

SEMBCORP MARINE LTD

(Co. Reg. No. 196300098Z)

Third Quarter Financial Statements

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		
	3Q 2004 \$'000	3Q 2003 \$'000	+ / (-) %	9M 2004 \$'000	9M 2003 \$'000	+ / (-) %
Turnover	389,981	339,211	15.0	965,819	829,016	16.5
Cost of sales	(350,111)	(315,213)	11.1	(869,845)	(750,406)	15.9
Gross profit	39,870	23,998	66.1	95,974	78,610	22.1
Other operating income, net	3,082	5,352	(42.4)	11,919	12,732	(6.4)
General and administrative expenses	(11,257)	(11,541)	(2.5)	(32,342)	(32,789)	(1.4)
Operating profit	31,695	17,809	78.0	75,551	58,553	29.0
Dividend and net interest income	3,108	3,542	(12.3)	8,986	10,055	(10.6)
Exceptional items (EI)	(3,010)	110	n.m.	(3,010)	407	n.m.
Share of results of associated companies & joint venture	(1,512)	2,913	n.m.	3,573	6,250	(42.8)
Profit before tax	30,281	24,374	24.2	85,100	75,265	13.1
Taxation	(7,233)	(5,805)	24.6	(12,856)	(15,901)	(19.1)
Profit after taxation	23,048	18,569	24.1	72,244	59,364	21.7
Minority Interests	(1,264)	361	n.m.	(2,164)	(316)	584.8
Net profit attributable to Member of the Company	21,784	18,930	15.1	70,080	59,048	18.7
Profit before tax (before exceptional items)	33,291	24,264	37.2	88,110	74,858	17.7
Net profit attributable to members of the Company (before exceptional items)	24,794	18,820	31.7	73,090	58,641	24.6
Earnings per share, cents (after exceptional items)						
Basic	1.53	1.34	14.2	4.93	4.17	18.2
Diluted	1.52	1.33	14.3	4.91	4.15	18.3
Earnings per share, cents (before exceptional items)						
Basic	1.74	1.33	30.8	5.14	4.14	24.2
Diluted	1.74	1.32	31.8	5.12	4.12	24.3

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

	Group			Group		
	3Q 2004 \$'000	3Q 2003 \$'000	+ / (-) %	9M 2004 \$'000	9M 2003 \$'000	+ / (-) %
Investment income	643	34	1,791.2	1,057	97	989.7
Interest income	3,104	3,953	(21.5)	9,482	10,671	(11.1)
Interest expense	(639)	(445)	43.6	(1,553)	(713)	117.8
Depreciation and amortisation	(9,257)	(10,008)	(7.5)	(27,314)	(28,069)	(2.7)
Write-back/(provision) for doubtful debts, net & bad debts written off	85	(554)	n.m.	256	2,808	(90.9)
Provision for stock obsolescence, net	(17)	(21)	(19.0)	(60)	(54)	11.1
Foreign exchange gain, net	851	964	(11.7)	675	697	(3.2)
Profit after taxation (including EI) as a percentage of Turnover	5.91%	5.47%	8.0	7.48%	7.16%	4.5
Net profit attributable to shareholders (including EI) as a percentage of Issued Capital and Reserves at end of period	2.31%	2.07%	11.6	7.42%	6.47%	14.7
Profit after taxation (excluding EI) as a percentage of Turnover	6.68%	5.44%	22.8	7.79%	7.11%	9.6
Net profit attributable to shareholders (excluding EI) as a percentage of Issued Capital and Reserves at end of period	2.63%	2.06%	27.7	7.74%	6.43%	20.4

n.m. : not meaningful

Notes:

	Group		Group	
	3Q 2004 \$'000	3Q 2003 \$'000	9M 2004 \$'000	9M 2003 \$'000
(i) (Under)/over-provision of tax in respect of prior years, net	(353)	-	3,975	726
(ii) Profit on disposal of property, plant and equipment, net	92	34	3,571	30
(iii) Exceptional items comprise:				
Loss on disposal of investments in unquoted bonds	(5,000)	-	(5,000)	-
Gain on disposal of other long term equity investment (2003: after consideration of realisation of other capital reserves of \$16,471,000 upon disposal)	1,990	110	1,990	407
Exceptional items	(3,010)	110	(3,010)	407

- 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-Sep-2004 \$'000	31-Dec-2003 \$'000	30-Sep-2004 \$'000	31-Dec-2003 \$'000
Non-Current Assets				
Fixed assets	448,560	452,720	175,496	178,693
Subsidiary companies	-	-	423,093	350,499
Associated companies & joint venture	55,494	58,700	26,826	27,026
Other long-term investments	23,043	71,776	19,231	67,965
Long-term trade debtors	86,322	168,639	58,789	66,786
Goodwill on consolidation	3,352	3,615	-	-
Total Non-Current Assets	616,771	755,450	703,435	690,969
Current Assets				
Stocks and work-in-progress	532,675	255,972	-	-
Trade debtors	210,580	210,455	91,615	81,440
Assets held for sale	53,192	-	-	-
Other debtors	47,873	100,452	95,646	90,479
Fixed deposits	189,564	152,753	61,404	1,336
Bank and cash balances	85,296	50,033	8,610	4,746
Total Current Assets	1,119,180	769,665	257,275	178,001
Current Liabilities				
Trade creditors	454,487	373,425	4,742	5,335
Other creditors and provisions	32,202	21,343	1,366	1,195
Excess progress billings over work-in-progress	25,452	19,572	-	-
Borrowings	30,375	101,029	-	30,000
Provision for taxation	18,742	15,804	5	-
Total Current Liabilities	561,258	531,173	6,113	36,530
Net Current Assets	557,922	238,492	251,162	141,471
Total Assets less Current Liabilities	1,174,693	993,942	954,597	832,440
Non-Current Liabilities				
Long term borrowing	149,625	-	149,625	-
Deferred taxation	43,891	47,678	28,892	31,781
Hire purchase creditors	584	1,165	-	-
Provision for retirement gratuities	3,161	3,226	-	-
Total Non-Current Liabilities	197,261	52,069	178,517	31,781
	977,432	941,873	776,080	800,659
Capital & Reserves				
Share Capital	142,306	142,005	142,306	142,005
Reserves	801,816	785,122	633,774	658,654
	944,122	927,127	776,080	800,659
Minority interests	33,310	14,746	-	-
	977,432	941,873	776,080	800,659

- 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-Sep-2004		As at 31-Dec-2003	
Secured	Unsecured	Secured	Unsecured
375,000	30,000,000	-	101,029,000

Amount repayable after one year

As at 30-Sep-2004		As at 31-Dec-2003	
Secured	Unsecured	Secured	Unsecured
-	149,625,000	-	-

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 September

	Group			
	3Q 2004	3Q 2003	9M 2004	9M 2003
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities				
Operating profit	31,695	17,809	75,551	58,553
Adjustments for:				
Depreciation of fixed assets	9,257	8,847	27,314	24,793
Fixed assets written off	-	7	-	7
Profit on sale of fixed assets	(92)	(38)	(3,571)	(34)
Goodwill on consolidation of subsidiary companies written off	292	-	292	-
Amortisation of goodwill on consolidation of subsidiary companies	-	384	-	876
Amortisation of redeemable convertible loan stock discount	-	-	-	69
Operating income before reinvestment in working capital	41,152	27,009	99,586	84,264
Decrease/(increase) in debtors	85,491	16,266	128,127	(10,862)
Increase in asset held for sale	(53,192)	-	(53,192)	-
Increase in stocks and work-in-progress	(115,529)	(66,811)	(263,373)	(124,737)
Increase in creditors	44,262	140	73,923	8,117
Cash generated from/(used in) operation	2,184	(23,396)	(14,929)	(43,218)
Investment and interest income received	4,112	3,568	11,338	10,366
Interest paid	(703)	(412)	(1,556)	(667)
Income taxes paid	(4,703)	(13,170)	(12,632)	(31,368)
Net cash provided by/(used in) operating activities	890	(33,410)	(17,779)	(64,887)
Cash flow from investing activities				
Acquisition of subsidiary companies	-	(4,607)	(660)	(4,607)
Investment in associated companies	-	(250)	(1,309)	(250)
Purchase of fixed assets	(23,765)	(4,874)	(44,300)	(13,021)
Purchase of other long term investments	-	-	(14,298)	(1,634)
Proceeds from sale of other long term investments	59,302	579	59,302	11,290
Proceeds from sale of a joint venture	7,303	-	14,611	-
Proceeds from partial redemption of investment in bond	360	-	720	-
Proceeds from sale of fixed assets	112	38	34,456	46
Dividend from associated companies	856	1,410	4,945	3,248
Capital refund from associated companies	-	50	-	379
Net cash provided by/(used in) investing activities	44,168	(7,654)	53,467	(4,549)
Cash flow from financing activities				
Dividend paid by the Company	(17,066)	(16,584)	(56,880)	(71,841)
Dividend paid by a subsidiary company to minority shareholders	-	-	(401)	-
Proceeds from issue of medium term notes	149,625	-	149,625	-
(Repayment of)/additional short term bank loan, net	(125,467)	45,233	(71,029)	100,233
Repayment of hire purchase creditors	(172)	(292)	(974)	(430)
Proceeds from issue of new shares:				
- by the Company	837	617	2,162	2,526
- by a subsidiary company to minority shareholder	6,656	-	13,508	-
Net cash provided by financing activities	14,413	28,974	36,011	30,488
Net increase/(decrease) in cash and cash equivalents	59,471	(12,090)	71,699	(38,948)
Cash and cash equivalents at beginning of period	160,635	82,322	148,407	109,180
Cash and cash equivalents at end of period	220,106	70,232	220,106	70,232

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			
	3Q 2004	3Q 2003	9M 2004	9M 2003
	\$'000	\$'000	\$'000	\$'000
Fixed assets	-	8,881	4,976	8,881
Other long term investment	-	3,700	1	3,700
Stocks and work-in-progress	-	34,260	7,450	34,260
Debtors	-	26,227	18,454	26,227
Bank and cash balances	-	11,267	456	11,267
Bank overdrafts	-	(1,174)	(722)	(1,174)
Bank loans	-	(7,652)	-	(7,652)
Hire purchase creditors	-	-	(704)	-
Creditors	-	(40,398)	(22,157)	(40,398)
Provision for taxation	-	(642)	(310)	(642)
Deferred taxation	-	(335)	(102)	(335)
Net assets acquired	-	34,134	7,342	34,134
Minority interests	-	(5,120)	(3,304)	(5,120)
Amount taken up as associated company	-	(17,067)	(3,671)	(17,067)
Goodwill on acquisition	-	2,753	27	2,753
Purchase consideration paid	-	14,700	394	14,700

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

Cash paid	-	(14,700)	(394)	(14,700)
Less : Bank and cash balances	-	11,267	456	11,267
Add : Bank overdrafts	-	(1,174)	(722)	(1,174)
Net cash outflow	-	(4,607)	(660)	(4,607)

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

	9M 2004 S\$'000	9M 2003 S\$'000
Fixed deposit, bank and cash balances	274,860	123,491
Less : Bank overdraft	(375)	-
Less : Fixed deposit pledged with a bank for banking facilities	(54,379)	(53,259)
Cash & cash equivalent in consolidated statement for cash flow	220,106	70,232

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
<u>The Group</u>						
Balance at 1 January 2003	141,432	234,471	17,983	4,595	541,527	940,008
<u>1H 2003</u>						
Profit for the period	-	-	-	-	40,118	40,118
2002 final dividend paid	-	-	-	-	(55,257)	(55,257)
Translation differences for the period	-	-	-	(1,357)	-	(1,357)
Share issued on exercise of share options	260	1,649	-	-	-	1,909
Realisation upon disposal of other long term investment	-	-	(16,471)	-	-	(16,471)
Balance at 30 June 2003	141,692	236,120	1,512	3,238	526,388	908,950
<u>3Q 2003</u>						
Profit for the period	-	-	-	-	18,930	18,930
2003 interim dividend paid	-	-	-	-	(16,584)	(16,584)
Translation differences for the period	-	-	-	733	-	733
Share issued on exercise of share options	90	527	-	-	-	617
Balance at 30 September 2003	141,782	236,647	1,512	3,971	528,734	912,646
<u>The Group</u>						
Balance at 1 January 2004	142,005	237,950	1,357	(2,566)	548,381	927,127
<u>1H 2004</u>						
Profit for the period	-	-	-	-	46,008	46,008
- as previously reported	-	-	-	-	46,008	46,008
- Effect of early adoption of FRS 103	-	-	-	-	2,288	2,288
- As restated	-	-	-	-	48,296	48,296
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Translation differences for the period	-	-	-	150	-	150
Share issued on exercise of share options	185	1,140	-	-	-	1,325
Write off by an associated company	-	-	(114)	-	-	(114)
Balance at 30 June 2004	142,190	239,090	1,243	(2,416)	556,863	936,970
<u>3Q 2004</u>						
Profit for the period	-	-	-	-	21,784	21,784
2004 interim dividend paid	-	-	-	-	(17,066)	(17,066)
Translation differences for the period	-	-	-	1,597	-	1,597
Share issued on exercise of share options	116	721	-	-	-	837
Balance at 30 September 2004	142,306	239,811	1,243	(819)	561,581	944,122

1(d)(i) Statement of Changes in Equity (cont'd)

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Unappropriated profit \$'000	Total \$'000
<u>The Company</u>						
Balance at 1 January 2003	141,432	234,471	960	-	411,916	788,779
<u>1H 2003</u>						
Profit for the period	-	-	-	-	7,884	7,884
2002 final dividend paid	-	-	-	-	(55,257)	(55,257)
Share issued on exercise of share options	260	1,649	-	-	-	1,909
Balance at 30 June 2003	141,692	236,120	960	-	364,543	743,315
<u>3Q 2003</u>						
Profit for the period	-	-	-	-	3,376	3,376
2003 interim dividend paid	-	-	-	-	(16,584)	(16,584)
Share issued on exercise of share options	90	527	-	-	-	617
Balance at 30 September 2003	141,782	236,647	960	-	351,335	730,724
<u>The Company</u>						
Balance at 1 January 2004	142,005	237,950	960	-	419,744	800,659
<u>1H 2004</u>						
Profit for the period	-	-	-	-	30,501	30,501
2003 final dividend paid	-	-	-	-	(39,814)	(39,814)
Share issued on exercise of share options	185	1,140	-	-	-	1,325
Balance at 30 June 2004	142,190	239,090	960	-	410,431	792,671
<u>3Q 2004</u>						
Loss for the period	-	-	-	-	(362)	(362)
2004 interim dividend paid	-	-	-	-	(17,066)	(17,066)
Share issued on exercise of share options	116	721	-	-	-	837
Balance at 30 September 2004	142,306	239,811	960	-	393,003	776,080

- 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 3,005,650 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 30 September 2004, there were 61,417,100 (30 September 2003: 52,081,075) unexercised options for un-issued 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**

Except as disclosed in paragraph 5, 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**

On 1 July 2004, the Council on Corporate Disclosure and Governance issued Financial Reporting Standard ("FRS") 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets. Accordingly, FRS 22 Business Combinations was withdrawn.

These standards are to be applied to the accounting for business combinations for annual periods beginning on or after 1 July 2004. However, early adoption of these standards is permitted and must be applied prospectively from the same date.

The Group has decided to early adopt FRS 103, revised FRS 36 and revised FRS 38. The standards are applied on a prospective basis effective 1 January 2004.

The early adoption of FRS 103, revised FRS 36 and revised FRS 38 resulted in a change in the accounting treatment for goodwill. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The replaced FRS 22 required acquired goodwill to be systematically amortised over its useful life, and included a rebuttable presumption that its useful life could not exceed twenty years from initial recognition.

The early adoption of FRS 103 has not resulted in any restatement to the Group's opening retained earnings as at 1 January 2004, as there is no adjustment for previously recognised negative goodwill. It has resulted in an increase in net profit for 1H 2004 of \$2.288 million arising from the reversal of goodwill amortisation charged to profit and loss in 1H 2004 which is no longer required.

Goodwill impairment expenses of subsidiary companies amounting to \$0.292 million has also been charged to the Group profit and loss account in 3Q 2004.

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		
	3Q 2004	3Q 2003	+/(-) %	9M 2004	9M 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	1.53	1.34	14.2	4.93	4.17	18.2
(b) before exceptional items	1.74	1.33	30.8	5.14	4.14	24.2
Weighted average number of shares	1,422,130,200	1,417,149,243		1,420,978,508	1,415,287,766	
(ii) On a fully diluted basis (cents)						
(a) after exceptional items	1.52	1.33	14.3	4.91	4.15	18.3
(b) before exceptional items	1.74	1.32	31.8	5.12	4.12	24.3
Adjusted weighted average number of shares	1,428,473,200	1,424,523,243		1,427,321,508	1,422,661,766	

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-Sep-2004	31-Dec-2003	+/(-) %	30-Sep-2004	31-Dec-2003	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	66.34	65.29	1.6	54.54	56.38	(3.3)

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

3Q 2004 versus 3Q 2003

	3Q 2004	3Q 2003	+/(-)	+/(-)
	S\$m	S\$m	S\$m	%
Group Turnover				
Ship Repair	117.9	87.6	30.3	34.6
Conversion	214.4	175.8	38.6	22.0
New Building	30.9	55.0	(24.1)	(43.8)
Other Activities	26.8	20.8	6.0	28.8
3Q Group Turnover	390.0	339.2	50.8	15.0

Group turnover for 3Q 2004 increased by 15.0% from \$339.2 million in 3Q 2003 to \$390.0 million. The increase was mainly attributable to increases in both ship conversion and ship repair activities. Some new building projects are still in the early stages of production and are not taken up.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 78.0% from \$17.8 million in 3Q 2003 to \$31.7 million in 3Q 2004. Group pre-tax profit increased by 24.2% from \$24.4 million in 3Q 2003 to \$30.3 million in 3Q 2004. This increase was due to the improvements in the ship conversion and ship repair businesses.

Group Profit Attributable to Members of the Company

Group attributable profits increased 15.1% from \$18.9 million in 3Q 2003 to \$21.8 million in 3Q 2004.

Excluding exceptional items, Group attributable profits would have increased by 31.7 % from \$18.8 million in 3Q 2003 to \$24.8 million in 3Q 2004.

9M 2004 versus 9M 2003

	9M 2004	9M 2003	+/(-) 	+/(-)
	S\$m	S\$m	S\$m	%
Group Turnover				
Ship Repair	338.3	247.0	91.3	37.0
Conversion	443.8	329.4	114.4	34.7
New Building	116.7	200.3	(83.6)	(41.7)
Other Activities	67.0	52.3	14.7	28.1
9M Group Turnover	965.8	829.0	136.8	16.5

Group turnover for period ended 30 September 2004 increased by 16.5% from \$829.0 million to \$965.8 million. The increase was attributable mainly to increases in both ship conversion and ship repair activities. Some new building projects are still in the early stages of production and are not taken up.

Group Operating Profit and Pre-tax Profit

Group operating profit increased by 29.0% from \$58.6 million in 9M 2003 to \$75.6 million in 9M 2004. Group pre-tax profit increased by 13.1% from \$75.3 million in 9M 2003 to \$85.1 million in 9M 2004. The increase was attributed to improvements in the ship conversion and ship repair businesses.

Group Profit Attributable to Members of the Company

Group tax charge in 9M 2004 decreased from the 9M 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. Group attributable profits increased by 18.7 % from \$59.0 million in 9M 2003 to \$70.1 million in 9M 2004.

Excluding exceptional items, Group attributable profits would have increased by 24.6 % from \$58.6 million in 9M 2003 to \$73.1 million in 9M 2004.

Review of Balance Sheet

Group 'Stock and Work-in-progress (WIP)' balances increased significantly due mainly to increases in new building and ship conversion projects WIP. The new building WIP increases are due to some projects still in the early stages of production and are not taken up in the profit and loss account. While the increases in ship conversion projects WIP are due to the Group undertaking bigger conversion projects entailing engineering, procurement, construction and integration (EPCI).

Group 'Asset Held for Sale' amounting to \$53.2 million relates to a vessel mortgaged to a subsidiary company. The subsidiary company has exercised its rights as a mortgagee and has taken over the ownership of the vessel recently following the default on the payment by the customer. The subsidiary company has received offers to buy the vessel and is currently in the final stage of negotiation to sell the vessel. This asset is held for a short-term and is stated at cost. The market value of the vessel is in excess of the carrying cost.

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's order book as at 30 September 2004 for new building, ship conversion and offshore projects remains strong at S\$2.0 billion with deliveries and completion from 4Q 2004 to 2007.

Based on the scheduled completion of projects, the Group expects a higher operating profit in the current year.

The Group sees a continued improvement in the ship repair sector. For shipbuilding, there is a continued demand for feeder container and supply vessels. Market fundamentals for Floating Production Storage and Offloading (FPSO) vessels and Floating Storage and Offloading (FSO) vessels remain buoyant. Due to the ageing rig fleet, there is ongoing demand for the repair and upgrading of existing rig fleet, construction of rigs and offshore projects to meet growth in the oil & gas sector.

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? No

Corresponding Period of the Immediately Preceding Financial Year

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

(b) **Date payable**

Not applicable.

(c) **Books closure date**

Not applicable.

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

No dividend has been declared/recommended for this current period.

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
(a) By business segment : 9M 2004					
Revenue					
Sales to external parties	926,214	12,101	27,504	-	965,819
Inter-segment sales	155,024	143	69,531	(224,698)	-
Consolidated sales	1,081,238	12,244	97,035	(224,698)	965,819
Results					
Segment results	63,701	7,915	3,935	-	75,551
Exceptional items	(3,010)	-	-	-	(3,010)
Investment and interest income	10,253	277	9	-	10,539
Interest expenses	(1,553)	-	-	-	(1,553)
Share of results of associated companies & joint venture	3,775	1,195	(1,397)	-	3,573
Profit before taxation	73,166	9,387	2,547	-	85,100
Taxation	(12,528)	(32)	(296)	-	(12,856)
Profit after taxation	60,638	9,355	2,251	-	72,244
Other Information					
Capital additions	44,148	-	152	-	44,300
Depreciation	24,834	1,559	921	-	27,314
Segment assets					
Interest bearing assets	1,266,400	21,830	43,626	-	1,331,856
Investments in associated companies & joint venture	333,538	10,649	4,296	-	348,483
Tax recoverable	48,831	4,193	2,470	-	55,494
Consolidated total assets	-	-	118	-	118
Consolidated total assets	1,648,769	36,672	50,510	-	1,735,951
Segment liabilities					
Interest bearing liabilities	486,782	3,024	22,454	-	512,260
Deferred taxation	183,626	-	-	-	183,626
Provision for taxation	42,679	124	1,088	-	43,891
Consolidated total liabilities	17,871	85	786	-	18,742
Consolidated total liabilities	730,958	3,233	24,328	-	758,519

13. **Segmented information (con't)**

	Ship & rig repair, building and conversion \$'000	Ship chartering \$'000	Others \$'000	Eliminations \$'000	Total \$'000
(a) By business segment : 9M 2003					
Revenue					
Sales to external parties	791,144	14,078	23,794	-	829,016
Inter-segment sales	114,850	23	32,123	(146,996)	-
Consolidated sales	<u>905,994</u>	<u>14,101</u>	<u>55,917</u>	<u>(146,996)</u>	<u>829,016</u>
Results					
Segment results	56,159	166	2,228	-	58,553
Exceptional items	407	-	-	-	407
Investment and interest income	10,091	673	4	-	10,768
Interest expenses	(553)	-	(160)	-	(713)
Share of results of associated companies & joint venture	3,598	1,946	706	-	6,250
Profit before taxation	69,702	2,785	2,778	-	75,265
Taxation	(15,805)	(136)	40	-	(15,901)
Profit after taxation	<u>53,897</u>	<u>2,649</u>	<u>2,818</u>	<u>-</u>	<u>59,364</u>
Other Information					
Capital additions	12,792	2	227	-	13,021
Depreciation	21,524	2,088	1,181	-	24,793
Amortisation	2,928	-	348	-	3,276
Segment assets	1,038,906	60,758	42,286	-	1,141,950
Interest bearing assets	358,335	11,875	2,297	-	372,507
Investments in associated companies & joint venture	70,525	586	5,390	-	76,501
Tax recoverable	-	-	120	-	120
Consolidated total assets	<u>1,467,766</u>	<u>73,219</u>	<u>50,093</u>	<u>-</u>	<u>1,591,078</u>
Segment liabilities	436,337	5,754	17,471	-	459,562
Interest bearing liabilities	133,891	-	4,813	-	138,704
Deferred taxation	42,764	170	909	-	43,843
Provision for taxation	19,670	275	647	-	20,592
Consolidated total liabilities	<u>632,662</u>	<u>6,199</u>	<u>23,840</u>	<u>-</u>	<u>662,701</u>

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 half	575,838	489,805	17.6
Operating profit after tax before deducting minority interests reported for first half:			
before exceptional items – as restated	49,196	40,498	21.5
after exceptional items – as restated	49,196	40,795	20.6
Sales reported for third quarter	389,981	339,211	15.0
Operating profit after tax before deducting minority interests reported for third quarter:			
before exceptional items	26,058	18,459	41.2
after exceptional items	23,048	18,569	24.1
Sales reported for third quarter year-to-date	965,819	829,016	16.5
Operating profit after tax before deducting minority interests reported for third quarter year-to-date:			
before exceptional items	75,254	58,957	27.6
after exceptional items	72,244	59,364	21.7

16. **Interested Person Transactions**

	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	9M 2004 \$'000	9M 2003 \$'000
Transaction for the Sales of Goods and Services		
Keppel Corporation Ltd and its associates	221	769
Neptune Orient Lines Ltd and its associates	793	5,570
SembCorp Industries Limited and its associates	4,497	3,259
Transaction for the Purchase of Goods and Services		
Keppel Corporation Ltd and its associates	2,351	1,539
Neptune Orient Lines Ltd and its associates	1,900	4,009
SembCorp Industries Limited and its associates	17,987	17,370
Management and Support Services		
SembCorp Industries Limited	750	825
Treasury Transaction – Sale of Debt Securities		
Neptune Orient Lines Ltd	54,280	-
Total Interested Person Transactions	82,779	33,341
Treasury Transactions – Placement of Funds with/(from) as at 30 September		
SembCorp Industries Limited and its associates	7,440	7,129
SembCorp Industries Limited and its associates	(1,501)	-

BY ORDER OF THE BOARD

KWONG SOOK MAY
Company Secretary
5 November 2004