



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

Unaudited Second Quarter Financial Statement Announcement for the Financial Period Ended 30 June 2011

**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 2011	Q2 2010		1H 2011	1H 2010	
Turnover	996,047	962,456	3	2,006,719	1,797,487	12
Cost of sales	(920,900)	(841,592)	9	(1,819,530)	(1,598,172)	14
Gross profit	75,147	120,864	(38)	187,189	199,315	(6)
Other income (net) [1]	61,422	54,277	13	91,749	87,866	4
Expenses						
- Distribution	(13,075)	(12,644)	3	(26,451)	(24,701)	7
- Administrative	(38,710)	(36,869)	5	(83,781)	(75,332)	11
- Finance	(9,075)	(11,570)	(22)	(17,206)	(23,546)	(27)
Share of profit/(loss) of associated companies [2]	151	(114)	NM	245	(193)	NM
Profit before income tax [3]	75,860	113,944	(33)	151,745	163,409	(7)
Income tax expense [4]	(25,049)	(14,394)	74	(42,515)	(25,716)	65
<b>Net profit</b>	<b>50,811</b>	<b>99,550</b>	<b>(49)</b>	<b>109,230</b>	<b>137,693</b>	<b>(21)</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>31,863</b>	<b>68,381</b>	<b>(53)</b>	<b>68,950</b>	<b>100,093</b>	<b>(31)</b>
Non-controlling interests	18,948	31,169	(39)	40,280	37,600	7
Net profit	50,811	99,550	(49)	109,230	137,693	(21)
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)						
- basic	1.42	3.05	(53)	3.08	4.47	(31)
- diluted	1.42	3.05	(53)	3.08	4.47	(31)

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

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

	Q2 2011	Q2 2010	Change	1H 2011	1H 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of scrap materials	29,075	27,257	7	49,495	40,004	24
Net gain on disposal of subsidiaries	9,261	-	NM	9,261	-	NM
Net gain on disposal of property, plant and equipment	80	161	(50)	200	1,049	(81)
Interest income from bank deposits	4,881	3,273	49	9,896	6,858	44
Currency exchange gain - net	13,912	19,744	(30)	11,912	25,670	(54)
Net fair value gain on forward currency contracts	2,301	603	282	5,240	3,570	47
Compensation received from customers	288	49	488	288	1,298	(78)
Government grants	105	812	(87)	219	2,657	(92)
Sundry income	1,519	2,378	(36)	5,238	6,760	(23)
	61,422	54,277	13	91,749	87,866	4

NM denotes not meaningful.

[2] Share of profit/(loss) of associated companies is after tax.

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

	Q2 2011	Q2 2010	Change	1H 2011	1H 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest on borrowings	(9,075)	(11,570)	(22)	(17,206)	(23,546)	(27)
Depreciation and amortisation	(40,876)	(40,842)	0	(82,073)	(82,110)	(0)
Net reversal of impairment of trade and other receivables	1,001	4,044	(75)	1,152	7,248	(84)
Reversal of inventory write-down	325	260	25	184	260	(29)
Write-off for property, plant and equipment	(58)	(70)	(17)	(61)	(72)	(15)
Expected losses recognised on construction contracts	(7,914)	(14,812)	(47)	(28,262)	(14,812)	91

[4] Income tax expense includes the crediting/(charging) of the following:

	Q2 2011	Q2 2010	Change	1H 2011	1H 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Adjustment for overprovision of tax in respect of prior years:						
Income tax	35,817	5,856	512	35,817	5,835	514
Deferred tax	-	11	NM	-	11	NM
Current period deferred tax charges due to change in tax rate on deferred tax benefit	(47,702)	-	NM	(47,702)	-	NM

(iii) Consolidated Statement of Comprehensive Income

	Group					
	S\$'000		%	S\$'000		%
	Q2 2011	Q2 2010	Change	1H 2011	1H 2010	Change
<b>Net Profit</b>	50,811	99,550	(49)	109,230	137,693	(21)
<b>Other comprehensive income/(loss):</b>						
Financial assets, available-for-sale						
- Net fair value losses	(11)	(180)	(94)	(8)	(241)	(97)
Reclassification of currency translation reserves on disposal of subsidiaries	233	-	NM	233	-	NM
Currency translation differences arising from consolidation	(24,643)	8,244	NM	(42,226)	2,283	NM
<b>Total comprehensive income for the period</b>	26,390	107,614	(75)	67,229	139,735	(52)
<b>Total comprehensive income attributable to:</b>						
<b>Equity holders of the Company</b>	<b>15,189</b>	<b>72,655</b>	(79)	<b>40,224</b>	<b>100,486</b>	(60)
Non-controlling interests	11,201	34,959	(68)	27,005	39,249	(31)
	26,390	107,614	(75)	67,229	139,735	(52)

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
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
<b>Current assets</b>				
Cash and cash equivalents	1,032,781	867,201	116,940	116,957
Forward currency contracts	5,181	-	-	-
Trade and other receivables	2,117,685	1,976,663	10,817	2,895
Inventories	538,972	518,035	-	-
Construction contract work-in-progress	241,204	182,728	-	-
Other current assets	6,615	4,155	64	205
	3,942,438	3,548,782	127,821	120,057
<b>Non-current assets</b>				
Trade and other receivables	44,087	49,089	-	-
Financial assets, available-for-sale	3,365	3,434	-	-
Club memberships	383	557	172	172
Investments in associated companies	3,323	3,569	-	-
Investments in subsidiaries	-	-	369,248	374,037
Investment properties	14,266	14,619	-	-

Property, plant and equipment	2,154,278	2,207,952	587	650
Intangible assets	9,447	9,468	-	-
Deferred expenditure	3,081	3,169	-	-
Deferred income tax assets	171,221	212,703	-	-
	2,403,451	2,504,560	370,007	374,859
<b>Total assets</b>	<b>6,345,889</b>	<b>6,053,342</b>	<b>497,828</b>	<b>494,916</b>
<b>Current liabilities</b>				
Trade and other payables	3,296,423	3,144,533	17,808	17,620
Current income tax liabilities	10,842	72,766	621	245
Borrowings	639,100	555,148	-	-
Provision for other liabilities	54,788	45,049	-	-
	4,001,153	3,817,496	18,429	17,865
<b>Non-current liabilities</b>				
Borrowings	572,279	437,065	-	-
Deferred income tax liabilities	5,691	4,304	4,170	4,056
	577,970	441,369	4,170	4,056
<b>Total liabilities</b>	<b>4,579,123</b>	<b>4,258,865</b>	<b>22,599</b>	<b>21,921</b>
<b>Net assets</b>	<b>1,766,766</b>	<b>1,794,477</b>	<b>475,229</b>	<b>472,995</b>
<b>Equity</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	98,637	103,950	45,105	45,105
Retained earnings	780,026	824,059	159,516	157,282
Shareholders' equity	1,149,271	1,198,617	475,229	472,995
Non-controlling interests	617,495	595,860	-	-
<b>Total equity</b>	<b>1,766,766</b>	<b>1,794,477</b>	<b>475,229</b>	<b>472,995</b>

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

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

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
33,570,000	605,530,000	47,340,000	507,808,000

**Amount repayable after one year**

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
24,027,000	548,252,000	9,322,000	427,743,000

**Details of any collateral**

The collaterals for secured borrowings comprise the Group's cash, trade receivables, vessels and motor vehicles with net book value totalling \$111,234,000 (2010: \$115,095,000).

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>Q2 2011</b>	<b>Q2 2010</b>
<u>Cash flows from operating activities</u>		
Net profit	50,811	99,550
Adjustments for:		
Income tax expense	25,049	14,394
Depreciation and amortisation	40,876	40,842
Net reversal of impairment of trade and other receivables	(1,001)	(4,044)
Reversal of inventory write-down	(325)	(260)
Net gain on disposal of subsidiaries	(9,261)	-
Net gain on disposal of property, plant and equipment	(80)	(161)
Expected losses recognised on construction contracts	7,914	14,812
Write-off for property, plant and equipment	58	70
Net fair value gain on forward currency contracts	(2,301)	(603)
Share of (profit)/loss of associated companies	(151)	114
Interest expense (financing)	9,075	11,570
Interest income from bank deposits (investing)	(4,881)	(3,273)
	115,783	173,011
Changes in working capital:		
Inventories and construction contract work-in-progress	42,227	25,407
Trade and other receivables	(183,355)	(220,050)
Trade and other payables	228,885	(56,711)
Other current assets	2,908	1,310
Deferred expenditure	23	-
Provision for other liabilities	451	5,095
Exchange differences	6,754	(5,949)
Cash generated from/(used in) operations	213,676	(77,887)
Income tax paid	(45,255)	(57,527)
<b>Net cash provided by/(used in) operating activities</b>	<b>168,421</b>	<b>(135,414)</b>
<u>Cash flows from investing activities</u>		
Disposal of subsidiaries, net of cash disposed of	(3,957)	-
Purchase of property, plant and equipment	(46,950)	(30,400)
Proceeds from disposal of property, plant and equipment	87	444
Interest received from bank deposits	6,901	4,720
<b>Net cash used in investing activities</b>	<b>(43,919)</b>	<b>(25,236)</b>
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	536,163	348,109
Repayments of borrowings	(346,930)	(97,968)
Repayments of finance lease liabilities	(1)	(5)
Decrease in bank deposits pledged	699	19
Interest paid	(9,732)	(12,479)
Dividends paid to shareholders of the Company	(89,570)	(67,177)
Dividends paid to non-controlling interests of subsidiaries	(1,152)	(1,001)
<b>Net cash provided by financing activities</b>	<b>89,477</b>	<b>169,498</b>
<b>Net increase in cash and cash equivalents</b>	<b>213,979</b>	<b>8,848</b>
Cash and cash equivalents at beginning of financial period	829,332	1,354,616
Effects of currency translation on cash and cash equivalents	(13,694)	6,713
<b>Cash and cash equivalents at end of financial period</b>	<b>1,029,617</b>	<b>1,370,177</b>

<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	567,617	758,473
Short-term bank deposits	465,164	615,242
Less: Bank deposits pledged	(3,164)	(3,538)
	1,029,617	1,370,177

**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.**

	<b>Share capital S\$'000</b>	<b>Statutory and other reserves S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Non-controlling interests S\$'000</b>	<b>Total S\$'000</b>
<b>The Group</b>					
<b>At 1 April 2011</b>	270,608	101,476	851,568	611,496	1,835,148
Total comprehensive income for the period	-	(16,674)	31,863	11,201	26,390
Disposal of subsidiaries	-	-	-	(1,093)	(1,093)
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(4,109)	(4,109)
Dividend for 2010	-	-	(89,570)	-	(89,570)
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
Transfer from retained earnings to statutory reserves	-	14,639	(14,639)	-	-
<b>At 30 June 2011</b>	<b>270,608</b>	<b>98,637</b>	<b>780,026</b>	<b>617,495</b>	<b>1,766,766</b>
<b>At 1 April 2010</b>	270,608	169,344	671,921	530,035	1,641,908
Total comprehensive income for the period	-	4,274	68,381	34,959	107,614
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(260)	(260)
Dividend for 2009	-	-	(67,177)	-	(67,177)
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
<b>At 30 June 2010</b>	<b>270,608</b>	<b>172,814</b>	<b>673,929</b>	<b>564,734</b>	<b>1,682,085</b>
<b>The Company</b>					
<b>At 1 April 2011</b>	270,608	45,105	154,031	-	469,744
Total comprehensive income for the period	-	-	95,055	-	95,055
Dividend for 2010	-	-	(89,570)	-	(89,570)
<b>At 30 June 2011</b>	<b>270,608</b>	<b>45,105</b>	<b>159,516</b>	<b>-</b>	<b>475,229</b>
<b>At 1 April 2010</b>	270,608	45,105	155,499	-	471,212
Total comprehensive income for the period	-	-	58,888	-	58,888
Dividend for 2009	-	-	(67,177)	-	(67,177)
<b>At 30 June 2010</b>	<b>270,608</b>	<b>45,105</b>	<b>147,210</b>	<b>-</b>	<b>462,923</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.

During Q2 2011, 40,000 share options granted under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme 2002") were lapsed.

The outstanding share options under the Scheme 2002 as at 30 June 2011 were 28,810,000 (30 June 2010: 34,400,000).

- 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 2011, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2010: 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.**

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 2010.

- 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.**

Not Applicable.

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 2011	Q2 2010	1H 2011	1H 2010
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	1.42	3.05	3.08	4.47
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)	1.42	3.05	3.08	4.47
Adjusted weighted average number of ordinary shares ('000)	2,239,517	2,239,802	2,239,524	2,239,588

**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.

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	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Net asset value per ordinary share (cents)	51.32	53.53	21.22	21.12

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (31 December 2010: 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**

Against the backdrop of a challenging business environment, the Group achieved net profit attributable to equity holders of \$31.9 million on turnover of \$996.0 million in Q2 2011. For 1H 2011, Group net profit attributable to equity holders amounted to \$68.9 million on turnover of \$2.0 billion.



## **Turnover**

Group turnover increased 3.5% to \$996.0 million in Q2 2011 from \$962.5 million in Q2 2010 mainly due to higher revenue recognized from ship building and marine engineering projects despite lower dry bulk shipping and ship repair revenue.

Turnover from shipyard operations increased 6.3% to \$ 981.8 million in Q2 2011 from \$923.5 million in Q2 2010. This was on the back of higher progressive revenue recognition for the Group's ship building and marine engineering projects. The Group delivered 10 bulk carriers in Q2 2011. Of these, COSCO Dalian shipyard delivered 4 bulk carriers while COSCO Guangdong and COSCO Zhousan shipyards delivered 3 bulk carriers each. In addition, COSCO Zhousan shipyard successfully delivered its second 5,000 units car carrier in June 2011, following the delivery of the first car carrier in February 2011.

Turnover from dry bulk shipping and other businesses decreased 63.5% from \$38.9 million in Q2 2010 to \$14.2 million in Q2 2011 as the current short-term rates were significantly lower than the more favorable charter rates received in Q2 2010. The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started the 2<sup>nd</sup> quarter 2011 at 1,520 points and ended the quarter slightly lower at 1,413 points. The average BDI for Q2 2011 was at 1,379 points which was a 58.3% decrease from the corresponding quarter average BDI in 2010 of 3,307 points. The Group's dry bulk shipping fleet stands at 10 after leases in respect of two charter-in Panamax vessels were not renewed at expiration in the first quarter 2011.

Shipyard business remained the biggest revenue contributor, forming 98.6 % of Group turnover in Q2 2011.

## **Profitability**

Gross profit decreased 37.8% from \$ 120.9 million in Q2 2010 to \$ 75.1 million in Q2 2011 mainly due to lower dry bulk charter shipping income as a result of lower BDI and a smaller fleet of 10 bulk carriers, and lower profit contributions from ship repair & conversion and marine engineering projects.

Other income comprised gain from the disposal of scrap metal, interest income, net currency exchange gain and net fair value gain on forward currency contracts and others. Compared to Q2 2010, other income increased by 13.2% to \$61.4 million in Q2 2011 mainly due to higher sales value of scrap materials and one-off net gain on disposal of subsidiaries and partially offset by decrease in currency exchange gain.

Interest expense decreased by 21.6% to \$9.1 million in Q2 2011 mainly due to lower interest rates arising from more effective mix of bank borrowings.

The increase in income tax expense by 74.0% to \$25.0 million was mainly due to lower tax-exempt shipping profits and a deferred tax benefit adjustment due to lower deferred tax benefit recognised. Under the recently approved local tax incentive scheme granted to some of the subsidiaries of COSCO Shipyard Group. Ltd ("CSG"), the concessionary tax rates was reduced to 15%.

Overall, net profit attributable to equity holders of the Company decreased 53.4% from \$ 68.4 million in Q2 2010 to \$31.9 million in Q2 2011 due to lower profit contributions from dry bulk shipping and shipyard operations and higher income tax expense from a deferred tax benefit adjustment. Compared to 1H 2010, net profit attributable to equity holders of the Company decreased 31.1% from \$100.1 million to \$68.9 million in 1H 2011.

**Balance Sheet and Cash Flow**  
(30 June 2011 vs 31 December 2010)

Cash and cash equivalents increased from \$867.2 million to \$ 1.0 billion mainly due to net cash provided by operating activities and more bank borrowings procured to finance shipyard operating activities.

Please refer to note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased by \$141.0 million to \$ 2.1 billion mainly due to increase in receivables arising from more ship building and marine engineering projects. Advances paid to suppliers remained almost unchanged (from \$858.8 million to \$852.3 million).

Property, plant & equipment remained relatively unchanged at \$2.2 billion.

Trade and other payables increased \$ 151.9 million to \$3.3 billion due to increase in payables arising from more ship building and marine engineering projects. Advances received from customers remained unchanged at \$1.2 billion.

Total borrowings increased from \$992.2 million to \$ 1.2 billion due to additional funding procured for business operations.

Shareholder's equity decreased \$49.3 million mainly due to payment of dividends in May 2011.

**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 2011, the Group's order book stood at US\$7.0 billion with progressive deliveries up to first half 2014. This order book is subject to revision from any new orders or cancellation of orders that may arise.

New orders received in first half 2011 amounting to US\$ 1.8 billion includes 3 special purpose carriers, 3 self erecting tender drilling rigs, 2 Jackup drilling rigs, 2 Sevan 650 drilling units, 1 semi-submersible barge and 1 Octabuoy topside module. With the successful deliveries of 11 vessels in 2<sup>nd</sup> quarter 2011, the Group delivered in the first half of 2011 a total of 17 bulk carriers, 1 windmill turbine installation vessel, 1 shuttle tanker and 2 (5,000 units) car carriers. The Group will continue to focus on deliveries while it upgrades its shipyard capabilities and efficiencies and control costs.

The Group maintains a cautious outlook for 2011 as the global economy remains fragile and its recovery uneven with growing concerns over the sovereign-debt crisis in Europe and other places. The gradual appreciation of the Chinese Yuan against the United States Dollar (USD), rising interest rates in China, and a potential rise in wages exacerbated by a labor crunch in China, coupled with increases in prices of raw materials, including steel, collectively may compromise operating margins of the Group's shipyard operations.

As the Group commences construction in 2011 on new ship building contracts that were secured in 2010 at relatively lower contract value (due to the slumping bulk carrier shipping market) compared to those secured in 2008 and 2009, the Group expects the operating margins on new shipbuilding projects to be under greater pressure even with improving gains in productivity.

As the Offshore & Marine industry is experiencing an upcycle, driven by higher price of oil, with greater demand for oil rigs and other specialized support vessels, the Group aims to optimize its

offerings and capitalises on this upcycle while maintaining its market leadership position in ship repair in China. However, as a relatively new entrant, the Group expects to incur higher costs as it scales the “learning curve” in its offshore marine engineering projects on new product types. Progressively, the Group will gather expertise and capabilities to reach out to a broader customer base, laying a firmer foundation for long-term sustainable growth in the offshore and marine engineering space.

The BDI started the year 2011 at 1,693 points and ended the first half 2011 at 1,413 points after reaching a two-year low of 1,043 points in February 2011. The first half 2011 average BDI was at 1,372 points which is a 56.6% decrease from the corresponding period average BDI in 2010 of 3,165 points. Any rebound in BDI may remain subdued as expansion in the global bulk carrier fleet is expected to outpace demand.

The Group continues to leverage on the strength of its diversified business to remain competitive and fortifies its strategic market position.

**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 2011.

### 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 2011	1H 2011	Q2 2011	1H 2011
<u>Between Subsidiaries and:</u>				
Chimbusco Dalian Branch			2,593	5,619
Chimbusco Guangzhou Branch			2,627	3,142
Chimbusco Zhoushan Branch			2,894	5,569
Cosco (HK) Shipping Co., Ltd			1,422	2,597
Cosco Bulk Carrier Co., Ltd			2,454	3,012
Cosco Container Lines Co., Ltd			1,345	3,802
Cosco Finance Co., Ltd			185,196	186,387
Cosco International Trade Ltd			-	256
Cosco Jiangsu International Freight Co., Ltd			558	558
Cosco Logistics (Nantong)			-	117
Cosco Nantong Steel Co., Ltd	-	1,395	4,075	6,312
Cosco Shipping Co., Ltd			210	210
Dalian Ocean Shipping Company			202	202
Guangzhou Ocean Shipping Company			3,874	6,457
Lianyungang Ocean Shipping Company			1,442	1,442
Nantong Chimbusco Marine Bunker			1,085	1,329
Nantong Cosco Ship Equipment Company			1,380	2,648
Qingdao Manning Co-operation Ltd			632	1,242
Shanghai Ocean Crew Co., Ltd			912	1,958
Shanghai Ocean Industrial Corporation			-	2,204
Shanghai Pan-Asia Shipping Company			329	329
Shenzhen Ocean Shipping Company			-	414
<b>Total</b>	<b>-</b>	<b>1,395</b>	<b>213,230</b>	<b>235,806</b>

	As at 30/06/2011	As at 31/12/2010
	S\$'000	S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	47,571	85,045
- Short-term bank deposits	295,135	388,500
	342,706	473,545
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	2,384	-

**BY ORDER OF THE BOARD**

Mr Jiang Li Jun  
Vice Chairman and President  
1/8/2011

## **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 2011 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

1/8/2011