

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD

(Co Reg No: 196500115G)

Second Quarter Financial Statement

1 UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2004

The Directors of **Keppel Telecommunications & Transportation Ltd** advise the following unaudited results of the Group for the second quarter ended 30 June 2004.

1(a) GROUP PROFIT AND LOSS ACCOUNTS

for the six months ended 30 June

	2004 2Q \$'000	2003 2Q \$'000	+ / (-) %	2004 6 Months \$'000	2003 6 Months \$'000	+ / (-) %
TURNOVER	48,497	63,420	(23.5)	98,790	127,637	(22.6)
Less operating expenses	<u>(45,362)</u>	<u>(66,524)</u>	(31.8)	<u>(92,696)</u>	<u>(131,721)</u>	(29.6)
OPERATING PROFIT/(LOSS)	3,135	(3,104)	NM	6,094	(4,084)	NM
Investment income	1,552	-	NM	1,552	1,620	(4.2)
Interest income	90	153	(41.2)	173	299	(42.1)
Interest expense	(1,447)	(1,407)	2.8	(2,897)	(2,640)	9.7
Share of results of associated companies and jointly controlled entity	<u>8,203</u>	<u>7,229</u>	13.5	<u>15,597</u>	<u>14,107</u>	10.6
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	11,533	2,871	301.7	20,519	9,302	120.6
Exceptional items	<u>1,997</u>	<u>(291)</u>	NM	<u>3,006</u>	<u>(121)</u>	NM
PROFIT BEFORE TAXATION	13,530	2,580	424.4	23,525	9,181	156.2
Taxation	<u>(2,099)</u>	<u>3,879</u>	NM	<u>(1,659)</u>	<u>1,314</u>	NM
PROFIT AFTER TAXATION	11,431	6,459	77.0	21,866	10,495	108.3
Minority interests	<u>(672)</u>	<u>(715)</u>	(6.0)	<u>(1,336)</u>	<u>(1,688)</u>	(20.9)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	<u>10,759</u>	<u>5,744</u>	87.3	<u>20,530</u>	<u>8,807</u>	133.1
Comprising:						
Profit before exceptional items	8,473	5,966	42.0	17,235	8,859	94.5
Exceptional items	<u>2,286</u>	<u>(222)</u>	NM	<u>3,295</u>	<u>(52)</u>	NM
	<u>10,759</u>	<u>5,744</u>	87.3	<u>20,530</u>	<u>8,807</u>	133.1
Earnings per share (cents)						
Before exceptional items						
- basic	1.55	1.09		3.16	1.62	
- diluted	1.55	1.09		3.16	1.62	
After exceptional items						
- basic	1.97	1.05		3.76	1.61	
- diluted	1.97	1.05		3.76	1.61	

NM – not meaningful

Notes:

(i) Operating expenses comprise the following:

	2004 2Q \$'000	2003 2Q \$'000	+ /(-) %	2004 6 Months \$'000	2003 6 Months \$'000	+ /(-) %
Purchase of goods and services	28,254	35,327	(20.0)	54,343	69,208	(21.5)
Staff costs	8,730	14,690	(40.6)	18,730	29,166	(35.8)
Depreciation of fixed assets	2,177	3,808	(42.8)	5,467	7,874	(30.6)
Amortisation	277	361	(23.3)	598	720	(16.9)
Other operating expenses	5,924	12,338	(52.0)	13,558	24,753	(45.2)
	<u>45,362</u>	<u>66,524</u>	<u>(31.8)</u>	<u>92,696</u>	<u>131,721</u>	<u>(29.6)</u>

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

	2004 2Q \$'000	2003 2Q \$'000	+ /(-) %	2004 6 Months \$'000	2003 6 Months \$'000	+ /(-) %
(Writeback of)/provision for doubtful debts and bad debts written off	(80)	247	NM	(78)	261	NM
Foreign exchange loss	410	329	24.6	375	452	(17.0)
(Profit)/loss on disposal of fixed assets	(170)	30	NM	(150)	33	NM

(iii) Taxation included a write-back of over-provision of \$11,000 in respect of prior years in the second quarter.

(iv) Exceptional items consist of:

	2004 2Q \$'000	2003 2Q \$'000	2004 6 Months \$'000	2003 6 Months \$'000
Net gain on sale of vessels	23,894	-	29,521	-
Gain on disposal of land and buildings	747	-	747	-
Gain on disposal of subsidiaries and investments	46	-	46	304
(Provision for)/writeback of other investments and equity advances	(628)	467	(1,059)	467
Staff compensation and restructuring of operations	(243)	(758)	(4,182)	(892)
Write-off of intangible and fixed assets	(1,517)	-	(1,517)	-
Impairment of assets	(20,302)	-	(20,550)	-
	<u>1,997</u>	<u>(291)</u>	<u>3,006</u>	<u>(121)</u>
Minority share of exceptional items	289	69	289	69
	<u>2,286</u>	<u>(222)</u>	<u>3,295</u>	<u>(52)</u>

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

1(b)(i) BALANCE SHEETS as at 30 June 2004

	Group		Company	
	30.6.2004 \$'000	31.12.2003 \$'000	30.6.2004 \$'000	31.12.2003 \$'000
SHARE CAPITAL	109,152	109,152	109,152	109,152
RESERVES	119,361	113,697	17,198	30,954
SHARE CAPITAL AND RESERVES	<u>228,513</u>	<u>222,849</u>	<u>126,350</u>	<u>140,106</u>
MINORITY INTERESTS	30,289	28,942	-	-
CAPITAL EMPLOYED	<u>258,802</u>	<u>251,791</u>	<u>126,350</u>	<u>140,106</u>
Represented by:				
FIXED ASSETS	143,028	232,036	-	-
INVESTMENTS				
Subsidiaries	-	-	225,897	225,897
Associated companies and jointly controlled entity	127,019	120,845	16,471	16,471
Others	21,975	20,787	6,621	6,621
	<u>148,994</u>	<u>141,632</u>	<u>248,989</u>	<u>248,989</u>
INTANGIBLE ASSETS	11,328	13,316	-	-
DEFERRED TAX ASSETS	8,251	9,587	-	-
CURRENT ASSETS				
Stocks and work-in-progress	12,585	17,972	-	-
Debtors	109,858	125,093	38	8
Amounts owing by holding and related companies	552	1,038	6,153	58,218
Amounts owing by associated companies	5,223	8,521	-	-
Fixed deposits	39,807	18,857	11,255	6,292
Bank balances and cash	28,105	23,745	33	62
	<u>196,130</u>	<u>195,226</u>	<u>17,479</u>	<u>64,580</u>
LESS: CURRENT LIABILITIES				
Creditors	78,486	77,995	830	498
Amounts owing to holding and related companies	111,062	148,629	117,224	165,014
Amount owing to associated companies	21,559	6,957	21,470	6,860
Short-term borrowings	16,114	24,959	-	-
Taxation	2,454	2,178	148	154
Bank overdrafts	-	109	-	-
	<u>229,675</u>	<u>260,827</u>	<u>139,672</u>	<u>172,526</u>
NET CURRENT LIABILITIES	<u>(33,545)</u>	<u>(65,601)</u>	<u>(122,193)</u>	<u>(107,946)</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	18,500	77,916	-	-
Deferred taxation	754	1,263	446	937
	<u>19,254</u>	<u>79,179</u>	<u>446</u>	<u>937</u>
NET ASSETS	<u>258,802</u>	<u>251,791</u>	<u>126,350</u>	<u>140,106</u>

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30 Jun 2004		As at 31 Dec 2003	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
7,000	119,448	7,030	165,933

Amount repayable after one year

As at 30 Jun 2004		As at 31 Dec 2003	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
18,500	-	22,000	55,916

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 \$54.9 million. (31 December 2003: \$75.4 million)

**1(c) CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June**

	2004 2Q \$'000	2003 2Q \$'000	2004 6 Months \$'000	2003 6 Months \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit/(loss)	3,135	(3,104)	6,094	(4,084)
Adjustments:				
Depreciation of fixed assets	2,177	3,808	5,467	7,874
Amortisation	277	361	598	720
(Profit)/loss on sale of fixed assets	(170)	30	(150)	33
Translation of foreign companies	864	1,417	410	1,585
Operating profit before changes in working capital	6,283	2,512	12,419	6,128
Working capital changes:				
Stocks	2,869	(2,821)	5,387	6,199
Debtors	4,520	(2,299)	14,374	(4,086)
Creditors	4,687	1,931	(170)	(14,611)
Cash from/(used in) operations	18,359	(677)	32,010	(6,370)
Interest received	90	153	184	336
Interest paid	(1,447)	(1,407)	(3,418)	(3,033)
Income taxes refunded/(paid), net	416	(1,238)	(166)	(2,019)
Tax benefit arising from losses transferred	-	-	2,125	-
Staff compensation and restructuring expenses	(966)	(58)	(2,497)	(2,098)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	16,452	(3,227)	28,238	(13,184)
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of subsidiaries (Note A)	(133)	-	(133)	355
Return of capital from an associated company	804	-	804	-
Additional investment in an associated company	(22)	-	(22)	-
Purchase of other investments	(855)	(2,609)	(2,908)	(2,958)
Proceeds from disposal of other investments	626	-	626	304
Return of capital from other investments	-	-	284	-
Acquisition of fixed assets	(1,134)	(1,376)	(3,340)	(3,135)
Proceeds from sale of fixed assets	66,172	31	92,412	112
Dividends received from investments	14,225	12,499	14,225	12,499
NET CASH FROM INVESTING ACTIVITIES	79,683	8,545	101,948	7,177
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from share issues	-	-	-	10
Repayment of term loans	(10,565)	(1,802)	(12,345)	(3,606)
Proceeds from term loans	-	3,780	-	6,685
Funds (to)/from holding and related companies	(91,592)	13,665	(93,920)	6,476
Funds from associated companies	18,417	142	17,900	23
Dividends paid to shareholders of the company	(16,373)	(21,906)	(16,373)	(21,906)
Dividends paid to minorities of subsidiaries	(29)	(1,826)	(29)	(1,826)
NET CASH USED IN FINANCING ACTIVITIES	(100,142)	(7,947)	(104,767)	(14,144)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS				
	(4,007)	(2,629)	25,419	(20,151)
Cash and cash equivalents at beginning of period	71,919	52,978	42,493	70,500
Cash and cash equivalents at end of period (Note B)	67,912	50,349	67,912	50,349

Notes to Consolidated Cash Flow Statement

A. Disposal of Subsidiaries

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

	2004 2Q \$'000	2003 2Q \$'000	2004 6 Months \$'000	2003 6 Months \$'000
Fixed assets	(38)	-	(38)	(909)
Stocks, debtors and creditors	(70)	-	(70)	554
Bank balances and cash	(133)	-	(133)	(106)
Exchange equalisation	(3)	-	(3)	-
	<u>(244)</u>	<u>-</u>	<u>(244)</u>	<u>(461)</u>
Net loss on disposal	244	-	244	-
Sale proceeds	-	-	-	(461)
Add:				
Bank balances and cash disposed	<u>133</u>	<u>-</u>	<u>133</u>	<u>106</u>
Cash outflow/(inflow) on disposal, net of cash disposed	<u>133</u>	<u>-</u>	<u>133</u>	<u>(355)</u>

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:

	2004 2Q \$'000	2003 2Q \$'000	2004 6 Months \$'000	2003 6 Months \$'000
Fixed deposits	39,807	27,464	39,807	27,464
Bank balances and cash	28,105	23,740	28,105	23,740
Bank overdrafts	-	(855)	-	(855)
	<u>67,912</u>	<u>50,349</u>	<u>67,912</u>	<u>50,349</u>

**1(d)(i) STATEMENTS OF CHANGES IN EQUITY
for the six months ended 30 June**

	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 2004	109,152	206,641	13,146	(110,830)	4,740	222,849
Profit for the period	-	-	-	9,771	-	9,771
Exchange differences arising on consolidation	-	-	-	-	(456)	(456)
Balance at 31 March 2004	109,152	206,641	13,146	(101,059)	4,284	232,164
Transfer from/(to) revenue reserves	-	-	11	-	(727)	(716)
Transfer to capital reserves	-	-	-	(11)	-	(11)
Transfer from foreign currency translation reserves	-	-	-	727	-	727
Profit for the period	-	-	-	10,759	-	10,759
Dividend paid for 2003	-	-	-	(16,373)	-	(16,373)
Exchange differences arising on consolidation	-	-	-	-	817	817
Other adjustments	-	-	1,146	-	-	1,146
Balance at 30 June 2004	<u>109,152</u>	<u>206,641</u>	<u>14,303</u>	<u>(105,957)</u>	<u>4,374</u>	<u>228,513</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	-	-	-	3,063	-	3,063
Exchange differences arising on consolidation	-	-	-	-	20	20
Balance at 31 March 2003	109,148	206,636	12,078	(103,467)	7,827	232,222
Profit for the period	-	-	-	5,744	-	5,744
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Exchange differences arising on consolidation	-	-	-	-	1,783	1,783
Balance at 30 June 2003	<u>109,148</u>	<u>206,636</u>	<u>12,078</u>	<u>(119,629)</u>	<u>9,610</u>	<u>217,843</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 2004	109,152	206,641	9,025	(184,712)	-	140,106
Profit for the period	-	-	-	33	-	33
Balance at 31 March 2004	109,152	206,641	9,025	(184,679)	-	140,139
Profit for the period	-	-	-	2,584	-	2,584
Dividend paid for 2003	-	-	-	(16,373)	-	(16,373)
Balance at 30 June 2004	<u>109,152</u>	<u>206,641</u>	<u>9,025</u>	<u>(198,468)</u>	-	<u>126,350</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	-	-	-	1,606	-	1,606
Balance at 31 March 2003	109,148	206,636	9,025	(178,441)	-	146,368
Profit for the period	-	-	-	3,418	-	3,418
Dividend paid for 2002	-	-	-	(21,906)	-	(21,906)
Balance at 30 June 2003	<u>109,148</u>	<u>206,636</u>	<u>9,025</u>	<u>(196,929)</u>	-	<u>127,880</u>

1(d)(ii) SHARE CAPITAL

Since the end of the previous period, there were no issue of shares by the Company. 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 June 2004, there were unexercised options for 6,182,000 (30 June 2003: 9,329,000) unissued shares of \$0.20 each under the Company's Share Option Scheme.

2. AUDIT

The figures have not been audited or reviewed.

3. AUDITORS' REPORT

N.A.

4. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2003.

5. CHANGES IN THE ACCOUNTING POLICIES

N.A.

6. EARNINGS PER ORDINARY SHARE

	GROUP		
	2004 6 Months	2003 6 Months	+/(-)%
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)	3.76	1.61	133.5
- Weighted average number of shares	545,761,537	545,736,870	0.0
(ii) On a fully diluted basis	3.76	1.61	133.5
- Adjusted weighted average number of shares	545,774,930	545,772,611	0.0

7. NET ASSET VALUE

	GROUP			COMPANY		
	30.6.2004	31.12.2003	+/(-)%	30.6.2004	31.12.2003	+/(-)%
Net asset value per Ordinary Share based on issued share capital at the end of the financial period/year (\$)	0.42	0.41	2.4	0.23	0.26	(11.5)

8. REVIEW OF GROUP PERFORMANCE

The Group continued to perform well in the second quarter and its earnings for the first half year more than doubled that of the same period of 2003.

Second Quarter 2004 against Second Quarter 2003

Group turnover was 24% lower than the corresponding period in 2003. Network Engineering turnover was lower as the Group focused on improving margins through a more stringent process of bidding for jobs. Shipping turnover fell as the remaining fleet of seven ships were progressively delivered to the buyers during this second quarter.

Group pre-tax profit before exceptional items improved three-fold over that of 2003. All business segments except Shipping recorded significantly improved profitability.

Attributable profit before exceptional items improved 42% over 2003. The improvement was less dramatic than the pre-tax profit line because of the effect of tax credits recorded in 2003.

Exceptional items of \$2 million comprised mainly gains on disposal of remaining seven vessels less provision for impairment of logistics assets.

First Half 2004 against First Half 2003

In the first six months, Group turnover was 23% lower than the same period in 2003. Network Engineering and Shipping accounted for most of the declines.

Notwithstanding the lower revenue, Group pre-tax profit before exceptional items improved 121% over 2003. Most of the improvement came from the turnaround of Network Engineering and better results from Investments as a result of the divestment of previous loss-makers.

Attributable profit before exceptional items was 95% higher than 2003. Only Logistics turned in a lower attributable profit before exceptional items because of tax credits recorded in 2003. The remaining businesses all chalked up higher attributable profits.

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 half year just ended.

9. VARIANCE FROM PROSPECTS STATEMENT

There is no variance from the previous statement.

10. PROSPECTS

Network Engineering's operating environment remains challenging. The turnaround of the Division was the result of the Division's restructuring and cost reduction. Further improvement will be largely dependent on higher infrastructural spending by telcos and cable TV operators.

Logistics operations in Singapore were affected by the effects of the weak domestic economy on warehouse rental rates. With the improving domestic economy, outlook for warehouse rental is more optimistic. The Group's port and transportation operations in Foshan and Hong Kong are expected to continue performing satisfactorily.

The Group has completely divested its fleet of ten vessels in the second quarter. The Division will now be progressively wound down.

Barring unforeseen circumstances, the Group's earnings for the full year are expected to exceed those in the previous year.

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 June 2004 (2003: Nil).

13. SEGMENT ANALYSIS

June 2004

Business Segments

	Network Engineering \$'000	Shipping \$'000	Logistics \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	58,106	7,074	32,473	1,137	-	98,790
Inter-segment sales	3,422	-	2,039	-	(5,461)	-
Consolidated sales	<u>61,528</u>	<u>7,074</u>	<u>34,512</u>	<u>1,137</u>	<u>(5,461)</u>	<u>98,790</u>
Operating profit/(loss)	1,792	2,332	3,238	(1,268)		6,094
Investment and interest income	75	37	1,593	20		1,725
Interest expense	(1,444)	(349)	(316)	(788)		(2,897)
Share of results of associated companies and jointly controlled entity	1,506	109	(36)	14,018		15,597
Profit before tax and exceptional items	1,929	2,129	4,479	11,982		20,519
Exceptional items	(5,746)	29,521	(20,000)	(769)		3,006
(Loss)/profit before taxation	(3,817)	31,650	(15,521)	11,213		23,525
Taxation	345	(300)	(602)	(1,102)		(1,659)
(Loss)/profit after taxation	(3,472)	31,350	(16,123)	10,111		21,866
Minority interests	(418)	-	(860)	(58)		(1,336)
Attributable (loss)/profit	<u>(3,890)</u>	<u>31,350</u>	<u>(16,983)</u>	<u>10,053</u>		<u>20,530</u>

Other Information

Segment assets	174,843	43,910	167,492	128,423	(133,956)	380,712
Investment in associated companies and jointly controlled entity	26,212	21,688	972	78,147	-	127,019
Total	<u>201,055</u>	<u>65,598</u>	<u>168,464</u>	<u>206,570</u>	<u>(133,956)</u>	<u>507,731</u>
Segment liabilities	164,739	6,409	58,930	152,807	(133,956)	248,929
Net assets	<u>36,316</u>	<u>59,189</u>	<u>109,534</u>	<u>53,763</u>	<u>-</u>	<u>258,802</u>
Capital expenditure	535	-	2,805	-		3,340
Depreciation and amortisation	1,171	954	3,776	164		6,065

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	32,539	62,088	4,163	98,790
Total assets	306,154	192,284	9,293	507,731
Capital expenditure	949	2,383	8	3,340

Discontinued shipping and discontinuing investments activities are carried out principally in Singapore.

June 2003
Business Segments

	Network Engineering \$'000	Shipping \$'000	Logistics \$'000	Investments \$'000	Adjustments/ Eliminations \$'000	Consolidated Total \$'000
Sales to third parties	73,447	15,611	33,893	4,686	-	127,637
Inter-segment sales	1,461	1,704	2,024	428	(5,617)	-
Consolidated sales	<u>74,908</u>	<u>17,315</u>	<u>35,917</u>	<u>5,114</u>	<u>(5,617)</u>	<u>127,637</u>
Operating (loss)/profit	(5,182)	1,764	3,425	(4,091)		(4,084)
Investment and interest income	(98)	1	1,745	271		1,919
Interest expense	(681)	(733)	(359)	(867)		(2,640)
Share of results of associated companies and jointly controlled entity	2,272	328	50	11,457		14,107
(Loss)/profit before tax and exceptional items	(3,689)	1,360	4,861	6,770		9,302
Exceptional items	-	-	(425)	304		(121)
(Loss)/profit before taxation	(3,689)	1,360	4,436	7,074		9,181
Taxation	897	(39)	3,502	(3,046)		1,314
(Loss)profit after taxation	(2,792)	1,321	7,938	4,028		10,495
Minority interests	(1,035)	-	(747)	94		(1,688)
Attributable (loss)/profit	<u>(3,827)</u>	<u>1,321</u>	<u>7,191</u>	<u>4,122</u>		<u>8,807</u>

Other Information

Segment assets	222,839	90,664	188,391	145,148	(175,623)	471,419
Investment in associated companies and jointly controlled entity	35,745	16,783	1,021	68,689	-	122,238
Total	<u>258,584</u>	<u>107,447</u>	<u>189,412</u>	<u>213,837</u>	<u>(175,623)</u>	<u>593,657</u>
Segment liabilities	<u>219,441</u>	<u>75,554</u>	<u>64,588</u>	<u>166,854</u>	<u>(175,623)</u>	<u>350,814</u>
Net assets	<u>39,143</u>	<u>31,893</u>	<u>124,824</u>	<u>46,983</u>	<u>-</u>	<u>242,843</u>
Capital expenditure	891	8	2,070	166		3,135
Depreciation and amortisation	2,428	1,618	3,801	747		8,594

By Geographical Location

	Singapore \$'000	Far East and ASEAN other than Singapore \$'000	Others \$'000	Consolidated Total \$'000
Sales to third parties	48,764	74,900	3,973	127,637
Total assets	387,348	187,314	18,995	593,657
Capital expenditure	969	2,028	138	3,135

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 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.
- (e) Certain comparative figures have been reclassified to conform to current year's presentation.

14. REVIEW OF SEGMENT PERFORMANCE

N.A.

15. 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.	
	2004 6 Months \$'000	2003 6 Months \$'000	2004 6 Months \$'000	2003 6 Months \$'000
<u>General Transactions</u>				
Keppel Corporation Limited	-	-	302	1,850
Singapore Airlines Limited	-	-	-	1,288
Singapore Telecommunications Limited	-	-	1,216	-
Temasek Holdings Group – others	-	-	-	136
<u>Treasury Transactions</u>				
Keppel Corporation Limited	-	-	108,534	39,045
<u>Management Services</u>				
Keppel Corporation Limited	-	-	547	919
<u>Divestment Transactions</u>				
Keppel Corporation Limited	-	304	-	-
	-	304	110,599	43,238

16 ANNUAL DIVIDEND

N.A.

BY ORDER OF THE BOARD

CAROLINE CHANG/CAROL AU
Company Secretaries
27 July 2004