



**Unaudited Second Quarter Financial Statement Announcement for the Financial Period Ended 30 June 2019**

**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**

	<b>Group</b>					
	<b>Q2 2019 S\$'000</b>	<b>Q2 2018 S\$'000</b>	<b>Change %</b>	<b>1H 2019 S\$'000</b>	<b>1H 2018 S\$'000</b>	<b>Change %</b>
Turnover	41,194	40,030	3	80,208	80,678	(1)
Cost of sales	(31,354)	(29,496)	6	(61,490)	(60,073)	2
Gross profit	9,840	10,534	(7)	18,718	20,605	(9)
Other income [1]	355	1,017	(65)	957	1,641	(42)
Other gains and losses [1]	332	640	(48)	2,295	3,638	(37)
Expenses						
- Distribution	(630)	(303)	108	(1,225)	(852)	44
- Administrative	(5,824)	(6,558)	(11)	(11,249)	(13,008)	(14)
- Finance	(2,172)	(2,534)	(14)	(4,401)	(6,129)	(28)
Share of profit of an associated company	435	602	(28)	927	1,223	(24)
Profit before income tax [2]	2,336	3,398	(31)	6,022	7,118	(15)
Income tax expense [3]	(588)	(898)	(35)	(1,330)	(1,743)	(24)
<b>Profit for the period</b>	<b>1,748</b>	<b>2,500</b>	<b>(30)</b>	<b>4,692</b>	<b>5,375</b>	<b>(13)</b>
<b>Profit attributable to:</b>						
<b>Equity holders of the Company</b>	<b>1,706</b>	<b>2,439</b>	<b>(30)</b>	<b>4,611</b>	<b>5,267</b>	<b>(12)</b>
Non-controlling interests	42	61	(31)	81	108	(25)
Profit for the period	1,748	2,500	(30)	4,692	5,375	(13)
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)						
- basic	0.08	0.11	(27)	0.21	0.24	(13)
- diluted	0.08	0.11	(27)	0.21	0.24	(13)

NM denotes not meaningful.

(ii) Consolidated Statement of Comprehensive Income

	Group					
	Q2 2019 S\$'000	Q2 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
<b>Profit for the period</b>	1,748	2,500	(30)	4,692	5,375	(13)
<b>Other comprehensive (loss)/income:</b> Items that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation						
-(Losses)/gains	(228)	2,926	NM	(484)	1,590	NM
	(228)	2,926	NM	(484)	1,590	NM
<b>Total comprehensive income for the period</b>	1,520	5,426	(72)	4,208	6,965	(40)
<b>Total comprehensive income attributable to:</b>						
<b>Equity holders of the Company</b>	1,479	5,365	(72)	4,127	6,857	(40)
Non-controlling interests	41	61	(33)	81	108	(25)
Total comprehensive income for the period	1,520	5,426	(72)	4,208	6,965	(40)

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

	Group					
	Q2 2019 S\$'000	Q2 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Government grants	3	39	(92)	231	282	(18)
Interest income	161	608	(74)	303	791	(62)
Rental income	87	191	(54)	215	297	(28)
Sale of scrap materials	-	70	NM	-	73	NM
Sundry income	104	109	(5)	208	198	5
Other income	355	1,017	(65)	957	1,641	(42)
Foreign exchange (loss)/gain	(23)	396	NM	14	3,358	(100)
Gain on modification of lease	65	-	NM	65	-	NM
Gain on disposal of property, plant and equipment	60	6	900	1,926	34	NM
Gain on sale of bunker stock	230	238	(3)	290	246	18
Other gains and losses	332	640	(48)	2,295	3,638	(37)

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

	Group					
	Q2 2019 S\$'000	Q2 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Interest on borrowings	(2,172)	(2,534)	(14)	(4,401)	(6,129)	(28)
Amortisation of deferred expenditure	-	(16)	NM	-	(32)	NM
Amortisation of intangible assets	(1,171)	(1,529)	(23)	(2,341)	(2,846)	(18)
Depreciation of property, plant and equipment	(4,906)	(4,809)	2	(9,778)	(10,016)	(2)
Depreciation of investment properties	(133)	(129)	3	(266)	(259)	3
Depreciation of right-of-use assets	(5,666)	-	NM	(11,457)	-	NM
Net reversal for impairment of trade and other receivables	-	20	NM	4	18	(78)
Write-off of property, plant and equipment	-	(127)	NM	-	(127)	NM

[3] Adjustment for over provision of tax in respect of prior years:

	Group					
	Q2 2019 S\$'000	Q2 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Current income tax	57	9	533	77	224	(66)
Deferred tax	49	-	NM	36	-	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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2019 S\$'000</b>	<b>31/12/2018 S\$'000</b>	<b>30/06/2019 S\$'000</b>	<b>31/12/2018 S\$'000</b>
<b>Current assets</b>				
Cash and cash equivalents	63,822	72,814	13,279	18,301
Restricted cash	259	257	259	257
Trade and other receivables	42,319	35,460	53	116
Inventories	202	661	-	-
	106,602	109,192	13,591	18,674
Non-current assets classified as held-for sale	-	741	-	-
	106,602	109,933	13,591	18,674
<b>Non-current assets</b>				
Trade and other receivables	644	812	-	-
Investments in associated companies	16,200	15,171	13,953	13,953
Investments in subsidiaries	-	-	614,589	614,183
Investment properties	13,369	13,637	-	-
Property, plant and equipment	570,220	550,012	82	100
Right-of-use assets	80,236	-	-	-
Intangible assets	128,696	131,033	-	-
Deferred expenditure	-	2,212	-	-
Deferred tax assets	29	-	-	-
	809,394	712,877	628,624	628,236
<b>Total assets</b>	915,996	822,810	642,215	646,910
<b>Current liabilities</b>				
Trade and other payables	48,716	48,056	48,582	48,123
Current income tax liabilities	4,384	4,884	5	107
Borrowings	46,878	25,715	13,580	13,580
Provisions	348	350	-	-
	100,326	79,005	62,167	61,810
<b>Non-current liabilities</b>				
Trade and other payables	988	4,468	988	4,468
Borrowings	224,292	152,619	58,489	58,489
Provisions	1,270	1,198	-	-
Deferred income tax liabilities	53,706	54,420	-	-
	280,256	212,705	59,477	62,957
<b>Total liabilities</b>	380,582	291,710	121,644	124,767
<b>Net assets</b>	535,414	531,100	520,571	522,143
<b>Equity</b>				
Share capital	270,608	270,608	270,608	270,608
Other reserves	35,511	35,995	45,105	45,105
Retained earnings	227,626	223,015	204,858	206,430
Shareholders' equity	533,745	529,618	520,571	522,143
Non-controlling interests	1,669	1,482	-	-
<b>Total equity</b>	535,414	531,100	520,571	522,143

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

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

As at 30/06/2019		As at 31/12/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
46,678	200	25,515	200

**Amount repayable after one year**

As at 30/06/2019		As at 31/12/2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
186,292	38,000	114,619	38,000

**Details of any collateral**

The collaterals for secured borrowings include share charge on the shares of certain subsidiaries, property, plant and equipment, right-of-use assets and bank deposits. The carrying amount of the property, plant and equipment mortgaged as security for the group's borrowings is approximately \$442,888,000 (31 December 2018: \$451,782,000).

**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			
	Q2 2019 S\$'000	Q2 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period	1,748	2,500	4,692	5,375
Adjustments for:				
Income tax expense	588	898	1,330	1,743
Amortisation of deferred expenditure	-	16	-	32
Amortisation of intangible assets	1,171	1,529	2,341	2,846
Depreciation of property, plant and equipment	4,906	4,809	9,778	10,016
Depreciation of investment properties	133	129	266	259
Depreciation of right-of-use assets	5,666	-	11,457	-
Reversal for impairment of trade and other receivables	-	(20)	(4)	(18)
Gain on disposal of property, plant and equipment	(60)	(6)	(1,926)	(34)
Loss on disposal of a transferable club membership	-	-	-	54
Write-off of property, plant and equipment	-	127	-	127
Gain on modification of lease	(65)	-	(65)	-
Share of profit of an associated company	(435)	(602)	(927)	(1,223)
Interest expense	2,172	2,534	4,401	6,129
Interest income	(161)	(608)	(303)	(791)
Exchange differences	16	(843)	18	(3,800)
	15,679	10,463	31,058	20,715
<b>Changes in working capital:</b>				
Inventories	587	41	460	26
Trade and other receivables	(5,312)	971	(6,752)	(4,214)
Trade and other payables	(1,263)	(7,649)	(4,911)	(14,884)
Provisions	(1)	(92)	69	(445)
Cash provided by operations	9,690	3,734	19,924	1,198
Income tax paid	(2,376)	(2,877)	(2,573)	(3,099)
<b>Net cash provided by/(used in) operating activities</b>	7,314	857	17,351	(1,901)
<b>Cash flows from investing activities</b>				
Deferred consideration paid in relation to acquisition of subsidiaries	-	(6,000)	(3,000)	(6,000)
Acquisition of a subsidiary, net of cash acquired (i)	-	-	-	(410,306)
Additions to property, plant and equipment	(2,269)	(4,601)	(5,421)	(7,037)
Decrease in amount due from a fellow subsidiary	-	56,963	-	293,165
Disposal of property, plant and equipment	186	47	2,977	72
Disposal of a transferable club membership	-	-	-	3
Decrease in restricted cash balance	-	-	-	140,403
Dividend received	-	-	-	11,173
Interest received	163	566	338	768
<b>Net cash (used in)/provided by investing activities</b>	(1,920)	46,975	(5,106)	22,241
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	200	-	200	327,649
Repayment of borrowings	(2,406)	(284,706)	(4,613)	(286,913)
Repayment of lease liabilities	(6,078)	(928)	(12,387)	(1,852)
Proceeds from non-controlling interest of a subsidiary	-	-	406	-
Increase in bank deposits pledged	-	(2)	(4)	(2)
Interest paid	(1,590)	(4,124)	(4,270)	(4,898)
Dividend paid to non-controlling interest of a subsidiary	(150)	(150)	(300)	(150)
<b>Net cash (used in)/provided by financing activities</b>	(10,024)	(289,910)	(20,968)	33,834

	Group			
	Q2 2019 S\$'000	Q2 2018 S\$'000	1H 2019 S\$'000	1H 2018 S\$'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,630)	(242,078)	(8,723)	54,174
Cash and cash equivalents at beginning of financial period	67,328	353,793	71,605	58,504
Effects of currency translation on cash and cash equivalents	(88)	2,337	(272)	1,374
<b>Cash and cash equivalents at end of financial period</b>	62,610	114,052	62,610	114,052
<b>Cash and cash equivalents represented by:</b>				
Cash at bank and on hand	40,477	93,753	40,477	93,753
Short-term bank deposits	23,345	21,510	23,345	21,510
Less: Bank deposits pledged	(1,212)	(1,211)	(1,212)	(1,211)
	62,610	114,052	62,610	114,052

(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 (excluding discounting effects on the fair value of deferred consideration). 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 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:

	Group	
	1H 2019 S\$'000	1H 2018 S\$'000
(a) <b>Purchase consideration</b>		
Cash paid	-	468,070
Fair value of deferred consideration	-	19,474
Consideration transferred for the business	-	487,544
(b) <b>Effect on cash flows of the Group</b>		
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	-	410,306
(c) <b>Identifiable assets acquired and liabilities assumed</b>		
Cash and cash equivalents	-	58,973
Property, plant and equipment	-	494,730
Intangible assets	-	37,772
Deferred expenditure	-	1,507
Inventories	-	30
Trade and other receivables	-	22,070
Total assets	-	615,082
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	-	226,278
Total identifiable net assets	-	388,804
Less: Non-controlling interest	-	(249)
Add: Goodwill	-	98,989
Consideration transferred for the business	-	487,544
Amount reflected as other payables	-	(19,474)
Cash paid	-	468,070

**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	Other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>The Group</b>					
<b>At 1 April 2019</b>	270,608	35,738	225,920	1,778	534,044
Total comprehensive (loss)/income for the period	-	(227)	1,706	41	1,520
Dividend declared by a subsidiary to a minority shareholder of a subsidiary	-	-	-	(150)	(150)
<b>At 30 June 2019</b>	<b>270,608</b>	<b>35,511</b>	<b>227,626</b>	<b>1,669</b>	<b>535,414</b>
<b>At 1 April 2018</b>	270,608	33,219	212,866	1,717	518,410
Total comprehensive income for the period	-	2,926	2,439	61	5,426
Dividend declared by a subsidiary to a minority shareholder of a subsidiary	-	-	-	(150)	(150)
<b>At 30 June 2018</b>	<b>270,608</b>	<b>36,145</b>	<b>215,305</b>	<b>1,628</b>	<b>523,686</b>

	Share capital S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>The Company</b>					
<b>At 1 April 2019</b>	270,608	45,105	205,804	-	521,517
Total comprehensive loss for the period	-	-	(946)	-	(946)
<b>At 30 June 2019</b>	<b>270,608</b>	<b>45,105</b>	<b>204,858</b>	<b>-</b>	<b>520,571</b>
<b>At 1 April 2018</b>	270,608	45,105	198,782	-	514,495
Total comprehensive loss for the period	-	-	(907)	-	(907)
<b>At 30 June 2018</b>	<b>270,608</b>	<b>45,105</b>	<b>197,875</b>	<b>-</b>	<b>513,588</b>



- 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.

- 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 June 2019, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2018: 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 2018.

- 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 adopted the new/revised Singapore Financial Reporting Standards (International) (SFRS(I)s) that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 3 *Business Combinations*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalization*

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:

Adoption of SFRS(I) 16 *Leases*

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied for the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported as at 31 December 2018 are as follows:

<b>Group Balance Sheet</b>		<b>1 January 2019 S\$'000</b>
Increase in right-of-use assets		95,078
Decrease in deferred expenditure		(2,212)
Increase in lease liabilities		(92,866)

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.**

	<b>Group</b>			
	<b>Q2 2019</b>	<b>Q2 2018</b>	<b>1H 2019</b>	<b>1H 2018</b>
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.08	0.11	0.21	0.24
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)	0.08	0.11	0.21	0.24
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 profit attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

There are no dilutive potential ordinary shares outstanding.

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.**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2019</b>	<b>31/12/2018</b>	<b>30/06/2019</b>	<b>31/12/2018</b>
Net asset value per ordinary share (cents)	23.84	23.65	23.25	23.32

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2018: 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.

#### Turnover

	Group					
	Q2 2019 S\$'000	Q2 2018 S\$'000	Change %	1H 2019 S\$'000	1H 2018 S\$'000	Change %
Logistics	29,285	27,942	5	56,932	54,904	4
Shipping	4,282	3,762	14	8,421	7,403	14
Property management	4,630	4,662	(1)	9,472	10,074	(6)
Ship repair and marine engineering	2,997	3,664	(18)	5,383	8,297	(35)
	41,194	40,030	3	80,208	80,678	(1)

Turnover for Q2 2019 increased by 3% from \$40.0 million to \$41.2 million mainly due to higher revenue from logistics and shipping, partially offset by decrease in revenue from ship repair and marine engineering.

Turnover for 1H 2019 decreased by 1% from \$80.7 million to \$80.2 million mainly due to lower revenue from ship repair and marine engineering, mitigated by higher logistics and shipping revenue. Logistics activities accounted for about 71% of the Group's turnover in 1H 2019. Turnover from logistics activities increased mainly due to higher revenue from transportation, warehousing and automotive logistics management services, partially offset by lower revenue from container depot management services. Turnover from shipping activities increased mainly due to revenue contribution from an additional bulk carrier that the Group had chartered in during 1H 2019, partially offset by lower charter rates in 1H 2019 compared to 1H 2018. Turnover from property management decreased by 6% to \$9.5 million mainly due to lower rental income. Turnover from ship repair and marine engineering decreased by 35% mainly due to less ship repair jobs in 1H 2019 compared to 1H 2018.

#### Profitability

##### Q2 2019

Gross profit decreased for Q2 2019 mainly due to higher operating costs.

Other income decreased by 65% to \$0.4 million in Q2 2019 mainly due to lower interest and rental income.

Other gains and losses decreased by 48% to \$0.3 million in Q2 2019 mainly due to foreign exchange loss as compared to foreign exchange gain of \$0.4 million in Q2 2018.

Distribution costs increased by 108% to \$0.6 million in Q2 2019 mainly due to higher staff related costs resulted from an increase in headcount to support sales and marketing services.

Administrative expenses decreased by 11% to \$5.8 million in Q2 2019 as compared to \$6.6 million in Q2 2018 mainly due to lower professional fees incurred.

Finance costs decreased by 14% to \$2.2 million mainly due to lower average bank borrowings in Q2 2019, partially offset by an increase in interest on lease liabilities as a result of the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in paragraph 5.

Share of profit of an associated company of \$0.4 million was contributed by the Group's 40% shareholdings in PT. Ocean Global Shipping Logistics. The share of profit was lower by \$0.2 million as compared to Q2 2018 mainly due to foreign exchange loss in Q2 2019 as compared to foreign exchange gain in Q2 2018.

Net profit attributable to equity holders for Q2 2019 was \$1.7 million as compared to \$2.4 million in Q2 2018.

##### 1H 2019

Gross profit decreased by 9% for 1H 2019 mainly due to higher operating costs.

Other income decreased by 42% to \$1.0 million in 1H 2019 mainly due to lower interest and rental income.

Other gains and losses comprised mainly foreign exchange gain and gain on disposal of property, plant and equipment. Other gains and losses decreased by \$1.3 million or 37% lower as compared to 1H 2018 mainly due to lower foreign exchange gain, mitigated by gain on disposal of property, plant and equipment in 1H 2019.

Distribution expenses increased by 44% to \$1.2 million in 1H 2019 mainly due to higher staff related costs resulted from an increase in headcount to support sales and marketing services.

Administrative expenses decreased by 14% to \$11.2 million in 1H 2019 as compared to \$13.0 million in 1H 2018 mainly due to lower professional fees incurred.

Finance costs decreased by \$1.7 million to \$4.4 million mainly due to lower average bank borrowings in 1H 2019, partially offset by an increase in interest on lease liabilities as a result of the recognition of lease liabilities following the adoption of SFRS(I) 16 as disclosed in paragraph 5.

The share of profit of an associated company was lower in 1H 2019 mainly due to foreign exchange loss in 1H 2019 as compared to foreign exchange gain in 1H 2018.

Overall, net profit attributable to equity holders was \$4.6 million, 12% lower than 1H 2018.

### **Balance Sheet**

(30 June 2019 vs 31 December 2018)

Group total assets increased by \$93.2 million from \$822.8 million as at 31 December 2018 to \$916.0 million as at 30 June 2019. Non-current assets increased mainly due to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 and increase in property, plant and equipment.

Group total liabilities increased by \$88.9 million from \$291.7 million as at 31 December 2018 to \$380.6 million as at 30 June 2019 mainly due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16. The lease liabilities of \$78.8 million as at 30 June 2019 were included in the Group's borrowings.

Shareholder's equity increased by \$4.1 million to \$533.7 million as at 30 June 2019. The increase was mainly due to retained profits, partially offset by a decrease in currency translation reserves for 1H 2019.

### **Cash Flow**

#### Q2 2019

Net cash provided by operating activities for Q2 2019 was \$7.3 million compared to \$0.9 million in Q2 2018. The improvement in cash provided by operating activities was mainly due to the adoption of SFRS(I) 16 which operating lease payments, previously classified as operating activities, were classified as financing activities in Q2 2019 for the principal and interest portion of the lease liabilities.

Net cash used in investing activities for Q2 2019 was \$1.9 million. This was mainly attributable to cash payments for purchase of property, plant and equipment.

Net cash used in financing activities for Q2 2019 was \$10.0 million mainly due to repayment of principal and interest on bank borrowings and lease liabilities.

#### 1H 2019

Net cash provided by operating activities for 1H 2019 was \$17.4 million compared to net cash used in operating activities of \$1.9 million in 1H 2018. The improvement in cash provided by operating activities was mainly due to the adoption of SFRS(I) 16 which operating lease payments, previously classified as operating activities, were classified as financing activities in 1H 2019 for the principal and interest portion of the lease liabilities.

Net cash used in investing activities for 1H 2019 was \$5.1 million. This was mainly attributable to cash payments for the deferred consideration for acquisition of Cogent Holdings Limited and purchase of property, plant and equipment, partly offset by proceeds from the disposal of property, plant and equipment.

Net cash used in financing activities for 1H 2019 was \$21.0 million mainly due to repayment of principal and interest on bank borrowings and lease liabilities.

Please refer to Note 1(c) for details on Cash Flow.

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. and its associates, the Company has established a logistics network in Singapore, Malaysia and Indonesia.

In connection with the Group's expansion in Malaysia set out in the Note 10 for Q1 2019, the Company is progressing on these matters and will announce them separately.

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 seek 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.

With respect to the Group's shipping business, the Company's subsidiary, COSCO Shipping (Singapore) Pte Ltd, currently has a total of 3 vessels with a total tonnage of 163,000 tons and with an average age of 14 years. In the second quarter of 2019, the international dry bulk shipping market showed a decline over the same period in 2018. The Baltic Dry Index averaged 995 points in the second quarter of 2019, a decline of 21% from the average of 1260 points in the second quarter of 2018, with the highest point for the quarter being 1354 and the lowest point being 672.

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/recommendeded, a statement to that effect.**

No interim dividend has been declared/recommended by the Directors in Q2 2019.

### 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)	
	S\$'000		S\$'000	
	Q2 2019	1H 2019	Q2 2019	1H 2019
<u>Between Subsidiaries and:</u>				
China Marine & Seamen Service Shanghai Corporation	-	-	200	715
Cosco (Qidong) Offshore Co., Ltd	-	-	674	1,024
Cosco (Shanghai) Shipyard Co., Ltd	-	-	114	331
Cosco Petroleum Pte Ltd	-	-	-	316
Cosco Shipping (Hong Kong) Insurance Brokers Limited	-	-	160	289
Cosco Shipping (South East Asia) Pte Ltd	-	-	276	550
Cosco Shipping Lines (Singapore) Pte Ltd	-	-	-	143
Cosco Shipping Seafarer Management Co., Ltd.	-	-	456	1,134
Cosco Shipping Specialized Carriers Co., Ltd	-	-	-	445
Shanghai Ocean Shipping Company	-	-	213	213
<b>Total</b>	-	-	2,093	5,160

	As at 30/06/2019	As at 31/12/2018
	S\$'000	S\$'000
	38,000	38,000
Loan from a fellow subsidiary, Cosco Shipping (South East Asia) Pte Ltd		

### 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  
13/8/2019

## **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 June 2019 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

13/8/2019