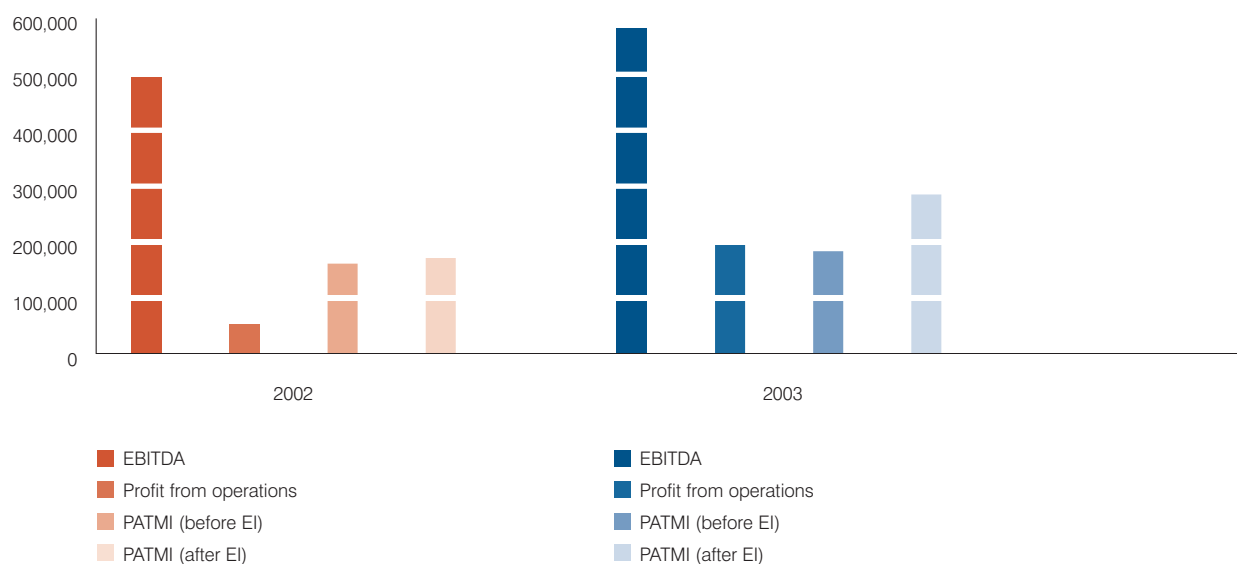


## Group Financial Highlights

	Restated*		Change (%)
	2003	2002	
<b>For the year (S\$'000)</b>			
Turnover	4,641,660	4,184,573	11%
EBITDA	582,875	496,970	17%
Profit from operations	198,595	54,397	265%
Profit after taxation and minority interest (PATMI)			
– before exceptional items	183,685	161,484	14%
– after exceptional items	285,135	171,554	66%
<b>At year end (S\$'000)</b>			
Shareholders' funds	1,715,676	1,503,675	14%
Total assets	6,622,114	6,006,373	10%
Net borrowings	1,374,277	1,333,164	3%
<b>Per share</b>			
Earnings (cents)			
– before exceptional items	10.09	8.96	13%
– after exceptional items	15.66	9.52	65%
Net tangible assets (cents)	88.16	80.71	9%
Gross dividends (cents)	7.00	4.50	56%
Gross dividend yield (%)	5.6	5.7	– 2%
<b>Financial ratios</b>			
Return on equity (%)	17.7	13.6	30%
Return on total assets (%)	7.3	5.4	35%
Interest cover (times)	7.4	5.3	38%
Net gearing (times)	0.6	0.6	0%
Free cashflow (S\$'000)	530,424	811,000	– 35%
<b>Productivity data (S\$'000)</b>			
Economic value added	91,108	(90,121)	201%
Value added per employee	80	68	19%

\* For 2002, figures have been restated for the financial effects arising from the accounting anomalies uncovered in SembLog India.

## Profit (S\$'000)



**Overview**

2003 was a year of growth for the Group. The Group reported solid performance despite the difficult operating environment and volatile market. Group turnover and Profit After Tax and Minority Interest (PATMI) were all significantly better than 2002. PATMI grew by 66% on the back of strong contributions from the organic growth of existing businesses, new acquisitions, as well as divestment gains.

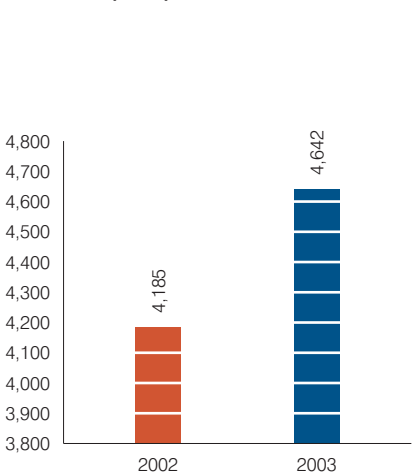
**Turnover**

Group turnover was S\$4.6 billion, up from S\$4.2 billion last year. Turnover from Utilities jumped 80% from 2002 with contributions from SembCorp Utilities UK (formerly SembCorp Utilities Teesside), the United Kingdom operations acquired in April 2003; higher energy sales from SembCorp Cogen

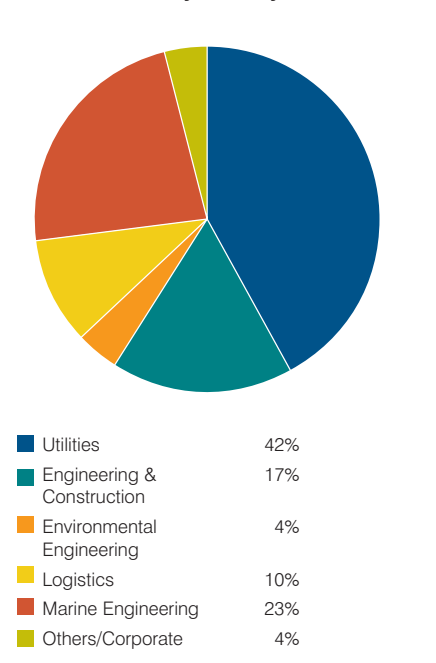
and SembCorp Power; and Offshore Engineering's progress on its projects. Marine Engineering's turnover rose by 5% over 2002 with increased revenue from container building and ship conversion jobs. Logistics' turnover rose 8% driven by strong Supply Chain Management performance in Singapore and China which grew by 10% and 14% respectively. Environmental Engineering's turnover also rose by 41% with contributions from SembWaste Cleantech and SembEnviro Tay Paper acquired in 2003.

The increases in turnover were reduced by lower Engineering & Construction's turnover in line with the Group's strategy to refocus on process engineering, and divestments of food distribution and building material businesses in end 2002 and May 2003, respectively.

**Turnover (S\$m)**



**2003 Turnover by Activity**



**Earnings**

Group PATMI was S\$285 million, up 66% from 2002, an increase of S\$113 million.

The main contributors are Utilities, Logistics and Marine Engineering, which together contributed to 72% of Group PATMI.

Utilities delivered an outstanding performance in 2003, with PATMI growing by 81%. Core businesses within Utilities, including its new United Kingdom operation as well as the Energy business performed strongly and contributed to the 81% growth in PATMI from Utilities. The Offshore Engineering division contributed about 18% of Utilities' PATMI in 2003, despite keen competition.

Share of Logistics' PATMI grew due to its main earnings driver (Supply Chain Management operation), strong contributions from Kuehne & Nagel and foreign exchange gains.

Share of Marine Engineering's PATMI was lower at S\$49 million as there was no exceptional gain in 2003. Marine Engineering's results were also affected by postponement of repairs as a result of high freight rates and SARS in the first half of 2003 and keen competition. Marine Engineering's investments in Dalian and Brazil have borne fruit and contributed positively to its results.

The Group has also in 2003 achieved good results from its various divestments. The Group reported S\$101 million gains from its divestments of heavy infrastructure and theme park investments in China, Pacific Internet, and building material businesses.

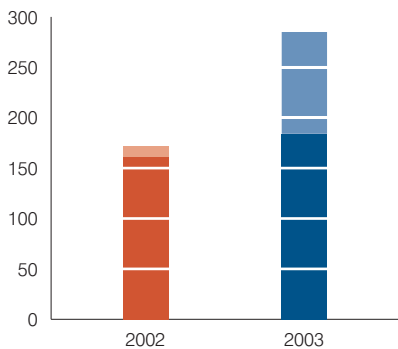
**Capital Expenditure and Cashflow**

A total of S\$581 million was spent on fixed assets (S\$146 million) and investments (S\$435 million) in 2003. With these new investments, the Group's base of recurrent earnings has been strengthened.

Internally generated funds and divestments proceeds were reallocated to fund these capital expenditure and investments.

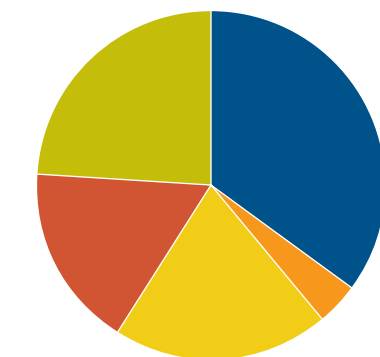
Free cashflow for 2003 was S\$530 million.

**PATMI (before and after exceptional items) (S\$m)**



2002		
■ PATMI (before EI)		161
■ EI gain		10
2003		
■ PATMI (before EI)		184
■ EI gain		101

**2003 PATMI by Activity**



■ Utilities	35%
■ Engineering & Construction	0%
■ Environmental Engineering	4%
■ Logistics	20%
■ Marine Engineering	17%
■ Others/Corporate	24%

**Financial Ratios**

Earnings per share have risen to 15.7 cents in 2003 from 9.5 cents in 2002. Return on Equity was 17.7%, which was higher than management’s target of 12%. Return on Total Assets was 7.3%, a 35% increase from 5.4% in 2002.

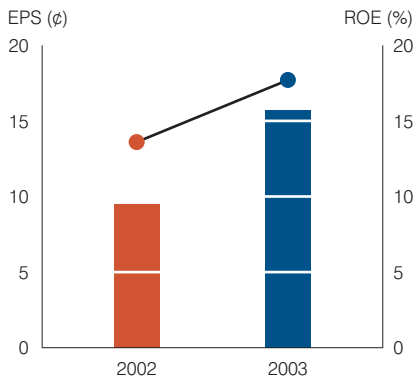
Interest cover was a healthy 7.4 times, an improvement of 38% from 5.3 times. Including project finance loans, our net gearing was 0.6 times, and excluding project finance loans, our net gearing was 0.3 times at the end of 2003.

**Dividend**

A final dividend of 5.0 cents per share less tax at 22% amounting to S\$71.047 million on the existing issued share capital, is proposed for the financial year ended December 31, 2003. Together with the special interim dividend of 2.0 cents per share less tax of S\$28.411 million which was paid in 2003, the total dividend payout for 2003 will amount to 7.0 cents per share and S\$99.458 million. This represents an increase of 56% as compared with 2002.

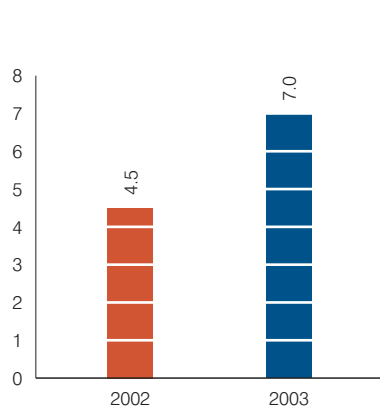
For 2002, a final dividend of 3.0 cents per share and a special dividend of 1.5 cents per share less tax amounting to a total of 4.5 cents per share and S\$63.924 million was declared and paid in 2003.

**Earnings per Share and Return on Equity**



2002		
■	EPS (cents)	9.5
●	ROE (%)	13.6
2003		
■	EPS (cents)	15.7
●	ROE (%)	17.7

**Gross Dividends (cents per share)**



	2002	2003
Ordinary	3.0	5.0
Special	1.5	2.0
<b>Total</b>	<b>4.5</b>	<b>7.0</b>