



Unaudited First Quarter Financial Statement Announcement for the Financial Period Ended 31 March 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Income Statement

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
Continuing operations			
Turnover	40,648	11,414	256
Cost of sales	(30,577)	(11,278)	171
Gross profit	10,071	136	NM
Other income [1]	624	416	50
Other gains and losses [1]	2,998	(7,305)	NM
Expenses			
- Distribution [2]	(549)	57	NM
- Administrative	(6,450)	(2,357)	279
- Finance	(3,595)	-	NM
Share of profit of an associated company	621	-	NM
Profit/(loss) before income tax [3]	3,720	(9,053)	NM
Income tax expense [4]	(845)	(75)	NM
Profit/(loss) from continuing operations	2,875	(9,128)	NM
Discontinued operations			
Loss from discontinued operations [5]	-	(134,559)	NM
Total profit/(loss)	2,875	(143,687)	NM
Profit/(loss) attributable to:			
Equity holders of the Company			
Non-controlling interests	2,828	(78,926)	NM
Profit/(loss) for the period	47	(64,761)	NM
	2,875	(143,687)	NM
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations	2,828	(9,166)	NM
Loss from discontinued operations	-	(69,760)	NM
	2,828	(78,926)	NM
Earnings per share for profit from continuing and discontinued operations attributable to the equity holders of the Company (expressed in cents per share)			
Basic and diluted earnings per share:			
From continuing operations	0.13	(0.41)	NM
From discontinued operations	-	(3.11)	NM

NM denotes not meaningful.

(ii) Consolidated Statement of Comprehensive Income

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000	Change %
Profit/(loss) for the period	2,875	(143,687)	NM
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gain	-	39	NM
Currency translation differences arising from consolidation			
-Losses	(1,336)	(3,423)	(61)
	(1,336)	(3,384)	(61)
Total comprehensive income/(loss) for the period	1,539	(147,071)	NM
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company			
Non-controlling interests	1,492	(83,912)	NM
Total comprehensive income/(loss) for the period	47	(63,159)	NM
	1,539	(147,071)	NM

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
<u>Continuing operations</u>			
Government grants	243	10	NM
Interest income	183	235	(22)
Rental income	106	167	(37)
Sundry income	92	4	NM
Other income	624	416	50
Foreign exchange gain/(loss)	2,962	(2,243)	NM
Net gain/(loss) on disposal of property, plant and equipment	28	(5,228)	NM
Gain on sale of bunker stock	8	166	(95)
Other gains and losses	2,998	(7,305)	NM

[2] The credit balance of the distribution expense in Q1 2017 was mainly due to write-back of accrual for expenses of approximately \$174,000.

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

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
<u>Continuing Operations</u>			
Interest on borrowings	(3,595)	-	NM
Amortisation of deferred expenditure	(16)	(9)	78
Amortisation of intangible assets	(1,317)	-	NM
Depreciation of property, plant and equipment	(5,207)	(1,666)	213
Depreciation of investment properties	(130)	(102)	27
Net allowance for impairment of trade and other receivables	(2)	-	NM

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

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
<u>Continuing Operations</u>			
Current income tax	215	(1)	NM

[5] Following the sale of 51% equity interest in Cosco Shipyard Group Co., Ltd., 50% equity interest in Cosco (Nantong) Shipyard Co., Ltd. and 39.1% equity interest in Cosco (Dalian) Shipyard Co., Ltd. (collectively the Group's Shipyard business in China) in Q4 2017, the entire results from the Group's shipyard business in China for Q1 2017 have been restated to present separately on the Consolidated Income Statement as "Discontinued operations".

The results of the discontinued operations of the Group's shipyard business in China are as follows:

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
Turnover	-	390,427	NM
Cost of sales	-	(448,386)	NM
Gross loss	-	(57,959)	NM
Other income [i]	-	15,114	NM
Other gains and losses [i]	-	(1,285)	NM
Expenses			
- Distribution	-	(8,703)	NM
- Administrative [ii]	-	(17,804)	NM
- Finance	-	(64,149)	NM
Share of loss of associated companies	-	(133)	NM
Loss before income tax [iii]	-	(134,919)	NM
Income tax expense	-	360	NM
Loss from discontinued operations	-	(134,559)	NM

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

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
Government grants	-	1,465	NM
Interest income	-	7,263	NM
Rental income	-	1,346	NM
Sale of scrap materials	-	4,049	NM
Sundry income	-	991	NM
Other income	-	15,114	NM
Currency exchange loss – net	-	(1,458)	NM
Net gain on disposal of property, plant and equipment	-	173	NM
Other gains and losses	-	(1,285)	NM

[ii] Administrative expenses of discontinued operations include:

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
Net reversal of impairment of trade and other receivables	-	11,131	NM

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

	Group		
	Q1 2018 S\$'000	Q1 2017 S\$'000 (restated)	Change %
<u>Discontinued operations</u>			
Interest on borrowings	-	(64,149)	NM
Amortisation of deferred expenditure	-	(13)	NM
Depreciation of investment properties and property, plant and equipment	-	(36,644)	NM
Net reversal of impairment of receivables and other receivables	-	11,131	NM
Write-down of inventories	-	(21,241)	NM
Allowance for expected losses recognised on construction contracts	-	(70,573)	NM

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company		
	31/03/2018 S\$'000	31/12/2017 S\$'000 (Restated)	01/01/2017 S\$'000 (Restated)	31/03/2018 S\$'000	31/12/2017 S\$'000	01/01/2017 S\$'000
Current assets						
Cash and cash equivalents	355,003	58,504	1,520,375	280,882	35,995	29,888
Restricted cash	257	140,660	-	257	140,660	-
Trade and other receivables	87,902	308,844	790,785	56,934	301,086	57,866
Inventories	244	199	835,582	-	-	-
Contract assets	-	-	3,813,570	-	-	-
Income tax receivables	-	-	1,933	-	-	-
Other current assets	3,457	592	11,891	391	465	100
	446,863	508,799	6,974,136	338,464	478,206	87,834
Non-current assets						
Trade and other receivables	1,064	-	102,556	-	-	-
Available-for-sale financial assets	-	-	4,599	-	-	-
Club memberships	217	147	280	34	34	48
Investments in associated companies	14,321	-	4,185	13,953	-	-
Investments in subsidiaries	-	-	-	614,182	126,639	372,778
Investment properties	13,657	13,786	14,675	-	-	-
Property, plant and equipment	532,900	40,638	2,527,363	165	182	393
Intangible assets	135,285	-	9,536	-	-	-
Deferred expenditure	2,305	766	2,799	-	-	-
Deferred income tax assets	-	-	140,598	-	-	-
	699,749	55,337	2,806,591	628,334	126,855	373,219
Total assets	1,146,612	564,136	9,780,727	966,798	605,061	461,053
Current liabilities						
Trade and other payables	73,732	46,770	1,892,526	81,137	89,125	17,585
Contract liabilities	-	-	203,180	-	-	-
Current income tax liabilities	7,873	612	9,877	5	19	2,174
Borrowings	347,408	-	4,297,091	331,580	-	-
Provisions	610	-	38,949	-	-	-
	429,623	47,382	6,441,623	412,722	89,144	19,759
Non-current liabilities						
Trade and other payables	5,512	-	-	5,512	-	-
Borrowings	137,195	-	3,018,327	34,069	-	-
Provisions	1,181	-	-	-	-	-
Deferred income tax liabilities	54,691	132	263	-	-	-
	198,579	132	3,018,590	39,581	-	-
Total liabilities	628,202	47,514	9,460,213	452,303	89,144	19,759
Net assets	518,410	516,622	320,514	514,495	515,917	441,294
Equity						
Share capital	270,608	270,608	270,608	270,608	270,608	270,608
Statutory and other reserves	33,219	34,555	290,937	45,105	45,105	45,105
Retained earnings/(accumulated losses)	212,866	210,038	(225,485)	198,782	200,204	125,581
Shareholders' equity	516,693	515,201	336,060	514,495	515,917	441,294
Non-controlling interests	1,717	1,421	(15,546)	-	-	-
Total equity	518,410	516,622	320,514	514,495	515,917	441,294

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

Amount repayable in one year or less, or on demand

As at 31/03/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
305,908	41,500	-	-

Amount repayable after one year

As at 31/03/2018		As at 31/12/2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
137,195	-	-	-

Details of any collateral

The collaterals for secured borrowings include a share charge on the share of a subsidiary, property, plant and equipment and bank deposits with net book value totalling \$641,121,000 (31 December 2017: Nil).

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

	Group	
	Q1 2018 S\$'000	Q1 2017 S\$'000
<u>Cash flows from operating activities</u>		
Profit/(loss) for the period	2,875	(143,687)
Adjustments for:		
Income tax expense/(credit)	845	(285)
Amortisation of deferred expenditure	16	22
Amortisation of intangible assets	1,317	-
Depreciation of property, plant and equipment and investment properties	5,337	38,412
Allowance for/(reversal of) impairment of trade and other receivables	2	(11,131)
Write-down of inventories	-	21,241
Net (gain)/loss on disposal of property, plant and equipment	(28)	5,055
Allowance for expected losses recognised on construction contracts	-	70,573
Loss on disposal of club memberships	54	-
Share of (profit)/loss of associated companies	(621)	133
Interest expense	3,595	64,149
Interest income	(183)	(7,498)
Exchange differences	(2,957)	(107,015)
	10,252	(70,031)
Changes in working capital:		
Inventories	(15)	(14,851)
Contract assets	-	496,306
Trade and other receivables	(4,718)	72,190
Trade and other payables	(7,235)	(103,671)
Contract liabilities	-	(8,315)
Other current assets	(467)	160
Provisions	(353)	977
Cash (used in)/provided by operations	(2,536)	372,765
Income tax paid	(222)	(2,575)
Net cash (used in)/provided by operating activities	(2,758)	370,190
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries, net of cash acquired (i)	(410,306)	-
Purchase of property, plant and equipment	(2,935)	(1,748)
Proceeds from disposal of subsidiaries (ii)	236,202	-
Proceeds from disposal of property, plant and equipment	524	10,353
Proceeds from disposal of club membership	3	-
Decrease in restricted cash balance	140,403	-
Dividend received	11,173	-
Interest received	202	9,097
Net cash (used in)/provided by investing activities	(24,734)	17,702
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	327,649	1,146,027
Repayments of borrowings	(2,207)	(1,273,129)
Repayment of finance lease liabilities	(924)	-
Decrease in bank deposits pledged	-	138
Interest paid	(774)	(66,199)
Dividend paid to non-controlling interests of subsidiaries	-	(381)
Net cash provided by/(used in) financing activities	323,744	(193,544)
Net increase in cash and cash equivalents	296,252	194,348
Cash and cash equivalents at beginning of financial period	58,504	1,518,398
Effects of currency translation on cash and cash equivalents	(963)	(42,366)
Cash and cash equivalents at end of financial period	353,793	1,670,380
Cash and cash equivalents represented by:		
Cash at bank and on hand	336,565	877,128
Short-term bank deposits	18,438	795,091
Less: Bank deposits pledged	(1,210)	(1,839)
	353,793	1,670,380

(i) On 2 January 2018, the Group obtained control of Cogent Holdings Limited ("Cogent") following the acquisition of more than 90% of the issued shares of Cogent by way of a voluntary conditional cash offer made by the Group to acquire 100% equity interest in Cogent for a consideration of \$488,070,000. The Group exercised its rights of compulsory acquisition to acquire the remaining shares of Cogent. Consequently, Cogent became a wholly-owned subsidiary of the Company.

Details of the consideration paid, the provisional fair value amounts of identifiable assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	Group	
	Q1 2018 S\$'000	Q1 2017 S\$'000
(a) Purchase consideration		
Cash paid	468,070	-
Fair value of deferred consideration	19,474	-
Consideration transferred for the business	487,544	-
(b) Effect on cash flows of the Group		
Cash paid (as above)	468,070	-
Less: cash and cash equivalents in subsidiaries acquired	(58,973)	-
Add: Bank balances pledged	1,209	-
Cash out flow on acquisition	410,306	-
(c) Identifiable assets acquired and liabilities assumed, at provisional fair values		
Cash and cash equivalents	58,973	-
Property, plant and equipment	494,730	-
Intangible assets	37,444	-
Deferred expenditure	1,507	-
Club memberships	128	-
Inventories	30	-
Trade and other receivables	19,585	-
Other current assets	2,485	-
Total assets	614,882	-
Trade and other payables	41,546	-
Provisions	2,144	-
Borrowings	121,357	-
Current income tax liabilities	6,204	-
Deferred tax liabilities	54,993	-
Total liabilities	226,244	-
Total identifiable net assets	388,638	-
Less: Non-controlling interest	(249)	-
Add: Goodwill	99,155	-
Consideration transferred for the business	487,544	-
Amount reflected as other payables	(19,474)	-
Cash paid	468,070	-

Note: The Group has recognised a provisional goodwill of \$99.2 million based on provisional fair values of assets and liabilities of Cogent. In accordance with SFRS(I) 103 "Business Combinations", the Group is required to perform a purchase price allocation ("PPA") exercise within 12 months after completion of the acquisition of Cogent. The fair values of the acquired identifiable assets and liabilities have been provisionally determined pending finalisation of the PPA exercise.

(ii) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	Q1 2018 S\$'000	Q1 2017 S\$'000
Net cash provided by/(used in) operating activities	-	370,303
Net cash provided by/(used in) investing activities	-	7,421
Net cash (used in)/provided by financing activities	-	(193,544)
Net cash outflows	-	184,180

(iii) Reconciliation of liabilities arising from financing activities

	1 January 2018	Principal and interest additions/ (payments)	Non-cash changes				31 March 2018	
			Interest expense	Acquisition of subsidiaries	Acquisition of property, plant and equipment	Other payables conversion		Foreign exchange movement
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Borrowings	-	325,442	-	108,210	-	38,000	154	471,806
Finance lease liabilities	-	(924)	-	13,147	574	-	-	12,797
Interest payable	-	(774)	3,595	-	-	-	-	2,821

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Group					
At 1 January 2018					
As previously reported	270,608	(18,958)	263,551	1,421	516,622
Adoption of SFRS(I) 1	-	53,513	(53,513)	-	-
As restated at 1 January 2018	270,608	34,555	210,038	1,421	516,622
Total comprehensive income for the period	-	(1,336)	2,828	47	1,539
Acquisition of a subsidiary	-	-	-	249	249
At 31 March 2018	270,608	33,219	212,866	1,717	518,410
At 1 January 2017					
As previously reported	270,608	311,859	(246,407)	(15,546)	320,514
Adoption of SFRS(I) 1	-	(20,922)	20,922	-	-
As restated at 1 January 2017	270,608	290,937	(225,485)	(15,546)	320,514
Total comprehensive loss for the period	-	(4,986)	(78,926)	(63,159)	(147,071)
At 31 March 2017	270,608	285,951	(304,411)	(78,705)	173,443

	Share capital S\$'000	Statutory and other reserves S\$'000	Retained earnings S\$'000	Non-controlling interests S\$'000	Total S\$'000
The Company					
At 1 January 2018					
Total comprehensive loss for the period	-	-	(1,422)	-	(1,422)
At 31 March 2018	270,608	45,105	198,782	-	514,495
At 1 January 2017					
Total comprehensive loss for the period	-	-	(3,767)	-	(3,767)
At 31 March 2017	270,608	45,105	121,814	-	437,527

- 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 Q1 2018, 720,000 share options granted under COSCO Group Employees' Share Option Scheme 2002 were lapsed.

The outstanding share options under the Cosco Group Employee's Share Option Scheme as at 31 March 2018 were Nil (31 March 2017: 6,270,000).

- 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 March 2018, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2017: 2,239,244,954).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 31 December 2017.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 31 March 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

a) Application of SFRS(I) 1

The Group has elected the option to reset its cumulative translation reserve for all foreign operations to zero at the date of transition of 1 January 2017. As a result, cumulative translation gains of \$20,922,000 was reclassified from currency translation reserve to accumulated losses as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gains on disposal of subsidiaries in Q4 2017 were restated. As at 31 December 2017, cumulative translation losses of \$53,513,000 was reclassified from currency translation reserve to retained earnings.

b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group has changed the presentation of certain amounts in the balance sheet as at 31 December 2017 to reflect the terminology of SFRS(I).

Amounts due from customers arising from construction contracts of Nil (1 January 2017: \$3,741,162,000) and construction contract work-in-progress of Nil (1 January 2017: \$72,408,000) under SFRS are reclassified to be presented as part of contract assets.

Advances received from customers arising from construction contracts of Nil (1 January 2017: \$106,346,000) and amounts due to customers arising from construction contracts of Nil (1 January 2017: \$96,834,000) under SFRS are reclassified to be presented as part of contract liabilities.

Impact on the comparatives for the First Quarter 2018 Financial Statements

The financial effect of adopting SFRS(I)s is as follows:

	31 December 2017 S\$'000	1 January 2017 S\$'000
Group Balance Sheet		
Decrease in construction contract work-in-progress	-	(72,408)
Increase in contract assets	-	3,813,570
Decrease in trade and other receivables		(3,741,162)
Decrease in trade and other payables	-	(203,180)
Increase in contract liabilities	-	203,180
Increase/(decrease) in statutory and other reserves	53,513	(20,922)
(Decrease in retained earnings)/increase in accumulated losses	(53,513)	20,922
There are no impact on the Group's comprehensive Income, total assets, total liabilities and total equity.		

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Q1 2018	Q1 2017
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.13	(3.52)
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.13	(3.52)
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245

NOTES:

Basic earnings per ordinary share is calculated by dividing the net profit attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial period.

The fully diluted earnings per share is arrived at after taking into consideration the potential ordinary shares arising from the exercise of outstanding share options which would dilute the basic earnings per share. The outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the financial period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Net asset value per ordinary share (cents)	23.07	23.01	22.98	23.04

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2017: 2,239,244,954).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group recorded net profit attributable to equity holders of \$2.8 million for Q1 2018 as compared to a loss of \$78.9 million for Q1 2017. In Q1 2018, the Group transformed into one of Singapore's leading logistics management service providers with the acquisition of 100% interest in the equity of Cogent Holdings Limited.

Continuing Operations

The Group recorded profit from continuing operations in logistics, dry bulk shipping and other businesses of \$2.9 million on turnover of \$40.6 million for Q1 2018.

Group turnover from continuing operations increased by 256.1% to \$40.6 million for Q1 2018 as compared to Q1 2017 mainly due to turnover of \$32.1 million from newly acquired logistics businesses, offset by a decrease in shipping revenue from a reduced fleet of 3 bulk carriers.

Other gains and losses for Q1 2018 were gains of \$3.0 million (Q1 2017: losses of \$7.3 million) mainly due to foreign exchange gain of \$3.0 million.

The increase in cost of sales, distribution, administrative and finance expenses were mainly due to the newly acquired logistics businesses. The increase in expenses was also due to incremental increase in depreciation and amortisation expenses of \$2.6 million based on provisional fair values of assets of the newly acquired subsidiaries and interests on borrowings to finance the business acquisition in Q1 2018.

Share of profit of an associated company of \$0.6 million was mainly due to share of profit from newly acquired 40% shareholdings in PT Ocean Global Shipping.

Discontinued Operations

The Group recorded loss from discontinued operations of \$134.6 million for Q1 2017. The discontinued operations relates to the Group's shipyard business in China which was disposed in Q4 2017.

Balance Sheet

(31 March 2018 vs 31 December 2017)

Cash and cash equivalents increased from \$58.5 million to \$355.0 million mainly due to the proceeds from the disposal of subsidiaries and increase in borrowings, partially offset by the net cash out flow for the acquisition of newly acquired logistics businesses. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables decreased \$219.9 million to \$89.0 million mainly due to decrease in amount due from fellow subsidiaries following the receipt of the proceeds from the disposal of subsidiaries, offset by trade and other receivables acquired for the newly acquired subsidiaries. Please refer to Note 1 (c)(i) Acquisition of subsidiaries, net of cash acquired for details.

Property, plant and equipment increased by \$492.3 million to \$532.9 million mainly due to the fair values of the property, plant and equipment acquired for the newly acquired subsidiaries.

Intangible assets include goodwill of \$99.2 million and other intangible assets of \$37.4 million. The Group has recognised a provisional goodwill of \$99.2 million based on provisional fair values of assets and liabilities of Cogent Holdings Limited. In accordance with SFRS(I) 103 "Business Combinations", the Group is required to perform a purchase price allocation ("PPA") exercise within 12 months after completion of the acquisition of Cogent Holdings Limited. The fair values of the acquired identifiable assets and liabilities have been provisionally determined pending finalisation of the PPA exercise.

Trade and other payables increased by \$32.5 million to \$79.2 million mainly due to the trade and other payables assumed for the newly acquired subsidiaries.

Total borrowings increased by \$484.6 million to \$484.6 million mainly due to the borrowings procured to finance the acquisition of Cogent Holdings Limited and borrowings assumed for the newly acquired subsidiaries.

For details of the identifiable assets acquired and liabilities assumed, at provisional fair values of the newly acquired subsidiaries, please refer to Note 1(c)(i) Acquisition of subsidiaries, net of cash acquired for details.

Shareholder's equity increased by \$1.5 million mainly due to the profits in Q1 2018, offset by a decrease in currency translation reserves.

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 in Q1 2018 are in line with the Profit Guidance announcement issued by the Company on 26 April 2018.

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.

With the completion of the compulsory acquisition of Cogent Holdings Limited (“Cogent”) and the acquisition of approximately 40% stake in PT Ocean Global Shipping, the Company has established a logistics network in Singapore, Malaysia and Indonesia through these subsidiaries.

The Company, which is developing into a market leader for integrated logistics solutions in South and Southeast Asia marks the first step of its new journey in the logistics business. Cogent’s new chemical logistics project in Jurong Island, which will complement the Company’s logistics business when completed, is progressing as scheduled.

The Company aims to expand its logistics network in South and Southeast Asia through acquisitions and investments and is researching on potential targets to acquire and investment opportunities, taking into consideration the targets’ business scale and scope, historical performance, growth potential and synergy with the Group’s operations.

The Company’s ultimate holding company, China COSCO Shipping Corporation Limited, has a well-established logistics business network throughout the People’s Republic of China (“PRC”), which the Company will be able to leverage on this existing logistics business platform to potentially develop new business opportunities in the logistics sector in South and Southeast Asia, taking advantage of the “Belt and Road Initiative” formulated by the PRC Government in 2013. The Company will also be able to offer end-to-end services to its customers with logistical needs in Singapore and Malaysia, thereby increasing the Company’s competitive edge in relation to its global competitors and entrenching its customers.

A claim was filed by Borneo Motors (Singapore) Pte Ltd (“Plaintiff”) against Cogent Automotive Logistics Pte Ltd (“CAL”), a subsidiary of Cogent, in High Court Suit No. 224 of 2018 (“Suit”). In the Suit, the Plaintiff claims for the sum of loss and expense amounting to S\$2,355,951.35 or damages to be assessed, which was allegedly incurred due to the adherence of man-made artificial particles in the surroundings, to the exterior of 207 vehicles stored in CAL’s outdoor storage facilities, interest, costs and such other relief as the Court deems fit. Although the Plaintiff first notified CAL of the existence (but not quantum) of this alleged damage in or around April 2015, the Plaintiff only formally commenced the Suit in the High Court almost 3 years later, on 1 March 2018. The Company is presently in communication with the previous majority shareholders of Cogent to understand the origin and/or nature of the claim. In the meantime, Cogent is also in communication with CAL’s insurers on the matter. The claim is in the preliminary stage and the outcome of the claim is uncertain at this point in time. In light of the foregoing, it is presently difficult to quantify the eventual financial impact of the Suit. Cogent has sought legal advice on the claim by the Plaintiff and will vigorously defend the claim. The Company will make announcements of any significant development in this matter at the appropriate junctures.

With respect to the Group’s shipping business, the Company’s subsidiary, COSCO Singapore Pte Ltd, currently has a total of 3 vessels with a total tonnage of 163,000 tons and with an average age of 12.3 years. In the first quarter of 2018, the international dry bulk shipping market showed an improvement over the same period in 2017. The Baltic Dry Index averaged 1,175 points in the first quarter of 2018, an increase of 24.2% from the average of 945 points in the first quarter of 2017, with the highest point for the quarter being 1,395 and the lowest point being 1,055. Industry peers generally believe that the dry bulk market in 2018 will show a slight improvement over 2017.

Moving forward as one team, the Group is expected to create overall synergy by engaging in cross sales and business optimization with its related companies. This will also help the Group to achieve economies of scale and scope.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared/recommended by the Directors in Q1 2018.

13. Interested Person Transactions

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

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
<u>Between Subsidiaries and:</u>		
Cosco (Qidong) Offshore Co., Ltd	-	450
Cosco (Shanghai) Shipyard Co., Ltd	-	123
Cosco Petroleum Pte Ltd	-	350
Cosco Shipping (South East Asia) Pte Ltd	-	223
Qingdao Manning Co-operation Ltd	-	428
Shanghai Ocean Crew Co., Ltd	-	209
Total	-	1,783

	As at 31/03/2018	As at 31/12/2017
	S\$'000	S\$'000
Loan from a fellow subsidiary, Cosco Shipping (South East Asia) Pte Ltd	38,000	-

14. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all its directors and executive offices in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Mr Gu Jing Song
Vice Chairman and President
15/5/2018

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 31 March 2018 financial results to be false or misleading.

On behalf of the directors

Mr Gu Jing Song
Vice Chairman and President

Mr Li Xi Bei
Director

15/5/2018