

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 2018

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 2018

	3 Months Ended		+ / (-) %	6 Months Ended		+ / (-) %
	30/06/2018	30/06/2017		30/06/2018	30/06/2017	
	\$'000	\$'000		\$'000	\$'000	
		Restated			Restated	
Revenue	19,741	20,003	(1.3)	45,694	50,105	(8.8)
Cost of sales	(13,652)	(14,630)	(6.7)	(32,760)	(39,226)	(16.5)
Gross profit	6,089	5,373	13.3	12,934	10,879	18.9
Other operating income	5,501	299	1739.8	5,743	1,901	202.1
Distribution costs	(27)	(55)	(50.9)	(57)	(86)	(33.7)
Administrative expenses	(4,416)	(3,151)	40.1	(8,331)	(6,047)	37.8
Other operating expenses	(2,655)	(2,210)	20.1	(3,738)	(4,327)	(13.6)
Finance cost	(25)	(91)	(72.5)	(62)	(181)	(65.7)
Interest income	263	194	35.6	529	343	54.2
Profit before tax	4,730	359	1217.5	7,018	2,482	182.8
Income tax expense	(1,171)	(24)	4779.2	(1,360)	(224)	507.1
Profit for the period	3,559	335	962.4	5,658	2,258	150.6

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2018**

	3 Months Ended		Group + / (-) %	6 Months Ended		+ / (-) %
	30/06/2018	30/06/2017		30/06/2018	30/06/2017	
	\$'000	\$'000		\$'000	\$'000	
		Restated		Restated		
Profit for the period	3,559	335	962.4	5,658	2,258	150.6
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	4,089	(819)	NM	2,241	(4,025)	NM
Foreign currency translation	31	(791)	NM	(319)	(2,030)	(84.3)
Items that will not be reclassified subsequently to profit or loss						
Changes in fair value of equity investment at FVOCI	(1,357)	0	NM	143	0	NM
Other comprehensive income for the period, net of tax	2,763	(1,610)	NM	2,065	(6,055)	NM
Total comprehensive income for the period, net of tax	6,322	(1,275)	NM	7,723	(3,797)	NM
Total comprehensive income for the period attributable to:						
Owners of the company	6,322	(1,275)	NM	7,723	(3,797)	NM
Non-controlling interests	-	-	NM	-	-	NM
Total comprehensive income for the period	6,322	(1,275)	NM	7,723	(3,797)	NM

NOTES TO CONSOLIDATED INCOME STATEMENT

	Group		Group	
	3 Months Ended		6 Months Ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	\$'000	\$'000	\$'000	\$'000
Other income including interest income	5,764	493	6,272	2,244
Interest expense	(18)	(84)	(44)	(165)
Depreciation of property, plant and equipment	(2,196)	(2,247)	(4,308)	(4,312)
Property, plant and equipment written off	-	(13)	-	(14)
Foreign exchange (loss) / gain	(1,032)	85	(564)	(331)
Gain on disposal of property, plant and equipment*	5,398	244	5,556	1,744
Reversal of provision / (provision) of warranty claims on shipbuilding contracts, net	60	(21)	98	(55)
Net fair value loss on derivatives **	(60)	-	(51)	-
Allowance for doubtful debts (trade)	-	(358)	-	(358)

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

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

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 sale of vessels from the Group's operating fleet.
- 4 Other Operating Expenses comprises primarily depreciation of property, plant and equipment and net foreign exchange gain / loss.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Group		+ / (-) %	Company		+ / (-) %
	30/6/2018 \$'000	31/12/2017 \$'000 Restated		30/6/2018 \$'000	31/12/2017 \$'000 Restated	
Equity attributable to owners of the Company						
Share capital	94,943	94,943	0.0	94,943	94,943	0.0
Reserves	52,655	45,923	14.7	22,927	19,045	20.4
Non-controlling interest	(1)	(1)	0.0	-	-	NM
Total equity	147,597	140,865	4.8	117,870	113,988	3.4
Non-current assets						
Intangible asset	78	78	0.0	-	-	NM
Property, plant and equipment	73,557	74,100	(0.7)	7,356	10,646	(30.9)
Investments in subsidiaries	-	-	NM	25,535	25,535	0.0
Loan to a subsidiary	-	-	NM	65,647	80,373	(18.3)
Quoted investment	8,143	-	NM	8,143	-	NM
Other investments	-	-	NM	-	-	NM
Trade receivables	520	1,542	(66.3)	-	-	NM
Other receivables	8,969	9,348	(4.1)	-	-	NM
Current assets						
Inventories	20,313	18,906	7.4	-	-	NM
Trade receivables	10,122	10,352	(2.2)	1,032	938	10.0
Other receivables and deposits	7,505	6,858	9.4	168	171	(1.8)
Contract assets	6,778	1,012	569.8	6,778	-	NM
Prepayments	411	501	(18.0)	126	160	(21.3)
Loan to subsidiaries	-	-	NM	13,529	21,246	(36.3)
Short-term deposits	26,298	29,736	(11.6)	24,132	29,638	(18.6)
Cash and bank balances	22,518	9,341	141.1	14,073	3,727	277.6
	93,945	76,706	22.5	59,838	55,880	7.1
Assets classified as held for sale	-	16,364	(100.0)	-	266	(100.0)
	93,945	93,070	0.9	59,838	56,146	6.6
Current liabilities						
Trade payables	12,184	8,422	44.7	110	116	(5.2)
Other payables and accruals	18,007	11,630	54.8	1,238	1,828	(32.3)
Provisions	102	307	(66.8)	-	-	NM
Contract liabilities	479	8,401	(94.3)	-	8,401	(100.0)
Derivatives	77	26	196.2	77	26	196.2
Deferred revenue	126	153	(17.6)	126	153	(17.6)
Provision for income tax	1,364	837	63.0	1,134	422	168.7
Term loan	1,000	2,250	(55.6)	-	-	NM
Deposit from subsidiaries	-	-	NM	43,686	44,688	(2.2)
	33,339	32,026	4.1	46,371	55,634	(16.6)
Net current assets	60,606	61,044	(0.7)	13,467	512	2,530.3
Non-current liabilities						
Deferred tax liabilities	2,010	2,478	(18.9)	674	1,474	(54.3)
Provisions	1,683	1,686	(0.2)	1,604	1,604	0.0
Term loan	583	1,083	(46.2)	-	-	NM
Net Assets	147,597	140,865	4.8	117,870	113,988	3.4

Notes to the Balance Sheet:

- 1 Property, Plant and Equipment refer mainly to the Group's vessels, leasehold buildings and machinery and equipment.
- 2 Inventories refer mainly to construction cost of completed vessels and construction-in-progress in relation to uncompleted vessels.
- 3 Trade Receivables refer 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 by the Group for equipment purchase with long lead time and tax installments. Non-current portion pertains to fleet vessel sales under deferred payment arrangement.
- 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 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
<u>1,000</u>	<u>-</u>	<u>2,250</u>	<u>-</u>

Amount repayable after one year

As at 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
<u>583</u>	<u>-</u>	<u>1,083</u>	<u>-</u>

Details of any collateral

The Group's borrowing from the bank is secured by way of mortgage over a subsidiary's 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 30 JUNE 2018**

	Group		Group	
	3 Months Ended 30/06/2018 \$'000	30/06/2017 \$'000 Restated	6 Months Ended 30/06/2018 \$'000	30/06/2017 \$'000 Restated
Cash flows from operating activities				
Profit before tax	4,730	359	7,018	2,482
Adjustments:				
Depreciation of property, plant and equipment	2,196	2,247	4,308	4,312
Impairment of property, plant and equipment and inventories	-	-	-	-
Gain on disposal of property, plant and equipment	(5,398)	(244)	(5,556)	(1,744)
Property, plant and equipment written off	-	13	-	14
Interest expense	18	84	44	165
Interest income	(263)	(194)	(529)	(343)
Provision for employee retirement benefits	-	-	(3)	(2)
Net fair value loss on derivatives	60	-	51	-
Allowance for doubtful debts (trade)	-	358	-	358
(Reversal of provision) / provision of warranty claims on shipbuilding contracts, net	(60)	21	(98)	55
Currency alignment	1,500	294	702	381
Operating cash flows before changes in working capital	2,783	2,938	5,937	5,678
Inventories	(9,014)	6,872	(1,316)	26,374
Trade receivables	111	2,794	1,252	(509)
Other receivables, deposits and prepayments	(1,132)	(2,278)	(896)	(7,104)
Contract assets	(5,769)	(2,001)	(5,766)	(2,001)
Trade payables	4,196	1,022	3,768	(3,221)
Other payables and accruals	3,183	(3,866)	6,371	(8,559)
Provision	(16)	(67)	(107)	(61)
Contract liabilities	479	1,572	(7,922)	8,235
Deferred revenue	(46)	1	(27)	19
Cash (used in) / from operations	(5,225)	6,987	1,294	18,851
Interest paid	(18)	(84)	(44)	(165)
Interest received	263	194	529	343
Income taxes (paid) / refund, net	(532)	(10)	(581)	28
Net cash (used in) / generated from operating activities	(5,512)	7,087	1,198	19,057
Cash flows from investing activities				
Investment in quoted shares	-	-	(8,000)	-
Proceeds from disposal of property, plant and equipment	21,637	3,114	21,795	7,996
Additions to property, plant and equipment	(2,651)	(559)	(3,224)	(873)
Net cash generated from investing activities	18,986	2,555	10,571	7,123
Cash flows from financing activities				
Repayment of term loans	(250)	(4,807)	(1,750)	(5,647)
Dividend paid	(991)	-	(991)	-
Net cash used in financing activities	(1,241)	(4,807)	(2,741)	(5,647)
Net increase in cash and cash equivalents	12,233	4,835	9,028	20,533
Effect of exchange rate change on cash and cash equivalents	1,014	(532)	692	(502)
Cash and cash equivalents at beginning of period	34,426	34,115	37,953	18,387
Cash and cash equivalents at end of period	47,673	38,418	47,673	38,418

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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

Group	Attributable to owners of the Company				Non-controlling interest \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
Opening balance as at 31 December 2017						
As previously reported	94,943	(12,202)	59,076	141,817	(1)	141,816
Adoption of SFRS(I) 1	-	4,644	(4,644)	-	-	-
Adoption of SFRS(I) 15	-	-	(951)	(951)	-	(951)
Opening balance as restated at 1 January 2018	94,943	(7,558)	53,481	140,866	(1)	140,865
Profit for the period	-	-	2,099	2,099	-	2,099
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	(1,848)	-	(1,848)	-	(1,848)
Foreign currency translation	-	(350)	-	(350)	-	(350)
Change in fair value of equity investment at FVOCI	-	1,500	-	1,500	-	1,500
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
Closing balance as at 31 March 2018	94,943	(8,256)	55,580	142,267	(1)	142,266
Profit for the period	-	-	3,559	3,559	-	3,559
<u>Other comprehensive income</u>						
Net effect of exchange differences arising on quasi capital non-trade amount due from subsidiaries	-	4,089	-	4,089	-	4,089
Foreign currency translation	-	31	-	31	-	31
Change in fair value of equity investment at FVOCI	-	(1,357)	-	(1,357)	-	(1,357)
Other comprehensive income for the period, net of tax	-	2,763	-	2,763	-	2,763
Total comprehensive income for the period	-	2,763	3,559	6,322	-	6,322
<u>Contributions by and distributions to owners</u>						
Dividend paid	-	-	(991)	(991)	-	(991)
Total contributions by and distributions to owners	-	-	(991)	(991)	-	(991)
Closing balance as at 30 June 2018	94,943	(5,493)	58,148	147,598	(1)	147,597

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 \$'000	Total Equity \$'000
	Share capital \$'000	Other reserves \$'000	Revenue reserve \$'000	Total \$'000		
Opening balance as at 31 December 2016						
As previously reported	94,943	(4,078)	55,174	146,039	-	146,039
Adoption of SFRS(I) 1	-	4,644	(4,644)	-	-	-
Opening balance as restated at 1 January 2017	94,943	566	50,530	146,039	-	146,039
Profit for the period	-	-	1,923	1,923	-	1,923
<u>Other comprehensive income</u>						
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)	1,923	(2,522)	-	(2,522)
Others						
Disposal of property, plant and equipment	-	(301)	504	203	-	203
Closing balance as at 31 March 2017	94,943	(4,180)	52,957	143,720	-	143,720
Profit for the period	-	-	335	335	-	335
<u>Other comprehensive income</u>						
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)	335	(1,275)	-	(1,275)
Closing balance as at 30 June 2017	94,943	(5,790)	53,292	142,445	-	142,445

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

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

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

Company	Share capital \$'000	Other reserve \$'000	Revenue reserve \$'000	Total \$'000
Opening balance as at 31 December 2016				
As previously reported	94,943	-	17,110	112,053
Adoption of SFRS(I) 15	-	-	-	-
Balance as restated 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	-	-	(37)	(37)
Closing balance as at 30 June 2017	94,943	-	18,527	113,470

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	
	30/06/2018	31/12/2017
Balance as at 1 January	220,169,774	220,169,774
Issue of shares	-	-
Balance as at 30 June 2018 / 31 December 2017	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 2018.

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 2018, which have been prepared in accordance with the accounting policies and methods of computation set out in the 2017 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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the second quarter and half year ended 30 June 2018.

In adopting SFRS(I)s, the Group required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of \$4,644,000 was reclassified from other reserve (foreign exchange translation account) to revenue reserve as at 1 January 2017.

b) Adoption of SFRS(I)s

The adoption of SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except the following:

i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirement of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognised revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirement in SFRS(I) 15, the Group has presented due from customer for contract work-in-progress as contract assets and due to customers for contract work-in-progress as contract liabilities.

Impact on the comparatives for the Second Quarter and Half Year Ended 30 June 2018 Financial Statements

The financial effect of adopting SFRS(I)s is as follows:

Group Profit and Loss Account	Second Quarter 30.6.2017 \$'000	Half Year 30.6.2017 \$'000
Increase in revenue	2,512	1,973
Increase in cost of sales	(2,088)	(1,646)
Increase in gross profit and profit for the period	<u>424</u>	<u>327</u>
Attributable to Owners of the company	<u>424</u>	<u>327</u>
Increase in basis EPS	0.19 cts	0.15 cts
Increase in diluted EPS	0.19 cts	0.15 cts
Group Balance Sheets	1.1.2018 \$'000	31.12.2017 \$'000
Increase in inventories	-	5,936
Decrease in due from customer for contract-work-in progress	-	(1,066)
Increase in contract assets	-	1,012
Decrease in due to customer for contract-work-in progress	-	(1,568)
Increase in contract liabilities	-	8,401
Decrease in net assets	-	(951)
Decrease in revenue reserve	(4,644)	(951)
Increase in other reserve	4,644	-
Decrease in total equity	-	(951)

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

Earnings per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends:-	Group			
	3 Months Ended		6 Months Ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	Cents	Cent	Cents	Cents
(i) Based on the weighted average number of ordinary shares on issue (cts)	1.62	0.15	2.57	1.03
(ii) On a fully diluted basis (cts)	1.62	0.15	2.57	1.03

Profit per ordinary share for 2Q2018 was calculated based on the weighted average number of shares of 220,169,774 (2Q2017 was 220,169,774).

Earnings per ordinary share for 1H2018 was calculated based on the weighted average number of shares of 220,169,774 (1H2017 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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on the issued share capital at the end of period (cts)	67.04	63.98	53.54	51.77

Net asset value per ordinary share was calculated based on the number of shares at 30 June 2018 (220,169,774 shares) and 31 December 2017 (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 2018 (2Q2018)

Revenue in 2Q2018 was \$19.7 million, a decrease of 1.3% from 2Q2017. The decrease was due mainly to a decrease in the number of stock crewboats sold.

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

Gross profit in 2Q2018 was \$6.1 million, an increase of 13.3% from 2Q2017. The increase was due mainly to higher contribution from shipbuilding projects.

The increase in gross profit margin in 2Q2018 compared with 2Q2017 was due mainly to higher contributions from shipbuilding projects and chartering activities.

The increase in other operating income was due mainly to the sale of vessels from the Group's operating fleet.

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

The increase in other operating expenses was due mainly to a net foreign exchange loss of \$1.0 million in 2Q2018, compared to a net foreign exchange gain of \$85,000 in 2Q2017. This was partially offset by lower depreciation costs in 2Q2018 versus an allowance for doubtful debts in 2Q2017.

As a result of the above, the Group posted a profit of \$3.6 million in 2Q2018, compared to a profit of \$335,000 in 2Q2017.

For the 6 months ended 30 June 2018 (1H2018)

Revenue in 1H2018 was \$45.7 million, a decrease of 8.8% from 1H2017. The decrease was due mainly to a decrease in the number of stock crewboats sold, and was partially offset by an increase in chartering activities.

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

Gross profit in 1H2018 was \$12.9 million, an increase of 18.9% from 1H2017. The increase was due mainly to higher contribution from shipbuilding projects and chartering activities.

The increase in gross profit margin in 1H2018 compared with 1H2017 was due mainly to higher contributions from shipbuilding projects and chartering activities.

The increase in other operating income was due mainly to more vessels sold from the Group's operating fleet.

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

The decrease in other operating expenses was due mainly to lower depreciation costs and no allowance for doubtful debts in 1H2018, compared to higher depreciation costs and an allowance for doubtful debts in 1H2017. This year-on-year decrease in other operating expenses in 1H2018 was partially offset by a higher net foreign exchange loss of \$564,000 in 1H2018, compared to a lower net foreign exchange loss of \$331,000 in 1H2017.

As a result of the above, the Group posted a profit of \$5.7 million in 1H2018, compared to a profit of \$2.3 million in 1H2017.

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 timing of collections during the period.

The increase 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 \$1.2 million from operating activities was mostly generated by shipbuilding activity.

The net cash of \$10.6 million from investing activities arose mostly from the sale of vessels from the Group's operating fleet, which was partially offset by an investment in quoted shares.

The net cash of \$2.7 million used in financing activities was due to the repayment of term loans and a dividend payment as approved by the Company's shareholders at its Annual General Meeting held on 24 April 2018.

As a result of the above cash movements, the Group's cash and cash equivalents increased to \$47.7 million as at 30 June 2018, from \$38 million as at 31 December 2017.

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.

While sentiments are gradually improving in certain sectors of the offshore industry, the industry as a whole continues to be weighed down by excessive equipment and depressed charter rates, which are keeping margins compressed across the board.

The outlook for the Group's core crewboat business appears to be improving, but margins are expected to remain under pressure for the foreseeable future.

The Group has already responded to these external factors by cutting costs and diversifying into other marine sectors, such as passenger ferries and government projects, while continuing to innovate its fast craft designs and on-board systems.

The Group will continue to manage its cash flow conservatively and expects to secure new shipbuilding projects 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 24 April 2018 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 2018.

There were no other significant interested persons transactions of or over S\$100,000 in value entered into during the financial period ended 30 June 2018.

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 2018 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Tung May Fong
Finance & Administration Director
10 August 2018