

SINGAPORE SHIPPING CORPORATION LIMITED
(Company Registration Number: 198801332G)

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

PART I – INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENTS

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

	The Group Second Quarter			The Group First Half		
	FY2019	FY2018	Change	FY2019	FY2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	12,188	11,236	8.5	24,300	22,994	5.7
Other operating income	526	392	34.2	782	708	10.5
Depreciation expense on property, plant and equipment	(1,996)	(1,934)	3.2	(3,984)	(3,815)	4.4
Vessel operation costs	(1,123)	(1,132)	(0.8)	(2,436)	(2,440)	(0.2)
Transportation, warehouse and terminal operating costs	(2,635)	(1,887)	39.6	(5,151)	(4,357)	18.2
Staff and crew costs	(3,179)	(3,057)	4.0	(6,230)	(5,541)	12.4
Other operating expenses	(443)	(520)	(14.8)	(907)	(1,099)	(17.5)
Results from operating activities	3,338	3,098	7.7	6,374	6,450	(1.2)
Finance and investment income	139	59	NM	228	120	90.0
Finance costs on bank borrowings	(549)	(608)	(9.7)	(1,106)	(1,225)	(9.7)
Exchange differences	(85)	(150)	(43.3)	210	(310)	NM
Share of results of associated company and joint venture, net of tax	(45)	(49)	(8.2)	(89)	(120)	(25.8)
Profit before taxation	2,798	2,350	19.1	5,617	4,915	14.3
Taxation	(1)	(3)	(66.7)	(4)	(6)	(33.3)
Profit for the period	2,797	2,347	19.2	5,613	4,909	14.3
Attributable to:						
Owners of the Company	2,797	2,347	19.2	5,613	4,909	14.3
Earnings per share (US cents):						
Basic	0.7	0.5	40.0	1.3	1.1	18.2
Diluted	0.7	0.5	40.0	1.3	1.1	18.2

Q2: Second Quarter 1H: First Half FY: Financial Year Ending 31 March NM: Not Meaningful

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

For the income statement, Singapore Dollar (“SGD”) was translated at average rate as prescribed below:

	<u>Sep 2018</u>	<u>Sep 2017</u>	<u>% Change</u>
SGD	1.3538	1.3717	(1.3)

2. **A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group Second Quarter		The Group First Half	
	FY2019	FY2018	FY2019	FY2018
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period				
Other comprehensive income	2,797	2,347	5,613	4,909
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Cash flow hedges:				
- Effective portion of changes in fair value of cash flow hedges	411	229	482	(283)
- Realised and transferred to income statement	73	(89)	78	(207)
	484	140	560	(490)
Foreign currency translation	(48)	188	(489)	367
Other comprehensive income for the period, net of tax	436	328	71	(123)
Total comprehensive income for the period	3,233	2,675	5,684	4,786
Attributable to:				
Owners of the Company	3,233	2,675	5,684	4,786

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

	The Group		The Company	
	30.9.2018	31.3.2018	30.9.2018	31.3.2018
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	143,186	145,922	-	-
Goodwill	769	802	-	-
Investment in subsidiaries	-	-	32,625	32,625
Amount due from subsidiaries	-	-	12,169	13,534
Investments in associated company and joint venture	2,514	2,602	90	90
Derivative financial assets	2,734	2,103	-	-
Long-term deposits	5,000	5,000	-	-
Other assets	100	121	-	-
	154,303	156,550	44,884	46,249
Current assets				
Inventories	467	387	-	-
Trade and other receivables	4,869	4,553	60	209
Amount due from subsidiaries	-	-	12,868	10,201
Financial assets held for trading	2,087	2,116	-	-
Derivative financial assets	185	256	-	-
Cash and cash equivalents	16,513	13,936	5,541	5,361
	24,121	21,248	18,469	15,771
Less:				
Current liabilities				
Trade and other payables	7,041	6,628	87	146
Amount due to subsidiaries	-	-	13,936	8,589
Bank borrowings	7,667	7,667	-	-
	14,708	14,295	14,023	8,735
Net current assets	9,413	6,953	4,446	7,036
Non-current liabilities				
Bank borrowings	58,407	62,241	-	-
Deferred income	14,220	12,107	-	-
	72,627	74,348	-	-
Net assets	91,089	89,155	49,330	53,285
Equity attributable to owners of the Company				
Share capital	31,886	31,886	31,886	31,886
Treasury shares	(566)	-	(566)	-
Other reserves	1,720	1,649	-	-
Retained earnings	58,049	55,620	18,010	21,399
Total equity	91,089	89,155	49,330	53,285

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3(a). A balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year (continued).

For the balance sheet, the following closing rates were used to translate Singapore Dollar:

	<u>Sep 2018</u>	<u>Mar 2018</u>	<u>% Change</u>
SGD	1.3672	1.3120	4.2

3(b). Aggregate amount of the group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30.9.2018		As at 31.3.2018	
Secured	Unsecured	Secured	Unsecured
US\$7,667,000	-	US\$7,667,000	-

Amount repayable after one year

As at 30.9.2018		As at 31.3.2018	
Secured	Unsecured	Secured	Unsecured
US\$58,407,000	-	US\$62,241,000	-

Details of any collaterals

The bank borrowings of the Group are generally secured by a corporate guarantee from the Company, first priority mortgage of vessels and assignment of vessels' insurances. The carrying amount of the vessels mortgaged as security for the bank borrowings is approximately US\$83.3 million as at 30 September 2018 (31 March 2018: US\$84.7 million).

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4. A statement of cash flows (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group Second Quarter		The Group First Half	
	FY2019 US\$'000	FY2018 US\$'000	FY2019 US\$'000	FY2018 US\$'000
Cash flows from operating activities				
Profit before taxation	2,798	2,350	5,617	4,915
Adjustments for:				
Depreciation expense on property, plant and equipment	1,996	1,934	3,984	3,815
Share-based compensation expense	-	74	-	74
Interest income	(118)	(47)	(218)	(92)
Dividend income	(19)	-	(39)	-
Net change in fair value of financial assets held for trading	(2)	(12)	29	(28)
Finance costs on bank borrowings	549	608	1,106	1,225
Loss/(gain) on foreign exchange	12	148	(300)	284
Share of results of associated company and joint venture, net of tax	45	49	89	120
Operating cash flows before changes in working capital	5,261	5,104	10,268	10,313
Changes in working capital:				
Inventories	(22)	1	(80)	(19)
Trade and other receivables	755	623	(189)	(943)
Trade and other payables	41	(1,125)	429	596
Deferred income	1,060	333	2,113	1,160
Cash flows from operations	7,095	4,936	12,541	11,107
Tax paid	(1)	(3)	(4)	(6)
Net cash flows from operating activities	7,094	4,933	12,537	11,101
Cash flows from investing activities				
Purchase of property, plant and equipment	(93)	(1)	(108)	(16)
Payment for drydocking expenditure	(37)	(485)	(1,160)	(1,340)
Interest received	37	59	91	92
Dividend income	19	-	39	-
Net cash flows used in investing activities	(74)	(427)	(1,138)	(1,264)
Cash flows from financing activities				
Repayment of bank borrowings	(1,916)	(1,916)	(3,834)	(3,833)
Payment of finance costs on bank borrowings	(554)	(613)	(1,122)	(1,242)
Dividends paid	(3,184)	(3,215)	(3,184)	(3,215)
Purchase of treasury shares	(566)	-	(566)	-
Net cash flows used in financing activities	(6,220)	(5,744)	(8,706)	(8,290)
Net increase/(decrease) in cash and cash equivalents	800	(1,238)	2,693	1,547
Cash and cash equivalents at beginning of the period	15,720	14,246	13,936	11,447
Effect of exchange rate changes on cash and cash equivalents	(7)	14	(116)	28
Cash and cash equivalents at end of the period	16,513	13,022	16,513	13,022

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5(a). 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.

5(a)(i). The Group
Consolidated statement of changes in equity for the financial period ended 30 September 2018

	Share capital	Treasury shares	Hedging reserve	Currency translation reserve	Share-based payment reserve	Retained earnings	Equity attributable to owners of the Company
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 April 2018	31,886	-	2,359	(710)	-	55,620	89,155
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	5,613	5,613
Other comprehensive income for the period	-	-	560	(489)	-	-	71
Total	-	-	560	(489)	-	5,613	5,684
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(3,184)	(3,184)
Purchase of treasury shares	-	(566)	-	-	-	-	(566)
Total	-	(566)	-	-	-	(3,184)	(3,750)
Balance at 30 September 2018	31,886	(566)	2,919	(1,199)	-	58,049	91,089
Balance at 1 April 2017	31,812	-	922	(1,508)	-	48,400	79,626
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	4,909	4,909
Other comprehensive income for the period	-	-	(490)	367	-	-	(123)
Total	-	-	(490)	367	-	4,909	4,786
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	-	-	-	(3,215)	(3,215)
Employee share-based compensation scheme							
- Value of employee services	-	-	-	-	74	-	74
Issue of new shares	74	-	-	-	(74)	-	-
Total	74	-	-	-	-	(3,215)	(3,141)
Balance at 30 September 2017	31,886	-	432	(1,141)	-	50,094	81,271

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5(a). 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 (continued).

5(a)(ii). The Company**Statement of changes in equity for the financial period ended 30 September 2018**

	Share capital	Treasury shares	Share- based payment reserve	Retained earnings	Equity attributable to owners of the Company
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 April 2018	31,886	-	-	21,399	53,285
Total comprehensive income for the period					
Loss for the period	-	-	-	(205)	(205)
Total	-	-	-	(205)	(205)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid	-	-	-	(3,184)	(3,184)
Purchase of treasury shares	-	(566)	-	-	(566)
Total	-	(566)	-	(3,184)	(3,750)
Balance at 30 September 2018	31,886	(566)	-	18,010	49,330
Balance at 1 April 2017	31,812	-	-	21,311	53,123
Total comprehensive income for the period					
Loss for the period	-	-	-	(242)	(242)
Total	-	-	-	(242)	(242)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid	-	-	-	(3,215)	(3,215)
Employee share-based compensation scheme					
- Value of employee services	-	-	74	-	74
Issue of new shares	74	-	(74)	-	-
Total	74	-	-	(3,215)	(3,141)
Balance at 30 September 2017	31,886	-	-	17,854	49,740

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- 5(b). 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Issued and fully paid ordinary shares

	Number of ordinary shares	
	Issued Share Capital	Treasury Shares
As at 1 July 2018	437,019,791	-
Treasury shares purchased	-	2,731,200
As at 30 September 2018	437,019,791	2,731,200

Treasury shares

During Q2 FY2019, the Company purchased 2,731,200 treasury shares (Q2 FY2018: Nil). As at 30 September 2018, the number of treasury shares held by the Company represented 0.63% (30 September 2017: Nil) of the total number of issued ordinary shares (excluding treasury shares).

Share options and subsidiary holdings

There were no outstanding share options and subsidiary holdings as at 30 September 2018 and 30 September 2017.

- 5(c). 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 30.9.2018	As at 31.3.2018
Total number of issued shares (excluding treasury shares)	434,288,591	437,019,791

- 5(d). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

No treasury shares were sold, transferred, cancelled and/or used during the current financial period.

- 5(e). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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6. **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 by the Company's auditors.

7. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

8. **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 preparation of the financial statements for the current financial period compared with the audited financial statements as at 31 March 2018.

9. **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.**

In December 2017, the Accounting Standards Council issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards as issued by the International Accounting Standards Board at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing equity or debt instruments for trading in a public market in Singapore, will have to apply SFRS(I) for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 April 2018 and the adoption of SFRS(I) did not have any effect on the financial performance or position of the Group and the Company.

10. **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.**

	The Group Second Quarter		The Group First Half	
	FY2019	FY2018	FY2019	FY2018
Profit for the period attributable to owners of the Company (US\$'000)	2,797	2,347	5,613	4,909
Weighted average number of ordinary shares for basic and diluted earnings per share calculation* ('000)	435,863	436,893	436,438	436,776
Earnings per share:				
(i) Basic (US cents)	0.7	0.5	1.3	1.1
(ii) Diluted (US cents)	0.7	0.5	1.3	1.1

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the financial period.

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11. **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 financial period reported on; and**
 (b) **immediately preceding financial year.**

	The Group		The Company	
	30.9.2018	31.3.2018	30.9.2018	31.3.2018
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period/year	21.0	20.4	11.4	12.2

12. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.**

INCOME STATEMENT

REVENUE

	The Group Second Quarter			The Group First Half		
	FY2019	FY2018	Change	FY2019	FY2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Ship owning	8,143	8,086	0.7	16,004	16,111	(0.7)
Agency and logistics	4,045	3,150	28.4	8,296	6,883	20.5
	12,188	11,236	8.5	24,300	22,994	5.7

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

	The Group Second Quarter			The Group First Half		
	FY2019	FY2018	Change	FY2019	FY2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Ship owning	2,624	2,588	1.4	4,878	5,182	(5.9)
Agency and logistics	787	527	49.3	1,657	1,335	24.1
Unallocated items ^(a)	(529)	(618)	(14.4)	(1,132)	(1,298)	(12.8)
Exchange differences	(85)	(150)	(43.3)	210	(310)	NM
Profit for the period	2,797	2,347	19.2	5,613	4,909	14.3

^(a) *Unallocated items refer to corporate costs, finance and investment income and taxation.*

- The off-hire due to drydocking resulted in lower revenue/operating profit in 1H FY2019.
- Agency and logistics segment enjoyed higher business volume.
- Due to stronger US\$, our S\$ functional currency entities recorded a translation gain in 1H FY2019.

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12. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (continued).**

BALANCE SHEET

- Reduced value of property, plant and equipment was due to depreciation of vessels, partially offset by capitalisation of drydocking expenses.
- Reduced bank borrowings due to progressive repayments made during the financial period.

STATEMENT OF CASH FLOWS

Overall increase of US\$2.7 million in cash and cash equivalents during the financial period due to operating cash inflows. This is in spite of:

- Repayment of bank borrowings;
- Payment of dividends to shareholders;
- Purchase of treasury shares; and
- Drydocking expenses.

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

No forecast was previously provided.

14. **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 performed well in every segment of its business.
- With its surplus cash flows, there will be savings in net interest costs.
- Barring unforeseen circumstances, the Group expects to remain profitable in FY2019.

15. **Dividends**

(a) Current financial period reported on

Any dividend declared/recommended for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared/recommended for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended in the current reporting period.

17. Interested person transactions (“IPTs”)

The Company has not obtained a general mandate from shareholders for any IPTs.

18. Statement by directors pursuant to Rule 705(5) of the Listing Manual

We confirm 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 results for the financial period ended 30 September 2018 to be false or misleading in any material aspect.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Ow Chio Kiat
Executive Chairman

Ow Yew Heng
Chief Executive Officer

BY ORDER OF THE BOARD

Lee Li Huang
Company Secretary

5 November 2018