



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

Unaudited Second Quarter Financial Statement Announcement for the Period Ended 30 June 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		%	S\$'000		%
	Q2 2007	Q2 2006		1H 2007	1H 2006	
Turnover	512,341	265,349	93	868,127	532,941	63
Cost of sales	(360,142)	(179,940)	100	(623,438)	(365,154)	71
Gross profit	152,199	85,409	78	244,689	167,787	46
Other gains, net						
- Miscellaneous [1]	38,226	13,398	185	54,679	21,798	151
- Exceptional gains	-	6,029	NM	-	5,989	NM
Expenses						
- Distribution	(16,575)	(7,340)	126	(26,956)	(15,560)	73
- Administrative	(31,557)	(18,955)	66	(59,347)	(39,115)	52
- Interest	(3,484)	(4,478)	(22)	(6,939)	(8,582)	(19)
- Other operating expenses	(67)	(78)	(14)	(67)	(188)	(64)
Share of profit of associated companies	153	156	(2)	286	289	(1)
Profit before income tax	138,895	74,141	87	206,345	132,418	56
Income tax expense	(17,674)	(3,959)	346	(24,306)	(9,575)	154
Profit for the financial period	121,221	70,182	73	182,039	122,843	48
Attributable to:						
Equity holders of the Company	80,381	51,003	58	122,335	88,585	38
Minority interests	40,840	19,179	113	59,704	34,258	74
Net profit	121,221	70,182	73	182,039	122,843	48
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per						

share)						
- basic	3.60	2.31	56	5.50	4.02	37
- diluted	3.57	2.30	55	5.49	4.01	37

(ii) Breakdown and Explanatory Notes to Income Statement

	Group					
	S\$'000		%	S\$'000		%
	Q2 2007	Q2 2006		1H 2007	1H 2006	
Profit before tax is arrived at after (charging)/crediting:						
Other income including interest income	33,958	14,836	129	48,742	24,106	102
Interest on borrowings	(3,484)	(4,478)	(22)	(6,939)	(8,582)	(19)
Depreciation and amortisation	(17,029)	(16,149)	5	(35,564)	(31,929)	11
Write-back/(Allowance) for impairment of receivables and bad debts written off	4	(78)	NM	4	(87)	NM
Net loss on disposal of property, plant and equipment	(310)	-	NM	(230)	-	NM
Property, plant and equipment written off	(71)	-	NM	(71)	(101)	(30)
Gain on dilution of interest in a subsidiary	-	-	-	1,610	-	NM
Gain on disposal of financial assets, available-for-sale	-	-	-	6	-	NM
Foreign exchange gain/(loss)	4,578	(1,438)	NM	4,551	(2,308)	NM
The Group's exceptional gain comprises the following:						
Net gain on disposal of property, plant and equipment	-	6,029	NM	-	5,989	NM
Adjustment for (under)/over provision of tax in respect of prior years:						
Income tax	(1)	3,524	NM	(3)	3,568	NM

NOTES:

NM denotes not meaningful.

[1] Other miscellaneous gains include sale of scrap metal, interest income, fair value gain on forward currency contracts, gain on disposal of financial assets, gain on dilution of interest in a subsidiary and foreign exchange differences.

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
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
Current assets				
Cash and cash equivalents [1]	464,135	277,868	95,637	25,687
Forward currency contracts	6,428	472	-	-
Trade and other receivables [1,2]	484,084	267,229	42,753	9,415
Inventories [1]	267,434	201,557	-	-
Trading property	800	800	-	-
	1,222,881	747,926	138,390	35,102
Non-current assets				
Forward currency contracts	3,568	45	-	-
Trade and other receivables	-	-	70,021	70,361
Financial assets, available for sale	2,130	2,208	-	-
Club memberships	412	412	175	175
Investments in associated companies	2,134	2,227	-	400
Investments in subsidiaries	-	-	256,259	256,259
Investment property	11,181	11,350	-	-
Property, plant and equipment	1,327,087	1,110,179	990	582
Intangible assets	9,317	9,319	-	-
	1,355,829	1,135,740	327,445	327,777
Total assets	2,578,710	1,883,666	465,835	362,879
Current liabilities				
Trade and other payables [1]	1,207,825	529,707	6,487	5,846
Current income tax liabilities	20,267	11,891	246	293
Borrowings [3]	74,313	128,246	-	-
Provision for other liabilities and charges	5,632	6,309	-	-
	1,308,037	676,153	6,733	6,139
Non-current liabilities				
Borrowings [3]	267,666	283,806	-	-
Provision for other liabilities and charges	70	3,571	70	76
Deferred income tax liabilities	189	189	-	-
	267,925	287,566	70	76
Total liabilities	1,575,962	963,719	6,803	6,215

Net assets	1,002,748	919,947	459,032	356,664
Equity				
Capital and reserves attributable to the shareholders of the Company				
Share capital	264,541	239,947	264,541	239,947
Revaluation and other reserves	80,923	70,855	17,883	11,931
Retained earnings	394,227	359,256	176,608	104,786
Capital and reserves attributable to equity holders of the Company	739,691	670,058	459,032	356,664
Minority interests	263,057	249,889	-	-
Total equity	1,002,748	919,947	459,032	356,664

NOTES:

- [1] The increases in Cash and cash equivalents, Trade and other receivables, Inventories and Trade and other payables of the Group are mainly due to the increase in volume of ship repair, ship building and marine engineering business.
- [2] The increase in Trade and other receivables of the Company is due to dividend receivable from its subsidiaries.
- [3] The decrease in Borrowings of the Group is due to the repayment of bank loans from cash generated from operating activities

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

Amount repayable in one year or less, or on demand

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
18,182,000	56,131,000	18,627,000	109,619,000

Amount repayable after one year

As at 30/06/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
114,896,000	152,770,000	124,205,000	159,601,000

Details of any collateral

Secured borrowings are generally secured by the group's leasehold land and buildings, motor vessels, motor vehicles and trading properties with net book values totalling \$230,171,000 (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	
	S\$'000	
	Q2 2007	Q2 2006
<u>Cash flow from operating activities</u>		
Profit before tax	138,895	74,141
Adjustments for:		
Share of profit from associated companies	(153)	(156)
Depreciation	17,029	16,149
Employees share option expense	3,335	1,444
Fair value gains on forward currency contracts	(9,365)	-
Net loss/(gain) on disposal of property, plant and equipment	310	(6,029)
Property, plant and equipment written off	71	-
Interest expense (financing)	3,484	4,479
Interest income (investing)	(2,949)	(1,136)
Operating cash flow before working capital changes	150,657	88,892
Changes in operating assets and liabilities:		
Inventories	(43,711)	(41,116)
Trade and other receivables	(168,497)	(40,844)
Trade and other payables	340,023	90,481
Exchange differences	4,970	(2,948)
Cash generated from operations	283,442	94,465
Income tax paid	(10,492)	(5,384)
Net cash from operating activities	272,950	89,081
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment	745	12,808
Purchase of property, plant and equipment	(142,414)	(49,795)
Interest received	2,945	1,136
Net cash used in investing activities	(138,724)	(35,851)
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(38,588)	(59,795)
Proceeds from borrowings	200	58,209
Repayment of finance lease liabilities	(10)	(11)
(Increase)/Decrease in pledged deposits	(488)	1,131
Dividends paid to shareholders of the Company	(89,348)	(44,141)
Dividends paid to minority shareholders of subsidiaries	(14,445)	(2,615)
Proceeds from issuance of ordinary shares	14,331	9,328
Interest paid	(3,497)	(4,427)
Net cash used in financing activities	(131,845)	(42,321)

Net increase in cash and cash equivalents held	2,381	10,909
Cash and cash equivalents at the beginning of the financial period	456,961	185,303
Cash and cash equivalents at the end of the financial period	459,342	196,212
Cash and cash equivalents represented by:		
Bank and cash balances	271,019	121,298
Short-term bank deposits	193,116	76,481
Less: Pledged Deposits	(4,793)	(1,567)
	459,342	196,212

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	Revaluation and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
The Group					
Balance at 1 April 2007	250,210	67,775	402,390	264,754	985,129
Currency translation differences	-	10,617	-	6,694	17,311
Net loss recognised directly in equity	-	10,617	-	6,694	17,311
Net profit	-	-	80,381	40,840	121,221
Total recognised gains	-	10,617	80,381	47,534	138,532
Employee share option scheme:					
- value of employee services	-	3,335	-	-	3,335
- proceeds from shares issued	14,331	-	-	-	14,331
Dividend declared by subsidiaries to minority shareholders of subsidiaries	-	-	-	(49,231)	(49,231)
Dividend for 2006	-	-	(89,348)	-	(89,348)
Transfer from asset revaluation reserve to retained earnings	-	(804)	804	-	-
At 30 June 2007	264,541	80,923	394,227	263,057	1,002,748
Balance at 1 April 2006	228,734	51,658	268,642	185,434	734,468
Currency translation differences	-	(9,571)	-	(3,604)	(13,175)
Net loss recognised directly in equity	-	(9,571)	-	(3,604)	(13,175)
Net profit	-	-	51,003	19,179	70,182

Total recognised (loss)/gains	-	(9,571)	51,003	15,575	57,007
Employee share option scheme:					
- value of employee services	-	1,444	-	-	1,444
- proceeds from shares issued	9,328	-	-	-	9,328
Dividend paid by subsidiaries to minority shareholders of subsidiaries	-	-	-	(1,640)	(1,640)
Dividend for 2005	-	-	(44,141)	-	(44,141)
Transfer from reserves to retained earnings	-	(808)	808	-	-
Transfer of statutory reserves from retained earnings	-	24	(24)	-	-
At 30 June 2006	238,062	42,747	276,288	199,369	756,466
The Company					
Balance at 1 April 2007	250,210	14,548	140,575	-	405,333
Net profit	-	-	125,381	-	125,381
Employee share option scheme:					
- value of employee services	-	3,335	-	-	3,335
- proceeds from shares issued	14,331	-	-	-	14,331
Dividend for 2006	-	-	(89,348)	-	(89,348)
At 30 June 2007	264,541	17,883	176,608	-	459,032
Balance at 1 April 2006	228,734	7,599	102,199	-	338,532
Net profit	-	-	20,833	-	20,833
Employee share option scheme:					
- value of employee services	-	1,444	-	-	1,444
- proceeds from shares issued	9,328	-	-	-	9,328
Dividend for 2005	-	-	(44,141)	-	(44,141)
At 30 June 2006	238,062	9,043	78,891	-	325,996

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 Q2 2007, the issued and paid-up capital of the Company was increased from \$250,210,432 to \$264,541,432. This was due to the allotment and issue of:

- 260,000 ordinary shares at \$0.3675 each from the exercise of option granted in 2004 under the Cosco Group Employees' Share Option Scheme ("Scheme");
- 3,450,000 ordinary shares at \$0.807 each from the exercise of option granted in 2005 under the Scheme; and
- 9,310,000 ordinary shares at \$1.23 each from the exercise of option granted in 2006 under the Scheme.

The outstanding share options under the Scheme as at 30 June 2007 were 22,580,000 (2006: 27,760,000 after sub-division of shares).

As at 30 June 2007, share capital of the Company comprised 2,235,424,954 ordinary shares (2006: 2,213,974,954 after sub-division of 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 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 30 June 2007	
Investment Property	11,181
Property, plant and equipment	(11,181)

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 30 June 2007 and 30 June 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			
	Q2 2007	Q2 2006	1H 2007	1H 2006
(i) Based on the weighted average number of ordinary shares on issue (cents)	3.60	2.31	5.50	4.02
Weighted average number of ordinary shares('000)	2,231,352	2,207,840	2,224,738	2,202,821
(ii) On a fully diluted basis (cents)	3.57	2.30	5.49	4.01
Adjusted weighted average number of ordinary shares ('000)	2,251,481	2,213,318	2,230,325	2,207,226

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 financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
Net asset value per ordinary share (cents)	33.09	30.26	20.53	16.11

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,235,424,954 (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. It must include a discussion of the following:-

- (a) 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; and
- (b) 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 milestones in Q2 2007 with net profit up 58% to another record-high \$80.4 million on turnover growth of 93% to \$512.3 million in Q2 2007. This sterling performance was on the back of strong expansion of the Group's shipyard operations as it continued to secure a robust stream of offshore marine engineering and shipbuilding contracts.

Turnover

Group turnover almost doubled from \$265.3 million in Q2 2006 to \$512.3 million in Q2 2007 mainly fueled by strong contributions from the Ship repair, ship building and marine engineering business.

	Q2 2007		Q2 2006		Change
	\$'m	%	\$'m	%	%
Ship repair, ship building & marine engineering	462.6	90	223.8	84	+107
Dry bulk shipping	44.4	9	36.8	14	+21
Shipping agency and others	5.3	1	4.7	2	+13
Total	512.3	100	265.3	100	+93

Ship repair, ship building and marine engineering business delivered 107% in turnover growth from \$223.8 million in Q2 2006 to \$462.6 million in Q2 2007, driven by strong order book and progressive completion of several major contracts. During the quarter, the Group progressively recognized the earnings from several high-value offshore projects. These include the lower pontoons for 2 semi-submersible rigs completed and delivered ahead of schedule in June 2007 to rave customer satisfaction.

The move up in value chain proved successful as the Group expanded its order book with more offshore marine engineering contracts such as constructions of semi-submersible vessels, heavy lift vessels, rig and FDPSO (Floating, drilling, production, storage and offloading) during the quarter.

Dry bulk shipping turnover rose 21% from \$36.8 million in Q2 2006 to \$44.4 million in Q2 2007 boosted by firmer charter hire income despite a smaller fleet size.

Ship repair and marine engineering business accounted for the bulk of Group turnover with 90% contribution in Q2 2007. Dry bulking shipping and shipping agency and others contributed to the remaining 9% and 1% of Group turnover respectively.

Compared to Q1 2007, turnover registered a sequential growth of \$156.6 million or 44% from \$355.8 million in Q1 2007 to \$512.3 million in Q2 2007. Turnover grew 63% from \$532.9 million in 1H 2006 to \$868.1 million in 1H 2007. This was mainly supported by buoyant ship repair, ship building and marine engineering performance.

Profitability

Gross profit rose 78% from \$85.4 million in Q2 2006 to \$152.2 million in Q2 2007 on the back of higher turnover. This is due to recognition of more earnings from offshore projects.

Miscellaneous gain comprised mainly the gains from sales of scrap metal during the period. There was no exceptional item in Q2 2007 compared with an exceptional gain of \$6.0 million in Q2 2006 arising from the disposal of an old vessel in April 2006.

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.

Higher income tax expense is due to more taxable earnings derived from ship repair and marine engineering operations.

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

Overall, net profit attributable to equity holders of the Company rose 58% from \$51.0 million in Q2 2006 to \$80.4 million in Q2 2007 backed by strong repair and marine engineering project flow. Compared to 1H 2006, net profit rose 38% from \$88.6 million to \$122.3 million in 1H 2007.

Excluding the effect of the \$6.0 million exceptional gain in Q2 2006, net profit would have risen by 79% from the adjusted \$45.0 million in Q2 2006 and by 48% from the adjusted \$82.6 million in 1H 2006.

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 Q2 2007 are in line with the commentary made in paragraph 10 of the Group's First Quarter Financial Statement Announcement released on 30 April 2007.

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

The Group is confident that growth momentum will continue into 2H 2007 buoyed by robust shipyard performance, capacity and capability enhancement, as well as booming demand.

In COSCO Zhoushan, a new 300,000 dwt (460m x 65m) dry dock was completed on 18 June 2007, 15 days ahead of schedule. Combined with the 80,000 dwt (280m x 40m) drydock recently completed and commenced operations on 19 March 2007, the total capacity of COSCO Shipyard Group ("CSG") had increased 28% to 1.73 million dwt as of 30 June 2007 from 1.35 million dwt as at the end of 2006. As all the docking facilities within CSG are fully utilized, these two drydocks in Cosco Zhousan will contribute positively to the marine repair revenue and earnings.

As marine repair revenue continues to grow, the company has also well-positioned itself as a major player in the offshore and new building fronts by expanding its talent pools locally and from abroad. During the quarter, the Group successfully secured US\$1.96 billion worth of contracts, including new shipbuilding contracts aggregating US\$1.5 billion in value. As of 30 June 2007, the Group's order book stood at US\$ 2.8 billion. On 11 July 2007, the Group further announced the win of additional US\$563 million worth of shipbuilding and conversion contracts. This brings the total order book to US\$3.3 billion as of 15 July 2007, which is fairly evenly spread between offshore (US\$1.5 billion) and new shipbuilding (US\$1.8 billion) projects.

Barring unforeseen circumstances, the Group expects FY 2007 performance to be better than that achieved in FY 2006.

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 Q2 2007.

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	
		Q2 2007	1H 2007
<u>Between Subsidiaries and:</u>			
Chimbusco (S) Pte Ltd		-	908
Chimbusco Dalian Branch		376	3,624
Chimbusco Guangzhou Branch		315	315
Cosco (HK) Shipping Co., Ltd		274	12,693
Cosco Bulk Carrier Co., Ltd		7,777	9,346
Cosco Container Lines Co., Ltd		3,973	9,563
Cosco Shanghai Container Shipping Agency Co., Ltd		-	108
Cosco Finance Co., Ltd		-	275
Cosco Nantong Steel Co., Ltd		628	1,262

Cosco Network (Beijing) Ltd		924	924
Cosco Shanghai Ship Management Co., Ltd		4,190	4,190
Cosco Shipping Co., Ltd		108	511
Cosco Wallem Ship Management Co.,Ltd		-	3,213
Dalian Ocean Shipping Company		1,981	2,138
Nantong Chimbusco Marine Bunker		881	1,056
Nantong Cosco Ship Equipment Co.		453	453
Qingdao Manning Co-operation Ltd		459	924
Qingdao Ocean Shipping Co.		-	1,234
Shanghai Ocean Crew Co.		868	1,732
Shanghai Ocean Shipping Co.		1,732	3,438
Shanghai Pan-Asia Shipping		-	109
Shenzhen Ocean Shipping Company		2,320	2,531
Xiamen Ocean Shipping Company		-	632
	Nil	27,259	61,179

BY ORDER OF THE BOARD

Mr Ji Haisheng
Vice Chairman and President
31/07/2007

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 second 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

31/07/2007