



PENGUIN BOAT INTERNATIONAL LTD
(Company Registration No. 197600165Z)

FOR IMMEDIATE RELEASE

Penguin back in the black with \$1.2 mln net profit in FY2006

- **FY2006 recorded net profit of \$1.2 million, reversing a loss of \$3.9 million in FY2005**
- **Group declares first dividend in 4 years**
- **FY2006 gross profit up 31% year-on-year to \$21.7 million**
- **Cash-on-hand in FY2006 rises to a record \$19.6 million, from \$13.9 million in FY2005**
- **Penguin off to a flying start in FY2007 with US\$23 million offshore shipbuilding contract**

Singapore, 1 March 2007 – Penguin Boat International Limited (“Penguin” or “Group”), an integrated marine and offshore services company specialising in the construction, repair and operation of high-speed commercial and offshore vessels, has returned to profitability in FY2006 with a net profit of \$1.2 million or 0.45 cents per ordinary share on a fully diluted basis, reversing a loss of \$(3.9) million or (1.80) cents per share a year earlier.

Over the same period, gross profit margin rose from 25% to 39%, net operating cash flow increased 22% year-on-year to \$6.8 million while cash on hand improved by 41% to a record \$19.6 million.

The directors have recommended a dividend of 0.1 cent per share for FY2006. The last time Penguin paid a dividend was for FY2002.

In addition, the Group also reduced its current liabilities by 45% year-on-year to \$26.9 million, resulting in a 751% jump in net current assets to \$8.1 million.

The increase in cash and decrease in borrowings was largely due to an improved cash flow in FY2006 and a \$30 million zero-coupon convertible bond program, of which \$5 million was drawn down in FY2006. As a result of the debt-to-equity conversions, the total number of ordinary shares increased from 264.7 million to 283.5 million in FY2006.

Group revenue in FY2006 fell 15% year-on-year to \$55.7 million due to a decrease in shipbuilding revenue, charter income and ferry ticketing income. The decline, however, was offset by an improved gross profit margin. The drop in shipbuilding revenue in FY2006 despite the increase in new orders was largely due to contracts being signed late in the year. Hence, revenue from most of the FY2006 orders will be recognized in FY2007.

The Group results were affected by the weakening US Dollar, which resulted in a foreign exchange loss of \$1.6 million.

Reaping the Fruits of Restructuring

Penguin's return to profitability, following three years of losses, was the result of a two-year restructuring program based on improving utilisation rates and reducing depreciation through strategic vessel sales, boosting income from building vessels for third-party shipowners and targeting higher-margin contracts in the offshore oil and gas industry.

In FY2006, Penguin Shipyard International Pte. Ltd. ("PSI"), the Group's shipbuilding and repair arm, signed \$20 million worth of new orders, versus \$19 million in FY2005. In the first two months of FY2007 alone, the Group has signed \$57 million worth of newbuild orders.

Over the last 14 months, Penguin has signed contracts to build eight units of 36-metre aluminium crewboats and three units of steel FSIV.

The 36-metre crewboat is based on a tried-and-tested design that was jointly developed by PSI and Pelican Offshore Services Pte. Ltd. ("Pelican"), the Group's offshore chartering arm.

The newbuild FSIV for Abu Dhabi National Oil Company (ADNOC) features several unique specifications, including an aerodynamic steel hull and specially designed under-deck storage tanks for transporting Jet A1 fuel, liquid mud and brine to drilling rigs and platforms.

The ADNOC contract – at US\$23 million - is the single largest contract entered into by Penguin and also the first contract with a Middle Eastern company. It also flags off Penguin's first foray into building steel vessels.

In FY2006, Pelican sold two FSIV from its existing fleet, which largely accounted for the Group's 175% year-on-year increase in "other income" to \$2.5 million. Between FY2005 and FY2006, vessel depreciation fell 8% to \$5.6 million.

More than Ferries

"After two years of changing our business model and reprioritising our operations, Penguin is now on an even keel," said Penguin's Executive Chairman and Founder, Mr. Heng Kheng Seng.

"The Penguin you see before you today is no longer just a ferry operator," Mr. Heng said. "We are now a professionally-run global marine and offshore services company, specializing in the construction and operation of both aluminium and steel vessels."

Mr. Heng, commented: "Not only have we turned around, we have also stabilised our earnings base with a focus on overseas markets, strategic partnerships and the offshore sector."

In FY2006, Penguin signed a time charter with Tian San Shipping (Pte) Ltd to jointly provide high-speed passenger ferries to the local petrochemical industry. The company also signed a bareboat charter with the Philippines' Aboitiz group.

Meanwhile, ferry ticketing revenue as a percentage of Penguin's revenue remained below 40%, as the Group weaned itself from ferry operations to focus on chartering and shipbuilding, which accounted for 40% and 18% of Group revenue respectively in FY2006.

"We are in a business that is capital intensive," Mr. Heng explained. "We need cash to expand our facilities and refleet our vessels. The convertible bond program was just one of a few fund raising options before us."

On the corporate front, Penguin in FY2006 increased the paid-up capital of four of its business units to between \$2 million and \$15 million. This is part of the Group's strategy of streamlining decision-making between holding company and subsidiaries, and positioning the units to enter into major contracts and partnerships in their own right. Over the longer term, the empowered subsidiaries will attract their own capital for business expansion.

Outlook for FY2007

"Looking ahead, we plan to put our strong balance sheet and 31 years of marine experience to good use," said Mr. Heng. "To grow our business, we are exploring different kinds of cooperation, including acquisitions, joint ventures and alliances."

For FY2007, Penguin plans to continue renewing its fleet of ferries and FSIV ("Newer, Faster, Safer"), implementing a "production line" process at the shipyard to build more vessels, completing its new shipyard in Batam to build steel vessels and investing in "like-minded" companies.

"Penguin aims to be the partner of choice among small to medium-sized companies looking for a long-term partner for growth," said Mr. Heng.

Barring any unforeseen events, Penguin is expected to improve on its financial performance this financial year.

Financial Highlights for FY2006

(S\$'000)	FY2006	FY2005	Change (%)
Revenue	55,684	65,419	-15%
Gross Profit	21,729	16,634	+31%
Gross Profit Margin (%)	39%	25%	NA
Net Profit/(Loss)	1,175	(3,930)	NA
Cash-On-Hand	19,612	13,879	+41%

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About Penguin Boat International Limited

Penguin Boat International Limited comprises six business units offering integrated marine and offshore services ranging from high-speed passenger and cargo transportation to ship repair and shipbuilding, industrial services, offshore support services and bunkering. Penguin owns and operates a fleet of more than 50 vessels, as well as two shipyards in Singapore and a start-up shipyard in Batam.

Issued for and on behalf of Penguin Boat International Limited.

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