

SINGAPORE PETROLEUM COMPANY LIMITED

Financial Statements for Third Quarter And Nine Months Ended 30 September 2003

1 UNAUDITED RESULTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003

The Directors of Singapore Petroleum Company Limited (SPC) advise the following unaudited results of the Group for third quarter and nine months ended 30 September 2003.

1(a) GROUP PROFIT AND LOSS ACCOUNTS FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2003

	Group			Group		
	Third Quarter ended 30/09/03	Third Quarter ended 30/09/02	Variance	Nine Months ended 30/09/03	Nine Months ended 30/09/02	Variance
	S\$'000		+ / (-) %	S\$'000		+ / (-) %
Revenues	751,098	659,661	13.9	2,388,080	1,786,744	33.7
Other operating income	3,589	1,678	113.9	13,988	16,448	(15.0)
Changes in refined petroleum products	13,789	(28,711)	N.M.	36,157	(7,377)	N.M.
Crude oil and other inventories used	(565,691)	(432,898)	30.7	(1,720,137)	(1,310,472)	31.3
Cost of refined petroleum products traded	(158,156)	(170,428)	(7.2)	(566,219)	(340,633)	66.2
Salaries and employee benefits	(3,909)	(4,860)	(19.6)	(12,943)	(12,121)	6.8
Depreciation and amortisation expenses	(9,553)	(8,823)	8.3	(28,787)	(27,692)	4.0
Other operating expenses	(16,051)	(18,018)	(10.9)	(70,755)	(66,207)	6.9
Operating profit/(loss)	15,116	(2,399)	N.M.	39,384	38,690	1.8
Finance income	4,401	284	1,449.6	5,859	2,340	150.4
Finance costs	(2,293)	(2,050)	11.9	(6,331)	(5,909)	7.1
Share of results of associates and joint ventures	25	2,767	(99.1)	(623)	4,817	N.M.
Profit/(loss) before tax	17,249	(1,398)	N.M.	38,289	39,938	(4.1)
Tax	(5,185)	(799)	548.9	(10,547)	(994)	961.1
Profit/(loss) from ordinary activities before minority interests	12,064	(2,197)	N.M.	27,742	38,944	(28.8)
Minority interests	32	1	3,100.0	56	(676)	N.M.
Profit/(loss) after tax attributable to the members of the Company	12,096	(2,196)	N.M.	27,798	38,268	(27.4)
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Notes:

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

	Group			Group		
	Third Quarter ended 30/09/03	Third Quarter ended 30/09/02	Variance	Nine Months ended 30/09/03	Nine Months ended 30/09/02	Variance
	S\$'000		+/(-)%	S\$'000		+/(-)%
- Investment income	(274)	(139)	97.1	(1,327)	(1,738)	(23.6)
- Other income including interest income	(4,127)	(145)	2,746.2	(4,532)	(602)	652.8
- Interest on borrowings	2,293	2,050	11.9	6,331	5,909	7.1
- Bad debts written off	-	-	-	-	74	N.M.
- Write down of inventories to net realisable value	703	-	N.M.	1,886	-	N.M.
- Provision for impairment/ (write-back) in value of investments	(77)	-	N.M.	74	-	N.M.
- Foreign exchange loss	480	255	88.2	425	1,637	(74.0)
- Underprovision of tax in respect of prior years	108	-	N.M.	415	-	N.M.
- Write-back of deferred tax in respect of prior years	-	-	-	-	(4,447)	N.M.
- Gain on disposal of investments	(115)	(5,511)	(97.9)	(346)	(6,394)	(94.6)
- Loss/(gain) on disposal of property, plant and equipment	14	(2,437)	N.M.	14	(2,437)	N.M.

- (ii) There was no provision for doubtful debts during the period and during the corresponding period of the preceding year.
- (iii) There were no exceptional items during the period and during the corresponding period of the preceding year.
- (iv) There were no extraordinary items during the period and during the corresponding period of the preceding year.
- (v) Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

1(b)(i) BALANCE SHEETS AS AT 30 SEPTEMBER 2003

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		30/09/03 S\$'000	31/12/02 S\$'000	30/09/03 S\$'000	31/12/02 S\$'000
Current assets					
Cash and cash equivalents		78,545	47,167	61,642	20,723
Receivables	(i)	296,750	323,947	273,553	304,300
Inventories	(ii)	182,725	143,408	180,135	139,374
Other assets		10,887	15,616	10,410	15,139
Other investments		9,852	6,384	9,852	6,384
		578,759	536,522	535,592	485,920
Non-current assets					
Investments in associates and joint ventures		109,072	132,055	58,238	58,238
Investments in subsidiaries		-	-	126,548	126,548
Other investments		15,665	15,665	15,665	15,665
Property, plant and equipment		635,891	649,407	557,802	565,922
Loan to an investee company	(iii)	44,243	40,641	-	-
		804,871	837,768	758,253	766,373
Total assets		1,383,630	1,374,290	1,293,845	1,252,293
Current liabilities					
Trade and other payables		301,986	285,290	298,774	295,312
Short-term borrowings		411,526	473,063	414,795	452,309
Provision for current income tax		84	3,543	-	-
		713,596	761,896	713,569	747,621
Non-current liabilities					
Long-term borrowings		50,000	-	50,000	-
Provision for retirement benefits		5,085	4,360	4,903	4,360
Provision for deferred income tax		56,461	55,671	37,935	34,935
		111,546	60,031	92,838	39,295
Total liabilities		825,142	821,927	806,407	786,916
Net assets		558,488	552,363	487,438	465,377
Share capital and reserves					
Share capital		212,232	211,756	212,232	211,756
Share premium		72,310	72,155	72,310	72,155
Capital reserve		1,182	1,182	-	-
Foreign currency translation reserve		1,197	3,675	(174)	(642)
Retained earnings		271,030	263,002	203,070	182,108
Interests of shareholders of the Company		557,951	551,770	487,438	465,377
Minority interests		537	593	-	-
		558,488	552,363	487,438	465,377

Notes:

- (i) The receivable balance was lower due to higher sales achieved in December 2002 compared to September 2003.
- (ii) The higher inventory balance was due to a higher volume of both product and crude inventory held at the end of the period.
- (iii) The loan to an investee company represents shareholders' loan, is unsecured with no fixed terms of repayment and carry an interest rate of 10% per annum. The increase in the balance represents additional loan provided during the period. The investee company invests in a pipeline project in Indonesia.

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

Amount repayable in one year or less, or on demand (S\$'000)

As at 30/09/03		As at 31/12/02	
Secured	Unsecured	Secured	Unsecured
-	411,526	-	473,063

Amount repayable after one year (S\$'000)

As at 30/09/03		As at 31/12/02	
Secured	Unsecured	Secured	Unsecured
-	50,000	-	-

Details of any collateral

N.A.

**1(c) CONSOLIDATED CASH FLOW STATEMENTS FOR THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2003**

Third Quarter ended 30/09/03	Third Quarter ended 30/09/02	Nine Months ended 30/09/03	Nine Months ended 30/09/02
S\$'000		S\$'000	

Notes

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax and after share of profits less losses of associates and joint ventures	17,249	(1,398)	38,289	39,938
Adjustments for:				
Depreciation of property, plant and equipment	9,553	8,823	28,787	27,692
Dividend income	(274)	(139)	(1,327)	(1,738)
Interest income	(4,127)	(145)	(4,532)	(602)
Interest expense	2,293	2,050	6,331	5,909
Share of profits less losses of associates and joint ventures	(25)	(2,767)	623	(4,817)
Gain on disposal of investments	(115)	(5,511)	(346)	(6,394)
Loss/(gain) on disposal of property, plant and equipment	14	(2,437)	14	(2,437)
Write down of current quoted investments	(77)	-	74	-

Operating cash flow before working capital changes	24,491	(1,524)	67,913	57,551
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Changes in operating assets and liabilities:

Receivables (i)	(674)	(1,712)	27,197	(10,750)
Inventories (ii)	18,420	(42,139)	(39,317)	(50,362)
Other assets	14,505	2,610	8,310	-
Payables	15,151	79,670	18,410	68,106
Foreign exchange translation	(1,554)	(8,241)	(94)	(8,241)

Cash generated from operations	70,339	28,664	82,419	56,304
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Payment of retirement benefits	-	(178)	-	(229)
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Income tax paid	(3,567)	(4,397)	(11,653)	(4,397)
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Net cash generated from operating activities	66,772	24,089	70,766	51,678
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CASH FLOWS FROM INVESTING ACTIVITIES

Payments for property, plant and equipment	(1,493)	(1,738)	(16,204)	(1,738)
Dividends received	22,640	139	23,693	3,396
Interest received	2	348	536	805
Deferred expenditure refunded	-	-	-	4,920
Acquisition of joint venture	-	-	(1,726)	-
Acquisition of other investments	(4,922)	(25,945)	(8,589)	(25,945)
Proceeds from sale of other investments	1,888	25,159	4,970	32,664
Loan to an investee company	(960)	-	(4,072)	-

Net cash generated from/(used in) investing activities	17,155	(2,037)	(1,392)	14,102
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CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from share issue	133	23	631	23
Repayment of short-term borrowings	(114,306)	(11,530)	(61,537)	(87,881)
Proceeds from long-term borrowings	50,000	-	50,000	-
Interest paid	(2,247)	(3,708)	(7,320)	(4,906)
Dividends paid	-	-	(19,770)	(4,235)

Net cash used in financing activities	(66,420)	(15,215)	(37,996)	(96,999)
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**INCREASE/(DECREASE) IN CASH
AND CASH EQUIVALENTS**

	17,507	6,837	31,378	(31,219)
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**CASH AND CASH EQUIVALENTS
AT BEGINNING OF PERIOD**

	61,038	45,013	47,167	83,069
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**CASH AND CASH EQUIVALENTS
AT END OF PERIOD**

	78,545	51,850	78,545	51,850
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Notes:

- (i) Changes in receivables are due to higher sales achieved in December 2002 compared to September 2003.
(ii) Changes in inventories are due to higher purchases of both crude and products at the end of the period.

1(d)(i) **STATEMENTS OF CHANGES IN EQUITY FOR THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2003**

Group	S\$'000					Total
	Share Capital	Share Premium	Capital Reserve	Foreign Currency Translation Reserve	Retained Earnings	
Balance at 1 January 2003	211,756	72,155	1,182	3,675	263,002	551,770
Net gain recognised in income statement	-	-	-	-	15,702	15,702
Net loss not recognised in income statement	-	-	-	(1,237)	-	(1,237)
Issue of share capital	348	150	-	-	-	498
Final dividend for 2002	-	-	-	-	(19,770)	(19,770)
Balance at 30 June 2003	212,104	72,305	1,182	2,438	258,934	546,963
Net gain recognised in income statement	-	-	-	-	12,096	12,096
Net loss not recognised in income statement	-	-	-	(1,241)	-	(1,241)
Issue of share capital	128	5	-	-	-	133
Balance at 30 September 2003	212,232	72,310	1,182	1,197	271,030	557,951
Balance at 1 January 2002	211,741	72,146	1,182	6,049	218,303	509,421
Net gain recognised in income statement	-	-	-	-	40,464	40,464
Net loss not recognised in income statement	-	-	-	(1,272)	-	(1,272)
Final dividend for 2001	-	-	-	-	(4,235)	(4,235)
Balance at 30 June 2002	211,741	72,146	1,182	4,777	254,532	544,378
Net loss recognised in income statement	-	-	-	-	(2,196)	(2,196)
Net loss not recognised in income statement	-	-	-	(3,035)	-	(3,035)
Issue of share capital	15	8	-	-	-	23
Balance at 30 September 2002	211,756	72,154	1,182	1,742	252,336	539,170

**1(d)(i) STATEMENTS OF CHANGES IN EQUITY FOR THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2003**

Company	S\$'000					
	Share Capital	Share Premium	Capital Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
Balance at 1 January 2003	211,756	72,155	-	(642)	182,108	465,377
Net gain recognised in income statement	-	-	-	-	13,939	13,939
Net gain not recognised in income statement	-	-	-	468	-	468
Issue of share capital	348	150	-	-	-	498
Final dividend for 2002	-	-	-	-	(19,770)	(19,770)
Balance at 30 June 2003	212,104	72,305	-	(174)	176,277	460,512
Net gain recognised in income statement	-	-	-	-	26,793	26,793
Issue of share capital	128	5	-	-	-	133
Balance at 30 September 2003	212,232	72,310	-	(174)	203,070	487,438
Balance at 1 January 2002	211,741	72,146	-	(3,258)	150,716	431,345
Net gain recognised in income statement	-	-	-	-	34,049	34,049
Net gain not recognised in income statement	-	-	-	1,987	-	1,987
Final dividend for 2001	-	-	-	-	(4,235)	(4,235)
Balance at 30 June 2002	211,741	72,146	-	(1,271)	180,530	463,146
Net loss recognised in income statement	-	-	-	-	(4,913)	(4,913)
Issue of share capital	15	8	-	-	-	23
Balance at 30 September 2002	211,756	72,154	-	(1,271)	175,617	458,256

1(d)(ii) SHARE CAPITAL

During the third quarter of 2003, the Company issued and allotted 255,000 ordinary shares of \$0.50 each upon the exercise of options granted under the SPC Share Option Scheme 2000.

The share capital of the Company as at 30 September 2003 was 424,463,398 ordinary shares of \$0.50 each.

As at 30 September 2003, there were unexercised options for 7,948,000 ordinary shares of \$0.50 each under the SPC Share Option Scheme 2000.

2. AUDIT

The figures have not been audited nor 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 2002.

5. CHANGES IN THE ACCOUNTING POLICIES

N.A.

6. EARNINGS PER ORDINARY SHARE (CENTS)

	GROUP			GROUP		
	Third Quarter ended 30/09/03	Third Quarter ended 30/09/02	Variance +/- %	Nine Months ended 30/09/03	Nine Months Ended 30/09/02	Variance +/- %
Earnings per Ordinary Share of the Group based on net profit attributable to shareholders:						
(i) Based on the weighted average number of shares on issue	2.86	(0.52)	N.M.	6.56	9.04	(27.4)
(ii) On a fully diluted basis	2.83	(0.52)	N.M.	6.52	9.03	(27.8)

7. NET ASSET VALUE

	GROUP			COMPANY		
	30/09/03	31/12/02	Variance +/- %	30/09/03	31/12/02	Variance +/- %
Net asset value per Ordinary Shares (cents) based on issued share capital at the end of the financial period	131.58	130.42	0.9	114.84	109.88	4.5

8. REVIEW OF PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Third Quarter 2003 Performance

The operating and economic environment was, as a whole, positive for the third quarter. With the end of the Iraqi conflict and the SARS outbreak receding into the background, regional economies began a slow recovery. This was further aided by positive economic data from the United States. This fuelled further optimism and led to revised regional GDP growth forecasts for both the current year as well as next year. The tourism industry in the region regained much of its lost momentum in the third quarter with forecasts that tourist arrivals to the region could recover to pre-SARS levels by year-end.

Against this background of a rebound in regional economic activities, the SPC Group recorded an improved performance for the quarter. Refining margins which were negative for most of the second quarter recovered towards the later part of the third quarter to around US\$2.00 per barrel. Turnover for the third quarter of \$751.1 million was 13.9% higher than the corresponding quarter of the prior year. This was due to the higher volume of products handled as well as higher average product prices for the current quarter. Crude prices for the quarter were well supported at the higher end of the OPEC benchmark price range of US\$22-28 per barrel. The Group benefitted from the improved refining margins to record an operating profit of \$15.1 million for the quarter under review compared to a loss of \$2.4 million for the third quarter of 2002.

Other operating income for the third quarter of 2003 was higher compared to third quarter 2002 resulting mainly from higher freight income.

Other operating expenses for the current quarter were reduced from lower hedging costs.

The higher finance income recorded for the current quarter was due to higher interest income from a shareholder loan extended to an investee company to finance a pipeline project in Indonesia.

Finance costs for the current quarter were higher relative to the third quarter of 2002 due to slightly higher funding requirements and the strengthening of interest rates.

Share of results of associates was lower compared to the corresponding third quarter of 2002 due to the continued poor performance of SPC's Korean and China joint ventures. These joint ventures continued to face an adverse operating environment marked by intense competition for market share.

For the quarter under review, the Group achieved a profit before tax of \$17.2 million. Tax provision for the quarter under review was higher than the third quarter of 2002 due to higher profits recorded for the third quarter of 2003.

Nine Months 2003 Performance

For the first nine months of 2003, the SPC Group achieved a turnover of \$2,388.1 million, 33.7% higher than the turnover of \$1,786.7 million for the corresponding first nine months of 2002. This was due to a 17.3% increase in the volume of barrels handled and an average increase of 19.6% in product sales realisation for the current nine months compared to the corresponding period of 2002. Crude and product prices have, in general, been firmer for the period under review as compared to the corresponding prior period despite the dip in the second quarter of 2003. The firmer trend could be attributed to the evolving situation in Iraq as well as to rationalisations in refining capacity in the region.

Total oil and gas production from Upstream activities averaged 2,800 boepd (barrels of oil equivalent per day) in the first nine months of 2003. Realisations averaged US\$27.63 per boe. Upstream contributed \$27.8 million in revenue and \$13.4 million in operating profits for the first nine months.

For the first nine months of 2003, the Downstream group handled a volume of 43.9 million barrels or 161,000 barrels per day compared to 37.4 million barrels or 137,000 barrels per day for the prior corresponding period. Competition remained keen in all sectors of the Downstream business. Downstream recorded a total revenue of \$2,360.3 million and an operating profit of \$26.0 million for the nine months of 2003.

Other operating income of \$14.0 million for the first nine months of 2003 was lower than the corresponding period of the previous year due to lower terminalling income.

The three components of cost of goods sold, namely changes in refined petroleum products, crude oil and other inventories used and cost of refined petroleum products traded were, in total, higher compared to the corresponding prior period due to higher volumes and higher average oil prices.

Salaries and employee benefits were 6.8% higher than the corresponding prior period due to additional contract staff brought in for the Enterprise Resource Planning (ERP) software implementation and wage adjustments for 2003.

Depreciation and amortisation expenses were 4.0% higher for the first nine months of 2003 due to expenditure on ERP and the capital expenditure on retail network upgrading and construction of a new service station.

Other operating expenses rose for the first nine months of 2003 from higher hedging costs incurred in the first half of the year.

The Group achieved an operating profit of \$39.4 million for the first nine months of 2003. This was 1.8% higher than the corresponding prior period. The better performance was due mainly to the improvement in refining margins.

Finance income for the nine months to date was higher due mainly to interest income generated from a shareholder loan to an investee company to finance a pipeline project in Indonesia. Finance costs were, as a consequence, slightly higher due to the funding requirements for this project.

Share of results of associates and joint ventures was a loss for the first nine months of 2003 due mainly to the weak performance of SPC's Korean and China joint ventures. Both Tiger Oil Corporation and the China LPG (liquefied petroleum gas) joint ventures faced intense competitive pressures in their respective markets.

Income tax for the period was higher than the corresponding prior period due to tax provision for Upstream income and deferred tax provision. For 2002, the taxation numbers reflected a write-back of deferred tax due to a change in corporate tax rate.

The SPC Group achieved a profit after tax and minority interests (PATMI) of \$27.8 million for the first nine months of 2003.

9. VARIANCE FROM PROSPECT STATEMENT

No variance from prospects disclosed in the second quarter announcement.

10. PROSPECTS

The operating environment has improved since the interim results announcement. Regional economies are now in various stages of recovery from SARS and terrorism. The rebound in the region has been fuelled by positive economic recovery data from the United States. The oil and energy sector is expected to benefit from such a recovery.

However, efforts to restore crude supplies from Iraq continue to be hampered. Global petroleum products inventories are currently at a five-year low. Crude and product prices are therefore, expected to remain firm at the current levels for the foreseeable future. OPEC's recent decision to reduce production would also lend support to current oil prices. With the consolidation of refining capacities in Japan, Australia and the Philippines, refining margins are expected to be sustainable at the current level.

Based on the current positive operating environment, we expect that the Company's profitability will be sustainable for the next quarter barring a return of SARS or further major terrorist incidents. This positive outlook for the current quarter is expected to continue and would support the Company's efforts to maintain profitability in 2004.

11. DIVIDENDS

(a) Current Financial Period Reported On

Any dividend declared 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 dividend has been declared/recommended for the current financial period reported on or for the corresponding period of the immediately preceding financial year.

13. INTERESTED PERSON TRANSACTIONS

Name of Interested Person	The Group				The Group			
	Aggregate value of all interested person transactions during the financial period 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 (excluding transactions less than \$100,000)		Aggregate value of all interested person transactions during the financial period 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 (excluding transactions less than \$100,000)	
	Third Quarter ended 30/9/03 S\$'000	Third Quarter ended 30/9/02 S\$'000	Third Quarter ended 30/9/03 S\$'000	Third Quarter ended 30/9/02 S\$'000	Nine Months ended 30/9/03 S\$'000	Nine Months ended 30/9/02 S\$'000	Nine Months Ended 30/9/03 S\$'000	Nine Months ended 30/9/02 S\$'000
A Transactions for the Sales of Goods and Services								
1 Keppel Corporation Group	-	-	96	670	-	-	1,109	1,846
2 PSA Corporation Group	-	-	270	207	-	-	851	581
3 SempCorp Marine Group	-	-	2,125	1,647	-	-	6,429	4,434
4 Singapore Airlines Group	-	-	47,441	54,131	-	-	152,038	137,760
5 Singapore Power/Power Seraya/Senoko Power/Tuas Power Group	-	-	159	128	-	-	5,121	442
6 SembCorp Industries Group	-	-	14,634	11,002	-	-	46,496	39,452
7 Temasek Holdings Group (other than the above)	-	-	32	31	-	-	64	71
	-	-	64,757	67,816	-	-	212,108	184,586
B Transactions for the Purchase of Goods and Services								
8 PSA Corporation Group	-	-	659	1,203	-	-	4,242	4,745
C Treasury Transactions								
9 Keppel Corporation Group	-	-	1	27	-	-	4	95
D Management and Support Services								
10 Keppel Corporation Group	-	-	125	130	-	-	375	390
	-	-	65,542	69,176	-	-	216,729	189,816

14. TOTAL ANNUAL DIVIDEND

Total annual dividend amounted to:

	2002	2001
	S\$'000	S\$'000
Tax Exempt	16,952	4,235
Taxable	2,818	-
Total	19,770	4,235

BY ORDER OF THE BOARD

Helen Chong/Lam Chee Kin
Secretaries
23 October 2003