



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

Unaudited Third Quarter Financial Statement Announcement for the Financial Period Ended 30 September 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		%
	Q3 2011	Q3 2010		YTD 2011	YTD 2010	
Turnover	969,844	952,716	2	2,976,563	2,750,203	8
Cost of sales	(886,043)	(837,094)	6	(2,705,573)	(2,435,266)	11
Gross profit	83,801	115,622	(28)	270,990	314,937	(14)
Other income (net) [1]	70,094	40,436	73	161,843	128,302	26
Expenses						
- Distribution	(19,886)	(10,869)	83	(46,337)	(35,570)	30
- Administrative	(55,823)	(37,934)	47	(139,604)	(113,266)	23
- Finance	(13,361)	(10,149)	32	(30,567)	(33,695)	(9)
Share of profit/(loss) of associated companies [2]	154	47	228	399	(146)	NM
Profit before income tax [3]	64,979	97,153	(33)	216,724	260,562	(17)
Income tax expense [4]	(14,976)	(16,410)	(9)	(57,491)	(42,126)	36
<b>Net profit</b>	<b>50,003</b>	<b>80,743</b>	<b>(38)</b>	<b>159,233</b>	<b>218,436</b>	<b>(27)</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>32,188</b>	<b>55,126</b>	<b>(42)</b>	<b>101,138</b>	<b>155,219</b>	<b>(35)</b>
Non-controlling interests	17,815	25,617	(30)	58,095	63,217	(8)
Net profit	50,003	80,743	(38)	159,233	218,436	(27)
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per share)						
- basic	1.44	2.46	(41)	4.52	6.93	(35)
- diluted	1.44	2.46	(41)	4.52	6.93	(35)

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

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

	Q3 2011	Q3 2010	Change	YTD 2011	YTD 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of scrap materials	22,048	24,219	(9)	71,543	64,223	11
Net gain on disposal of subsidiaries	-	-	NM	9,261	-	NM
Net gain/(loss) on disposal of property, plant and equipment	2	(232)	NM	202	817	(75)
Interest income from bank deposits	6,977	3,652	91	16,873	10,510	61
Currency exchange gain - net	19,534	2,085	837	31,446	27,755	13
Net fair value gain on forward currency contracts	498	1,130	(56)	5,738	4,700	22
Compensation received from customers	15,249	7,909	93	15,537	9,207	69
Government grants	4,951	459	979	5,170	3,116	66
Sundry income	835	1,214	(31)	6,073	7,974	(24)
	70,094	40,436	73	161,843	128,302	26

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:

	Q3 2011	Q3 2010	Change	YTD 2011	YTD 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest on borrowings	(13,361)	(10,149)	32	(30,567)	(33,695)	(9)
Depreciation and amortisation	(39,767)	(41,143)	(3)	(121,863)	(123,253)	(1)
Net reversal of impairment of trade and other receivables (Allowance for)/Reversal of inventory write-down	504	6,921	(93)	1,656	14,169	(88)
Write-off for property, plant and equipment	(14,592)	754	NM	(14,408)	1,014	NM
Expected losses recognised on construction contracts	(1)	(29)	(97)	(62)	(101)	(39)
	(47,390)	(27,607)	72	(75,652)	(42,419)	78

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

	Q3 2011	Q3 2010	Change	YTD 2011	YTD 2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Adjustment for (under)/over provision of tax in respect of prior years:						
Income tax	(219)	127	NM	35,598	5,962	497
Deferred tax	-	-	NM	-	11	NM

(iii) Consolidated Statement of Comprehensive Income

	Group					
	S\$'000		%	S\$'000		%
	Q3 2011	Q3 2010	Change	YTD 2011	YTD 2010	Change
<b>Net Profit</b>	50,003	80,743	(38)	159,233	218,436	(27)
<b>Other comprehensive income/(loss):</b>						
Financial assets, available-for-sale						
- Net fair value losses	(43)	(15)	187	(51)	(256)	(80)
Reclassification of currency translation reserves on disposal of subsidiaries	-	-	NM	233	-	NM
Currency translation differences arising from consolidation	127,006	(76,982)	NM	84,780	(74,699)	NM
<b>Total comprehensive income for the period</b>	176,966	3,746	4,624	244,195	143,481	70
<b>Total comprehensive income attributable to:</b>						
<b>Equity holders of the Company</b>	<b>109,482</b>	<b>5,217</b>	<b>NM</b>	<b>149,706</b>	<b>105,703</b>	<b>42</b>
Non-controlling interests	67,484	(1,471)	NM	94,489	37,778	150
	176,966	3,746	4,624	244,195	143,481	70

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
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
<b>Current assets</b>				
Cash and cash equivalents	1,357,901	867,201	128,943	116,957
Forward currency contracts	6,155	-	-	-
Trade and other receivables	1,993,420	1,976,663	133	2,895
Inventories	678,964	518,035	-	-
Construction contract work-in-progress	155,370	182,728	-	-
Other current assets	6,900	4,155	293	205
	4,198,710	3,548,782	129,369	120,057
<b>Non-current assets</b>				
Trade and other receivables	41,800	49,089	-	-
Financial assets, available-for-sale	3,565	3,434	-	-
Club memberships	391	557	172	172
Investments in associated companies	3,749	3,569	-	-
Investments in subsidiaries	-	-	369,248	374,037
Investment properties	14,507	14,619	-	-

Property, plant and equipment	2,330,558	2,207,952	953	650
Intangible assets	9,521	9,468	-	-
Deferred expenditure	3,221	3,169	-	-
Deferred income tax assets	188,147	212,703	-	-
	2,595,459	2,504,560	370,373	374,859
<b>Total assets</b>	6,794,169	6,053,342	499,742	494,916
<b>Current liabilities</b>				
Trade and other payables	3,047,487	3,144,533	16,887	17,620
Current income tax liabilities	19,705	72,766	101	245
Borrowings	1,266,003	555,148	-	-
Provision for other liabilities	64,614	45,049	-	-
	4,397,809	3,817,496	16,988	17,865
<b>Non-current liabilities</b>				
Borrowings	445,803	437,065	-	-
Deferred income tax liabilities	6,825	4,304	5,067	4,056
	452,628	441,369	5,067	4,056
<b>Total liabilities</b>	4,850,437	4,258,865	22,055	21,921
<b>Net assets</b>	1,943,732	1,794,477	477,687	472,995
<b>Equity</b>				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	175,272	103,950	45,105	45,105
Retained earnings	812,873	824,059	161,974	157,282
Shareholders' equity	1,258,753	1,198,617	477,687	472,995
Non-controlling interests	684,979	595,860	-	-
<b>Total equity</b>	1,943,732	1,794,477	477,687	472,995

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

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

As at 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
9,359,000	1,256,644,000	47,340,000	507,808,000

**Amount repayable after one year**

As at 30/09/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
18,227,000	427,576,000	9,322,000	427,743,000

**Details of any collateral**

The collaterals for secured borrowings comprise the Group's cash, trade receivables and vessels with net book value totalling \$94,823,000 (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>Q3 2011</b>	<b>Q3 2010</b>
<u>Cash flows from operating activities</u>		
Net profit	50,003	80,743
Adjustments for:		
Income tax expense	14,976	16,410
Depreciation and amortization	39,767	41,143
Net reversal of impairment of trade and other receivables	(504)	(6,921)
Allowance for/(Reversal of) inventory write-down	14,592	(754)
Net (gain)/loss on disposal of property, plant and equipment	(2)	232
Expected losses recognised on construction contracts	47,390	27,607
Write-off for property, plant and equipment	1	29
Net fair value gain on forward currency contracts	(498)	(1,130)
Share of profit of associated companies	(154)	(47)
Interest expense (financing)	13,361	10,149
Interest income from bank deposits (investing)	(6,977)	(3,652)
	171,955	163,809
Changes in working capital:		
Inventories and construction contract work-in-progress	(68,750)	(14,160)
Trade and other receivables	128,183	(146,136)
Trade and other payables	(295,129)	(51,707)
Other current assets	(285)	2,600
Provision for other liabilities	9,826	4,095
Exchange differences	(13,759)	57,395
Cash (used in)/generated from operations	(67,959)	15,896
Income tax paid	(16,005)	(7,547)
<b>Net cash(used in)/provided by operating activities</b>	<b>(83,964)</b>	<b>8,349</b>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(60,443)	(52,400)
Proceeds from disposal of property, plant and equipment	250	1,400
Interest received from bank deposits	6,083	2,759
<b>Net cash used in investing activities</b>	<b>(54,110)</b>	<b>(48,241)</b>
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	691,599	273,741
Repayments of borrowings	(266,703)	(392,361)
Repayments of finance lease liabilities	-	(5)
(Increase)/decrease in bank deposits pledged	(310)	178
Interest paid	(11,368)	(10,187)
Dividends paid to non-controlling interests of subsidiaries	(3,686)	(610)
<b>Net cash provided by/(used in) financing activities</b>	<b>409,532</b>	<b>(129,244)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>271,458</b>	<b>(169,136)</b>
Cash and cash equivalents at beginning of financial period	1,029,617	1,370,177
Effects of currency translation on cash and cash equivalents	53,352	(73,941)
<b>Cash and cash equivalents at end of financial period</b>	<b>1,354,427</b>	<b>1,127,100</b>

<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	642,013	321,614
Short-term bank deposits	715,888	808,846
Less: Bank deposits pledged	(3,474)	(3,360)
	<b>1,354,427</b>	<b>1,127,100</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.**

	<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 July 2011</b>	270,608	98,637	780,026	617,495	1,766,766
Total comprehensive income for the period	-	77,294	32,188	67,484	176,966
Transfer from asset revaluation reserve to retained earnings	-	(806)	806	-	-
Transfer from retained earnings to statutory reserves	-	147	(147)	-	-
<b>At 30 September 2011</b>	<b>270,608</b>	<b>175,272</b>	<b>812,873</b>	<b>684,979</b>	<b>1,943,732</b>
<b>At 1 July 2010</b>					
<b>At 1 July 2010</b>	270,608	172,814	673,929	564,734	1,682,085
Total comprehensive income for the period	-	(49,909)	55,126	(1,471)	3,746
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(872)	(872)
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
<b>At 30 September 2010</b>	<b>270,608</b>	<b>122,100</b>	<b>729,860</b>	<b>562,391</b>	<b>1,684,959</b>
<b>The Company</b>					
<b>At 1 July 2011</b>	270,608	45,105	159,516	-	475,229
Total comprehensive income for the period	-	-	2,458	-	2,458
<b>At 30 September 2011</b>	<b>270,608</b>	<b>45,105</b>	<b>161,974</b>	<b>-</b>	<b>477,687</b>
<b>At 1 July 2010</b>	270,608	45,105	147,210	-	462,923
Total comprehensive income for the period	-	-	(9,207)	-	(9,207)
<b>At 30 September 2010</b>	<b>270,608</b>	<b>45,105</b>	<b>138,003</b>	<b>-</b>	<b>453,716</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 Q3 2011, 300,000 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 September 2011 were 28,510,000 (30 September 2010: 32,750,000).

- 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 September 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			
	Q3 2011	Q3 2010	YTD 2011	YTD 2010
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	1.44	2.46	4.52	6.93
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)	1.44	2.46	4.52	6.93
Adjusted weighted average number of ordinary shares ('000)	2,239,299	2,239,899	2,239,468	2,239,704

**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	
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
Net asset value per ordinary share (cents)	56.21	53.53	21.33	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**

The Group achieved net profit attributable to equity holders of \$32.2 million on turnover of \$969.8 million in Q3 2011. For the nine months ended 30 September 2011, Group net profit attributable to equity holders amounted to \$101.1 million on turnover of \$2.98 billion.



## **Turnover**

Group turnover increased 1.8% to \$969.8 million in Q3 2011 from \$952.7 million in Q3 2010 mainly due to higher revenue recognized from marine engineering projects despite lower dry bulk shipping and ship repair & conversion revenue.

Turnover from shipyard operations increased 3.9% to \$954.7 million in Q3 2011 from \$918.7 million in Q3 2010. This was on the back of higher progressive revenue recognition for the Group's marine engineering projects despite lower revenue contribution from ship repair and conversion. The Group delivered 11 bulk carriers in Q3 2011. Of these, COSCO Guangdong shipyard delivered 2 bulk carriers, COSCO Dalian shipyard delivered 4 bulk carriers and COSCO Zhoushan shipyards delivered 5 bulk carriers each. In addition during the quarter, COSCO Nantong shipyard successfully delivered 2 shuttle tankers, following the delivery of the first shuttle tanker in March 2011.

Turnover from dry bulk shipping and other businesses decreased 55.3% from \$34.0 million in Q3 2010 to \$15.2 million in Q3 2011 as the current short-term rates were significantly lower than the more favorable charter rates received in Q3 2010. The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started the 3rd quarter 2011 at 1,422 points and ended the quarter slightly higher at 1,899 points. The average BDI for Q3 2011 was at 1,533 points which was a 34.8% decrease from the corresponding quarter average BDI in 2010 of 2,352 points. The Group's dry bulk shipping fleet stands at 10 after leases in respect of two charter-in Panamax vessels were not renewed upon expiration in the first quarter of 2011.

Shipyard business remained the biggest revenue contributor, forming 98.4% of Group turnover in Q3 2011.

## **Profitability**

Gross profit decreased 27.5% from \$115.6 million in Q3 2010 to \$83.8 million in Q3 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 shipyard operations. The lower profit contributions from shipyard operations is mainly due to the increase in expected losses recognized on construction contracts from offshore marine engineering projects of new product types as the Group incurs higher costs as it scales the "learning curve". In addition, the Group is impacted by the general increase in labor costs, prices of raw materials and costs of equipment.

Other income comprised mainly gain from the disposal of scrap metal, interest income, net currency exchange gain, net fair value gain on forward currency contracts and compensation received from customers. Compared to Q3 2010, other income increased by 73.3% to \$70.1 million in Q3 2011 mainly due to higher interest income from bank deposits, an increase in currency exchange gain and compensation received from customers.

Distribution costs rose 83.0% in line with new orders secured and the rising cost environment. The 47.2% increase in administrative costs to \$55.8 million was mainly due to less reversal of impairment of trade and other receivables of \$0.5 million in Q3 2011 as compared to \$6.9 million in Q3 2010 and allowance for inventory write-down. The allowance for inventory write-down of \$14.6 million in Q3 2011 was mainly due to the continuation of work on a cancelled shipbuilding contract for which construction of the vessel had already been in progress (and for which the net compensation received from the customer of \$15.2 million has been included in other income).

Interest expense increased by 31.6% to \$13.3 million in Q3 2011 mainly due to additional bank borrowings to fund shipyard operations.

The decrease in income tax expense by 8.7% to \$14.9 million was mainly due to lower profit contributions from shipyard operations.

Overall, net profit attributable to equity holders of the Company decreased 41.6% from \$55.1 million in Q3 2010 to \$32.2 million in Q3 2011 due to lower profit contributions from dry bulk shipping and shipyard operations.

Compared to the first nine months in 2010, net profit attributable to equity holders of the Company decreased 34.8% from \$155.2 million to \$101.1 million in the first nine months of 2011.

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

(30 September 2011 vs 31 December 2010)

Cash and cash equivalents increased from \$867.2 million to \$1.4 billion mainly due to net cash provided by 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 remained relatively unchanged at \$1.9 billion. Advances paid to suppliers also remained almost unchanged (from \$858.8 million to \$864.6 million).

Property, plant & equipment increased by \$122.6 million to \$2.3 billion mainly due to expansion in shipyard facilities.

Trade and other payables decreased \$97.0 million to \$3.0 billion mainly due to decrease in advances received from customers (from \$1.2 billion to \$926.5 million).

Total borrowings increased from \$992.2 million to \$1.7 billion due to additional funding procured for business operations.

**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 September 2011, the Group's order book stood at US\$6.4 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 nine months 2011 amounting to US\$1.9 billion includes 4 special purpose carriers, 3 self erecting tender drilling rigs, 2 jack-up drilling rigs, 2 Sevan 650 drilling units, 1 semi-submersible barge and 1 Octabuoy topside module. With the successful deliveries of 11 vessels in Q3 2011, the Group delivered in the first nine months of 2011 a total of 28 bulk carriers, 1 windmill turbine installation vessel, 3 shuttle tankers 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 the rest of 2011 as the global economy remains fragile with growing concerns over the sovereign-debt crisis in Europe and its possible impact on the global economy. In the face of global economic uncertainties, the Group's customers may be reluctant to commit new orders for vessels in the short term and may exert even greater pressure on the prices of new vessels.

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 collectively may significantly 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 even greater pressure notwithstanding improving gains in productivity.

In the offshore marine engineering operation, the Group aims to enhance its offerings. It is currently one of the largest producers of offshore drilling equipment in PRC with 15 outstanding offshore marine projects in its order book as at 30 September 2011. This comprises 1 deep-water drillship and 1 semi-submersible barge, 2 semi-submersibles, 2 wind turbine installation vessels, 1 shuttle tanker, 2 jack-up rigs, 3 Sevan 650 drilling units and 3 tender rigs. 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 operations.

The BDI started the year 2011 at 1,693 points and ended 30 September 2011 at 1,899 points after reaching a two-year low of 1,043 points in February 2011. The first nine months 2011 average BDI was at 1,427 points which is a 50.5% decrease from the corresponding period average BDI in 2010 of 2,885 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.

Barring unforeseen circumstances, the Group expects to remain profitable in 2011.

**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 Q3 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	
	Q3 2011	YTD 2011	Q3 2011	YTD 2011
<u>Between Subsidiaries and:</u>				
Chimbusco Dalian Branch			2,560	8,179
Chimbusco Guangzhou Branch			1,481	4,623
Chimbusco Lianyungang Branch			910	910
Chimbusco Zhoushan Branch			3,042	8,611
Cosco (HK) Shipping Co., Ltd			1,352	3,949
Cosco Bulk Carrier Co., Ltd			2,726	5,738
Cosco Container Lines Co., Ltd			230	4,032
Cosco Finance Co., Ltd			309,587	495,974
Cosco International Trade Ltd			-	256
Cosco Jiangsu International Freight Co. , Ltd			-	558
Cosco Logistics (Nantong)			-	117
Cosco Nantong Steel Co., Ltd	1,294	2,689	1,614	7,926
Cosco Petroleum Pte Ltd			400	400
Cosco Shanghai Ship Management Co., Ltd			7,386	7,386
Cosco Shipping Co., Ltd			-	210
Dalian Ocean Shipping Company			-	202
Guangzhou Ocean Shipping Company			-	6,457
Lianyungang Ocean Shipping Company			285	1,727
Nantong Chimbusco Marine Bunker			947	2,276
Nantong Cosco Khi Ship Engineering Co., Ltd			522	522
Nantong Cosco Ship Equipment Company			1,403	4,051
Qingdao Manning Co-operation Ltd			240	1,482
Shanghai Ocean Crew Co., Ltd			427	2,385
Shanghai Ocean Industrial Corporation			-	2,204
Shanghai Pan-Asia Shipping Company			209	538
Shenzhen Ocean Shipping Company			-	414
<b>Total</b>	<b>1,294</b>	<b>2,689</b>	<b>335,321</b>	<b>571,127</b>

	<b>As at 30/09/2011</b>	<b>As at 31/12/2010</b>
	S\$'000	S\$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	223,861	85,045
- Short-term bank deposits	585,945	388,500
	809,806	473,545
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	6,146	-

**BY ORDER OF THE BOARD**

Mr Jiang Li Jun  
Vice Chairman and President  
2/11/2011

## **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 September 2011 financial results to be false or misleading.

On behalf of the directors

Mr Jiang Li Jun  
Vice Chairman and President

Mr Tom Yee Lat Shing  
Director

2/11/2011