

# FINANCIAL REVIEW

## CASH FLOW

	2007 \$'million	2006 \$'million
<b>Cash flow from operating activities</b>		
Operating profit	349	228
Depreciation, amortisation and non-cash items	63	53
<b>Operating income before reinvestment in working capital</b>	<b>412</b>	<b>281</b>
Working capital changes	91	(364)
Net interest received and payment of income tax	(30)	(17)
	473	(100)
Net payment to banks from Unauthorised Transactions	(261)	-
<b>Net cash provided by / (used in) operating activities</b>	<b>212</b>	<b>(100)</b>
<b>Cash flow provided by / (used in) investing activities</b>	<b>182</b>	<b>(66)</b>
Dividend paid	(231)	(124)
Cash flow from other financing activities	84	252
<b>Cash flow (used in) / provided by financing activities</b>	<b>(147)</b>	<b>128</b>
<b>Net increase / (decrease) in cash flow</b>	<b>247</b>	<b>(38)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>493</b>	<b>531</b>
<b>Cash and cash equivalents at end of year</b>	<b>740</b>	<b>493</b>

### Operating Activities

During the year, the Group continued to generate healthy cash flow from its operations. This amounted to \$412 million before changes in working capital. Working capital increased by \$91 million due mainly to increased activities in the core businesses of ship repair, shipbuilding, rig building and ship conversion.

After accounting for interest and income tax payments, net cash provided by operating activities amounted to \$212 million due mainly to financing of work-in-progress for its record order book of rig building and conversion projects.

### Investing Activities

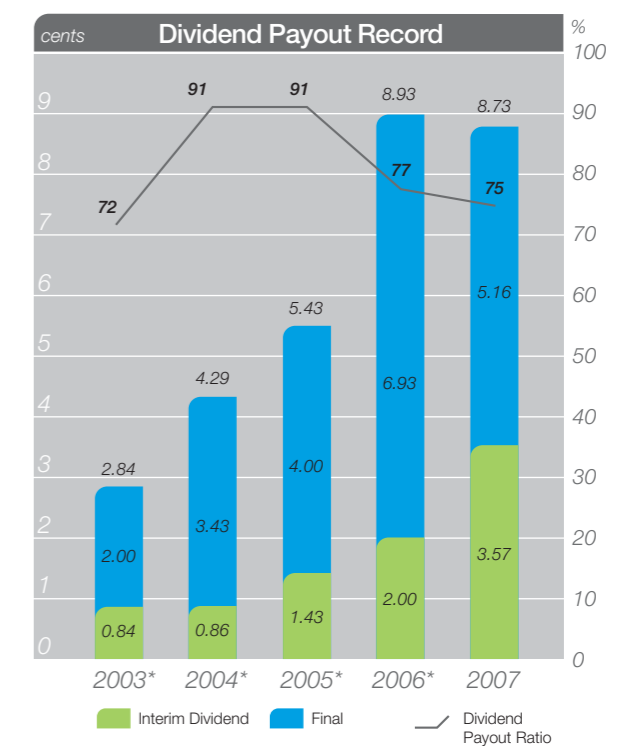
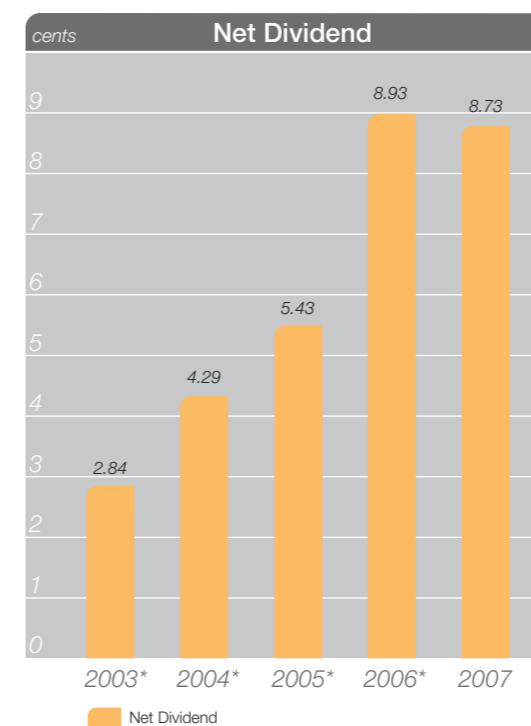
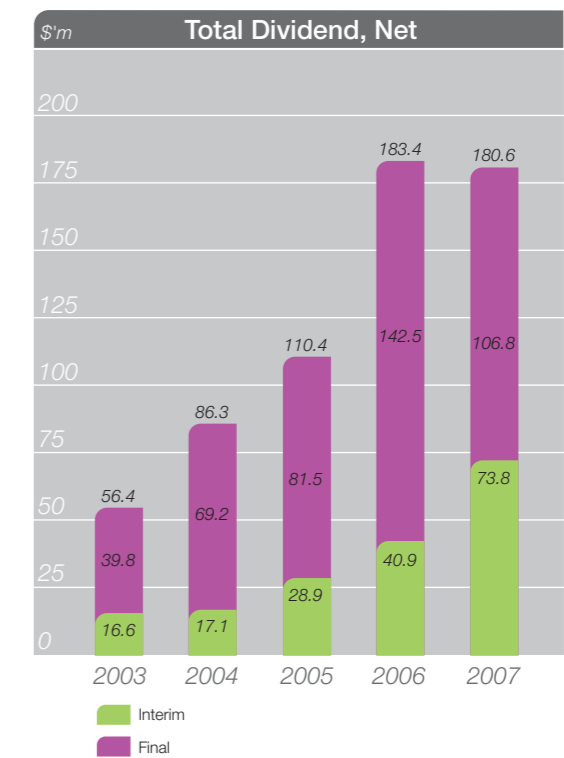
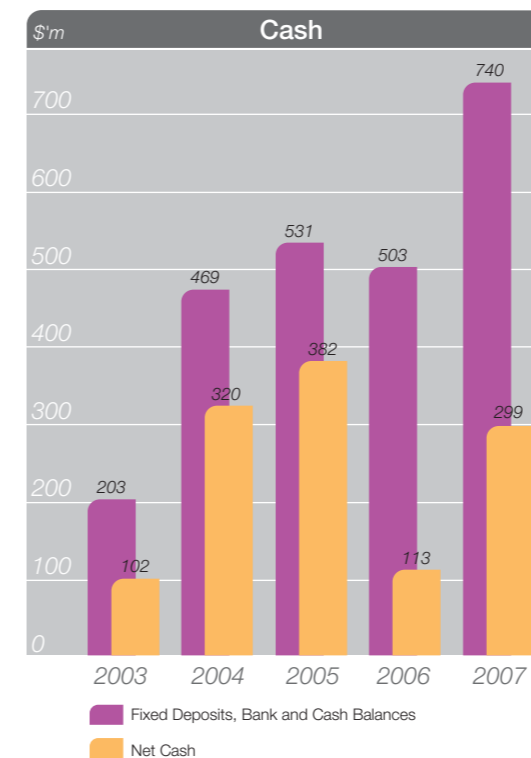
Net cash provided by investing activities amounted to \$182 million, largely attributable to the sale of shares in Cosco Corporation (Singapore) Ltd.

The Group also purchased additional fixed assets of \$104 million, comprising mainly additional facilities, cranes, plant and machineries to execute the existing order book more efficiently and effectively.

### Dividend Paid

Dividend paid to shareholders amounted to \$231 million or 10.50 cents per share in 2007. This included the final dividend of 5.86 cents per share and a one-tier tax-exempt dividend of 1.07 cents per share in respect of the financial year ended 2006 and an interim dividend of 3.57 cents per share for 2007.

The Directors are recommending a final one-tier tax exempt dividend of 5.16 cents per share in respect of the financial year ended 2007 and an interim dividend of 3.57 cents per share for 2007. The total dividend for the financial year ended 2007 will be 8.73 cents per share. The dividend payout ratio at 75 per cent shows the Group's commitment to shareholder value.



\* Adjusted for two Bonus Shares for every five existing ordinary shares