



Simplified Group Financial Position

Financial Position

The financial position of the Group continues to be strong. The change in financial position between the two years reflect the Group's efforts in divesting its non-core assets and investing in its core business of ship and rig repair, building and conversion. Acquisition of additional 5 per cent in Jurong Clavon Group's business and capital expenditure in operational assets mainly for increasing our steel production capability to support our core marine business. The Group also divested its non-core investment in Chenab (NOL) bond.

Working capital of the Group increased in line with the higher activities of the core business. Total assets of the Group increased 22 per cent from \$1.53 billion to \$1.86 billion.

Capital Employed

Total capital employed as at December 31, 2004 was \$1.0 billion comprising shareholders' funds of \$969 million and minority interests of \$34 million. The Group shareholders' fund increased by 4 per cent

Minority interests of the Group were increased from \$15 million to \$34 million in 2004. This was principally due to new equity shares issued to the minority interest of Kristiansand Drilling Pte Ltd, our 82 per cent subsidiary company that owns the first Baker Marine Pacific Class 375 Deep Drilling Offshore Jack-up Rig.

Borrowings

Gross debts of the Group as at December 31, 2004 comprised of a five-year 3 per cent fixed rate medium term note amounting to \$150 million. After deducting cash and cash equivalent of \$470 million, the Group is in a net cash position of \$320 million.

Financial Resources

The Group maintains sufficient cash and cash equivalent, internal generated cash flow and the availability of funding resources through an adequate amount of committed credit facilities. A mixture of short-term money market borrowings and medium term loans was obtained to fund working capital requirement, capital expenditure and investments. Due to the dynamic nature of the business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

