreement.

The increase in other operating expenses was due mainly to a net foreign exchange loss of \$415,000 in 1Q2019, compared to a net foreign exchange gain of \$468,000 in 1Q2018.

As a result of the above, the Group posted a profit of \$910,000 in 1Q2019, compared to a profit of \$2.1 million in 1Q2018.

## **Changes in Balance Sheet**

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

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

The increase in trade payables and other payables and accruals was due mainly to the timing of payment made during the period.

## **Review of Group Cashflow**

The net cash of \$11.6 million from operating activities was mostly generated by progressive milestone payments from shipbuilding activities.

The net cash of \$9.3 million used in investing activities arose from the addition of new vessels into the Group's operating fleet.

The net cash of \$1.0 million used in financing activities was due to the repayment of term loans and pledged deposits with licensed banks.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$42.3 million as at 31 March 2019, from \$41 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 picking up and margins are gradually improving.

Penguin Shipyard has diversified beyond its ongoing crewboat/security boat build-for-stock programme. New build-to-order projects include Fire Fighting Search-and-Rescue vessels, patrol boats and offshore windfarm support vessels.

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 31 March 2019.

There were no other interested persons transactions entered into during the financial period ended 31 March 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 first quarter ended 31 March 2019 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Tung May Fong**  
**Finance & Administration Director**  
**15 May 2019**