

SEMBCORP MARINE LTD

Second Quarter Financial Statement and Dividend Announcement

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

	Group			Group		
	2Q 2003	2Q 2002	+ / (-)	1H 2003	1H 2002	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	294,356	289,884	1.5	489,805	491,987	(0.4)
Cost of sales	(265,392)	(260,234)	2.0	(435,193)	(435,892)	(0.2)
Gross profit	28,964	29,650	(2.3)	54,612	56,095	(2.6)
Other operating income	4,219	4,025	4.8	7,380	5,304	39.1
General and administrative expenses	(10,216)	(12,430)	(17.8)	(21,248)	(22,746)	(6.6)
Operating profit	22,967	21,245	8.1	40,744	38,653	5.4
Dividend and net interest income	3,071	3,852	(20.3)	6,513	7,071	(7.9)
Exceptional items (EI)	297	155	91.6	297	14,474	(97.9)
Share of results of associated companies & joint venture	831	(186)	n.m.	3,337	(416)	n.m.
Profit before tax	27,166	25,066	8.4	50,891	59,782	(14.9)
Taxation	(5,299)	(1,280)	314.0	(10,096)	(6,988)	44.5
Profit after taxation	21,867	23,786	(8.1)	40,795	52,794	(22.7)
Minority Interests	(257)	(198)	29.8	(677)	201	n.m.
Net profit attributable to members of the Company	21,610	23,588	(8.4)	40,118	52,995	(24.3)
Profit before tax (before exceptional items)	26,869	24,911	7.9	50,594	45,308	11.7
Net profit attributable to members of the Company (before exceptional items)	21,313	23,433	(9.0)	39,821	38,521	3.4
Earnings per share, cents (after exceptional items)						
Basic				2.84	3.77	(24.7%)
Diluted				2.82	3.75	(24.8%)
Earnings per share, cents (before exceptional items)						
Basic				2.81	2.74	2.6%
Diluted				2.80	2.72	2.9%

n.m. : not meaningful

The accompanying notes to the financial statements form an integral part of the financial statements.

	Group			Group		
	2Q 2003 \$'000	2Q 2002 \$'000	+ / (-) %	1H 2003 \$'000	1H 2002 \$'000	+ / (-) %
Investment income	7	48	(85.4)	63	80	(21.3)
Interest income	3,218	3,957	(18.7)	6,718	7,367	(8.8)
Interest expense	(154)	(153)	0.7	(268)	(376)	(28.7)
Depreciation and amortisation	(8,592)	(9,636)	(10.8)	(18,061)	(19,207)	(6.0)
Write-back/(provision for doubtful debts, net and bad debts written off)	3,342	(273)	n.m.	3,362	(416)	n.m.
Provision for stock obsolescence, net	(21)	(209)	(90.0)	(33)	(209)	(84.2)
Foreign exchange (loss)/gain, net	(1,342)	382	n.m.	(267)	382	n.m.
Profit after taxation (including EI) as a percentage of Turnover	7.43%	8.21%	(9.5)	8.33%	10.73%	(22.4)
Net profit attributable to shareholders (including EI) as a percentage of Issued Capital and Reserves at end of period	2.38%	2.58%	(7.8)	4.41%	5.80%	(24.0)
Profit after taxation (excluding EI) as a percentage of Turnover	7.33%	8.15%	(10.1)	8.27%	7.79%	6.2
Net profit attributable to shareholders (excluding EI) as a percentage of Issued Capital and Reserves at end of period	2.34%	2.56%	(8.6)	4.38%	4.21%	4.0

n.m. : not meaningful

Notes to the

- (i) The Group tax charge in 1H 2003 included a net write-back of an over provision of tax for \$726,000 in respect of prior years (1H 2002: \$4,908,000).
- (ii) There was no material disposal of property, plant and equipment during the period.
- (iii) There was no extraordinary item during the period.
- (iv) The exceptional items comprise:

	GROUP		GROUP	
	2Q 2003 \$'000	2Q 2002 \$'000	1H 2003 \$'000	1H 2002 \$'000
Gain on disposal after consideration of realisation of other capital reserves of \$16,471,000 (1H 2002: \$6,591,000) upon disposal:				
Associated companies	-	-	-	18,295
Other long term equity investments	297	434	297	557
	<u>297</u>	<u>434</u>	<u>297</u>	<u>18,852</u>
Provision for impairment in value of:				
Associated company	-	-	-	(1,309)
Other long term equity investments	-	(120)	-	(1,151)
Other long term non-equity investments	-	(155)	-	(1,694)
Quoted warrants	-	(4)	-	(224)
Exceptional items	<u>297</u>	<u>155</u>	<u>297</u>	<u>14,474</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

Balance Sheet

	Group		Company	
	30-Jun-2003 \$'000	31-Dec-2002 \$'000	30-Jun-2003 \$'000	31-Dec-2002 \$'000
Non Current Assets				
Fixed assets	440,006	447,886	181,402	183,662
Subsidiary companies	0	0	333,126	333,126
Associated companies & joint venture	101,925	101,778	43,292	43,292
Other long-term investments	67,026	92,277	66,337	74,163
Long-term trade debtors	192,496	201,791	73,534	77,349
Goodwill on consolidation	1,630	2,122	0	0
Total Non Current Assets	803,083	845,854	697,691	711,592
Current Assets				
Stocks and work-in-progress	296,242	247,806	0	0
Trade debtors	231,667	201,032	73,653	70,729
Other debtors	37,194	31,424	128,164	129,253
Fixed deposits	73,509	93,952	1,544	6,053
Bank and cash balances	62,072	68,487	10,059	8,591
Total Current Assets	700,684	642,701	213,420	214,626
Current Liabilities				
Trade creditors	393,123	385,912	4,593	5,292
Other creditors and provisions	22,263	21,620	65,970	71,174
Excess progress billings over work-in-progress	11,490	20,980	0	0
Borrowings	82,778	27,709	63,000	23,000
Provision for taxation	27,554	35,902	2,032	5,772
Total Current Liabilities	537,208	492,123	135,595	105,238
Net Current Assets	163,476	150,578	77,825	109,388
Total Assets less Current Liabilities	966,559	996,432	775,516	820,980
Non-Current Liabilities				
Deferred taxation	43,309	42,775	32,201	32,201
Hire purchase creditors	49	57	0	0
Provision for retirement gratuities	3,279	3,296	0	0
Total Non-Current Liabilities	46,637	46,128	32,201	32,201
	919,922	950,304	743,315	788,779
Capital & Reserves				
Share Capital	141,692	141,432	141,692	141,432
Reserves	767,258	798,576	601,623	647,347
	908,950	940,008	743,315	788,779
Minority interests	10,972	10,296	0	0
	919,922	950,304	743,315	788,779

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-Jun-2003		As at 31-Dec-2002	
Secured	Unsecured	Secured	Unsecured
-	82,778,000	-	27,709,000

Amount repayable after one year

As at 30-Jun-2003		As at 31-Dec-2002	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral Not Applicable.

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

Cash Flow Statement for the period ended 30 Jun

	Group	
	1H 2003 S\$'000	1H 2002 S\$'000
Cash flow from operating activities		
Operating profit	40,744	38,653
Adjustments for:		
Depreciation of fixed assets	15,946	16,085
Fixed assets written off	0	66
Loss on sale of fixed assets	4	0
Amortisation of goodwill on consolidation of subsidiary companies	492	408
Amortisation of redeemable convertible loan stock discount	69	50
Operating income before reinvestment in working capital	<u>57,255</u>	<u>55,262</u>
(Increase)/decrease in debtors	(27,128)	56,517
(Increase)/ decrease in stocks and work-in-progress	(57,926)	63,851
Increase/(decrease) in creditors	7,977	(77,501)
Cash generated (used in)/from operations	<u>(19,822)</u>	<u>98,129</u>
Investment and interest income received	6,798	6,670
Interest paid	(255)	(368)
Income taxes paid	(18,198)	(13,966)
Net cash (used in)/provided by operating activities	<u>(31,477)</u>	<u>90,465</u>
Cash flow from investing activities		
Additional interest in a subsidiary company	0	(18,635)
Investment in associated companies	0	(27,526)
Purchase of fixed assets	(8,147)	(8,725)
Purchase of other long term investments	(1,634)	(1,330)
Proceeds from sale of other long term investments	10,711	3,084
Proceeds from sale of associated company	0	28,069
Proceeds from sale of fixed assets	8	0
Dividend from associated companies	1,838	2,321
Capital refund from associated companies	329	2,894
Net cash provided by/(used in) investing activities	<u>3,105</u>	<u>(19,848)</u>
Cash flow from financing activities:		
Dividend paid by the Company	(55,257)	(54,963)
Additional short term bank loan	108,000	68,000
Repayment of short term bank loan	(53,000)	(22,964)
Fixed deposit pledged with a bank for banking facilities	0	(40,071)
Repayment of hire purchase creditors	(138)	(139)
Proceeds from issue of new shares:		
- by the Company	1,909	2,331
Net cash provided by/(used in) financing activities	<u>1,514</u>	<u>(47,806)</u>
Net (decrease)/ increase in cash and cash equivalents	(26,858)	22,811
Cash and cash equivalents at beginning of period	109,180	56,472
Cash and cash equivalents at end of period	<u>82,322</u>	<u>79,283</u>

The acquisition of a subsidiary company in 2002 has been shown as a single item. The effect on the individual assets and liabilities is set out below.

	Group	
	1H 2003 \$'000	1H 2002 \$'000
Fixed assets	0	43,997
Stocks and work-in-progress	0	5,642
Debtors	0	30,228
Bank and cash balances	0	52
Bank overdrafts, unsecured	0	(6,787)
Bank loans	0	(2,800)
Creditors	0	(50,410)
Current taxation	0	(690)
	<hr/>	<hr/>
Net assets acquired	0	19,232
Minority interests	0	(52)
Amount taken up as associated company	0	(6,731)
Goodwill on acquisition	0	1,851
	<hr/>	<hr/>
Purchase consideration	0	14,300
Amount reflected as non-trade receivables	0	(2,400)
	<hr/>	<hr/>
Cash paid	0	11,900
	=====	=====

The acquisition and disposal of subsidiaries, net of cash is represented by :

Cash paid	0	(11,900)
Less : Bank and cash balances	0	52
Add : Bank overdrafts, unsecured	0	(6,787)
	<hr/>	<hr/>
Net cash outflow	0	(18,635)
	=====	=====

Cash and cash equivalents included in the consolidated statement of cash flows comprise:

	Group	
	1H 2003 \$'000	1H 2002 \$'000
Fixed deposit, bank and cash balances	135,581	119,354
Less : Fixed deposit pledged with a bank for banking facilities	(53,259)	(40,071)
Cash & cash equivalent in consolidated statement for cash flow	<hr/> 82,322 <hr/>	<hr/> 79,283 <hr/>

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

Statement of Changes in Equity for the period ended 30 June

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Unappropriated profit \$'000	Total \$'000
<u>The Group</u>						
Balance at 1 January 2002	140,614	229,329	28,423	5,580	518,942	922,888
Cumulative effect on change in accounting policy SAS 12 Income Taxes	0	0	0	0	(1,643)	(1,643)
As restated	140,614	229,329	28,423	5,580	517,299	921,245
Profit for the period	0	0	0	0	52,995	52,995
2001 final dividend paid					(54,963)	(54,963)
Translation differences for the period	0	0	0	(878)	0	(878)
Share issued on exercise of share Options	317	2,014	0	0	0	2,331
Transfer from other capital reserves upon disposal of an associated company	0	0	(3,600)	0	3,600	0
Realisation upon disposal of an associated company	0	0	(6,786)	195	0	(6,591)
Share of an associated company's capital reserves	0	0	16	0	0	16
Balance at 30 June 2002	140,931	231,343	18,053	4,897	518,931	914,155

<u>The Group</u>						
Balance at 1 January 2003	141,432	234,471	17,983	4,595	541,527	940,008
Profit for the period	0	0	0	0	40,118	40,118
2002 final dividend paid					(55,257)	(55,257)
Translation differences for the period	0	0	0	(1,357)	0	(1,357)
Share issued on exercise of share Options	260	1,649	0	0	0	1,909
Realisation upon disposal of a other long term investment	0	0	(16,471)	0	0	(16,471)
Balance at 30 June 2003	141,692	236,120	1,512	3,238	526,388	908,950

<u>The Company</u>						
Balance at 1 January 2002	140,614	229,329	960	0	376,626	747,529
Cumulative effect on change in accounting policy SAS 12 Income Taxes	0	0	0	0	(1,223)	(1,223)
As restated	140,614	229,329	960	0	375,403	746,306
Profit for the period	0	0	0	0	49,250	49,250
2001 final dividend paid					(54,963)	(54,963)
Share issued on exercise of share Options	317	2,014	0	0	0	2,331
Balance at 30 June 2002	140,931	231,343	960	0	369,690	742,924

<u>The Company</u>						
Balance at 1 January 2003	141,432	234,471	960	0	411,916	788,779
Profit for the period	0	0	0	0	7,884	7,884
2002 final dividend paid					(55,257)	(55,257)
Share issued on exercise of share Options	260	1,649	0	0	0	1,909
Balance at 30 June 2003	141,692	236,120	960	0	364,543	743,315

- 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**

During the financial period, the Company issued 2,600,500 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 30 June 2003, there were 37,636,350 (30 June 2002: 30,694,350) unexercised options for unissued ordinary shares of \$0.10 each under the Plan.

The details of the Plan (which was started in 1991 as the Jurong Shipyard Limited Executives' Share Option Scheme) were set out in the financial statements of that year.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed by its auditors, Messrs Ernst & Young.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2002.

- 5. If there are any changes in the accounting policies and methods of computation, including any required including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

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

	Group		
	1H 2003	1H 2002	+/(-) %
Earnings per ordinary share of the Group for the financial year based on net profit attributable to shareholders:			
(i) Based on the weighted average number of shares			
(a) after exceptional items (cents)	2.84	3.77	(24.7)
(b) before exceptional items (cents)	2.81	2.74	2.6
Weighted average number of shares	1,414,775,668	1,406,778,928	0.6
(ii) On a fully diluted basis			
(a) after exceptional items (cents)	2.82	3.75	(24.8)
(b) before exceptional items (cents)	2.80	2.72	2.9
Adjusted weighted average number of shares	1,421,754,668	1,414,173,928	0.5

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

	Group			Company		
	Jun-2003	Dec-2002	+/(-) %	Jun-2003	Dec-2002	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	64.15	66.46	(3.5)	52.46	55.77	(5.9)

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**

Review of Group Performance

2Q 2003 versus 2Q 2002

Group Turnover

	2Q 2003	2Q 2002	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	80.7	112.5	(31.8)	(28.3)
Conversion	72.6	69.5	3.1	4.5
New Building	126.9	83.0	43.9	52.9
Other Activities	14.2	24.9	(10.7)	(43.0)
Group Turnover	294.4	289.9	4.5	1.5

The Group's turnover for 2Q 2003 increased by 1.5% from \$289.9 million in 2Q 2002 to \$294.4 million. The increase was mainly attributable to the increase in both new shipbuilding and rig building jobs.

Group Operating Profit and Pre-tax Profit

The Group achieved a 8.1% increase in operating profit from \$21.2 million in 2Q 2002 to \$23.0 million in 2Q 2003. Excluding exceptional items, the Group's pre-tax profit increased 7.9% from \$24.9 million in 2Q 2002 to \$26.9 million. The increase was attributed to higher operating profit and better net contributions from associated companies.

Group Profit Attributable to Members of the Company

The Group's attributable profits decreased by 8.4% from \$23.6 million in 2Q 2002 to \$21.6 million mainly due to the higher write-back of prior years tax over-provision as a result of the 2.5% reduction in the corporate income tax rate in 2Q 2002.

Excluding exceptional items and the effect of prior years tax over-provision, the 2Q 2003 Group's attributable profits increased by 11.1% from \$18.5 million in 2Q 2002 to \$20.6 million.

1H 2003 versus 1H 2002

Group Turnover

	1H 2003	1H 2002	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Ship Repair	159.4	231.0	(71.6)	(31.0)
Conversion	153.6	123.7	29.9	24.2
New Building	145.3	97.8	47.5	48.6
Other Activities	31.5	39.5	(8.0)	(20.3)
Group Turnover	489.8	492.0	(2.2)	(0.4)

The Group's turnover for first half ended 30 June 2003 declined marginally by 0.4% to \$489.8 million. The decrease was mainly attributable to the decline in ship repair revenue of \$71.6 million due to the postponement of vessel repairs as a result of the high freight rates and SARS outbreak. However, this was offset by an increase in both conversion and new building job volume.

Group Operating Profit and Pre-tax Profit

The Group achieved a 5.4% increase in operating profit from \$38.7 million in 1H 2002 to \$40.7 million in 1H 2003. Excluding exceptional items, the Group's pre-tax profit increased 11.7% from \$45.3 million in 1H 2002 to \$50.6 million. The increase was attributed to higher operating profit and better net contributions from associated companies.

Group Profit Attributable to Members of the Company

The Group's attributable profits decreased by 24.3% from \$53.0 million in 1H 2002 to \$40.1 million. The decrease was mainly due to the lower exceptional gain of \$0.3 million in 1H 2003 as compared with \$14.5 million in 1H 2002.

Excluding exceptional items and the effect of prior years tax over-provision, the Group's attributable profits increased by 16.3% from \$33.6 million in 1H 2002 to \$39.1 million.

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

No variance from previous statement.

10. A commentary at the date of the announcement of the 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 ship conversion, ship building and offshore construction sectors will continue to contribute positively to the Group for the next two quarters based on the current strong orderbook.

With the SARS situation in Singapore under control, the Group expects overall improvement in its ship repair bookings for the next two quarters.

Barring unforeseen circumstances, the Group expects to maintain its operating profit for the third quarter as well as for the full year of 2003.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend Rate	0.75 cents per ordinary share less tax	0.75 cents per ordinary share less tax
Par Value of shares	\$0.10	\$0.10
Tax Rate	22.0%	22.0%

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	Interim	Special
Dividend Type	Cash	Cash
Dividend Rate	0.75 cents per ordinary share less tax	0.75 cents per ordinary share less tax
Par Value of shares	\$0.10	\$0.10
Tax Rate	22.0%	22.0%

(b) Date payable

The interim and special dividend will be paid on 1 September 2003.

(c) Books closure date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 19 August 2003 to 21 August 2003, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, Kon Choon Kooi Pte Ltd, 47 Hill Street #06-02, Chinese Chamber of Commerce & Industry Building, Singapore 179365, up to 5 pm on 18 August 2003 will be registered before entitlements to dividend are determined.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

	Ship & rig repairing, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment : 1H 2003					
Revenue					
Sales to external parties	465,814	9,635	14,356	-	489,805
Inter-segment sales	61,101	23	24,175	(85,299)	-
Consolidated sales	<u>526,915</u>	<u>9,658</u>	<u>38,531</u>	<u>(85,299)</u>	<u>489,805</u>
Results					
Segment results	38,714	700	1,330	-	40,744
Exceptional items	297	-	-	-	297
Investment and interest income	6,321	456	4	-	6,781
Interest expenses	(268)	-	-	-	(268)
Share of results of associated companies & joint venture	3,138	968	(769)	-	3,337
Profit before taxation	48,202	2,124	565	-	50,891
Taxation	(10,180)	(93)	177	-	(10,096)
Profit after taxation	<u>38,022</u>	<u>2,031</u>	<u>742</u>	<u>-</u>	<u>40,795</u>
Other information					
Capital additions	7,416	1	730	-	8,147
Depreciation	13,756	1,391	799	-	15,946
Amortisation	1,860	-	255	-	2,115
Segment assets					
Interest bearing assets	338,670	17,128	2,803	-	358,601
Investments in associated companies & joint venture	86,962	239	4,094	-	91,295
Consolidated total assets	<u>1,382,141</u>	<u>73,711</u>	<u>47,915</u>	<u>-</u>	<u>1,503,767</u>
Segment liabilities					
Interest bearing liabilities	417,772	4,740	7,581	-	430,093
Deferred taxation	78,111	-	4,778	-	82,889
Provision for taxation	42,230	170	909	-	43,309
	26,144	547	863	-	27,554
Consolidated total liabilities	<u>564,257</u>	<u>5,457</u>	<u>14,131</u>	<u>-</u>	<u>583,845</u>

Information by segment on Group operations (cont'd)

	Ship & rig repairing, building and conversion	Ship chartering	Others	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
(a) By business segment : 1H 2002					
Revenue					
Sales to external parties	470,059	10,287	11,641	–	491,987
Inter-segment sales	69,594	520	29,710	(99,824)	–
Consolidated sales	539,653	10,807	41,351	(99,824)	491,987
Results					
Segment results	35,614	1,760	1,279	–	38,653
Exceptional items	14,474	–	–	–	14,474
Investment and interest income	6,967	469	11	–	7,447
Interest expenses	(359)	–	(17)	–	(376)
Share of results of associated companies & joint venture	487	(626)	(277)	–	(416)
Profit before taxation	57,183	1,603	996	–	59,782
Taxation	(6,357)	(605)	(26)	–	(6,988)
Profit after taxation	50,826	998	970	–	52,794
Other information					
Capital additions	8,488	–	237	–	8,725
Depreciation	13,916	1,390	779	–	16,085
Amortisation	2,935	–	187	–	3,122
Segment assets	919,196	58,926	34,418	–	1,012,540
Interest bearing assets	319,024	16,642	5,165	–	340,831
Investment in associated companies & joint venture	81,210	177	6,059	–	87,446
Consolidated total assets	1,319,430	75,745	45,642	–	1,440,817
Segment liabilities	347,973	3,229	16,811	–	368,013
Interest bearing liabilities	68,389	–	4,933	–	73,322
Deferred taxation	45,371	192	46	–	45,609
Provision for taxation	27,602	1,018	809	–	29,429
Consolidated total liabilities	489,335	4,439	22,599	–	516,373

Pricing of inter-segment sales and transfers are carried out on an arm's length basis.

(b) By geographical area

The Group operates principally in the Republic of Singapore.

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

Please refer to paragraph 8.

15. A breakdown of sales

	Group		
	2003	2002	+/(-)
	\$'000	\$'000	%
Sales reported for first quarter	195,449	202,103	(3.3)
Operating profit after tax before deducting minority interests reported for first quarter:			
before exceptional items	18,928	14,689	28.9
after exceptional items	18,928	29,008	(34.7)
Sales reported for second quarter	294,356	289,884	1.5
Operating profit after tax before deducting minority interests reported for second quarter:			
before exceptional items	21,570	23,631	(8.7)
after exceptional items	21,867	23,786	(8.1)
Sales reported for first half	489,805	491,987	(0.4)
Operating profit after tax before deducting minority interests reported for first half:			
before exceptional items	40,498	38,320	5.7
after exceptional items	40,795	52,794	(22.7)

16. Interested Person Transactions

Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual

	1H 2003	1H 2002
	\$'000	\$'000
Transaction for the Sales of Goods and Services		
Neptune Orient Lines Ltd and its associates	5,388	3,755
SembCorp Industries Limited and its associates	2,959	6,557
Transaction for the Purchase of Goods and Services		
Keppel Corporation Ltd and its associates	971	1,280
Neptune Orient Lines Ltd and its associates	2,806	4,243
SembCorp Industries Limited and its associates	11,612	11,774
Management and Support Services		
SembCorp Industries Limited	550	900
Total Interested Person Transactions	24,286	28,509
Treasury Transactions – Placement of Funds (as at 30 June)		
SembCorp Industries Limited and its associates	12,120	19,886

Aggregate value of all transactions conducted during the period (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)

	1H 2003	1H 2002
	\$'000	\$'000
Investment transactions		
Neptune Orient Lines Ltd and its associates	0	11,000
Singapore Technologies Engineering Ltd and its associates	0	3,300
	0	14,300

BY ORDER OF THE BOARD

LIM SEH LI
Company Secretary
1 August 2003