

**SEMBCORP MARINE LIMITED**
**Full Year Financial Statement And Dividend Announcement for the Period Ended 31/12/2003**
**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		
	4Q 2003 \$'000	4Q 2002 \$'000	+ / (-) %	FY 2003 \$'000	FY 2002 \$'000	+ / (-) %
<b>Turnover</b>	<b>238,970</b>	<b>263,321</b>	<b>(9.2)</b>	<b>1,067,986</b>	<b>1,011,512</b>	<b>5.6</b>
Cost of sales	(215,662)	(219,758)	(1.9)	(966,068)	(882,626)	9.5
<b>Gross profit</b>	<b>23,308</b>	<b>43,563</b>	<b>(46.5)</b>	<b>101,918</b>	<b>128,886</b>	<b>(20.9)</b>
Other operating income/(expense)	6,580	(1,898)	446.7	19,312	9,933	94.4
General and administrative expenses	(14,133)	(11,105)	27.3	(46,922)	(48,936)	(4.1)
<b>Operating profit</b>	<b>15,755</b>	<b>30,560</b>	<b>(48.4)</b>	<b>74,308</b>	<b>89,883</b>	<b>(17.3)</b>
Dividend and net interest income	1,545	3,173	(51.3)	11,600	13,693	(15.3)
Share of results of associated companies & joint venture	1,753	4,886	(64.1)	8,003	6,062	32.0
<b>Profit before tax and exceptional items (EI)</b>	<b>19,053</b>	<b>38,619</b>	<b>(50.7)</b>	<b>93,911</b>	<b>109,638</b>	<b>(14.3)</b>
Exceptional items (EI)	868	(7,821)	n.m.	1,275	6,653	(80.8)
<b>Profit before tax</b>	<b>19,921</b>	<b>30,798</b>	<b>(35.3)</b>	<b>95,186</b>	<b>116,291</b>	<b>(18.1)</b>
Taxation	(1,060)	(10,746)	(90.1)	(16,961)	(23,084)	(26.5)
<b>Profit after taxation</b>	<b>18,861</b>	<b>20,052</b>	<b>(5.9)</b>	<b>78,225</b>	<b>93,207</b>	<b>(16.1)</b>
Minority Interests	631	(319)	n.m.	315	(1,109)	n.m.
<b>Net profit attributable to members of the Company</b>	<b>19,492</b>	<b>19,733</b>	<b>(1.2)</b>	<b>78,540</b>	<b>92,098</b>	<b>(14.7)</b>
<b>Net profit attributable to members of the Company (before exceptional items (EI))</b>	<b>18,624</b>	<b>27,554</b>	<b>(32.4)</b>	<b>77,265</b>	<b>85,445</b>	<b>(9.6)</b>
<b>(before EI and tax write-back)</b>	<b>16,082</b>	<b>27,775</b>	<b>(42.0)</b>	<b>73,997</b>	<b>80,753</b>	<b>(8.4)</b>
<b>Earnings per share, cents (after exceptional items)</b>						
Basic				5.55	6.54	(15.1%)
Diluted				5.52	6.50	(15.1%)
<b>Earnings per share, cents (before exceptional items)</b>						
Basic				5.46	6.07	(10.0%)
Diluted				5.43	6.03	(10.0%)

n.m. : not meaningful

(a)(ii) items, which if significant must be included in the income statement.

	Group			Group		
	4Q 2003	4Q 2002	+ / (-)	FY 2003	FY 2002	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Investment income	-	-	-	97	32	203.1
Interest income	3,495	3,317	5.4	14,166	14,483	(2.2)
Interest on borrowings	(1,950)	(144)	1,254.2	(2,663)	(822)	224.0
Depreciation and amortisation	(10,335)	(9,654)	7.1	(38,404)	(38,790)	(1.0)
(Provision for)/write-back of doubtful debts, net and bad debts written off	(1,072)	1,460	n.m.	1,736	(4,135)	n.m.
(Provision for)/write-back of stock obsolescence, net	(138)	288	n.m.	(192)	79	n.m.
Foreign exchange loss, net	(4,039)	(5,703)	(29.2)	(3,342)	(2,156)	55.0
Profit after taxation (including EI) as a percentage of Turnover	7.89%	7.62%	3.5	7.32%	9.21%	(20.5)
Net profit attributable to shareholders (including EI) as a percentage of Issued Capital and Reserves at end of period	2.10%	2.10%	-	8.47%	9.80%	(13.6)
Profit after taxation (excluding EI) as a percentage of Turnover	7.53%	10.59%	(28.9)	7.21%	8.56%	(15.8)
Net profit attributable to shareholders (excluding EI) as a percentage of Issued Capital and Reserves at end of period	2.01%	2.93%	(31.4)	8.33%	9.09%	(8.4)

n.m. : not meaningful

**Notes:**

- (i) The Group tax charge in 2003 included a net write-back of an over provision of tax for \$3,268,000 in respect of prior years (2002: \$4,692,000).
- (ii) The Group profit on disposal of property, plant and equipment in 2003 amounted to \$4,735,000 (2002: \$159,000)
- (iii) There was no extraordinary item during the year.
- (iv) The exceptional items comprise:

	GROUP		GROUP	
	4Q 2003	4Q 2002	FY 2003	FY 2002
	\$'000	\$'000	\$'000	\$'000
Gain on disposal after consideration of realisation <sup>1</sup> of other capital reserves and foreign currency translation reserves upon disposal of:				
Associated companies	-	-	-	18,295
Joint venture	1,951	-	1,951	-
Other long term equity investments	(70)	-	337	557
Dilution of interest in subsidiary companies to minority interest	-	(163)	-	(163)
	<u>1,881</u>	<u>(163)</u>	<u>2,288</u>	<u>18,689</u>
Writeback/(provision) for impairment in value of:				
Associated company	-	-	-	(1,309)
Fixed assets	(2,113)	(4,000)	(2,113)	(4,000)
Other long term equity investments	1,391	(3,240)	1,391	(4,391)
Other long term non-equity investments	(291)	(417)	(291)	(2,111)
Quoted warrants written off	-	(1)	-	(225)
<b>Exceptional items</b>	<u><b>868</b></u>	<u><b>(7,821)</b></u>	<u><b>1,275</b></u>	<u><b>6,653</b></u>
Note: <sup>1</sup> Realisation of reserves as follows:				
Associated companies	-	-	-	6,786
Other long term equity investments	-	-	16,471	-
<b>Other Capital Reserves</b>	<u>-</u>	<u>-</u>	<u><b>16,471</b></u>	<u><b>6,786</b></u>
Associated companies	-	-	-	(195)
Joint venture	5,310	-	5,310	-
<b>Foreign Currency Translation Reserves</b>	<u><b>5,310</b></u>	<u>-</u>	<u><b>5,310</b></u>	<u><b>(195)</b></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**

	<b>Group</b>		<b>Company</b>	
	31-Dec-2003 \$'000	31-Dec-2002 \$'000	31-Dec-2003 \$'000	31-Dec-2002 \$'000
<b>Non Current Assets</b>				
Fixed assets	452,720	447,886	178,693	183,662
Subsidiary companies	0	0	350,499	333,126
Associated companies & joint venture	58,700	101,778	27,026	43,292
Other long-term investments	71,776	92,759	67,967	74,490
Long-term trade debtors	168,639	201,791	66,784	77,349
Goodwill on consolidation	3,615	2,122	0	0
<b>Total Non Current Assets</b>	<b>755,450</b>	<b>846,336</b>	<b>690,969</b>	<b>711,919</b>
<b>Current Assets</b>				
Stocks and work-in-progress	255,972	247,806	0	0
Trade debtors	210,455	201,032	81,440	70,729
Other debtors	100,452	30,942	90,479	128,926
Fixed deposits	152,753	93,952	1,336	6,053
Bank and cash balances	50,033	68,487	4,746	8,591
<b>Total Current Assets</b>	<b>769,665</b>	<b>642,219</b>	<b>178,001</b>	<b>214,299</b>
<b>Current Liabilities</b>				
Trade creditors	373,425	385,912	5,335	5,292
Other creditors and provisions	21,343	21,620	1,195	71,174
Excess progress billings over work-in-progress	19,572	20,980	0	0
Borrowings	101,029	27,709	30,000	23,000
Provision for taxation	15,804	35,902	0	5,772
<b>Total Current Liabilities</b>	<b>531,173</b>	<b>492,123</b>	<b>36,530</b>	<b>105,238</b>
<b>Net Current Assets</b>	<b>238,492</b>	<b>150,096</b>	<b>141,471</b>	<b>109,061</b>
<b>Total Assets less Current Liabilities</b>	<b>993,942</b>	<b>996,432</b>	<b>832,440</b>	<b>820,980</b>
<b>Non-Current Liabilities</b>				
Deferred taxation	47,678	42,775	31,781	32,201
Hire purchase creditors	1,165	57	0	0
Provision for retirement gratuities	3,226	3,296	0	0
<b>Total Non-Current Liabilities</b>	<b>52,069</b>	<b>46,128</b>	<b>31,781</b>	<b>32,201</b>
	<b>941,873</b>	<b>950,304</b>	<b>800,659</b>	<b>788,779</b>
<b>Capital &amp; Reserves</b>				
Share Capital	142,005	141,432	142,005	141,432
Reserves	785,122	798,576	658,654	647,347
	927,127	940,008	800,659	788,779
Minority interests	14,746	10,296	0	0
	<b>941,873</b>	<b>950,304</b>	<b>800,659</b>	<b>788,779</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 31-Dec-2003		As at 31-Dec-2002	
Secured	Unsecured	Secured	Unsecured
-	101,029,000	-	27,709,000

**Amount repayable after one year**

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

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 31 December**

	<b>Group</b>	
	<b>FY 2003</b>	<b>FY 2002</b>
	\$'000	\$'000
<b>Cash flow from operating activities</b>		
Operating profit	<b>74,308</b>	<b>89,883</b>
<b>Adjustments for:</b>		
Depreciation of fixed assets	33,945	32,429
Fixed assets written off	7	89
Gain on sale of fixed assets	(4,735)	(159)
Amortisation of goodwill on consolidation of subsidiary companies	1,260	935
Amortisation of redeemable convertible loan stock discount	91	98
Redeemable convertible loan stock discount write-off	-	10
<b>Operating income before reinvestment in working capital</b>	<b>104,876</b>	<b>123,285</b>
Decrease in debtors	4,936	205,003
Decrease/(increase) in stocks and work-in-progress	24,686	(32,125)
Decrease in creditors	(51,420)	(91,805)
<b>Cash generated from operations</b>	<b>83,078</b>	<b>204,358</b>
Investment and interest income received	13,865	15,487
Interest paid	(2,654)	(843)
Income taxes paid	(34,695)	(24,836)
<b>Net cash provided by operating activities</b>	<b>59,594</b>	<b>194,166</b>
<b>Cash flow from investing activities</b>		
Additional interest in a subsidiary company	(4,607)	(18,635)
Investment in associated companies	-	(27,526)
Investment in a joint venture	(250)	-
Purchase of fixed assets	(32,627)	(14,435)
Purchase of other long term investments	(1,641)	(3,020)
Proceeds from sale of fixed assets	471	4,010
Proceeds from sale of associated company	-	28,069
Proceeds from sale of a joint venture	7,349	-
Proceeds from sale of other long term investments	11,290	3,084
Dividend from associated companies	3,440	3,214
Capital refund from associated companies	510	3,075
<b>Net cash used in investing activities</b>	<b>(16,065)</b>	<b>(22,164)</b>
<b>Cash flow from financing activities:</b>		
Dividend paid by the Company	(71,841)	(71,470)
Dividend paid by subsidiary to minority shareholders	(241)	-
Additional/(repayment) short term bank loan	65,577	(246)
Fixed deposit pledged with a bank for banking facilities	(1,120)	(53,259)
Repayment of hire purchase creditors	(729)	(279)
Proceeds from issue of new shares:		
- by the Company	4,052	5,960
<b>Net cash used in financing activities</b>	<b>(4,302)</b>	<b>(119,294)</b>
Net increase in cash and cash equivalents	39,227	52,708
Cash and cash equivalents at beginning of year	109,180	56,472
<b>Cash and cash equivalents at end of year</b>	<b>148,407</b>	<b>109,180</b>

The acquisition of subsidiary companies in 2003 and 2002 has been shown as a single item. The effect on the individual assets and liabilities is set out below.

	<b>Group</b>	
	<b>FY 2003</b>	<b>FY 2002</b>
	\$'000	\$'000
Fixed assets	8,881	43,997
Other long term unquoted investment	3,700	-
Stocks and work-in-progress	34,260	5,642
Debtors	26,227	30,228
Bank and cash balances	11,267	52
Bank overdrafts, unsecured	(1,174)	(6,787)
Bank loans	(7,652)	(2,800)
Creditors	(40,398)	(50,410)
Current taxation	(642)	(690)
Deferred tax	(335)	-
	<hr/>	<hr/>
Net assets acquired	34,134	19,232
Minority interests	(5,120)	(52)
Amount taken up as associated company	(17,067)	(6,731)
Goodwill on acquisition	2,753	1,851
	<hr/>	<hr/>
Purchase consideration	14,700	14,300
Amount reflected as non-trade receivables	0	(2,400)
	<hr/>	<hr/>
Cash paid	14,700	11,900
	<hr/>	<hr/>

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

Cash paid	(14,700)	(11,900)
Less : Bank and cash balances	11,267	52
Add : Bank overdrafts, unsecured	(1,174)	(6,787)
	<hr/>	<hr/>
Net cash outflow	<b>(4,607)</b>	<b>(18,635)</b>
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>FY 2003</b>	<b>FY 2002</b>
	\$'000	\$'000
Fixed deposit, bank and cash balances	202,786	162,439
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>	<hr/> <b>148,407</b> <hr/>	<hr/> <b>109,180</b> <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 31 December**

	Share capital \$'000	Share premium \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Unappropriated profit \$'000	Total \$'000
<b><u>The Group</u></b>						
Balance at 1 January 2002	140,614	229,329	28,423	5,580	517,299	921,245
Profit for the year	0	0	0	0	92,098	92,098
Dividend paid					(71,470)	(71,470)
Translation differences for the year	0	0	0	(1,180)	0	(1,180)
Share issued on exercise of share options	818	5,142	0	0	0	5,960
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	36	0	0	36
Deferred tax liability component of a subsidiary company's redeemable convertible loan stock reserves	0	0	(90)	0	0	(90)
<b>Balance at 31 December 2002</b>	<b>141,432</b>	<b>234,471</b>	<b>17,983</b>	<b>4,595</b>	<b>541,527</b>	<b>940,008</b>

<b><u>The Group</u></b>						
Balance at 1 January 2003	141,432	234,471	17,983	4,595	541,527	940,008
Profit for the year	0	0	0	0	78,540	78,540
Dividend paid					(71,841)	(71,841)
Translation differences for the year	0	0	0	(1,851)	0	(1,851)
Share issued on exercise of share options	573	3,479	0	0	0	4,052
Realisation on redemption of redeemable convertible loan stock	0	0	(155)	0	155	0
Realisation upon disposal of joint venture and other long term investment	0	0	(16,471)	(5,310)	0	(21,781)
<b>Balance at 31 December 2003</b>	<b>142,005</b>	<b>237,950</b>	<b>1,357</b>	<b>(2,566)</b>	<b>548,381</b>	<b>927,127</b>

<b><u>The Company</u></b>						
Balance at 1 January 2002	140,614	229,329	960	0	375,403	746,306
Profit for the year	0	0	0	0	107,983	107,983
Dividend paid					(71,470)	(71,470)
Share issued on exercise of share options	818	5,142	0	0	0	5,960
<b>Balance at 31 December 2002</b>	<b>141,432</b>	<b>234,471</b>	<b>960</b>	<b>0</b>	<b>411,916</b>	<b>788,779</b>

<b><u>The Company</u></b>						
Balance at 1 January 2003	141,432	234,471	960	0	411,916	788,779
Profit for the year	0	0	0	0	79,669	79,669
Dividend paid					(71,841)	(71,841)
Share issued on exercise of share options	573	3,479	0	0	0	4,052
<b>Balance at 31 December 2003</b>	<b>142,005</b>	<b>237,950</b>	<b>960</b>	<b>0</b>	<b>419,744</b>	<b>800,659</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 year, the Company issued 5,729,400 ordinary shares of \$0.10 each upon the exercise of options granted under the SembCorp Marine Share Option Plan (the "Plan").

As at 31 December 2003, there were 49,793,000 (31 December 2002: 40,845,000) 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 auditing standard or practice**

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 a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the 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**

During the year, the group extended the useful life of goodwill in the investment in an associated company from 3 years to 4.25 years. This extension was made to coincide the goodwill amortisation with the expected completion of a major conversion project by that associated company.

This change in accounting estimate was accounted prospectively. The effect of the change is to decrease the current year goodwill amortization charge and increase profit for the year by \$2,220,000.

**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		+/(-) %
	FY 2003	FY 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)	5.55	6.54	(15.1)
(b) before exceptional items (cents)	5.46	6.07	(10.0)
Weighted average number of shares	1,415,768,518	1,408,050,448	0.5
(ii) On a fully diluted basis			
(a) after exceptional items (cents)	5.52	6.50	(15.1)
(b) before exceptional items (cents)	5.43	6.03	(10.0)
Adjusted weighted average number of shares	1,422,579,518	1,416,274,448	0.4

**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		
	Dec-2003	Dec-2002	+/(-) %	Dec-2003	Dec-2002	+/(-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period (cents)	65.29	66.46	(1.8)	56.38	55.77	1.1

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on**

**Review of Group Performance**

**4Q 2003 versus 4Q 2002**

**Group Turnover**

	4Q 2003	4Q 2002	+/(-) S\$m	+/(-) %
Ship Repair	98.5	84.3	14.2	16.8
Conversion	61.6	111.3	(49.7)	(44.6)
New Building	42.2	47.3	(5.1)	(10.8)
Other Activities	36.7	20.4	16.3	79.9
<b>Group Turnover</b>	<u>239.0</u>	<u>263.3</u>	<u>(24.3)</u>	<u>(9.2)</u>

The Group's turnover for 4Q 2003 decreased by 9.2% from \$263.3 million in 4Q 2002 to \$239.0 million because of lower conversion revenue. This decrease was mainly attributable to revenue on some conversion projects not yet recognized in 4Q 2003, as these projects have not reached the 20% revenue recognition threshold.

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

The Group operating profit decreased by 48.4% from \$30.6 million in 4Q 2002 to \$15.8 million in 4Q 2003. Excluding exceptional items, the Group's pre-tax profit decreased 50.7% from \$38.6 million in 4Q 2002 to \$19.1 million. The decrease was mainly attributed to lower turnover and margin for this current quarter.



## Group Profit Attributable to Members of the Company

The Group's tax charge in 4Q 2003 is much lower than 4Q 2002 mainly due to a net write-back of over-provision of tax in respect of prior years amounting to \$2.5 million. This resulted in a lower decrease in the Group's attributable profits of 1.2% from \$19.7 million in 4Q 2002 to \$19.5 million.

### FY 2003 versus FY 2002

#### Group Turnover

	FY 2003	FY 2002	+/(-) S\$m	+/(-) %
Ship Repair	345.5	423.0	(77.5)	(18.3)
Conversion	391.0	331.7	59.3	17.9
New Building	242.5	183.6	58.9	32.1
Other Activities	89.0	73.2	15.8	21.6
Group Turnover	1,068.0	1,011.5	56.5	5.6

The Group's turnover for the year ended 31 December 2003 increased by 5.6% to \$1.068 billion. The increase was mainly attributable to the increase in both conversion and new building job volume. However, ship repair revenue declined \$77.5 million mainly due to SARS outbreak during the first half of 2003 and the postponement of vessel repairs as a result of high freight rates.

#### Group Operating Profit and Pre-tax Profit

The Group operating profit decreased by 17.3% from \$89.9 million in 2002 to \$74.3 million in 2003. Excluding exceptional items, the Group's pre-tax profit decreased 14.3% from \$109.6 million in 2002 to \$93.9 million. The decrease was attributed to lower margins for projects.

## Group Profit Attributable to Members of the Company

The Group's attributable profits decreased by 14.7% from \$92.1 million in 2002 to \$78.5 million. The decrease was mainly due to decline in operating profit and lower exceptional gain of \$1.3 million in 2003 as compared with \$6.7 million in 2002.

Excluding exceptional items and the effect of prior years tax over-provision, the Group's attributable profits decreased by 8.4% from \$81.0 million in 2002 to \$74.0 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 the previous statement.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

With the strong shipping freight rates leading to postponement of repair by ship owners, the ship repair market is unlikely to improve in the next quarter. Based on the current workload, the Group expects a lower operating profit for the first quarter.

However, based on the scheduled completion of projects for the subsequent quarters, the Group expects to improve its operating profit in the current year.

As at 31 December 2003, the Group's outstanding order book for newbuilding, conversion and offshore projects stands at 1.1 billion Singapore dollars.

*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	Final	Special
Dividend Type	Cash	Cash	Cash
Dividend Rate	1.50 cents per ordinary share less tax	1.00 cents per ordinary share less tax	2.50 cents per ordinary share less tax
Par value of shares	0.10	0.10	0.10
Tax Rate	22.0	22.0 or applicable tax rate	22.0 or applicable tax rate

**(b) 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	Final	Special
Dividend Type	Cash	Cash	Cash
Dividend Rate	1.50 cents per ordinary share less tax	1.00 cents per ordinary share less tax	4.00 cents per ordinary share less tax
Par value of shares	0.10	0.10	0.10
Tax Rate	22.0	22.0	22.0

**(c) Date payable**

The final and special dividend will be paid on 18 May 2004.

**(d) Books closure date**

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed from 6 May 2004 to 7 May 2004, 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 p.m. on 5 May 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**

	<b>Ship &amp; rig repairing, building and conversion \$'000</b>	<b>Ship chartering \$'000</b>	<b>Others \$'000</b>	<b>Eliminations \$'000</b>	<b>Total \$'000</b>
<b>(a) By business segment : FY 2003</b>					
<b>Revenue</b>					
Sales to external parties	1,016,839	19,618	31,529	-	1,067,986
Inter-segment sales	174,377	23	41,388	(215,788)	-
Consolidated sales	1,191,216	19,641	72,917	(215,788)	1,067,986
<b>Results</b>					
<b>Segment results</b>	<b>68,143</b>	<b>2,567</b>	<b>3,598</b>	<b>-</b>	<b>74,308</b>
Exceptional items	1,478	-	(203)	-	1,275
Investment and interest income	13,438	815	10	-	14,263
Interest expenses	(826)	-	(1,837)	-	(2,663)
Share of results of associated companies & joint venture	6,174	2,344	(515)	-	8,003
Profit before taxation	88,407	5,726	1,053	-	95,186
Taxation	(17,518)	(172)	729	-	(16,961)
Profit after taxation	70,889	5,554	1,782	-	78,225
<b>Other information</b>					
Capital additions	32,493	1	133	-	32,627
Depreciation	29,617	2,783	1,545	-	33,945
Amortisation	3,996	-	463	-	4,459
<b>Segment assets</b>	<b>916,191</b>	<b>54,211</b>	<b>36,452</b>	<b>-</b>	<b>1,006,854</b>
Interest bearing assets	439,831	14,167	4,034	-	458,032
Investments in associated companies & joint venture	53,830	580	4,290	-	58,700
Tax recoverable	1,411	-	118	-	1,529
Consolidated total assets	1,411,263	68,958	44,894	-	1,525,115
<b>Segment liabilities</b>	<b>401,675</b>	<b>3,136</b>	<b>10,024</b>	<b>-</b>	<b>414,835</b>
Interest bearing liabilities	104,925	-	-	-	104,925
Deferred taxation	46,349	136	1,193	-	47,678
Provision for taxation	15,036	57	711	-	15,804
Consolidated total liabilities	567,985	3,329	11,928	-	583,242

**Information by segment on Group operations (cont'd)**

	<b>Ship &amp; rig repairing, building and conversion</b>	<b>Ship chartering</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) By business segment : FY 2002</b>					
<b>Revenue</b>					
Sales to external parties	961,991	22,599	26,922	–	1,011,512
Inter-segment sales	165,672	508	65,042	(231,222)	–
Consolidated sales	1,127,663	23,107	91,964	(231,222)	1,011,512
<b>Results</b>					
<b>Segment results</b>	<b>81,302</b>	<b>4,193</b>	<b>4,388</b>	<b>–</b>	<b>89,883</b>
Exceptional items	6,748	–	(95)	–	6,653
Investment and interest income	13,553	931	31	–	14,515
Interest expenses	(712)	–	(110)	–	(822)
Share of results of associated companies & joint venture	7,664	(324)	(1,278)	–	6,062
Profit before taxation	108,555	4,800	2,936	–	116,291
Taxation	(21,454)	(801)	(829)	–	(23,084)
Profit after taxation	87,101	3,999	2,107	–	93,207
<b>Other information</b>					
Capital additions	14,284	–	151	–	14,435
Depreciation	28,087	2,781	1,561	–	32,429
Amortisation	6,082	–	279	–	6,361
<b>Segment assets</b>	<b>884,270</b>	<b>61,458</b>	<b>54,824</b>	<b>–</b>	<b>1,000,552</b>
Interest bearing assets	366,728	13,903	5,474	–	386,105
Investment in associated companies & joint venture	97,198	72	4,508	–	101,778
Tax recoverable	–	–	120	–	120
Consolidated total assets	1,348,196	75,433	64,926	–	1,488,555
<b>Segment liabilities</b>					
<b>Segment liabilities</b>	<b>420,580</b>	<b>1,542</b>	<b>9,494</b>	<b>–</b>	<b>431,616</b>
Interest bearing liabilities	23,249	–	4,709	–	27,958
Deferred taxation	41,646	170	959	–	42,775
Provision for taxation	34,335	754	813	–	35,902
Consolidated total liabilities	519,810	2,466	15,975	–	538,251

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 half	489,805	491,987	(0.4)
Operating profit after tax before deducting minority interests reported for first quarter:			
before exceptional items	40,498	38,320	5.7
after exceptional items	40,795	52,794	(22.7)
Sales reported for second half	578,181	519,525	11.3
Operating profit after tax before deducting minority interests reported for second half:			
before exceptional items	36,452	48,234	(24.4)
after exceptional items	37,430	40,413	(7.4)
Sales reported for the year	1,067,986	1,011,512	5.6
Operating profit after tax before deducting minority interests reported for the year:			
before exceptional items	76,950	86,554	(11.1)
after exceptional items	78,225	93,207	(16.1)

**16. A breakdown of the total annual dividend (in dollar value for the issuer's latest full year as follows:**

	FY 2003	FY 2002
	\$'000	\$'000
(a) Ordinary	56,345	71,666
(b) Preference	0	0
(c) Total	<u>56,345</u>	<u>71,666</u>

## 17. Interested Person Transactions

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

	<b>FY 2003</b>	<b>FY 2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Transaction for the Sales of Goods and Services</b>		
Keppel Corporation Ltd and its associates	769	-
Neptune Orient Lines Ltd and its associates	5,755	7,704
SembCorp Industries Limited and its associates	3,241	6,693
<b>Transaction for the Purchase of Goods and Services</b>		
Keppel Corporation Ltd and its associates	2,104	2,824
Neptune Orient Lines Ltd and its associates	5,612	6,368
SembCorp Industries Limited and its associates	22,946	23,933
<b>Management and Support Services</b>		
SembCorp Industries Limited	900	1,136
<b>Total Interested Person Transactions</b>	<b>41,327</b>	<b>48,658</b>
<b>Treasury Transactions – Placement of Funds with/ (from) (as at 31 December)</b>		
SembCorp Industries Limited and its associates	17,773	10,827
SembCorp Industries Limited and its associates	(1,501)	-

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)

	<b>FY 2003</b>	<b>FY 2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Investment transactions</b>		
Neptune Orient Lines Ltd and its associates	-	11,000
Singapore Technologies Engineering Ltd and its associates	-	3,300
	<b>-</b>	<b>14,300</b>

**BY ORDER OF THE BOARD**

LIM SEH LI  
Company Secretary  
5 February 2004