



Cash Flow

The consolidated statement of cash flows of the Group for the year end 2004 is summarised below:

	2004 \$'million	2003 \$'million
Cash flow from operating activities		
Operating profit	94	74
Depreciation, amortisation and non-cash items	30	31
Operating income before reinvestment in working capital	124	105
Working capital changes	95	(22)
Net interest received and payment of income tax	(1)	(24)
Net cash provided by operating activities	218	59
Cash flow from investing activities	39	(16)
Dividend paid to shareholders of the company and subsidiary companies	(57)	(72)
Cash flow from other financing activities	121	68
Cash flow from financing activities	64	(4)
Free cash flow	321	39

Operating Activities

During the year, the Group continues to generate healthy cash flow from operations. This amounted to \$124 million before changes in working capital. Working capital reduced by \$95 million mainly due to completion of a few major projects in our core business of ship repair, rig building and ship conversion. After accounting for interest and income tax payments, net cash from operating activities amounted to \$218 million.

Investing Activities

Net cash generated from investing activities amounted to \$39 million mainly from the divestment of bonds and collection of proceeds from disposal of fixed assets and divestment of Bohai Sembawang Shipyard. During the year, the Company acquired an additional 5 per cent interest in Jurong Clavon Group, making it a 55 per cent owned subsidiary company of the Group. The Group also purchased additional fixed assets of \$89 million mainly for its core business of ship and rig repairing, building and conversion.

Dividend Paid

Dividend paid to the Company's shareholders amounted to \$57 million or 5.0 cents per share in 2004. This included the final and special dividend of 3.5 cents per share in respect of the financial year ended 2003 and an interim dividend of 1.5 cents per share for 2004.

The Directors are recommending a final dividend of 6.0 cents per share in respect of the financial year ended 2004 and an interim dividend of 1.5 cents per share for 2004. The total dividend for the financial year ended 2004 will be a record 7.5 cents per share. The dividend payout ratio at 90 per cent will be the highest dividend payout in SembCorp Marine's history and testimony to reward to reward our shareholders.

