

# REPORT OF THE DIRECTORS

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

The Directors present their report to the members together with the audited financial statements of the Company and of the Group for the year ended 31 December 2000.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are provision of management services, investment holding, ship building, repairing and conversion, offshore engineering and non-maritime steel fabrication work. During the year, the Company's shipyard operations were transferred to a wholly owned subsidiary, Jurong Shipyard Pte Ltd. The principal activities of its subsidiary companies are:

- a) investment holding;
- b) ship owning and ship repair;
- c) the supply of equipment rental services;
- d) the trading in copper slag and related materials;
- e) the cleaning and maintenance of industrial premises;
- f) the processing and distribution of copper slag for grit blasting and building;
- g) the provision of marine, general electronic, electrical works and general contracting services;
- h) the fabrication of metal structures.

Saved as disclosed, there have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

### **RESULTS FOR THE FINANCIAL YEAR**

	Group \$'000	Company \$'000
Profit after taxation and minority interests	80,158	92,887
Dividends paid and proposed, less tax	(67,561)	(67,561)
Retained profit transferred to revenue reserves	<u>12,597</u>	<u>25,326</u>

In the opinion of the Directors, the results of the operations of the Company and of the Group during the financial year have not been affected by any item, transaction or event of a material and unusual nature.

### **DIVIDENDS**

During the financial year the following dividends were paid by the Company:

- (a) a final dividend of 2.0 cents per share, less tax of 25.5% and a special dividend of 5.5 cents per share, less tax of 25.5%, in respect of the previous financial year and as proposed in the Report of the Directors of that year. The amounts paid totalled \$38,977,792 based on the number of issued shares at the date of payment of the dividend.
- (b) an interim dividend of 0.75 cents per share, less tax of 25.5%, amounting to \$7,795,558 and a special dividend of 1.5 cents per share, less tax of 25.5%, amounting to \$15,591,117, in respect of the financial year under review.

The Directors propose a final dividend of 1.0 cent per share less tax of 24.5%, amounting to \$10,394,078 and a special dividend of 3.2 cents per share, less tax of 24.5%, amounting to \$33,780,753, be paid in respect of the financial year under review.

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## TRANSFERS TO/FROM RESERVES AND PROVISIONS

	Group \$'000	Company \$'000
The following amounts have been (debited)/credited to:		
<b>Revenue reserves</b>		
Dilution of equity interest in an associated company	(192)	–
<b>Foreign currency translation reserves</b>		
Exchange differences arising on consolidation	871	–
<b>Share premium and other capital reserves</b>		
Bonus issue of shares and related expenses	(69,791)	(69,791)
Share of an associated company's capital reserves	1,666	–
	<u>1,666</u>	<u>–</u>

## SHARE CAPITAL AND SHARE OPTIONS

### Share capital

In January 2000 the Company:

- (i) sub-divided its ordinary shares of \$0.50 each into ordinary shares of \$0.10 each; and
- (ii) increased its authorised share capital from \$120,000,000 comprising 240,000,000 ordinary shares of \$0.50 each to \$500,000,000 comprising 5,000,000,000 ordinary shares of \$0.10 each, by the creation of 3,800,000,000 ordinary shares of \$0.10 each.

Thereafter, there was a bonus issue of ordinary shares in the ratio of 1:1 by the capitalisation of \$69,758,912 from the share premium account.

### Options granted under the SembCorp Marine Share Option Plan

Options were granted in 2000 (the "2000 Options") pursuant to the SembCorp Marine Share Option Plan (the "Plan") in respect of 16,783,600 unissued ordinary shares of \$0.10 each to 933 full time executives of the Group, Directors of the Company and 33 executives of the immediate holding Company, who are not substantial shareholders of the Company. The 2000 Options are exercisable between 8 September 2001 and 7 September 2010 and the exercise price is \$0.70 per share for cash.

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.

The fair value of each of the 2000 Options at the date of grant is \$0.17 which is estimated using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 4.74%, risk free interest rate of 4.61%, expected volatility of 39.87% and expected lives of 2.5 years.

### Issue of shares under options

During the year, there was no share issued by the Company under the Plan.

### Unissued shares under options

At the end of the financial year, unissued shares of the Company under the Plan are as follows:

Option category	Number of holders	Exercise period	Number of options	Exercise price
1998	121	27.4.2000 to 26.4.2003	7,990,000	\$0.79
1999	151	10.3.2001 to 9.3.2004	8,120,000	\$0.65
2000	873	8.9.2001 to 7.9.2010	16,343,800	\$0.70

Save as disclosed, there were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## Proforma financial effect under United States Financial Accounting Standard No. SFAS 123

Strictly for information purposes only, the proforma profit after taxation and minority interests but before and after extraordinary items and the earnings per share would have been as follows had the Company accounted for the fair value of the options granted under United States Financial Accounting Standard No. 123.

	2000 \$'000	1999 \$'000
Profit after taxation and minority interests but before and after extraordinary items:		
As reported	80,158	78,350
Proforma	79,176	77,724
Earnings per share (cents):		
As reported	5.75	5.62
Proforma	5.67	5.58
Diluted earnings per share (cents):		
As reported	5.75	5.62
Proforma	5.68	5.58

The estimated fair value of the share options was determined for the first time in respect of grants made for the financial year ended 31 December 1999. The proforma amounts may not be representative of future disclosures since the estimated fair value is amortised over the vesting period and additional options may be granted in future years.

## ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no acquisition of subsidiary during the financial year. At year end the Company held a 26% equity interest in Jurong Technologies Industrial Corpn. Limited ("JTIC", formerly known as Jurong Technologies Industrial Corpn. Pte Ltd) following the partial divestment by the Company and the subsequent dilution upon the Initial Public Offer of JTIC.

Disposal of subsidiary	Group's effective interest disposed and diluted %	Consideration \$'000	Net attributable tangible assets \$'000
Jurong Technologies Industrial Corpn. Limited	34	14,868	8,785

During the financial year, shares were issued by the following subsidiaries:

	Description of share issue	Purpose of issue
Jurong Machinery and Automation Pte Ltd	1,999,998 ordinary shares of \$1 each at par by way of capitalisation of debt of \$1,999,998 due to its holding company	Provide working capital
Jurong Shipyard Pte Ltd	49,999,998 ordinary shares of \$1 each at par for cash	Provide working capital
Jurong Integrated Services Pte Ltd	2 ordinary shares of \$1 each at par for cash	Incorporation of the company
	4,999,998 ordinary shares of \$1 each at par for cash	Provide working capital

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## ***DIRECTORS OF THE COMPANY***

The names of the Directors of the Company in office at the date of this report are:

Wong Kok Siew (*Chairman*)  
 Tan Kwi Kin (*President*)  
 Chee Keng Soon  
 Giam Chin Toon  
 Ryuhei Nose  
 Er Kwong Wah  
 Masahiro Miyazaki

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Companies Act, Cap.50, an interest in shares or debentures of the ultimate holding company, Temasek Holdings (Private) Limited or any other related corporations as stated below:-

Name of Director and Corporation in which interests held	Description of interests	Shareholdings registered in the name of Director		Other shareholdings in which the Director is deemed to have an interest	
		At beginning of the year	At end of the year	At beginning of the year	At end of the year
<b>Wong Kok Siew</b>					
SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	300,000	–	–
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	236,446	236,446	–	–
	Options to subscribe for ordinary shares of \$0.25 each at \$2.26 per share	500,000	500,000	–	–
	Options to subscribe for ordinary shares of \$0.25 each at \$1.99 per share	–	500,000	–	–
SembCorp Logistics Ltd	Options to subscribe for ordinary shares of \$1.00 each at \$10.015 per share	–	20,000	–	–
Singapore Food Industries Limited	Ordinary shares of \$0.15 each	80,000	80,000	–	–
	Options to subscribe for ordinary shares of \$0.15 at \$0.78 per share	100,000	100,000	–	–
	Options to subscribe for ordinary shares of \$0.15 at \$0.55 per share	–	200,000	–	–
Singapore Technologies Engineering Ltd	Ordinary shares of \$0.26 each	5,137	5,137	–	–
ST Assembly Test Services Ltd	Ordinary shares of \$0.25 each	–	2,000	–	–

# REPORT OF THE DIRECTORS

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

Name of Director and Corporation in which interests held	Description of interests	Shareholdings registered in the name of Director		Other shareholdings in which the Director is deemed to have an interest	
		At beginning of the year	At end of the year	At beginning of the year	At end of the year
<b>Wong Kok Siew</b>					
Raffles Holdings Ltd	Ordinary shares of \$0.50 each	–	10,000	–	–
CEI Contract Manufacturing Ltd	Ordinary shares of \$0.05 each	–	20,000	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	1,560	1,620	1,440	1,490
<b>Tan Kwi Kin</b>					
SembCorp Marine Ltd	Ordinary shares of \$0.10 each	100,000	100,000	–	–
	Options to subscribe for ordinary shares of \$0.10 each at \$0.79 per share	400,000	400,000	–	–
	Options to subscribe for ordinary shares of \$0.10 each at \$0.65 per share	400,000	400,000	–	–
	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	1,000,000	–	–
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 at \$1.99 per share	–	25,000	–	–
Singapore Technologies Engineering Ltd	Ordinary shares of \$0.10 each	–	17,180	–	–
Raffles Holdings Ltd	Ordinary shares of \$0.50 each	–	8,000	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	200	200	200	200
<b>Chee Keng Soon</b>					
SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	150,000	–	–
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	–	–	12,951	12,951
SNP Corporation Ltd	Ordinary shares of \$0.50 each	–	–	5,000	5,000
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	200	1,690	5,200	6,690
Singapore Airlines Ltd	Ordinary shares of \$1.00 each	4,000	4,000	4,000	4,000

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## *DIRECTORS OF THE COMPANY (CONT'D)*

Name of Director and Corporation in which interests held	Description of interests	Shareholdings registered in the name of Director		Other shareholdings in which the Director is deemed to have an interest	
		At beginning of the year	At end of the year	At beginning of the year	At end of the year
<b>Giam Chin Toon</b> SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	130,000	–	–
<b>Ryuhei Nose</b> SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	130,000	–	–
<b>Er Kwong Wah</b> SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at \$0.70 per share	–	70,000	–	–
SembCorp Logistics Ltd	Options to subscribe for ordinary shares of \$1.00 each at \$10.015 per share	–	8,000	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	1,760	1,820	1,640	1,690

There was no change in the Directors' interests between the end of the financial year and 21 January 2001.

Since the end of the previous financial year, no Director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Companies Act, Cap.50.

Other than the SembCorp Marine Share Option Plan, neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## *AUDIT COMMITTEE*

The Audit Committee's (the "Committee") principal functions are to review the audit plans and the scope of examination of the external auditor of the Company. It also evaluates the findings of the external auditor's review of the internal accounting controls of the Company and the Group. The response of management to these findings is monitored to ensure that appropriate follow-up measures are taken. The Committee's activities include a review of the financial statements of the Company and of the Group for the year ended 31 December 2000 and the report of the external auditor thereon.

For the year ended 31 December 2000, the Committee held four meetings.

The Committee has recommended to the Board that the auditor, Ernst & Young be nominated for reappointment as auditor at the forthcoming Annual General Meeting of the Company.

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## ***ASSET VALUES***

Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that:

- (a) action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision for doubtful debts had been made; and
- (b) any current assets which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values or adequate provision had been made for the difference between those values.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (a) any amount written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent; and
- (b) the values attributed to current assets in the consolidated financial statements misleading.

## ***CHARGES AND CONTINGENT LIABILITIES***

Since the end of the financial year no charge on the assets of the Company or any company in the Group has arisen which secures the liabilities of any other person.

Since the end of the financial year no contingent liability of the Company or any company in the Group has arisen.

No contingent or other liability of the Company or any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

## ***OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS***

At the date of this report the Directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements of the Group misleading.

## ***UNUSUAL ITEMS AFTER THE FINANCIAL YEAR***

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company or of the Group for the financial year in which this report is made.

# REPORT OF THE DIRECTORS

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## *AUDITOR*

Ernst & Young have expressed their willingness to accept reappointment as auditor.

On behalf of the Board,



WONG KOK SIEW  
Chairman



TAN KWI KIN  
President

28 February 2001  
Singapore



# CORPORATE GOVERNANCE STATEMENT

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

The Board of Directors (the "Board") is pleased to report on its corporate governance activities and processes for the financial year ended 31 December 2000. The Company's corporate governance currently embraces the best practices contained in the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited.

## ***REPORT ON CORPORATE GOVERNANCE ACTIVITIES AND PROCESSES***

### ***THE BOARD OF DIRECTORS***

Presently, the Board comprises seven Directors. The Board meets regularly throughout the year and during the year under review, the Board met five times.

### ***AUDIT COMMITTEE***

The Audit Committee consists of three members of which two are independent and is chaired by Mr Chee Keng Soon. The Committee met four times during the year under review.

The main responsibility of the Committee is to review with the internal auditors and management, the Company's general policies and control procedures, as well as interested persons transactions. The Committee also reviews with the external and internal auditors and management the adequacy of internal accounting controls and financial reporting controls, as well as the financial statements. The Committee may suggest matters to be included for review by the external and internal auditors and may meet with the external or internal auditors to discuss any matters that the Committee or external or internal auditors believe should be discussed privately with the Audit Committee without the presence of management.

### ***THE EXECUTIVES' SHARE OPTION SCHEME COMMITTEE***

The Executives' Share Option Scheme Committee currently comprises two directors of the Company. The Committee reviews and determines the eligibility of full-time employees of the Company and its subsidiaries and any other eligible persons to participate in the Share Option Scheme and the number of options to be offered to each participant, in accordance with the terms and conditions of the Share Option Scheme.

### ***DEALING IN SECURITIES***

The Company has adopted a Code of Compliance on Dealing in Securities, whereby there should be no dealings in the Company's securities by its officers during the period commencing one month prior to the announcement of the Company's annual or half-year results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

# STATEMENT BY DIRECTORS PURSUANT TO SECTION 201 (15)

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

We, Wong Kok Siew and Tan Kwi Kin, being two of the Directors of SembCorp Marine Ltd, do hereby state that, in the opinion of the Directors:

- (a) the accompanying balance sheets, profit and loss accounts, statement of changes in equity of the Company and of the Group and the consolidated cashflow statement, together with the notes thereto, set out on pages 52 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2000, and of the results of the business and the changes in equity of the Company and of the Group, and the cash flows of the Group, for the year ended on that date;
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,



WONG KOK SIEW  
Chairman



TAN KWI KIN  
President

28 February 2001  
Singapore

# REPORT OF THE AUDITORS TO THE MEMBERS OF SEMBCORP MARINE LTD

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

We have audited the financial statements of SembCorp Marine Ltd and the consolidated financial statements of the Group set out on pages 52 to 83, comprising the balance sheets of the Company and of the Group as at 31 December 2000, the profit and loss accounts and statement of changes in equity of the Company and of the Group, the statement of cash flows of the Group for the year ended 31 December 2000 and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

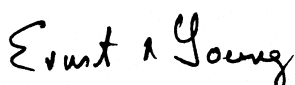
In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50, and Singapore Statements of Accounting Standard and so as to give a true and fair view of :
  - (i) the state of affairs of the Company and of the Group as at 31 December 2000, the results and changes in equity of the Company and of the Group and the cash flows of the Group for the year ended on that date; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiaries audited by our associated firms and those audited by other firms are stated in Note 2.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in a form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of the subsidiary companies incorporated in Singapore, did not include any comment made under Section 207 (3) of the Act.



ERNST & YOUNG  
Certified Public Accountants  
Audit Partner  
Ng Tiak Soon

Singapore  
28 February 2001

# PROFIT AND LOSS ACCOUNTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

	Note	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
TURNOVER	3	<b>763,008</b>	921,036	<b>91,226</b>	437,135
COST OF SALES		<b>(661,715)</b>	(795,655)	<b>(64,492)</b>	(381,680)
GROSS MARGIN		<b>101,293</b>	125,381	<b>26,734</b>	55,455
OTHER OPERATING INCOME		<b>19,753</b>	19,962	<b>15,617</b>	5,511
GENERAL & ADMINISTRATIVE EXPENSES		<b>(41,507)</b>	(48,477)	<b>(5,743)</b>	(9,511)
OPERATING PROFIT	4	<b>79,539</b>	96,866	<b>36,608</b>	51,455
INVESTMENT & NET INTEREST INCOME	5	<b>23,707</b>	16,598	<b>71,582</b>	33,652
SHARE OF RESULTS OF ASSOCIATED COMPANIES & JOINT VENTURES	6	<b>(6,791)</b>	(2,392)	—	—
PROFIT BEFORE TAXATION		<b>96,455</b>	111,072	<b>108,190</b>	85,107
TAXATION	7	<b>(21,117)</b>	(34,291)	<b>(15,303)</b>	(23,313)
PROFIT AFTER TAXATION		<b>75,338</b>	76,781	<b>92,887</b>	61,794
MINORITY INTERESTS		<b>4,820</b>	1,569	—	—
PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<b>80,158</b>	78,350	<b>92,887</b>	61,794
TRANSFER FROM REVENUE RESERVES		—	—	—	413
		<b>80,158</b>	78,350	<b>92,887</b>	62,207
DIVIDENDS	8	<b>(67,561)</b>	(62,207)	<b>(67,561)</b>	(62,207)
RETAINED PROFIT FOR THE YEAR TRANSFER TO REVENUE RESERVES		<b>12,597</b>	16,143	<b>25,326</b>	—
EARNINGS PER SHARE, CENTS	9				
BASIC		<b>5.75</b>	5.62		
DILUTED		<b>5.75</b>	5.62		

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

# BALANCE SHEET *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

	Note	Group		Company	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
FIXED ASSETS	10	<b>411,997</b>	463,135	<b>192,425</b>	208,702
SUBSIDIARIES	11	–	–	<b>305,233</b>	252,013
ASSOCIATED COMPANIES & JOINT VENTURES	12	<b>80,604</b>	105,817	<b>37,544</b>	44,112
LONG TERM INVESTMENTS	13	<b>98,645</b>	65,694	<b>76,261</b>	65,590
LONG TERM TRADE DEBTORS	14	<b>125,696</b>	116,248	<b>109,441</b>	104,834
DEFERRED EXPENDITURE	15	<b>403</b>	350	–	–
CURRENT ASSETS					
Stocks and work-in-progress	16	<b>136,408</b>	64,982	–	35,186
Trade debtors	14	<b>258,277</b>	344,448	<b>45,583</b>	187,526
Other debtors	17	<b>82,699</b>	93,363	<b>59,882</b>	63,423
Fixed deposits		<b>149,819</b>	131,452	<b>104,461</b>	60,490
Bank and cash balances		<b>49,059</b>	35,994	<b>10,843</b>	5,839
TOTAL CURRENT ASSETS		<b>676,262</b>	670,239	<b>220,769</b>	352,464
CURRENT LIABILITIES					
Trade creditors	18	<b>392,766</b>	394,484	<b>18,806</b>	178,252
Other creditors	19	<b>8,283</b>	19,168	<b>113,979</b>	66,091
Borrowings	20	<b>3,236</b>	19,401	–	1,716
Provision for taxation		<b>27,873</b>	29,758	<b>13,566</b>	13,498
Proposed dividend, net		<b>44,175</b>	38,978	<b>44,175</b>	38,978
TOTAL CURRENT LIABILITIES		<b>476,333</b>	501,789	<b>190,526</b>	298,535
NET CURRENT ASSETS		<b>199,929</b>	168,450	<b>30,243</b>	53,929
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>917,274</b>	919,694	<b>751,147</b>	729,180
LONG TERM LIABILITIES					
Borrowings	20	<b>5,246</b>	574	–	–
Deferred taxation	21	<b>50,527</b>	53,200	<b>37,479</b>	40,806
Hire purchase creditors	22	<b>528</b>	798	–	–
Provision for retirement gratuities	23	<b>878</b>	758	–	–
TOTAL LONG TERM LIABILITIES		<b>57,179</b>	55,330	<b>37,479</b>	40,806
		<b>860,095</b>	864,364	<b>713,668</b>	688,374
CAPITAL & RESERVES					
Share capital	24	<b>139,518</b>	69,759	<b>139,518</b>	69,759
Reserves	25	<b>709,658</b>	764,507	<b>574,150</b>	618,615
MINORITY INTERESTS		<b>849,176</b>	834,266	<b>713,668</b>	688,374
		<b>10,919</b>	30,098	–	–
		<b>860,095</b>	864,364	<b>713,668</b>	688,374

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

# STATEMENT OF CHANGES IN EQUITY *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Issued capital - ordinary shares</b>				
Balance at 1 January				
139,517,823 shares (1999: 139,515,823 shares) of \$0.50 each	<b>69,759</b>	69,758	<b>69,759</b>	69,758
Sub-division of 139,517,823 shares of \$0.50 each into 697,589,115 shares of \$0.10 each	-	-	-	-
Issued during the year				
697,589,115 shares (1999: nil) shares of \$0.10 each by way of bonus issue	<b>69,759</b>	-	<b>69,759</b>	-
Exercise of share options (1999: 2,000 shares)	-	1	-	1
Balance at 31 December				
1,395,178,230 shares of \$0.10 each (1999: 139,517,823 shares)	<b>139,518</b>	69,759	<b>139,518</b>	69,759
<b>Revenue reserves</b>				
Balance at 1 January	<b>442,889</b>	427,456	<b>325,045</b>	325,458
Transfer from/(to) profit and loss account	<b>12,597</b>	16,143	<b>25,326</b>	(413)
Reclassification to foreign currency translation reserves by an associated company	-	(266)	-	-
Dilution of equity interest in an associated company	<b>(192)</b>	(171)	-	-
Capitalised by an associated company upon bonus issue	-	(273)	-	-
Balance at 31 December	<b>455,294</b>	442,889	<b>350,371</b>	325,045
<b>Foreign currency translation reserves</b>				
Balance at 1 January	<b>2,557</b>	1,352	-	-
Translation differences for the year	<b>871</b>	939	-	-
Reclassification from revenue reserves by an associated company	-	266	-	-
Balance at 31 December	<b>3,428</b>	2,557	-	-
<b>Share premium account</b>				
Balance at 1 January	<b>293,244</b>	292,958	<b>292,610</b>	292,598
Applied for bonus issue of shares	<b>(69,759)</b>	-	<b>(69,759)</b>	-
Bonus share issue expenses	<b>(32)</b>	-	<b>(32)</b>	-
Premium on issue of shares	-	12	-	12
Reclassification to other capital reserves	<b>(634)</b>	-	-	-
Share of an associated company's share premium account	-	274	-	-
Balance at 31 December	<b>222,819</b>	293,244	<b>222,819</b>	292,610
<b>Asset revaluation reserves</b>				
Balance at 1 January and 31 December	<b>960</b>	960	<b>960</b>	960
<b>Other capital reserves</b>				
Balance at 1 January	<b>24,857</b>	25,318	-	-
Goodwill on acquisition of a subsidiary companies	-	(890)	-	-
Reclassification from share premium account	<b>634</b>	-	-	-
Share of an associated company's capital reserves and capitalisation upon bonus issue	<b>1,666</b>	429	-	-
Balance at 31 December	<b>27,157</b>	24,857	-	-
<b>Total shareholders' equity at 31 December</b>	<b>849,176</b>	834,266	<b>713,668</b>	688,374

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

# CONSOLIDATED STATEMENT OF CASH FLOWS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

	2000 \$'000	1999 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating profit	<b>79,539</b>	96,866
Adjustments for:		
Depreciation of fixed assets	<b>27,276</b>	34,601
Fixed assets written-off	<b>16</b>	407
Gain on disposal of fixed assets	<b>(6,762)</b>	(2,208)
Exchange realignment	<b>(710)</b>	(544)
Amortisation of deferred expenditure	<b>4</b>	281
Operating income before reinvestment in working capital	<b>99,363</b>	129,403
Decrease/(increase) in debtors	<b>77,345</b>	(24,639)
(Increase)/decrease in stocks and work-in-progress	<b>(78,583)</b>	3,365
Increase in creditors	<b>9,438</b>	43,080
Increase in deferred expenditure	<b>(57)</b>	(68)
Cash generated from operations	<b>107,506</b>	151,141
Investment and interest income received	<b>18,214</b>	14,104
Interest paid	<b>(1,329)</b>	(817)
Income taxes paid	<b>(22,041)</b>	(31,942)
Net cash provided by operating activities	<b>102,350</b>	132,486
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Disposal/acquisition of subsidiaries, net	<b>(363)</b>	(8,943)
Investment in associated companies	<b>(494)</b>	(400)
Investment in lease receivables, net	<b>(1,514)</b>	-
Purchase of fixed assets	<b>(45,463)</b>	(19,252)
Purchase of long term investments	<b>(2,000)</b>	(60,450)
Proceeds from disposal of fixed assets	<b>49,505</b>	2,348
Proceeds from sale of long term investments	<b>977</b>	10,153
Dividends from associated companies and joint ventures	<b>1,424</b>	579
Net cash provided by/(used in) investing activities	<b>2,072</b>	(75,965)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid		
- by the Company	<b>(62,364)</b>	(56,783)
- by subsidiary to minority shareholders	<b>(473)</b>	(44)
Repayment of borrowings, net	<b>(7,245)</b>	(4,426)
(Repayment of)/proceeds from hire purchase creditors	<b>(258)</b>	720
Proceeds from issue of share capital by the Company	<b>-</b>	13
Repayment from an associated company	<b>376</b>	151
Net cash used in financing activities	<b>(69,964)</b>	(60,369)
Net increase/(decrease) in cash and cash equivalents	<b>34,458</b>	(3,848)
Cash and cash equivalents at beginning of year	<b>161,512</b>	165,360
Cash and cash equivalents at end of year (Note 28)	<b>195,970</b>	161,512

# CONSOLIDATED STATEMENT OF CASH FLOWS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

The disposal of subsidiary companies in 2000 and the acquisition of subsidiary companies in 1999 have been shown as a single item. The effect on the individual assets and liabilities is set out below:-

	2000 \$'000	1999 \$'000
Fixed assets	<b>(21,505)</b>	3,621
Stocks and work-in-progress	<b>(7,157)</b>	294
Debtors	<b>(27,005)</b>	19,675
Bank and cash balances	<b>(4,719)</b>	3,592
Bank overdraft	<b>20</b>	(535)
Creditors	<b>21,796</b>	(14,884)
Current taxation	<b>3</b>	(167)
Deferred taxation	<b>2,852</b>	(486)
Bank loans	<b>1,000</b>	-
	<hr/>	<hr/>
Net assets (disposed)/acquired	<b>(34,715)</b>	11,110
Minority interest	<b>13,886</b>	-
	<hr/>	<hr/>
Amount taken up as associated company	<b>12,046</b>	-
Gain on disposal	<b>(6,083)</b>	-
Goodwill on acquisition	<b>-</b>	890
	<hr/>	<hr/>
(Sales proceeds)/purchase consideration	<b>(14,866)</b>	12,000
Amount reflected as other receivables	<b>10,530</b>	-
	<hr/>	<hr/>
Cash (received)/paid	<b>(4,336)</b>	12,000
	<hr/>	<hr/>
Disposal and acquisition of subsidiaries, net of cash are represented by:		
Cash received/(paid)	<b>4,336</b>	(12,000)
	<hr/>	<hr/>
Less: Bank and cash balances	<b>(4,719)</b>	3,592
Add: Bank overdraft	<b>20</b>	(535)
	<hr/>	<hr/>
Net cash outflow	<b>(363)</b>	(8,943)
	<hr/>	<hr/>

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



# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The financial statements are expressed in Singapore dollars. The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard and applicable requirements of Singapore law.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous year.

### **(b) Consolidation**

The accounting year of the Company and all its subsidiaries ends on 31 December and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the Group results from the respective dates of acquisition or disposal, as applicable.

When a subsidiary is acquired, any excess of the consideration over the fair value of net assets at the date of acquisition is included in goodwill on consolidation and written off in the year in which it arises. When the fair value of the net assets acquired exceeds the purchase price the difference is credited directly to non-distributable reserves on consolidation.

Assets, liabilities and results of the overseas subsidiary companies are translated into Singapore dollars on the basis outlined in paragraph (j) below.

### **(c) Subsidiaries**

Shares in subsidiaries are stated at cost and provision is made for diminution in value which is considered to be other than temporary. Dividend income is accrued on the basis of dividends declared.

### **(d) Associated companies and joint ventures**

An associated company is defined as a company, not being a subsidiary, in which the Group has a long term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence. The accounting year of the associated companies ends on 31 December with the exception of Irano Singapore Shipyard Company (Sadra Jurong), ("Irano"), which financial year ends on 31 March.

A joint venture, not being a subsidiary or associated company, is one in which the Group has a long term interest and contractual arrangement whereby parties in the joint venture undertake an economic activity whose operational and financial affairs are subject to the joint control of the Group and the contractual parties.

When an associated company or joint venture is acquired, any excess of the consideration over the fair value of net assets at the date of acquisition is included in goodwill on consolidation and written off in the year in which it arises. When the fair value of the net assets acquired exceeds the purchase price the difference is credited directly to non-distributable reserves on consolidation.

The Group's share of the results of associated companies and joint ventures are included in the consolidated profit and loss account under the equity method. The Group's share of post-acquisition reserves of associated companies and joint ventures are included in the investments in associated companies and joint ventures, respectively, in the consolidated balance sheet. Where the audited financial statements are not available, the share of results is arrived at from unaudited management financial statements made up to the end of the accounting year to 31 December with the exception of Irano, Note 2.

Shares in associated companies and joint ventures are stated in the Company's balance sheet at cost and provision is made for diminution in value which is considered to be other than temporary.

Dividend income is accrued on the basis of dividends declared by the investee entities up to the date of the Directors' Report.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Revenue recognition

Revenue from the building of new ships, ship repairs and conversions are recognised on the percentage of completion method in proportion to the stage of completion, provided the work is at least 20% complete and the outcome of the contract can be reliably estimated. The percentage of completion is measured by reference to the percentage of costs incurred to-date to the estimated total costs for each contract, with due consideration made to include only those costs that reflect works performed.

Income on goods sold and other services rendered is recognised on completion of delivery. Charter hire income is taken to the profit and loss account on an accrual basis.

### (f) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Where fixed assets are revalued, any surplus on revaluation is credited to the asset revaluation reserve. A decrease in net carrying amount arising on revaluation of fixed assets is charged to the profit and loss account to the extent that it exceeds any surplus held in reserve relating to previous revaluation of the same class of assets.

### (g) Depreciation

Depreciation is calculated on the straight line method to write off the cost or valuation of fixed assets over their estimated useful lives. No depreciation is provided on freehold land.

The estimated useful lives of fixed assets are as follows:

Freehold and leasehold buildings	45 years or remaining period of lease
Quays and dry docks	60 years or remaining period of lease
Plant and machinery and tools	3 to 10 years
Motor vessels, launches, cranes and floating docks	3 to 20 years
Motor vehicles	3 to 5 years
Furniture and office equipment	3 to 5 years
Utilities and fittings	30 years
Computer equipment	1 to 5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. There is no policy in regards to the regular valuation of fixed assets.

### (h) Investments

Investments held on a long-term basis are stated at average cost. Provision is made for diminution in value which is considered to be other than temporary.

Marketable securities are those investments held for the short term and are stated at market value. Market value is the middle market price at the balance sheet date. The changes in market value are taken to the profit and loss account.

Dividend income is recognised in the profit and loss account upon actual receipt. Interest income is accrued on the day-to-day basis.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### (i) Stocks and work-in-progress

Stocks consist mainly of steel and other materials used for shipbuilding, repair and conversion and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out basis. In arriving at the net realisable value, due allowance is made for obsolete and slow-moving items.

Work-in-progress comprises mainly uncompleted shipbuilding, repair and conversion jobs. It is stated at the lower of cost and net realisable value. Cost includes materials, direct labour, sub-contractors' costs and appropriate allocation of fixed and variable production overheads. Provision is made for anticipated losses, if any, on work-in-progress when the possibility of loss is ascertained.

### (j) Foreign currencies

Foreign currency transactions are recorded in Singapore dollars at rates of exchange approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are translated at rates ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

For inclusion in the consolidated financial statements, all assets and liabilities of the foreign subsidiaries, associated companies and joint ventures are translated into Singapore dollars at the exchange rates ruling at the balance sheet date and the results of foreign subsidiaries, associated companies and joint ventures are translated into Singapore dollars at the average exchange rates. Exchange differences due to such currency translations are included in the foreign currency translation reserve.

### (k) Deferred taxation

Deferred taxation is accounted for under the liability method, whereby the tax charge for the year is based on the disclosed book profit after adjusting for all permanent differences. The amount of taxation deferred on account of all timing differences is reflected in the deferred taxation account. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

### (l) Deferred expenditure

Deferred expenditure comprises pre-operation and preliminary expenses including those relating to research and development of products. These are stated at cost less amounts written-off. Deferred expenditure is amortised over a period of three to five years commencing from the date of operations or when the relevant products commence commercial operations.

### (m) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand less bank overdrafts but exclude secured bank overdrafts which are used for financing activities.

## 2. GENERAL

The Company is incorporated in the Republic of Singapore. Its immediate holding company is SembCorp Industries Ltd and the ultimate holding company is Temasek Holdings (Private) Limited. Both holding companies are incorporated in the Republic of Singapore.

The principal activities of the Company are provision of management services, investment holding, ship building, repairing and conversion, offshore engineering and non-maritime steel fabrication work. During the year, the Company's shipyard operations were transferred to a wholly owned subsidiary, Jurong Shipyard Pte Ltd. The principal activities of subsidiaries and associated companies are stated below. Save as disclosed, there have been no significant changes in the nature of these activities of the Company and its subsidiaries during the year.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 2. GENERAL (CONT'D)

The subsidiaries and associated companies as at 31 December 2000 are:

Name of Companies (Country of Incorporation)	Principal Activities (Place of Business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
<b>Subsidiary Companies</b>					
Jurong Shipbuilders Private Limited (Singapore)	Ship owners (Singapore)	<b>30,000</b>	30,000	<b>100</b>	100
Jurong Marine Contractors Private Limited (Singapore)	Provision of contract services (Singapore)	<b>25</b>	25	<b>100</b>	100
Dolphin Shipping Company Private Limited (Singapore)	Ship owners (Singapore)	<b>500</b>	500	<b>100</b>	100
JPL Corporation Pte Ltd (Singapore)	Investment holding company (Singapore)	<b>5,100</b>	5,100	<b>70</b>	70
Jurong Technologies Industrial Corpn. Limited (Singapore)	Marine and general electronic and electrical works (Singapore)	<b>(a)</b>	5,260	<b>(a)</b>	60
Sembawang Shipyard Pte Ltd (Singapore)	Shiprepairing and related services (Singapore)	<b>54,230</b>	54,230	<b>100</b>	100
Sembawang Shipyard (S) Pte Ltd (Singapore)	Investment holding company (Singapore)	<b>25,560</b>	25,560	<b>100</b>	100
Karimun Shiprepair and Engineering Pte Ltd (Singapore)	Investment holding company (Singapore)	<b>22,565</b>	22,565	<b>100</b>	100
Bulk Trade Pte Ltd (Singapore)	Bulk trading of marine products (Singapore)	<b>1,764</b>	1,764	<b>100</b>	100
Sembawang Jurong Corrosion Control Pte Ltd (Singapore)	Investment holding company (Singapore)	<b>781</b>	781	<b>(b) 92</b>	92
Jurong Machinery and Automation Pte Ltd (Singapore)	Marine and general electronic and electrical works (Singapore)	<b>2,000</b>	–	<b>100</b>	100
SML Shipyard Pte Ltd (Singapore)	Shiprepairing and related services (Singapore)	<b>12,000</b>	12,000	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

Name of Companies (Country of Incorporation)	Principal Activities (Place of Business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
<b>Subsidiary Companies</b>					
Jurong Shipyard Pte Ltd (Singapore)	Shiprepairing and related services (Singapore)	<b>50,000</b>	–	<b>100</b>	100
Jurong Integrated Services Pte Ltd (Singapore)	Steel fabrication work (Singapore)	<b>5,000</b>	–	<b>100</b>	–
		<b>209,525</b>	157,785		
<b>Associated Companies</b>					
* Atlantis Shipyard Pte Ltd (Singapore)	Shipbuilding, ship repairing and civil engineering works (Singapore)	<b>14,005</b>	14,005	<b>35</b>	35
* Neptune Associated Lines Private Limited (Singapore)	Shipowners (Singapore)	<b>615</b>	615	<b>50</b>	50
* Jurong Clavon Pte Ltd (Singapore)	Engineering works (Singapore)	<b>200</b>	200	<b>50</b>	50
* Jurong Marine Services Pte Ltd (Singapore)	Provision of tugging and sea transportation services (Singapore)	<b>1,050</b>	1,050	<b>50</b>	50
* Toei Engineering Pte Ltd (Singapore)	Mechanical engineering works (Singapore)	<b>78</b>	78	<b>26</b>	26
* CJ Management International Limited (Liquidated in 2000) (Hong Kong)	Provision of management services (Hong Kong)	–	–	–	30
* Irano Singapore Shipyard Company (Sadra Jurong) (Bandar Abbas, Iran) **	Shipbuilding and ship repairing (Bandar Abbas, Iran)	<b>1,521</b>	1,521	<b>26</b>	26
* Joint Shipyard Investment Pte Ltd (Singapore)	Investment holding company (Singapore)	<b>2,120</b>	2,120	<b>50</b>	50
Joint Shipyard Technologies Pte Ltd (Singapore)	Research and development of new technologies (Singapore)	<b>200</b>	200	<b>(c) 28</b>	28
Joint Shipyard Management Services Pte Ltd (Singapore)	Proprietors of dormitories, manage and let (Singapore)	–	–	<b>25</b>	25

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 2. GENERAL (CONT'D)

Name of Companies (Country of Incorporation)	Principal Activities (Place of Business)	Cost		Percentage of equity held by the Group	
		2000 \$'000	1999 \$'000	2000 %	1999 %
<b>Associated Companies</b>					
Jurong Gesco Pte Ltd (Liquidated in 2000) (Singapore)	Dormant (Singapore)	-	-	-	50
		<u>19,789</u>	<u>19,789</u>		
* Jurong Engineering Ltd (Singapore)	Construction and engineering works (Singapore)	<b>Note 13(a)</b>	9,007	<b>20</b>	20
Jurong Technologies Industrial Corpn. Limited (Singapore)	Marine and general electronic and electrical works (Singapore)	<b>3,042</b>	(a)	<b>26</b>	(a)
		<u>22,831</u>	<u>28,796</u>		

#### Subsidiary and associated companies of Sembawang Shipyard Pte Ltd

SES Marine Services (Pte) Ltd (Singapore)	Marine services (Singapore)	<b>100</b>	100
SES Engineering (M) Sdn Bhd (Malaysia)	Fabrication of metal structures (Malaysia)	<b>100</b>	100
Sembawang Shipyard Services (Pte) Ltd (Singapore)	Marine services (Singapore)	<b>100</b>	-
OmixAsia.com Pte Ltd (Singapore)	E-commerce & bulk procurement (Singapore)	<b>30</b>	-
MR Tech (M) Sdn Bhd (Malaysia)	Fabrication of metal structures (Malaysia)	<b>30</b>	-

#### Subsidiary companies of Karimun Shiprepair and Engineering Pte Ltd

P.T. Karimun Sembawang Shipyard (Indonesia)	Shiprepairing and related services (Indonesia)	<b>65</b>	65
Sinna Services Pte Ltd (Singapore)	Shiprepairing and related services (Singapore)	<b>65</b>	65

#### Subsidiary company of Jurong Marine Contractors Private Limited

Jurong Marine Management Pte Limited (Liquidated in 2000) (Hong Kong)	Provision of management services (Hong Kong)	-	100
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# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

Name of Companies (Country of Incorporation)	Principal Activities (Place of Business)	Percentage of equity held by the Group	
		2000 %	1999 %
<b>Subsidiary and associated companies of Jurong Shipbuilders Private Limited</b>			
Jurong Shipping Company Private Limited (Singapore)	Ship owners (Singapore)	<b>100</b>	100
Jurong Shipping Company Beta Pte Ltd (Singapore)	Ship owners (Singapore)	<b>100</b>	100
Jurong Shipping Company Gamma Pte Ltd (Singapore)	Ship owners (Singapore)	<b>100</b>	100
*** Tridex Investment Inc (British Virgin Islands)	Investment holding (British Virgin Islands)	<b>100</b>	100
*** Oslo Gas I LP (Republic of Liberia)	Ship owning and charter (Norway)	<b>33 1/3</b>	33 1/3
*** Oslo Gas II LP (Republic of Liberia)	Ship owning and charter (Norway)	<b>33 1/3</b>	33 1/3

### Subsidiary and associated companies of JPL Corporation Pte Ltd

JPL Services Pte Ltd (Singapore)	Equipment rental services and trading in copper slag	<b>70</b>	70
JPL Marine Works Pte Ltd (Singapore)	Abrasive blasting, anti-corrosion engineering services	<b>70</b>	70
JPL Industries Pte Ltd (Singapore)	Processing and distribution of copper slag	<b>36</b>	36
JPL Concrete Products Pte Ltd (Singapore)	Production of concrete products	<b>21</b>	21

### Subsidiary company of SML Shipyard Pte Ltd

SMLazar Asia Pacific Pte Ltd (Singapore)	Dormant (Singapore)	<b>100</b>	100
---------------------------------------------	------------------------	------------	-----

\* Audited by firms other than Ernst & Young

\*\* Equity accounted based on latest audited financial statements to 31 March 2000

\*\*\* These companies are not required to be audited under the laws of their country of incorporation

(a) At year end the Company held a 26% equity interest in Jurong Technologies Industrial Corpn. Limited ("JTIC", formerly known as Jurong Technologies Industrial Corpn. Pte Ltd) following the partial divestment by the Company and the subsequent dilution upon the Initial Public Offer of JTIC.

(b) This company is held 80% by the Company and another 12% by a subsidiary company and an associated company.

(c) This company is held 14% by the Company and another 14% by a subsidiary company.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 3. TURNOVER

Turnover represents sales from the various activities described in Note 2 including the revenue recognised on contracts relating to the building of new ships, ship repairs and conversions which are at least 20% complete.

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Services rendered:				
Ship repairing, building and conversion	<b>704,737</b>	785,159	<b>87,946</b>	437,135
Ship chartering	<b>1,529</b>	12,760	-	-
Management fee	-	-	<b>3,280</b>	-
Others	<b>32,833</b>	108,267	-	-
Sale of goods	<b>23,909</b>	14,850	-	-
	<b>763,008</b>	921,036	<b>91,226</b>	437,135

### 4. OPERATING PROFIT

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Operating profit is stated after charging:				
Directors' remuneration -				
Directors of the Company	<b>1,265</b>	1,565	<b>1,265</b>	1,565
Other directors of subsidiaries	<b>963</b>	1,135	-	-
Depreciation of fixed assets	<b>27,276</b>	34,601	<b>5,172</b>	6,819
Provision/(write-back) -				
Deferred repair and maintenance	<b>(2,283)</b>	5,805	-	-
Trade debts	<b>(1,051)</b>	2,214	<b>(2,199)</b>	1,606
Non-trade debts	-	1,409	-	-
Retirement gratuities	<b>158</b>	399	-	-
Stock obsolescence	<b>411</b>	31	-	-
Rental expenses	<b>17,473</b>	16,957	<b>7,280</b>	6,639
Write-off				
Stocks	-	396	-	396
Trade debts	<b>69</b>	700	-	600
Non-trade debts	-	459	-	459
Fixed assets	<b>16</b>	407	-	78
Amortisation of deferred expenditure	<b>4</b>	281	-	-
Auditors' remuneration -				
Auditor of the Company				
Statutory audit	<b>343</b>	284	<b>66</b>	70
Prior year's underprovision	<b>6</b>	8	-	-
Other services	<b>8</b>	51	<b>8</b>	43
Other auditors of subsidiaries				
Statutory audit	<b>41</b>	12	-	-
Other services	<b>36</b>	36	-	-



# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

As at year end, the Group and the Company had 4,455 and 8 (1999: 5,640 and 1,648) employees respectively. The Group and the Company staff costs for the year amounted to \$135,138,000 and \$20,173,000 (1999: \$168,010,000 and \$82,289,000) respectively.

Operating profit is stated after crediting:

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Foreign currency exchange differences	<b>1,521</b>	5,555	<b>612</b>	3,460
Gain/(loss) on disposal of fixed assets	<b>6,762</b>	2,208	-	(15)

### 5. INVESTMENT AND NET INTEREST INCOME

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Gain on :</b>				
Partial divestment of subsidiaries, Note 2 (a)	<b>6,083</b>	-	<b>12,669</b>	-
Sale of long term equity shares	<b>394</b>	2,923	<b>394</b>	2,923
	<b>6,477</b>	2,923	<b>13,063</b>	2,923
<b>Gross dividend :</b>				
Unquoted subsidiaries	-	-	<b>42,216</b>	16,508
Unquoted associated company	-	-	<b>10</b>	-
Unquoted equity shares	-	65	-	65
Quoted associated company	-	-	-	619
Quoted equity shares	<b>673</b>	42	<b>671</b>	42
	<b>673</b>	107	<b>42,897</b>	17,234
<b>Interest income :</b>				
Trade debtors	<b>3,376</b>	1,872	<b>1,251</b>	1,279
Fixed deposits	<b>2,729</b>	2,964	<b>1,647</b>	1,005
Loan to immediate holding company	<b>998</b>	861	-	15
Subsidiary companies	-	-	<b>3,903</b>	3,476
Associated company	<b>5,106</b>	4,847	<b>4,558</b>	4,847
Unquoted bonds	<b>4,360</b>	3,640	<b>4,360</b>	3,640
Others	<b>1,317</b>	201	<b>1,259</b>	106
	<b>17,886</b>	14,385	<b>16,978</b>	14,368
<b>Interest expense :</b>				
Bank borrowings	<b>(329)</b>	(817)	<b>(13)</b>	(19)
Redeemable convertible loan stocks	<b>(1,000)</b>	-	-	-
Subsidiaries	-	-	<b>(1,343)</b>	(854)
	<b>(1,329)</b>	(817)	<b>(1,356)</b>	(873)
	<b>23,707</b>	16,598	<b>71,582</b>	33,652

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 6. SHARE OF RESULTS OF ASSOCIATED COMPANIES & JOINT VENTURES

	Group	
	2000 \$'000	1999 \$'000
Share of net losses for the year	<b>(6,791)</b>	(2,392)
Taxation	<b>(330)</b>	(2,034)
	<b><u>(7,121)</u></b>	<b><u>(4,426)</u></b>

## 7. TAXATION

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
In respect of profit for the year :				
Current taxation	<b>24,441</b>	31,206	<b>19,486</b>	22,506
Deferred taxation	<b>1,020</b>	(710)	<b>812</b>	807
	<b><u>25,461</u></b>	<u>30,496</u>	<b><u>20,298</u></b>	<u>23,313</u>
(Over)/under-provision in respect of prior years:				
Current taxation	<b>(3,832)</b>	1,761	<b>(3,904)</b>	–
Deferred taxation	<b>(842)</b>	–	<b>(1,091)</b>	–
	<b><u>20,787</u></b>	<u>32,257</u>	<b><u>15,303</u></b>	<u>23,313</u>
Share of taxation of associated companies and joint ventures	<b>330</b>	2,034	–	–
	<b><u>21,117</u></b>	<u>34,291</u>	<b><u>15,303</u></b>	<u>23,313</u>

As at 31 December 2000, certain subsidiary companies have unutilised tax losses and capital allowances amounting in total to approximately \$5,838,000 (1999: \$8,838,000) available for set-off against future taxable income subject to the provisions of the Income Tax Act and agreement by the Comptroller of Income Tax.

The Group and the Company have exempt profits amounting to approximately \$114,000,000 (1999: \$113,000,000) and \$16,000,000 (1999: \$1,000,000) respectively. Of this amount, \$108,000,000 (1999: \$104,000,000) at the Group had been agreed with the Comptroller of Income Tax.

A reconciliation of the statutory tax rate to the effective tax rate applicable to profit from continuing operations for the years ended 31 December was as follows:

	Group		Company	
	2000 %	1999 %	2000 %	1999 %
Domestic statutory tax rate	<b>25.5</b>	26.0	<b>25.5</b>	26.0
Exempt income and capital gains	<b>(5.6)</b>	–	<b>(6.5)</b>	–
Loss making companies in the Group	<b>3.4</b>	1.4	–	–
Others, net	<b>1.4</b>	(0.5)	<b>(0.2)</b>	1.4
Effective tax rate	<b><u>24.7</u></b>	<u>26.9</u>	<b><u>18.8</u></b>	<u>27.4</u>

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 8. DIVIDENDS

	Group and Company	
	2000 \$'000	1999 \$'000
Interim dividend of 0.75 cents per share less tax of 25.5% (1999 : 1.5 cents per share less tax of 26%)	<b>7,795</b>	7,743
Interim special dividend of 1.5 cents per share less tax of 25.5% (1999 : 3.0 cents per share less tax of 26%)	<b>15,591</b>	15,486
Proposed final dividend of 1.0 cent per share less tax of 24.5% (1999 : 2.0 cents per share less tax of 25.5%)	<b>10,394</b>	10,394
Proposed special dividend of 3.2 cents per share less tax of 24.5% (1999 : 5.5 cents per share less tax of 25.5%)	<b>33,781</b>	28,584
	<b><u>67,561</u></b>	<u>62,207</u>

## 9. EARNINGS PER SHARE, CENTS

(a) Basic earnings per share ("EPS") is calculated by dividing the profit attributable to shareholders after deducting minority interests of \$80,158,000 (1999 : \$78,350,000) by the weighted average number of ordinary shares in issue during the year of 1,395,178,230 (1999 : 1,395,159,000).

The 1999 weighted average number of ordinary shares has been adjusted for the sub-division of one ordinary share of \$0.50 each into five ordinary shares of \$0.10 each and the one for one bonus issue during the year.

(b) Fully diluted EPS is calculated after adjusting for those shares not yet exercised under the SembCorp Marine Share Option Plan as follows :-

	Group and Company	
	2000	1999
Weighted average number of ordinary shares in issue during the year	<b>1,395,178,230</b>	1,395,159,000
Increase in number of ordinary shares on the exercise of options	<b>471,000</b>	1,312,000
Weighted average number of ordinary shares outstanding used in the calculation of fully diluted EPS	<b><u>1,395,649,230</u></b>	<u>1,396,471,000</u>

(c) The basic and fully diluted EPS are as follows:

	Group	
	2000	1999
Basic EPS (cents)	<b>5.75</b>	5.62
Fully diluted EPS (cents)	<b>5.75</b>	5.62

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 10. FIXED ASSETS

Group	Freehold \$'000	Land & building		Docks, quays, launches, cranes and marine vessels \$'000	Plant and machinery and tools \$'000	Others \$'000	Total \$'000
		Short-term leasehold \$'000	Construction in progress \$'000				
Cost at 1.1.2000	7,269	78,332	1,259	412,907	145,901	27,844	673,512
Valuation at 1.1.2000	–	–	–	25,152	–	–	25,152
	7,269	78,332	1,259	438,059	145,901	27,844	698,664
Additions	280	4,862	1,487	32,923	3,605	2,305	45,462
Reclassifications	(626)	1	–	(5,788)	4,719	(4,094)	(5,788)
Currency realignment	91	–	–	–	8	(2)	97
Subsidiaries disposed	(2,452)	(1,547)	–	–	(32,626)	(6,907)	(43,532)
Disposals	–	(103)	–	(50,194)	(3,368)	(729)	(54,394)
Write-off	–	–	–	–	(240)	(24)	(264)
At 31.12.2000	4,562	81,545	2,746	415,000	117,999	18,393	640,245
Representing :							
Valuation	–	–	–	25,152	–	–	25,152
Cost	4,562	81,545	2,746	389,848	117,999	18,393	615,093
	4,562	81,545	2,746	415,000	117,999	18,393	640,245
Accumulated depreciation							
At 1.1.2000	1,166	30,662	–	100,619	83,007	20,075	235,529
Charge for the year	83	1,604	–	12,517	10,641	2,431	27,276
Reclassifications	(51)	(3)	–	(636)	1,962	(1,908)	(636)
Currency realignment	4	–	–	–	5	(4)	5
Subsidiaries disposed	(433)	(202)	–	–	(17,934)	(3,458)	(22,027)
Disposals	–	(103)	–	(8,514)	(2,343)	(691)	(11,651)
Write-off	–	–	–	–	(224)	(24)	(248)
At 31.12.2000	769	31,958	–	103,986	75,114	16,421	228,248
Charge for 1999	386	425	–	15,869	15,301	2,620	34,601
Net book value							
At 31.12.2000	3,793	49,587	2,746	311,014	42,885	1,972	411,997
At 31.12.1999	6,103	47,670	1,259	337,440	62,894	7,769	463,135

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

Company	Freehold \$'000	Land & building Short-term leasehold \$'000	Construction in progress \$'000	Docks, quays, launches, cranes and marine vessels \$'000	Plant and machinery and tools \$'000	Others \$'000	Total \$'000
Cost and valuation							
At 1.1.2000	1,729	39,138	–	250,410	41,298	9,417	341,992
Additions	–	4,846	650	130	–	8	5,634
Transfer to subsidiaries	–	–	–	(47,501)	(37,275)	(8,670)	(93,446)
At 31.12.2000	<u>1,729</u>	<u>43,984</u>	<u>650</u>	<u>203,039</u>	<u>4,023</u>	<u>755</u>	<u>254,180</u>
Representing							
Valuation	–	–	–	25,152	–	–	25,152
Cost	1,729	43,984	650	177,887	4,023	755	229,028
	<u>1,729</u>	<u>43,984</u>	<u>650</u>	<u>203,039</u>	<u>4,023</u>	<u>755</u>	<u>254,180</u>
Accumulated depreciation							
At 1.1.2000	529	13,877	–	74,140	35,558	9,186	133,290
Charge for the year	24	964	–	3,671	335	178	5,172
Transfer to subsidiaries	–	–	–	(34,164)	(33,934)	(8,609)	(76,707)
At 31.12.2000	<u>553</u>	<u>14,841</u>	<u>–</u>	<u>43,647</u>	<u>1,959</u>	<u>755</u>	<u>61,755</u>
Charge for 1999	<u>23</u>	<u>863</u>	<u>–</u>	<u>4,537</u>	<u>887</u>	<u>509</u>	<u>6,819</u>
Net book value							
At 31.12.2000	<u>1,176</u>	<u>29,143</u>	<u>650</u>	<u>159,392</u>	<u>2,064</u>	<u>–</u>	<u>192,425</u>
At 31.12.1999	<u>1,200</u>	<u>25,261</u>	<u>–</u>	<u>176,270</u>	<u>5,740</u>	<u>231</u>	<u>208,702</u>

(a) Docks and quays are stated at Directors' valuation of 1973 of \$25,152,000 with subsequent additions stated at cost. If the following revalued assets of the Group and Company have been included in the financial statements at cost less accumulated depreciation, the net written down value would have been :

	2000 \$'000	1999 \$'000
Docks and quays	<u>7,485</u>	<u>7,733</u>

The revalued net book value of docks and quays is \$12,649,000 (1999 : \$13,069,000).

(b) Net book value of plant and equipment of a subsidiary company amounting to \$573,000 (1999: \$701,000) is pledged as security for a term loan granted to that subsidiary.

In 1999, net book value of freehold land and building of a subsidiary company amounting to \$1,241,000 was pledged as security for a bank overdraft granted to that subsidiary.

Net book value of fixed assets acquired under hire purchase agreements as at balance sheet date amounted to \$1,187,000 (1999 : \$1,812,000) in respect of the Group only.

(c) "Others" comprise motor vehicles, furniture and office equipment, utilities and fittings and computer equipment.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 11. SUBSIDIARIES

	2000 \$'000	Company 1999 \$'000
Unquoted shares, at cost	<b>209,525</b>	157,785
Loan to a subsidiary	<b>93,208</b>	94,228
Redeemable convertible loan stocks, unsecured (Notes 17 and 20)	<b>2,500</b>	–
	<b><u>305,233</u></b>	<b><u>252,013</u></b>

The Company's subsidiaries are set out in Note 2.

Loan to a subsidiary is unsecured, bears interest at 5% per annum (1999 : 5%) and is not repayable within the next twelve months.

### 12. ASSOCIATED COMPANIES & JOINT VENTURES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>Associated Companies</b>				
Unquoted shares, at cost	<b>27,268</b>	26,780	<b>19,789</b>	19,789
Quoted shares and warrants, at cost	<b>12,046</b>	9,232	<b>3,042</b>	9,232
Share of net post-acquisition reserves	<b>(3,493)</b>	25,790	–	–
	<b><u>35,821</u></b>	<u>61,802</u>	<b><u>22,831</u></b>	<u>29,021</u>
Loans and advances to associated companies	<b><u>14,713</u></b>	<u>15,089</u>	<b><u>14,713</u></b>	<u>15,091</u>
	<b><u>50,534</u></b>	<u>76,891</u>	<b><u>37,544</u></b>	<u>44,112</u>
<b>Joint Ventures</b>				
Unquoted shares, at cost	<b>25,252</b>	25,252	–	–
Share of net post-acquisition reserves	<b>4,818</b>	3,674	–	–
	<b><u>30,070</u></b>	<u>28,926</u>	<u>–</u>	<u>–</u>
	<b><u>80,604</u></b>	<u>105,817</u>	<b><u>37,544</u></b>	<u>44,112</u>
Market value of quoted shares and warrants in associated company	<b><u>24,052</u></b>	<u>22,177</u>	<b><u>24,052</u></b>	<u>22,177</u>

The Company's associated companies are set out in Note 2.

The loans and advances to associated companies are unsecured and long term in nature. An amount of \$473,000 (1999: \$848,000) bears interest at 4% per annum. All other amounts are interest free.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

All of the following joint ventures are incorporated in the People's Republic of China and they carry out their principal activities at the place of incorporation.

Name of Joint Venture	Principal Activities	Percentage of equity held by the Group	
		2000 %	1999 %
Jiangyin Hualxin Corrosion Control Co. Ltd	Tank coating and corrosion resistance work for marine vessels	50	50
Bohai Sembawang Shipyard (Tianjin)	Repair and conversion of all types of marine vessels, production of quayside and container cranes and installation and repair of mechanical and electronic equipment	50	50

The Group's share of results and balance sheets of the joint ventures are as follows:

	Group	
	2000 \$'000	1999 \$'000
Results of the joint ventures :		
Revenue	<b>7,720</b>	8,511
Profit/(loss) before taxation	<b>371</b>	(1,516)
Balance sheets of the joint ventures :		
Non-current assets	<b>25,044</b>	24,971
Current assets	<b>8,145</b>	8,653
Current liabilities	<b>(2,402)</b>	(3,990)
Non-current liabilities	<b>(716)</b>	(692)
	<b>30,071</b>	28,942

### 13. LONG TERM INVESTMENTS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Quoted equity securities, at cost	<b>4,504</b>	4,985	<b>4,504</b>	4,985
Quoted equity security reclassified from associated company, note (a)	<b>31,287</b>	–	<b>9,007</b>	–
Quoted warrants, at cost	<b>225</b>	–	<b>225</b>	–
Unquoted equity securities, at cost	<b>629</b>	709	<b>525</b>	605
Unquoted non-equity securities, at cost	<b>2,000</b>	–	<b>2,000</b>	–
Unquoted bonds, at cost	<b>60,000</b>	60,000	<b>60,000</b>	60,000
	<b>98,645</b>	65,694	<b>76,261</b>	65,590
Market value of quoted securities	<b>15,300</b>	7,461	<b>15,300</b>	7,461

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 13. LONG TERM INVESTMENTS (CONT'D)

(a) The Directors consider that they do not have significant influence over financial and operating policy decisions of Jurong Engineering Ltd ("JEL"). Accordingly JEL ceased to be an associated company of the Group. As at 31 December 2000, JEL has been classified as a long term quoted equity investment. Its carrying value to the Group is based on the Group's share of JEL's net tangible assets value as at 31 December 1999. At the Company level this long term investment is carried at cost.

### 14. TRADE DEBTORS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Trade debtors under "Current assets", note (a)	<b>271,724</b>	359,522	<b>52,633</b>	196,775
Less: Provision for doubtful debts	<b>(13,447)</b>	(15,074)	<b>(7,050)</b>	(9,249)
	<b>258,277</b>	344,448	<b>45,583</b>	187,526
Long term trade debtors, note (b)	<b>125,696</b>	116,248	<b>109,441</b>	104,834
	<b>383,973</b>	460,696	<b>155,024</b>	292,360
<b>(a) Current assets</b>				
Associated companies	<b>18,794</b>	14,355	<b>7,373</b>	5,772
Related companies	<b>6,572</b>	6,300	<b>885</b>	252
Subsidiary companies	–	–	<b>11,185</b>	2,410
Joint venture companies	<b>463</b>	1,005	–	–
External parties	<b>243,532</b>	337,862	<b>33,190</b>	188,341
Lease receivables, note (c)	<b>2,363</b>	–	–	–
	<b>271,724</b>	359,522	<b>52,633</b>	196,775
Provision for external party doubtful debts				
Balance at 1 January	<b>15,074</b>	11,344	<b>9,249</b>	7,643
(Write-back)/charge to profit and loss account	<b>(1,051)</b>	2,214	<b>(2,199)</b>	1,606
Bad debts written off	<b>(181)</b>	(94)	–	–
Subsidiaries (disposed)/acquired	<b>(395)</b>	1,610	–	–
	<b>13,447</b>	15,074	<b>7,050</b>	9,249
Bad debts written off directly to profit and loss account	<b>69</b>	700	–	600
	<b>13,447</b>	15,074	<b>7,050</b>	9,249
	<b>69</b>	700	–	600
The provision for doubtful debts is for external party trade debts which were repayable on demand.				
<b>(b) Long term trade debtors</b>				
Associated companies	<b>92,389</b>	98,500	<b>83,227</b>	88,447
External parties	<b>29,004</b>	17,748	<b>26,214</b>	16,387
Lease receivables, note (c)	<b>4,303</b>	–	–	–
	<b>125,696</b>	116,248	<b>109,441</b>	104,834



# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### 14. TRADE DEBTORS (CONT'D)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
(c) Lease receivables				
Lease receivables	8,431	-	-	-
Unearned interest income	(1,765)	-	-	-
	<b>6,666</b>	-	-	-
Shown as:				
Current assets, note (a)	2,363	-	-	-
Lease receivables due within 2 to 5 years, note (b)	4,303	-	-	-
	<b>6,666</b>	-	-	-

### 15. DEFERRED EXPENDITURE

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cost :				
At 1 January	1,025	957	-	-
Additions	57	68	-	-
Subsidiaries disposed	(666)	-	-	-
At 31 December	<b>416</b>	1,025	-	-
Accumulated amortisation :				
At 1 January	675	394	-	-
Charge to profit and loss account	4	281	-	-
Subsidiaries disposed	(666)	-	-	-
At 31 December	<b>13</b>	675	-	-
Net book value :				
At 31 December	<b>403</b>	350	-	-

### 16. STOCKS AND WORK-IN-PROGRESS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Materials, note (a)	19,995	33,345	-	15,968
Finished goods, note (b)	1,104	1,570	-	-
Work-in-progress, note (c)	115,309	30,067	-	19,218
	<b>136,408</b>	64,982	-	35,186
(a) Provision for obsolescence of materials				
Balance at 1 January	658	712	-	-
Charge to profit and loss account	74	27	-	-
Subsidiaries disposed	(113)	-	-	-
Stocks written off	(10)	(81)	-	-
Balance at 31 December	<b>609</b>	658	-	-

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 16. STOCKS AND WORK-IN-PROGRESS (CONT'D)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
<b>(b) Provision for obsolescence of finished goods</b>				
Balance at 1 January	22	651	-	-
Charge to profit and loss account	337	4	-	-
Stocks written off	-	(633)	-	-
Balance at 31 December	<b>359</b>	22	-	-
<b>(c) Work-in-progress</b>				
Costs and attributable profits less losses	<b>130,748</b>	173,145	-	162,296
Less: Progress billings	<b>(15,439)</b>	(143,078)	-	(143,078)
	<b>115,309</b>	30,067	-	19,218

## 17. OTHER DEBTORS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Staff loans	8,937	3,830	151	3,341
Prepayments	3,131	7,152	-	4,613
Other deposits and recoverables, note (a)	23,155	45,969	13,087	7,150
Cost of club memberships	840	840	590	590
Subsidiary companies, non-trade	-	-	44,054	42,826
Associated companies, non-trade	2,027	17,191	2,000	1,349
Related companies, non-trade	-	18,381	-	1,054
Short term loan to a related company, note (c)	44,609	-	-	-
Redeemable convertible loan stocks, unsecured (Note 20)	-	-	-	2,500
	<b>82,699</b>	93,363	<b>59,882</b>	63,423
<b>(a) Other deposits and recoverables</b>				
GST refundable	5,242	3,096	461	2,356
Interest receivable	724	388	618	388
Recoverable amounts	3,690	15,513	352	3,261
Sale of fixed assets	-	23,402	-	-
Sale of subsidiaries	10,530	-	10,530	-
Sundry deposits	2,851	2,626	1,126	896
Tax recoverable	118	944	-	249
	<b>23,155</b>	45,969	<b>13,087</b>	7,150
<b>(b) Provision for external party doubtful debts</b>				
Balance at 1 January	1,409	-	-	-
Charge to profit and loss account	-	1,409	-	-
Subsidiaries disposed	(1,409)	-	-	-
Balance at 31 December	-	1,409	-	-
Bad debts written off directly to profit and loss account	-	459	-	459

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

### (c) Short term loan to a related company

The loan is interest bearing and interest range from 1.625% to 2.800% per annum (1999: nil).

### 18. TRADE CREDITORS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Associated companies	<b>11,107</b>	17,560	<b>3,687</b>	3,132
Immediate holding company	<b>1,500</b>	1,500	<b>1,500</b>	1,500
Related companies	<b>7,636</b>	3,620	<b>145</b>	855
Subsidiary companies	–	–	<b>5,066</b>	39,489
External parties	<b>372,523</b>	371,804	<b>8,408</b>	133,276
	<b><u>392,766</u></b>	<u>394,484</u>	<b><u>18,806</u></b>	<u>178,252</u>

### 19. OTHER CREDITORS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Associated companies	<b>2,000</b>	194	–	–
Related companies	–	4,878	–	–
Subsidiary companies, note (a)	–	–	<b>113,179</b>	65,740
Deposits	<b>575</b>	3,895	<b>154</b>	76
GST payables	<b>2,105</b>	–	–	–
Hire purchase creditors (Note 22)	<b>334</b>	468	–	–
Sundry provisions, note (b)	–	5,818	–	–
Sundry payables	<b>3,269</b>	3,915	<b>646</b>	275
	<b><u>8,283</u></b>	<u>19,168</u>	<b><u>113,979</u></b>	<u>66,091</u>

#### (a) Subsidiary companies

The amounts owing to subsidiary companies comprise of interest bearing fixed deposits of \$49,206,000 (1999: \$59,640,000) and other non-trade balances. Interest range from 1.625% to 2.800% per annum (1999: 0.75% to 2.75% per annum). All other amounts are interest-free.

#### (b) Sundry provisions

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Balance at 1 January	<b>5,818</b>	6,480	–	–
(Write-back)/charge to profit and loss account	<b>(2,283)</b>	5,805	–	–
Utilised in the year	<b>(3,535)</b>	(6,467)	–	–
Balance at 31 December	<b><u>–</u></b>	<u>5,818</u>	<u>–</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 20. BORROWINGS

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Bank term loans - secured, note (a)	574	902	-	-
- unsecured	-	2,917	-	-
Bank overdrafts - secured, note (b)	-	222	-	-
- unsecured	2,908	5,934	-	1,716
Redeemable convertible loan stocks				
- unsecured, note (c)	5,000	10,000	-	-
	<b>8,482</b>	<b>19,975</b>	<b>-</b>	<b>1,716</b>
Shown as :				
Current liabilities	3,236	19,401	-	1,716
Long term liabilities	5,246	574	-	-
	<b>8,482</b>	<b>19,975</b>	<b>-</b>	<b>1,716</b>

(a) The bank term loan is secured on plant and equipment of a subsidiary company with a net book value of \$573,000 (1999 : \$701,000) under a deed of debenture dated 5 June 1998. This term loan is repayable in 16 equal quarterly instalments and bears interest of 3.5% (1999 : 3.5%) per annum, which is based on the rate set out in the Economic Development Board's Resource Productivity Scheme.

(b) In 1999, the bank overdraft was secured on freehold land and building of another subsidiary company with a net book value of \$1,241,000. Interest charge was 8.8% to 10.5% per annum.

(c) Prior to 31 October 2000, the redeemable convertible loan stocks of a subsidiary company were redeemable on that date or they could be converted into ordinary shares of that subsidiary at the option of the loan stock holders. Additionally, interest at the rate of 6% per annum was due and payable on 31 October 2000 except that, if this subsidiary had obtained in-principle approval before then for its listing on the Singapore stock exchange or other stock exchanges (as agreed by the loan stockholders), no interest was payable.

On 31 October 2000, one of the loan stockholders redeemed \$5,000,000 and was paid an agreed interest of approximately \$1,000,000 (which was based on 4% per annum instead of 6% per annum). The other existing loan stockholders (including the Company) extended the redemption date of the loan stocks to 31 October 2003 and further waived the interest which was payable on 31 October 2000. Since then, the redeemable convertible loan stocks were interest-free.

## 21. DEFERRED TAXATION

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Balance at 1 January	53,200	53,424	40,806	39,999
Amount transferred to a subsidiary	-	-	(3,048)	-
Subsidiaries (disposed)/acquired	(2,851)	486	-	-
Charge/(write-back) for the year	178	(710)	(279)	807
Balance at 31 December	<b>50,527</b>	<b>53,200</b>	<b>37,479</b>	<b>40,806</b>

Deferred taxation arose substantially from the excess of net book value of fixed assets over the tax written down value of the same assets.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 22. HIRE PURCHASE CREDITORS

	Group	
	2000 \$'000	1999 \$'000
Future minimum lease payments due		
Within one year	<b>382</b>	528
Within two to five years	<b>578</b>	906
More than five years	<b>33</b>	–
	<b>993</b>	1,434
Deferred finance charges	<b>(131)</b>	(168)
	<b>862</b>	1,266
Shown as :		
Current liabilities (Note 19)	<b>334</b>	468
Long term liabilities	<b>528</b>	798
	<b>862</b>	1,266

## 23. PROVISION FOR RETIREMENT GRATUITIES

	Group	
	2000 \$'000	1999 \$'000
Balance at 1 January	<b>758</b>	387
Charge to profit and loss account	<b>158</b>	399
Utilised in the year	<b>(38)</b>	(28)
Balance at 31 December	<b>878</b>	758

## 24. SHARE CAPITAL

	Company	
	2000 \$'000	1999 \$'000
<b>Authorised :</b>		
5,000,000,000 ordinary shares of \$0.10 each (1999: 240,000,000 ordinary shares of \$0.50 each)	<b>500,000</b>	120,000
<b>Issued and fully paid ordinary shares :</b>		
Balance at 1 January, 139,517,823 shares (1999: 139,515,823 shares) of \$0.50 each	<b>69,759</b>	69,758
Issued during the year -		
5 for 1 share split of 558,071,292 shares (1999: nil)	–	–
1 for 1 bonus issue of 697,589,115 shares (1999: nil)	<b>69,759</b>	–
Exercise of share options (1999: 2,000 shares)	–	1
Balance at 31 December, 1,395,178,230 shares of \$0.10 each (1999: 139,517,823 shares of \$0.50 each)	<b>139,518</b>	69,759

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 24. SHARE CAPITAL (CONT'D)

In January 2000 the Company:

- (i) sub-divided its ordinary shares of \$0.50 each into ordinary shares of \$0.10 each; and
- (ii) increased its authorised share capital from \$120,000,000 comprising 240,000,000 ordinary shares of \$0.50 each to \$500,000,000 comprising 5,000,000,000 ordinary shares of \$0.10 each, by the creation of 3,800,000,000 ordinary shares of \$0.10 each.

Thereafter, there was a bonus issue of ordinary shares in the ratio of 1:1 by the capitalisation of \$69,758,912 from the share premium account.

Options were granted in 2000 (the "2000 Options") pursuant to the SembCorp Marine Share Option Plan (the "Plan") in respect of a total of 16,783,600 unissued ordinary shares of \$0.10 each to 933 full time executives of the Group, Directors of the Company and 33 executives of the immediate holding company, who are not substantial shareholders of the Company. The 2000 Options are exercisable between 8 September 2001 and 7 September 2010 and the exercise price is \$0.70 per share for cash.

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.

During the year, there was no share issued by the Company under the Plan.

The options granted, exercised and cancelled under the Plan during the year and the options outstanding at the end of the year are as follows :-

	1998 Options	1999 Options	2000 Options
Date options granted	27 April 1998	10 March 1999	8 March 2000
Option exercise period :-			
From	27 April 2000	10 March 2001	8 September 2001
To	26 April 2003	9 March 2004	7 September 2010
Exercise price per option	\$0.79	\$0.65	\$0.70
Number of options outstanding :-	'000	'000	'000
At 1 January 2000	867	873	-
Adjustments*	7,803	7,857	-
Options granted	-	-	16,784
Options cancelled	(680)	(610)	(440)
At 31 December 2000	<u>7,990</u>	<u>8,120</u>	<u>16,344</u>

\* Adjustments were made to the existing share options granted under the Plan, following the sub-division of one ordinary share of \$0.50 each into five ordinary shares of \$0.10 each in January 2000 and the one for one bonus issue in May 2000, as follows:

Date options granted	Number of options outstanding as at 31 December 1999	Adjusted number of options outstanding	Original subscription price	Adjusted subscription price
27 April 1998	867,000	8,670,000	\$7.85	\$0.79
10 March 1999	873,000	8,730,000	\$6.47	\$0.65

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 25. RESERVES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Revenue reserves	<b>455,294</b>	442,889	<b>350,371</b>	325,045
Foreign currency translation reserves	<b>3,428</b>	2,557	–	–
Share premium account	<b>222,819</b>	293,244	<b>222,819</b>	292,610
Asset revaluation reserves	<b>960</b>	960	<b>960</b>	960
Other capital reserves	<b>27,157</b>	24,857	–	–
Total reserves at 31 December	<b><u>709,658</u></b>	<u>764,507</u>	<b><u>574,150</u></b>	<u>618,615</u>
Made up of :				
Distributable	<b>455,294</b>	442,889	<b>350,371</b>	325,045
Non-distributable	<b>254,364</b>	321,618	<b>223,779</b>	293,570
	<b><u>709,658</u></b>	<u>764,507</u>	<b><u>574,150</u></b>	<u>618,615</u>

## 26. CONTINGENT LIABILITIES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Unsecured guarantees given in respect of an associated company	<b><u>28,389</u></b>	<u>32,031</u>	<b><u>28,389</u></b>	<u>32,031</u>

The bank facilities of the associated company amounting to \$28,389,000 (1999: \$32,031,000) is secured on four vessels of that associated company.

## 27. COMMITMENTS

At 31 December, there are commitments not provided for in the financial statements as follows :

### (a) Approved capital expenditure :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Amounts approved by Directors but not committed	<b>71,988</b>	6,352	<b>49,638</b>	6,200
Amounts approved and committed	<b>3,148</b>	2,831	<b>300</b>	–
	<b><u>75,136</u></b>	<u>9,183</u>	<b><u>49,938</u></b>	<u>6,200</u>

In 1999, the amounts approved and committed of the Group include capital expenditure relating to joint venture operations of \$152,000.

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 27. COMMITMENTS (CONT'D)

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
(b) Foreign exchange contracts :				
Bought contracts	<b>35,338</b>	–	<b>35,338</b>	–

(c) Minimum lease rental payables in respect of land and buildings to JTC Corporation and the immediate holding company :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Payable within 1 year	<b>18,280</b>	12,313	<b>8,362</b>	3,222
Payable within 2 to 5 years	<b>59,437</b>	13,775	<b>49,492</b>	–
Payable after 5 years	<b>66,815</b>	–	<b>60,728</b>	–
	<b>144,532</b>	26,088	<b>118,582</b>	3,222

## 28. CASH AND CASH EQUIVALENTS

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

	Group	
	2000 \$'000	1999 \$'000
Fixed deposits, bank and cash balances	<b>198,878</b>	167,446
Bank overdrafts - unsecured	<b>(2,908)</b>	(5,934)
	<b>195,970</b>	161,512

## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant transactions during the year between the Group and its related parties on terms as agreed between the respective parties and which are not otherwise disclosed in these financial statements consist of :

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Commission to a subsidiary company	–	–	<b>1,184</b>	3,430
Management fees from subsidiary companies	–	–	<b>3,285</b>	5
Management fee from an associated company	–	300	–	300
Purchases from subsidiary companies	–	–	<b>22,031</b>	51,732
Rental from a subsidiary company	–	–	<b>11,957</b>	–
Sales to associated companies	<b>90,151</b>	4,156	–	–



# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

## SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

	Group		Company	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Sales to related companies	<b>8,119</b>	3,757	-	-
Management fee to immediate holding company	<b>1,500</b>	1,500	<b>1,500</b>	1,500
Rental charged by immediate holding company	<b>8,706</b>	8,717	-	-
Purchases from related companies	<b>12,479</b>	445	-	-

In connection with the transfer of the Company's shipyard operations to a wholly owned subsidiary, certain assets and liabilities were also transferred. The net assets transferred (including fixed assets and deferred taxation) amounted in total to \$4,234,000 on the basis of the net book values of those assets and liabilities as at 31 March 2000.

### 30. SUBSEQUENT EVENT

Subsequent to year end,

- (a) A subsidiary, JPL Industries Pte Ltd ("JPLI"), increased its paid up share capital by \$5,000,000 from 6,000,000 to \$11,000,000 by issuing 5,000,000 new ordinary shares at par of \$1 each for cash. Of these new shares 3,000,000 shares were subscribed by the Company and 2,000,000 by an associated company, Jurong Clavon Pte Ltd, resulting in the Group's effective interest in JPLI increasing from 35.7% to 55.8%.
- (b) The Company and one of its subsidiaries, JPL Marine Works Pte Ltd, disposed their respective 80% and 10% interests in a subsidiary, Sembawang Jurong Corrosion Control Pte Ltd ("SJCC") to an associated company Jurong Clavon Pte Ltd for a total consideration, equivalent to their share of SJCC's net tangible assets value of \$1,350,000, resulting in the Group's effective interest in SJCC being reduced from 92% to 50%.

### 31. INFORMATION BY SEGMENT ON GROUP'S OPERATIONS

	Ship repairing, building and conversion \$'000	Ship chartering \$'000	Electronics and others \$'000	Eliminations \$'000	Total \$'000
<b>(a) By industry: 2000</b>					
<b>Revenue</b>					
Sales to external parties	704,737	1,529	56,742	-	763,008
Inter-segment sales	83,441	845	59,755	(144,041)	-
Consolidated sales	<u>788,178</u>	<u>2,374</u>	<u>116,497</u>	<u>(144,041)</u>	<u>763,008</u>
<b>Results</b>					
Segment results	70,882	7,165	1,492	-	79,539
Investment and interest income	22,657	2,162	217	-	25,036
Interest expenses	(5)	-	(1,324)	-	(1,329)
Share associated companies & JVs results	<u>(3,854)</u>	<u>(4,359)</u>	<u>1,422</u>	<u>-</u>	<u>(6,791)</u>
Profit before taxation	89,680	4,968	1,807	-	96,455
Taxation	(19,334)	(492)	(1,291)	-	(21,117)
Profit after taxation	<u>70,346</u>	<u>4,476</u>	<u>516</u>	<u>-</u>	<u>75,338</u>

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## 31. INFORMATION BY SEGMENT ON GROUP'S OPERATIONS (CONT'D)

	Ship repairing, building and conversion \$'000	Ship chartering \$'000	Electronics and others \$'000	Eliminations \$'000	Total \$'000
<b>Other information</b>					
Capital additions	10,369	31,735	3,358	–	45,462
Depreciation	20,214	710	6,352	–	27,276
Amortisation	4	–	–	–	4
<b>Segment assets</b>	<b>1,118,709</b>	<b>94,652</b>	<b>99,642</b>	<b>–</b>	<b>1,313,003</b>
Investment in associated companies & JVs	48,317	(303)	32,590	–	80,604
Consolidated total assets	<u>1,167,026</u>	<u>94,349</u>	<u>132,232</u>	<u>–</u>	<u>1,393,607</u>
<b>Segment liabilities</b>	<b>434,839</b>	<b>39,509</b>	<b>59,164</b>	<b>–</b>	<b>533,512</b>
<b>(a) By industry: 1999</b>					
<b>Revenue</b>					
Sales to external parties	785,159	12,760	123,117	–	921,036
Inter-segment sales	20,813	–	43,918	(64,731)	–
Consolidated sales	<u>805,972</u>	<u>12,760</u>	<u>167,035</u>	<u>(64,731)</u>	<u>921,036</u>
<b>Results</b>					
Segment results	84,526	3,365	8,975	–	96,866
Investment and interest income	16,531	710	174	–	17,415
Interest expenses	(23)	–	(794)	–	(817)
Share associated companies & JVs results	(2,384)	(3,274)	3,266	–	(2,392)
Profit before taxation	98,650	801	11,621	–	111,072
Taxation	(29,136)	(1,490)	(3,665)	–	(34,291)
Profit after taxation	<u>69,514</u>	<u>(689)</u>	<u>7,956</u>	<u>–</u>	<u>76,781</u>
<b>Other information</b>					
Capital additions	5,025	5,788	8,439	–	19,252
Depreciation	19,207	4,381	11,013	–	34,601
Amortisation	–	1	280	–	281
<b>Segment assets</b>	<b>1,086,122</b>	<b>92,239</b>	<b>137,305</b>	<b>–</b>	<b>1,315,666</b>
Investment in associated companies & JVs	51,855	5,215	48,747	–	105,817
Consolidated total assets	<u>1,137,977</u>	<u>97,454</u>	<u>186,052</u>	<u>–</u>	<u>1,421,483</u>
<b>Segment liabilities</b>	<b>453,877</b>	<b>31,480</b>	<b>71,762</b>	<b>–</b>	<b>557,119</b>

# NOTES TO THE FINANCIAL STATEMENTS *for the year ended 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

## (b) By geographical area

The Group operates mainly in the Republic of Singapore. Pricing of inter-segment sales is at fair market value.

## **32. DIRECTORS' REMUNERATION**

The remuneration of Directors of the Company fell within the following ranges :

	2000	1999
\$500,000 and above	1	1
\$250,000 to \$499,000	-	-
Below \$250,000	6	8
	<u>7</u>	<u>9</u>

## **33. COMPARATIVE FIGURES**

The presentation and classifications of items in the financial statements have been changed due to the adoption of the requirements of Singapore Statement of Accounting Standard 1 (Revised 1999) "Presentation of financial statements".

Certain comparative figures have been reclassified to conform with the current year's presentation.

SUPPLEMENTARY INFORMATION 31 December 2000 (under SGX-ST Listing Manual Requirements)

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

(A) **DIRECTORS' REMUNERATION**

The remuneration of directors of the Company falls within the following ranges:-

	2000
\$500,000 and above	1
\$250,000 to \$499,999	-
Below 250,000	6
	<u>7</u>

Summary compensation table for the year ended 31 December 2000 (Group):

	Salary \$'000	Bonus \$'000	Other \$'000	Directors' Fees \$'000	Total \$'000	Fair Value of stock option granted \$'000
Executive Directors	1,264	418	241	–	1,923	248
Non-Executive Directors	–	–	–	305	305	145
<b>Group</b>	<b>1,264</b>	<b>418</b>	<b>241</b>	<b>305</b>	<b>2,228</b>	<b>393</b>

(B) **INTERESTED PERSON TRANSACTIONS**

In compliance with Chapter 9A of the Listing Manual of the Singapore Exchange, a shareholders' mandate was obtained for the following types of interested person transactions (as defined in Chapter 9A of the Listing Manual). The aggregate value for these transactions conducted pursuant to the shareholders' mandate during the financial year are as follows:

	2000 \$'000
<b>General Transactions</b>	
Sales of goods and services	3,136
Purchases of goods and services	12,387
Purchase of a marine vessel	30,636
Management fees charged by immediate holding company	1,500
Rental charged by immediate holding company	8,700

**Treasury Transactions**

Placement of funds with interested persons for amounts ranging from \$200,000 to \$129,609,000.

# STATISTICS OF SHAREHOLDERS *As at 17 April 2001*

SEMBICORP MARINE LTD AND ITS SUBSIDIARIES

Authorised Share Capital : S\$500,000,000  
 Issued and Fully Paid-up Capital : S\$139,658,823  
 Class Share : Ordinary Share of S\$0.10 each

## LIST OF 23 LARGEST REGISTERED SHAREHOLDERS

No	Name	Shareholdings	%
1.	Sembawang Corporation Limited	888,803,260	63.64
2.	DBS Nominees Pte Ltd	147,057,063	10.53
3.	Raffles Nominees Pte Ltd	72,354,604	5.18
4.	Ishikawajima-Harima Heavy Industries Co., Ltd	60,000,000	4.30
5.	HSBC (Singapore) Nominees Pte Ltd	46,484,000	3.33
6.	Citibank Nominees Singapore Pte Ltd	34,260,675	2.45
7.	United Overseas Bank Nominees Pte Ltd	28,532,700	2.04
8.	DB Nominees (S) Pte Ltd	18,702,300	1.34
9.	Oversea-Chinese Bank Nominees Pte Ltd	17,071,000	1.22
10.	Overseas Union Bank Nominees Pte Ltd	8,792,000	0.63
11.	NTUC Income Insurance Co-Operative Limited	5,190,000	0.37
12.	Coop International Pte Ltd	1,774,000	0.13
13.	Cosmic Insurance Corporation Limited - SIF	1,500,000	0.11
14.	Keppel Bank Nominees Pte Ltd	1,122,000	0.08
15.	Lucy Chee	900,000	0.06
16.	Ishwar Dass	845,000	0.06
17.	Ng Siak Jinng	690,000	0.04
18.	Singtel Investments Private Limited	600,000	0.04
19.	UOB Kay Hian Pte Ltd	521,000	0.04
20.	Alexandra Holdings Ltd	500,000	0.04
21.	Betty Foo Cheng Pheng	500,000	0.04
22.	Lim Chor Yong	500,000	0.04
23.	Tan Boon Lye	500,000	0.04
	<b>Total:</b>	<b>1,337,199,602</b>	<b>95.75</b>

## SHAREHOLDERS LOCATION DISTRIBUTION

Location	No. of Holders	%	No. of Shares	%
Singapore	3,320	97.65	1,333,165,230	95.46
Malaysia	37	1.09	2,143,000	0.15
Hong Kong	9	0.26	60,101,000	4.31
Japan	3	0.09	56,000	0.00
USA	6	0.18	53,000	0.00
UK	2	0.06	24,000	0.00
Europe	1	0.03	20,000	0.00
Australia/ New Zealand	7	0.20	117,000	0.01
Others	15	0.44	909,000	0.07
<b>Grand Total</b>	<b>3,400</b>	<b>100.00</b>	<b>1,396,588,230</b>	<b>100.00</b>

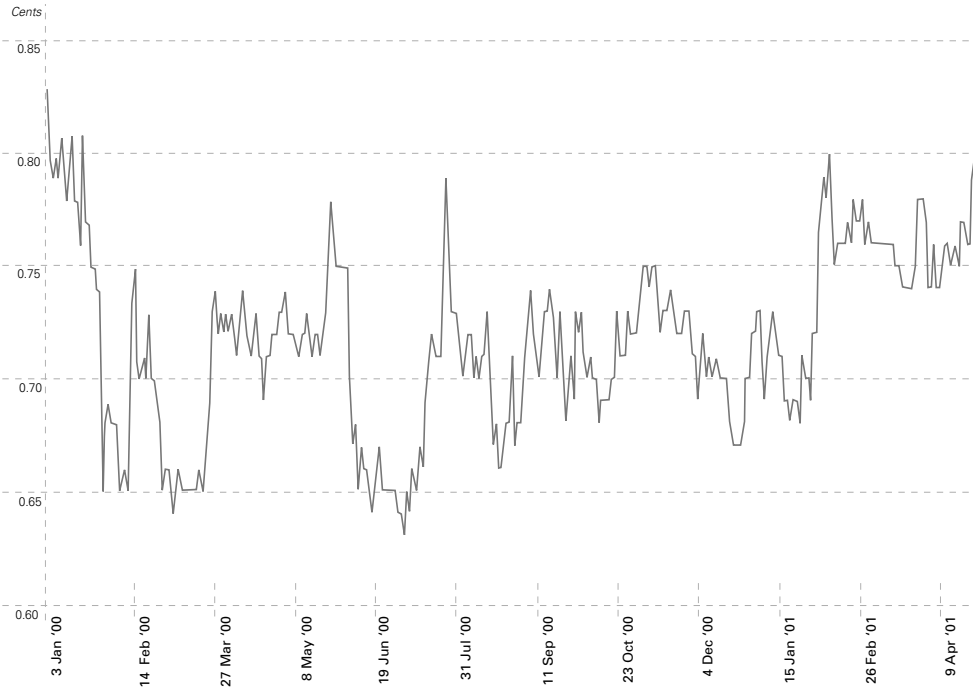
## SHAREHOLDERS DISTRIBUTION

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 1,000	112	3.29	108,470	0.01
1,001 - 10,000	2,229	65.56	14,721,000	1.05
10,001 - 1,000,000	1,045	30.74	50,115,158	3.59
1,000,001 and above	14	0.41	1,331,643,602	95.35
<b>Grand Total</b>	<b>3,400</b>	<b>100.00</b>	<b>1,396,588,230</b>	<b>100.00</b>

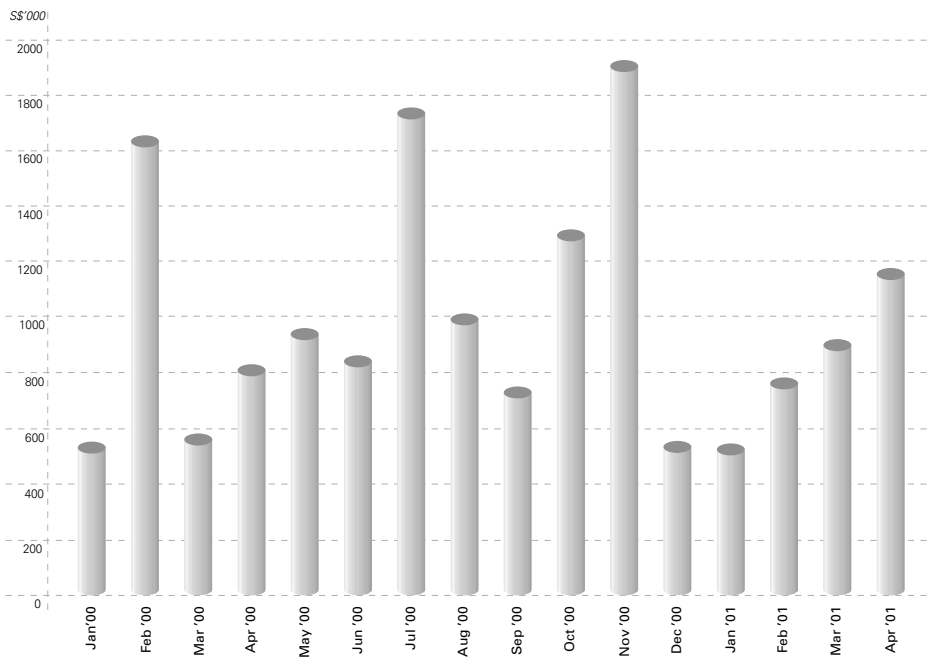
# SHARE PRICES AND MONTHLY VOLUMES

SEMBICORP MARINE LTD AND ITS SUBSIDIARIES

## DAILY PRICES



## MONTHLY VOLUME



## MAJOR PROPERTIES *As at 31 December 2000*

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES

<b>Held by</b>	<b>Location</b>	<b>Description &amp; Approximate Land Area</b>	<b>Tenure</b>	<b>Usage</b>
<b>Jurong Shipyard</b>	Jalan Samulan	Land area: 198,098m <sup>2</sup> Building, workshop, drydocks and quays	10 years leasehold 10 years option	Ship repairs including drydock, berthage & workshops
	Tanjong Kling	Land area: 491,054.57m <sup>2</sup> Building, workshop, drydocks and quays	10 years leasehold 10 years option	Ship repairs, ship conversion, offshore & shipbuilding including drydock, berthage & workshops
	Jalan Mendong	6 units of 2-room apartment with built-in area of 115.6m <sup>2</sup>	Freehold	Residential properties
	Pasir Panjang Hills	Land area: 1,650m <sup>2</sup> 2 units of 1-room flat with built-in area of 64.8m <sup>2</sup> and 6 units of 3-room flat with built-in area of 123.8m <sup>2</sup>	Freehold	Residential properties
	Victoria Park	Land area: 1,207m <sup>2</sup> Single storey detached bungalow with built-in area of 229.7m <sup>2</sup>	Leasehold 999 years	Residential properties
	Hilton Tower at Grange Road	Apartment with built-in area of 131m <sup>2</sup>	Freehold	Residential properties
<b>P.T. Karimun Sembawang Shipyard</b>	Karimun Island Indonesia	150,000m <sup>2</sup> Building, workshop and wharves	30 years leasehold with option for 20 to 30 years	Shiprepairing and fabrication
<b>SES Engineering Sdn Bhd</b>	No. 15 Jalan Lambak Kawasan Perindustrian Taman Johor 81200 Johor Bahru	56,348 sq ft Workshop and 3-storey office building	Freehold	Metal fabrication workshop

# NOTICE OF ANNUAL GENERAL MEETING

## SEBACORP MARINE LTD AND ITS SUBSIDIARIES

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting of the Company will be held on Wednesday, May 30, 2001 at 11.00 a.m. at 29 Tanjong Kling Road, Singapore 628054 to transact the following business:-

### ORDINARY BUSINESS

- 1 To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2000. (Resolution 1)
- 2 To approve the payment of a final dividend of 9.868 per cent per ordinary share less income tax for the year ended December 31, 2000. (Resolution 2)
- 3 To approve the payment of a special dividend of 32.066 per cent per ordinary share less income tax for the year ended December 31, 2000. (Resolution 3)
- 4 To re-elect the following Directors, who, being eligible, offer themselves for re-election:-
  - (a) Mr Er Kwong Wah, retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 4)
  - (b) Mr Giam Chin Toon, retiring pursuant to Article 91 of the Company's Articles of Association. (Resolution 5)  
*Mr Giam Chin Toon, if re-elected, will remain as Audit Committee Member and will be considered as an independent Director.*
  - (c) Mr Masahiro Miyazaki, retiring pursuant to Article 97 of the Company's Articles of Association. (Resolution 6)
- 5 To approve Directors' fees of S\$295,500 for the year ended December 31, 2000. (1999: S\$160,627) (Resolution 7)
- 6 To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)
- 7 To transact such other ordinary business as may be transacted at an Annual General Meeting of the Company. (Resolution 9)

### SPECIAL BUSINESS

#### Ordinary Resolutions

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

- 8 "THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of The Singapore Exchange Securities Trading Limited ('SGX-ST'), authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20 per cent of the issued share capital of the Company for the time being, and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 10)
- 9 "THAT approval be and is hereby given to the Directors to:
  - (a) offer and grant options in accordance with the provisions of the SembCorp Marine Share Option Plan ('Share Option Plan') and/or to grant awards in accordance with the provisions of the SembCorp Marine Performance Share Plan ('Performance Share Plan') and/or the SembCorp Marine Restricted Stock Plan ('Restricted Stock Plan') (the Share Option Plan, the Performance Share Plan and the Restricted Stock Plan, together the 'Share Plans'); and
  - (b) to allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the Share Option Plan and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,  
provided always that the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed 15 per cent of the issued share capital of the Company from time to time." (Resolution 11)
- 10 "THAT
  - (a) approval be and is hereby given for the purposes of Chapter 9A of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are as set out in the Company's Circular to Members dated May 15, 2000 ('the Circular') with any party who is of the class of Interested Persons referred to in the Circular, provided that such transactions are made on an arm's length basis and on normal commercial terms;
  - (b) such approval ('the Mandate') shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and
  - (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate and/or this Resolution." (Resolution 12)

BY ORDER OF THE BOARD

LEE CHENG

COMPANY SECRETARY

Singapore  
May 15, 2001

#### Statement pursuant to Article 54 of the Articles of Association of the Company:

- (a) Resolution 10 is to allow the Directors to issue shares up to 50 per cent of the Company's issued share capital, with an aggregate sub-limit of 20 per cent of the Company's issued share capital for any issue of shares not made on a pro rata basis to shareholders.
- (b) Resolution 11 is to allow the Directors to issue shares pursuant to the Share Plans provided that the aggregate number of shares issued pursuant to the Share Plans shall not exceed 15 per cent of the issued share capital of the Company from time to time.
- (c) Resolution 12 is to renew the Mandate to allow the Company, its subsidiaries and target associated companies or any of them to enter into any transactions falling within the types of interested person transactions, particulars of which are set out in the Circular, with any party who falls within the classes of interested persons described in the Circular.

#### Notes:-

A member of the Company entitled to attend and vote at the Meeting may appoint not more than two (2) proxies to attend and vote on his behalf and where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company. The instrument appointing a proxy or proxies must be deposited at 9 Bishan Place, #08-00 Junction 8, Singapore 579837 not later than 48 hours before the time appointed for holding the Meeting.



# PROXY FORM

SEMBCORP MARINE LTD AND ITS SUBSIDIARIES



(Incorporated in the Republic of Singapore)

## IMPORTANT

- For investors who have used their CPF monies to buy SembCorp Marine Ltd's shares, this document is forwarded to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ of  
(Name)

being a member / members of SEMBCORP MARINE LTD hereby appoint:- \_\_\_\_\_ (Address)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 38th Annual General Meeting of the Company to be held at 29 Tanjong Kling Road, Singapore 628054 on Wednesday, May 30, 2001 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
	<b>ORDINARY BUSINESS</b>		
1	Adoption of Directors' Report and Accounts		
2	Declaration of Final Dividend		
3	Declaration of Special Dividend		
4	Re-election of Mr Er Kwong Wah		
5	Re-election of Mr Giam Chin Toon		
6	Re-election of Mr Masahiro Miyazaki		
7	Approval of Directors' fees		
8	Re-appointment of Auditors		
9	Any other Business		
	<b>SPECIAL BUSINESS</b>		
10	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
11	Authority for Directors to offer and grant options and issue shares in accordance with the Share Plans		
12	To renew shareholders' mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

Total Number of Shares Held	
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Signature(s) of Member(s) or Common Seal

### Notes:

- Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of a whole) to be represented by each proxy.
- The instrument appointing a proxy or proxies must be deposited at 9 Bishan Place, #08-00 Junction 8, Singapore 579837, not less than 48 hours before the time appointed for holding the Annual General Meeting.
- The instrument appointing a proxy or proxies, must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix  
Postage  
Stamp

COMPANY SECRETARY  
SEMBCORP MARINE LIMITED  
9 BISHAN PLACE  
#08-00  
JUNCTION 8  
SINGAPORE 579837

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