



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

**Unaudited Full Year Financial Statement And Dividend Announcement for the Financial Year Ended 31 December 2006**

**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

	<b>Group</b>		
	S\$'000		%
	2006	2005	Change
Turnover	1,215,469	873,114	39
Cost of sales	(837,846)	(591,038)	42
Gross profit	377,623	282,076	34
Other gains/(loss)			
- Miscellaneous [1]	52,048	42,173	23
- Exceptional gains	24,136	12,805	88
Expenses			
- Distribution	(37,199)	(24,076)	55
- Administrative	(96,423)	(72,171)	34
- Interest	(17,944)	(14,290)	26
- Other	(545)	(1,478)	(63)
Share of results of associated companies [2]	600	519	16
Profit before income tax	302,296	225,558	34
Income tax expense	(22,981)	(18,417)	25
Net profit	279,315	207,141	35
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>205,353</b>	<b>160,494</b>	<b>28</b>
Minority interest	73,962	46,647	59
Net profit	279,315	207,141	35
<b>Earnings per share for profit attributable to the equity holders of the Company</b> (expressed in cents per			

share)			
- basic	9.30	7.35	27
- diluted	9.27	7.33	26

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

	<b>Group</b>		
	S\$'000		%
	2006	2005	Change
Profit before tax is arrived at after (charging)/crediting:			
Investment income	208	176	18
Other income including interest income	56,360	43,480	30
Interest on borrowings	(17,944)	(14,290)	26
Depreciation and amortisation	(61,738)	(55,546)	11
Allowance for impairment of receivables and bad debts written off	(225)	(415)	(46)
Write-off for stock obsolescence and allowance for impairment in inventories	(4)	-	NM
Reversal of impairment in value of trading properties	130	-	NM
Reversal of impairment/(Impairment) in value of other long-term investments	34	(36)	NM
Property, plant and equipment written off	(315)	(1,026)	(69)
Foreign exchange loss	(4,684)	(1,483)	216
The Group's exceptional items comprise the following:			
Gain on disposal of a jointly operated vessel	-	16,105	NM
Gain on disposal of property, plant and equipment	24,136	645	3,642
Impairment in value of trading properties	-	(3,945)	NM
Adjustment for over/(under) provision of tax in respect of prior years:			
Income tax	7,108	(450)	NM
Deferred tax	-	12	NM

**NOTES:**

NM denotes not meaningful.

[1] Other miscellaneous gains include investment income, interest income, fair value gain on derivative financial instruments and foreign exchange loss.

[2] Share of results of associated companies is after tax and minority interest.

**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.**

	<b>Group</b>		<b>Company</b>	
	31/12/2006 S\$'000	31/12/2005 S\$'000	31/12/2006 S\$'000	31/12/2005 S\$'000
<b>Current assets</b>				
Cash and cash equivalents	277,868	160,420	25,687	6,016
Derivative financial instruments	472	-	-	-
Trade and other receivables	267,229	150,651	9,415	498
Inventories	201,557	107,992	-	-
Trading properties	800	19,270	-	-
	<b>747,926</b>	<b>438,333</b>	<b>35,102</b>	<b>6,514</b>
<b>Non-current assets</b>				
Derivative financial instruments	45	-	-	-
Trade and other receivables	-	-	70,361	99,828
Financial assets, available for sale	2,208	2,304	-	-
Club memberships	412	377	175	141
Investments in associated companies	2,227	2,813	400	1,000
Investments in subsidiaries	-	-	256,259	208,244
Property, plant and equipment	1,121,529	949,352	582	535
Intangible assets	9,319	9,357	-	-
	<b>1,135,740</b>	<b>964,203</b>	<b>327,777</b>	<b>309,748</b>
<b>Total assets</b>	<b>1,883,666</b>	<b>1,402,536</b>	<b>362,879</b>	<b>316,262</b>
<b>Current liabilities</b>				
Trade and other payables	529,707	281,323	5,846	4,172
Current income tax liabilities	11,891	7,435	293	201
Borrowings	128,246	107,666	-	-
Provision for other liabilities and charges	6,309	4,280	-	-
	<b>676,153</b>	<b>400,704</b>	<b>6,139</b>	<b>4,373</b>
<b>Non-current liabilities</b>				
Borrowings	283,806	302,173	-	-
Provision for other liabilities and charges	3,571	4,005	76	86
Deferred income tax liabilities	189	205	-	-
	<b>287,566</b>	<b>306,383</b>	<b>76</b>	<b>86</b>
<b>Total liabilities</b>	<b>963,719</b>	<b>707,087</b>	<b>6,215</b>	<b>4,459</b>
<b>Net assets</b>	<b>919,947</b>	<b>695,449</b>	<b>356,664</b>	<b>311,803</b>

<b>Shareholders' equity</b>				
Share capital	239,947	219,753	239,947	219,753
Share premium	-	8,834	-	8,834
Revaluation and other reserves	70,855	60,634	11,931	5,309
Retained earnings	359,256	230,484	104,786	77,907
<b>Total shareholders' equity</b>	<b>670,058</b>	<b>519,705</b>	<b>356,664</b>	<b>311,803</b>
Minority interest	249,889	175,744	-	-
	919,947	695,449	356,664	311,803

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

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

As at 31/12/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
18,627,000	109,619,000	28,298,000	79,368,000

**Amount repayable after one year**

As at 31/12/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
124,205,000	159,601,000	116,718,000	185,455,000

**Details of any collateral**

Secured borrowings are mainly secured by the group's leasehold land and buildings, motor vessels, motor vehicles, investment properties and trading properties with net book value totalling \$255,481,000 (2005: \$275,081,000).

**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	
	2006 S\$'000	2005 S\$'000
<u>Cash flow from operating activities</u>		
Profit before tax	302,296	225,558
Adjustments for:		
Share of results of associated companies	(600)	(519)
Depreciation of property, plant and equipment	61,738	55,546
Employees share option expense	6,622	5,134
(Reversal of impairment)/Impairment in value of transferable country club memberships	(34)	37
Fair value gains on derivative financial instruments	(524)	-

Gain on disposal of property, plant and equipment	(24,136)	(645)
Property, plant and equipment written off	315	1,026
Interest expense (financing)	17,944	14,290
Interest income (investing)	(6,158)	(2,658)
Operating cash flow before working capital changes	357,463	297,769
Changes in operating assets and liabilities, net of effects from disposal of subsidiaries:		
Trading properties	18,470	3,945
Inventories	(93,565)	(53,320)
Trade and other receivables	(116,281)	(20,795)
Trade and other payables	247,998	90,447
Exchange differences	(10,013)	8,959
Cash generated from operations	404,072	327,005
Income tax paid	(18,541)	(18,519)
<b>Net cash from operating activities</b>	<b>385,531</b>	<b>308,486</b>
<u>Cash flows from investing activities</u>		
Acquisition of subsidiaries, net of cash acquired	-	180
Net cash outflow from liquidation of subsidiaries	-	(1,358)
Minority shareholders' contribution for the equity interest in newly incorporated subsidiaries	-	1,159
Proceeds from liquidation of an associated company	695	-
Proceeds from disposal of property, plant and equipment	55,552	2,597
Purchase of property, plant and equipment	(313,445)	(224,992)
Deferred expenditure incurred	-	(847)
Dividend received from an associated company	132	-
Interest received	6,141	2,658
Purchase of transferable club memberships	(7)	(28)
<b>Net cash used in investing activities</b>	<b>(250,932)</b>	<b>(220,631)</b>
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(166,369)	(175,988)
Proceeds from borrowings	189,231	232,547
Repayment of finance lease liabilities	(50)	(63)
(Increase)/Decrease in cash collateral	(2,730)	1,143
Cash received from minority shareholders for increase in registered capital of a subsidiary	14,261	-
Dividends paid to shareholders of the Company	(44,141)	(21,854)
Dividends paid by a subsidiary to former shareholders of subsidiary	-	(35,061)
Dividends paid to minority shareholders of Subsidiaries	(4,502)	(12,229)
Proceeds from issuance of ordinary shares	11,360	9,091
Interest paid	(16,941)	(17,924)
<b>Net cash used in financing activities</b>	<b>(19,881)</b>	<b>(20,338)</b>
<b>Net increase in cash and cash equivalents held</b>	<b>114,718</b>	<b>67,517</b>
Cash and cash equivalents at the beginning of the financial period	158,843	91,326
<b>Cash and cash equivalents at the end of the financial period</b>	<b>273,561</b>	<b>158,843</b>
<b>Cash and cash equivalents represented by:</b>		
Cash at bank and on hand	110,533	101,992
Short-term bank deposits	167,335	58,428
Less: Bank overdrafts	-	-

Less: Cash collaterals	(4,307)	(1,577)
	273,561	158,843

**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	Share Premium S\$'000	Revaluation and other reserves S\$'000	Retained Earnings S\$'000	Minority Interests S\$'000	Total S\$'000
<b>The Group Balance at 1 January 2006</b>	219,753	8,834	60,634	230,484	175,744	695,449
Currency translation differences	-	-	(28,841)	-	(8,588)	(37,429)
Net loss recognised directly in equity	-	-	(28,841)	-	(8,588)	(37,429)
Net profit	-	-	-	205,353	73,962	279,315
<b>Total recognised (loss)/gains</b>	-	-	<b>(28,841)</b>	<b>205,353</b>	<b>65,374</b>	<b>241,886</b>
Effect of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-	-
Employee share option scheme:						
- value of employee services	-	-	6,622	-	-	6,622
- proceeds from shares issued	11,360	-	-	-	-	11,360
Minority interests share of increase in registered capital of a subsidiary	-	-	-	-	46,132	46,132
Dividend paid by subsidiaries to minority shareholders of subsidiaries	-	-	-	-	(37,361)	(37,361)
Dividend for 2005	-	-	-	(44,141)	-	(44,141)
Transfer from retained earnings to translation reserves	-	-	757	(757)	-	-
Transfer from asset revaluation reserve to retained earnings	-	-	(3,233)	3,233	-	-
Transfer of statutory reserves from retained earnings	-	-	34,916	(34,916)	-	-

<b>At 31 December 2006</b>	239,947	-	70,855	359,256	249,889	919,947
<b>At 1 January 2005</b>						
-As previously reported	217,029	10	(10,420)	115,309	1,636	323,564
-Effect of changes in accounting policy						
-Adjusted retrospectively	-	-	2,105	(2,105)	-	-
	217,029	10	(8,315)	113,204	1,636	323,564
-Adjusted prospectively	-	-	-	(479)	-	(479)
<b>Restated</b>	217,029	10	(8,315)	112,725	1,636	323,085
Revaluation gain on property, plant and equipment	-	-	32,335	-	(32,335)	-
Currency translation differences	-	-	13,056	-	6,256	19,312
Net gains/(Loss) recognised directly in equity	-	-	45,391	-	(26,079)	19,312
Net profit	-	-	-	160,494	46,647	207,141
<b>Total recognised gains</b>	-	-	<b>45,391</b>	<b>160,494</b>	<b>20,568</b>	<b>226,453</b>
Employee share option scheme:						
- value of employee services	-	-	5,134	-	-	5,134
- proceeds from shares issued	2,724	8,824	(2,457)	-	-	9,091
Minority share of new subsidiaries acquired during the financial year	-	-	-	-	203,560	203,560
Minority share of subsidiaries incorporated during the financial year	-	-	-	-	1,159	1,159
Minority share of subsidiaries disposed during the financial year	-	-	-	-	(1,358)	(1,358)
Changes in minority interest arising from acquisition of subsidiaries	-	-	-	-	(79,203)	(79,203)
Dividend declared by former associated companies	-	-	-	-	30,158	30,158

Dividend paid by subsidiaries to minority shareholders of subsidiaries	-	-	-	-	(776)	(776)
Dividend for 2005	-	-	-	(21,854)	-	(21,854)
Transfer from retained earnings to translation reserves	-	-	1,088	(1,088)	-	-
Transfer from asset revaluation reserve to retained earnings	-	-	(3,233)	3,233	-	-
Transfer of statutory reserves from retained earnings	-	-	23,026	(23,026)	-	-
<b>As at 31 December 2005</b>	<b>219,753</b>	<b>8,834</b>	<b>60,634</b>	<b>230,484</b>	<b>175,744</b>	<b>695,449</b>

<b>The Company</b>						
<b>At 1 January 2006</b>	219,753	8,834	5,309	77,907	-	311,803
Net profit	-	-	-	71,020	-	71,020
Effect of Companies (Amendment) Act 2005	8,834	(8,834)	-	-	-	-
Employee share option scheme:						
- value of employee services	-	-	6,622	-	-	6,622
- proceeds from shares issued	11,360	-	-	-	-	11,360
Dividend for 2005	-	-	-	(44,141)	-	(44,141)
	<b>239,947</b>	<b>-</b>	<b>11,931</b>	<b>104,786</b>	<b>-</b>	<b>356,664</b>
<b>At 1 January 2005</b>						
- As previously reported	217,029	10	527	29,632	-	247,198
- Effect of changes in accounting policies	-	-	-	-	-	-
-Adjusted retrospectively	-	-	2,105	(2,105)	-	-
	<b>217,029</b>	<b>10</b>	<b>2,632</b>	<b>27,527</b>	<b>-</b>	<b>247,198</b>
-Adjusted retrospectively	-	-	-	(1,714)	-	(1,714)
<b>Restated</b>	<b>217,029</b>	<b>10</b>	<b>2,632</b>	<b>25,813</b>	<b>-</b>	<b>245,484</b>
Net Profit	-	-	-	73,948	-	73,948
Employee share option scheme:						
- value of employee services	-	-	5,134	-	-	5,134
- proceeds from shares issued	2,724	8,824	(2,457)	-	-	9,091
Dividend for 2005	-	-	-	(21,854)	-	(21,854)



<b>At 31 December 2005</b>	219,753	8,834	5,309	77,907	-	311,803
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- 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.**

Following the amendments to the Companies Act ("the Companies (Amendment) Act 2005") on 30 January 2006, any amounts standing to the credit of the Companies' share premium account and capital redemption reserve account shall become part of the Companies' share capital. Accordingly, the share premium account has been combined into the share capital account.

The Company had sub-divided every one ordinary share of \$0.20 each in the issued and paid up capital of the Company into two ordinary shares of \$0.10 each on 17 January 2006.

During FY 2006, the issued and paid-up capital of the Company was increased from \$219,753,495 to \$239,947,282. This was due to:

(a) the allotment and issue of:

- 4,340,000 ordinary shares at \$0.3675 each from the exercise of option granted in 2004 under the Cosco Group Employees' Share Option Scheme ("Scheme");
- 12,100,000 ordinary shares at \$0.807 from the exercise of option granted in 2005 under the Scheme; and

(b) the transfer of \$8,834,137 from the share premium account to issued and paid-up capital.

On 21 February 2006, share options totalling 23,100,000 were granted to eligible employees and directors of the Group at the exercise price of \$1.23 per share pursuant to the Cosco Group Employees' Share Option Scheme 2002.

During FY 2006, 350,000 share options were lapsed.

The outstanding share options under the Cosco Group Employees' Share Option Scheme as at 31 December 2006 were 27,760,000 (2005: 21,450,000 after sub-division of share).

As at 31 December 2006, share capital of the Company comprised 2,213,974,954 ordinary shares (2005: 2,197,534,954 after sub-division of share).

- 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.**

The Company has adopted the same accounting policies and method of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 31 December 2005.

**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	
	2006	2005
(i) Based on the weighted average number of ordinary shares on issue (cents)	9.30	7.35
Weighted average number of ordinary shares('000)	2,208,145	2,183,700
(ii) On a fully diluted basis (Cents)	9.27	7.33
Adjusted weighted average number of ordinary shares	2,214,350	2,188,934

**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 financial year.

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 comparative figures for earnings per ordinary share and weighted average number of ordinary shares in issue and outstanding have been adjusted to account for the effect of sub-division of ordinary shares as mentioned in Paragraph 1(d)(ii) above.

**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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005

Net asset value per ordinary share (Cents)	30.26	23.65	16.11	14.19
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The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 2,213,974,954 (2005: 2,197,534,954 after sub-division of shares)

The comparative figures for Net asset value per ordinary share and number of ordinary shares outstanding have been adjusted to account for the effect of sub-division of ordinary shares as mentioned in Paragraph 1(d)(ii) above.

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 marked yet another record year with net profit rising 28% to \$205.4 million on 39% jump in turnover to \$1.2 billion. Turnover crossed \$1 billion mark for the first time led by strong growth in its ship repair and marine engineering business.

#### **Turnover**

Strengthening high-value shipyard order book boosted Group turnover to \$1.2 billion in FY2006, up 39% from \$873.1 million in FY2005.

#### **Turnover by activities**

	2006		2005		Change
	S\$' million	%	S\$' million	%	%
Ship repair and marine engineering	1,029.2	84.7	707.8	81.1	+45.4
Dry bulk shipping	148.1	12.2	145.6	16.7	+1.7
Shipping agency and others	38.2	3.1	19.7	2.2	+93.9
<b>Total</b>	<b>1,215.5</b>	<b>100.0</b>	<b>873.1</b>	<b>100.0</b>	<b>+39.2</b>

Ship repair and marine engineering turnover jumped 45% from \$707.8 million in FY2005 to cross \$1 billion-mark to \$1.03 billion in FY2006. This was fueled by the Group's successful execution of its expansion drive and strategic focus on high-yield projects.

During the year, the Group successfully completed and further secured strong order book of high-value oil rig repair, major ship conversion and new building projects. These include VLCCs (Very Large Crude Carriers) repair, FSO (Floating, Storage & Offloading) tanker single to double-hull conversion, as well as conversion of car carriers.

As the Group moved up the value chain in ship repair and marine engineering business, its average revenue per ship repair increased by 72% from \$1.1 million in FY2005 to \$1.89 million in FY2006.

To further scale its business so as to take advantage of booming demand, the Group continued to expand its shipyard capacities. These included:-

- a) the commissioning of a 300,000 dwt floating dock in Dalian in Nov 2005 which contributed to the Group's earning in FY 2006;
- b) the completion of an engineering workshop in Dalian in Oct 2006 to enhance its position as an offshore marine engineering player;
- c) the doubling of the capacity of a drydock in Zhoushan from 150,000 dwt to 300,000 dwt in Aug 2006; and
- d) the commencement of operations of an additional 300-metre berth in Zhoushan in Sep 2006.

Dry bulk shipping business rose 1.7% from \$145.6 million in FY2005 to \$148.1 million in FY2006 despite lower charter-hire revenue as a consequence of softening of freight rates. As part of its fleet renewal exercise, the Group took deliveries of 2 new dry bulk carriers and disposed of 4 old bulk carriers during the year. The disposal of these bulk carriers has registered an exceptional gain of \$25.5 million.

To focus on its core business of ship repair and marine engineering, the Group had disposed of its major non-core property with the sale of the Telok Ayer shop houses during the year.

Ship repair and marine engineering accounted for the bulk of Group turnover with 84.7% contribution in FY2006. Dry bulk shipping and Shipping agency and others accounted for 12.2% and 3.1% of the Group turnover in FY2006 respectively.

### **Profitability**

Gross profit rose 34% from \$282.1 million in FY2005 to \$377.6 million in FY2006 on the back of higher turnover. Gross profit margin was lower at 31.0% in FY2006 compared with 32.3% achieved in FY 2005 due to softening freight rates on charter-hire contracts. This was partially mitigated by the rising ship repair and marine engineering margin as the Group secured more high-yield contracts.

Exceptional gain of \$24.1 million included a \$25.5 million gain from the disposals of 4 old dry bulk carriers during the year, partially offset by loss on disposal of other property, plant and equipment.

Distribution and administrative costs rose in line with the expanding ship repair and marine engineering business volume. Finance costs increased due to higher interest rates and increase in borrowings by COSCO Shipyard Group Co., Ltd ("CSG") as the Group geared up for more fixed assets.

Effective tax rate decreased from 8.2% in FY2005 to 7.6% in FY2006 due to tax refund from the PRC tax authority.

Overall, net profit attributable to equity holders of the Company rose 28% from \$160.5 million in FY2005 to \$205.4 million in FY2006 which was lifted by the expanding offshore marine engineering business and one-off exceptional gain from the sale of four dry bulk carriers.

**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 FY 2006 are in line with the commentary made in paragraph 10 of the Group's Third Quarter Financial Statement Announcement released on 30 October 2006.

**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.**

Having achieved yet another record year in FY2006, the Group remains optimistic of its business prospects in FY2007.

As at 31 December 2006, the Group's order book amounted to \$490 million (or US\$320 million). FY2007 started strongly with additional wins of contracts. As of 12 February 2007, the Group has secured \$982 million (or US\$635 million) worth of conversion and newbuilding contracts. The strong stream of recently-secured high-value ship repair and marine engineering contracts will add positively to Group earnings in FY2007 and beyond. These include new building of semi-submersible vessel, FDP SO, dry bulk carriers and heavy lift vessels which will not only boost the Group's profitability but also demonstrate its successful track record and strong capabilities in technically demanding work, especially in the buoyant offshore marine sector.

To facilitate growth and further its expansion, COSCO Zhoushan has successfully completed its construction of an engineering workshop at the end of Dec 2006. It has also become a fully-owned subsidiary of COSCO Shipyard Group on 1 January 2007 with a registered paid up capital of \$102.5 million. This is in line with the Group's strategy to further develop Cosco Zhoushan as the key yard within the CSG, by adding another two dry dock totalling 380,000 dwt to bring up the Group capacity by 28% from 1.35 million dwt to 1.73 million dwt by end of 1H07.

The additional docking capacity, berths and workshops as discussed in Paragraph 8 above will contribute to FY2007 results as the Group proceeds to undertake high value added repair and conversion projects and win more newbuilding contracts.

With the expanded facilities in place, the Group further strengthens its position as a key player in the ship repair and marine engineering in the PRC.

Barring unforeseen circumstance, the Group expects the 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? Yes

Name of Dividend	Ordinary Share First and Final Dividend (Proposed)	Ordinary Share Special Dividend (Proposed)
Dividend Type	Cash	Cash
Dividend Rate	2.5 cents per ordinary share (one-tier tax)	1.5 cents per ordinary share (one-tier tax)
Tax Rate	N.A.	N.A.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Ordinary Share Final Dividend
Dividend Type	Cash
Dividend Rate	2.0 cents per ordinary share (one-tier tax)
Par value of shares	\$0.10
Tax Rate	N.A.

**(c) Date payable**

Details on payment of dividend and related books closure date will be announced in due course.

**(d) Books closure date**

Refer to 11(c).

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

Not Applicable.

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

**(a) Business segments**

	Shipping S\$'000	Ship repairing and marine engineering S\$'000	Rental of property and property trading S\$'000	Investment holding S\$'000	Group S\$'000
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<b>Financial year ended 31 December 2006</b>					
<b>Sales:</b>					
- External sales	166,996	1,029,203	19,270	-	1,215,469
- Inter-segment sales	19	766	467	91,303	92,555
	167,015	1,029,969	19,737	91,303	1,308,024
Elimination					(92,555)
					1,215,469
<b>Segment results</b>	85,876	170,670	75	(13,165)	243,456
Other gains – Miscellaneous					52,048
Other gains(net) – exceptional gains					24,136
Interest expense					(17,944)
Share of profit of associated companies		532		68	600
Profit before income tax					302,296
Income tax expenses					(22,981)
<b>Total profit</b>					279,315
<b>Other segment items</b>					
Capital expenditure – property, plant and equipment	46,266	266,963	-	243	313,472
Depreciation	18,850	42,174	551	163	61,738
Write-down of inventories	-	4	-	-	4
<b>Segment assets</b>	459,371	1,363,665	22,385	26,699	1,872,120
Associated companies	-	1,804	-	423	2,227
Intangible assets					9,319
<b>Consolidated total assets</b>					1,883,666
<b>Segment liabilities</b>	66,524	471,431	210	1,422	539,587
Borrowings					412,052
Current income tax liabilities					11,891
Deferred income tax liabilities					189
<b>Consolidated total liabilities</b>					963,719
<b>Consolidated net assets</b>					919,947
<b>Financial year ended 31 December 2005</b>					
<b>Sales:</b>					
- External sales	164,065	707,759	1,290	-	873,114
- Inter-segment sales	6	333	492	91,654	92,485
	164,071	708,092	1,782	91,654	965,599
Elimination					(92,485)
					873,114

<b>Segment results</b>	91,673	102,055	117	(9,494)	184,351
Other gains – miscellaneous					42,173
Other gains – exceptional gains					12,805
Interest expense					(14,290)
Share of profit of associated companies	-	443	-	76	519
Profit before tax					225,558
Income tax expenses					(18,417)
<b>Total profit</b>					<b>207,141</b>
<b>Other segment items</b>					
Capital expenditure					
– Property, plant and equipment	7,279	217,473	13	309	225,074
Depreciation	21,207	33,630	553	156	55,546
Write-down of inventories	-	-	-	-	-
<b>Segment assets</b>	395,445	945,161	42,776	6,984	1,390,366
Associated companies	-	1,632	-	1,181	2,813
Intangible assets					9,357
Consolidated total assets					<b>1,402,536</b>
Segment liabilities	65,202	219,713	2,915	1,778	289,608
Borrowings					409,839
Current income tax liabilities					7,435
Deferred income tax liabilities					205
Consolidated total liabilities					<b>707,087</b>
<b>Consolidated net assets</b>					<b>695,449</b>

**(b) Geographical segments**

The Group's business segments operate in two main geographical areas:

- Singapore and Malaysia – the Company is headquartered in Singapore and has operations in Singapore and Malaysia. The Operations in this area are principally in shipping, ship repairing and marine related activities, rental of property and investment holding;
- People's Republic of China – the operations in this area are principally in ship repairs.

With the exception of Singapore and Malaysia and the People's Republic of China, no other individual country contributed more than 10% of consolidated sales and assets. Sales are based on the country in which the services are rendered to the customer. Total assets and capital expenditure are shown by the geographical area where the assets are located.

	<u>Sales</u>		<u>Total Assets</u>		<u>Capital expenditure</u>	
	\$'000		\$'000		\$'000	
	FY 2006	FY 2005	FY 2006	FY 2005	FY 2006	FY 2005
Singapore and Malaysia *	192,010	170,506	517,394	454,990	46,583	7,601
People's Republic of China	1,023,459	702,608	1,366,272	947,546	266,889	217,473
	<b>1,215,469</b>	<b>873,114</b>	<b>1,883,666</b>	<b>1,402,536</b>	<b>313,472</b>	<b>225,074</b>



\* The Group's shipping companies operate in worldwide shipping routes. Hence, it would not be meaningful to allocate sales to any specific geographical segments for shipping activities.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

See Paragraph 8 above.

**15. A breakdown of sales**

	<b>2006</b> S\$'000	<b>2005</b> S\$'000	<b>Change</b> %
(a) Sales reported for first half year	532,941	375,299	42
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	122,843	84,739	45
(c) Sales reported for second half year	682,528	497,815	37
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	156,472	122,402	28

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend

	<b>Latest Full Year</b> S\$'000	<b>Previous Full Year</b> S\$'000
Ordinary	88,559	44,141
Preference	-	-
<b>Total</b>	<b>88,559</b>	<b>44,141</b>

The Directors proposed a first and final exempt (one-tier) ordinary dividend of 2.5 cents per ordinary share (2005: 2 cent per ordinary share of \$0.10 each) and a special dividend of 1.5 cents per ordinary share (2005: Nil) amounting to a total of \$88,559,000 based on current number of shares issued as of 31 December 2006 (2005: \$44,141,000) for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

**17. Interested Person Transactions**

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

<b>Name of interested person</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>

	S\$'000	S\$'000
<u>Between Subsidiaries and:</u>		
Chimbusco (S) Pte Ltd		572
Chimbusco Dalian Branch		12,066
Cosco (HK) Shipping Co., Ltd		2,337
Cosco Bulk Carrier Co., Ltd.		10,915
Cosco Chartering & Shipbroking (UK) Ltd		16,249
Cosco Container Lines Co., Ltd		14,269
Cosco Far-Reaching Shipping Co.,Ltd		570
Cosco LianYunGang Navi.Repair Dept		110
Cosco Nantong Steel Co., Ltd		2,537
Cosco Information Tech Co., Ltd		175
Cosco Network (Beijing) Ltd		112
Cosco Shanghai Ship Management Co.,		1,740
Cosco Shipping Co., Ltd		1,093
Dalian Ocean Shipping Company		2,506
Guangzhou Ocean Shipping Company		1,820
Jiangsu Ocean Shipping Company		205
Nantong Chimbusco Marine Bunker		2,452
Nantong Cosco Khi Ship Engineering Co.,Ltd		3,175
Nantong Cosco Ship Equipment Co.		1,328
Penavico - Nantong		316
QingDao Manning Co-operation Ltd		1,401
Qingdao Ocean Shipping Co.		359
Shanghai Ocean Crew Co.		2,990
Shanghai Ocean Shipping Co.		8,007
Shanghai Pan-Asia Shipping		525
Shanghai Puyuan Shipping Co.,Ltd		180
Shengzhen Ocean Shipping Company		998
Tianjin TianHui Shipping & Enterprise Co.,Ltd		638
Xiamen Ocean Shipping Company		1,012
Xing Yuan Pte Ltd		103
<b>Total</b>	<b>Nil</b>	<b>90,760</b>

**BY ORDER OF THE BOARD**

Mr Ji Haisheng  
Vice Chairman and President  
12/02/2007

## **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 full year 2006 financial results to be false or misleading.

On behalf of the directors

Mr Ji Haisheng  
Vice Chairman and President

Mr Min Jianguo  
Director

12/02/2007