

SINGAPORE SHIPPING CORPORATION LIMITED
FIRST QUARTER FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2005

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

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

	Q1 2006 \$'000	Q1 2005 \$'000	Increase/ (decrease) %
Revenue	23,221	25,326	(8.3)
Other operating income	750	833	(10.0)
Depreciation (i)	(2,037)	(2,406)	(15.3)
Direct operating costs	(9,127)	(9,871)	(7.5)
Staff costs	(7,913)	(7,087)	11.7
Other operating expenses	(969)	(1,032)	(6.1)
Operating profit before exceptional items	3,925	5,763	(31.9)
Exceptional items (ii)	41,297	-	NM
Operating profit	45,222	5,763	684.7
Finance income (iii)	554	636	(12.9)
Finance costs (iv)	(1,124)	(210)	435.2
Share of results of associated companies	1,360	1,291	5.3
Profit before taxation	46,012	7,480	515.1
Taxation (v)	(304)	(59)	415.3
Profit after taxation	45,708	7,421	515.9
Attributable to:			
Shareholders of the Company	45,742	7,250	530.9
Minority Interests	(34)	171	(119.9)
	45,708	7,421	515.9
Earnings per share, cents			
Basic	10.5	1.7	
Diluted	10.5	1.7	

Q1: 1st Quarter

NM: Not meaningful

Notes to Unaudited Income Statement

Note (i) Depreciation

The comparative figure has been revised by approximately \$889,000 to reflect the savings resulting from revisions in scrap value and extension of useful lives of some of the Group's vessels in the last financial year end.

Note (ii) Exceptional items

	Q1 2006 \$'000
Gain on disposal of a vessel	22,790
Gain on disposal of a subsidiary	13,077
Gain on disposal of an associated company	5,430
	<u>41,297</u>

Note (iii) Finance income

	Q1 2006 \$'000	Q1 2005 \$'000
Interest income from deposits with banks and financial institutions	246	11
Interest and premium income on equity linked notes / deposits and options	298	582
Dividend income from investment in equity shares	87	-
Net gain on disposal of quoted equity shares	85	43
Provision for diminution in value of equity linked notes / shares	(162)	-
	<u>554</u>	<u>636</u>

Note (iv) Finance costs

	Q1 2006 \$'000	Q1 2005 \$'000
Interest expense		
- Bank loans	76	48
- Finance leases	1	2
Exchange loss	1,047	160
	<u>1,124</u>	<u>210</u>

Note (v) Taxation

The income tax expense on the results of the Group for the financial period varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation, due to the following factors:

	Q1 2006 \$'000	Q1 2005 \$'000
Profit before taxation	<u>46,012</u>	<u>7,480</u>
Taxation calculated at tax rate of 20% (previous corresponding period: 20%)	9,202	1,496
Singapore statutory stepped income exemption	(60)	(37)
Income or losses not subject to tax	(8,852)	(1,176)
Utilisation of previously unrecognised tax losses	(27)	(236)
Over provision for prior years	43	7
Others	(2)	5
	<u>304</u>	<u>59</u>

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.

	<u>Group</u>		<u>Company</u>	
	30.06.2005 \$'000	31.03.2005 \$'000	30.06.2005 \$'000	31.03.2005 \$'000
Non-current assets				
Property, plant and equipment	71,913	119,818	-	-
Investments in subsidiaries	-	-	53,312	67,511
Investments in associated companies	29,970	36,122	17,004	19,224
Long-term investments	383	451	-	-
	102,266	156,391	70,316	86,735
Current assets				
Inventories, at cost	177	326	-	-
Trade and other receivables	10,038	11,143	30,730	19,526
Short-term investments	5,650	9,812	-	-
Cash and cash equivalents	137,851	28,009	100,521	7,118
	153,716	49,290	131,251	26,644
Current liabilities				
Bank overdrafts	-	18	-	-
Trade and other payables	13,942	10,608	30,200	7,391
Finance lease liabilities	18	28	-	-
Borrowings	8,530	9,230	-	-
Current taxation	796	703	-	-
	23,286	20,587	30,200	7,391
Net current assets	130,430	28,703	101,051	19,253
Non-current liabilities				
Finance lease liabilities	39	43	-	-
Borrowings	-	-	12,124	11,877
Deferred taxation	2,025	2,027	-	-
	2,064	2,070	12,124	11,877
Net assets	230,632	183,024	159,243	94,111
Shareholders' equity				
Share capital	43,602	43,602	43,602	43,602
Share premium	745	745	745	745
Other reserves	20,596	19,307	-	(1,064)
Retained earnings	158,753	112,402	114,896	50,828
	223,696	176,056	159,243	94,111
Minority interests	6,936	6,968	-	-
	230,632	183,024	159,243	94,111

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

Amount repayable in one year or less, or on demand

As at 30/06/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
-	\$8,530,000	-	\$9,230,000

Amount repayable after one year

As at 30/06/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>	
	30.06.2005	30.06.2004
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	46,012	7,480
Adjustments for:		
Depreciation	2,037	2,406
Gain on disposal of property, plant and equipment	(22,790)	(41)
Gain on disposal of a subsidiary	(13,077)	-
Gain on disposal of an associated company	(5,430)	-
Interest expense	77	50
Interest and premium income	(544)	(593)
Dividend income from investment in equity shares	(87)	-
Net gain on disposal of quoted equity shares	(85)	(43)
Allowance for decline in value of club memberships	68	42
Allowance for diminution in value of short-term investments	162	-
Share of results of associated companies	(1,360)	(1,291)
Operating cash flow before working capital changes	<u>4,983</u>	<u>8,010</u>
Changes in working capital:		
Trade and other receivables	836	(2,045)
Inventories	114	(88)
Trade and other payables	2,165	(409)
Exchange differences	1,619	(13)
Cash generated from operations	<u>9,717</u>	<u>5,455</u>
Income tax paid	(57)	(65)
Net cash inflow from operating activities	<u>9,660</u>	<u>5,390</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(482)	(505)
Payments for drydocking expenditure	-	(1,027)
Redemption of short-term investments	4,283	8,908
Interest and premium received	455	470
Dividend received from associated companies	125	-
Dividend received from investment in equity shares	87	-
Repayment of loan to associated companies	1,738	256
Proceeds from disposal an associated company	11,134	-
Proceeds from sale of property, plant and equipment	48,039	61
Net cash inflow from investing activities	<u>65,379</u>	<u>8,163</u>
Cash flows from financing activities		
Repayment of bank borrowings	(700)	-
Drawdown of bank borrowings	-	700
Interest paid	(82)	(58)
Net cash (outflow)/inflow from financing activities	<u>(782)</u>	<u>642</u>
Change in cash and cash equivalents	74,257	14,195
Cash and cash equivalents at the beginning of the financial period	27,991	10,615
Cash inflow on disposal of a subsidiary (i)	35,324	-
Effects of exchange rate changes on cash and cash equivalents	279	208
Cash and cash equivalents at the end of the financial period	<u>137,851</u>	<u>25,018</u>

Notes to Cash Flow Statement

Note (i) Cash inflow on disposal of a subsidiary

The effect of disposal of a subsidiary is set out below:

	\$'000
Property, plant and equipment	22,373
Inventories	34
Receivables	234
Cash and cash equivalents	11
Trade and other payables	<u>(30)</u>
Net identifiable assets and liabilities	22,622
Exchange reserve	<u>(364)</u>
	<u>22,258</u>
Total cash consideration received	35,335
Cash and cash equivalents disposed of	<u>(11)</u>
Net cash inflow	<u>35,324</u>

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.

Group	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Apr 2004	43,602	745	21,736	89,409	155,492	6,905	162,397
Currency translation differences	-	-	2,858	-	2,858	-	2,858
Net profit for the financial period (i)	-	-	-	7,250	7,250	171	7,421
Balance at 30 Jun 2004	43,602	745	24,594	96,659	165,600	7,076	172,676
Currency translation differences	-	-	(5,284)	-	(5,284)	-	(5,284)
Net profit for the financial period	-	-	-	22,283	22,283	(108)	22,175
Dividends	-	-	-	(6,540)	(6,540)	-	(6,540)
Reversal of reserve on consolidation on an associated company's provision for impairment loss for club membership	-	-	(3)	-	(3)	-	(3)
Balance at 31 Mar 2005	43,602	745	19,307	112,402	176,056	6,968	183,024
Currency translation differences	-	-	1,898	-	1,898	2	1,900
Net profit for the financial period	-	-	-	45,742	45,742	(34)	45,708
Reversal of reserve on consolidation on disposal of a subsidiary and an associated company	-	-	(609)	609	-	-	-
Balance at 30 Jun 2005	43,602	745	20,596	158,753	223,696	6,936	230,632

<u>Company</u>	Share capital	Share premium	Other reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 Apr 2004	43,602	745	(1,023)	36,507	79,831
Currency translation differences	-	-	517	-	517
Net loss for the financial period	-	-	-	(490)	(490)
Balance at 30 Jun 2004	43,602	745	(506)	36,017	79,858
Currency translation differences	-	-	(558)	-	(558)
Net profit for the financial period	-	-	-	21,351	21,351
Dividends	-	-	-	(6,540)	(6,540)
Balance at 31 Mar 2005	43,602	745	(1,064)	50,828	94,111
Currency translation differences (ii)	-	-	1,064	-	1,064
Net profit for the financial period	-	-	-	64,068	64,068
Balance at 30 Jun 2005	43,602	745	-	114,896	159,243

Notes to Statement of Changes in Equity

Note (i) Net profit for the financial period

Net profit for the period has been restated to reflect the changes in depreciation as disclosed in Section 1(a) note (i).

Note (ii) Currency translation differences

This item relates to recognition of net exchange loss on translation of foreign currency denominated loans which form part of the Company's investments in subsidiaries in the income statement in compliance with FRS 21.

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 current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figure 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 Group has applied the same accounting policies and methods of computation in the current reporting period's financial statements as compared with the audited financial statements for the financial year ended 31 March 2005 except for the adoption of certain revisions to various existing Financial Reporting Standards (FRS) and the new FRS 39 – Financial Instruments: Recognition and Measurement, which is mandatory for the financial year beginning on or after 1 January 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.

The adoption of certain revisions to various existing FRS and the new FRS 39 do not have a material financial impact on the Group.

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.

	<u>Group</u>	
	30.06.2005	30.06.2004
Earnings per ordinary share based on:-		
(i) the weighted average number of ordinary shares in issue ; and	10.5 cents	1.7 cents
(ii) fully diluted basis	10.5 cents	1.7 cents

The weighted average number of ordinary shares in issue and on a fully diluted basis for both periods is 436,016,591 ordinary shares as there were no new issues or outstanding share options.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding year**

	<u>Group</u>		<u>Company</u>	
	30.06.2005	31.03.2005	30.06.2005	31.03.2005
Net asset value per ordinary share based on issued share capital as at the end of the period or year reported on	\$0.51	\$0.40	\$0.37	\$0.22

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVENUE

	Q1 2006	Q1 2005	Favorable/ (unfavorable)
	\$'000	\$'000	%
Ship owning and management	12,621	14,299	(11.7)
Agency and terminal operations	1,524	1,085	40.5
Warehousing and logistics	9,076	9,942	(8.7)
	23,221	25,326	(8.3)

The Group's turnover for Q1 2006 decreased by \$2.1million (8.3%) compared to Q1 2005.

The unfavorable variance was attributable to the following:

- (i) Ship owning and management
 - Loss of revenue on disposal of the Group's container and multi-purpose vessels in June 2005.
- (ii) Agency and terminal operations
 - Higher stevedoring revenue due to increase in number of principals' vessels calling at Singapore and higher tonnages handled.
- (iii) Warehousing and logistics segment
 - Unfavorable variance is due to lower warehouse rental income as a key customer has relocated its regional parts center to Malaysia. However, we are still providing them warehouse operation management services through a subsidiary in Malaysia.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

	Q1 2006	Q1 2005	Favorable/ (unfavorable)
	\$'000	\$'000	%
Ship owning and management	4,489	6,179	(27.4)
Agency and terminal operations	442	51	766.7
Warehousing and logistics	388	653	(40.6)
Unallocated items	(874)	367	(338.1)
	4,445	7,250	(38.7)
Exceptional Items	41,297	-	NM
	45,742	7,250	530.9

NM: Not meaningful

The Group's net profit before exceptional items for Q1 2006 decreased by \$2.8 million (38.7%) compared to Q1 2005.

Ship owning and management segment's lower operating income was due mainly to the disposal of the Group's container and multi-purpose vessels in June 2005 and higher staff costs.

Agency and terminal operations segment's favorable variance for Q1 2006 was due mainly to higher stevedoring income arising from higher volume of tonnages handled and lower overheads.

Warehousing and logistics segment's unfavorable variance for Q1 2006 was due mainly to lower warehouse rental income.

Unallocated items refer to taxation, net finance income and costs. The unfavorable variance arose mainly from the unrealised exchange loss for the current period.

Please refer to Section 1(a) note (ii) for details of exceptional items.

9. Where a forecast, or a prospect statement, had 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.

The Group's favorable results for the current financial year is due mainly to exceptional gain arising from the disposal of vessels. Total gain on disposal is approximately \$65 million of which approximately \$41 million was recognised in the first quarter. As disclosed in note 18, the balance of approximately \$24 million will be recognised in the second quarter.

The Group's operating results will be affected by the sale of the vessels. The favorable impact from the higher charter rates for the Group's car carriers will be felt primarily from the third quarter of this financial year.

The current financial year's results will be affected by the proposed demerger as disclosed in note 19.

11. Dividends

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(c) Books closure date

Not applicable.

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

Not applicable.

PART II – ADDITIONAL INFORMATION

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

	Ship owning and management \$'000	Agency and terminal operations \$'000	Warehousing and logistics \$'000	Unallocated \$'000	Group \$'000
<u>Q1 2006</u>					
Group's external revenue	12,621	1,524	9,076	-	23,221
Segment result	3,358	385	182	-	3,925
Exceptional items	-	-	-	41,297	41,297
Operating profit	3,358	385	182	41,297	45,222
Finance income	-	-	-	554	554
Finance costs	-	-	-	(1,124)	(1,124)
Share of results of associated companies	1,131	57	172	-	1,360
Profit before taxation	4,489	442	354	40,727	46,012
Taxation	-	-	-	(304)	(304)
Profit after taxation	4,489	442	354	40,423	45,708
Attributable to:					
Shareholders of the Company	4,489	442	388	40,423	45,742
Minority Interests	-	-	(34)	-	(34)
	4,489	442	354	40,423	45,708
<u>Q1 2005</u>					
Group's external revenue	14,299	1,085	9,942	-	25,326
Segment result	4,997	36	730	-	5,763
Finance income	-	-	-	636	636
Finance costs	-	-	-	(210)	(210)
Share of results of associated companies	1,182	15	94	-	1,291
Profit before taxation	6,179	51	824	426	7,480
Taxation	-	-	-	(59)	(59)
Profit after taxation	6,179	51	824	367	7,421
Attributable to:					
Shareholders of the Company	6,179	51	653	367	7,250
Minority Interests	-	-	171	-	171
	6,179	51	824	367	7,421

b) Geographical segments

As the Group deals with a diverse range of principals and the vessels are deployed by the customers to various parts of the world, the Directors do not consider it meaningful to allocate the results to specific geographical segments.

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 comments under item 8.

15. A breakdown of sales.

Not applicable.

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 (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

17. Interested person transactions (IPT)

Name of interested person	Q1 2006 Aggregate value of all IPT during the financial period under review (excluding transactions less than \$100,000)	Q1 2005 Aggregate value of all IPT during the financial period under review (excluding transactions less than \$100,000)
Paid to subsidiaries of Stamford Land Corporation Ltd - Rental expense	\$137,000	\$147,000

Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) is nil for both Q1 2006 and Q1 2005.

18. Subsequent event

On 1 July 2005, the Group completed the sale of its container vessel MV HSH Kusu, which resulted in a gain of approximately \$24 million.

19. Other information

On 26 May 2005, the Group proposed a restructure as detailed below:

- (a) to incorporate a new wholly owned subsidiary ("Cougar Corporation");
- (b) to transfer the Group's shareholding interests in the subsidiaries and associated companies carrying on the agency, terminal operations, warehousing and logistics businesses (the "Logistics Businesses") to Cougar Corporation; and
- (c) demerge the Logistics Businesses by way of distribution in specie to the shareholders of the Company.

The restructuring exercise is conditional upon obtaining approval of shareholders and such other approvals and consents from the relevant regulatory authorities and third parties and the admission of Cougar Corporation to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the listing of and quotation for the Cougar Corporation Shares on the Main Board of the SGX-ST, on conditions acceptable to the Company.

In accordance with FRS 35 – Discontinuing Operations, the income statement and cash flows on the Logistics Businesses for the period ended 30 June 2005 with comparatives for 2004, and the balance sheet as at 30 June 2005 with comparatives as at end of the immediately preceding financial year are as follows:-

	1Q 2006 \$'000	1Q 2005 \$'000
<u>Income Statement</u>		
Revenue	10,600	11,011
Net expenses	(10,033)	(10,239)
Operating profit	567	772
Finance income	21	41
Finance costs	(71)	(42)
Share of results of associated companies	229	109
Profit before taxation	746	880
Taxation	(181)	16
Profit after taxation	565	896
Minority interests	34	(171)
Net profit	599	725

	30.06.2005 \$'000	31.03.2005 \$'000
<u>Balance Sheet</u>		
Total assets	45,091	44,385
Total liabilities	16,459	16,198
Minority interests	6,936	6,968
	30.06.2005 \$'000	30.06.2004 \$'000
<u>Cash Flows</u>		
Cash inflow/(outflow) from operating activities	2,767	(371)
Cash outflow from investing activities	(567)	(515)
Cash (outflow)/inflow from financing activities	(771)	658
Net cash inflow	1,429	(228)

BY ORDER OF THE BOARD

Elizabeth Koe-Oo Kian Fei
Company Secretary
28 July 2005