



Unaudited Third Quarter Financial Statement Announcement for the Financial Period Ended 30 September 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Continuing operations						
Turnover	42,153	6,997	502	122,831	29,201	321
Cost of sales	(32,102)	(7,120)	351	(92,175)	(26,780)	244
Gross profit/(loss)	10,051	(123)	NM	30,656	2,421	NM
Other income [1]	734	406	81	2,375	1,289	84
Other gains and losses [1]	26	(41)	NM	3,664	(17,510)	NM
Expenses						
- Distribution	(481)	(72)	568	(1,333)	(127)	950
- Administrative	(6,063)	(4,135)	47	(19,071)	(9,652)	98
- Finance	(1,549)	-	NM	(7,678)	-	NM
Share of profit of an associated company	656	-	NM	1,879	-	NM
Profit/(loss) before income tax [2]	3,374	(3,965)	NM	10,492	(23,579)	NM
Income tax expense [3]	(1,170)	(172)	580	(2,913)	(333)	775
Profit/(loss) from continuing operations	2,204	(4,137)	NM	7,579	(23,912)	NM
Discontinued operations						
Profit/(loss) from discontinued operations [4]	-	23,570	NM	-	(133,685)	NM
Total profit/(loss)	2,204	19,433	(89)	7,579	(157,597)	NM
Profit/(loss) attributable to: Equity holders of the Company	2,123	24,769	(91)	7,390	(74,971)	NM
Non-controlling interests	81	(5,336)	NM	189	(82,626)	NM
Profit/(loss) for the period	2,204	19,433	(89)	7,579	(157,597)	NM
Profit/(loss) attributable to equity holders of the Company relates to:						
Profit/(loss) from continuing operations	2,123	(4,188)	NM	7,390	(24,043)	NM
Profit/(loss) from discontinued operations	-	28,957	NM	-	(50,928)	NM
	2,123	24,769	(91)	7,390	(74,971)	NM

NM denotes not meaningful.

(i) Consolidated Income Statement (continued)

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Earnings per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company (expressed in cents per share)						
Basic and diluted earnings per share:						
From continuing operations	0.09	(0.19)	NM	0.33	(1.07)	NM
From discontinued operations	-	1.29	NM	-	(2.27)	NM

(ii) Consolidated Statement of Comprehensive Income

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Total profit/(loss)	2,204	19,433	(89)	7,579	(157,597)	NM
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value gain	-	13	NM	-	46	NM
Currency translation differences arising from consolidation						
-(Losses)/gains	(347)	2,152	NM	1,243	105	NM
	(347)	2,165	NM	1,243	151	723
Total comprehensive income/(loss) for the period	1,857	21,598	(91)	8,822	(157,446)	NM
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	1,776	26,060	(93)	8,633	(78,144)	NM
Non-controlling interests	81	(4,462)	NM	189	(79,302)	NM
Total comprehensive income/(loss) for the period	1,857	21,598	(91)	8,822	(157,446)	NM

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

[1] Other income and Other gains and losses comprises the following:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
<u>Continuing operations</u>						
Government grants	23	2	NM	305	32	853
Interest income	280	229	22	1,071	748	43
Rental income	253	166	52	550	492	12
Sale of scrap materials	5	3	67	78	4	NM
Sundry income	173	6	NM	371	13	NM
Other income	734	406	81	2,375	1,289	84
Foreign exchange gain/(loss)	31	(250)	NM	3,389	(2,932)	NM
Gain/(loss) on disposal of property, plant and equipment	20	159	(87)	54	(14,814)	NM
(Loss)/gain on sale of bunker stock	(25)	50	NM	221	236	(6)
Other gains and losses	26	(41)	NM	3,664	(17,510)	NM

[2] Profit/(loss) before income tax is arrived at after (charging)/crediting:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
<u>Continuing Operations</u>						
Interest on borrowings	(1,549)	-	NM	(7,678)	-	NM
Amortisation of deferred expenditure	(16)	(10)	60	(48)	(28)	71
Amortisation of intangible assets	(1,423)	-	NM	(4,269)	-	NM
Depreciation of property, plant and equipment	(4,936)	(1,159)	326	(14,952)	(4,026)	271
Depreciation of investment properties	(140)	(82)	71	(399)	(327)	22
Net reversal of impairment of trade and other receivables	14	-	NM	32	-	NM
Write-off of property, plant and equipment	(3)	-	NM	(130)	-	NM

[3] Adjustment for (under)/over provision of tax in respect of prior years:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
<u>Continuing Operations</u>						
Current income tax	(65)	-	NM	159	(1)	NM

[4] Following the sale of 51% equity interest in Cosco Shipyard Group Co., Ltd., 50% equity interest in Cosco (Nantong) Shipyard Co., Ltd. and 39.1% equity interest in Cosco (Dalian) Shipyard Co., Ltd. (collectively the Group's Shipyard business in China) in Q4 2017, the entire results from the Group's shipyard business in China for Q3 2017 and first nine months of 2017 have been presented separately on the Consolidated Income Statement as "Discontinued operations".

The results of the discontinued operations of the Group's shipyard business in China are as follows:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Turnover	-	521,188	NM	-	1,425,560	NM
Cost of sales	-	(448,572)	NM	-	(1,392,551)	NM
Gross profit	-	72,616	NM	-	33,009	NM
Other income [i]	-	22,486	NM	-	55,017	NM
Other gains and losses [i]	-	(32,731)	NM	-	(29,623)	NM
Expenses						
- Distribution	-	(9,854)	NM	-	(31,906)	NM
- Administrative [ii]	-	24,035	NM	-	8,503	NM
- Finance	-	(53,722)	NM	-	(171,076)	NM
Share of loss of associated companies	-	(71)	NM	-	(233)	NM
Profit/(loss) before income tax [iii]	-	22,759	NM	-	(136,309)	NM
Income tax credit	-	811	NM	-	2,624	NM
Profit/(loss) from discontinued operations	-	23,570	NM	-	(133,685)	NM

[i] Other income and Other gains and losses of discontinued operations comprise the following:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Dividend income	-	30	NM	-	30	NM
Government grants	-	5,410	NM	-	9,138	NM
Interest income	-	6,041	NM	-	20,453	NM
Rental income	-	1,099	NM	-	4,462	NM
Sale of scrap materials	-	7,859	NM	-	16,364	NM
Sundry income	-	2,047	NM	-	4,570	NM
Other income	-	22,486	NM	-	55,017	NM
Foreign exchange loss	-	(32,264)	NM	-	(29,441)	NM
Net loss on disposal of property, plant and equipment	-	(467)	NM	-	(182)	NM
Other gains and losses	-	(32,731)	NM	-	(29,623)	NM

[ii] Administrative expenses of discontinued operations include:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Net reversal of impairment of trade and other receivables	-	49,948	NM	-	93,470	NM

[iii] Profit/(loss) from discontinued operations is arrived at after (charging)/crediting:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
<u>Discontinued operations</u>						
Interest on borrowings	-	(53,722)	NM	-	(171,076)	NM
Amortisation of deferred expenditure	-	(11)	NM	-	(36)	NM
Depreciation of property, plant and equipment	-	(35,090)	NM	-	(106,458)	NM
Depreciation of investment properties	-	(41)	NM	-	(125)	NM
Net reversal of impairment of receivables and other receivables	-	49,948	NM	-	93,470	NM
Write-down of inventories	-	(6,887)	NM	-	(47,767)	NM
Allowance for expected losses recognised on construction contracts	-	(68,326)	NM	-	(183,825)	NM

[iv] Adjustments for (under)/over provision of tax of discontinued operations in respect of prior years:

	Group					
	Q3 2018 S\$'000	Q3 2017 S\$'000	Change %	YTD 2018 S\$'000	YTD 2017 S\$'000	Change %
Income tax	-	-	NM	-	(34)	NM
Deferred tax	-	-	NM	-	121	NM

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

	Group			Company		
	30/09/2018 S\$'000	31/12/2017 S\$'000 (Restated)	01/01/2017 S\$'000 (Restated)	30/09/2018 S\$'000	31/12/2017 S\$'000	01/01/2017 S\$'000
Current assets						
Cash and cash equivalents	91,880	58,504	1,520,375	35,276	35,995	29,868
Restricted cash	257	140,660	-	257	140,660	-
Trade and other receivables	35,272	308,844	790,785	49	301,086	57,866
Inventories	266	199	835,582	-	-	-
Contract assets	-	-	3,813,570	-	-	-
Income tax receivables	-	-	1,933	-	-	-
Other current assets	4,165	592	11,891	166	465	100
	131,840	508,799	6,974,136	35,748	478,206	87,834
Non-current assets						
Trade and other receivables	896	-	102,556	-	-	-
Available-for-sale financial assets	-	-	4,599	-	-	-
Club memberships	92	147	280	-	34	48
Investments in associated companies	14,619	-	4,185	13,953	-	-
Investments in subsidiaries	-	-	-	614,182	126,639	372,778
Investment properties	13,772	13,786	14,675	-	-	-
Property, plant and equipment	539,543	40,638	2,527,363	111	182	393
Intangible assets	132,367	-	9,536	-	-	-
Deferred expenditure	2,233	766	2,799	-	-	-
Deferred income tax assets	-	-	140,598	-	-	-
	703,522	55,337	2,806,591	628,246	126,855	373,219
Total assets	835,362	564,136	9,780,727	663,994	605,061	461,053
Current liabilities						
Trade and other payables	64,195	46,770	1,892,526	75,248	89,125	17,585
Contract liabilities	-	-	203,180	-	-	-
Current income tax liabilities	3,956	612	9,877	90	19	2,174
Borrowings	50,268	-	4,297,091	38,000	-	-
Provisions	379	-	38,949	-	-	-
	118,798	47,382	6,441,623	113,338	89,144	19,759
Non-current liabilities						
Trade and other payables	4,304	-	-	4,304	-	-
Borrowings	131,313	-	3,018,327	34,069	-	-
Provisions	1,088	-	-	-	-	-
Deferred income tax liabilities	54,316	132	263	-	-	-
	191,021	132	3,018,590	38,373	-	-
Total liabilities	309,819	47,514	9,460,213	151,711	89,144	19,759
Net assets	525,543	516,622	320,514	512,283	515,917	441,294
Equity						
Share capital	270,608	270,608	270,608	270,608	270,608	270,608
Statutory and other reserves	35,798	34,555	290,937	45,105	45,105	45,105
Retained earnings/ (accumulated losses)	217,428	210,038	(225,485)	196,570	200,204	125,581
Shareholders' equity	523,834	515,201	336,060	512,283	515,917	441,294
Non-controlling interests	1,709	1,421	(15,546)	-	-	-
Total equity	525,543	516,622	320,514	512,283	515,917	441,294

The 2017 comparative figures have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International).

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
12,068	38,200	-	-

Amount repayable after one year

As at 30/09/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
131,313	-	-	-

Details of any collateral

The collaterals for secured borrowings include share charge on the shares of certain subsidiaries, property, plant and equipment and bank deposits. The carrying amount of the property, plant and equipment mortgaged as security for the bank borrowings is approximately \$455,018,000 (31 December 2017: Nil).

1(c)

A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Q3 2018 S\$'000	Q3 2017 S\$'000	YTD 2018 S\$'000	YTD 2017 S\$'000
<u>Cash flows from operating activities</u>				
Total profit/(loss)	2,204	19,433	7,579	(157,597)
Adjustments for:				
Income tax expense/(credit)	1,170	(639)	2,913	(2,291)
Amortisation of deferred expenditure	16	21	48	64
Amortisation of intangible assets	1,423	-	4,269	-
Depreciation of property, plant and equipment	4,936	36,249	14,952	110,484
Depreciation of investment properties	140	123	399	452
Net reversal of impairment of trade and other receivables	(14)	(49,948)	(32)	(93,470)
Write-down of inventories	-	6,887	-	47,767
Loss on disposal of a club membership	121	42	175	43
(Gain)/loss on disposal of property, plant and equipment	(20)	308	(54)	14,996
Allowance for expected losses recognised on construction contracts	-	68,326	-	183,825
Write-off of property, plant and equipment	3	-	130	-
Share of (profit)/loss of associated companies	(656)	71	(1,879)	233
Interest expense	1,549	53,722	7,678	171,076
Interest income	(280)	(6,270)	(1,071)	(21,201)
Exchange differences	334	(36,107)	(3,466)	(215,593)
Dividend income	-	(30)	-	(30)
	10,926	92,188	31,641	38,758
Changes in working capital:				
Inventories	(63)	(30,728)	(37)	(37,265)
Contract assets	-	176,099	-	576,910
Trade and other receivables	(4,615)	(228,671)	(8,721)	(82,741)
Trade and other payables	3,778	(286,416)	(11,106)	(211,390)
Contract liabilities	-	87,000	-	(52,054)
Other current assets	(981)	6,440	(1,089)	5,704
Provision for other liabilities	(231)	75,488	(676)	77,748
Cash provided by/(used in) operations	8,814	(108,600)	10,012	315,670
Income tax (paid)/refunded	(3,519)	2,350	(6,618)	(8,615)
Net cash provided by/(used in) operating activities	5,295	(106,250)	3,394	307,055
<u>Cash flows from investing activities</u>				
Deferred consideration paid for acquisition of subsidiaries	-	-	(6,000)	-
Purchase of property, plant and equipment	(10,224)	(2,689)	(17,261)	(7,321)
Acquisition of subsidiaries, net of cash acquired	-	-	(410,306)	-
Proceeds from disposal of subsidiaries	-	-	293,165	-
Proceeds from disposal of property, plant and equipment	54	439	126	18,526
Proceeds from disposal of a club membership	4	41	7	86
Decrease in restricted cash balance	-	-	140,403	-
Dividend received	634	30	11,807	30
Interest received	230	2,842	998	18,166
Net cash (used in)/provided by investing activities	(9,302)	663	12,939	29,487
<u>Cash flows from financing activities</u>				
Proceeds from borrowings	1,215	609,976	328,864	2,153,451
Repayments of borrowings	(17,585)	(542,806)	(304,498)	(2,532,078)
Repayment of finance lease liabilities	(893)	-	(2,745)	-
Decrease/(increase) in bank deposits pledged	-	659	(2)	841
Interest paid	(1,869)	(57,748)	(6,767)	(175,238)
Dividend paid to non-controlling interests of subsidiaries	-	-	(150)	(1,005)
Net cash (used in)/provided by financing activities	(19,132)	10,081	14,702	(554,029)

	Group			
	Q3 2018 S\$'000	Q3 2017 S\$'000	YTD 2018 S\$'000	YTD 2017 S\$'000
Net (decrease)/increase in cash and cash equivalents	(23,139)	(95,506)	31,035	(217,487)
Cash and cash equivalents at beginning of financial period	114,052	1,353,196	58,504	1,518,398
Effects of currency translation on cash and cash equivalents	(244)	(862)	1,130	(44,083)
Cash and cash equivalents at end of financial period	90,669	1,256,828	90,669	1,256,828
Cash and cash equivalents represented by:				
Cash at bank and on hand	49,457	344,427	49,457	344,427
Short-term bank deposits	42,423	913,537	42,423	913,537
Less: Bank deposits pledged	(1,211)	(1,136)	(1,211)	(1,136)
	90,669	1,256,828	90,669	1,256,828

(i) On 2 January 2018, the Group obtained control of Cogent Holdings Limited ("Cogent") following the acquisition of more than 90% of the issued shares of Cogent by way of a voluntary conditional cash offer made by the Group to acquire 100% equity interest in Cogent for a consideration of \$488,070,000. The Group exercised its rights of compulsory acquisition to acquire the remaining shares of Cogent. Consequently, Cogent became a wholly-owned subsidiary of the Company.

Details of the consideration paid, the provisional fair value amounts of identifiable assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	S\$'000
(a) Purchase consideration	
Cash paid	468,070
Fair value of deferred consideration	19,474
Consideration transferred for the business	<u>487,544</u>
(b) Effect on cash flows of the Group	
Cash paid (as above)	468,070
Less: cash and cash equivalents in subsidiaries acquired	(58,973)
Add: Bank balances pledged	1,209
Cash out flow on acquisition	<u>410,306</u>
(c) Identifiable assets acquired and liabilities assumed, at provisional fair values	
Cash and cash equivalents	58,973
Property, plant and equipment	494,730
Intangible assets	37,644
Deferred expenditure	1,507
Club memberships	128
Inventories	30
Trade and other receivables	19,585
Other current assets	2,485
Total assets	<u>615,082</u>
Trade and other payables	41,546
Provisions	2,144
Borrowings	121,357
Current income tax liabilities	6,204
Deferred tax liabilities	55,027
Total liabilities	<u>226,278</u>
Total identifiable net assets	388,804
Less: Non-controlling interest	(249)
Add: Goodwill	98,989
Consideration transferred for the business	<u>487,544</u>
Amount reflected as other payables	(19,474)
Cash paid	<u>468,070</u>

Note: The Group has recognised a provisional goodwill of \$99.0 million based on provisional fair values of assets and liabilities of Cogent. In accordance with SFRS(I) 3 "Business Combinations", the Group is required to perform a purchase price allocation ("PPA") exercise within 12 months after completion of the acquisition of Cogent. The fair values of the acquired identifiable assets and liabilities have been provisionally determined pending finalisation of the PPA exercise.

(ii) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group			
	Q3 2018 S\$'000	Q3 2017 S\$'000	YTD 2018 S\$'000	YTD 2017 S\$'000
Net cash used in operating activities	-	(106,878)	-	306,670
Net cash (used in)/provided by investing activities	-	516	-	11,093
Net cash provided by financing activities	-	10,082	-	(553,928)
Net cash inflows/(outflows)	-	(96,280)	-	(236,165)

(iii) Reconciliation of liabilities arising from financing activities

	1 January 2018 S\$'000	Principal and interest payments S\$'000	Non-cash changes				30 September 2018 S\$'000	
			Interest expense S\$'000	Acquisition of subsidiaries S\$'000	Acquisition of property, plant and equipment S\$'000	Other payables conversion S\$'000		Foreign exchange movement S\$'000
Borrowings	-	24,366	-	108,210	-	38,000	29	170,605
Finance lease liabilities	-	(2,745)	-	13,147	574	-	-	10,976
Interest payable	-	(6,767)	7,678	-	-	-	-	911

- 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.

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Group					
At 1 July 2018					
As previously reported	270,608	(17,368)	268,818	1,628	523,686
Adoption of SFRS (I) 1	-	53,513	(53,513)	-	-
As restated at 1 July 2018	270,608	36,145	215,305	1,628	523,686
Total comprehensive income/(loss) for the period	-	(347)	2,123	81	1,857
At 30 September 2018	270,608	35,798	217,428	1,709	525,543
At 1 July 2017					
As previously reported	270,608	307,395	(346,147)	(90,486)	141,370
Adoption of SFRS (I) 1	-	(20,922)	20,922	-	-
As restated at 1 July 2017	270,608	286,473	(325,225)	(90,486)	141,370
Total comprehensive income/(loss) for the period	-	1,291	24,769	(4,462)	21,598
Transfer from retained earnings to statutory reserves	-	133	(133)	-	-
At 30 September 2017	270,608	287,897	(300,589)	(94,948)	162,968

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Company					
At 1 July 2018	270,608	45,105	197,875	-	513,588
Total comprehensive loss for the period	-	-	(1,305)	-	(1,305)
At 30 September 2018	270,608	45,105	196,570	-	512,283
At 1 July 2017	270,608	45,105	120,052	-	435,765
Total comprehensive loss for the period	-	-	(3,432)	-	(3,432)
At 30 September 2017	270,608	45,105	116,620	-	432,333

- 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 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.

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

The Cosco Group Employee's Share Option Scheme (the "ESOS Scheme 2002"), approved by members of the Company on 8 May 2002, had expired on 8 May 2012. Accordingly, no further share options were granted under the ESOS Scheme 2002. All the share options that were not exercised had lapsed since 23 March 2018.

As at 30 September 2018, there were no outstanding share options under the ESOS Scheme 2002 (30 September 2017: 5,790,000).

- 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 the end of the immediately preceding year.**

As at 30 September 2018, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2017: 2,239,244,954).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 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.**

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2017.

- 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.

In adopting SFRS(I)s, the Group is 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 the option to reset its cumulative translation reserve for all foreign operations to zero at the date of transition of 1 January 2017. As a result, cumulative translation gains of \$20,922,000 was reclassified from currency translation reserve to accumulated losses as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries in Q4 2017 were restated. As at 31 December 2017, cumulative translation losses of \$53,513,000 was reclassified from currency translation reserve to retained earnings.

b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

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

i) Adoption of SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group adopted 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 recognises 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. The Group has changed the presentation of certain amounts in the balance sheet as at 31 December 2017 to reflect the terminology of SFRS(I).

Amounts due from customers arising from construction contracts of Nil (1 January 2017: \$3,741,162,000) and construction contract work-in-progress of Nil (1 January 2017: \$72,408,000) under SFRS(I) are reclassified to be presented as part of contract assets.

Advances received from customers arising from construction contracts of Nil (1 January 2017: \$106,346,000) and amounts due to customers arising from construction contracts of Nil (1 January 2017: \$96,834,000) under SFRS(I) are reclassified to be presented as part of contract liabilities.

Impact on the comparatives for the Third Quarter 2018 Financial Statements

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

	31 December 2017 S\$'000	1 January 2017 S\$'000
Group Balance Sheet		
Decrease in construction contract work-in-progress	-	(72,408)
Increase in contract assets	-	3,813,570
Decrease in trade and other receivables		(3,741,162)
Decrease in trade and other payables	-	(203,180)
Increase in contract liabilities	-	203,180
Increase/(decrease) in statutory and other reserves	53,513	(20,922)
(Decrease in retained earnings)/increase in accumulated losses	(53,513)	20,922
There are no impact on the Group's comprehensive Income, total assets, total liabilities and total equity.		

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.

	Group			
	Q3 2018	Q3 2017	YTD 2018	YTD 2017
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.09	1.10	0.33	(3.34)
Weighted average number of ordinary shares('000)	2,239,245	2,239,245	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.09	1.10	0.33	(3.34)
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245	2,239,245	2,239,245

NOTES:

Basic earnings per ordinary share is calculated by dividing the net loss attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share. The outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the financial period.

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 period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share (cents)	23.39	23.01	22.88	23.04

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2017: 2,239,244,954).

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.**

Q3 2018

Group turnover from continuing operations increased by 502.4% to \$42.2 million for Q3 2018 as compared to Q3 2017 mainly due to turnover of \$34.5 million from newly acquired logistics businesses.

The increase in cost of sales, distribution, administrative and finance expenses were mainly due to the newly acquired logistics businesses.

Share of profit of an associated company of \$0.7 million was mainly due to share of profit from newly acquired 40% shareholdings in PT Ocean Global Shipping.

The Group recorded profit from discontinued operations of \$23.6 million for Q3 2017. The discontinued operations relates to the Group's shipyard business in China which were disposed in Q4 2017.

Overall, the Group recorded net profit attributable to equity holders of \$2.1 million for Q3 2018 as compared to a profit of \$24.8 million for Q3 2017.

First Nine Months 2018

The Group recorded profit from continuing operations in logistics, dry bulk shipping and other businesses of \$7.6 million on turnover of \$122.8 million for first nine months 2018.

Group turnover from continuing operations increased by 320.6% to \$122.8 million for first nine months 2018 as compared to first nine months 2017 mainly due to turnover of \$98.9 million from newly acquired logistics businesses, offset by a decrease in shipping revenue from a reduced fleet of 3 bulk carriers.

Other gains and losses for first nine months 2018 were gains of \$3.7 million (first nine months 2017: losses of \$17.5 million) mainly due to foreign exchange gain of \$3.4 million.

The increase in cost of sales, distribution, administrative and finance expenses were mainly due to the newly acquired logistics businesses.

Share of profit of an associated company of \$1.9 million was mainly due to share of profit from newly acquired 40% shareholdings in PT Ocean Global Shipping.

The Group recorded loss from discontinued operations of \$133.7 million for first nine months 2017. The discontinued operations relates to the Group's shipyard business in China which were disposed in Q4 2017.

Overall, the Group recorded net profit attributable to equity holders of \$7.4 million for first nine months 2018 as compared to a loss of \$75.0 million for first nine months 2017.

Balance Sheet

(30 September 2018 vs 31 December 2017)

Cash and cash equivalents increased from \$58.5 million to \$91.9 million mainly due to the proceeds from the disposal of subsidiaries, partially offset by the net cash out flow for the acquisition of newly acquired logistics businesses. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables decreased \$272.7 million to \$36.2 million mainly due to decrease in amount due from fellow subsidiaries following the receipt of the proceeds from the disposal of subsidiaries, offset by trade and other receivables acquired for the newly acquired subsidiaries.

Property, plant and equipment increased by \$498.9 million to \$539.5 million mainly due to the fair values of the property, plant and equipment acquired for the newly acquired subsidiaries.

Intangible assets include goodwill of \$99.0 million and other intangible assets of \$33.4 million. The Group has recognised a provisional goodwill of \$99.0 million based on provisional fair values of assets and liabilities of Cogent Holdings Pte. Ltd. (formerly known as Cogent Holdings Limited). In accordance with SFRS(I) 3 "Business Combinations", the Group is required to perform a purchase price allocation ("PPA") exercise within 12 months after completion of the acquisition of Cogent Holdings Pte. Ltd. The fair values of the acquired identifiable assets and liabilities have been provisionally determined pending finalisation of the PPA exercise.

Trade and other payables increased by \$21.7 million to \$68.5 million mainly due to the trade and other payables assumed for the newly acquired subsidiaries.

Total borrowings increased by \$181.6 million to \$181.6 million mainly due to the borrowings procured to finance the acquisition of Cogent Holdings Pte. Ltd. and borrowings assumed for the newly acquired subsidiaries.

For details of the identifiable assets acquired and liabilities assumed, at provisional fair values of the newly acquired subsidiaries, please refer to Note 1(c)(i) Acquisition of subsidiaries, net of cash acquired for details.

Shareholder's equity increased by \$8.6 million mainly due to the profits in first nine months 2018 and an increase in currency translation reserves.

Cash Flow

Q3 2018

Net cash provided by operating activities for Q3 2018 was \$5.3 million. This was mainly due to operational cash inflow.

Net cash used in investing activities for Q3 2018 was \$9.3 million. This was mainly due to the progress payments for the construction of Jurong Island Chemical Logistics Facility and purchase of property, plant and equipment.

Net cash used in financing activities for Q3 2018 was \$19.1 million. This was mainly due to the repayment of bank borrowings and interest during the quarter.

First Nine Months 2018

Net cash provided by operating activities for first nine months 2018 was \$3.4 million. This was mainly due to operational cash inflow.

Net cash provided by investing activities for first nine months 2018 was \$12.9 million. This was mainly due to the proceeds from the disposal of subsidiaries and decrease in restricted cash balance, partially offset by cash outflow for acquisition of subsidiaries and progress payments for the construction of Jurong Island Chemical Logistics Facility.

Net cash provided by financing activities for first nine months 2018 was \$14.7 million. This was mainly due to net proceeds from borrowings.

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.**

Through its wholly-owned subsidiary, Cogent Holdings Pte. Ltd. (“Cogent”), the Company has established a logistics network in Singapore, Malaysia and Indonesia.

The Company aims to expand its logistics network in South and Southeast Asia through acquisitions and investments and continues to explore potential targets to acquire and investment opportunities, taking into consideration the targets’ business scale and scope, historical performance, growth potential and synergy with the Group’s operations.

The Company’s ultimate holding company, China COSCO Shipping Corporation Limited, has a well-established logistics business network throughout the People’s Republic of China (“PRC”), which the Company will be able to leverage on this existing logistics business platform to potentially develop new business opportunities in the logistics sector in South and Southeast Asia, taking advantage of the “Belt and Road Initiative” formulated by the PRC Government in 2013. The Company will also be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Company’s competitive edge in relation to its global competitors and entrenching its customers.

In relation to the claim filed by Borneo Motors (Singapore) Pte Ltd against Cogent Automotive Logistics Pte Ltd (“CAL”), a subsidiary of Cogent, both parties have agreed on a full and final settlement sum of S\$450,000 and there shall be no more claims against CAL. CAL has submitted an official claim to its insurer. The insurance claim is still pending and the Company will make announcements of any significant developments at the appropriate junctures.

With respect to the Group’s shipping business, the Company’s subsidiary, COSCO Singapore Pte Ltd, currently has a total of 3 vessels with a total tonnage of 163,000 tons and with an average age of 13 years. In the third quarter of 2018, the international dry bulk shipping market showed an improvement over the same period in 2017. The Baltic Dry Index averaged 1,607 points in the third quarter of 2018, an increase of 41.7% from the average of 1,134 points in the third quarter of 2017, with the highest point for the quarter being 1,774 and the lowest point being 1,356.

Moving forward as one team, the Group is expected to create overall synergy by engaging in cross sales and business optimization with its related companies. This will also help the Group to achieve economies of scale and scope.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend has been declared/recommended by the Directors in Q3 2018.

13. Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial period:

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	Q3 2018 S\$'000	YTD 2018 S\$'000	Q3 2018 S\$'000	YTD 2018 S\$'000
<u>Between Subsidiaries and:</u>				
China Shipping Bulk Carrier (Shanghai) Co., Ltd.			179	179
Cosco (Qidong) Offshore Co., Ltd	-	-	111	918
Cosco (Shanghai) Shipyard Co., Ltd	-	-	-	123
Cosco Petroleum Pte Ltd	-	-	-	1,154
Cosco Shipping (Hong Kong) Insurance Brokers Limited	-	-	129	129
Cosco Shipping Lines (Singapore) Pte Ltd	-	-	225	347
Cosco Shipping (South East Asia) Pte Ltd	-	-	228	676
Cosco Shipping Seafarer Management Co., Ltd. (Formerly known as "Qingdao Manning Co-operation Ltd")	-	-	441	1,298
Cosco Shipping Specialized Carriers Co., Ltd	-	-	-	291
Cosco Shipyard Qingdao Company Limited	-	-	481	481
Shanghai Ocean Crew Co., Ltd	-	-	215	634
Tianjin Cosbulk Ship Management Co., Ltd	-	-	160	160
Total	-	-	2,169	6,390

	As at 30/09/2018 S\$'000	As at 31/12/2017 S\$'000
Loan from a fellow subsidiary, Cosco Shipping (South East Asia) Pte Ltd	38,000	-

14. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Mr Gu Jing Song
Vice Chairman and President
12/11/2018

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 30 September 2018 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song
Vice Chairman and President

Mr Li Xi Bei
Director

12/11/2018