



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

**Unaudited Full Year Financial Statement And Dividend Announcement for the Financial Year Ended 31 December 2009**

**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>S\$'000</b>		<b>%</b>
	<b>2009</b>	<b>2008</b>	<b>Change</b>
Turnover	2,899,004	3,476,009	(17)
Cost of sales	(2,601,406)	(2,845,875)	(9)
Gross profit	297,598	630,134	(53)
Other income (net) [1]	146,314	207,942	(30)
Expenses			
- Distribution	(42,420)	(61,642)	(31)
- Administrative	(181,250)	(316,855)	(43)
- Finance (Interest)	(41,904)	(8,834)	374
Share of profit of associated companies [2]	214	643	(67)
Profit before income tax [3]	178,552	451,388	(60)
Income tax expense [4]	(40,758)	(31,620)	29
<b>Net profit</b>	<b>137,794</b>	<b>419,768</b>	<b>(67)</b>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>110,080</b>	<b>302,588</b>	<b>(64)</b>
Minority interests	27,714	117,180	(76)
Net profit	137,794	419,768	(67)
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in cents per share)			
- basic	4.92	13.51	(64)
- diluted	4.92	13.50	(64)

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

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

	<b>2009</b>	<b>2008</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Sale of scrap materials	67,142	122,267	(45)
Net (loss)/gain on disposal of property, plant and equipment	(351)	1,638	(121)
Dividend income	314	1,171	(73)
Interest income from deposits	32,781	34,355	(5)
Currency exchange gain – net	15,715	26,678	(41)
Net fair value (loss)/gain on forward currency contracts	(15,625)	1,526	NM
Impairment in value of transferable club memberships	(32)	(4)	700
Compensation received from customers	15,263	11,767	30
Government grant	21,382	-	NM
Sundry income	9,725	8,544	14
	<b>146,314</b>	<b>207,942</b>	<b>(30)</b>

NM denotes not meaningful.

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

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

	<b>2009</b>	<b>2008</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest on borrowings	(41,904)	(8,834)	374
Depreciation	(153,416)	(120,767)	27
Net reversal of /(allowance for) impairment of trade and other receivables	11,375	(61,283)	NM
Write-off for inventory obsolescence and inventory write-down	(4,236)	(20,907)	(80)
Write-off for property, plant and equipment	(40)	(2,257)	(98)
Expected losses recognised on construction contracts	(578)	(89,048)	(99)

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

	<b>2009</b>	<b>2008</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Income tax	(6,120)	17,836	(134)
Deferred tax	(3,266)	18,251	(118)

(iii) Consolidated Statement of Comprehensive Income

	Group		
	S\$'000		%
	2009	2008	Change
<b>Net Profit</b>	137,794	419,768	(67)
<b>Other comprehensive income:</b>			
Financial assets, available-for-sale			
- Net fair value gains	371	263	41
Currency translation differences arising from consolidation	(27,480)	65,375	(142)
<b>Total comprehensive income for the year</b>	110,685	485,406	(77)
<b>Total comprehensive income attributable to:</b>			
<b>Equity holders of the Company</b>	<b>93,345</b>	<b>339,968</b>	(73)
Minority interests	17,340	145,438	(88)
Total comprehensive income for the year	110,685	485,406	(77)

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
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>Current assets</b>				
Cash and cash equivalents	1,549,175	1,880,316	134,511	130,823
Forward currency contracts	944	10,063	-	-
Trade and other receivables	1,452,240	1,570,108	236	80,596
Inventories	677,568	945,601	-	-
Construction contract work-in-progress	199,385	170,143	-	-
Other current assets	6,573	19,792	220	175
	<b>3,885,885</b>	<b>4,596,023</b>	<b>134,967</b>	<b>211,594</b>
<b>Non-current assets</b>				
Forward currency contracts	-	1,441	-	-
Trade and other receivables	-	-	64,285	65,594
Financial assets, available-for-sale	4,034	3,630	-	-
Club memberships	492	473	156	236
Investments in associated companies	1,922	2,577	-	-
Investments in subsidiaries	-	-	290,813	289,968
Investment properties	11,786	12,217	-	-
Property, plant and equipment	2,349,098	2,081,950	775	896
Intangible assets	9,525	9,546	-	-
Deferred expenditure	1,061	-	-	-

Deferred income tax assets	158,523	91,417	-	-
	2,536,441	2,203,251	356,029	356,694
<b>Total assets</b>	6,422,326	6,799,274	490,996	568,288
<b>Current liabilities</b>				
Forward currency contracts	14,448	3,506	-	-
Trade and other payables	3,559,006	4,441,900	16,767	14,871
Current income tax liabilities	84,136	61,348	549	4,885
Borrowings	176,262	45,278	-	-
Provision for other liabilities	36,436	20,156	-	-
	3,870,288	4,572,188	17,316	19,756
<b>Non-current liabilities</b>				
Forward currency contracts	-	6,375	-	-
Borrowings	938,946	611,364	-	-
Deferred income tax liabilities	2,400	180	2,198	-
	941,346	617,919	2,198	-
<b>Total liabilities</b>	4,811,634	5,190,107	19,514	19,756
<b>Net assets</b>	1,610,692	1,609,167	471,482	548,532
<b>Shareholders' equity</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	174,030	167,904	45,105	41,865
Retained earnings	639,404	705,692	155,769	236,059
Shareholders' equity	1,084,042	1,144,204	471,482	548,532
Minority interests	526,650	464,963	-	-
<b>Total equity</b>	1,610,692	1,609,167	471,482	548,532

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

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

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
7,261,000	169,001,000	25,085,000	20,193,000

**Amount repayable after one year**

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
17,454,000	921,492,000	25,218,000	586,146,000

**Details of any collateral**

The collaterals for secured borrowings include the group's cash, vessels and motor vehicles with net book value totalling \$80,741,000 (2008: \$125,344,000).

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

	<b>Group</b>	
	<b>S\$'000</b>	
	<b>2009</b>	<b>2008</b>
<u>Cash flow from operating activities</u>		
Net profit	137,794	419,768
Adjustments for:		
Income tax expense	40,758	31,620
Share of profit from associated companies	(214)	(643)
Depreciation of property, plant and equipment and investment properties	153,416	120,767
Net (reversal of)/ allowance for impairment of trade and other receivables	(11,375)	61,283
Write-off for inventory obsolescence and inventory write-down	4,236	20,907
Impairment in value of transferable country club memberships	32	4
Loss on disposal of a transferable club membership	4	-
Net loss/(gain) on disposal of property, plant and equipment	351	(1,638)
Expected losses recognised on construction contracts	578	89,048
Write-off for property, plant and equipment	40	2,257
Employees share option expenses	3,240	17,311
Net fair value loss/(gain) on forward currency contracts	15,625	(1,526)
Negative goodwill	(12)	-
Dividend income	(314)	(1,171)
Interest expense (financing)	41,904	8,834
Interest income (investing)	(32,781)	(34,355)
	<b>353,282</b>	<b>732,466</b>
Changes in working capital:		
Inventories and construction contract work-in-progress	234,555	(650,191)
Trade and other receivables	121,453	(791,547)
Trade and other payables	(850,141)	1,898,403
Trading property	-	977
Other current assets	13,219	(12,829)
Deferred expenditure	(1,061)	-
Provision for other liabilities	16,280	15,027
Exchange differences	30,489	(53,689)
Cash (used in)/generated from operations	(81,924)	1,138,617
Income tax paid	(82,444)	(64,654)
<b>Net cash (used in)/provided by operating activities</b>	<b>(164,368)</b>	<b>1,073,963</b>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(469,924)	(664,583)
Proceeds from disposal of property, plant and equipment	12,319	14,694
Purchase of a transferable club membership	(101)	-
Proceeds from disposal of a club membership	45	-
Purchase of investment properties	-	(1,063)
Dividends received	764	1,171
Interest received	40,922	15,650
<b>Net cash used in investing activities</b>	<b>(415,975)</b>	<b>(634,131)</b>
<u>Cash flows from financing activities</u>		
Proceeds from issuance of ordinary shares	-	3,756
Proceeds from borrowings	799,875	609,514
Repayment of borrowings	(328,273)	(129,081)

Repayment of finance lease liabilities	(18)	(22)
Minority shareholder's contribution for the equity interest in a newly incorporated subsidiary	8,404	14,206
Proceeds from minority shareholders for increase in registered capital of subsidiaries	37,455	-
Decrease/(increase) in cash collateral	10,929	(10,275)
Interest paid	(41,536)	(8,534)
Dividends paid to shareholders of the Company	(156,747)	(156,738)
Dividends paid to minority shareholders of subsidiaries	(34,356)	(21,492)
<b>Net cash provided by financing activities</b>	<b>295,733</b>	<b>301,334</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(284,610)</b>	<b>741,166</b>
Cash and cash equivalents at beginning of financial year	1,865,833	1,078,586
Effects of currency translation on cash and cash equivalents	(35,602)	46,081
<b>Cash and cash equivalents at end of financial year</b>	<b>1,545,621</b>	<b>1,865,833</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	463,810	597,746
Short-term bank deposits	1,085,365	1,282,570
Less: Bank deposits pledged	(3,554)	(14,483)
	<b>1,545,621</b>	<b>1,865,833</b>

**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	Minority Interests S\$'000	Total S\$'000
<b>The Group</b>					
<b>Balance at</b>					
<b>1 January 2009</b>	270,608	167,904	705,692	464,963	1,609,167
Total comprehensive income for the year	-	(16,735)	110,080	17,340	110,685
Employee share option scheme: - value of director and employee services	-	3,240	-	-	3,240
Minority's share of interest in a newly incorporated subsidiary	-	-	-	8,404	8,404
Minorities' share of increase in registered capital of subsidiaries	-	-	-	37,455	37,455
Decrease in minority's interest of a subsidiary	-	-	-	(12)	(12)
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	(1,500)	(1,500)
Dividend for 2008	-	-	(156,747)	-	(156,747)
Transfer from asset revaluation reserve to retained earnings	-	(3,218)	3,218	-	-
Transfer from retained earnings to statutory reserves	-	22,839	(22,839)	-	-
<b>At 31 December 2009</b>	<b>270,608</b>	<b>174,030</b>	<b>639,404</b>	<b>526,650</b>	<b>1,610,692</b>

<b>1 January 2008</b>	266,852	82,806	590,249	362,847	1,302,754
Total comprehensive income for the year	-	37,380	302,588	145,438	485,406
Employee share option scheme:					
- value of director and employee services	-	17,311	-	-	17,311
- proceeds from shares issued	3,756	-	-	-	3,756
Minority's share of interest in a newly incorporated subsidiary	-	-	-	14,206	14,206
Increase in minority interests of a subsidiary	-	-	-	186	186
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	(57,714)	(57,714)
Dividend for 2007	-	-	(156,738)	-	(156,738)
Transfer from asset revaluation reserve to retained earnings	-	(3,218)	3,218	-	-
Transfer from retained earnings to statutory reserves	-	33,625	(33,625)	-	-
<b>At 31 December 2008</b>	<b>270,608</b>	<b>167,904</b>	<b>705,692</b>	<b>464,963</b>	<b>1,609,167</b>
<b>The Company</b>					
<b>At 1 January 2009</b>	270,608	41,865	236,059	-	548,532
Total comprehensive income for the year	-	-	76,457	-	76,457
Employee share option scheme:					
- value of director and employee services	-	3,240	-	-	3,240
Dividend for 2008	-	-	(156,747)	-	(156,747)
<b>At 31 December 2009</b>	<b>270,608</b>	<b>45,105</b>	<b>155,769</b>	<b>-</b>	<b>471,482</b>
<b>At 1 January 2008</b>	266,852	24,554	161,311	-	452,717
Total comprehensive income for the year	-	-	231,486	-	231,486
Employee share option scheme:					
- value of director and employee services	-	17,311	-	-	17,311
- proceeds from shares issued	3,756	-	-	-	3,756
Dividend for 2007	-	-	(156,738)	-	(156,738)
<b>At 31 December 2008</b>	<b>270,608</b>	<b>41,865</b>	<b>236,059</b>	<b>-</b>	<b>548,532</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.

The outstanding share options under the Cosco Group Employees' Share Option Scheme as at 31 December 2009 were 34,980,000 (2008: 37,300,000).

**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 31 December 2009, share capital of the Company comprised 2,239,244,954 ordinary shares (2008: 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 statement for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2008.

**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 2009, the Group and the Company adopted the following new/revised Financial Reporting Standards ("FRS") and interpretation of FRS ("INT FRS") which are effective for annual periods beginning on or after 1 January 2009.

The following are the new or amended FRS that are relevant to the Group:

- (i) FRS 1 (Revised) Presentation of Financial Statements
- (ii) FRS 23 (Revised) Borrowing Costs
- (iii) Amendments to FRS 24 Related Party Disclosures
- (iv) Amendments to FRS 107 Improving Disclosures about Financial Statements
- (v) FRS 108 Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements. However, there is a change in presentation by incorporating the Consolidated Statement of Comprehensive Income under FRS 1 (Revised).



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	
	2009	2008
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	4.92	13.51
Weighted average number of ordinary shares('000)	2,239,245	2,238,951
(ii) On a fully diluted basis (cents per share)	4.92	13.50
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,241,830

**NOTES:**

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue 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. For 2009, 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 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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Net asset value per ordinary share (cents)	48.41	51.10	21.06	24.50

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,239,244,954 (2008: 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 ended a challenging year for the global shipping industry with a 16.6% decrease in Group turnover to \$2.9 billion in FY 2009 while net profit attributable to equity holders of the Company declined 63.6% to \$110.0 million. The drop in turnover was due mainly to lower revenue contributions from ship repair, ship conversion and marine engineering projects and reduced dry bulk shipping revenue. The fall in net profit attributable to equity holders of the Company was attributable to higher operating costs and the global economic downturn which impacted performances of all key operations.

## Turnover

Group turnover fell 16.6% from \$3.5 billion in FY 2008 to \$2.9 billion in FY 2009 on lower revenue across all segments precipitated by the global financial crisis.

Turnover from shipyard operations dipped 13.9% to \$2.8 billion in FY 2009 as ship repair and conversion projects were adversely affected by the global economic meltdown. The Group delivered 8 bulk carriers in FY 2009. COSCO Dalian and COSCO Zhoushan shipyards delivered three bulk carriers each while COSCO Guangdong shipyard delivered two bulk carriers. COSCO Nantong delivered the Sevan Driller, the world's first cylindrical drilling unit and a self-propelled rig, in November 2009. In addition, COSCO Nantong and COSCO Dalian delivered an accommodation barge in May 2009 and a heavy lift carrier in December 2009 respectively.

Turnover from dry bulk shipping business slipped 48.4% to \$132.9 million in FY 2009 as expired long-term contracts were leased on short-term basis at new lower rates during the year. The Baltic Dry Index (BDI), a measure of shipping costs for commodities, picked up from a low of 772 points at the beginning of 2009 to 3,005 points at the end of 2009 with the year's average of 2,600 points. By comparison, the BDI average for 2008 was 6,390 points.

Shipyard business remained the biggest revenue contributor, forming 94.9% of Group turnover in FY 2009. Dry bulk shipping and shipping agency and others accounted for the remaining 5.1%.

## Profitability

Gross profit slid 52.8% from \$630.1 million in FY 2008 to \$297.6 million in FY 2009 on lower dry bulk shipping charter rates and lower profit contributions from ship repair, ship building and marine engineering business weighed down by higher operational costs and a thorny business climate.

Other income comprised gain from the disposal of scrap materials, one-time government grant, interest income and net fair value loss on forward currency contracts. Other income fell 29.6% to \$146.3 million in FY 2009 mainly due to the lower sales value of scrap materials.

Distribution and administrative expenses fell 31.2% and 42.8% respectively on lower turnover. The net reversal of impairment of trade and other receivables of \$11.4 million in FY 2009 compared to a net allowance for impairment of trade and other receivables of \$61.3 million in FY2008 led to the decrease in administrative expenses. Interest expense increased by \$33.1 million to \$41.9 million in FY 2009 as the Group took on additional bank borrowings to fund shipyard expansion.

Income tax expense increased due to lower tax-exempt shipping profits and higher tax rates for certain subsidiaries in the People's Republic of China ("PRC").

Minority interests decreased due to lower contributions from the Group's PRC subsidiaries involved in ship repair, ship building and marine engineering operations.

As a result of the above, net profit attributable to equity holders of the Company decreased 63.6% from \$302.6 million in FY 2008 to \$110.1 million in FY 2009.

### **Balance Sheet and Cash Flow**

*(31 December 2009 vs. 31 December 2008)*

Cash and cash equivalents decreased from \$1.9 billion to \$1.5 billion mainly due to cash used in dividend payment, purchases of new property, plant and equipment, and less advance received from customers. Please refer to note 1(c) Cash Flow Statement for more details.

Trade and other receivables fell \$117.9 million from \$1.6 billion to \$1.5 billion mainly due to decrease in advances paid to suppliers from \$743.1 million to \$679.2 million.

Property, plant and equipment increased from \$2.1 billion to \$2.3 billion due to the ongoing facilities expansion of the Group's major shipyards in the PRC.

Trade and other payables decreased from \$4.4 billion to \$3.6 billion as less advances were received from customers (from \$2.8 billion to \$1.8 billion) due to completion of some of the shipbuilding contracts, and refunds to customers for cancelled shipbuilding contracts.

Total bank borrowings increased from \$656.6 million to \$1.1 billion due to additional funding procured for business operations and the expansion of the Group's major shipyards.

Shareholder's equity remained almost unchanged at \$1.1 billion as at 31 December 2009 after the payment of dividends in May 2009.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's results for 2009 are in line with the commentary made in paragraph 10 of the Group's Third Quarter Financial Statement Announcement released on 3 November 2009.

**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.**

The Group remains cautious about its outlook in 2010 given the precarious and imbalanced global economic recovery currently underway.

The IMF has forecasted a 3.9% global growth for 2010 to be led by Asian countries. As the Group sails past the worst of the economic headwinds, it expects further challenges ahead given the divergence in rebound in the advanced and developing countries, the continued weak private demand and credit constraints, and the unsettling talks of withdrawals of pump priming measures by various governments.

The Baltic Dry Index (BDI), a measure of commodity shipping costs, picked up from a low of 772 points at the beginning of 2009 to 3,005 points at the end of 2009 with the year's average of 2,600 points. While the shipping industry fundamentals appear to be improving in general, the Group expects freight rates to remain volatile as any rise driven by the increase in global demand for bulk commodities may be dampened by potential downward pressure from the abundant supply of new ships.

Even as the shipping industry begins rising from the rubble, the Group's shipbuilding segment faces a bumpy road in the foreseeable future as the sector struggles through a slow recovery. The Group has an order book of US\$5.6 billion as of 31<sup>st</sup> December 2009 with progressive delivery up to 2012 which is expected to keep the Group's shipyards busy. This order book is subject to revision from any cancellation of orders or new orders that may arise. The Group has to-date delivered 13 bulk carriers, 1 heavy lift vessel, 1 accommodation barge and the Sevan Driller, the world's first cylindrical drilling unit. It will continue to focus on the delivery of more vessels in 2010 as the Group's shipyards gain more experience in its diversified businesses.

Key to its long-term growth strategy, the Group remains committed to expanding and upgrading its shipyard capabilities and efficiencies. Group newly formed COSCO Qidong, which has offshore marine engineering capabilities, is expected to make significant contributions as more of its new facilities are completed.

The Group expects business conditions to be challenging in 2010 amidst continuing economic uncertainties. Barring any unforeseen circumstances, the Group expects to stay profitable in 2010.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Ordinary Share First and Final Dividend (Proposed)
Dividend Type	Cash
Dividend Rate	3.0 cents per ordinary share (tax-exempt one-tier)
Tax Rate	N.A.

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Ordinary Share First and Final Dividend	Ordinary Share Special Dividend
Dividend Type	Cash	Cash
Dividend Rate	4.0 cents per ordinary share (tax-exempt one-tier)	3.0 cents per ordinary share (tax-exempt one-tier)
Tax Rate	N.A.	N.A.

### (c) Date payable

Details on payment of dividend and related books closure date will be announced in due course.

### (d) Books closure date

Refer to 11(c).

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

Not Applicable.

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Business segments

	Shipping S\$'000	Ship repair, ship building and marine engineering S\$'000	Others S\$'000	Group S\$'000
<b>Financial year ended 31 December 2009</b>				
<b>Sales:</b>				
- External sales	132,894	2,751,043	15,067	2,899,004
- Inter-segment sales	-	541	94,609	95,150
	132,894	2,751,584	109,676	2,994,154
Elimination				(95,150)
				2,899,004
<b>Segment results</b>	60,283	170,448	(10,489)	220,242
Finance expense (Interest)				(41,904)
Share of profit of associated companies				214
Profit before income tax				178,552
Income tax expense				(40,758)
<b>Net profit</b>				137,794
<b>Other segment items</b>				
Capital expenditure				
- property, plant and equipment	2,679	467,129	116	469,924
Depreciation	29,846	122,652	918	153,416
Net reversal of impairment of trade and other receivables	-	(11,375)	-	(11,375)
Write-off for inventory obsolescence and inventory write-down	-	4,236	-	4,236
Expected losses recognised on construction contracts	-	578	-	578
Employees share option expenses	-	-	3,240	3,240
<b>Segment assets</b>	187,456	4,938,525	46,501	5,172,482
Associated companies				1,922
Short-term deposits				1,085,365
Financial assets, available-for- sale				4,034
Deferred income tax assets				158,523
<b>Consolidated total assets</b>				6,422,326
<b>Segment liabilities</b>	33,237	3,538,500	38,153	3,609,890
Borrowings				1,115,208

Current income tax liabilities				84,136
Deferred income tax liabilities				2,400
<b>Consolidated total liabilities</b>				<b>4,811,634</b>
<b>Consolidated net assets</b>				<b>1,610,692</b>
<b>Financial year ended 31 December 2008</b>				
<b>Sales:</b>				
- External sales	257,396	3,195,744	22,869	3,476,009
- Inter-segment sales	-	393	257,109	257,502
	<b>257,396</b>	<b>3,196,137</b>	<b>279,978</b>	<b>3,733,511</b>
Elimination				(257,502)
				<b>3,476,009</b>
<b>Segment results</b>	167,095	295,613	(3,129)	459,579
Finance expense (Interest)				(8,834)
Share of profit of associated companies				643
Profit before income tax				451,388
Income tax expense				(31,620)
<b>Total profit</b>				<b>419,768</b>
<b>Other segment items</b>				
Capital expenditure				
– property, plant and equipment	3,037	661,382	164	664,583
Depreciation	28,374	91,444	949	120,767
Write-off for inventory obsolescence and inventory write-down	-	20,907	-	20,907
Net allowance for impairment of trade and other receivables	-	61,283	-	61,283
Expected losses recognised on construction contracts	-	89,048	-	89,048
Employees share option expenses	-	-	17,311	17,311
<b>Segment assets</b>	220,712	5,154,211	44,157	5,419,080
Associated companies				2,577
Short-term deposits				1,282,570
Financial assets, available-for-sale				3,630
Deferred income tax assets				91,417
<b>Consolidated total assets</b>				<b>6,799,274</b>
<b>Segment liabilities</b>	36,803	4,399,765	35,369	4,471,937
Borrowings				656,642
Current income tax liabilities				61,348
Deferred income tax liabilities				180
<b>Consolidated total liabilities</b>				<b>5,190,107</b>
<b>Consolidated net assets</b>				<b>1,609,167</b>

**(b) Geographical segments**

The Group's business segments operate in three main geographical areas:

- PRC – the operations in this area are principally in ship repair, ship building and marine engineering activities;
- Singapore – the operations in this area are principally in shipping, ship repair and marine related activities and rental of property; and
- Malaysia – the operations in this area are principally in shipping activities.

Sales are based on the country in which the services are rendered to the customer. Non-current assets are shown by the geographical area where the assets are located.

	Sales \$'000		Non-Current Assets \$'000	
	2009	2008	2009	2008
People's Republic of China	2,739,236	3,183,983	2,334,473	1,970,810
Singapore *	158,041	288,241	201,860	232,298
Malaysia	1,727	3,785	108	143
	2,899,004	3,476,009	2,536,441	2,203,251

\* The Group's shipping companies operate in worldwide shipping routes. Hence, it would not be meaningful to allocate sales to any specific geographical segments for shipping activities.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See Paragraph 8 above.

**15. A breakdown of sales**

	2009 S\$'000	2008 S\$'000	Change %
(a) Sales reported for first half year	1,432,942	1,764,793	(19)
(b) Operating profit after tax before deducting minority interests reported for first half year	90,903	323,509	(72)
(c) Sales reported for second half year	1,466,062	1,711,216	(14)
(d) Operating profit after tax before deducting minority interests reported for second half year	46,891	96,259	(51)

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend

	Latest Full Year S\$'000	Previous Full Year S\$'000
Ordinary	67,177	156,747
Preference	-	-
Total	67,177	156,747

The Directors proposed a first and final tax-exempt one-tier ordinary dividend of 3 cents per ordinary share (2008: first and final tax-exempt one-tier ordinary dividend of 4 cents per ordinary share and a special tax-exempt one-tier dividend of 3 cents per ordinary share) amounting to a total of \$67,177,000 (2008: \$156,747,000), based on number of shares issued as of 31 December 2009, will be recommended for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

#### 17. 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
<u>Between Subsidiaries and:</u>		
Chimbusco (S) Pte Ltd	-	455
Chimbusco Dalian Branch	-	10,384
Chimbusco Guangzhou Branch	-	1,941
Chimbusco Lianyungang Branch	-	315
Chimbusco Zhoushan Branch	-	106
China Ocean Shipping (Group) Company	-	149
Cosco (Cayman) Mercury Co., Ltd	-	2,168
Cosco (HK) Shipping Co., Ltd	-	19,460
Cosco Bulk Carrier Co., Ltd	-	69,365
Cosco Bulk Carrier Holdings (Cayman) Limited	-	98,534
Cosco Container Lines Co., Ltd	-	11,030
Cosco International Ship Trading Co., Ltd	-	974
Cosco Finance Co., Ltd	-	400,565
Cosco Logistics (Nantong)	-	653
Cosco Nantong Steel Co., Ltd	17,990	8,790
Cosco Shanghai Ship Management Co., Ltd	-	1,451
Cosco Shipping Co., Ltd	-	416
Cosco Southern Asphalt Shipping Co., Ltd	-	146
Cosco Wallem Ship Management Co., Ltd	-	170
Cosco Ship (Qingdao) Co., Ltd	-	426
Dalian Haven Automation Co., Ltd	-	343
Dalian Ocean Shipping Company	-	910
Dalian Yuan Chang Shipping Co., Ltd	-	948



Guangzhou Ocean Shipping Company	-	27,503
Nantong Chimbusco Marine Bunker	-	656
Nantong Cosco Khi Ship Engineering Co., Ltd	-	240
Nantong Cosco Ship Equipment Company	-	5,064
Nantong Yuantong Container Warehouse and Transportation Co., Ltd	-	133
Qingdao Manning Co-operation Ltd	-	2,483
Qingdao Ocean Shipping Company	-	10,739
Shanghai Ocean Crew Co., Ltd	-	4,864
Shanghai Ocean International Trading Co., Ltd	-	2,505
Shanghai Ocean Shipping Company	-	7,435
Shanghai Pan-Asia Shipping Company	-	900
Shenzhen Ocean Shipping Company	-	423
Xiamen Ocean Shipping Company	-	1,486
YuanTong Marine Service Co.	-	894
<b>Total</b>	<b>17,990</b>	<b>695,024</b>

	<b>As at 31/12/2009</b>	<b>As at 31/12/2008</b>
	S\$'000	S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash balances	168,493	10,064
- Short-term deposits	616,031	567,868
	<b>784,524</b>	<b>577,932</b>

**BY ORDER OF THE BOARD**

Mr Jiang Li Jun  
Vice Chairman and President  
22/2/2010

## **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 year ended 31 December 2009 financial results to be false or misleading.

On behalf of the directors

Mr Jiang Li Jun  
Vice Chairman and President

Mr Ma Gui Chuan  
Director

22/2/2010