



**Unaudited Second Quarter Financial Statement Announcement for the Financial 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 (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**(i) Consolidated Income Statement**

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<b>Continuing operations</b>						
Turnover	40,030	10,790	271	80,678	22,204	263
Cost of sales	(29,496)	(8,382)	252	(60,073)	(19,660)	206
Gross profit	10,534	2,408	337	20,605	2,544	710
Other income [1]	1,017	467	118	1,641	883	86
Other gains and losses [1]	640	(10,164)	NM	3,638	(17,469)	NM
Expenses						
- Distribution	(303)	(112)	171	(852)	(55)	NM
- Administrative	(6,558)	(3,160)	108	(13,008)	(5,517)	136
- Finance	(2,534)	-	NM	(6,129)	-	NM
Share of profit of an associated company	602	-	NM	1,223	-	NM
Profit/(loss) before income tax [2]	3,398	(10,561)	NM	7,118	(19,614)	NM
Income tax expense [3]	(898)	(86)	944	(1,743)	(161)	983
<b>Profit/(loss) from continuing operations</b>	2,500	(10,647)	NM	5,375	(19,775)	NM
<b>Discontinued operations</b>						
Loss from discontinued operations [4]	-	(22,696)	NM	-	(157,255)	NM
<b>Total profit/(loss)</b>	2,500	(33,343)	NM	5,375	(177,030)	NM
<b>Profit/(loss) attributable to:</b>						
<b>Equity holders of the Company</b>	2,439	(20,814)	NM	5,267	(99,740)	NM
Non-controlling interests	61	(12,529)	NM	108	(77,290)	NM
Profit/(loss) for the period	2,500	(33,343)	NM	5,375	(177,030)	NM
<b>Profit/(loss) attributable to equity holders of the Company relates to:</b>						
Profit/(loss) from continuing operations	2,439	(10,689)	NM	5,267	(19,855)	NM
Loss from discontinued operations	-	(10,125)	NM	-	(79,885)	NM
	2,439	(20,814)	NM	5,267	(99,740)	NM

NM denotes not meaningful.

The 2017 comparative figures have been restated following the disposal of the Shipyard businesses in China in Q4 2017 and the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International).

(i) Consolidated Income Statement (continued)

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<b>Earnings per share for profit/(loss) from continuing and discontinued operations attributable to the equity holders of the Company</b> (expressed in cents per share)						
<b>Basic and diluted earnings per share:</b>						
From continuing operations	0.11	(0.48)	NM	0.24	(0.89)	NM
From discontinued operations	-	(0.45)	NM	-	(3.56)	NM

(ii) Consolidated Statement of Comprehensive Income

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000	Change %	1H 2018 S\$'000	1H 2017 S\$'000	Change %
<b>Profit/(loss) for the period</b>	2,500	(33,343)	NM	5,375	(177,030)	NM
<b>Other comprehensive income/(loss):</b> Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets						
- Fair value (loss)/gain	-	(6)	NM	-	33	NM
Currency translation differences arising from consolidation						
-Gains/(losses)	2,926	1,376	113	1,590	(2,047)	NM
	2,926	1,370	114	1,590	(2,014)	NM
<b>Total comprehensive income/(loss) for the period</b>	5,426	(31,973)	NM	6,965	(179,044)	NM
<b>Total comprehensive income/(loss) attributable to:</b>						
<b>Equity holders of the Company</b>	5,365	(20,292)	NM	6,857	(104,204)	NM
Non-controlling interests	61	(11,681)	NM	108	(74,840)	NM
Total comprehensive income/(loss) for the period	5,426	(31,973)	NM	6,965	(179,044)	NM

(iii) **Breakdown and Explanatory Notes to Consolidated Income Statement**

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<b><u>Continuing operations</u></b>						
Government grants	39	20	95	282	30	840
Interest income	608	284	114	791	519	52
Rental income	191	159	20	297	326	(9)
Sale of scrap materials	70	1	NM	73	1	NM
Sundry income	109	3	NM	198	7	NM
Other income	1,017	467	118	1,641	883	86
Foreign exchange gain/(loss)	396	(439)	NM	3,358	(2,682)	NM
Gain/(loss) on disposal of property, plant and equipment	6	(9,745)	NM	34	(14,973)	NM
Gain on sale of bunker stock	238	20	NM	246	186	32
Other gains and losses	640	(10,164)	NM	3,638	(17,469)	NM

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<b><u>Continuing Operations</u></b>						
Interest on borrowings	(2,534)	-	NM	(6,129)	-	NM
Amortisation of deferred expenditure	(16)	(9)	78	(32)	(18)	78
Amortisation of intangible assets	(1,529)	-	NM	(2,846)	-	NM
Depreciation of property, plant and equipment	(4,809)	(1,201)	300	(10,016)	(2,867)	249
Depreciation of investment properties	(129)	(143)	(10)	(259)	(245)	6
Net reversal of impairment of trade and other receivables	20	-	NM	18	-	NM
Write-off of property, plant and equipment	(127)	-	NM	(127)	-	NM

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<b><u>Continuing Operations</u></b>						
Current income tax	9	-	NM	224	(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 Q2 2017 and 1H 2017 have been restated to present 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					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
Turnover	-	513,945	NM	-	904,372	NM
Cost of sales	-	(495,593)	NM	-	(943,979)	NM
Gross profit/(loss)	-	18,352	NM	-	(39,607)	NM
Other income [i]	-	17,417	NM	-	32,531	NM
Other gains and losses [i]	-	4,393	NM	-	3,108	NM
Expenses						
- Distribution	-	(13,349)	NM	-	(22,052)	NM
- Administrative [ii]	-	2,272	NM	-	(15,532)	NM
- Finance	-	(53,205)	NM	-	(117,354)	NM
Share of loss of associated companies	-	(29)	NM	-	(162)	NM
Loss before income tax [iii]	-	(24,149)	NM	-	(159,068)	NM
Income tax credit	-	1,453	NM	-	1,813	NM
<b>Loss from discontinued operations</b>	-	(22,696)	NM	-	(157,255)	NM

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
Government grants	-	2,263	NM	-	3,728	NM
Interest income	-	7,149	NM	-	14,412	NM
Rental income	-	2,017	NM	-	3,363	NM
Sale of scrap materials	-	4,456	NM	-	8,505	NM
Sundry income	-	1,532	NM	-	2,523	NM
Other income	-	17,417	NM	-	32,531	NM
Currency exchange gain – net	-	4,281	NM	-	2,823	NM
Net gain on disposal of property, plant and equipment	-	112	NM	-	285	NM
Other gains and losses	-	4,393	NM	-	3,108	NM

[ii] Administrative expenses of discontinued operations include:

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
Net reversal of impairment of trade and other receivables	-	32,391	NM	-	43,522	NM

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
<u>Discontinued operations</u>						
Interest on borrowings	-	(53,205)	NM	-	(117,354)	NM
Amortisation of deferred expenditure	-	(12)	NM	-	(25)	NM
Depreciation of property, plant and equipment	-	(34,766)	NM	-	(71,368)	NM
Depreciation of investment properties	-	(42)	NM	-	(84)	NM
Net reversal of impairment of receivables and other receivables	-	32,391	NM	-	43,522	NM
Write-down of inventories	-	(19,639)	NM	-	(40,880)	NM
Allowance for expected losses recognised on construction contracts	-	(44,926)	NM	-	(115,499)	NM

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

	Group					
	Q2 2018 S\$'000	Q2 2017 S\$'000 (restated)	Change %	1H 2018 S\$'000	1H 2017 S\$'000 (restated)	Change %
Income tax	-	(34)	NM	-	(34)	NM
Deferred tax	-	121	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		
	30/06/2018 S\$'000	31/12/2017 S\$'000 (Restated)	01/01/2017 S\$'000 (Restated)	30/06/2018 S\$'000	31/12/2017 S\$'000	01/01/2017 S\$'000
<b>Current assets</b>						
Cash and cash equivalents	115,263	58,504	1,520,375	49,102	35,995	29,868
Restricted cash	257	140,660	-	257	140,660	-
Trade and other receivables	30,509	308,844	790,785	11	301,086	57,866
Inventories	203	199	835,582	-	-	-
Contract assets	-	-	3,813,570	-	-	-
Income tax receivables	-	-	1,933	-	-	-
Other current assets	3,184	592	11,891	72	465	100
	149,416	508,799	6,974,136	49,442	478,206	87,834
<b>Non-current assets</b>						
Trade and other receivables	980	-	102,556	-	-	-
Available-for-sale financial assets	-	-	4,599	-	-	-
Club memberships	217	147	280	34	34	48
Investments in associated companies	14,915	-	4,185	13,953	-	-
Investments in subsidiaries	-	-	-	614,182	126,639	372,778
Investment properties	13,527	13,786	14,675	-	-	-
Property, plant and equipment	533,919	40,638	2,527,363	149	182	393
Intangible assets	133,790	-	9,536	-	-	-
Deferred expenditure	2,281	766	2,799	-	-	-
Deferred income tax assets	-	-	140,598	-	-	-
	699,629	55,337	2,806,591	628,318	126,855	373,219
<b>Total assets</b>	849,045	564,136	9,780,727	677,760	605,061	461,053
<b>Current liabilities</b>						
Trade and other payables	58,325	46,770	1,892,526	72,751	89,125	17,585
Contract liabilities	-	-	203,180	-	-	-
Current income tax liabilities	6,144	612	9,877	5	19	2,174
Borrowings	64,772	-	4,297,091	51,580	-	-
Provisions	610	-	38,949	-	-	-
	129,851	47,382	6,441,623	124,336	89,144	19,759
<b>Non-current liabilities</b>						
Trade and other payables	5,767	-	-	5,767	-	-
Borrowings	134,174	-	3,018,327	34,069	-	-
Provisions	1,089	-	-	-	-	-
Deferred income tax liabilities	54,478	132	263	-	-	-
	195,508	132	3,018,590	39,836	-	-
<b>Total liabilities</b>	325,359	47,514	9,460,213	164,172	89,144	19,759
<b>Net assets</b>	523,686	516,622	320,514	513,588	515,917	441,294
<b>Equity</b>						
Share capital	270,608	270,608	270,608	270,608	270,608	270,608
Statutory and other reserves	36,145	34,555	290,937	45,105	45,105	45,105
Retained earnings/ (accumulated losses)	215,305	210,038	(225,485)	197,875	200,204	125,581
Shareholders' equity	522,058	515,201	336,060	513,588	515,917	441,294
Non-controlling interests	1,628	1,421	(15,546)	-	-	-
<b>Total equity</b>	523,686	516,622	320,514	513,588	515,917	441,294

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

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

<b>As at 30/06/2018</b>		<b>As at 31/12/2017</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
25,772	39,000	-	-

**Amount repayable after one year**

<b>As at 30/06/2018</b>		<b>As at 31/12/2017</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
134,174	-	-	-

**Details of any collateral**

The collaterals for secured borrowings include a share charge on the share of a subsidiary, 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 \$456,977,000 (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			
	Q2 2018 S\$'000	Q2 2017 S\$'000	1H 2018 S\$'000	1H 2017 S\$'000
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period	2,500	(33,343)	5,375	(177,030)
Adjustments for:				
Income tax expense/(credit)	898	(1,367)	1,743	(1,652)
Amortisation of deferred expenditure	16	21	32	43
Amortisation of intangible assets	1,529	-	2,846	-
Depreciation of property, plant and equipment	4,809	36,008	10,016	74,235
Depreciation of investment properties	129	144	259	329
Net reversal of impairment of trade and other receivables	(20)	(32,391)	(18)	(43,522)
Write-down of inventories	-	19,639	-	40,880
Loss on disposal of a club membership	-	1	54	1
(Gain)/loss on disposal of property, plant and equipment	(6)	9,633	(34)	14,688
Allowance for expected losses recognised on construction contracts	-	44,926	-	115,499
Write-off of property, plant and equipment	127	-	127	-
Share of (profit)/loss of associated companies	(602)	29	(1,223)	162
Interest expense	2,534	53,205	6,129	117,354
Interest income	(608)	(7,433)	(791)	(14,931)
Exchange differences	(843)	(72,471)	(3,800)	(179,486)
	10,463	16,601	20,715	(53,430)
<b>Changes in working capital:</b>				
Inventories	41	8,314	26	(6,537)
Contract assets	-	(95,495)	-	400,811
Trade and other receivables	612	73,740	(4,106)	145,930
Trade and other payables	(7,649)	178,697	(14,884)	75,026
Contract liabilities	-	(130,739)	-	(139,054)
Other current assets	359	(896)	(108)	(736)
Provision for other liabilities	(92)	1,283	(445)	2,260
Cash provided by operations	3,734	51,505	1,198	424,270
Income tax paid	(2,877)	(8,390)	(3,099)	(10,965)
<b>Net cash provided by/(used in) operating activities</b>	857	43,115	(1,901)	413,305
<b>Cash flows from investing activities</b>				
Deferred consideration paid for acquisition of subsidiaries	(6,000)	-	(6,000)	-
Purchase of property, plant and equipment	(4,601)	(2,884)	(7,037)	(4,632)
Acquisition of subsidiaries, net of cash acquired	-	-	(410,306)	-
Proceeds from disposal of subsidiaries	56,963	-	293,165	-
Proceeds from disposal of property, plant and equipment	47	7,734	72	18,087
Proceeds from disposal of a club membership	-	45	3	45
Decrease in restricted cash balance	-	-	140,403	-
Dividend received	-	-	11,173	-
Interest received	566	6,227	768	15,324
<b>Net cash provided by investing activities</b>	46,975	11,122	22,241	28,824
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	397,448	327,649	1,543,475
Repayments of borrowings	(284,706)	(716,143)	(286,913)	(1,989,272)
Repayment of finance lease liabilities	(928)	-	(1,852)	-
(Increase)/decrease in bank deposits pledged	(2)	44	(2)	182
Interest paid	(4,124)	(51,291)	(4,898)	(117,490)
Dividend paid to non-controlling interests of subsidiaries	(150)	(624)	(150)	(1,005)
<b>Net cash (used in)/provided by financing activities</b>	(289,910)	(370,566)	33,834	(564,110)



	Group			
	Q2 2018 S\$'000	Q2 2017 S\$'000	1H 2018 S\$'000	1H 2017 S\$'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	(242,078)	(316,329)	54,174	(121,981)
Cash and cash equivalents at beginning of financial period	353,793	1,670,380	58,504	1,518,398
Effects of currency translation on cash and cash equivalents	2,337	(855)	1,374	(43,221)
<b>Cash and cash equivalents at end of financial period</b>	<b>114,052</b>	<b>1,353,196</b>	<b>114,052</b>	<b>1,353,196</b>
<b>Cash and cash equivalents represented by:</b>				
Cash at bank and on hand	93,753	579,944	93,753	579,944
Short-term bank deposits	21,510	775,047	21,510	775,047
Less: Bank deposits pledged	(1,211)	(1,795)	(1,211)	(1,795)
	<b>114,052</b>	<b>1,353,196</b>	<b>114,052</b>	<b>1,353,196</b>

(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) <b>Purchase consideration</b>	
Cash paid	468,070
Fair value of deferred consideration	19,474
Consideration transferred for the business	<u>487,544</u>
(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	<u>410,306</u>
(c) <b>Identifiable assets acquired and liabilities assumed, at provisional fair values</b>	
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	<u>(19,474)</u>
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			
	Q2 2018 S\$'000	Q2 2017 S\$'000	1H 2018 S\$'000	1H 2017 S\$'000
Net cash provided by operating activities	-	43,245	-	413,548
Net cash provided by investing activities	-	3,156	-	10,577
Net cash used in financing activities	-	(370,466)	-	(564,010)
Net cash outflows	-	(324,065)	-	(139,885)

(iii) Reconciliation of liabilities arising from financing activities

	1 January 2018 S\$'000	Principal and interest payments S\$'000	Non-cash changes					30 June 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	-	40,736	-	108,210	-	38,000	131	187,077
Finance lease liabilities	-	(1,852)	-	13,147	574	-	-	11,869
Interest payable	-	(4,898)	6,129	-	-	-	-	1,231

- 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
<b>The Group</b>					
<b>At 1 January 2018</b>					
<b>As previously reported</b>	270,608	(18,958)	263,551	1,421	516,622
Adoption of SFRS (I) 1	-	53,513	(53,513)	-	-
<b>As restated at 1 January 2018</b>	270,608	34,555	210,038	1,421	516,622
Total comprehensive income for the first quarter 2018	-	(1,336)	2,828	47	1,539
Acquisition of a subsidiary	-	-	-	249	249
<b>At 31 March 2018</b>	270,608	33,219	212,866	1,717	518,410
Total comprehensive income for the second quarter 2018	-	2,926	2,439	61	5,426
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(150)	(150)
<b>At 30 June 2018</b>	270,608	36,145	215,305	1,628	523,686
<b>At 1 January 2017</b>					
<b>As previously reported</b>	270,608	311,859	(246,407)	(15,546)	320,514
Adoption of SFRS (I) 1	-	(20,922)	20,922	-	-
<b>As restated at 1 January 2017</b>	270,608	290,937	(225,485)	(15,546)	320,514
Total comprehensive loss for the first quarter 2017	-	(4,986)	(78,926)	(63,159)	(147,071)
<b>At 31 March 2017</b>	270,608	285,951	(304,411)	(78,705)	173,443
Total comprehensive loss for the second quarter 2017	-	522	(20,814)	(11,681)	(31,973)
Dividend declared by a subsidiary to non-controlling interests of a subsidiary	-	-	-	(100)	(100)
<b>At 30 June 2017</b>	270,608	286,473	(325,225)	(90,486)	141,370

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>The Company</b>					
<b>At 1 January 2018</b>	270,608	45,105	200,204	-	515,917
Total comprehensive loss for the first quarter 2018	-	-	(1,422)	-	(1,422)
<b>At 31 March 2018</b>	270,608	45,105	198,782	-	514,495
Total comprehensive loss for the second quarter 2018	-	-	(907)	-	(907)
<b>At 30 June 2018</b>	270,608	45,105	197,875	-	513,588
<b>At 1 January 2017</b>	270,608	45,105	125,581	-	441,294
Total comprehensive loss for the first quarter 2017	-	-	(3,767)	-	(3,767)
<b>At 31 March 2017</b>	270,608	45,105	121,814	-	437,527
Total comprehensive loss for the second quarter 2017	-	-	(1,762)	-	(1,762)
<b>At 30 June 2017</b>	270,608	45,105	120,052	-	435,765

- 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 June 2018, there were no outstanding share options under the ESOS Scheme 2002 (30 June 2017: 6,120,000).

- 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 June 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 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 are reclassified to be presented as part of contract liabilities.

**Impact on the comparatives for the Second 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
<b>Group Balance Sheet</b>		
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			
	Q2 2018	Q2 2017	1H 2018	1H 2017
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.11	(0.93)	0.24	(4.45)
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)	0.11	(0.93)	0.24	(4.45)
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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Net asset value per ordinary share (cents)	23.31	23.01	22.94	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.**

**Q2 2018**

Group turnover from continuing operations increased by 271.0% to \$40.0 million for Q2 2018 as compared to Q2 2017 mainly due to turnover of \$32.3 million from newly acquired logistics businesses, offset by a decrease in shipping revenue from a reduced fleet of 3 bulk carriers.

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 \$0.6 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 \$22.7 million for Q2 2017. The discontinued operations relates to the Group's shipyard business in China which was disposed in Q4 2017.

Overall, the Group recorded net profit attributable to equity holders of \$2.4 million for Q2 2018 as compared to a loss of \$20.8 million for Q2 2017.

## 1H 2018

The Group recorded profit from continuing operations in logistics, dry bulk shipping and other businesses of \$5.4 million on turnover of \$80.7 million for 1H 2018.

Group turnover from continuing operations increased by 263.3% to \$80.7 million for 1H 2018 as compared to 1H 2017 mainly due to turnover of \$64.4 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 1H 2018 were gains of \$3.6 million (1H 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 \$1.2 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 \$157.3 million for 1H 2017. The discontinued operations relates to the Group's shipyard business in China which was disposed in Q4 2017.

Overall, the Group recorded net profit attributable to equity holders of \$5.3 million for 1H 2018 as compared to a loss of \$99.7 million for 1H 2017.

## **Balance Sheet**

(30 June 2018 vs 31 December 2017)

Cash and cash equivalents increased from \$58.5 million to \$115.3 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 \$277.4 million to \$31.5 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 \$493.3 million to \$533.9 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 \$34.8 million. The Group has recognised a provisional goodwill of \$99.0 million based on provisional fair values of assets and liabilities of 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 Limited. 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 \$17.3 million to \$64.1 million mainly due to the trade and other payables assumed for the newly acquired subsidiaries.

Total borrowings increased by \$198.9 million to \$198.9 million mainly due to the borrowings procured to finance the acquisition of Cogent Holdings Limited 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 \$6.9 million mainly due to the profits in 1H 2018 and an increase in currency translation reserves.

## Cash Flow

### Q2 2018

Net cash provided by operating activities for Q2 2018 was \$0.9 million. This was mainly due to operational cash inflow.

Net cash provided by investing activities for Q2 2018 was \$47.0 million. This was mainly due to the proceeds from the disposal of subsidiaries.

Net cash used in financing activities for Q2 2018 was \$289.9 million. This was mainly due to the repayment of bank borrowings and interest during the quarter.

### 1H 2018

Net cash used in operating activities for 1H 2018 was \$1.9 million. This was mainly due to cash outflow from working capital changes.

Net cash provided by investing activities for 1H 2018 was \$22.2 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.

Net cash provided by financing activities for 1H 2018 was \$33.8 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 Limited ("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, legal advice has been sought and CAL will vigorously defend the claim. This matter 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 approximately 13 years. In the second quarter of 2018, the international dry bulk shipping market showed an improvement over the same period in 2017. The Baltic Dry Index averaged 1260 points in the second quarter of 2018, an increase of 25.3% from the average of 1006 points in the second quarter of 2017, with the highest point for the quarter being 1476 and the lowest point being 948. Industry peers generally believe that the dry bulk market in 2018 will show a slight improvement over 2017.

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 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)	
	Q2 2018 S\$'000	1H 2018 S\$'000	Q2 2018 S\$'000	1H 2018 S\$'000
<u>Between Subsidiaries and:</u>				
Cosco (Qidong) Offshore Co., Ltd	-	-	357	807
Cosco (Shanghai) Shipyard Co., Ltd	-	-	-	123
Cosco Petroleum Pte Ltd	-	-	804	1,154
Cosco Shipping Lines (Singapore) Pte Ltd	-	-	122	122
Cosco Shipping (South East Asia) Pte Ltd	-	-	225	448
Cosco Shipping Seafarer Management Co., Ltd. (Formerly known as "Qingdao Manning Co-operation Ltd")	-	-	429	857
Cosco Shipping Specialized Carriers Co., Ltd	-	-	291	291
Shanghai Ocean Crew Co., Ltd	-	-	210	419
<b>Total</b>	-	-	2,438	4,221

	<b>As at 30/06/2018</b> S\$'000	<b>As at 31/12/2017</b> 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  
13/8/2018

## **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 June 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

13/8/2018