COSCO CORPORATION (SINGAPORE) LIMITED
(Company Registration no:- 196100159G)

Unaudited Second Quarter Financial Statement Announcement for the Financial Period Ended 30 June 2014

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					
	S$'000		**%**	**S$'000**		**%**
	Q2 2014	**Q2 2013**	**Change**	**1H 2014**	**1H 2013**	**Change**
Turnover	1,146,522	890,326	29	2,185,908	1,623,321	35
Cost of sales	(1,054,545)	(794,536)	33	(1,998,212)	(1,448,912)	38
Gross profit	91,977	95,790	(4)	187,696	174,409	8
Other income (net) [1]	35,413	15,980	122	55,905	26,890	108
Expenses						
- Distribution	(19,268)	(19,274)	-	(38,225)	(28,732)	33
- Administrative	(35,869)	(47,688)	(25)	(76,573)	(79,302)	(3)
- Finance	(35,315)	(28,404)	24	(62,889)	(55,679)	13
Share of profit of associated companies [2]	65	84	(23)	139	261	(47)
Profit before income tax [3]	37,003	16,488	124	66,053	37,847	75
Income tax (expense)/credit [4]	(6,820)	2,442	NM	(12,883)	(3,375)	282
Net profit	30,183	18,930	59	53,170	34,472	54
Attributable to:						
Equity holders of the Company	**14,302**	**12,041**	**19**	**26,927**	**21,785**	**24**
Non-controlling interests	15,881	6,889	131	26,243	12,687	107
Net profit	30,183	18,930	59	53,170	34,472	54
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)						
- basic	0.64	0.54	19	1.20	0.97	24
- diluted	0.64	0.54	19	1.20	0.97	24

(ii) Consolidated Statement of Comprehensive Income

	Group					
	S$'000		%	S$'000		%
	Q2 2014	Q2 2013	Change	1H 2014	1H 2013	Change
Net Profit	30,183	18,930	59	53,170	34,472	54
Other comprehensive income/(loss):						
Available-for-sale financial assets - Net fair value gain/(loss)	9	(51)	NM	3	(71)	NM
Currency translation differences arising from consolidation	(13,471)	65,189	NM	(71,904)	101,121	NM
Total comprehensive income for the period	16,721	84,068	(80)	(18,731)	135,522	NM
Total comprehensive income attributable to:						
Equity holders of the Company	**6,278**	**50,056**	(87)	**(13,804)**	**81,131**	NM
Non-controlling interests	10,443	34,012	(69)	(4,927)	54,391	NM
	16,721	84,068	(80)	(18,731)	135,522	NM

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

[1] Other income (net) comprises the following:

	Q2 2014	Q2 2013	Change	1H 2014	1H 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Sale of scrap materials	14,522	13,196	10	23,490	20,766	13
Net gain on disposal of property, plant and equipment	40	365	(89)	147	382	(62)
Rental income	657	434	51	973	760	28
Dividend income	644	-	NM	644	-	NM
Interest income	11,913	8,691	37	25,006	15,253	64
Currency exchange gain/(loss) - net	623	(10,172)	NM	535	(14,486)	NM
Fair value gain/(loss) on forward currency contracts	3,984	-	NM	(820)	-	NM
Government grants	718	815	(12)	2,466	1,417	74
Sundry income	2,312	2,651	(13)	3,464	2,798	24
	35,413	15,980	122	55,905	26,890	108

NM denotes not meaningful.

[2] Share of profit of associated companies is after tax.

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

	Q2 2014	Q2 2013	Change	1H 2014	1H 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Interest on borrowings	(35,315)	(28,404)	24	(62,889)	(55,679)	13
Depreciation and amortisation	(35,656)	(45,476)	(22)	(73,175)	(90,369)	(19)
Net reversal of/(allowance for) impairment of trade and other receivables	1,880	(3,627)	NM	1,840	439	319
Net (allowance for)/reversal of inventory write-down	(12,899)	712	NM	(12,460)	(391)	3,087
Write-off for property, plant and equipment	(165)	(144)	15	(217)	(147)	48
Impairment in value of property, plant and equipment	(162)	-	NM	(162)	-	NM
Provision for an onerous contract	-	-	-	(25)	-	NM
Net reversal of/(allowance for) expected losses recognised on construction contracts	1,106	(808)	NM	4,087	(789)	NM

[4] Income tax expense/(credit) attributable to profit is made up of:

	Q2 2014	Q2 2013	Change	1H 2014	1H 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
- Profit from current financial period						
Current income tax	20,449	5,087	302	55,999	35,417	58
Deferred income tax	(13,014)	179	NM	(42,376)	(24,334)	74
	7,435	5,266	41	13,623	11,083	23
- Over provision in prior financial years						
Current income tax	(615)	(3,922)	(84)	(740)	(3,922)	(81)
Deferred income tax	-	(3,786)	NM	-	(3,786)	NM
	(615)	(7,708)	(92)	(740)	(7,708)	(90)
	6,820	(2,442)	NM	12,883	3,375	282

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	
	S$'000	S$'000	S$'000	S$'000
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Current assets				
Cash and cash equivalents	2,012,296	2,028,397	46,395	54,408
Forward currency contracts	-	770	-	-
Trade and other receivables	3,953,434	2,911,828	30,640	31,758
Inventories	1,099,164	1,046,764	-	-
Construction contract work-in-progress	167,648	208,366	-	-
Other current assets	21,968	15,235	48	176
	7,254,510	6,211,360	77,083	86,342
Non-current assets				
Trade and other receivables	20,358	36,874	-	-
Available-for-sale financial assets	4,235	4,391	-	-
Club memberships	302	303	88	88
Investments in associated companies	4,785	4,826	-	-
Investments in subsidiaries	-	-	371,287	370,988
Investment properties	10,972	11,293	-	-
Property, plant and equipment	2,105,269	2,227,868	717	768
Intangible assets	9,501	9,539	-	-
Deferred expenditure	2,945	3,066	-	-
Deferred income tax assets	259,008	225,212	-	-
	2,417,375	2,523,372	372,092	371,844
Total assets	9,671,885	8,734,732	449,175	458,186
Current liabilities				
Forward currency contracts	62	-	-	-
Trade and other payables	2,876,969	2,695,911	16,969	18,149
Current income tax liabilities	73,291	25,288	1,472	1,531
Borrowings	2,659,647	1,926,065	-	-
Provision for other liabilities	56,805	55,396	-	-
	5,666,774	4,702,660	18,441	19,680
Non-current liabilities				
Borrowings	1,870,854	1,856,463	-	-
Deferred income tax liabilities	977	528	848	398
	1,871,831	1,856,991	848	398
Total liabilities	7,538,605	6,559,651	19,289	20,078
Net assets	2,133,280	2,175,081	429,886	438,108
Equity				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	202,940	245,139	45,105	45,105
Retained earnings	826,030	820,027	114,173	122,395
Shareholders' equity	1,299,578	1,335,774	429,886	438,108
Non-controlling interests	833,702	839,307	-	-
Total equity	2,133,280	2,175,081	429,886	438,108

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

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
992,368,000	1,667,279,000	666,244,000	1,259,821,000

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
614,540,000	1,256,314,000	453,597,000	1,402,866,000

Details of any collateral

The collaterals for secured borrowings comprise the Group's trade receivables with net book value totalling $1,606,908,000 (2013: $1,119,841,000).

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	
	S$'000	
	Q2 2014	Q2 2013
Cash flows from operating activities		
Net profit	30,183	18,930
Adjustments for:		
Income tax expense/(credit)	6,820	(2,442)
Depreciation and amortisation	35,656	45,476
Net (reversal of)/allowance for impairment of trade and other receivables	(1,880)	3,627
Net allowance for/(reversal of) inventory write-down	12,899	(712)
Net gain on disposal of property, plant and equipment	(40)	(365)
Net (reversal of)/allowance for expected losses recognised on construction contracts	(1,106)	808
Write-off for property, plant and equipment	165	144
Impairment in value of property,plant and equipment	162	-
Net fair value gain on forward currency contracts	(3,984)	-
Share of profit of associated companies	(65)	(84)
Dividend income	(644)	-
Interest expense (financing)	35,315	28,404
Interest income (investing)	(11,913)	(8,691)
	101,568	85,095
Changes in working capital:		
Inventories and construction contract work-in-progress	(340)	11,269
Trade and other receivables	(532,687)	(329,175)
Trade and other payables	238,278	195,089
Other current assets	(2,739)	(810)
Provision for other liabilities	(4,003)	696
Exchange differences	(8,852)	46,809
Cash (used in)/generated from operations	(208,775)	8,973
Income tax paid	(10,021)	(12,118)
Net cash used in operating activities	(218,796)	(3,145)

Cash flows from investing activities		
Purchase of property, plant and equipment	(17,857)	(13,078)
Proceeds from disposal of property, plant and equipment	86	457
Dividend received	670	-
Interest received	24,187	11,658
Net cash provided by/(used in) investing activities	7,086	(963)
Cash flows from financing activities		
Proceeds from borrowings	714,099	1,077,365
Repayments of borrowings	(353,374)	(907,921)
Decrease/(Increase) in bank deposits pledged	2,254	(249)
Interest paid	(30,855)	(30,066)
Dividends paid to shareholders of the Company	(22,392)	(44,785)
Dividend paid to non-controlling interests of subsidiaries	(269)	(203)
Net cash provided by financing activities	309,463	94,141
Net increase in cash and cash equivalents	97,753	90,033
Cash and cash equivalents at beginning of financial period	1,924,747	1,673,892
Effects of currency translation on cash and cash equivalents	(12,792)	43,937
Cash and cash equivalents at end of financial period	2,009,708	1,807,862
Cash and cash equivalents represented by:		
Cash at bank and on hand	507,395	744,783
Short-term bank deposits	1,504,901	1,081,396
Less: Bank deposits pledged	(2,588)	(18,317)
	2,009,708	1,807,862

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 April 2014	270,608	211,627	833,457	823,937	2,139,629
Total comprehensive income for the period	-	(8,024)	14,302	10,443	16,721
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(678)	(678)
Dividend for 2013	-	-	(22,392)	-	(22,392)
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
Transfer from retained earnings to statutory reserves	-	141	(141)	-	-
At 30 June 2014	270,608	202,940	826,030	833,702	2,133,280

At 1 April 2013	270,608	173,453	868,520	788,078	2,100,659
Total comprehensive income for the period	-	38,015	12,041	34,012	84,068
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(245)	(245)
Dividend for 2012	-	-	(44,785)	-	(44,785)
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
Transfer from retained earnings to statutory reserves	-	21,401	(21,401)	-	-
At 30 June 2013	270,608	232,064	815,180	821,845	2,139,697
The Company					
At 1 April 2014	270,608	45,105	119,605	-	435,318
Total comprehensive income for the period	-	-	16,960	-	16,960
Dividend for 2013	-	-	(22,392)	-	(22,392)
At 30 June 2014	270,608	45,105	114,173	-	429,886
At 1 April 2013	270,608	45,105	129,965	-	445,678
Total comprehensive income for the period	-	-	31,351	-	31,351
Dividend for 2012	-	-	(44,785)	-	(44,785)
At 30 June 2013	270,608	45,105	116,531	-	432,244

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 outstanding share options under the Scheme 2002 as at 30 June 2014 were 13,110,000 (30 June 2013: 15,770,000).

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 2014, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2013: 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 2013.

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.**

On 1 January 2014, the Group and the Company adopted the following new financial reporting standards ("FRS") which are effective for annual periods beginning on or after 1 January 2014.

The following are the FRS that are relevant to the Group:

(i) FRS 110 *Consolidated Financial Statements*
(ii) FRS 111 *Joint Arrangements*
(iii) FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the new FRS does not have a significant impact on the financial statements of the Group.

On 1 January 2014, the Group revised its estimated useful lives of certain assets within leasehold land and buildings, plant and machinery and docks and quays after conducting an operational review of their useful lives. As a result, there was a change in the expected useful lives of these assets. The change in accounting estimate has been applied prospectively subsequent to that date. Accordingly, the adoption of the change in accounting estimate has no effect in prior years. The net book value of property, plant and equipment as at 30 June 2014 had been increased by approximatedly $18,192,000 and the profit before income tax for Q2 2014 and 1H2014 had been increased by approximately $8,802,000 and $18,192,000 respectively by way of a decrease in depreciation charge for the financial period as a result of such change.

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 2014	**Q2 2013**	**1H 2014**	**1H 2013**
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.64	0.54	1.20	0.97
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)	0.64	0.54	1.20	0.97
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.

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 current financial period reported on and the corresponding period of the immediately preceding financial year.

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	
	30/06/2014	**31/12/2013**	**30/06/2014**	**31/12/2013**
Net asset value per ordinary share (cents)	58.04	58.85	19.20	19.30

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2013: 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.

Overview

The Group achieved net profit attributable to equity holders of $14.3 million on turnover of $1.1 billion in Q2 2014. For 1H 2014, Group net profit attributable to equity holders amounted to $26.9 million on turnover of $2.2 billion.

Turnover

Group turnover increased by 28.8% to $1.1 billion in Q2 2014, from $890.3 million in Q2 2013 owing to increase in shipyard revenue.

Turnover from shipyard operations increased by 29.3% to $1.1 billion in Q2 2014 from $877.2 million in Q2 2013 mainly owing to higher revenue contribution from ship repair, ship building and marine engineering segments. The Group delivered 3 bulk carriers in Q2 2014. Of these, COSCO Zhoushan shipyard delivered 2 bulk carriers and COSCO Dalian shipyard delivered 1 bulk carrier. In addition, COSCO Nantong shipyard delivered 1 pipelay heavy lift vessel, COSCO Guangdong shipyard delivered 1 tender barge and COSCO Zhousan shipyard delivered 1 float-over launch barge.

Turnover from dry bulk shipping and other businesses decreased by 6.1% from $13.1 million in Q2 2013 to $12.3 million in Q2 2014 as the current short-term rates were lower than the more favorable charter rates received in Q2 2013. The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started Q2 2014 at 1,316 points and ended the quarter lower at 850 points. In Q2 2014, the BDI averaged 982 points which is a 10.6% increase from the average of Q2 2013 of 888 points. The Baltic Exchange Supramax Index(BSI) averaged 859 points in Q2 2014, a decrease of 3.6% from the average of 891 points in Q2 2013. Currently, the Group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Shipyard business remained the biggest revenue contributor, forming 98.9% of Group turnover in Q2 2014.

Profitability

Gross profit decreased 4.0% from $95.8 million in Q2 2013 to $92.0 million in Q2 2014 mainly due to lower profit contributions from shipyard operations.

Other income comprised gain from the disposal of scrap metal, interest income, net currency exchange gain/(loss) and others. Compared to Q2 2013, other income increased by 121.6% to $35.4 million in Q2 2014 mainly due to higher sale value of scrap materials, an exchange gain of $0.6 million (Q2 2013: exchange loss of $10.2 million) and fair value gain of $4.0 million on forward currency contracts.

Interest expense increased by 24.3% to $35.3 million in Q2 2014 due to higher bank borrowings to fund shipyard operations.

Overall, net profit attributable to equity holders of the Company increased 18.8% from $12.0 million in Q2 2013 to $14.3 million in Q2 2014 mainly due to higher profit contributions from shipyard operations.
Compared to 1H 2013, net profit attributable to equity holders of the Company increased 23.6% from $21.8 million to $26.9 million in 1H 2014.

Balance Sheet and Cash Flow
(30 June 2014 vs 31 December 2013)

Cash and cash equivalents remained unchanged at $2.0 billion. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased $1.0 billion to $4.0 billion mainly due to higher construction contracts due from customers in the marine engineering segment and an increase in advances paid to suppliers (from $595.6 million to $854.4 million).

Trade and other payables increased $181.0 million to $2.9 billion mainly due to higher accruals for operating expenses and partially offset by a decrease in advances received from customers (from $558.8 million to $405.3 million).

Total borrowings increased by $748.0 million to $4.5 billion due to additional funding procured to finance shipyard operations.

Shareholder's equity decreased marginally by $36.2 million mainly due to the decrease in currency translation differences reserves and payment of dividends in May 2014.

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.

As at 30 June 2014, the Group's order book stood at US$ 8.1 billion with progressive deliveries up to 2016. This order book is subject to revision from any new or cancellation of orders that may arise.

New orders received in the first half of 2014 include 8 platform supply vessels, 4 emergency response/rescue/field support vessels, 2 livestock carriers and 1 jack-up rig.

As the Group continues construction in 2014 on new ship building contracts that were secured in recent years at low contract values due to the slumping shipping market then, the Group expects operating margins on these new shipbuilding projects to continue to be under great pressure notwithstanding improving gains in efficiency and productivity.

In offshore marine engineering operations, the Group is currently one of the largest marine engineering groups in the People's Republic of China. Offshore marine projects in its order book cover a wide product range that includes FPSO, semi-submersible accommodation rig and vessel, stinger barge and self-erecting drilling tender barge, Sevan 650 drilling unit, semi-sub tender assist drilling rig, jack-up rig, platform supply vessel, emergency response/rescue/field support vessel and others. For new product types, the Group expects to incur higher costs during execution.

The Group was an early mover in the offshore marine segment among Chinese shipyards and is now a leading player among Chinese shipyards in the offshore marine segment. With the benefit of its experience and expertise gained over the years, the Group is now well-positioned to understand and meet customers' expectations. Nevertheless, competition is intensifying as there is an increasing number of players in the offshore marine engineering segment.

As the Group's offerings continue to move further up the value chain in the offshore marine segment, it will be subject to further technical challenges in the production of higher value products. The Group will nevertheless continue to strive for greater expertise and capabilities to reach out to a broader customer base to lay an even firmer foundation for long-term sustainable growth in offshore and marine engineering operations.

The Baltic Dry Index (BDI) averaged 1179 points in the first half of 2014, an increase of 40.0% from the average of 842 points in the first half of 2013. The Baltic Exchange Handysize Index (BHSI) averaged 596 points in the first half of 2014, an increase of 19.0% from the average of 501 points in first half 2013. The Baltic Exchange Supramax Index(BSI) averaged 988 points in the first half of 2014, an increase of 18.8% from the average of 832 points in first half 2013. Currently, the Group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Due to new tonnage accumulation in the past years, any possible market recovery in the dry bulk shipping segment will be a slow process with uncertainty. The Group may thus continue to face pressure in ship building which may lead to excess shipyard capacity.

On 17 October 2013, the Group made an announcement on the DP3 Deepwater Drillship contract stating that the shipowner has served notice of termination and submitted a request for arbitration in London for which the shipowner claimed for a refund of the first instalment of the contract amounting to US$110 million paid by the shipowner together with interests thereon, damages and interest thereon, indemnity for future losses, further or other relief and costs. Given the current stage of arbitration proceedings, it remains difficult to quantify the eventual financial impact of the arbitration at this point in time. Notwithstanding the arbitration proceedings, the first instalment of US$110 million was refunded to the shipowner together with payment of interest thereon amounting to US$8.1 million on 13 January 2014.

On 22 July 2014, the Group made an announcement on the company voluntary arrangement ("**CVA**") of one of its customers in the United Kingdom, ATP Oil & Gas (UK) Limited ("**ATP UK**"), which COSCO Nantong has entered into a vessel building contract for the construction of Octabuoy hull and topside module (the "**Project**"). COSCO Nantong has completed construction work of substantial part of the hull with partial completion of the topside module of the Project. No additional construction work has been carried out by COSCO Nantong under the Project during the CVA proceedings. To-date, ATP UK has made partial of the instalment payments to COSCO Nantong under the vessel building contract, and a part of the variation order remains unpaid. COSCO Nantong has informed the Company that pursuant to the CVA proposal approved under the legal proceedings in the United Kingdom, the vessel building contract would be terminated and such termination would be deemed to be under the default of ATP UK. COSCO Nantong shall be entitled to retain any instalments paid by ATP UK. COSCO Nantong shall also have full right and power either to complete or not to complete the Project as it deems fit, and to sell the Project at a public or private sale.

The Group maintains a cautious outlook for 2014 with continuing uncertainty over the state of the global economy and global economic growth. Moreover, the availability and cost of credit may tighten, particularly with the unwinding of monetary policy stimulus which may adversely affect the ability of customers to meet their financial obligations.

Any further strengthening of the Chinese Yuan against the United States Dollar and potential rise in general Chinese wages, prices of raw materials required for production as well as higher financing costs, and the entry of new players especially in the offshore marine segment, may exert even greater downward pressure on the operating margins of the shipyard operations of the Group.

Overall, the Group continues to expect difficult and challenging business and operating conditions in 2014.

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 Q2 2014.

13. Interested Person Transactions

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

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 2014	1H 2014	Q2 2014	1H 2014
Between Subsidiaries and:				
Chimbusco Guangzhou Branch	-	-	2,142	2,734
Chimbusco Zhoushan Branch	-	-	2,011	3,583
China Marine Bunker (Dalian) Co., Ltd	-	-	2,704	3,695
Cosco (HK) Investment & Development Co., Ltd	-	-	169	169
Cosco (HK) Shipping Co., Ltd	-	-	3,346	6,588
Cosco Bulk Carrier Co., Ltd	-	-	3,042	5,532
Cosco Bulk Carrier Holdings (Cayman) Limited	-	-	-	574
Cosco Bulk Tianjin Forwarding Company Limited	-	-	514	846
Cosco Container Lines Co., Ltd	-	-	1,010	3,556
Cosco Far-Reaching Shipping Co.,Ltd	-	-	253	253
Cosco Finance Co., Ltd	-	-	646,436	1,099,812
Cosco International Trade Ltd	-	-	-	103
Cosco Logistic (GZ) Heavy Transportation	-	-	113	291
Cosco Logistics (Nantong)	-	-	287	1,180
Cosco Logistics Dalian Co., Ltd	-	-	1,463	1,571
Cosco Petroleum Pte Ltd	-	-	219	219
Cosco Shipping Co., Ltd	-	-	536	876
Cosco Wallem Ship Management Co., Ltd	-	-	-	119
Dalian Ocean Shipping Company	-	-	782	1,486
Nantong Chimbusco Marine Bunker	-	-	2,090	6,437
Nantong Cosco Heavy Industry Co., Ltd	-	-	268	268
Nantong Cosco Ship Equipment Company	-	-	-	287
Qingdao Manning Co-operation Ltd	-	-	802	1,623
Qingdao Ocean Shipping Company	-	-	-	116
Shanghai Ocean Crew Co., Ltd	-	-	1,203	2,407
Shanghai Ocean Shipping Company	-	-	1,589	1,589
Shenzhen Ocean Shipping Company	-	-	157	649
Xiamen Ocean Shipping Company	-	-	140	140
Total	-	-	671,276	1,146,703

	As at 30/06/2014	As at 31/12/2013
	S$'000	S$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	122,538	286,908
- Short-term bank deposits	315,314	439,612
	437,582	726,520
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	-	2,086

BY ORDER OF THE BOARD

Mr Wu Zi Heng
Vice Chairman and President
1/8/2014

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 2014 financial results to be false or misleading.

On behalf of the directors

Mr Wu Zi Heng	Mr Tom Yee Lat Shing
Vice Chairman and President	Director

1/8/2014