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

Unaudited Third Quarter Financial Statement Announcement for the Financial Period Ended 30 September 2014

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

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

(i) Consolidated Income Statement

	Group					
	S$'000		**%**	**S$'000**		**%**
	Q3 2014	**Q3 2013**	**Change**	**YTD 2014**	**YTD 2013**	**Change**
Turnover	1,158,982	989,433	17	3,344,890	2,612,754	28
Cost of sales	(1,102,309)	(916,228)	20	(3,100,521)	(2,365,140)	31
Gross profit	56,673	73,205	(23)	244,369	247,614	(1)
Other income (net) [1]	32,709	39,750	(18)	88,614	66,640	33
Expenses						
- Distribution	(23,017)	(20,103)	14	(61,242)	(48,835)	25
- Administrative	(26,583)	(41,116)	(35)	(103,156)	(120,418)	(14)
- Finance	(31,322)	(27,847)	12	(94,211)	(83,526)	13
Share of (loss)/profit of associated companies [2]	(25)	107	(123)	114	368	(69)
Profit before income tax [3]	8,435	23,996	(65)	74,488	61,843	20
Income tax expense [4]	(924)	(7,607)	(88)	(13,807)	(10,982)	26
Net profit	7,511	16,389	(54)	60,681	50,861	19
Attributable to:						
Equity holders of the Company	**7,147**	**4,224**	**69**	**34,074**	**26,009**	**31**
Non-controlling interests	364	12,165	(97)	26,607	24,852	7
Net profit	7,511	16,389	(54)	60,681	50,861	19
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)						
- basic	0.32	0.19	68	1.52	1.16	31
- diluted	0.32	0.19	68	1.52	1.16	31

(ii) Consolidated Statement of Comprehensive Income

	Group					
	S$'000		%	S$'000		%
	Q3 2014	Q3 2013	Change	YTD 2014	YTD 2013	Change
Net Profit	7,511	16,389	(54)	60,681	50,861	19
Other comprehensive income/(loss):						
Available-for-sale financial assets - Net fair value gain/(loss)	35	18	94	38	(53)	NM
Currency translation differences arising from consolidation	67,494	(14,360)	NM	(4,410)	86,761	NM
Total comprehensive income for the period	75,040	2,047	NM	56,309	137,569	(59)
Total comprehensive income attributable to:						
Equity holders of the Company	**46,174**	**(4,576)**	NM	**32,370**	**76,555**	(58)
Non-controlling interests	28,866	6,623	336	23,939	61,014	(61)
	75,040	2,047	NM	56,309	137,569	(59)

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

	Q3 2014	Q3 2013	Change	YTD 2014	YTD 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Sale of scrap materials	11,527	11,898	(3)	35,017	32,664	7
Net gain on disposal of property, plant and equipment	337	126	167	484	508	(5)
Rental income	681	1,076	(37)	1,654	1,836	(10)
Dividend income	26	-	NM	670	-	NM
Interest income	12,001	11,818	2	37,007	27,071	37
Currency exchange gain/(loss) – net	5,116	(146)	NM	5,651	(14,632)	NM
Fair value gain/(loss) on forward currency contracts	292	404	(28)	(528)	404	NM
Compensation received from customers	301	13,234	(98)	1,040	13,244	(92)
Government grants	889	792	12	3,355	2,209	52
Sundry income	1,539	548	181	4,264	3,336	28
	32,709	39,750	(18)	88,614	66,640	33

NM denotes not meaningful.

[2] Share of profit of associated companies is after tax.

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

	Q3 2014	Q3 2013	Change	YTD 2014	YTD 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Interest on borrowings	(31,322)	(27,847)	12	(94,211)	(83,526)	13
Depreciation and amortisation	(37,869)	(46,609)	(19)	(111,044)	(136,978)	(19)
Net (allowance for)/reversal of impairment of trade and other receivables	(1,601)	(2,296)	(30)	239	(1,857)	NM
Net allowance for inventory write-down	(1,571)	(15,785)	(90)	(14,031)	(16,176)	(13)
Write-off for property, plant and equipment	-	(7)	(100)	(217)	(154)	41
Impairment in value of property, plant and equipment	-	-	NM	(162)	-	NM
Provision for onerous contracts	-	(852)	(100)	(25)	(852)	(97)
Net allowance for expected losses recognised on construction contracts	(10,582)	(33,907)	(69)	(6,495)	(34,696)	(81)

[4] Income tax expense attributable to profit is made up of:

	Q3 2014	Q3 2013	Change	YTD 2014	YTD 2013	Change
	S$'000	S$'000	%	S$'000	S$'000	%
- Profit from current financial period						
Current income tax	12,042	14,930	(19)	68,041	50,347	35
Deferred income tax	(9,864)	(7,227)	36	(52,240)	(31,561)	66
	2,178	7,703	(72)	15,801	18,786	(16)
- Adjustment for (over)/under provision of tax in respect of prior years:						
Current income tax	(1,254)	(3,201)	(61)	(1,994)	(7,123)	(72)
Deferred income tax	-	3,105	NM	-	(681)	NM
	(1,254)	(96)	NM	(1,994)	(7,804)	291
	924	7,607	(88)	13,807	10,982	26

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

	Group		Company	
	S$'000	S$'000	S$'000	S$'000
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Current assets				
Cash and cash equivalents	1,803,159	2,028,397	47,104	54,408
Forward currency contract	230	770	-	-
Trade and other receivables	4,743,834	2,911,828	30,301	31,758
Inventories	1,171,351	1,046,764	-	-
Construction contract work-in-progress	122,525	208,366	-	-
Other current assets	22,561	15,235	236	176
	7,863,660	6,211,360	77,641	86,342
Non-current assets				
Trade and other receivables	17,965	36,874	-	-
Available-for-sale financial assets	4,426	4,391	-	-
Club memberships	304	303	88	88
Investments in associated companies	4,923	4,826	-	-
Investments in subsidiaries	-	-	371,433	370,988
Investment properties	10,985	11,293	-	-
Property, plant and equipment	2,165,339	2,227,868	682	768
Intangible assets	9,535	9,539	-	-
Deferred expenditure	2,993	3,066	-	-
Deferred income tax assets	278,091	225,212	-	-
	2,494,561	2,523,372	372,203	371,844
Total assets	10,358,221	8,734,732	449,844	458,186
Current liabilities				
Trade and other payables	3,334,053	2,695,911	17,643	18,149
Current income tax liabilities	89,242	25,288	1,525	1,531
Borrowings	2,468,978	1,926,065	-	-
Provision for other liabilities	63,827	55,396	-	-
	5,956,100	4,702,660	19,168	19,680
Non-current liabilities				
Borrowings	2,192,776	1,856,463	-	-
Deferred income tax liabilities	1,022	528	892	398
	2,193,798	1,856,991	892	398
Total liabilities	8,149,898	6,559,651	20,060	20,078
Net assets	2,208,323	2,175,081	429,784	438,108
Equity				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	243,327	245,139	45,105	45,105
Retained earnings	831,817	820,027	114,071	122,395
Shareholders' equity	1,345,752	1,335,774	429,784	438,108
Non-controlling interests	862,571	839,307	-	-
Total equity	2,208,323	2,175,081	429,784	438,108

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

Amount repayable in one year or less, or on demand

As at 30/09/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
907,231,000	1,561,747,000	666,244,000	1,259,821,000

Amount repayable after one year

As at 30/09/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
735,181,000	1,457,595,000	453,597,000	1,402,866,000

Details of any collateral

The collaterals for secured borrowings comprise the Group's trade receivables with net book value totalling $1,642,412,000 (2013: $1,119,841,000).

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	
	Q3 2014	Q3 2013
Cash flows from operating activities		
Net profit	7,511	16,389
Adjustments for:		
Income tax expense	924	7,607
Depreciation and amortisation	37,869	46,609
Net allowance for impairment of trade and other receivables	1,601	2,296
Net allowance for inventory write-down	1,571	15,785
Net gain on disposal of property, plant and equipment	(337)	(126)
Net allowance for expected losses recognised on construction contracts	10,582	33,907
Provision for onerous contracts	-	852
Write-off for property, plant and equipment	-	7
Net fair value gain on forward currency contracts	(292)	(404)
Share of loss/(profit) of associated companies	25	(107)
Dividend income	(26)	-
Interest expense (financing)	31,322	27,847
Interest income (investing)	(12,001)	(11,818)
	78,749	138,844
Changes in working capital:		
Inventories and construction contract work-in-progress	(28,634)	(771,380)
Trade and other receivables	(784,128)	(22,485)
Trade and other payables	445,974	342,823
Other current assets	(593)	3,057
Deferred expenditure	-	-
Provision for other liabilities	7,023	1,560
Exchange differences	51,237	(3,472)
Cash used in operations	(230,372)	(311,053)
Income tax paid	2,898	(5,245)
Net cash used in operating activities	(227,474)	(316,298)

Cash flows from investing activities		
Purchase of property, plant and equipment	(29,757)	(17,125)
Proceeds from disposal of property, plant and equipment	507	210
Dividend received	27	-
Interest received	6,622	3,078
Net cash used in investing activities	(22,601)	(13,837)
Cash flows from financing activities		
Proceeds from borrowings	857,983	383,120
Repayments of borrowings	(850,925)	(114,417)
(Increase)/Decrease in bank deposits pledged	(377)	16,618
Interest paid	(30,941)	(29,269)
Dividend paid to non-controlling interests of subsidiaries	(6)	(200)
Net cash (used in)/provided by financing activities	(24,266)	255,852
Net decrease in cash and cash equivalents	(274,341)	(74,283)
Cash and cash equivalents at beginning of financial period	2,009,708	1,807,862
Effects of currency translation on cash and cash equivalents	64,826	(16,044)
Cash and cash equivalents at end of financial period	1,800,193	1,717,535
Cash and cash equivalents represented by:		
Cash at bank and on hand	419,586	494,398
Short-term bank deposits	1,383,573	1,224,836
Less: Bank deposits pledged	(2,966)	(1,699)
	1,800,193	1,717,535

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 July 2014	270,608	202,940	826,030	833,702	2,133,280
Total comprehensive income for the period	-	39,027	7,147	28,866	75,040
Dividend declared by subsidiaries to minority shareholders of subsidaries	-	-	-	3	3
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
Transfer from retained earnings to statutory reserves	-	2,165	(2,165)	-	-
At 30 September 2014	270,608	243,327	831,817	862,571	2,208,323

At 1 July 2013	270,608	232,064	815,180	821,845	2,139,697
Total comprehensive income for the period	-	(8,800)	4,224	6,623	2,047
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(103)	(103)
Transfer from asset revaluation reserve to retained earnings	-	(805)	805	-	-
Transfer from retained earnings to statutory reserves	-	1,926	(1,926)	-	-
At 30 September 2013	270,608	224,385	818,283	828,365	2,141,641
The Company					
At 1 July 2014	270,608	45,105	114,173	-	429,886
Total comprehensive loss for the period	-	-	(102)	-	(102)
At 30 September 2014	270,608	45,105	114,071	-	429,784
At 1 July 2013	270,608	45,105	116,531	-	432,244
Total comprehensive loss for the period	-	-	(1,832)	-	(1,832)
At 30 September 2013	270,608	45,105	114,699	-	430,412

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the issued and paid-up capital of the Company since the previous period reported on.

During Q3 2014, 100,000 share options granted under the Cosco Group Employees' Share Option Scheme 2002 ("Scheme 2002") were lapsed.

The outstanding share options under the Scheme 2002 as at 30 September 2014 were 13,010,000 (30 September 2013: 14,990,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2014, share capital of the Company comprised 2,239,244,954 ordinary shares (31 December 2013: 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 2013.

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.**

On 1 January 2014, the Group and the Company adopted the following new financial reporting standards ("FRS") which are effective for annual periods beginning on or after 1 January 2014.

The following are the FRS that are relevant to the Group:

(i) FRS 110 *Consolidated Financial Statements*
(ii) FRS 111 *Joint Arrangements*
(iii) FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the new FRS does not have a significant impact on the financial statements of the Group.

On 1 January 2014, the Group revised its estimated useful lives of certain assets within leasehold land and buildings, plant and machinery and docks and quays after conducting an operational review of their useful lives. As a result, there was a change in the expected useful lives of these assets. The change in accounting estimate has been applied prospectively subsequent to that date. Accordingly, the adoption of the change in accounting estimate has no effect in prior years. The net book value of property, plant and equipment as at 30 September 2014 had been increased by approximately $27,526,000 and the profit before income tax for Q3 2014 and YTD 2014 had been increased by approximately $9,334,000 and $27,526,000 respectively by way of a decrease in depreciation charge for the financial period as a result of such change.

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

	Group			
	Q3 2014	**Q3 2013**	**YTD 2014**	**YTD 2013**
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.32	0.19	1.52	1.16
Weighted average number of ordinary shares('000)	2,239,245	2,239,245	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.32	0.19	1.52	1.16
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245	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 current financial period reported on and the corresponding period of the immediately preceding financial year.

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

	Group		Company	
	30/09/2014	**31/12/2013**	**30/09/2014**	**31/12/2013**
Net asset value per ordinary share (cents)	60.10	59.65	19.19	19.56

The net asset value per ordinary share is calculated based on the total number of issued shares of 2,239,244,954 (2013: 2,239,244,954).

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

Overview

The Group achieved net profit attributable to equity holders of $7.1 million on turnover of $1.2 billion in Q3 2014. For the nine months ended 30 September 2014, Group net profit attributable to equity holders amounted to $34.1 million on turnover of $3.3 billion.

Turnover

Group turnover increased by 17.1% to $1.2 billion in Q3 2014 from $989.4 million in Q3 2013 owing to an increase in shipyard and dry bulk shipping revenue.

Turnover from shipyard operations increased by 17.2% to $1.1 billion in Q3 2014 from $976.0 million in Q3 2013 mainly owing to growth in revenue from marine engineering segment which more than offset the lower revenue contribution from ship building & ship repair segments.

The Group delivered 1 bulk carrier in Q3 2014 from COSCO Dalian shipyard. In addition, COSCO Guangdong shipyard delivered 1 livestock carrier and COSCO Nantong shipyard delivered 1 jack-up rig.

Turnover from dry bulk shipping and other businesses increased by 11.2% from $13.4 million in Q3 2013 to $14.9 million in Q3 2014 as most of the current short-term charter rates were higher than those received in Q3 2013. The Baltic Dry Index (BDI), which is a measure of shipping costs for commodities, started Q3 2014 at 894 points and ended the quarter slightly higher at 1,063 points. In Q3 2014, the BDI averaged 950 points which is a 26.5% decrease from the average of Q3 2013 of 1,292 points. Currently, the group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Shipyard business remained the biggest revenue contributor, making up 98.9% of Group turnover in Q3 2014.

Profitability

Gross profit decreased 22.6% from $73.2 million in Q3 2013 to $56.7 million in Q3 2014 mainly due to lower profit contributions from shipyard operations.

Other income comprised gain from the disposal of scrap metal, interest income, net currency exchange gain/(loss) and others. Compared to Q3 2013, other income decreased by 17.7% to $32.7 million in Q3 2014 mainly due to the absence of one-off compensation received from customers in Q3 2013.

Interest expense increased by 12.5% to $31.3 million in Q3 2014 due to higher bank borrowings used to fund shipyard operations.

The decrease in income tax expense by 87.9% to $0.9 million in Q3 2014 was mainly due to adjustment for over provision of income tax expense in respect of prior years, lower profit contributions from shipyard operations and higher tax-exempt shipping profits.

Net profit decreased 54.2% from $16.4 million in Q3 2013 to $7.5 million in Q3 2014. Overall, net profit attributable to equity holders of the Company increased 69.2% from $4.2 million in Q3 2013 to $7.1 million in Q3 2014 mainly due to higher contribution from a wholly-owned subsidiary. Compared to the first nine months in 2013, net profit attributable to equity holders of the Company increased 31.0% from $26.0 million to $34.1 million in the first nine months in 2014.

Balance Sheet and Cash Flow
(30 September 2014 vs 31 December 2013)

Cash and cash equivalents decreased from $2.0 billion to $1.8 billion. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased $1.8 billion to $4.7 billion mainly due to higher construction contracts due from customers in the marine engineering segment and an increase in advances paid to suppliers (from $595.6 million to $963.0 million).

Trade and other payables increased $638.1 million to $3.3 billion mainly due to higher accruals for operating expenses, partially offset by a decrease in advances received from customers (from $558.8 million to $465.0 million).

Total borrowings increased by $879.2 million to $4.7 billion due to additional funding procured to finance shipyard operations.

Shareholder's equity increased marginally by $10.0 million mainly due to the increase in currency translation reserve and the transfer of first nine months 2014 profits to retained earnings, partially offset by the payment of dividends in May 2014.

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

Not applicable.

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

As at 30 September 2014, the Group's order book stood at US$ 8.9 billion with progressive deliveries up to 2016. This order book is subject to revision from any new or cancellation of orders that may arise. New orders received in the first 9 months of 2014 include 8 platform supply vessels, 9 bulk carriers, 4 emergency response/rescue/field support vessels, 4 subsea supply vessels, 2 livestock carriers, 1 jack-up rig, 1 accommodation barge, 1 floating accommodation unit and 1 module carrier.

As the Group continues construction in 2014 on new ship building contracts that were secured in recent years at low contract values due to the weak shipping market, the Group expects operating margins on these new shipbuilding projects to face downward pressure notwithstanding improving gains in efficiency and productivity.

In offshore marine engineering operations, the Group is currently one of the largest marine engineering groups in the People's Republic of China. Offshore marine projects in its order book cover a wide product range that includes FPSO, semi-submersible accommodation rig and vessel, stinger barge and self-erecting drilling tender barge, Sevan 650 drilling unit, semi-sub tender assist drilling rig, jack-up rig, platform supply vessel, emergency response/rescue/field support vessel, DP3 accommodation barge, subsea supply vessels and others. For new product types, the Group expects to incur higher costs during execution.

As an early mover in the offshore marine segment among Chinese shipyards and a leading player among Chinese shipyards in the offshore marine segment, the Group is well-positioned to understand and meet customers' expectations. Nevertheless, the Group now faces greater competition from an increasing number of players in the offshore marine engineering segment amidst sliding crude oil prices.

As the Group's offerings continue to move further up the value chain in the offshore marine segment, it will face further technical challenges in the production of higher value products. The Group will nevertheless continue to build on its expertise and capabilities to reach out to a broader customer base to lay an even firmer foundation for long-term sustainable growth in offshore and marine engineering operations.

The Baltic Dry Index (BDI) averaged 1,100 points in the first 9 months of 2014, an increase of 10.3% from the average of 997 points in the first 9 months of 2013. The Baltic Exchange Handysize Index (BHSI) averaged 535 points in the first 9 months of 2014, an increase of 3.7% from the average of 516 points in the first 9 months of 2013. The Baltic Exchange Supramax Index(BSI) averaged 940 points in the first 9 months of 2014, an increase of 8.4% from the average of 867 points in the first 9 months of 2013. Currently, the Group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Due to new tonnage accumulation in the past years, any possible market recovery in the dry bulk shipping segment will be a slow process with uncertainty. The Group may thus continue to face pressure in ship building which may lead to excess shipyard capacity.

On 17 October 2013, the Group made an announcement on the DP3 Deepwater Drillship contract stating that the shipowner has served notice of termination and submitted a request for arbitration in London for which the shipowner claimed for a refund of the first instalment of the contract amounting to US$110 million paid by the shipowner together with interests thereon, damages and interest thereon, indemnity for future losses, further or other relief and costs. Given the current stage of arbitration proceedings, it remains difficult to quantify the eventual financial impact of the arbitration at this point in time. Notwithstanding the arbitration proceedings, the first instalment of US$110 million was refunded to the shipowner together with payment of interest thereon amounting to US$8.1 million on 13 January 2014.

On 22 July 2014, the Group made an announcement on the company voluntary arrangement ("CVA") of one of its customers in the United Kingdom, ATP Oil & Gas (UK) Limited ("ATP UK"), which COSCO Nantong has entered into a vessel building contract for the construction of Octabuoy hull and topside module (the "Octabuoy Project"). COSCO Nantong has completed construction work of substantial part of the hull with partial completion of the topside module of the Project. No additional construction work has been carried out by COSCO Nantong under the Octabuoy Project during the CVA proceedings. To-date, ATP UK has made partial payment of the instalment payments to COSCO Nantong under the vessel building contract, and a part of the variation order remains unpaid. COSCO Nantong has informed the Company that pursuant to the CVA proposal approved under the legal proceedings in the United Kingdom, the vessel building contract would be terminated and such termination would be deemed to be under the default of ATP UK. COSCO Nantong shall be entitled to retain any instalments paid by ATP UK. COSCO Nantong shall also have full right and power either to complete or not to complete the Octabuoy Project as it deems fit, and to sell the Octabuoy Project at a public or private sale.

On 17 October 2014, the Group announced that Sevan Drilling and COSCO Qidong have agreed to defer delivery date of Sevan Developer for 12 months with options exercisable at 6-month intervals, to extend the delivery date up to a total of 36 months from 15 October 2014. The EPC contract will terminate at the end of each deferred period, unless extended by mutual agreement of both parties. It was also agreed that while construction of Sevan Developer continues at COSCO Qidong's shipyard during the deferred period, Sevan Drilling is able to continue to market Sevan Developer as part of its fleet.

The Group will continue to monitor the risks associated with the above projects.

The Group maintains a cautious outlook for the remainder of 2014 with weakness in the state of the global economy and global economic growth. Moreover, the availability and cost of credit may tighten, particularly with the unwinding of monetary policy stimulus which may adversely affect the ability of customers to meet their financial obligations. Since the beginning of 2014, the global offshore market has slowed down significantly. Many oil majors have started to cut expenditure leading to fewer orders for deep water rigs. In addition, a number of deep water rigs delivered within this year are without contracts for lease yet. Under such challenging circumstances, new orders have also declined in 2014. All these developments have taken place against the background of sliding crude oil prices.

Any further strengthening of the Chinese Yuan against the United States Dollar and potential rise in general Chinese wages, prices of raw materials required for production as well as higher financing costs, and the entry of new players especially in the offshore marine segment, may exert even greater downward pressure on the operating margins of the shipyard operations of the Group. The offshore marine segment will also be negatively affected by any continuing slide in crude oil prices, and the pace of any recovery from the current situation remains uncertain.

Overall, the Group continues to expect difficult and challenging business and operating conditions to persist for the rest of 2014.

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 Q3 2014.

13. Interested Person Transactions

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

Name of interested person	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	S$'000		S$'000	
	Q3 2014	YTD 2014	Q3 2014	YTD 2014
Between Subsidiaries and:				
Chimbusco Guangzhou Branch	-	-	540	3,274
Chimbusco Zhoushan Branch	-	-	2,006	5,589
China Marine Bunker (Dalian) Co., Ltd	-	-	3,369	7,064
Cosco (HK) Insurance Brokers Ltd	-	-	243	243
Cosco (HK) Investment & Development Co., Ltd	-	-	-	169
Cosco (HK) Shipping Co., Ltd	-	-	3,896	10,484
COSCO (Weihai) Shipbuilding Marine Technology Co., Ltd	-	-	526	526
Cosco Bulk Carrier Co., Ltd	-	-	2,605	8,137
Cosco Bulk Carrier Holdings (Cayman) Limited	-	-	431	1,005
Cosco Bulk Tianjin Forwarding Company Limited	-	-	105	951
Cosco Container Lines Co., Ltd	-	-	-	2,760
Cosco Far-Reaching Shipping Co.,Ltd	-	-	-	253
Cosco Finance Co., Ltd	-	-	743,519	1,843,331
Cosco International Trade Ltd	-	-	-	103
Cosco Jiangsu International Freight Co., Ltd	-	-	193	193
Cosco Logistic (GZ) Heavy Transportation	-	-	-	291
Cosco Logistics (Nantong) Co., Ltd	-	-	285	1,465
Cosco Logistics Dalian Co., Ltd	-	-	1,323	2,894
Cosco Petroleum Pte Ltd	-	-	-	219
Cosco Shipping Co., Ltd	-	-	2,313	3,189
Cosco Wallem Ship Management Co., Ltd	-	-	-	119
Dalian Ocean Shipping Company	-	-	462	1,948
Nantong Chimbusco Marine Bunker Co., Ltd	-	-	1,086	7,523
Nantong Cosco Heavy Industry Co., Ltd	-	-	-	268
Nantong Cosco Ship Equipment Company	-	-	991	1,278
Qingdao Manning Co-operation Ltd	-	-	806	2,429
Qingdao Ocean Shipping Company	-	-	-	116
Shanghai Ocean Crew Co., Ltd	-	-	1,209	3,616
Shanghai Ocean Shipping Company	-	-	-	1,589
Shanghai Pan-Asia Shipping Company	-	-	672	1,468
Shenzhen Ocean Shipping Company	-	-	336	985
Xiamen Ocean Shipping Company	-	-	69	209
Total	-	-	766,985	1,913,688

	As at 30/09/2014	As at 31/12/2013
	S$'000	S$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	152,033	286,908
- Short-term bank deposits	399,626	439,612
	551,659	726,520
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	-	2,086

BY ORDER OF THE BOARD

Mr Wu Zi Heng
Vice Chairman and President
3/11/2014

CONFIRMATION BY THE BOARD

We hereby confirm on behalf of the directors of the company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the company which may render the financial period ended 30 September 2014 financial results to be false or misleading.

On behalf of the directors

Mr Wu Zi Heng Vice Chairman and President	Mr Tom Yee Lat Shing Director

3/11/2014