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 2017**

## 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 2017

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | 3 Months Ended | | | 6 Months Ended | | |
| | | 30/06/2017 $'000 | 30/06/2016 $'000 | + / (-) % | 30/06/2017 $'000 | 30/06/2016 $'000 | + / (-) % |
| Revenue | 1 | **17,491** | **10,479** | **66.9** | **48,132** | **16,762** | **187.1** |
| Cost of sales | 2 | **(12,542)** | **(7,049)** | **77.9** | **(37,580)** | **(10,910)** | **244.5** |
| Gross profit | | **4,949** | **3,430** | **44.3** | **10,552** | **5,852** | **80.3** |
| Other operating income | 3 | **299** | **63** | **374.6** | **1,901** | **1,860** | **2.2** |
| Distribution costs | | **(55)** | **(57)** | **(3.5)** | **(86)** | **(110)** | **(21.8)** |
| Administrative expenses | | **(3,151)** | **(3,175)** | **(0.8)** | **(6,047)** | **(6,440)** | **(6.1)** |
| Other operating expenses | 4 | **(2,210)** | **(3,541)** | **(37.6)** | **(4,327)** | **(6,895)** | **(37.2)** |
| Finance cost | | **(91)** | **(124)** | **(26.6)** | **(181)** | **(263)** | **(31.2)** |
| Interest income | | **194** | **48** | **304.2** | **343** | **102** | **236.3** |
| (Loss) / profit before tax | | **(65)** | **(3,356)** | **(98.1)** | **2,155** | **(5,894)** | **NM** |
| Income tax (expense) / credit | | **(24)** | **263** | **NM** | **(224)** | **250** | **NM** |
| **(Loss) / profit for the period** | | **(89)** | **(3,093)** | **(97.1)** | **1,931** | **(5,644)** | **NM** |

## CONSOLIDATED INCOME STATEMENT
## FOR THE PERIOD ENDED 30 JUNE 2017

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | 3 Months Ended | | | 6 Months Ended | | |
| | 30/06/2017 $'000 | 30/06/2016 $'000 | + / (-) % | 30/06/2017 $'000 | 30/06/2016 $'000 | + / (-) % |
| **(Loss) / profit for the period** | **(89)** | **(3,093)** | **(97.1)** | **1,931** | **(5,644)** | **NM** |
| **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 | **(819)** | **(653)** | **25.4** | **(4,025)** | **(2,757)** | **46.0** |
| Foreign currency translation | **(791)** | **454** | **NM** | **(2,030)** | **24** | **NM** |
| **Other comprehensive income for the period, net of tax** | **(1,610)** | **(199)** | **709.0** | **(6,055)** | **(2,733)** | **121.6** |
| **Total comprehensive income for the period, net of tax** | **(1,699)** | **(3,292)** | **(48.4)** | **(4,124)** | **(8,377)** | **(50.8)** |
| **Total comprehensive income for the period attributable to:** | | | | | | |
| Owners of the company | **(1,699)** | **(3,292)** | **(48.4)** | **(4,124)** | **(8,377)** | **(50.8)** |
| Non-controlling interests | **-** | **-** | **NM** | **-** | **-** | **NM** |
| **Total comprehensive income for the period** | **(1,699)** | **(3,292)** | **(48.4)** | **(4,124)** | **(8,377)** | **(50.8)** |

## NOTES TO CONSOLIDATED INCOME STATEMENT

| | Group | | Group | |
|---|---|---|---|---|
| | 3 Months Ended | | 6 Months Ended | |
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| | $'000 | $'000 | $'000 | $'000 |
| Other income including interest income | **493** | **111** | **2,244** | **1,962** |
| Interest expense | **(84)** | **(117)** | **(165)** | **(248)** |
| Depreciation of property, plant and equipment | **(2,247)** | **(2,183)** | **(4,312)** | **(4,429)** |
| Impairment of property, plant and equipment and inventories | **-** | **(1,312)** | **-** | **(3,312)** |
| Property, plant and equipment written off | **(13)** | **-** | **(14)** | **-** |
| Foreign exchange gain / (loss) | **85** | **(453)** | **(331)** | **23** |
| equipment* | **244** | **3** | **1,744** | **(2)** |
| (Provision) / reversal of warranty claims on shipbuilding | **(21)** | **19** | **(55)** | **72** |
| Allowance for doubtful debts (trade) | **(358)** | **-** | **(358)** | **-** |

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

## 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 is contributed primarily by gain on disposal of property, plant and equipment.

4 Other Operating Expenses comprises primarily depreciation of property, plant and equipment, allowance for doubtful debts 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 2017

| | | Group | | + / (-) | Company | | + / (-) |
|---|---|---|---|---|---|---|---|
| | | 30/06/2017 | 31/12/2016 | % | 30/06/2017 | 31/12/2016 | % |
| | | $'000 | $'000 | | $'000 | $'000 | |
| **Equity attributable to owners of the Company** | | | | | | | |
| Share capital | | **94,943** | **94,943** | **0.0** | **94,943** | **94,943** | **0.0** |
| Reserves | | **47,175** | **51,096** | **(7.7)** | **18,466** | **17,110** | **7.9** |
| **Total equity** | | **142,118** | **146,039** | **(2.7)** | **113,409** | **112,053** | **1.2** |
| **Intangible asset** | | **78** | **78** | **0.0** | **-** | **-** | **NM** |
| **Property, plant and equipment** | 1 | **94,780** | **104,405** | **(9.2)** | **10,508** | **11,284** | **(6.9)** |
| **Investments in subsidiaries** | | **-** | **-** | **NM** | **25,535** | **25,535** | **0.0** |
| **Loan to a subsidiary** | | **-** | **-** | **NM** | **80,373** | **61,913** | **29.8** |
| **Other investments** | | **-** | **-** | **NM** | **-** | **-** | **NM** |
| **Trade receivables** | 3 | **864** | **1,876** | **(53.9)** | **-** | **-** | **NM** |
| **Other receivables** | 4 | **7,471** | **2,708** | **175.9** | **-** | **-** | **NM** |
| **Current assets** | | | | | | | |
| Inventories | 2 | **13,537** | **40,187** | **(66.3)** | **-** | **-** | **NM** |
| Trade receivables | 3 | **11,929** | **8,058** | **48.0** | **4,489** | **928** | **383.7** |
| Other receivables and deposits | 4 | **3,671** | **4,230** | **(13.2)** | **148** | **105** | **41.0** |
| Prepayments | | **473** | **338** | **39.9** | **139** | **125** | **11.2** |
| Due from customer for contract work-in-progress | 5 | **2,377** | **-** | **NM** | **-** | **-** | **NM** |
| Loan to subsidiaries | | **-** | **-** | **NM** | **19,892** | **32,801** | **(39.4)** |
| Short-term deposits | | **18,142** | **12,019** | **50.9** | **18,142** | **8,549** | **112.2** |
| Cash and bank balances | | **20,564** | **6,656** | **209.0** | **13,176** | **2,709** | **386.4** |
| | | **70,693** | **71,488** | **(1.1)** | **55,986** | **45,217** | **23.8** |
| Assets classified as held for sale | | **-** | **6,251** | **(100.0)** | **-** | **-** | **NM** |
| | | **70,693** | **77,739** | **(9.1)** | **55,986** | **45,217** | **23.8** |
| **Current liabilities** | | | | | | | |
| Trade payables | | **5,302** | **8,523** | **(37.8)** | **122** | **143** | **(14.7)** |
| Other payables and accruals | 6 | **8,588** | **17,147** | **(49.9)** | **1,474** | **2,052** | **(28.2)** |
| Provisions | | **635** | **641** | **(0.9)** | **-** | **-** | **NM** |
| Due to customer for contract work-in-progress | 5 | **8,834** | **409** | **2,059.9** | **9,856** | **-** | **NM** |
| Deferred revenue | | **179** | **160** | **11.9** | **179** | **160** | **11.9** |
| Provision for income tax | | **1,225** | **36** | **3,302.8** | **167** | **5** | **3,240.0** |
| Term loans | | **2,750** | **3,360** | **(18.2)** | **-** | **-** | **NM** |
| Deposit from subsidiaries | | **-** | **-** | **NM** | **45,636** | **28,023** | **62.9** |
| | | **27,513** | **30,276** | **(9.1)** | **57,434** | **30,383** | **89.0** |
| **Net current assets / (liabilities)** | | **43,180** | **47,463** | **(9.0)** | **(1,448)** | **14,834** | **NM** |
| **Non-current liabilities** | | | | | | | |
| Deferred tax liabilities | | **2,505** | **3,702** | **(32.3)** | **1,455** | **1,409** | **3.3** |
| Provisions | | **167** | **169** | **(1.2)** | **104** | **104** | **0.0** |
| Term loans | | **1,583** | **6,620** | **(76.1)** | **-** | **-** | **NM** |
| **Net Assets** | | **142,118** | **146,039** | **(2.7)** | **113,409** | **112,053** | **1.2** |

## Notes to the Balance Sheet:

1 Property, Plant and Equipment refers mainly to the Group's vessels, leasehold buildings and machinery and equipment.

2 Inventories refers mainly to construction cost of completed vessels and construction-in-progress in relation to uncompleted vessels.

3 Trade Receivables refers mainly to receivables from shipbuilding, ship repair and vessel chartering activities. Non-current portion pertains to shipbuilding sales under deferred payment arrangement.

4 Other Receivables and Deposits refers mainly to receivables for fleet vessel sales, deposits paid and tax installments. Non-current portion pertains to fleet vessel sale under deferred payment arrangement.

5 Due from / (to) Customer for Contract Work-in-Progress refers to progress billings in relation to shipbuilding contracts in deficit / (excess) of their corresponding costs.

6 Other Payables and Accruals refers mainly to advance payments and deposits received, advance billings and accrued operating expenses.

**1(b)(ii)**

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

| As at 30/06/2017 | | As at 31/12/2016 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 2,750 | - | 3,360 | - |

## Amount repayable after one year

| As at 30/06/2017 | | As at 31/12/2016 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 1,583 | - | 6,620 | - |

## Details of any collateral

The Group's borrowings from the banks are secured by way of mortgage over certain subsidiaries' vessels, including assignment of insurance policies and charter earnings and contracts.

**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 2017**

| | Group | | Group | |
|---|---|---|---|---|
| | 3 Months Ended | | 6 Months Ended | |
| | 30/06/2017 $'000 | 30/06/2016 $'000 | 30/06/2017 $'000 | 30/06/2016 $'000 |
| **Cash flows from operating activities** | | | | |
| (Loss) / profit before tax | **(65)** | **(3,356)** | **2,155** | **(5,894)** |
| Adjustments: | | | | |
| Depreciation of property, plant and equipment | **2,247** | **2,183** | **4,312** | **4,429** |
| Impairment of property, plant and equipment and inventories | **-** | **1,312** | **-** | **3,312** |
| (Gain) / loss on disposal of property, plant and equipment | **(244)** | **(3)** | **(1,744)** | **2** |
| Property, plant and equipment written off | **13** | **-** | **14** | **-** |
| Interest expense | **84** | **117** | **165** | **248** |
| Interest income | **(194)** | **(48)** | **(343)** | **(102)** |
| Provision for employee retirement benefits | **-** | **-** | **(2)** | **-** |
| Allowance for doubtful debts (trade) | **358** | **-** | **358** | **-** |
| Provision / (reversal) of warranty claims on shipbuilding contracts, net | **21** | **(19)** | **55** | **(72)** |
| Currency alignment | **294** | **585** | **381** | **16** |
| Operating cash flows before changes in working capital | **2,514** | **771** | **5,351** | **1,939** |
| Inventories | **7,134** | **(469)** | **26,887** | **(641)** |
| Trade receivables | **2,794** | **(2,618)** | **(509)** | **(1,885)** |
| Other receivables, deposits and prepayments | **(2,278)** | **661** | **(7,104)** | **1,147** |
| Due from customer for contract work-in-progress | **(2,377)** | **(2,696)** | **(2,377)** | **(2,696)** |
| Trade payables | **1,022** | **(771)** | **(3,221)** | **(1,733)** |
| Other payables and accruals | **(3,933)** | **(464)** | **(8,620)** | **(4,340)** |
| Due to customer for contract work-in-progress | **2,110** | **(1,125)** | **8,425** | **(2,322)** |
| Deferred revenue | **1** | **39** | **19** | **(28)** |
| Cash from / (used in) operations | **6,987** | **(6,672)** | **18,851** | **(10,559)** |
| Interest paid | **(84)** | **(117)** | **(165)** | **(248)** |
| Interest received | **194** | **48** | **343** | **102** |
| Income taxes (paid) / refund, net | **(10)** | **(2,962)** | **28** | **(3,144)** |
| Net cash generated from / (used in) operating activities | **7,087** | **(9,703)** | **19,057** | **(13,849)** |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of property, plant and equipment | **3,114** | **2** | **7,996** | **4** |
| Additions to property, plant and equipment | **(559)** | **(641)** | **(873)** | **(4,069)** |
| Net cash generated from / (used in) investing activities | **2,555** | **(639)** | **7,123** | **(4,065)** |
| **Cash flows from financing activities** | | | | |
| Repayment of term loans | **(4,807)** | **(840)** | **(5,647)** | **(1,680)** |
| Dividend paid | **-** | **(1,651)** | **-** | **(1,651)** |
| Net cash used in financing activities | **(4,807)** | **(2,491)** | **(5,647)** | **(3,331)** |
| **Net increase / (decrease) in cash and cash equivalents** | **4,835** | **(12,833)** | **20,533** | **(21,245)** |
| **Effect of exchange rate change on cash and cash equivalents** | **(532)** | **(60)** | **(502)** | **(118)** |
| **Cash and cash equivalents at beginning of period** | **34,115** | **28,539** | **18,387** | **37,009** |
| **Cash and cash equivalents at end of period** | **38,418** | **15,646** | **38,418** | **15,646** |

**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 2017

| Group | Attributable to owners of the Company | | | | Non-controlling interest | Total Equity |
|---|---|---|---|---|---|---|
| | Share capital $'000 | Other reserves $'000 | Revenue reserve $'000 | Total $'000 | $'000 | $'000 |
| Opening balance as at 1 January 2017 | 94,943 | (4,078) | 55,174 | 146,039 | - | 146,039 |
| Profit for the period | - | - | 2,020 | 2,020 | - | 2,020 |
| Other comprehensive income | | | | | | |
| Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries | - | (3,206) | - | (3,206) | - | (3,206) |
| Foreign currency translation | - | (1,239) | - | (1,239) | - | (1,239) |
| Other comprehensive income for the period, net of tax | - | (4,445) | - | (4,445) | - | (4,445) |
| Total comprehensive income for the period | - | (4,445) | 2,020 | (2,425) | - | (2,425) |
| Others | | | | | | |
| Reserve attributable to disposal of property, plant and equipment | - | (301) | 504 | 203 | - | 203 |
| **Closing balance as at 31 March 2017** | 94,943 | (8,824) | 57,698 | 143,817 | - | 143,817 |
| Loss for the period | **-** | **-** | (89) | (89) | **-** | (89) |
| Other comprehensive income | | | | | | |
| Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries | **-** | (819) | **-** | (819) | **-** | (819) |
| Foreign currency translation | - | (791) | - | (791) | - | (791) |
| Other comprehensive income for the period, net of tax | - | (1,610) | - | (1,610) | - | (1,610) |
| Total comprehensive income for the period | - | (1,610) | (89) | (1,699) | - | (1,699) |
| **Closing balance as at 30 June 2017** | **94,943** | **(10,434)** | **57,609** | **142,118** | **-** | **142,118** |

**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 2016

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| **Group** | **Share capital $'000** | **Other reserves $'000** | **Revenue reserve $'000** | **Total $'000** | **Non-controlling interest $'000** | **Total Equity $'000** |
| Opening balance as at 1 January 2016 | 94,943 | (6,770) | 63,256 | 151,429 | - | 151,429 |
| Loss for the period | - | - | (2,551) | (2,551) | - | (2,551) |
| Other comprehensive income | | | | | | |
| Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries | - | (2,104) | - | (2,104) | - | (2,104) |
| Foreign currency translation | - | (430) | - | (430) | - | (430) |
| Other comprehensive income for the period, net of tax | - | (2,534) | - | (2,534) | - | (2,534) |
| Total comprehensive income for the period | - | (2,534) | (2,551) | (5,085) | - | (5,085) |
| **Closing balance as at 31 March 2016** | 94,943 | (9,304) | 60,705 | 146,344 | - | 146,344 |
| Loss for the period | - | - | (3,093) | (3,093) | - | (3,093) |
| Other comprehensive income | | | | | | |
| Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries | - | (653) | - | (653) | - | (653) |
| Foreign currency translation | - | 454 | - | 454 | - | 454 |
| Other comprehensive income for the period, net of tax | - | (199) | - | (199) | - | (199) |
| Total comprehensive income for the period | - | (199) | (3,093) | (3,292) | - | (3,292) |
| Contributions by and distributions to owners | | | | | | |
| Dividend paid | - | - | (1,651) | (1,651) | - | (1,651) |
| Total contributions by and distributions to owners | - | - | (1,651) | (1,651) | - | (1,651) |
| **Closing balance as at 30 June 2016** | **94,943** | **(9,503)** | **55,961** | **141,401** | **-** | **141,401** |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 30 JUNE 2017

| Company | Share capital $'000 | Revenue reserve $'000 | Total Equity $'000 |
|---|---|---|---|
| Opening balance as at 1 January 2017 | 94,943 | 17,110 | 112,053 |
| Total comprehensive income for the period | - | 1,454 | 1,454 |
| **Closing balance as at 31 March 2017** | 94,943 | 18,564 | 113,507 |
| Total comprehensive income for the period | - | (98) | (98) |
| **Closing balance as at 30 June 2017** | **94,943** | **18,466** | **113,409** |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 30 JUNE 2016

| Company | Share capital $'000 | Revenue reserve $'000 | Total $'000 |
|---|---|---|---|
| Opening balance as at 1 January 2016 | 94,943 | 15,515 | 110,458 |
| Total comprehensive income for the period | - | 870 | 870 |
| **Closing balance as at 31 March 2016** | 94,943 | 16,385 | 111,328 |
| Total comprehensive income for the period | - | 756 | 756 |
| Dividend paid | - | (1,651) | (1,651) |
| **Closing balance as at 30 June 2016** | **94,943** | **15,490** | **110,433** |

**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 | |
|---|---|---|
| | **30/06/2017** | **31/12/2016** |
| Balance as at 1 January | 220,169,774 | 220,169,774 |
| Issue of shares | **-** | **-** |
| Balance as at 30 June 2017 / 31 December 2016 | **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 2017.

**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 2017, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2016 audited accounts. There are no changes in those accounting policies and methods of computation.

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

The Group has adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which is effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group.

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

| (Loss) / 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 | |
| | 30/06/2017 | 30/06/2016 | 30/06/2017 | 30/06/2016 |
| | Cent | Cents | Cent | Cents |
| (i) Based on the weighted average number of ordinary shares on issue (cts) | **(0.04)** | **(1.40)** | **0.88** | **(2.56)** |
| (ii) On a fully diluted basis (cts) | **(0.04)** | **(1.40)** | **0.88** | **(2.56)** |

Loss per ordinary share for 2Q2017 was calculated based on the weighted average number of shares of 220,169,774 (2Q2016 was 220,169,774).

Earnings / (loss) per ordinary share for 1H2017 was calculated based on the weighted average number of shares of 220,169,774 (1H2016 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 | |
|---|---|---|---|---|
| | 30/06/2017 | 31/12/2016 | 30/06/2017 | 31/12/2016 |
| | Cents | Cents | Cents | Cents |
| Net asset value per ordinary share based on the issued share capital at the end of period (cts) | **64.55** | **66.33** | **51.51** | **50.89** |

Net asset value per ordinary share was calculated based on the number of shares at 30 June 2017 (220,169,774 shares) and 31 December 2016 (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 2017 (2Q2017)**

The Group's revenue in 2Q2017 was $17.5 million, an increase of 66.9% from 2Q2016. The increase was due mainly to the sale of completed Flex crewboats in stock.

The increase in cost of sales corresponded to the sale of completed Flex crewboats in stock.

Gross profit in 2Q2017 was $4.9 million, an increase of 44.3% from 2Q2016. The increase was due mainly to the sale of completed Flex crewboats in stock.

The decrease in gross profit margin in 2Q2017 compared with 2Q2016 was due mainly to a higher sale composition of Flex crewboats at a lower gross profit margin.

The decrease in other operating expenses was due mainly to impairment of inventories in 2Q2016 and a net foreign exchange loss of $453,000 in 2Q2016, compared to a net foreign exchange gain of $85,000 in 2Q2017. This is partially offset by an allowance for doubtful debts of $358,000 in 2Q2017.

As a result of the above, the Group posted a loss of $89,000 in 2Q2017, compared to a loss of $3.1 million in 2Q2016.

**For the 6 months ended 30 June 2017 (1H2017)**

The Group's revenue in 1H2017 was $48.1 million, an increase of 187.1% from 1H2016. The increase was due mainly to the sale of completed Flex crewboats in stock.

The increase in cost of sales corresponded to the sale of completed Flex crewboats in stock.

Gross profit in 1H2017 was $10.6 million, an increase of 80.3% from 1H2016. The increase was due mainly to the sale of completed Flex crewboats in stock.

The decrease in gross profit margin in 1H2017 compared with 1H2016 was due mainly to a higher sale composition of Flex crewboats a lower gross profit margin.

The decrease in other operating expenses was due mainly to impairment of property, plant and equipment and inventories in 1H2016. This is partially offset by a net exchange loss of $331,000 in 1H2017, compared to a net foreign exchange gain of $23,000 in 1H2016 and an allowance for doubtful debts of $358,000 in 1H2017.

As a result of the above, the Group posted a profit of $1.9 million in 1H2017, compared to a loss of $5.6 million in 1H2016.

**Changes in Balance Sheet**

The decrease in inventories was due mainly to sale of some completed crewboat stock.

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

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

**Review of Group Cashflow**

The net cash of $19.0 million from operating activities was mostly generated by shipbuilding activity.

The net cash of $7.1 million from investing activities arose mostly from disposal of vessels from the Group's operating fleet.

The net cash of $5.6 million used in financing activities was due mainly to the repayment of term loans.

As a result of the above cash movements, the Group's cash and cash equivalents increased to $38.4 million as at 30 June 2017, from $18.4 million as at 31 December 2016.

**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.**

Worsening sentiments in the marine and offshore industry have dampened demand for the Group's crewboats and Fast Supply Intervention Vessels. The Group has scaled down its build-for-stock programme in favour of a build-to-order strategy, with a focus on non-offshore vessels, including passenger ferries, patrol boats and special purpose vessels. Meanwhile, the Group is gradually selling off its stock of completed Flex crewboats and revving up its chartering activities.

Mindful of the challenging market conditions, the Group will seek out cost reductions, while continuing its ongoing programme of developing niche high-speed vessel designs targeted at profitable market segments.

**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 27 April 2017 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 2017.

There were no other interested persons transactions entered into during the financial period ended 30 June 2017.

**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 2017 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**Tung May Fong**
**Finance & Administration Director**
**7 August 2017**