



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

Unaudited First Quarter Financial Statement Announcement for the Financial Period Ended 31 March 2007

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) Income Statement

	Group		
	S\$'000		%
	Q1 2007	Q1 2006	Change
Turnover	355,786	267,592	33
Cost of sales	(263,296)	(185,214)	42
Gross profit	92,490	82,378	12
Other gains (net)			
- Miscellaneous [1]	16,453	8,400	96
Expenses			
- Distribution	(10,381)	(8,220)	26
- Administrative	(27,790)	(20,160)	38
- Interest	(3,455)	(4,104)	(16)
- Other operating expenses	-	(150)	NM
Share of profit from associated companies	133	133	-
Profit before income tax	67,450	58,277	16
Income tax expense	(6,632)	(5,616)	18
Net profit	60,818	52,661	15
Attributable to:			
Equity holders of the Company	41,954	37,582	12
Minority interests	18,864	15,079	25
Net profit	60,818	52,661	15
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)			
- basic	1.89	1.71	11
- diluted	1.88	1.70	11

(ii) Breakdown and Explanatory Notes to Income Statement

	Group		
	S\$'000		%
	Q1 2007	Q1 2006	Change
Profit before tax is arrived at after (charging)/crediting:			
Other income including interest income	16,480	9,270	78
Interest on borrowings	(3,455)	(4,104)	(16)
Depreciation	(18,535)	(15,780)	17
Allowance for impairment of receivables and bad debts written off	-	(9)	NM
Net gain/(loss) on disposal of property, plant and equipment	80	(40)	NM
Property, plant and equipment written off	-	(101)	NM
Gain on dilution of interest in a subsidiary	1,610	-	NM
Gain on disposal of financial assets, available-for-sale	6	-	NM
Net foreign exchange loss	(27)	(870)	(97)
Adjustment for (under)/over provision of tax in respect of prior years:			
Income tax	(2)	44	(105)

NOTES:

NM denotes not meaningful.

- [1] Other miscellaneous gains include sale of scrap metal, interest income, fair value gain on derivative financial instruments, gain on disposal of financial assets, gain on dilution of interest in a subsidiary and foreign exchange loss.

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	
	31/03/2007 S\$'000	31/12/2006 S\$'000	31/03/2007 S\$'000	31/12/2006 S\$'000
Current assets				
Cash and cash equivalents	461,266	277,868	43,397	25,687
Derivative financial instruments	1,457	472	-	-
Trade and other receivables	315,584	267,229	41,609	9,415
Inventories	223,723	201,557	-	-
Trading property	800	800	-	-
	1,002,830	747,926	85,006	35,102
Non-current assets				
Derivative financial instruments	321	45	-	-
Trade and other receivables	-	-	69,415	70,361

Financial assets, available-for-sale	2,081	2,208	-	-
Club memberships	411	412	175	175
Investments in associated companies	1,933	2,227	-	400
Investments in subsidiaries	-	-	256,259	256,259
Investment property	11,261	11,350	-	-
Property, plant and equipment	1,181,519	1,110,179	980	582
Intangible assets	9,298	9,319	-	-
	1,206,824	1,135,740	326,829	327,777
Total assets	2,209,654	1,883,666	411,835	362,879
Current liabilities				
Trade and other payables	831,878	529,707	6,226	5,846
Current income tax liabilities	13,085	11,891	203	293
Borrowings	96,187	128,246	-	-
Provision for other liabilities and charges	6,494	6,309	-	-
	947,644	676,153	6,429	6,139
Non-current liabilities				
Borrowings	276,619	283,806	-	-
Provision for other liabilities and charges	73	3,571	73	76
Deferred income tax liabilities	189	189	-	-
	276,881	287,566	73	76
Total liabilities	1,224,525	963,719	6,502	6,215
Net assets	985,129	919,947	405,333	356,664
Shareholders' equity				
Share capital	250,210	239,947	250,210	239,947
Revaluation and other reserves	67,775	70,855	14,548	11,931
Retained earnings	402,390	359,256	140,575	104,786
Capital and reserves attributable to equity holders of the Company	720,375	670,058	405,333	356,664
Minority interests	264,754	249,889	-	-
Total equity	985,129	919,947	405,333	356,664

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

Amount repayable in one year or less, or on demand

As at 31/03/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
17,810,000	78,377,000	18,627,000	109,619,000

Amount repayable after one year

As at 31/03/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
117,565,000	159,054,000	124,205,000	159,601,000

Details of any collateral

Secured borrowings are mainly secured by the group's leasehold land and buildings, motor vessels, motor vehicles, investment property and trading property with net book value totalling \$230,694,000 (2006: \$255,481,000).

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

	Group	
	Q1 2007 S\$'000	Q1 2006 S\$'000
Cash flow from operating activities		
Profit before tax	67,450	58,277
Adjustments for:		
Share of profit from associated companies	(133)	(133)
Depreciation	18,535	15,780
Employees share option expense	2,617	2,290
Fair value gains on derivative financial instruments	(1,502)	-
(Gain)/Loss on disposal of property, plant and equipment	(80)	40
Property, plant and equipment written off	-	101
Gain on dilution of interest in a subsidiary	(1,610)	-
Gain on disposal of financial assets, available-for-sale	(6)	-
Interest expense (financing)	3,455	4,104
Interest income (investing)	(2,472)	(988)
Operating cash flow before working capital changes	86,254	79,471
Changes in operating assets and liabilities:		
Trading property	-	18,600
Inventories	(22,166)	8,641
Trade and other receivables	(48,596)	(16,999)
Trade and other payables	293,931	(9,118)
Exchange differences	(1,805)	(2,339)
Cash generated from operations	307,618	78,256
Income tax paid	(5,436)	(2,683)
Net cash provided by operating activities	302,182	75,573
Cash flows from investing activities		
Proceeds from liquidation of an associated company	420	-
Proceeds from disposal of property, plant and equipment	499	350
Proceeds from disposal of financial assets, available-for-sale	126	-
Purchase of property, plant and equipment	(92,295)	(92,072)
Dividend received from an associated company	280	-
Interest received	2,432	987
Net cash used in investing activities	(88,538)	(90,735)

Cash flows from financing activities		
Repayment of borrowings	(37,011)	(9,496)
Proceeds from borrowings	600	56,051
Repayment of finance lease liabilities	(10)	(19)
Decrease/(Increase) in cash collateral	2	(1,119)
Dividends paid to minority shareholders of subsidiaries	(554)	(207)
Proceeds from issuance of ordinary shares	10,263	147
Interest paid	(3,533)	(3,735)
Net cash (used in)/provided by financing activities	(30,243)	41,622
Net increase in cash and cash equivalents held	183,401	26,460
Cash and cash equivalents at the beginning of the financial period	273,560	158,843
Cash and cash equivalents at the end of the financial period	456,961	185,303
Cash and cash equivalents represented by:		
Cash at bank and on hand	279,401	173,407
Short-term bank deposits	181,865	14,592
Less: Pledged deposits	(4,305)	(2,696)
	456,961	185,303

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.

The Group

	Share Capital S\$'000	Revaluation and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
Balance at 1 January 2007	239,947	70,855	359,256	249,889	919,947
Currency translation differences	-	(4,517)	-	(926)	(5,443)
Net loss recognised directly in equity	-	(4,517)	-	(926)	(5,443)
Net profit	-	-	41,954	18,864	60,818
Total recognised (loss)/gains	-	(4,517)	41,954	17,938	55,375
Employee share option scheme:					
- value of employee services	-	2,617	-	-	2,617
- proceeds from shares issued	10,263	-	-	-	10,263
Minority interests' share of increase in registered capital of a subsidiary	-	-	-	2,517	2,517
Dividend declared by subsidiaries to					

minority shareholders of subsidiaries	-	-	-	(5,590)	(5,590)
Transfer on dilution of interest in a subsidiary	-	(383)	383	-	-
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
Transfer to statutory reserve from retained earnings	-	7	(7)	-	-
At 31 March 2007	250,210	67,775	402,390	264,754	985,129

	Share Capital S\$'000	Share Premium* S\$'000	Revaluation and Other Reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
At 1 January 2006	219,753	8,834	60,634	230,484	175,744	695,449
Currency translation differences	-	-	(10,690)	-	(3,651)	(14,341)
Net loss recognised directly in equity	-	-	(10,690)	-	(3,651)	(14,341)
Net profit	-	-	-	37,582	15,079	52,661
Total recognised (loss)/gains	-	-	(10,690)	37,582	11,428	38,320
Effect of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-	-
Employee share option scheme:						
- value of employee services	-	-	2,290	-	-	2,290
- proceeds from shares issued	147	-	-	-	-	147
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	-	(1,738)	(1,738)
Transfer from retained earnings to translation reserve	-	-	157	(157)	-	-
Transfer from asset revaluation reserve to retained earnings	-	-	(808)	808	-	-
Transfer to statutory reserve from retained earnings	-	-	75	(75)	-	-
At 31 March 2006	228,734	-	51,658	268,642	185,434	734,468

The Company

	Share Capital S\$'000	Revaluation and Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000
At 1 January 2007	239,947	11,931	104,786	356,664
Net profit	-	-	35,789	35,789
Employee share option scheme:				
- value of employee services	-	2,617	-	2,617
- proceeds from shares issued	10,263	-	-	10,263
At 31 March 2007	250,210	14,548	140,575	405,333

	Share Capital S\$'000	Share Premium* S\$'000	Revaluation and Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000
At 1 January 2006	219,753	8,834	5,309	77,907	311,803
Net Profit	-	-	-	24,292	24,292
Effect of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-
Employee share option scheme:					
- value of employee services	-	-	2,290	-	2,290
- proceeds from shares issued	147	-	-	-	147
At 31 March 2006	228,734	-	7,599	102,199	338,532

* Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as at 30 January 2006 is required to become part of the Company's share capital.

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.

During Q1 2007, the issued and paid-up capital of the Company was increased from \$239,947,282 to \$250,210,432. This was due to the allotment and issue of:

- 250,000 ordinary shares at \$0.807 each from the exercise of option granted in 2005 under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme"); and
- 8,180,000 ordinary shares at \$1.23 each from the exercise of option granted in 2006 under the Scheme;

On 5 February 2007, share options totalling 16,270,000 were granted to eligible employees and directors of the Group at the exercise price of \$2.48 per share pursuant to the Scheme.

The outstanding share options under the Cosco Group Employees' Share Option Scheme as at 31 March 2007 was 35,600,000 (2006: 27,760,000).

As at 31 March 2007, share capital of the Company comprised 2,222,404,954 ordinary shares (2006: 2,213,974,954).

2. **Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

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 disclose 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 2006.

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.**

In 2007, the Group and the Company adopted the Financial Reporting Standards (FRS) below:

FRS 40, Investment Property

FRS 107, Financial Instruments: Disclosures, and a complementary Amendment to FRS 1, Presentation of Financial Statements – Capital Disclosures

The adoption of the above FRS did not result in any substantial changes to the Group's and Company's accounting policies except as discussed below:

**Effect of changes to the financial statements
FRS 40, Investment Property**

	Group Increase/(Decrease) S\$'000
Consolidated Balance Sheet items as at 31 March 2007	
Investment Property	11,261
Property, plant and equipment	(11,261)
Consolidated Balance Sheet items as at 31 December 2006	
Investment Property	11,350
Property, plant and equipment	(11,350)

No effect on income statement for the period ended 31 March 2007 and 31 March 2006 as the Group has elected to adopt the cost model to measure its investment property in accordance with the requirements of FRS 16 Property, Plant and Equipment.

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 2007	Q1 2006
(i) Based on the weighted average number of ordinary shares on issue (cents)	1.89	1.71
Weighted average number of ordinary shares ('000)	2,218,125	2,197,802
(ii) On a fully diluted basis (Cents)	1.88	1.70
Adjusted weighted average number of ordinary shares	2,230,625	2,205,792

NOTES:

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the 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 issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Net asset value per ordinary share (Cents)	32.41	30.26	18.24	16.11

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,222,404,954 (2006: 2,213,974,954).

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 further growth in Q1 2007 with net profit rising 12% to \$42.0 million on 33% jump in turnover to \$355.8 million.

Turnover

The Group's strategic focus on high-yield ship repair and marine engineering contracts continued to bear fruits as burgeoning shipyard order book boosted Group turnover 33% higher from the \$267.6 million in Q1 2006 to \$355.8 million in Q1 2007.

Turnover by activities

	Q1 2007		Q1 2006		Change
	S\$m	%	S\$m	%	%
Ship Repair, ship building & Marine Engineering	306.9	86.3	205.2	76.7	+49.6
Dry Bulk Shipping	43.6	12.3	39.3	14.7	+10.9
Shipping Agency and Others	5.3	1.4	23.1	8.6	-77.1
Total	355.8	100.0	267.6	100.0	+33.0

Ship repair and marine engineering business expanded further with turnover jumping 49.6% from \$205.2 million in Q1 2006 to \$306.9 million in Q1 2007. This was supported by strong project flow. During the quarter, the Group successfully completed several high value conversion projects. It has further secured high value contracts for ship conversion and new offshore/ship building projects. These new contract wins include VLCCs (Very Large Crude Carriers) repair, tanker single to double-hull conversion, as well as cylindrical oil rig, jack-up rig, dry bulk vessel, FDPSO (Floating, Drilling, Production, Storage & Offloading), FPSO (Floating, Production, Storage & Offloading), FSO (Floating, Storage & Offloading), semi-submersible vessel and heavy lift vessel new buildings.

Dry bulk shipping turnover rose 10.9% from \$39.3 million in Q1 2006 to \$43.6 million in Q1 2007 as charter-hire contracts were renewed at better rates.

The Group continues to focus on expanding its ship repair, ship building and marine engineering business. The revenue from this segment accounted for 86.3% of Group turnover in Q1 2007. Dry bulking shipping and shipping agency and others contributed to the remaining 12.3% and 1.4% of Group turnover respectively.

Profitability

Gross profit rose 12% from \$82.4 million in Q1 2006 to \$92.5 million in Q1 2007 on the back of higher turnover. Gross profit margin was lower at 26.0% in Q1 2007 (Q1 2006: 30.8%) due to a change in product mix as the Group began to take on more offshore projects which commanded lower economies of scale at this early stage of development mainly as a result of higher depreciation charges.

Miscellaneous gain mainly included gains from sales of scrap metal during the period.

Distribution and administrative costs rose in line with the expanding ship repair and marine engineering business volume. Interest expense decreased as the Group has less bank borrowings.

Minority interests increased due to higher contributions from 51%-owned ship repair and marine engineering subsidiary, COSCO Shipyard Group.

Despite the moderating effects of the winter season with shorter working months, higher minority interests, depreciation and offshore marine engineering project set-up costs, net profit attributable to equity holders of the Company rose 12% from \$37.6 million in Q1 2006 to \$42.0 million in Q1 2007 supported by strong repair and marine engineering project flow.

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

The Group's results for Q1 2007 are in line with the commentary made in paragraph 10 of the Group's Full Year Financial Statement and Dividend Announcement released on 12 February 2007.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group maintains its positive business outlook for FY2007 supported by strong offshore engineering demand and order book, as well as growing shipyard capacity.

The Group had been reaping tremendous rewards from its strategic investments in shipyard capacity and capability expansions in the recent years. In Q1 2007, the Group begins to secure more offshore engineering and conversion contracts, including the new buildings of a GM 4000 semi-submersible vessel, a cylindrical oil rig and a jack-up rig. Each contract carries firm option for customer to procure additional units.

The Group's order book as of 31 March 2007 comprises mainly the high-yielding and technically demanding offshore engineering contracts. In April 2007, the Group further secured additional \$53 million (or US\$35 million) worth of offshore contracts. The Group has also announced on 24 April 2007 that it has secured a contract valued at S\$514 million (or US\$338 million) to build 10 bulk carriers of 57,000 dwt each for related corporations. The strong stream of high-value ship repair and marine engineering contract wins will add positively to Group earnings in FY2007 and beyond, and springboard the Group for further expansion in the thriving offshore marine industry.

To further scale its business to take advantage of booming demand, the Group continued to expand its shipyard capacities. These included the timely completion of a 80,000 dwt dry dock in Zhoushan Shipyard which commenced operations on 17 March 2007. This increased COSCO Shipyard Group's capacity by 6% from 1.35 million dwt to 1.43 million dwt. Further shipyard upgrading work is still underway, namely the construction of an additional 300,000 dwt dry dock capacity expected to be completed in Q2 2007, which will further enhance the Group's shipyard capacity from 1.43 million dwt to 1.73 million dwt.

Barring unforeseen circumstance, the Group expects its FY2007 performance to be better than FY2006.

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 2007.

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>		
Chimbusco (S) Pte Ltd		908
Chimbusco Dalian Branch		3,248
Cosco (HK) Shipping Co., Ltd		12,419
Cosco Bulk Carrier Co., Ltd		1,569
Cosco Container Lines Co., Ltd		5,590
Cosco Shanghai Container Shipping Agency Co., Ltd		108
Cosco Finance Co.,Ltd		275
Cosco Nantong Steel Co., Ltd		634
Cosco Shipping Co., Ltd		403
Cosco Wallem Ship Management Co.,Ltd		3,213
Dalian Ocean Shipping Company		157
Nantong Chimbusco Marine Bunker		175
Qingdao Manning Co-operation Ltd		465
Qingdao Ocean Shipping Co.		1,234
Shanghai Ocean Crew Co.		864
Shanghai Ocean Shipping Co.		1,706
Shanghai Pan-Asia Shipping Company		109
Shengzhen Ocean Shipping Company		211
Xiamen Ocean Shipping Company		632
Total	Nil	33,920

BY ORDER OF THE BOARD

Mr Ji Haisheng
Vice Chairman and President
30/04/2007

CONFIRMATION BY THE BOARD

We, Ji Haisheng and Min Jianguo being two directors of Cosco Corporation (Singapore) Limited (the "Company"), do hereby confirm on behalf of the directors 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 first quarter 2007 financial results to be false or misleading.

On behalf of the directors

Mr Ji Haisheng
Vice Chairman and President

Mr Min Jianguo
Director

30/04/2007