

CASH FLOW

	2005 \$'million	2004 \$'million
Cash flow from operating activities		
Operating profit	125	93
Depreciation, amortisation and non-cash items	39	31
Operating income before reinvestment in working capital	164	124
Working capital changes	143	96
Net interest received and payment of income tax	(4)	(2)
Net cash provided by operating activities	303	218
Cash flow from investing activities	(173)	39
Dividend paid	(99)	(57)
Cash flow from other financing activities	31	121
Cash flow from financing activities	(68)	64
Net increase in cash flow	62	321

Operating Activities

During the year, the Group continued to generate healthy cash flow from its operations. This amounted to \$164 million before changes in working capital. Working capital increased by \$143 million mainly due 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 from operating activities amounted to \$303 million.

Investing Activities

Net cash used in investing activities amounted to \$173 million. During the year, SembCorp Marine acquired a 30 per cent equity stake in the enlarged capital of COSCO Shipyard Group Co. Ltd to grow its marine business in China. On 13 October 2005, subsidiary PPL Shipyard acquired a 100% interest in Sabine-PPL Industries, Inc. The Group also purchased additional

fixed assets of \$140 million, comprising mainly of the \$98 million Kristiansand show rig and additional facilities, cranes and machineries to execute the existing order book more efficiently.

Dividend Paid

Dividends paid to SembCorp Marine shareholders amounted to \$98 million or 8.5 cents per share in 2005. This included the final and special dividend of 6.0 cents per share in respect of the financial year ended 2004 and an interim dividend of 2.5 cents per share for 2005.

The Directors are recommending a final dividend of 7.0 cents per share in respect of the financial year ended 2005 and an interim dividend of 2.5 cents per share for 2005. The total dividend for the financial year ended 2005 will be a record 9.5 cents per share. The Group's significant payout ratio of 91 per cent for the second consecutive year shows its commitment to shareholder value.

