

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 Third Quarter And Nine Months Financial Statement and Dividend Announcement for the Period Ended 30 September 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 SEPTEMBER 2019

		3 Months Ended		+ / (-) %	9 Months Ended		+ / (-) %
		30/09/2019	30/09/2018		30/09/2019	30/09/2018	
		\$'000	\$'000		\$'000	\$'000	
Revenue	1	29,117	19,721	47.6	97,053	65,415	48.4
Cost of sales	2	(18,655)	(12,859)	45.1	(67,698)	(45,619)	48.4
Gross profit		10,462	6,862	52.5	29,355	19,796	48.3
Other operating income	3	2,186	300	628.7	5,792	6,043	(4.2)
Distribution costs		(107)	(55)	94.5	(186)	(112)	66.1
Administrative expenses		(4,962)	(4,446)	11.6	(14,776)	(12,777)	15.6
Other operating expenses	4	(1,944)	(1,931)	0.7	(5,491)	(5,669)	(3.1)
Finance cost		(18)	(25)	(28.0)	(110)	(87)	26.4
Interest income		234	280	(16.4)	752	809	(7.0)
Profit before tax		5,851	985	494.0	15,336	8,003	91.6
Income tax expense		(271)	(320)	(15.3)	(1,391)	(1,680)	(17.2)
Profit for the period		5,580	665	739.1	13,945	6,323	120.5

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

	3 Months Ended		Group + / (-) %	9 Months Ended		+ / (-) %
	30/09/2019	30/09/2018		30/09/2019	30/09/2018	
	\$'000	\$'000		\$'000	\$'000	
Profit for the period	5,580	665	739.1	13,945	6,323	120.5
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	1,451	(810)	NM	909	1,431	(36.5)
Foreign currency translation	(71)	443	NM	(21)	124	NM
	<u>1,380</u>	<u>(367)</u>	NM	<u>888</u>	<u>1,555</u>	(42.9)
Items that will not be reclassified subsequently to profit or loss						
Changes in fair value of equity investment at FVOCI	-	(543)	(100.0)	(543)	-	NM
Issue of Management Award Share per the investment agreement	-	-	NM	-	(400)	(100.0)
	<u>-</u>	<u>(543)</u>	(100.0)	<u>(543)</u>	<u>(400)</u>	35.8
Other comprehensive income for the period, net of tax	1,380	(910)	NM	345	1,155	(70.1)
Total comprehensive income for the period, net of tax	6,960	(245)	NM	14,290	7,478	91.1
Total comprehensive income for the period attributable to:						
Owners of the company	6,960	(245)	NM	14,290	7,478	91.1
Non-controlling interests	-	-	NM	-	-	NM
Total comprehensive income for the period	6,960	(245)	NM	14,290	7,478	91.1

NOTES TO CONSOLIDATED INCOME STATEMENT

	Group		Group	
	3 Months Ended		9 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	\$'000	\$'000	\$'000	\$'000
Other income including interest income	2,420	580	6,544	6,852
Interest expense	(20)	(13)	(61)	(57)
Depreciation of property, plant and equipment	(2,625)	(2,160)	(7,392)	(6,468)
Foreign exchange gain / (loss)	546	(301)	(181)	(865)
Gain on disposal of property, plant and equipment*	1,642	2	4,030	5,558
Impairment on inventory	530	-	530	-
Property, plant and equipment written off	(1)	-	(1)	-
(Allowance) / reversal of allowance for doubtful trade receivable	-	(1)	99	(1)
(Provision) / reversal of provision of warranty claims on shipbuilding contracts, net	(116)	(10)	(497)	88
Net fair value (loss) / gain on derivatives **	(7)	93	(167)	42

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

** This amount is included in net foreign exchange gain / (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 SEPTEMBER 2019**

	Group		+ / (-) %	Company		+ / (-) %
	30/9/2019 \$'000	31/12/2018 \$'000		30/9/2019 \$'000	31/12/2018 \$'000	
Equity attributable to owners of the Company						
Share capital	94,943	94,943	0.0	94,943	94,943	0.0
Reserves	68,812	57,274	20.1	23,565	20,568	14.6
Non-controlling interest	(2)	(2)	0.0	-	-	NM
Total equity	163,753	152,215	7.6	118,508	115,511	2.6
Non-current assets						
Intangible asset	78	78	0.0	-	-	NM
Property, plant and equipment	85,126	86,559	(1.7)	4,863	6,373	(23.7)
Right-of-use assets	1,333	-	NM	692	-	NM
Investments in subsidiaries	-	-	NM	19,919	19,919	0.0
Loan to a subsidiary	-	-	NM	70,837	70,837	0.0
Quoted investment	4,614	5,157	(10.5)	4,614	5,157	(10.5)
Other investments	-	-	NM	-	-	NM
Other receivables	3,660	8,471	(56.8)	-	-	NM
Current assets						
Inventories	34,320	20,608	66.5	-	-	NM
Trade receivables	14,580	20,200	(27.8)	4,341	9,954	(56.4)
Other receivables and deposits	16,981	7,705	120.4	432	213	102.8
Contract assets	6,408	14,812	(56.7)	-	6,504	(100.0)
Prepayments	711	373	90.6	130	75	73.3
Derivatives	-	163	(100.0)	-	163	(100.0)
Loan to subsidiaries	-	-	NM	17,572	12,997	35.2
Short-term deposits	28,323	31,624	(10.4)	15,216	20,822	(26.9)
Cash and bank balances	25,185	10,995	129.1	5,271	1,946	170.9
	126,508	106,480	18.8	42,962	52,674	(18.4)
Current liabilities						
Trade payables	19,653	18,085	8.7	8	392	(98.0)
Other payables and accruals	27,297	23,790	14.7	2,008	1,721	16.7
Provisions	587	196	199.5	341	117	191.5
Contract liabilities	2,968	4,715	(37.1)	-	-	NM
Derivatives	4	-	NM	4	-	NM
Deferred revenue	-	178	(100.0)	-	178	(100.0)
Provision for income tax	1,652	2,606	(36.6)	68	1,023	(93.4)
Lease liabilities	765	-	NM	387	-	NM
Term loan	333	1,000	(66.7)	-	-	NM
Deposit from subsidiaries	-	-	NM	20,096	33,738	(40.4)
	53,259	50,570	5.3	22,912	37,169	(38.4)
Net current assets	73,249	55,910	31.0	20,050	15,505	29.3
Non-current liabilities						
Deferred tax liabilities	1,991	2,184	(8.8)	540	676	(20.1)
Provisions	1,696	1,693	0.2	1,604	1,604	0.0
Lease liabilities	620	-	NM	323	-	NM
Term loan	-	83	(100.0)	-	-	NM
Net Assets	163,753	152,215	7.6	118,508	115,511	2.6

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 30/09/2019		As at 31/12/2018	
Secured	Unsecured*	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
333	765	1,000	-

Amount repayable after one year

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured*	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	620	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 SEPTEMBER 2019**

	Group		Group	
	3 Months Ended		9 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	5,851	985	15,336	8,003
Adjustments:				
Depreciation of property, plant and equipment	2,625	2,160	7,392	6,468
Gain on disposal of property, plant and equipment	(1,642)	(2)	(4,030)	(5,558)
Property, plant and equipment written off	1	-	1	-
Interest expense	20	13	61	57
Interest income	(234)	(280)	(752)	(809)
Allowance / (reversal of allowance) for doubtful trade receivable	-	1	(99)	1
Impairment of inventory	530	-	530	-
Provision for employee retirement benefits	2	(3)	3	(6)
Net fair value loss / (gain) on derivatives	7	(93)	167	(42)
Provision / (reversal of provision) of warranty claims on shipbuilding contracts, net	116	10	497	(88)
Currency alignment	(98)	405	(57)	1,107
Operating cash flows before changes in working capital	7,178	3,196	19,049	9,133
Inventories	(10,684)	(8,289)	(14,242)	(9,605)
Trade receivables	4,826	(907)	5,719	345
Other receivables, deposits and prepayments	(1,650)	(2,011)	(4,803)	(2,907)
Contract assets	5,918	(4,930)	8,404	(10,696)
Trade payables	473	704	1,568	4,472
Other payables and accruals	(1,090)	7,201	3,507	13,572
Provision	(94)	(3)	(106)	(110)
Contract liabilities	(985)	1,941	(1,747)	(5,981)
Lease liabilities	(204)	-	(483)	-
Deferred revenue	-	36	(178)	9
Cash from / (used in) operations	3,688	(3,062)	16,688	(1,768)
Interest paid	(20)	(13)	(61)	(57)
Interest received	234	280	752	809
Income taxes paid, net	(1,300)	(271)	(2,536)	(852)
Net cash generated from / (used in) operating activities	2,602	(3,066)	14,843	(1,868)
Cash flows from investing activities				
Investment in quoted shares	-	-	-	(8,000)
Proceeds from disposal of property, plant and equipment	5,129	3	13,700	21,798
Additions to property, plant and equipment	(2,914)	(4,612)	(14,559)	(7,836)
Net cash generated from / (used in) investing activities	2,215	(4,609)	(859)	5,962
Cash flows from financing activities				
Repayment of term loans	(250)	(250)	(750)	(2,000)
Increase in pledged deposits with licensed banks	601	755	(677)	755
Dividend paid	-	-	(2,752)	(991)
Net cash from / (used in) financing activities	351	505	(4,179)	(2,236)
Net increase / (decrease) in cash and cash equivalents	5,168	(7,170)	9,805	1,858
Effect of exchange rate change on cash and cash equivalents	487	(431)	407	261
Cash and cash equivalents at beginning of period	45,563	47,673	41,006	37,953
Cash and cash equivalents at end of period	51,218	40,072	51,218	40,072

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 SEPTEMBER 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	-	-	8,365	8,365	-	8,365
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(542)	-	(542)	-	(542)
Foreign currency translation	-	50	-	50	-	50
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)	-	(543)
Other comprehensive income for the period, net of tax	-	(1,035)	-	(1,035)	-	(1,035)
Total comprehensive income for the period	-	(1,035)	8,365	7,330	-	7,330
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(2,752)	(2,752)	-	(2,752)
Total contributions by and distributions to owners	-	-	(2,752)	(2,752)	-	(2,752)
Closing balance as at 30 June 2019	94,943	(9,931)	71,783	156,795	(2)	156,793
Profit for the period	-	-	5,580	5,580	-	5,580
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	1,451	-	1,451	-	1,451
Foreign currency translation	-	(71)	-	(71)	-	(71)
Other comprehensive income for the period, net of tax	-	1,380	-	1,380	-	1,380
Total comprehensive income for the period	-	1,380	5,580	6,960	-	6,960
Closing balance as at 30 September 2019	94,943	(8,551)	77,363	163,755	(2)	163,753

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 SEPTEMBER 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	-	-	5,658	5,658	-	5,658
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	2,241	-	2,241	-	2,241
Foreign currency translation	-	(319)	-	(319)	-	(319)
Issue of Management Award Share as per the investment agreement	-	(400)	-	(400)	-	(400)
Change in fair value of equity investment at FVOCI	-	543	-	543	-	543
Other comprehensive income for the period, net of tax	-	2,065	-	2,065	-	2,065
Total comprehensive income for the period	-	2,065	5,658	7,723	-	7,723
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(991)	(991)	-	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)	-	(991)
Closing balance as at 30 June 2018	94,943	(5,493)	58,148	147,598	(1)	147,597
Profit for the period	-	-	665	665	-	665
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(810)	-	(810)	-	(810)
Foreign currency translation	-	443	-	443	-	443
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)	-	(543)
Other comprehensive income for the period, net of tax	-	(910)	-	(910)	-	(910)
Total comprehensive income for the period	-	(910)	665	(245)	-	(245)
Closing balance as at 30 September 2018	94,943	(6,403)	58,813	147,353	(1)	147,352

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	691	691
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)
Total comprehensive income for the period	-	(543)	691	148
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(2,752)	(2,752)
Total contributions by and distributions to owners	-	-	(2,752)	(2,752)
Closing balance as at 30 June 2019	94,943	(3,386)	21,350	112,907
Profit for the period	-	-	5,601	5,601
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	-	-	-
Total comprehensive income for the period	-	-	5,601	5,601
Closing balance as at 30 September 2019	94,943	(3,386)	26,951	118,508

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	4,730	4,730
<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	-	543	-	543
	-	143	-	143
Total comprehensive income for the period	-	143	4,730	4,873
<u>Contributions by and distributions to owners</u>				
Dividend paid	-	-	(991)	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)
Closing balance as at 30 June 2018	94,943	143	22,784	117,870
Profit for the period	-	-	9,155	9,155
<u>Other comprehensive income</u>				
Change in fair value of equity investment at FVOCI	-	(543)	-	(543)
Total comprehensive income for the period	-	(543)	9,155	8,612
Closing balance as at 30 September 2018	94,943	(400)	31,939	126,482

- 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	
	30/09/2019	31/12/2018
Balance as at 1 January	220,169,774	220,169,774
Issue of shares	-	-
Balance as at 30 September / 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 September 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 September 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 September 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\$1.33 million and S\$1.38 million respectively as at 30 September 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		9 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	Cents	Cent	Cents	Cents
(i) Based on the weighted average number of ordinary shares on issue (cts)	2.53	0.30	6.33	2.87
(ii) On a fully diluted basis (cts)	2.53	0.30	6.33	2.87

Profit per ordinary share for 3Q2019 was calculated based on the weighted average number of shares of 220,169,774 (3Q2018 was 220,169,774).

Earnings per ordinary share for nine months ended 30 September 2019 was calculated based on the weighted average number of shares of 220,169,774 (nine months ended 30 September 2018 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 :**
- Current financial period reported on**
 - Immediately preceding financial year**

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	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)	74.38	69.14	53.83	52.46

Net asset value per ordinary share was calculated based on the number of shares at 30 September 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 September 2019 (3Q2019)

Revenue	3Q2019	3Q2018	+ / (-)
	\$'000	\$'000	%
Shipbuilding, ship repair and maintenance	20,820	12,596	65.3%
Chartering	8,297	7,125	16.4%
Total	29,117	19,721	47.6%

Revenue in 3Q2019 was \$29.1 million, an increase of 47.6% from 3Q2018. The increase was due mainly to an increase in the number of stock vessels sold, as well as an improvement in charter rates and increase in fleet size 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 3Q2019 was \$10.5 million, an increase of 52.5% from 3Q2018. The increase was due mainly to higher contributions from shipbuilding projects and chartering activities.

The increase in other operating income in 3Q2019 compared with 3Q2018 was due mainly to the disposal of one crewboat and two ferries from the Group's operating fleet in the latest quarter, compared with no fleet sales in the corresponding period last year.

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 profit of \$5.6 million in 3Q2019, compared to a profit of \$665,000 in 3Q2018.

For the 9 months ended 30 September 2019 (9M2019)

Revenue	9M2019	9M2018	+ / (-)
	\$'000	\$'000	%
Shipbuilding, ship repair and maintenance	75,959	47,459	60.1%
Chartering	21,094	17,956	17.5%
Total	97,053	65,415	48.4%

Revenue in 9M2019 was \$97.1 million, an increase of 48.4% from 9M2018. The increase was due mainly to an increase in the number of stock vessels sold, as well as an improvement in charter rates and increase in fleet size 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 9M2019 was \$29.4 million, an increase of 48.3% from 9M2018. The increase was due mainly to higher contributions from shipbuilding and chartering activities.

The decrease in other operating income in 9M2019 compared with 9M2018 was due mainly to lower gains for the sale of vessels from the Group's operating fleet, compared with the previous period.

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 \$13.9 million in 9M2019, compared to a net profit of \$6.3 million in 9M2018.

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.

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 \$14.8 million from operating activities was mostly generated by shipbuilding and chartering activities.

The net cash of \$859,000 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 sale of vessels from the fleet.

The net cash of \$4.2 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 \$51.2 million as at 30 September 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 charter rates and utilisation rates have risen in line with improving sentiments in the offshore oil and gas industry.

Penguin Shipyard recently added offshore windfarm Crew Transfer Vessels to its internally funded build-for-stock programme, which currently comprises security boats, crewboats and passenger ferries. 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 under Pelican Offshore, as charter rates and utilisation 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 September 2019.

There were no other interested persons transactions entered into during the financial period ended 30 September 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 third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Tung May Fong
Finance & Administration Director
7 November 2019