

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

Financial Statement For Third Quarter 2003

1 UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2003

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the third quarter ended 30 September 2003.

1(a) GROUP PROFIT AND LOSS ACCOUNTS for the nine months ended 30 September

	2003 3Q \$'000	2002 3Q \$'000 (Restated)	+ / (-) %	2003 9 Months \$'000	2002 9 Months \$'000 (Restated)	+ / (-) %
TURNOVER	54,011	82,997	(34.9)	181,648	229,283	(20.8)
Less operating expenses	<u>(54,546)</u>	<u>(90,947)</u>	(40.0)	<u>(186,267)</u>	<u>(231,893)</u>	(19.7)
OPERATING LOSS	(535)	(7,950)	(93.3)	(4,619)	(2,610)	77.0
Investment income	-	-	-	1,620	1,694	(4.4)
Interest income	97	860	(88.7)	396	1,860	(78.7)
Interest expense	(1,384)	(3,157)	(56.2)	(4,024)	(8,750)	(54.0)
Share of results of associated companies	<u>8,317</u>	<u>17,488</u>	(52.4)	<u>22,424</u>	<u>42,564</u>	(47.3)
PROFIT BEFORE EXCEPTIONAL ITEMS	6,495	7,241	(10.3)	15,797	34,758	(54.6)
Exceptional items	<u>-</u>	<u>(1,208)</u>	NM	<u>(121)</u>	<u>43</u>	NM
PROFIT BEFORE TAXATION	6,495	6,033	7.7	15,676	34,801	(55.0)
Taxation	<u>(476)</u>	<u>(2,434)</u>	(80.4)	<u>838</u>	<u>(11,193)</u>	NM
PROFIT AFTER TAXATION	6,019	3,599	67.2	16,514	23,608	(30.0)
Minority interests	<u>(753)</u>	<u>(59)</u>	1176.3	<u>(2,441)</u>	<u>(3,055)</u>	(20.1)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	<u>5,266</u>	<u>3,540</u>	48.8	<u>14,073</u>	<u>20,553</u>	(31.5)
Comprising:						
Profit before exceptional items	5,266	4,748		14,194	20,510	
Exceptional items	<u>-</u>	<u>(1,208)</u>		<u>(121)</u>	<u>43</u>	
	<u>5,266</u>	<u>3,540</u>		<u>14,073</u>	<u>20,553</u>	
Earnings per share (cents)						
Before exceptional items						
- basic	0.96	0.87		2.60	3.77	
- diluted	0.96	0.87		2.60	3.77	
After exceptional items						
- basic	0.96	0.65		2.58	3.78	
- diluted	0.96	0.65		2.58	3.78	

NM – not meaningful

Notes:

(i) Operating expenses comprise the following:

	2003 3Q \$'000	2002 3Q \$'000 (Restated)	+ /(-) %	2003 9 Months \$'000	2002 9 Months \$'000 (Restated)	+ /(-) %
Purchase of goods and services	24,507	46,453	(47.2)	93,715	112,584	(16.8)
Staff costs	16,236	19,534	(16.9)	45,402	57,902	(21.6)
Depreciation of fixed assets	3,840	7,058	(45.6)	11,714	19,949	(41.3)
Amortisation	337	461	(26.9)	1,057	2,105	(49.8)
Other operating expenses	9,626	17,441	(44.8)	34,379	39,353	(12.6)
	<u>54,546</u>	<u>90,947</u>	(40.0)	<u>186,267</u>	<u>231,893</u>	(19.7)

(ii) Operating loss is arrived at after charging/(crediting) the following:

	2003 3Q \$'000 (Restated)	2002 3Q \$'000 (Restated)	2003 9 Months \$'000	2002 9 Months \$'000 (Restated)
Provision for doubtful debts and bad debts written off	(208)	17	53	73
Foreign exchange (gain)/loss	(477)	2,879	(25)	670
(Gain)/Loss on disposal of fixed assets	(144)	112	(111)	114

(iii) Taxation included a writeback of deferred taxation of \$1,698,000 in the third quarter in respect of prior years.

(iv) Exceptional items consist of:

	2003 3Q \$'000	2002 3Q \$'000	2003 9 Months \$'000	2002 9 Months \$'000
Loss on disposal of subsidiary	-	(1,208)	-	(1,208)
Gain on sale of building	-	-	-	145
Gain on disposal of associated companies	-	-	-	633
Gain on disposal of long term investments	-	-	304	631
Writeback of provision for diminution in value of equity advance and other investments	-	-	467	1,962
Bonds discount written off	-	-	-	(2,120)
Staff compensation and restructuring of operations	-	-	(892)	-
	-	(1,208)	(121)	43
Minority share of exceptional items	-	-	69	-
	-	(1,208)	(52)	43

(v) There was no extraordinary item during the quarter.

1 (b)(i) BALANCE SHEETS as at 30 September 2003

	Group		Company	
	30.9.2003 \$'000	31.12.2002 \$'000 (Restated)	30.9.2003 \$'000	31.12.2002 \$'000
SHARE CAPITAL	109,152	109,144	109,152	109,144
RESERVES	112,984	119,985	19,557	35,608
SHARE CAPITAL AND RESERVES	222,136	229,129	128,709	144,752
MINORITY INTERESTS	25,752	25,268	-	-
CAPITAL EMPLOYED	247,888	254,397	128,709	144,752
Represented by:				
FIXED ASSETS	237,616	248,255	-	-
INVESTMENTS				
Subsidiaries	-	-	232,826	238,026
Associated companies	123,037	122,007	16,474	16,474
Others	24,758	20,722	6,621	6,621
	147,795	142,729	255,921	261,121
INTANGIBLE ASSETS	14,421	15,476	-	-
DEFERRED TAX ASSET	5,800	-	-	-
CURRENT ASSETS				
Stocks and work-in-progress	16,004	24,757	-	-
Debtors	105,396	106,499	121	118
Amounts owing by holding and related companies	497	508	58,995	114,951
Amounts owing by associated companies	8,260	8,717	-	-
Fixed deposits	27,353	26,697	15,806	14,127
Bank balances and cash	25,051	44,242	103	89
	182,561	211,420	75,025	129,285
LESS: CURRENT LIABILITIES				
Creditors	79,086	107,054	456	430
Amounts owing to holding and related companies	146,684	123,450	193,331	235,102
Amount owing to associated companies	6,980	6,976	6,860	6,860
Short-term borrowings	22,014	42,855	-	-
Taxation	1,627	3,318	154	154
Bank overdrafts	252	439	-	-
	256,643	284,092	200,801	242,546
NET CURRENT LIABILITIES	(74,082)	(72,672)	(125,776)	(113,261)
LESS: NON-CURRENT LIABILITIES				
Long-term borrowings	81,932	75,857	-	-
Deferred taxation	1,730	3,534	1,436	3,108
	83,662	79,391	1,436	3,108
NET ASSETS	247,888	254,397	128,709	144,752

(b)(ii)GROUP'S BORROWINGS AND DEBT SECURITIES**Amount repayable in one year or less, or on demand**

As at 30 Sep 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
11,935	156,212	11,361	154,110

Amount repayable after one year

As at 30 Sep 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
23,750	58,182	29,000	46,857

Details of any collateral

Certain subsidiaries of the Company pledged their assets in order to obtain loans from financial institutions. The net book value of properties and other assets pledged/mortgaged to financial institutions amounted to \$75.8 million (31 December 2002: \$77.2 million).

1(c) CONSOLIDATED CASH FLOW STATEMENT
for the nine months ended 30 September

	2003 3Q \$'000	2002 3Q \$'000 (Restated)	2003 9 Months \$'000	2002 9 Months \$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	(535)	(7,950)	(4,619)	(2,610)
Adjustments for non-cash items:				
Depreciation of fixed assets	3,840	7,058	11,714	19,949
Amortisation of goodwill on consolidation	150	150	450	300
Amortisation of intangible assets	187	311	607	745
Amortisation of bonds discount	-	-	-	1,060
(Profit)/loss on sale of fixed assets	(144)	112	(111)	114
Exchange gain on bonds	-	-	-	(2,628)
Operating profit/(loss) before working capital changes	3,498	(319)	8,041	16,930
Working capital changes:				
Stocks	2,554	20,624	8,753	17,549
Debtors	4,699	18,516	613	18,180
Creditors	(7,620)	(21,946)	(22,231)	(31,470)
Translation of foreign companies	(965)	771	620	5,759
Cash (used in)/from operations	2,166	17,646	(4,204)	26,948
Interest received	97	860	433	1,860
Interest paid	(1,384)	(3,157)	(4,417)	(8,750)
Income taxes paid	(1,520)	(2,755)	(3,539)	(5,871)
Staff compensation and restructuring expenses	(2,292)	-	(4,390)	-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(2,933)	12,594	(16,117)	14,187
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition less disposal of subsidiaries (Note A)	-	(616)	355	(14,166)
Investment in associated companies	-	635	-	(3,259)
Net purchase of other investments	(499)	(663)	(3,153)	(2,634)
Acquisition of fixed assets	(1,060)	(1,824)	(4,195)	(7,683)
Proceeds from sale of fixed assets	299	37	411	13,672
Dividends received from investments	6,625	571	19,124	3,306
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	5,365	(1,860)	12,542	(10,764)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from share issues	9	21	19	7,376
Net repayment of term loans	(29,170)	(1,813)	(26,091)	(132,932)
Funds from/(to) holding and related companies	28,094	(62,136)	34,570	127,631
Funds from/(to) associated companies	438	(4,464)	461	1,459
Dividends paid to shareholders of the company	-	-	(21,906)	-
Dividends paid to minorities of subsidiaries	-	(455)	(1,826)	(455)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(629)	(68,847)	(14,773)	3,079
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	50,349	144,490	70,500	79,875
Cash and cash equivalents at end of period (Note B)	52,152	86,377	52,152	86,377

Notes to Consolidated Cash Flow Statements

A. Acquisition and Disposal of Subsidiaries

During the financial period, the fair values of net assets and liabilities of subsidiaries acquired and disposed were as follows:

	2003 3Q \$'000 (Restated)	2002 3Q \$'000 (Restated)	2003 9 Months \$'000 (Restated)	2002 9 Months \$'000 (Restated)
Fixed assets	-	(98)	(909)	8,569
Intangible assets	-	-	-	1,749
Associated companies	-	-	-	(7,796)
Stocks, debtors and creditors	-	(287)	554	43,820
Bank balances and cash	-	(206)	(106)	4,358
Taxation	-	-	-	(1,967)
Short-term borrowings	-	-	-	(40,729)
Minority interests	-	-	-	(2,517)
Goodwill arising on acquisition	-	(207)	-	11,829
	-	(798)	(461)	17,316
Net loss on disposal	-	1,208	-	1,208
Purchase consideration less sale proceeds	-	410	(461)	18,524
Less:				
Net bank balances	-	206	106	(4,358)
Net cash outflow/(inflow) on acquisition/ disposal, net of cash acquired/disposed	-	616	(355)	14,166
Analysed as follows:				
Purchase consideration less net cash acquired	-	(207)	-	13,343
Sales proceeds less net cash disposed	-	823	(355)	823
	-	616	(355)	14,166

B. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, fixed deposits, net of bank overdrafts. Cash and cash equivalents in the consolidated cash flow statements comprise the following balance sheet amounts :

	2003 3Q \$'000 (Restated)	2002 3Q \$'000 (Restated)	2003 9 Months \$'000 (Restated)	2002 9 Months \$'000 (Restated)
Fixed deposits	27,353	32,081	27,353	32,081
Bank balances and cash	25,051	54,995	25,051	54,995
Bank overdrafts	(252)	(699)	(252)	(699)
	52,152	86,377	52,152	86,377

1(d)(i) STATEMENTS OF CHANGES IN EQUITY
for the nine months ended 30 September

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserves \$'000	Total \$'000
<u>The Group</u>						
Balance at 1 January 2003	109,144	206,630	12,078	(106,530)	7,807	229,129
Issue of shares	4	6	-	-	-	10
Profit for the period	-	-	-	8,807	-	8,807
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Exchange differences arising on consolidation	-	-	-	-	1,803	1,803
Balance at 30 June 2003	109,148	206,636	12,078	(119,629)	9,610	217,843
Issue of shares	4	5	-	-	-	9
Profit for the period	-	-	-	5,266	-	5,266
Exchange differences arising on consolidation	-	-	-	-	(982)	(982)
Balance at 30 September 2003	<u>109,152</u>	<u>206,641</u>	<u>12,078</u>	<u>(114,363)</u>	<u>8,628</u>	<u>222,136</u>
Balance at 1 January 2002	107,794	200,600	10,312	(190,819)	9,711	137,598
Issue of shares	1,339	6,016	-	-	-	7,355
Profit for the period	-	-	-	17,013	-	17,013
Transfer from revenue reserves	-	-	1,299	-	-	1,299
Transfer to capital reserves	-	-	-	(1,299)	-	(1,299)
Exchange differences arising on consolidation	-	-	-	-	(580)	(580)
Balance at 30 June 2002	109,133	206,616	11,611	(175,105)	9,131	161,386
Issue of shares	9	12	-	-	-	21
Profit for the period	-	-	-	3,540	-	3,540
Exchange differences arising on consolidation	-	-	-	-	(84)	(84)
Balance at 30 September 2002	<u>109,142</u>	<u>206,628</u>	<u>11,611</u>	<u>(171,565)</u>	<u>9,047</u>	<u>164,863</u>

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Accumulated Losses \$'000	Foreign Currency Translation Reserves \$'000	Total \$'000
<u>The Company</u>						
Balance at 1 January 2003	109,144	206,630	9,025	(180,047)	-	144,752
Issue of shares	4	6	-	-	-	10
Profit for the period	-	-	-	5,024	-	5,024
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Balance at 30 June 2003	109,148	206,636	9,025	(196,929)	-	127,880
Issue of shares	4	5	-	-	-	9
Profit for the period	-	-	-	820	-	820
Balance at 30 September 2003	<u>109,152</u>	<u>206,641</u>	<u>9,025</u>	<u>(196,109)</u>	<u>-</u>	<u>128,709</u>
Balance at 1 January 2002	107,794	200,600	9,025	(207,904)	-	109,515
Issue of shares	1,339	6,016	-	-	-	7,355
Loss for the period	-	-	-	(1,216)	-	(1,216)
Balance at 30 June 2002	109,133	206,616	9,025	(209,120)	-	115,654
Issue of shares	9	12	-	-	-	21
Profit for the period	-	-	-	604	-	604
Balance at 30 September 2002	<u>109,142</u>	<u>206,628</u>	<u>9,025</u>	<u>(208,516)</u>	<u>-</u>	<u>116,279</u>

1(d)(ii) SHARE CAPITAL

Since the end of the previous period, the Company issued 21,000 shares of \$0.20 each upon the exercise of options granted under the Company's Share Option Scheme to employees. The share capital of the Company as at the end of the financial period was 545,761,537 shares of \$0.20 each.

As at 30 September 2003, there were unexercised options for 9,124,000 (30 September 2002: 10,787,000) unissued shares of \$0.20 each under the Company's Share Option Scheme.

2. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

3. AUDITORS' REPORT

N.A.

4. ACCOUNTING POLICIES

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2002.

5. CHANGE IN ACCOUNTING POLICY

Effective 1 January 2003, the Group changed its accounting policy with respect to accounting for its investments in jointly controlled entities. Investments in jointly controlled entities are now accounted for using the equity method. Previously, the Group accounted for its share of the results, assets and liabilities of jointly controlled entities using proportionate consolidation. The equity method is more appropriate in view of the Group's progressively less involvement with these types of business ventures.

The change in accounting policy has no effect on the profit attributable to shareholders and no material effect on the balance sheet, except for the following profit and loss items:

	2003 9 Months		2002 9 Months	
	Before change \$'000	After change \$'000	Before change \$'000	After change \$'000
Revenue	195,263	181,648	529,671	229,283
Operating (loss)/profit	(4,051)	(4,619)	42,074	(2,610)
Share of results of associated companies	21,803	22,424	1,210	42,564

The comparative information for the corresponding prior period has been restated to reflect the change in policy.

6. EARNINGS PER ORDINARY SHARE

	THIRD QUARTER			NINE MONTHS		
	30.9.2003	30.9.2002	+/(-)%	30.9.2003	30.9.2002	+/(-)%
Earnings per Ordinary Share of the Group for the financial period based on net profit attributable to shareholders:-						
(i) Based on the weighted average number of shares (cents)	0.96	0.65	47.7	2.58	3.78	(31.7)
- Weighted average number of shares ('000)	545,744	544,180	0.3	545,744	544,180	0.3
(ii) On a fully diluted basis	0.96	0.65	47.7	2.58	3.78	(31.7)
- Adjusted weighted average number of shares ('000)	545,771	544,349	0.3	545,771	544,349	0.3

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.9.2003	31.12.2002 [#]	+/(-)%	30.9.2003	31.12.2002	+/(-)%
Net asset value per Ordinary Share based on issued share capital at the end of the financial period/year (\$)	0.41	0.42	(2.4)	0.24	0.27	(11.1)

Figure restated

8. REVIEW OF GROUP PERFORMANCE

Turnover

Group turnover of \$181.6 million for the nine months in 2003 was 21% lower than the corresponding period in 2002. All business segments recorded lower turnover.

Network engineering turnover declined 25% to \$102.2 million due to continuing cutback in infrastructure spending by network operators.

Logistics turnover dipped 7% to \$49.8 million. Singapore operations saw keen competition and lower rates due to the weak domestic economy. The effect of SARS in the second quarter also affected year-to-date turnover in Singapore and Foshan, China.

Shipping revenue slipped 13% to \$22.8 million because of the keen competition in the Vietnam feeder service.

Profitability

Group profit before tax and exceptional items of \$15.8 million for the nine months in 2003 was 55% below that of the corresponding period in 2002. Except for shipping, all business segments recorded weaker results.

The Network Engineering Division incurred a year-to-date pre-tax loss of \$5.7 million compared to a profit of \$6.7 million in 2002. The telecommunications industry continued to experience a difficult period with major industry players continuing to cutback on capital expenditure and operating cost.

Profit from the Investments Division fell \$6.6 million to \$13.4 million in the nine months of 2003. This was mainly due to lower contribution from MobileOne after reduction of the Group's equity stake from 35% to 14%. Improvements due to divestment of unprofitable investments cushioned the decline.

Year-to-date profits from the Logistics Division declined 7% to \$5.4 million due to the weak domestic economy and the impact of SARS in the second quarter.

Profits from the Shipping Division showed an increase of 22% over the corresponding period in 2002 mainly as a result of improvement in charter rates. The Vietnam feeder service however continued to see weak performance.

Group profit after taxation of \$16.5 million in the nine months of 2003 was 30% below the corresponding period in 2002. The Group recognised a tax asset amounting to \$5.8 million in the second quarter of the year comprising a benefit of \$2.6 million arising from the intended transfer of losses under the Group Relief System and recognition of a deferred tax asset of \$3.2 million. In the third quarter, there was a writeback in deferred taxation of \$1.7 million in respect of offshore dividends remitted back to Singapore.

Save as disclosed, in the opinion of the Directors, no factor has arisen between the end of the current period and the date of this report which would materially affect the results of the Group and of the Company for the three months just ended.

9. VARIANCE FROM PROSPECTS STATEMENT

There is no variance from the previous statement.

10. PROSPECTS

Network engineering continues to operate in a challenging environment. The Group will continue to manage cost tightly while positioning itself for any recovery of the market.

The Group's logistics operation in Foshan should continue to benefit from China's growth. In Singapore, market conditions are expected to remain challenging until the domestic economy improves. The focus will be on improving cost efficiency.

Shipping activities should benefit from the higher charter income with the improving outlook for charter rates.

The Group will continue to divest unprofitable businesses and non-core assets.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) DATE PAYABLE

N.A.

(d) BOOKS CLOSURE DATE

N.A.

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

No interim dividend has been declared for the period ended 30 September 2003.

13. SEGMENT ANALYSIS

Nine months ended 30 September 2003

Business Segments

	Network Engineering \$'000	Investments \$'000	Logistics \$'000	Shipping \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	102,227	6,809	49,771	22,841	-	181,648
Inter-segment sales	<u>3,889</u>	<u>598</u>	<u>2,917</u>	<u>2,612</u>	<u>(10,016)</u>	<u>-</u>
Consolidated sales	<u>106,116</u>	<u>7,407</u>	<u>52,688</u>	<u>25,453</u>	<u>(10,016)</u>	<u>181,648</u>
Operating (loss)/profit	(7,614)	(5,966)	5,701	3,260		(4,619)
Investment and interest income	(145)	1,999	160	2		2,016
Interest expense	(1,112)	(1,328)	(537)	(1,047)		(4,024)
Share of results of associated companies	<u>3,150</u>	<u>18,723</u>	<u>64</u>	<u>487</u>		<u>22,424</u>
(Loss)/profit before exceptional items	(5,721)	13,428	5,388	2,702		15,797
Exceptional items	-	(467)	(425)	771		(121)
(Loss)/profit before taxation	(5,721)	12,961	4,963	3,473		15,676
Taxation	360	(2,844)	3,346	(24)		838
Minority interests	<u>(1,556)</u>	<u>250</u>	<u>(1,135)</u>	<u>-</u>		<u>(2,441)</u>
Attributable (loss)/profit	<u>(6,917)</u>	<u>10,367</u>	<u>7,174</u>	<u>3,449</u>		<u>14,073</u>

Other Information

Segment assets	143,735	57,856	184,578	78,987	465,156
Investment in associated companies	<u>38,416</u>	<u>66,644</u>	<u>1,035</u>	<u>16,942</u>	<u>123,037</u>
Total	<u>182,151</u>	<u>124,500</u>	<u>185,613</u>	<u>95,929</u>	<u>588,193</u>
Segment liabilities	<u>144,468</u>	<u>64,949</u>	<u>60,422</u>	<u>70,466</u>	<u>340,305</u>
Net assets	<u>37,683</u>	<u>59,551</u>	<u>125,191</u>	<u>25,463</u>	<u>247,888</u>
Capital expenditure	1,413	214	2,521	47	4,195
Depreciation and amortisation	3,559	1,042	5,741	2,429	12,771

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	70,993	102,408	8,247	181,648
Total assets	381,896	186,396	19,901	588,193
Capital expenditure	1,266	2,779	150	4,195

Nine months ended 30 September 2002
Business Segments
(Restated)

	Network Engineering \$'000	Investments \$'000	Logistics \$'000	Shipping \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	136,995	12,438	53,637	26,213	-	229,283
Inter-segment sales	<u>2,061</u>	<u>616</u>	<u>3,668</u>	<u>2,619</u>	<u>(8,964)</u>	<u>-</u>
Consolidated sales	<u>139,056</u>	<u>13,054</u>	<u>57,305</u>	<u>28,832</u>	<u>(8,964)</u>	<u>229,283</u>
Operating profit/ (loss)	5,652	(18,102)	6,248	3,592		(2,610)
Investment and interest income	1,089	2,222	170	73		3,554
Interest expense	(2,951)	(3,558)	(663)	(1,578)		(8,750)
Share of results of associated companies	<u>2,958</u>	<u>39,445</u>	<u>40</u>	<u>121</u>		<u>42,564</u>
Profit before exceptional items	6,748	20,007	5,795	2,208		34,758
Exceptional items	<u>752</u>	<u>(709)</u>	<u>-</u>	<u>-</u>		<u>43</u>
Profit before taxation	7,500	19,298	5,795	2,208		34,801
Taxation	(4,702)	(7,757)	1,283	(17)		(11,193)
Minority interests	<u>(2,214)</u>	<u>1,092</u>	<u>(1,933)</u>	<u>-</u>		<u>(3,055)</u>
Attributable profit	<u>584</u>	<u>12,633</u>	<u>5,145</u>	<u>2,191</u>		<u>20,553</u>

	Network Engineering \$'000	Investments \$'000	Logistics \$'000	Shipping \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
<u>Other Information</u>						
Segment assets	237,470	100,678	213,672	128,053		679,873
Investment in associated companies	<u>48,456</u>	<u>149,884</u>	<u>1,120</u>	<u>22,332</u>		<u>221,792</u>
Total	<u>285,926</u>	<u>250,562</u>	<u>214,792</u>	<u>150,385</u>		<u>901,665</u>
Segment liabilities	<u>202,014</u>	<u>349,111</u>	<u>69,092</u>	<u>85,590</u>		<u>705,807</u>
Net assets	<u>83,912</u>	<u>(98,549)</u>	<u>145,700</u>	<u>64,795</u>		<u>195,858</u>
Capital expenditure	3,088	2,569	2,002	24		7,683
Depreciation and amortisation	2,943	8,869	6,368	3,874		22,054

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	88,161	87,515	53,607	229,283
Segment assets	580,943	255,727	64,995	901,665
Capital expenditure	5,047	2,322	314	7,683

Notes:

- (a) Pricing of inter-segment sales is at fair market value.
- (b) Net assets employed by segments are those identifiable assets less liabilities that are used in the operation of each segment as at the end of the financial period.
- (c) Share of associated companies' results and investments in associated companies are included in the results and net assets employed in the appropriate segments.
- (d) Analysis by geographical location is based on the locations in which the Group's activities are carried out.

14. REVIEW OF SEGMENT PERFORMANCE

N.A.

15. BREAKDOWN OF SALES

N.A.

(a) Interested Person Transactions

Name of interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920).		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual.	
	2003 9 Months \$'000	2002 9 Months \$'000	2003 9 Months \$'000	2002 9 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	2,270	252
Neptune Orient Lines Limited	-	-	-	4,415
Singapore Airlines Limited	-	-	1,288	-
Singapore Telecommunications Ltd	-	-	899	129
Temasek Holdings Group – others	-	-	260	402
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	34,631	5,140
<u>Management Services</u>				
Keppel Corporation Limited	-	-	919	801
<u>Divestment Transactions</u>				
Keppel Corporation Limited	304	-	-	-
	304	-	40,267	11,139

16. ANNUAL DIVIDEND

N.A.

BY ORDER OF THE BOARD

CAROLINE CHANG/CAROL AU
Company Secretaries
23 October 2003