中远投资(新加坡)有限公司

COSCO CORPORATION (SINGAPORE) LIMITED

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Press Release

Q1 2016 Results: Financial Quarter ended 31 March 2016

	Q1 2016	Q1 2015	Chg
	S$'000	S$'000	%
Turnover	**722,294**	991,172	**(27)**
Gross Profit	**89,290**	73,005	**22**
Pre-tax (loss)/profit	**(12,042)**	7,324	**NM**
Net (loss)/profit *(attributable to equity holders of the Company)*	**(14,394)**	766	**NM**
Diluted EPS *(cents)*	**(0.64)**	0.03	**NM**

Highlights:

- Group turnover fell 27% to $722.3m on decreases in shipyard and dry bulk shipping revenues.
- Turnover from shipyard operations dropped 27% to $716.6m due to lower revenue contributions from marine engineering and ship building business.
- Turnover from dry bulk shipping and other businesses fell 45% to $5.7m on lower charter rates.
- Gross profit increased 22% to $89.3m on higher profit contributions from shipyard operations.
- The Group recorded net loss attributable to equity holders of $14.4m mainly due to losses in shipping operations as operating conditions continued to deteriorate.
- The Group expects challenging business and operating conditions to persist in 2016.

SINGAPORE, 6 May 2016 – Singapore Exchange (“SGX”) mainboard-listed COSCO Corporation (Singapore) Limited (“COSCO” or the “Company”), a leading ship repair & marine engineering and shipping group, today announced its financial results for the first quarter ended 31 March 2016.

Group turnover decreased 27.1% to $722.3 million in Q1 2016 from $991.2 million in Q1 2015 owing to falls in shipyard and dry bulk shipping revenues.

Turnover from shipyard business decreased 26.9% to $716.6 million from $980.8 million in Q1 2015, owing to lower revenue contributions from marine engineering and ship building, partially offset by an increase in revenue from ship repair. The Group delivered 6 projects in Q1 2016, namely 2 oil tankers, 1 salvage lifting vessel, 1 livestock carrier, 1 platform supply vessel and 1 semi-submersible accommodation vessel.

Turnover from dry bulk shipping and other businesses decreased 45.2% from $10.4 million in Q1 2015 to $5.7 million in Q1 2016 on decreased charter rates.

Gross profit increased 22.3% from $73.0 million in Q1 2015 to $89.3 million in Q1 2016 due to higher profit contributions from shipyard operations partially offset by losses from shipping operations due to the lower charter rates.

Other income which comprised gain from the disposal of scrap metal, interest income, and others decreased 31.4% to $13.8 million in Q1 2016 mainly due to lower sales value of scrap materials and interest income. Other gains/losses totaled $0.8 million in losses in Q1 2016 (Q1 2015: $6.6 million gains) mainly due to an exchange loss of $0.1 million (Q1 2015: $7.8 million gain). Interest expense increased 53.9% to $59.7 million in Q1 2016 due to higher bank borrowings to fund shipyard operations.

As a result, the Group recorded net loss attributable to equity holders of the Company of $14.4 million in Q1 2016 compared to net profit of $0.8 million in Q1 2015, weighed down by losses in shipping operations.

Captain Wu Zi Heng, Vice Chairman and President of the Company said, "Pressing forward, we must keep our fingers firmly on the pulse of the market, remain agile and leverage on our strengths and competitive advantages to tide through this difficult time."

Efforts in contract negotiations yielded new orders in Q1 2016 which include 1 trailing suction hopper dredger and 1 self-elevating workover unit. As at 31 March 2016, the Group's order book stood at US$7.6 billion with progressive deliveries up to 2018.

These contracts were secured at lower contract values due to the weak global economy and depressed shipbuilding and offshore markets. As these conditions continue to persist, the Group expects operating margins on new ship building and offshore contracts to continue facing severe downward pressure notwithstanding any gains in our Group's efficiency and productivity.

The Group's offshore marine segment has been adversely affected by current situation of low crude oil prices which has already persisted for a significant period of time and will be further negatively affected by any further price slides.

Amidst the low crude oil prices, weak global economy and depressed shipbuilding and offshore market, the Group expects difficult and challenging business and operating conditions to persist in 2016.

About COSCO Corporation (Singapore) Ltd

Listed on the main board of the SGX, COSCO Corporation (Singapore) Ltd ("COSCO") is a leading offshore marine engineering, shipbuilding, ship repair & conversion and dry bulk shipping group. The Group owns 51% of a large shipyard group in China, COSCO Shipyard Group, and a fleet of 10 dry bulk carriers. COSCO is the listed subsidiary of China Ocean Shipping (Group) Company, the largest shipping group in China.

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