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

Unaudited Full Year Financial Statement and Dividend Announcement for the Financial Year Ended 31 December 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		
	2014 S$'000	**2013 S$'000**	**Change %**
Turnover	4,260,705	3,508,134	21
Cost of sales	(3,969,664)	(3,186,946)	25
Gross profit	291,041	321,188	(9)
Other income (net) [1]	111,982	110,138	2
Expenses			
- Distribution	(84,182)	(66,523)	27
- Administrative	(173,696)	(193,423)	(10)
- Finance	(127,697)	(110,845)	15
Share of (loss)/profit of associated companies [2]	(197)	407	NM
Profit before income tax [3]	17,251	60,942	(72)
Income tax credit/(expense) [4]	9,026	(8,157)	(211)
Net profit	26,277	52,785	(50)
Profit attributable to:			
Equity holders of the Company	**20,893**	**30,615**	**(32)**
Non-controlling interests	5,384	22,170	(76)
	26,277	52,785	(50)
Earnings per share for profit attributable to the equity holders of the Company (expressed in cents per share)			
- Basic	0.93	1.37	(32)
- Diluted	0.93	1.37	(32)

(ii) Consolidated Statement of Comprehensive Income

	Group		
	2014 S$'000	**2013 S$'000**	**Change %**
Net Profit	26,277	52,785	(50)
Other comprehensive income:			
Available-for-sale financial assets - Fair value gain/(loss)	249	(92)	NM
Currency translation differences arising from consolidation	53,105	118,317	(55)
Total comprehensive income for the year	79,631	171,010	(53)
Total comprehensive income attributable to:			
Equity holders of the Company	**54,373**	**99,053**	(45)
Non-controlling interests	25,258	71,957	(65)
	79,631	171,010	(53)

(iii) Breakdown and Explanatory Notes to Consolidated Income Statement

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

	2014 S$'000	**2013 S$'000**	**Change %**
Sale of scrap materials	43,543	44,178	(1)
(Loss)/gain on disposal of property, plant and equipment	(456)	666	NM
Rental income	2,960	2,379	24
Dividend income	725	503	44
Interest income	45,807	44,712	2
Currency exchange gain/(loss) - net	6,737	(18,933)	NM
Fair value (loss)/gain on forward currency contracts	(759)	750	NM
Compensation received from customers	374	17,452	(98)
Government grants	5,999	14,678	(59)
Sundry income	7,052	3,753	88
	111,982	110,138	2

NM denotes not meaningful.

[2] Share of (loss)/profit of associated companies is after tax.

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

	2014 S$'000	2013 S$'000	Change %
Interest on borrowings	(127,697)	(110,845)	15
Depreciation of property, plant and equipment and investment properties	(153,488)	(183,525)	(16)
Amortisation of deferred expenditure	(86)	(86)	-
Net allowance for impairment of trade and other receivables	(25,787)	(5,228)	393
Write-down of inventories	(124,504)	(23,678)	426
Allowance for impairment of property, plant and equipment	(163)	(110)	48
Allowance for impairment of transferable club memberships	(6)	(11)	(45)
Write-off for property, plant and equipment	(217)	(469)	(54)
Provision for an onerous contract	(25)	(144)	(83)
Allowance for expected losses recognised on construction contracts	(61,742)	(85,717)	(28)

[4] Income tax (credit)/expense attributable to profit is made up of:

	2014 S$'000	2013 S$'000	Change %
- Profit from current financial year			
Current income tax	34,941	35,223	(1)
Deferred income tax	(39,494)	(16,040)	146
	(4,553)	19,183	NM
Adjustment for (over)/under provision of tax in respect of prior years:			
Current income tax	(8,298)	(10,004)	(17)
Deferred income tax	3,825	(1,022)	NM
	(4,473)	(11,026)	NM
	(9,026)	8,157	NM

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

	Group		Company	
	31/12/2014 S$'000	31/12/2013 S$'000	31/12/2014 S$'000	31/12/2013 S$'000
Current assets				
Cash and cash equivalents	1,560,803	2,028,397	46,434	54,408
Forward currency contracts	-	770	-	-
Trade and other receivables	4,563,805	2,911,828	31,141	31,758
Inventories	1,041,695	1,046,764	-	-
Construction contract work-in-progress	177,515	208,366	-	-
Income tax receivables	7,252	-	-	-
Other current assets	21,429	15,235	164	176
	7,372,499	6,211,360	77,739	86,342
Non-current assets				
Trade and other receivables	4,377	36,874	-	-
Available-for-sale financial assets	4,841	4,391	-	-
Club memberships	303	303	82	88
Investments in associated companies	4,736	4,826	-	-
Investments in subsidiaries	-	-	371,644	370,988
Investment properties	10,990	11,293	-	-
Property, plant and equipment	2,267,057	2,227,868	647	768
Intangible assets	9,564	9,539	-	-
Deferred expenditure	3,029	3,066	-	-
Deferred income tax assets	267,901	225,212	-	-
	2,572,798	2,523,372	372,373	371,844
Total assets	9,945,297	8,734,732	450,112	458,186
Current liabilities				
Trade and other payables	2,632,163	2,695,911	17,378	18,149
Current income tax liabilities	53,932	25,288	1,569	1,531
Borrowings	2,430,304	1,926,065	-	-
Provision for other liabilities	56,166	55,396	-	-
	5,172,565	4,702,660	18,947	19,680
Non-current liabilities				
Borrowings	2,542,390	1,856,463	-	-
Deferred income tax liabilities	837	528	704	398
	2,543,227	1,856,991	704	398
Total liabilities	7,715,792	6,559,651	19,651	20,078
Net assets	2,229,505	2,175,081	430,461	438,108
Equity				
Share capital	270,608	270,608	270,608	270,608
Statutory and other reserves	284,328	245,139	45,105	45,105
Retained earnings	812,819	820,027	114,748	122,395
Shareholders' equity	1,367,755	1,335,774	430,461	438,108
Non-controlling interests	861,750	839,307	-	-
Total equity	2,229,505	2,175,081	430,461	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 31/12/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
1,034,950,000	1,395,354,000	666,244,000	1,259,821,000

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	**Unsecured**	**Secured**	**Unsecured**
744,945,000	1,797,445,000	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 $1,779,895,000 (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	
	2014 S$'000	**2013 S$'000**
Cash flows from operating activities		
Net profit	26,277	52,785
Adjustments for:		
Income tax (credit)/expense	(9,026)	8,157
Depreciation of property, plant and equipment and investment properties	153,488	183,525
Amortisation of deferred expenditure	86	86
Net allowance for impairment of trade and other receivables	25,787	5,228
Write-down of inventories	124,504	23,678
Allowance for impairment of property, plant and equipment	163	110
Allowance for impairment of transferable club memberships	6	11
Loss/(gain) on disposal of property, plant and equipment	456	(666)
Allowance for expected losses recognised on construction contracts	61,742	85,717
Provision for an onerous contract	25	144
Write-off for property, plant and equipment	217	469
Fair value loss/(gain) on forward currency contracts	759	(750)
Share of loss/(profit) of associated companies	197	(407)
Dividend income	(725)	(503)
Interest expense (financing)	127,697	110,845
Interest income (investing)	(45,807)	(44,712)
	465,846	423,717
Changes in working capital:		
Inventories and construction contract work-in-progress	(134,427)	(833,616)
Trade and other receivables	(1,649,297)	(160,444)
Trade and other payables	(132,908)	365,518
Other current assets	(6,194)	(3,370)
Provision for other liabilities	770	(323)
Exchange differences	34,846	89,691
Cash used in operations	(1,421,364)	(118,827)
Income tax paid	(6,307)	(11,598)
Net cash used in operating activities	(1,427,671)	(130,425)
Cash flows from investing activities		
Cash outflow on dissolution of a subsidiary	(2,001)	-
Purchase of property, plant and equipment	(100,632)	(61,855)
Proceeds from disposal of property, plant and equipment	3,228	10,620
Dividends received	967	613
Interest received	49,669	34,451
Net cash used in investing activities	(48,769)	(16,171)
Cash flows from financing activities		
Proceeds from borrowings	3,281,016	2,103,985
Repayments of borrowings	(2,181,337)	(1,542,339)
Proceeds from non-controlling interests for increase in registered capital of a subsidiary	10,679	-
Decrease in bank deposits pledged	38	14,207
Interest paid	(120,822)	(110,662)
Dividends paid to equity holders of the Company	(22,392)	(44,785)
Dividends paid to non-controlling interests of subsidiaries	(11,521)	(634)
Net cash provided by financing activities	955,661	419,772
Net (decrease)/increase in cash and cash equivalents	(520,779)	273,176
Cash and cash equivalents at beginning of financial year	2,025,040	1,675,272
Effects of currency translation on cash and cash equivalents	53,223	76,592
Cash and cash equivalents at end of financial year	1,557,484	2,025,040

Cash and cash equivalents represented by:		
Cash at bank and on hand	647,639	689,502
Short-term bank deposits	913,164	1,338,895
Cash and bank balances	1,560,803	2,028,397
Less: Bank deposits pledged	(3,319)	(3,357)
Cash and cash equivalents per consolidated cash flow statement	1,557,484	2,025,040

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

	Share capital S$'000	**Statutory and other reserves S$'000**	**Retained earnings S$'000**	**Non-controlling interests S$'000**	**Total S$'000**
The Group					
At 1 January 2014	270,608	245,139	820,027	839,307	2,175,081
Total comprehensive income for the year	-	33,480	20,893	25,258	79,631
Non-controlling interests of increase in registered capital of a subsidiary	-	-	-	10,679	10,679
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(11,493)	(11,493)
Dissolution of a subsidiary	-	-	-	(2,001)	(2,001)
Dividend for 2013	-	-	(22,392)	-	(22,392)
Transfer from asset revaluation reserve to retained earnings	-	(2,900)	2,900	-	-
Transfer from retained earnings to statutory reserves	-	8,609	(8,609)	-	-
At 31 December 2014	270,608	284,328	812,819	861,750	2,229,505
At 1 January 2013	270,608	152,927	857,971	767,699	2,049,205
Total comprehensive income for the year	-	68,438	30,615	71,957	171,010
Dividend declared by subsidiaries to non-controlling interests of subsidiaries	-	-	-	(349)	(349)
Dividend for 2012	-	-	(44,785)	-	(44,785)
Transfer from asset revaluation reserve to retained earnings	-	(3,218)	3,218	-	-
Transfer from retained earnings to statutory reserves	-	26,992	(26,992)	-	-
At 31 December 2013	270,608	245,139	820,027	839,307	2,175,081

	Share capital S$'000	Statutory and other reserves S$'000	Retained earnings S$'000	Non-controlling interests S$'000	Total S$'000
The Company					
At 1 January 2014	270,608	45,105	122,395	-	438,108
Total comprehensive income for the year	-	-	14,745	-	14,745
Dividend for 2013	-	-	(22,392)	-	(22,392)
At 31 December 2014	270,608	45,105	114,748	-	430,461
At 1 January 2013	270,608	45,105	130,449	-	446,162
Total comprehensive income for the year	-	-	36,731	-	36,731
Dividend for 2012	-	-	(44,785)	-	(44,785)
At 31 December 2013	270,608	45,105	122,395	-	438,108

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 FY 2014, 800,000 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 31 December 2014 were 12,410,000 (31 December 2013: 13,210,000).

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

As at 31 December 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 year 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 31 December 2014 had been increased by approximately $37,393,000 and the profit before income tax for FY 2014 had been increased by approximately $37,393,000 by way of a decrease in depreciation charge for the financial year 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	
	2014	**2013**
(i) Based on the weighted average number of ordinary shares on issue (cents per share)	0.93	1.37
Weighted average number of ordinary shares('000)	2,239,245	2,239,245
(ii) On a fully diluted basis (cents per share)	0.93	1.37
Adjusted weighted average number of ordinary shares ('000)	2,239,245	2,239,245

NOTES:

Basic earnings per ordinary share is calculated by dividing the net profit attributable to the equity holders of the Company over the weighted average number of ordinary shares outstanding during the financial 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 outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the financial 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	
	31/12/2014	**31/12/2013**	**31/12/2014**	**31/12/2013**
Net asset value per ordinary share (cents)	61.08	59.65	19.22	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 $20.9 million on turnover of $4.3 billion in 2014.

Turnover

Group turnover increased 21.5% to $4.3 billion in 2014 from $3.5 billion in 2013 owing to an increase in shipyard revenue.

Turnover from shipyard operations increased by 21.9% to $4.2 billion in 2014 from $3.5 billion in 2013, owing mainly to growth in revenue from marine engineering and ship building segments.

The Group delivered 8 bulk carriers in 2014. Of these, COSCO Dalian shipyard delivered 4 bulk carriers, while COSCO Zhousan and COSCO Guangdong shipyard delivered 2 bulk carriers each. In addition, COSCO Guangdong shipyard delivered 2 livestock carriers, 2 tender barges and 1 platform supply vessel, COSCO Nantong shipyard delivered 2 pipelay heavy lift vessels, 1 wind turbine installation vessel, 1 tender rig and 1 jack-up rig, and COSCO Zhousan shipyard delivered 1 float-over launch barge and 1stinger barge.

Turnover from dry bulk shipping and other businesses decreased marginally by 5.6% from $55.6 million in 2013 to $52.5 million in 2014.

The BDI started the year 2014 at 2,113 points and ended the year at 782 points. The BDI averaged 1,105 points for FY 2014, which was a 8.4% decrease from the average of 2013 of 1,206 points. Currently, the group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Shipyard business remained the biggest revenue contributor, forming 98.8% of Group turnover in 2014.

Profitability

Gross profit decreased 9.4% from $321.2 million in 2013 to $291.0 million in 2014 mainly due to higher inventory write-downs.

On 9 January 2015, the Group announced that the management of COSCO Nantong decided to discontinue the Octabuoy hull and topside module project with ATP Oil and Gas (UK) Limited, a company in voluntary arrangement (CVA) in the United Kingdom. This resulted in a one-off charge of S$91.4 million in FY2014.

Other income comprised gain from the disposal of scrap metal, interest income, net currency exchange gain/(loss) and others. Compared to 2013, other income increased marginally by 1.7% to $112.0 million in 2014 mainly due to an exchange gain of $6.7 million (2013: exchange loss of $18.9 million) and partially offset by lower government grants and compensation received from customers.

Interest expense increased by 15.2% to $127.7 million in 2014 due to higher bank borrowings deployed to fund shipyard operations.

The tax credit of $9.0 million in 2014 is mainly due to tax incentives available to certain subsidiaries in People's Republic of China (PRC), recognition of previously unrecognized deferred tax assets in the current financial year and the adjustment for over provision of tax in respect of prior years.

Net profit attributable to equity holders of the Company decreased 31.8% from $30.6 million in 2013 to $20.9 million in 2014.

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

Cash and cash equivalents decreased from $2.0 billion to $1.6 billion. Please refer to Note 1(c) Cash Flow Statement for more details.

Trade and other receivables increased $1.6 billion to $4.6 billion mainly due to higher construction contracts due from customers in the marine engineering segment, partially offset by a decrease in advances paid to suppliers (from $595.6 million to $494.7 million).

Trade and other payables decreased $63.7 million to $2.6 billion mainly due to a decrease in advances received from customers (from $558.8 million to $364.9 million), partially offset by higher accruals for operating expenses.

Total borrowings increased by $1.2 billion to $5.0 billion due to additional funding procured to finance shipyard operations.

Shareholder’s equity increased marginally by $32.0 million mainly due to the profits earned in 2014 and an increase in currency translation reserve, 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 31 December 2014, the Group's order book stood at US$ 8.4 billion with progressive deliveries up to 2017. This order book is subject to revision from any new or cancellation of orders that may arise. New orders received in 2014 include 9 bulk carriers, 8 platform supply vessels, 4 emergency response/rescue/field support vessels, 4 subsea supply vessels, 3 livestock carriers, 1 jack-up rig, 1 accommodation barge, 1 floating accommodation unit and 1 module carrier.

As the Group continues construction in 2015 on new ship building contracts secured in recent years at low contract values owing to the weak shipping market, the Group expects downward pressure on operating margins on these new shipbuilding projects, 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, 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 and a leading player among Chinese shipyards in the offshore marine segment, the Group is well-positioned to understand and meet customers' expectations. However, the Group now faces greater competition from an increasing number of players in the offshore marine engineering segment in an environment of sliding crude oil prices and weak economic growth.

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 1,105 points in 2014, a decrease of 8.4% from the average of 1206 points in 2013. The Baltic Exchange Handysize Index (BHSI) averaged 524 points in 2014, a decrease of 6.8% from the average of 562 points in 2013. The Baltic Exchange Supramax Index(BSI) averaged 939 points in 2014, a decrease of 4.5% from the average of 983 points in 2013. Currently, the Group's dry bulk shipping fleet comprises Panamax and Handymax carriers.

Due to new tonnage accumulation in recent years and overall weak macroeconomic conditions, any market recovery in the dry bulk shipping segment will be slow and uncertain. 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. 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 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 2015 amidst weakness in the state of the global economy. 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. Over the past year, 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 offshore rigs and supply vessels delivered in past months have not secured contracts for lease yet. Under such challenging circumstances, new orders have declined in 2014. All these developments have taken place against the background of weak global economic conditions which, in the latter half of 2014, were accompanied by steep falls in crude oil prices. On 13 January 2015, Brent Crude Oil closed at US$46.59 per barrel, the lowest in the past five years.

Any 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. 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 2015.

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)
Dividend Type	Cash
Dividend Rate	0.5 cents per ordinary share (one-tier tax)
Tax Rate	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 First and Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 cents per ordinary share (one-tier tax)
Tax Rate	N.A.

(c) Date payable

The proposed First and Final dividend, if approved at the Annual General Meeting to be held on 24 April 2015, will be paid on 18 May 2015.

(d) Books closure date

Notice is hereby given that, subject to the approval of shareholders to the First and Final Dividend being obtained at the Annual General Meeting to be held on 24 April 2015, the Transfer Books and the Register of Members of the Company will be closed on 5 May 2015 for the preparation of dividend warrants for shareholders of ordinary shares registered in the books of the Company.

Duly completed registrable transfers of ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 up to 5:00 p.m. on 4 May 2015 will be entitled to the proposed First and Final Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5:00 p.m. on 4 May 2015 will be entitled to the proposed First and Final Dividend.

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**

Financial year ended 31 December 2014	Shipping S$'000	Ship repair, ship building and marine engineering activities S$'000	All other segments S$'000	Total for continuing operations S$'000
Sales:				
- External sales	51,611	4,208,197	897	4,260,705
- Inter-segment sales	-	1,885	20,550	22,435
	51,611	4,210,082	21,447	4,283,140
Elimination				(22,435)
				4,260,705
Segment results	5,510	98,536	(4,708)	99,338
Interest income				45,807
Finance expense				(127,697)
Share of loss of associated companies				(197)
Profit before income tax				17,251
Income tax credit				9,026
Net profit				26,277
Other segment items				
Capital expenditure				
– Property, plant and equipment	3,785	96,827	20	100,632
Amortisation of deferred expenditure	-	86	-	86
Depreciation of property, plant and equipment and investment properties	12,003	140,826	659	153,488
Write-down of inventories	-	124,504	-	124,504
Net allowance for impairment in trade and other receivables	(850)	26,637	-	25,787
Allowance for expected losses recognised on construction contracts	-	61,742	-	61,742
Provision for an onerous contract	25	-	-	25
Allowance for impairment of property, plant and equipment	-	162	-	162
Segment assets	185,274	9,414,321	68,224	9,667,819
Associated companies				4,736
Available-for-sale financial assets				4,841
Deferred income tax assets				267,901
Consolidated total assets				9,945,297
Segment liabilities	16,263	2,669,430	2,636	2,688,329
Borrowings				4,972,694
Current income tax liabilities				53,932
Deferred income tax liabilities				837
Consolidated total liabilities				7,715,792
Consolidated net assets				2,229,505

Financial year ended 31 December 2013	Shipping S$'000	Ship repair, ship building and marine engineering activities S$'000	All other segments S$'000	Total for continuing operations S$'000
Sales:				
- External sales	54,731	3,452,505	898	3,508,134
- Inter-segment sales	-	1,741	33,951	35,692
	54,731	3,454,246	34,849	3,543,826
Elimination				(35,692)
				3,508,134
Segment results	734	129,030	(3,096)	126,668
Interest income				44,712
Finance expense				(110,845)
Share of profit of associated companies				407
Profit before income tax				60,942
Income tax expense				(8,157)
Net profit				52,785
Other segment items				
Capital expenditure				
– Property, plant and equipment	2,536	59,318	1	61,855
Amortisation of deferred expenditure	-	86	-	86
Depreciation of property, plant and equipment and investment properties	11,397	171,467	661	183,525
Write-down of inventories	-	23,678	-	23,678
Net allowance for impairment in trade and other receivables	839	4,389	-	5,228
Allowance for expected losses recognised on construction contracts	-	85,717	-	85,717
Provision for an onerous contract	144	-	-	144
Allowance for impairment of property, plant and equipment	-	110	-	110
Segment assets	189,359	8,235,248	75,696	8,500,303
Associated companies				4,826
Available-for-sale financial assets				4,391
Deferred income tax assets				225,212
Consolidated total assets				8,734,732
Segment liabilities	15,450	2,733,256	2,601	2,751,307
Borrowings				3,782,528
Current income tax liabilities				25,288
Deferred income tax liabilities				528
Consolidated total liabilities				6,559,651
Consolidated net assets				2,175,081

(b) Geographical segments

The Group's business segments operate in two main geographical areas:
- People's Republic of China – the operations in this area are principally in ship repair, ship building and marine engineering activities; and

- Singapore – the operations in this area are principally in shipping, ship repair and marine related activities and rental of property.

Sales are based on the country in which the services are rendered to the customer. Non-current assets are shown by the geographical area where the assets are located.

	Sales for continuing operations		**Non-current assets**	
	2014 S$'000	**2013 S$'000**	**2014 S$'000**	**2013 S$'000**
People's Republic of China	4,189,859	3,435,034	2,438,684	2,385,232
Singapore *	70,846	73,100	134,114	138,140
	4,260,705	3,508,134	2,572,798	2,523,372

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

Revenue of approximately Nil (2013: $491,272,000) is derived from a single customer. This revenue is attributable to the People's Republic of China ship repair, ship building and marine engineering activities segment.

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

	2014 S$'000	**2013 S$'000**	**Change %**
(a)Sales reported for first half year	2,185,908	1,623,321	35
(b)Operating profit after tax before deducting non-controlling interests reported for first half year	53,170	34,472	54
(c)Sales reported for second half year	2,074,797	1,884,813	10
(d)Operating profit after tax before deducting non-controlling interests reported for second half year	(26,893)	18,313	NM

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

	Latest Full Year S$'000	Previous Full Year S$'000
Ordinary	11,196	22,392
Preference	-	-
Total	11,196	22,392

The Directors proposed a first and final tax-exempt one-tier ordinary dividend of 0.5 cent per ordinary share (2013: first and final tax-exempt one-tier ordinary dividend of 1 cents per ordinary share) amounting to a total of $11,196,000 (2013: $22,392,000), based on current number of shares issued as of 31 December 2014, will be recommended for the shareholders' approval at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend, which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

17. 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
<u>Between Subsidiaries and:</u>		
	-	
Chimbusco Guangzhou Branch	-	4,251
Chimbusco Zhoushan Branch	-	7,712
China Marine Bunker (Dalian) Co., Ltd	-	11,090
China Ocean Shipping (Group) Company	-	123
Cosco (HK) Insurance Brokers Ltd	-	243
Cosco (HK) Investment & Development Co., Ltd	-	1,067
Cosco (HK) Shipping Co., Ltd	-	11,547
COSCO (Weihai) Shipbuilding Marine Technology Co.,Ltd	-	530
Cosco Air Service Shanghai Ltd	-	112
Cosco Bulk Carrier Co., Ltd	-	8,837
Cosco Bulk Carrier Holdings (Cayman) Limited	-	1,002
Cosco Bulk Tianjin Forwarding Company Limited	-	1,146
Cosco Container Lines Co., Ltd	-	5,768
Cosco Far-Reaching Shipping Co.,Ltd	-	693
Cosco Finance Co., Ltd	-	2,387,194
Cosco International Trade Ltd	-	102
Cosco Jiangsu International Freight Co., Ltd	-	195
Cosco Logistic (GZ) Heavy Transportation	-	432
Cosco Logistics Nantong Co., Ltd	-	1,844
Cosco Logistics Dalian Co., Ltd	-	4,705
Cosco Petroleum Pte Ltd	-	1,173
Cosco Shipping Co., Ltd	-	5,506
Cosco Wallem Ship Management Co., Ltd	-	119
Dalian Ocean Shipping Company	-	7,034
Nantong Chimbusco Marine Bunker Co., Ltd	-	9,679
Nantong Cosco Heavy Industry Co., Ltd	-	3,347
Nantong Cosco Ship Equipment Company	-	2,323
Qingdao Manning Co-operation Ltd	-	3,266
Qingdao Ocean Shipping Company	-	114
Shanghai Ocean Crew Co., Ltd	-	4,852
Shanghai Ocean Shipping Company	-	1,590
Shanghai Pan-Asia Shipping Company	-	1,480
Shenzhen Ocean Shipping Company	-	983
Xiamen Ocean Shipping Company	-	211
Total	-	2,490,270

	As at 31/12/2014 S$'000	As at 31/12/2013 S$'000
Balances placed with a fellow subsidiary, Cosco Finance Co., Ltd :		
- Cash at bank	375,266	286,908
- Short-term bank deposits	217,215	439,612
	592,481	726,520
Loan from a fellow subsidiary, Cosco Finance Co., Ltd	-	2,086

18. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in COSCO Corporation (Singapore) Limited (the "Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Mr Wu Zi Heng
Vice Chairman and President
16/2/2015

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 year ended 31 December 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

16/2/2015