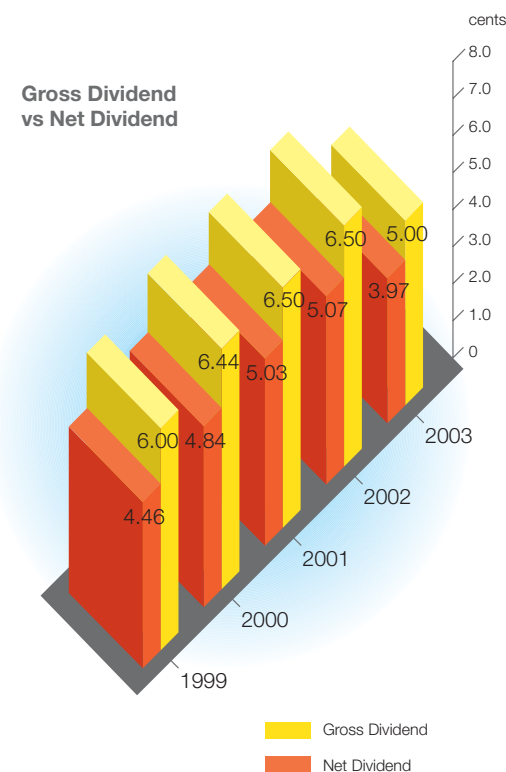
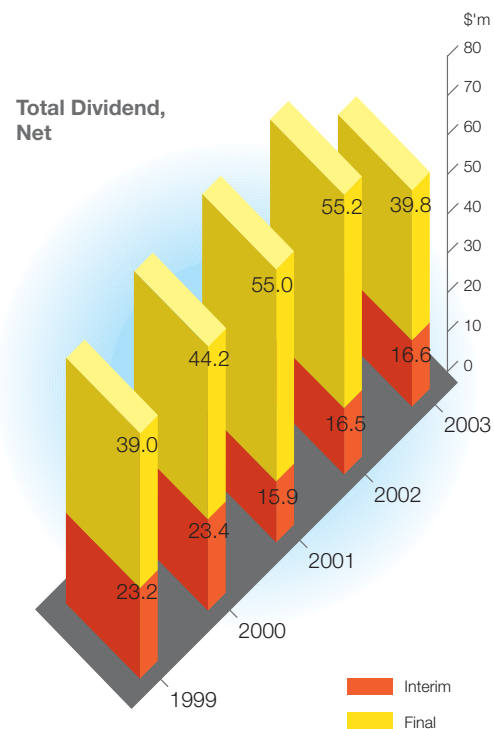
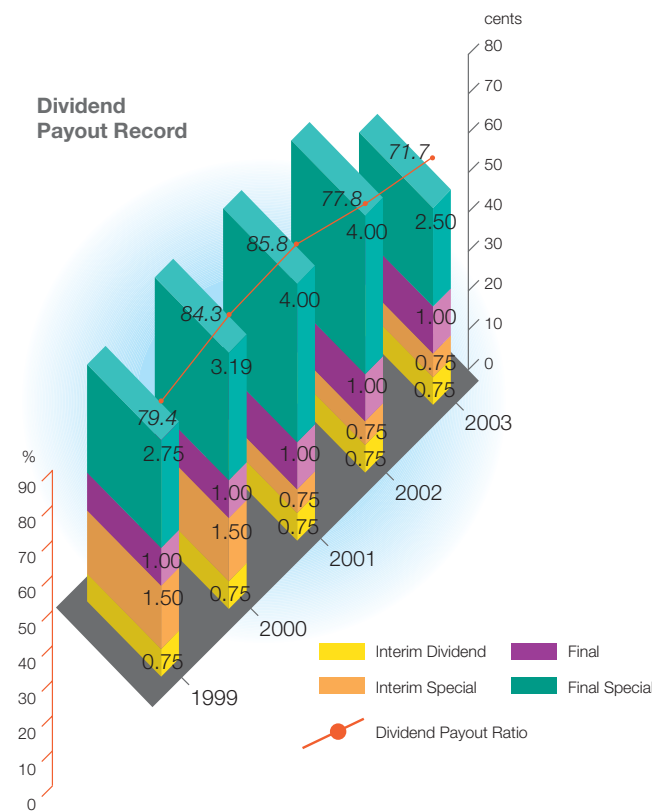


Dividend Paid

Dividend paid to the SembCorp Marine's shareholders amounted to \$72 million or 6.5 cents per share, in 2003. This included a final dividend of 1.0 cents per share and a special dividend of 4.0 cents per share, making a final dividend of 5.0 cents per share. Adding the interim dividend of 1.5 cents per share, total gross dividend paid in the financial year ended 2003 was 6.5 cents per share.

For 2003, the Directors are recommending a final dividend of 1.0 cents per share and a special gross dividend of 2.5 cents per share, totaling up to 3.5 cents per share in respect of the financial year ended 2003. Including the interim gross dividend of 1.5 cents per share, total dividend for financial year ended 2003 will be 5.0 cents per share. The dividend payout ratio is 71.7 per cent in line with the Company's dividend policy.



Simplified Group Financial Position

Financial Position

The financial position of the Group continued to be strong. The change in financial position between the two years reflected the Group's efforts in divesting its non-core assets and investing in its core businesses of ship repair, shipbuilding, ship conversion, rig building and offshore engineering. Acquisition of businesses and capital expenditures of operational assets within the new core business of rig building were made in 2002 and 2003. The Group also progressed in the divestment of non-core freehold residential property and investment in Jurong Engineering. Working capital of the Group increased in line with the higher activities of our core businesses.

Total assets of the Group increased by 2.7 per cent from \$1.49 billion to \$1.53 billion in 2003.

Capital Employed

Total capital employed as at December 31, 2003 was \$942 million comprising shareholders' funds of \$927 million and minority interests of \$15 million.

The Group's shareholders' fund decreased marginally in 2003 mainly due to the dividend distribution of \$72 million and realisation of capital and foreign currency translation reserves upon divestment of Jurong Engineering and Bohai Sembawang Shipyard.

Minority interests of the Group increased from \$10 million in 2002 to \$15 million in 2003. This was due mainly to the acquisition of an additional 35 per cent interest in PPL Shipyard, making it an 85 per cent subsidiary company of the Group.

Borrowings

Gross debts of the Group as at December 31, 2003 comprised mainly short-term money market borrowings amounting to \$101 million. After deducting cash and cash equivalent of \$203 million, the Group was in a net cash position of \$102 million.

Financial Resources

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

