

**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 2004 \$'000	2Q 2003 \$'000	+ / (-) %	1H 2004 \$'000	1H 2003 \$'000	+ / (-) %
<b>Turnover</b>	<b>330,833</b>	<b>294,356</b>	<b>12.4</b>	<b>575,838</b>	<b>489,805</b>	<b>17.6</b>
Cost of sales	(305,047)	(265,349)	15.0	(519,734)	(435,193)	19.4
<b>Gross profit</b>	<b>25,786</b>	<b>29,007</b>	<b>(11.1)</b>	<b>56,104</b>	<b>54,612</b>	<b>2.7</b>
Other operating income, net	10,107	4,176	142.0	8,837	7,380	19.7
General and administrative expenses	(10,719)	(10,216)	4.9	(21,882)	(21,248)	3.0
<b>Operating profit</b>	<b>25,174</b>	<b>22,967</b>	<b>9.6</b>	<b>43,059</b>	<b>40,744</b>	<b>5.7</b>
Dividend and net interest income	2,965	3,071	(3.5)	5,878	6,513	(9.7)
Exceptional items (EI)	-	297	(100.0)	-	297	(100.0)
Share of results of associated companies & joint venture	2,659	831	220.0	3,531	3,337	5.8
<b>Profit before tax</b>	<b>30,798</b>	<b>27,166</b>	<b>13.4</b>	<b>52,468</b>	<b>50,891</b>	<b>3.1</b>
Taxation	(4,292)	(5,299)	(19.0)	(5,623)	(10,096)	(44.3)
<b>Profit after taxation</b>	<b>26,506</b>	<b>21,867</b>	<b>21.2</b>	<b>46,845</b>	<b>40,795</b>	<b>14.8</b>
Minority Interests	(536)	(257)	108.6	(837)	(677)	23.6
<b>Net profit attributable to Member of the Company</b>	<b>25,970</b>	<b>21,610</b>	<b>20.2</b>	<b>46,008</b>	<b>40,118</b>	<b>14.7</b>
<b>Profit before tax (before exceptional items)</b>	<b>30,798</b>	<b>26,869</b>	<b>14.6</b>	<b>52,468</b>	<b>50,594</b>	<b>3.7</b>
<b>Net profit attributable to members of the Company (before exceptional items)</b>	<b>25,970</b>	<b>21,313</b>	<b>21.9</b>	<b>46,008</b>	<b>39,821</b>	<b>15.5</b>
<b>Earnings per share, cents (after exceptional items)</b>						
Basic	1.83	1.53	19.6	3.24	2.84	14.1
Diluted	1.82	1.52	19.7	3.23	2.82	14.5
<b>Earnings per share, cents (before exceptional items)</b>						
Basic	1.83	1.51	21.2	3.24	2.81	15.3
Diluted	1.82	1.50	21.3	3.23	2.80	15.4

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

	Group			Group		
	2Q 2004 \$'000	2Q 2003 \$'000	+ / (-) %	1H 2004 \$'000	1H 2003 \$'000	+ / (-) %
Investment income	409	7	5,742.9	414	63	557.1
Interest income	3,044	3,218	(5.4)	6,378	6,718	(5.1)
Interest expense	(488)	(154)	216.9	(914)	(268)	241.0
Depreciation and amortisation	(10,070)	(8,592)	17.2	(20,408)	(18,061)	13.0
Write-back of provision for doubtful debts, net and bad debts written off	21	3,342	(99.4)	171	3,362	(94.9)
Provision for stock obsolescence, net	(21)	(21)	-	(43)	(33)	30.3
Foreign exchange gain/(loss), net	3,009	(1,342)	n.m.	(176)	(267)	(34.1)
Profit after taxation (including EI) as a percentage of Turnover	8.01%	7.43%	7.8	8.14%	8.33%	(2.3)
Net profit attributable to shareholders (including EI) as a percentage of Issued Capital and Reserves at end of period	2.78%	2.38%	16.8	4.92%	4.41%	11.6
Profit after taxation (excluding EI) as a percentage of Turnover	8.01%	7.33%	9.3	8.14%	8.27%	(1.6)
Net profit attributable to shareholders (excluding EI) as a percentage of Issued Capital and Reserves at end of period	2.78%	2.34%	18.8	4.92%	4.38%	12.3

n.m. : not meaningful

**Notes:**

	Group		Group	
	2Q 2004 \$'000	2Q 2003 \$'000	1H 2004 \$'000	1H 2003 \$'000
(i) Net write-back of over-provision of tax in respect of prior years	-	726	4,328	726
(ii) Profit/(loss) on disposal of property, plant and equipment	3,404	(4)	3,479	(4)
(iii) Exceptional items comprise:				
Gain on disposal of other long term equity investment after consideration of realisation of other capital reserves of \$16,471,000 upon disposal	-	297	-	297
<b>Exceptional items</b>	-	297	-	297

- 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-2004 \$'000	31-Dec 2003 \$'000	30-Jun-2004 \$'000	31-Dec-2003 \$'000
<b>Non-Current Assets</b>				
Fixed assets	434,090	452,720	176,430	178,693
Subsidiary companies	-	-	351,093	350,499
Associated companies & joint venture	54,704	58,700	26,826	27,026
Other long-term investments	85,715	71,776	81,903	67,965
Long-term trade debtors	122,626	168,639	63,227	66,786
Goodwill on consolidation	2,847	3,615	-	-
<b>Total Non-Current Assets</b>	<b>699,982</b>	<b>755,450</b>	<b>699,479</b>	<b>690,969</b>
<b>Current Assets</b>				
Stocks and work-in-progress	410,058	255,972	-	-
Trade debtors	235,673	210,455	87,906	81,440
Other debtors	83,039	100,452	97,994	90,479
Fixed deposits	153,411	152,753	25,422	1,336
Bank and cash balances	63,016	50,033	3,604	4,746
<b>Total Current Assets</b>	<b>945,197</b>	<b>769,665</b>	<b>214,926</b>	<b>178,001</b>
<b>Current Liabilities</b>				
Trade creditors	420,126	373,425	3,888	5,335
Other creditors and provisions	24,350	21,343	12,487	1,195
Excess progress billings over work-in-progress	18,364	19,572	-	-
Borrowings	156,880	101,029	76,467	30,000
Provision for taxation	17,679	15,804	-	-
<b>Total Current Liabilities</b>	<b>637,399</b>	<b>531,173</b>	<b>92,842</b>	<b>36,530</b>
<b>Net Current Assets</b>	<b>307,798</b>	<b>238,492</b>	<b>122,084</b>	<b>141,471</b>
<b>Total Assets less Current Liabilities</b>	<b>1,007,780</b>	<b>993,942</b>	<b>821,563</b>	<b>832,440</b>
<b>Non-Current Liabilities</b>				
Deferred taxation	43,822	47,678	28,892	31,781
Hire purchase creditors	774	1,165	-	-
Provision for retirement gratuities	3,162	3,226	-	-
<b>Total Non-Current Liabilities</b>	<b>47,758</b>	<b>52,069</b>	<b>28,892</b>	<b>31,781</b>
	<b>960,022</b>	<b>941,873</b>	<b>792,671</b>	<b>800,659</b>
<b>Capital &amp; Reserves</b>				
Share Capital	142,190	142,005	142,190	142,005
Reserves	792,492	785,122	650,481	658,654
	<b>934,682</b>	<b>927,127</b>	<b>792,671</b>	<b>800,659</b>
Minority interests	25,340	14,746	-	-
	<b>960,022</b>	<b>941,873</b>	<b>792,671</b>	<b>800,659</b>

- 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-2004		As at 31-Dec 2003	
Secured	Unsecured	Secured	Unsecured
1,413,000	155,467,000	-	101,029,000

**Amount repayable after one year**

As at 30-Jun-2004		As at 31-Dec 2003	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The bank overdraft was secured by floating charge on the newly acquired subsidiary companies' assets under a deed of debenture and corporate guarantee from a subsidiary company.

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 June**

	Group			
	2Q 2004	2Q 2003	1H 2004	1H 2003
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
Operating profit	25,174	22,967	43,059	40,744
<b>Adjustments for:</b>				
Depreciation of fixed assets	8,912	8,080	18,057	15,946
(Profit)/loss on sale of fixed assets	(3,404)	4	(3,479)	4
Amortisation of goodwill on consolidation of subsidiary companies	384	255	797	492
Amortisation of redeemable convertible loan stock discount	-	34	-	69
<b>Operating income before reinvestment in working capital</b>	<b>31,066</b>	<b>31,340</b>	<b>58,434</b>	<b>57,255</b>
(Increase)/decrease in debtors	(49,770)	843	42,636	(27,128)
Decrease/(increase) in stocks and work-in-progress	39,064	(17,176)	(147,844)	(57,926)
Increase/(decrease) in creditors	23,067	(7,430)	29,661	7,977
<b>Cash generated from/(used in) operation</b>	<b>43,427</b>	<b>7,577</b>	<b>(17,113)</b>	<b>(19,822)</b>
Investment and interest income received	3,854	3,737	7,226	6,798
Interest paid	(527)	(144)	(853)	(255)
Income taxes paid	(5,873)	(9,682)	(7,929)	(18,198)
<b>Net cash provided by/(used in) operating activities</b>	<b>40,881</b>	<b>1,488</b>	<b>(18,669)</b>	<b>(31,477)</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiary companies	-	-	(660)	-
Investment in associated companies	(1,309)	-	(1,309)	-
Purchase of fixed assets	(13,141)	(4,788)	(20,535)	(8,147)
Purchase of other long term investments	-	(1,444)	(14,298)	(1,634)
Proceeds from sale of other long term investments	-	10,711	-	10,711
Proceeds from sale of a joint venture	7,308	-	7,308	-
Proceeds from partial redemption of investment in bond	360	-	360	-
Proceeds from sale of fixed assets	34,258	8	34,344	8
Dividend from associated companies	3,348	1,509	4,089	1,838
Capital refund from associated companies	-	205	-	329
<b>Net cash provided by investing activities</b>	<b>30,824</b>	<b>6,201</b>	<b>9,299</b>	<b>3,105</b>
<b>Cash flow from financing activities</b>				
Dividend paid by the Company	(39,814)	(55,257)	(39,814)	(55,257)
Dividend paid by a subsidiary company to minority shareholders	-	-	(401)	-
(Repayment of)/additional short term bank loan, net	(16,152)	59,000	54,438	55,000
Repayment of hire purchase creditors	(383)	(69)	(802)	(138)
Proceeds from issue of new shares:				
- by the Company	529	1,638	1,325	1,909
- by a subsidiary company to minority shareholder	4	-	6,852	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(55,816)</b>	<b>5,312</b>	<b>21,598</b>	<b>1,514</b>
Net increase/(decrease) in cash and cash equivalents	15,889	13,001	12,228	(26,858)
Cash and cash equivalents at beginning of period	144,746	69,206	148,407	109,180
Effect of exchange rate changes on cash and cash equivalents	-	115	-	-
<b>Cash and cash equivalents at end of period</b>	<b>160,635</b>	<b>82,322</b>	<b>160,635</b>	<b>82,322</b>

The acquisitions of subsidiary companies in 2004 have been shown as a single item. The effect on the individual assets and liabilities is set out below:

	Group			
	2Q 2004	2Q 2003	1H 2004	1H 2003
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	-	4,976	-
Other long term investment	-	-	1	-
Stocks and work-in-progress	-	-	7,450	-
Debtors	-	-	18,454	-
Bank and cash balances	-	-	456	-
Bank overdrafts, unsecured	-	-	(722)	-
Hire purchase creditors	-	-	(704)	-
Creditors	-	-	(22,157)	-
Provision for taxation	-	-	(310)	-
Deferred taxation	-	-	(102)	-
	<hr/>			
Net assets acquired	-	-	7,342	-
Minority interests	-	-	(3,304)	-
Amount taken up as associated company	-	-	(3,671)	-
Goodwill on acquisition	-	-	27	-
	<hr/>			
Purchase consideration paid	-	-	394	-
	<hr/>			

The acquisition of subsidiary companies, net of cash is represented by:

Cash paid	-	-	(394)	-
Less : Bank and cash balances	-	-	456	-
Add : Bank overdrafts, unsecured	-	-	(722)	-
	<hr/>			
Net cash outflow	-	-	(660)	-
	<hr/>			

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

	1H 2004	1H 2003
	S\$'000	S\$'000
Fixed deposit, bank and cash balances	216,427	135,581
Less : Bank overdraft	(1,413)	-
Less : Fixed deposit pledged with a bank for banking facilities	(54,379)	(53,259)
<b>Cash &amp; cash equivalent in consolidated statement for cash flow</b>	<b>160,635</b>	<b>82,322</b>
	<hr/> <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 capitalization 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

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Unappropriated profit \$'000	Total \$'000
<b>The Group</b>						
Balance at 1 January 2003	141,432	234,471	17,983	4,595	541,527	940,008
<u>1Q 2003</u>						
Profit for the period	-	-	-	-	18,508	18,508
Translation differences for the period	-	-	-	(312)	-	(312)
Share issued on exercise of share options	39	232	-	-	-	271
<b>Balance at 31 March 2003</b>	<b>141,471</b>	<b>234,703</b>	<b>17,983</b>	<b>4,283</b>	<b>560,035</b>	<b>958,475</b>
<u>2Q 2003</u>						
Profit for the period	-	-	-	-	21,610	21,610
2002 final dividend paid	-	-	-	-	(55,257)	(55,257)
Translation differences for the period	-	-	-	(1,045)	-	(1,045)
Share issued on exercise of share options	221	1,417	-	-	-	1,638
Realisation upon disposal of other long term investment	-	-	(16,471)	-	-	(16,471)
<b>Balance at 30 June 2003</b>	<b>141,692</b>	<b>236,120</b>	<b>1,512</b>	<b>3,238</b>	<b>526,388</b>	<b>908,950</b>
<b>The Group</b>						
Balance at 1 January 2004	142,005	237,950	1,357	(2,566)	548,381	927,127
<u>1Q 2004</u>						
Profit for the period	-	-	-	-	20,038	20,038
Translation differences for the period	-	-	-	(218)	-	(218)
Share issued on exercise of share options	110	686	-	-	-	796
Write off by an associated company	-	-	(114)	-	-	(114)
<b>Balance at 31 March 2004</b>	<b>142,115</b>	<b>238,636</b>	<b>1,243</b>	<b>(2,784)</b>	<b>568,419</b>	<b>947,629</b>
<u>2Q 2004</u>						
Profit for the period	-	-	-	-	25,970	25,970
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Translation differences for the period	-	-	-	368	-	368
Share issued on exercise of share options	75	454	-	-	-	529
<b>Balance at 30 June 2004</b>	<b>142,190</b>	<b>239,090</b>	<b>1,243</b>	<b>(2,416)</b>	<b>554,575</b>	<b>934,682</b>
<b>The Company</b>						
Balance at 1 January 2003	141,432	234,471	960	-	411,916	788,779
<u>1Q 2003</u>						
Profit for the period	-	-	-	-	1,683	1,683
Share issued on exercise of share options	39	232	-	-	-	271
<b>Balance at 31 March 2003</b>	<b>141,471</b>	<b>234,703</b>	<b>960</b>	<b>-</b>	<b>413,599</b>	<b>790,733</b>
<u>2Q 2003</u>						
Profit for the period	-	-	-	-	6,201	6,201
2002 final dividend paid	-	-	-	-	(55,257)	(55,257)
Share issued on exercise of share options	221	1,417	-	-	-	1,638
<b>Balance at 30 June 2003</b>	<b>141,692</b>	<b>236,120</b>	<b>960</b>	<b>-</b>	<b>364,543</b>	<b>743,315</b>
<b>The Company</b>						
Balance at 1 January 2004	142,005	237,950	960	-	419,744	800,659
<u>1Q 2004</u>						
Profit for the period	-	-	-	-	2,783	2,783
Share issued on exercise of share options	110	686	-	-	-	796
<b>Balance at 31 March 2004</b>	<b>142,115</b>	<b>238,636</b>	<b>960</b>	<b>-</b>	<b>422,527</b>	<b>804,238</b>
<u>2Q 2004</u>						
Profit for the period	-	-	-	-	27,718	27,718
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Share issued on exercise of share options	75	454	-	-	-	529
<b>Balance at 30 June 2004</b>	<b>142,190</b>	<b>239,090</b>	<b>960</b>	<b>-</b>	<b>410,431</b>	<b>792,671</b>

- 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 1,849,900 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 2004, there were 47,117,750 (30 June 2003: 37,636,350) 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 2003.

- 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**

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			Group		
	2Q 2004	2Q 2003	+/(-) %	1H 2004	1H 2003	+/(-) %
Earnings per ordinary share of the Group for the financial period based on net profit attributable to shareholders:						
(i) Based on the weighted average number of shares (cents)						
(a) after exceptional items	1.83	1.53	19.6	3.24	2.84	14.1
(b) before exceptional items	1.83	1.51	21.2	3.24	2.81	15.3
Weighted average number of shares	1,420,644,499	1,414,775,668		1,420,644,499	1,414,775,668	
(ii) On a fully diluted basis (cents)						
(a) after exceptional items	1.82	1.52	19.7	3.23	2.82	14.5
(b) before exceptional items	1.82	1.50	21.3	3.23	2.80	15.4
Adjusted weighted average number of shares	1,426,586,499	1,421,754,668		1,426,586,499	1,421,754,668	

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		
	30-Jun-2004	31-Dec-2003	+/(-) %	30-Jun-2004	31-Dec-2003	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	65.73	65.29	0.7	55.75	56.38	(1.1)

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 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 2004 versus 2Q 2003**

	2Q 2004	2Q 2003	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Group Turnover				
Ship Repair	124.5	80.7	43.8	54.3
Conversion	124.4	72.6	51.8	71.3
New Building	60.8	126.9	(66.1)	(52.1)
Other Activities	21.1	14.2	6.9	48.6
<b>2Q Group Turnover</b>	<b>330.8</b>	<b>294.4</b>	<b>36.4</b>	<b>12.4</b>

The Group turnover for 2Q 2004 increased by 12.4% from \$294.4 million in 2Q 2003 to \$330.8 million. The increase was mainly attributable to the increase in both conversion and ship repairs jobs. Some new building projects are still at an early stage of production and turnover from these projects have not been recognised.

**Group Operating Profit and Pre-tax Profit**

The Group operating profit increased by 9.6% from \$23.0 million in 2Q 2003 to \$25.2 million in 2Q 2004. The Group pre-tax profit increased by 13.4% from \$27.2 million in 2Q 2003 to \$30.8 million in 2Q 2004. This increase was due to the improvement in ship repair business and better contribution from associated companies and joint venture.

**Group Profit Attributable to Members of the Company**

The Group attributable profits increased 20.2 % from \$21.6 million in 2Q 2003 to \$26.0 million in 2Q 2004.

**1H 2004 versus 1H 2003**

	1H 2004	1H 2003	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Group Turnover				
Ship Repair	220.4	159.4	61.0	38.3
Conversion	229.4	153.6	75.8	49.3
New Building	85.8	145.3	(59.5)	(40.9)
Other Activities	40.2	31.5	8.7	27.6
<b>1H Group Turnover</b>	<b>575.8</b>	<b>489.8</b>	<b>86.0</b>	<b>17.6</b>

The Group turnover for 1H 2004 increased by 17.6% from 489.8 million in 1H 2003 to \$575.8 million. The increase was mainly attributable to the increase in both conversion and ship repairs jobs. Some new building projects are still at an early stage of production and turnover from these projects have not been recognised.

**Group Operating Profit and Pre-tax Profit**

The Group operating profit increased by 5.7% from \$40.7 million in 1H 2003 to \$43.1 million in 1H 2004. The Group pre-tax profit increased by 3.1% from \$50.9 million in 1H 2003 to \$52.5 million in 1H 2004. The increase was attributed to improving ship repair business and improved contribution from associated companies and joint venture.

**Group Profit Attributable to Members of the Company**

The Group tax charge in 1H 2004 decreased significantly from the 1H 2003, mainly, due to write-backs of over-provision of tax in respect of prior years arising from a 2% reduction in corporate income tax rate. This has resulted in an increase in the Group attributable profits by 14.7 % from \$40.1 million in 1H 2003 to \$46.0 million in 1H 2004.



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

There is no variance from the previous forecast.

**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 effect the group in the next reporting period and the next 12 months**

The Group sees a continued improvement in the ship repair sector and a strong demand for the construction of rigs and offshore projects to meet growth in the oil & gas sector.

Based on the scheduled completion of projects, the Group expects to improve its operating profit in the current year.

As at 30 June 2004, the Group's outstanding order book for new building, conversion and offshore projects stands at S\$2.0 billion.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale and distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.*

**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	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	20.0%	20.0%

**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	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 31 August 2004.

**(c) Books closure date**

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 18 August 2004 to 19 August 2004, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Registrar, Kon Choon Kooi Pt Ltd, 47 Hill Street #06-02, Chinese Chamber of Commerce & Industry Building, Singapore 179365, up to 5 pm on 17 August 2004 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 repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment : 1H 2004</b>					
<b>Revenue</b>					
<b>Sales to external parties</b>	<b>551,582</b>	<b>7,949</b>	<b>16,307</b>	-	<b>575,838</b>
Inter-segment sales	98,115	107	35,089	(133,311)	-
Consolidated sales	<u>649,697</u>	<u>8,056</u>	<u>51,396</u>	<u>(133,311)</u>	<u>575,838</u>
<b>Results</b>					
<b>Segment results</b>	<b>34,616</b>	<b>5,269</b>	<b>3,174</b>	-	<b>43,059</b>
Investment and interest income	6,608	178	6	-	6,792
Interest expenses	(914)	-	-	-	(914)
Share of results of associated companies & joint venture	3,427	936	(832)	-	3,531
Profit before taxation	<u>43,737</u>	<u>6,383</u>	<u>2,348</u>	-	<u>52,468</u>
Taxation	(5,365)	(17)	(241)	-	(5,623)
Profit after taxation	<u>38,372</u>	<u>6,366</u>	<u>2,107</u>	-	<u>46,845</u>
<b>Other Information</b>					
Capital additions	20,123	-	412	-	20,535
Depreciation	16,231	1,259	567	-	18,057
Amortisation	2,165	-	186	-	2,351
<b>Segment assets</b>					
<b>Interest bearing assets</b>	<b>1,116,628</b>	<b>26,745</b>	<b>23,949</b>	-	<b>1,167,322</b>
Interest bearing assets	409,151	10,517	1,956	-	421,624
Investments in associated companies & joint venture	48,827	2,105	3,772	-	54,704
Tax recoverable	1,411	-	118	-	1,529
Consolidated total assets	<u>1,576,017</u>	<u>39,367</u>	<u>29,795</u>	-	<u>1,645,179</u>
<b>Segment liabilities</b>					
<b>Interest bearing liabilities</b>	<b>444,662</b>	<b>2,649</b>	<b>17,168</b>	-	<b>464,479</b>
Interest bearing liabilities	159,177	-	-	-	159,177
Deferred taxation	42,610	124	1,088	-	43,822
Provision for taxation	16,733	83	863	-	17,679
Consolidated total liabilities	<u>663,182</u>	<u>2,856</u>	<u>19,119</u>	-	<u>685,157</u>

13. Segmented information (con't)

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By business segment : 1H 2003</b>					
<b>Revenue</b>					
Sales to external parties	465,814	9,635	14,356	-	489,805
Inter-segment sales	61,101	23	24,175	(85,299)	-
Consolidated sales	526,915	9,658	38,531	(85,299)	489,805
<b>Results</b>					
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	38,022	2,031	742	-	40,795
<b>Other Information</b>					
Capital additions	7,416	1	730	-	8,147
Depreciation	13,756	1,391	799	-	15,946
Amortisation	1,860	-	255	-	2,115
<b>Segment assets</b>					
Interest bearing assets	338,670	17,128	2,803	-	358,601
Investments in associated companies & joint venture	86,962	239	4,094	-	91,295
Tax recoverable	-	-	120	-	120
Consolidated total assets	1,382,141	73,711	47,915	-	1,503,767
<b>Segment liabilities</b>					
Interest bearing liabilities	78,111	-	4,778	-	82,889
Deferred taxation	42,230	170	909	-	43,309
Provision for taxation	26,144	547	863	-	27,554
Consolidated total liabilities	564,257	5,457	14,131	-	583,845

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		
	2004 \$'000	2003 \$'000	+/(-) %
Sales reported for first quarter	245,005	195,449	25.4
Operating profit after tax before deducting minority interests reported for first quarter:			
before exceptional items	20,339	18,928	7.5
after exceptional items	20,339	18,928	7.5
Sales reported for second quarter	330,833	294,356	12.4
Operating profit after tax before deducting minority interests reported for second quarter:			
before exceptional items	26,506	21,570	22.9
after exceptional items	26,506	21,867	21.2
Sales reported for first half	575,838	489,805	17.6
Operating profit after tax before deducting minority interests reported for first half:			
before exceptional items	46,845	40,498	15.7
after exceptional items	46,845	40,795	14.8

16. **Interested Person Transactions**

	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	1H 2004 \$'000	1H 2003 \$'000
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	116	-
Neptune Orient Lines Ltd and its associates	400	5,388
SembCorp Industries Limited and its associates	210	2,959
<b>Transaction for the Purchase of Goods and Services</b>		
Keppel Corporation Ltd and its associates	1,511	971
Neptune Orient Lines Ltd and its associates	1,409	2,806
SembCorp Industries Limited and its associates	11,938	11,612
<b>Management and Support Services</b>		
SembCorp Industries Limited	450	550
<b>Total Interested Person Transactions</b>	<b>16,034</b>	<b>24,286</b>
<b>Treasury Transactions – Placement of Funds (as at 30 June)</b>		
SembCorp Industries Limited and its associates	<b>6,500</b>	<b>12,120</b>

**BY ORDER OF THE BOARD**

KWONG SOOK MAY  
Company Secretary  
2 August 2004