

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

Full Year Financial Statement And Dividend Announcement

1 UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the year ended 31 December 2003.

1 (a) CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December

	2003 \$'000	Group 2002 \$'000 (Restated)	+ / (-) %
TURNOVER	242,422	297,638	(18.6)
Less operating expenses	<u>(243,343)</u>	<u>(316,750)</u>	(23.2)
OPERATING LOSS	(921)	(19,112)	(95.2)
Investment income	3,208	3,316	(3.3)
Interest income	711	1,810	(60.7)
Interest expense	(5,579)	(10,597)	(47.4)
Share of results of associated companies	<u>29,751</u>	<u>53,276</u>	(44.2)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	27,170	28,693	(5.3)
Exceptional items	<u>(8,303)</u>	<u>61,472</u>	NM
PROFIT BEFORE TAXATION	18,867	90,165	(79.1)
Taxation	<u>2,172</u>	<u>(2,294)</u>	NM
PROFIT AFTER TAXATION	21,039	87,871	(76.1)
Minority interests	<u>(2,922)</u>	<u>(1,816)</u>	60.9
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	<u><u>18,117</u></u>	<u><u>86,055</u></u>	(78.9)
Comprising:			
Profit before exceptional items	26,364	23,766	10.9
Exceptional items	<u>(8,247)</u>	<u>62,289</u>	NM
	<u>18,117</u>	<u>86,055</u>	(78.9)
Earnings per share (cents)			
Before exceptional items			
- basic	4.8	4.4	
- diluted	4.8	4.4	
After exceptional items			
- basic	3.3	15.8	
- diluted	3.3	15.8	

NM – not meaningful

Notes:

(i) Operating expenses

	2003 \$'000	Group 2002 \$'000 (Restated)
Purchase of goods and services	126,267	150,460
Staff costs	60,297	72,441
Depreciation of fixed assets	15,685	27,188
Amortisation	1,379	2,502
Other operating expenses	<u>39,715</u>	<u>64,159</u>
	<u>243,343</u>	<u>316,750</u>

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

	2003 \$'000	Group 2002 \$'000 (Restated)	+/(-)%
- Amortisation of bonds discount	-	1,060	NM
-(Write-back)/provision for doubtful debts and bad debts written off	(979)	5,773	NM
- (Write-back)/provision for stock obsolescence	(158)	4,614	NM
- Foreign exchange loss	210	2,613	(92.0)
- (Gain)/loss on disposal of fixed assets	(57)	50	NM

(iii) The Group's tax credit in 2003 included a write-back of deferred tax of \$2,171,000 and under-provision in taxation expense of \$215,000. Deferred tax assets amounting to \$9,587,000 were recognised during the year.

(iv) Exceptional items

	2003 \$'000	Group 2002 \$'000 (Restated)
Gain on sale of buildings	-	145
Gain/(Loss)on disposal of subsidiaries	1,312	(1,126)
Gain on disposal of businesses	5,417	-
Gain on disposal of long term investments	746	546
Gain on disposal of associated companies	132	190,397
Provision for diminution in value of subsidiaries, associated companies, other investments and equity advances	(9,184)	(25,874)
Diminution in carrying value of assets	(3,668)	(91,822)
Bonds discount written off	-	(2,120)
Goodwill written off	-	(3,214)
Staff compensation and restructuring of operations	(3,058)	(5,460)
	<u>(8,303)</u>	<u>61,472</u>
Minority share of exceptional items	<u>56</u>	<u>817</u>
	<u>(8,247)</u>	<u>62,289</u>

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

(b)(i) BALANCE SHEETS as at 31 December

	Group		Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
		(Restated)		
SHARE CAPITAL	109,152	109,144	109,152	109,144
RESERVES	113,697	119,985	30,954	35,608
SHARE CAPITAL AND RESERVES	<u>222,849</u>	<u>229,129</u>	<u>140,106</u>	<u>144,752</u>
MINORITY INTERESTS	<u>28,942</u>	<u>25,268</u>	-	-
CAPITAL EMPLOYED	<u>251,791</u>	<u>254,397</u>	<u>140,106</u>	<u>144,752</u>
Represented by:				
FIXED ASSETS	232,036	248,255	-	-
INVESTMENTS				
Subsidiaries	-	-	225,897	238,026
Associated companies	120,845	122,007	16,471	16,474
Others	20,787	20,722	6,621	6,621
	<u>141,632</u>	<u>142,729</u>	<u>248,989</u>	<u>261,121</u>
INTANGIBLE ASSETS	13,316	15,476	-	-
DEFERRED TAX ASSETS	9,587	-	-	-
CURRENT ASSETS				
Stocks and work-in-progress	17,972	24,757	-	-
Debtors	125,093	106,499	8	118
Amounts owing by holding and related companies	1,038	508	58,218	114,951
Amounts owing by associated companies	8,521	8,717	-	-
Fixed deposits	18,857	26,697	6,292	14,127
Bank balances and cash	23,745	44,242	62	89
	<u>195,226</u>	<u>211,420</u>	<u>64,580</u>	<u>129,285</u>
LESS: CURRENT LIABILITIES				
Creditors	77,995	107,054	498	430
Amounts owing to holding and related companies	148,629	123,450	165,014	235,102
Amount owing to associated companies	6,957	6,976	6,860	6,860
Short-term borrowings	24,959	42,855	-	-
Taxation	2,178	3,318	154	154
Bank overdrafts	109	439	-	-
	<u>260,827</u>	<u>284,092</u>	<u>172,526</u>	<u>242,546</u>
NET CURRENT LIABILITIES	<u>(65,601)</u>	<u>(72,672)</u>	<u>(107,946)</u>	<u>(113,261)</u>
LESS: NON-CURRENT LIABILITIES				
Long-term borrowings	77,916	75,857	-	-
Deferred taxation	1,263	3,534	937	3,108
	<u>79,179</u>	<u>79,391</u>	<u>937</u>	<u>3,108</u>
NET ASSETS	<u>251,791</u>	<u>254,397</u>	<u>140,106</u>	<u>144,752</u>

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

As at 31 Dec 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,030	165,933	11,361	154,110

Amount repayable after one year

As at 31 Dec 2003		As at 31 Dec 2002	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
22,000	55,916	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 \$75.4 million (2002: \$77.2 million).

**1(c) CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December**

	2003 \$'000	2002 \$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(921)	(19,112)
Adjustments for non-cash items:		
Depreciation of fixed assets	15,685	27,188
Amortisation	1,379	2,502
Writeoff of intangible assets	781	-
(Gain)/loss on sale of fixed assets	<u>(57)</u>	<u>50</u>
Operating profit before working capital changes	16,867	10,628
Working capital changes:		
Stocks	6,749	19,387
Debtors	(16,257)	75,698
Creditors	(20,444)	(30,442)
Translation of foreign companies	<u>(350)</u>	<u>3,263</u>
Cash (used in)/from operations	(13,435)	78,534
Interest received	737	3,082
Interest paid	(5,451)	(12,705)
Income taxes paid	(2,883)	(7,366)
Staff compensation and restructuring expenses	<u>(6,483)</u>	<u>(1,568)</u>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u>(27,515)</u>	<u>59,977</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition less disposal of subsidiaries (Note A)	(382)	(14,306)
Return of capital from associated company	192	-
Proceeds from sale of interest in associated companies	132	277,210
Investment in associated companies	(2,478)	(3,663)
Net purchase of other investments	(3,797)	(553)
Acquisition of fixed assets	(7,295)	(10,879)
Proceeds from sale of fixed assets	330	13,799
Dividends received from investments	<u>23,431</u>	<u>6,068</u>
NET CASH FROM INVESTING ACTIVITIES	<u>10,133</u>	<u>267,676</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from share issues	19	7,380
Proceeds from minority shareholders of subsidiaries	-	94
Net repayment of term loans	(24,896)	(236,968)
Funds from/(to) holding and related companies	38,825	(171,519)
Funds from associated companies	138	66,427
Dividends paid to shareholders of the company	(21,906)	-
Dividends paid to minority shareholders of subsidiaries	<u>(2,805)</u>	<u>(2,442)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(10,625)</u>	<u>(337,028)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(28,007)	(9,375)
Cash and cash equivalents as at 1 January	<u>70,500</u>	<u>79,875</u>
Cash and cash equivalents as at 31 December (Note B)	<u>42,493</u>	<u>70,500</u>

Notes to Consolidated Cash Flow Statements

A. Acquisition/(Disposal) of Subsidiaries

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

	2003 \$'000	2002 \$'000
Fixed assets	(2,403)	3,915
Intangible Assets	-	1,203
Associated companies	-	(8,322)
Investments	-	(12)
Stocks, debtors and creditors	8,006	44,203
Bank balances and cash	(948)	3,233
Borrowings	-	(37,153)
Taxation	-	(2,606)
Minority interests	(3,936)	(3,617)
Goodwill arising on acquisition	-	15,043
Exchange equalisation	<u>27</u>	<u>526</u>
	746	16,413
Net (profit)/loss on disposal	<u>(1,312)</u>	<u>1,126</u>
Purchase consideration less sale proceeds	(566)	17,539
Less:		
Net bank balances	<u>948</u>	<u>(3,233)</u>
Net cash outflow/(inflow) on acquisition/(disposal), net of cash acquired	<u>382</u>	<u>14,306</u>
Analysed as follows:		
Purchase consideration less net cash acquired	-	16,343
Sales proceeds less net cash disposed	<u>382</u>	<u>(2,037)</u>
	<u>382</u>	<u>14,306</u>

B. Cash and Cash Equivalents

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

Fixed deposits	18,857	26,697
Bank balances and cash	23,745	44,242
Bank overdrafts	<u>(109)</u>	<u>(439)</u>
	<u>42,493</u>	<u>70,500</u>

1(d)(i) STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves/ (Accumulated losses) \$'000 (Restated)	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	8	11	-	-	-	19
Transfer from revenue reserves	-	-	-	(512)	-	(512)
Transfer to capital reserves	-	-	512	-	-	512
Transfer from profit and loss account	-	-	-	-	(1)	(1)
Transfer from Foreign Currency Translation Reserves	-	-	-	1	-	1
Profit for the year	-	-	-	18,117	-	18,117
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Exchange differences arising on consolidation	-	-	-	-	(3,066)	(3,066)
Other adjustments	-	-	556	-	-	556
Balance at 31 December 2003	<u>109,152</u>	<u>206,641</u>	<u>13,146</u>	<u>(110,830)</u>	<u>4,740</u>	<u>222,849</u>
Balance at 1 January 2002	107,794	200,600	10,312	(190,819)	9,711	137,598
Issue of shares	1,350	6,030	-	-	-	7,380
Transfer from revenue reserves	-	-	1,766	-	-	1,766
Transfer to capital reserves	-	-	-	(1,766)	-	(1,766)
Transfer from profit and loss account	-	-	-	-	31	31
Profit for the year	-	-	-	86,055	-	86,055
Exchange differences arising on consolidation	-	-	-	-	(1,935)	(1,935)
Balance at 31 December 2002	<u>109,144</u>	<u>206,630</u>	<u>12,078</u>	<u>(106,530)</u>	<u>7,807</u>	<u>229,129</u>

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Revenue Reserves/ (Accumulated losses) \$'000 (Restated)	Foreign Currency Translation Account \$'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	8	11	-	-	-	19
Profit for the year	-	-	-	17,241	-	17,241
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Balance at 31 December 2003	<u>109,152</u>	<u>206,641</u>	<u>9,025</u>	<u>(184,712)</u>	<u>-</u>	<u>140,106</u>
Balance at 1 January 2002	107,794	200,600	9,025	(207,904)	-	109,515
Issue of shares	1,350	6,030	-	-	-	7,380
Profit for the year	-	-	-	27,857	-	27,857
Balance at 31 December 2002	<u>109,144</u>	<u>206,630</u>	<u>9,025</u>	<u>(180,047)</u>	<u>-</u>	<u>144,752</u>

1(d)(ii) SHARE CAPITAL

During the financial year, the Company issued 43,000 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 year was 545,761,537 shares of \$0.20 each.

As at 31 December 2003, there were unexercised options for 8,383,000 (31 December 2002: 12,658,000) 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 year compared with those of the audited financial statements as at 31 December 2002.

5. CHANGES IN THE ACCOUNTING POLICY

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:

	Year ended 31 December 2003		Year ended 31 December 2002	
	Before change \$'000	After change \$'000	Before change \$'000	After change \$'000
Revenue	260,939	242,422	683,365	297,638
Operating (loss)/profit	(78)	(921)	33,679	(19,112)
Share of results of associated companies	29,262	29,751	4,747	53,276

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

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	2003	2002	+ / (-) %
Earnings per Ordinary Share of the Group for the financial year based on net profit attributable to shareholders:-			
(i) Based on the weighted average number of shares (cents)	3.3	15.8	(79.1)
- Weighted average number of shares	545,748,704	544,563,845	0.2
(ii) On a fully diluted basis	3.3	15.8	(79.1)
- Adjusted weighted average number of shares	545,775,057	544,647,703	0.2

7. NET ASSET VALUE

	GROUP			COMPANY		
	2003	# 2002	+ / (-)%	2003	# 2002	+ / (-)%
Net asset value per Ordinary Share based on issued share capital at the end of the financial year	0.41	0.42	(2.4)	0.26	0.27	(3.7)

Figures restated

8. REVIEW OF GROUP PERFORMANCE

Turnover

Group turnover fell 19% from \$297.6 million in 2002 to \$242.4 million in 2003.

Revenue for Network Engineering declined 21% to \$139.3 million as network operators continued to defer major infrastructure spending.

Logistics revenue declined 7% to \$66.0 million due to a combination of weak domestic conditions and the outbreak of SARS.

Shipping revenue fell 14% as the Vietnam feeder service was scaled down.

Profitability

Profit before exceptional items improved 11% to \$26.4 million as a result of improved cost efficiency, divestment of loss-making businesses and tax adjustments.

Profit before tax and exceptional items was marginally lower than the previous year at \$27.2 million.

Network Engineering had a loss of \$3.9 million. However, benefiting from its restructuring during the year, the Division returned to profitability in the fourth quarter.

Although MobileOne's pre-tax profit improved 13.6%, its contribution was halved as a result of the Group's reduction in its equity stake to 14%. Nevertheless, profit from the Investments Division fell by only 3% to \$17.6 million as a result of the divestment of loss-making businesses.

Logistics Division's pre-tax profit fell 15% to \$9.7 million due to lower revenue.

Profit from Shipping Division improved 29% to \$3.8 million as a result of improved charter rates.

There was a net tax credit of \$2.2 million in 2003, arising from the recognition of tax assets of \$9.6 million and a writeback of deferred taxation of \$2.2 million.

Save as disclosed, in the opinion of the Directors, no factors have arisen between the end of the financial year and the date of this report which would materially affect the results of the Group and of the Company for the year just ended.

9. VARIANCE FROM PROSPECTS STATEMENT

There is no variance from the previous statement.

10. PROSPECTS

While there are some signs that the telecommunications industry is beginning to recover, telecom operators are expected to phase out their investments in infrastructure. The Network Engineering Division now has a more competitive cost structure to meet the market challenges. It expects to improve on its past year's performance.

Logistics operation in China is expected to benefit from the country's growth, while Singapore operations will continue to remain challenging. In 2004, the Division will focus on improving its operational and cost efficiency to enhance financial performance.

The Shipping Division should continue to benefit from the improving charter rates. The Group intends to take advantage of the favourable market conditions to seek divestment opportunities for the vessels.

Barring any unforeseen adverse circumstances, the Group expects to improve its profitability in 2004.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Directors are pleased to recommend a final dividend of 15% or 3.0 cents per share tax exempt (2002: 4.3 cents) in respect of the financial year ended 31 December 2003 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final	Special	Total
Dividend Type	Cash	-	Cash
Dividend Rate	15.0%	-	15.0%
Dividends per share (cents)	3.0	-	3.0
Par value of shares (\$)	0.20	-	0.20
Tax rate	Tax-exempt (one-tier)	-	-

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final	Special	Total
Dividend Type	Cash	Cash	Cash
Dividend Rate	6.5%	15.0%	21.5%
Dividends per share (cents)	1.3	3.0	4.3
Par value of shares (\$)	0.20	0.20	0.20
Tax rate	22%	Tax-exempt (one-tier)	N.A.

(c) **DATE PAYABLE**

To be announced later

(d) **BOOKS CLOSURE DATE**

To be announced later

12. **N.A.**

13. SEGMENT ANALYSIS

2003

Business Segments

	Network Engineering	Investments	Logistics	Shipping	Adjustments/ Eliminations	Consolidated Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to third parties	139,310	8,295	66,031	28,786	-	242,422
Inter-segment sales	6,499	750	3,754	2,867	(13,870)	-
Consolidated sales	<u>145,809</u>	<u>9,045</u>	<u>69,785</u>	<u>31,653</u>	<u>(13,870)</u>	<u>242,422</u>
Operating (loss)/profit	(6,221)	(6,198)	6,983	4,515		(921)
Investment and interest income	81	443	3,391	4		3,919
Interest expense	(1,785)	(1,746)	(706)	(1,342)		(5,579)
Share of results of associated companies	3,981	25,095	77	598		29,751
(Loss)/profit before tax and exceptional items	(3,944)	17,594	9,745	3,775		27,170
Exceptional items	(14,830)	5,981	(420)	966		(8,303)
(Loss)/profit before taxation	(18,774)	23,575	9,325	4,741		18,867
Taxation	(46)	(904)	3,165	(43)		2,172
(Loss)/profit after taxation	(18,820)	22,671	12,490	4,698		21,039
Minority interests	(1,821)	394	(1,495)	-		(2,922)
Attributable (loss)/profit	<u>(20,641)</u>	<u>23,065</u>	<u>10,995</u>	<u>4,698</u>		<u>18,117</u>
<u>Other Information</u>						
Segment assets	277,011	128,434	186,935	79,544	(200,972)	470,952
Investment in associated companies	28,404	74,393	1,041	17,007		120,845
Total	<u>305,415</u>	<u>202,827</u>	<u>187,976</u>	<u>96,551</u>	<u>(200,972)</u>	<u>591,797</u>
Segment liabilities	<u>282,714</u>	<u>128,601</u>	<u>60,954</u>	<u>68,709</u>	<u>(200,972)</u>	<u>340,006</u>
Net assets	<u>22,701</u>	<u>74,226</u>	<u>127,022</u>	<u>27,842</u>	<u>-</u>	<u>251,791</u>
Capital expenditure	1,487	205	3,708	1,895		7,295
Depreciation and amortisation	4,583	1,240	7,523	3,718		17,064

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	93,876	137,368	11,178	242,422
Total assets	377,537	202,893	11,367	591,797
Capital expenditure	3,676	3,411	208	7,295

Discontinuing shipping and investments activities are carried out principally in Singapore.

2002

Business Segments

(Restated)

	Network Engineering \$'000	Investments \$'000	Logistics \$'000	Shipping \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	175,837	17,011	71,235	33,555	-	297,638
Inter-segment sales	648	1,183	4,946	3,523	(10,300)	-
Consolidated sales	<u>176,485</u>	<u>18,194</u>	<u>76,181</u>	<u>37,078</u>	<u>(10,300)</u>	<u>297,638</u>
Operating (loss)/profit	(4,095)	(28,682)	8,695	4,970		(19,112)
Investment and interest income	247	1,264	3,533	82		5,126
Interest expense	(3,617)	(4,051)	(864)	(2,065)		(10,597)
Share of results of associated companies	3,586	49,696	60	(66)		53,276
(Loss)/profit before tax and exceptional items	(3,879)	18,227	11,424	2,921		28,693
Exceptional items	(16,667)	145,171	(25,227)	(41,805)		61,472
(Loss)/profit before taxation	(20,546)	163,398	(13,803)	(38,884)		90,165
Taxation	4,683	(11,360)	4,455	(72)		(2,294)
(Loss)/profit after taxation	(15,863)	152,038	(9,348)	(38,956)		87,871
Minority interests	(1,227)	1,230	(1,819)	-		(1,816)
Attributable (loss)/profit	<u>(17,090)</u>	<u>153,268</u>	<u>(11,167)</u>	<u>(38,956)</u>		<u>86,055</u>

	Network Engineering	Investments	Logistics	Shipping	Adjustments/ Eliminations	Consolidated Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Other Information</u>						
Segment assets	292,576	131,235	189,758	93,898	(211,594)	495,873
Investment in associated companies	<u>12,854</u>	<u>91,622</u>	<u>1,044</u>	<u>16,487</u>		<u>122,007</u>
Total	<u>305,430</u>	<u>222,857</u>	<u>190,802</u>	<u>110,385</u>	<u>(211,594)</u>	<u>617,880</u>
Segment liabilities	<u>282,470</u>	<u>145,432</u>	<u>67,507</u>	<u>79,668</u>	<u>(211,594)</u>	<u>363,483</u>
Net assets	<u>22,960</u>	<u>77,425</u>	<u>123,295</u>	<u>30,717</u>		<u>254,397</u>
Capital expenditure	5,036	2,650	3,169	24		10,879
Depreciation and amortisation	4,743	11,677	8,130	5,140		29,690

By Geographical Location

	Singapore	Far East and ASEAN other than Singapore	Others	Consolidated Total
	\$'000	\$'000	\$'000	\$'000
Sales to third parties	114,587	123,957	59,094	297,638
Total assets	408,883	182,296	26,701	617,880
Capital expenditure	5,570	4,132	1,218	10,920

Discontinuing shipping and investments activities are carried out principally in Singapore.

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 year.
- (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

(a) Breakdown of Sales

	GROUP		
	2003 \$'000	# 2002 \$'000	+ / (-) %
Sales reported for first half year	127,637	146,286	(12.7)
Operating profit after tax before deducting minority interests reported for first half year	10,495	20,009	(47.5)
Sales reported for second half year	114,785	151,352	(24.2)
Operating profit after tax before deducting minority interests reported for second half year	10,544	67,862	(84.5)

Figures restated. See Note 5.

(b) **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 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	2,474	453
Neptune Orient Lines Limited	-	-	-	6,200
Singapore Airlines Limited	-	-	1,288	-
Singapore Telecommunications Limited	-	-	2,357	367
Temasek Holdings Group – others	-	-	584	402
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	1,127	40,443	19,553
<u>Management Services</u>				
Keppel Corporation Limited	-	-	919	1,316
<u>Divestment Transactions</u>				
Keppel Corporation Limited	304	-	-	-
	304	1,127	48,065	28,291

16. TOTAL ANNUAL DIVIDEND

Total Annual Dividend amounted to:

	2003 (\$'000)	2002 (\$'000)
Ordinary	16,373	21,906
Preference	-	-
Total	16,373	21,906

BY ORDER OF THE BOARD

CAROLINE CHANG/CAROL AU
Company Secretaries
27 January 2004