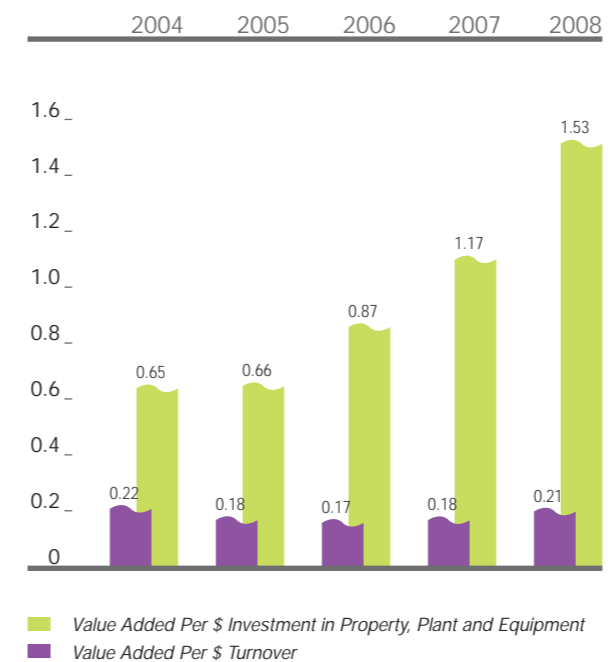


FINANCIAL REVIEW

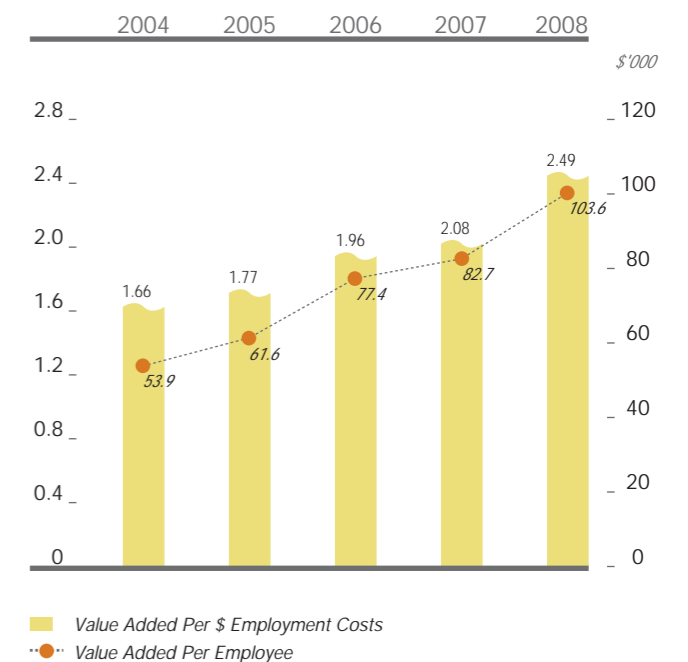
VALUE ADDED STATEMENT & PRODUCTIVITY RATIOS

| | 2004 \$'000 | 2005 \$'000 | 2006 \$'000 | 2007 \$'000 | 2008 \$'000 |
|---|----------------|----------------|----------------|----------------|----------------|
| Turnover | 1,362,764 | 2,119,279 | 3,545,049 | 4,513,123 | 5,063,948 |
| Less: Bought In Materials | (1,062,339) | (1,734,961) | (2,957,566) | (3,722,062) | (3,993,848) |
| Gross Value Added From Operations | 300,425 | 384,318 | 587,483 | 791,061 | 1,070,100 |
| Investment, Interest & Other Income | 49,654 | 42,917 | 79,514 | 292,629 | 67,140 |
| Share Of Associates' Results | 12,208 | 12,313 | 40,923 | 74,075 | 56,995 |
| Share Of Joint Ventures' Results | 1,070 | 1,011 | 3,441 | 7,718 | 8,305 |
| Other Non-Operating Expenses | (14,307) | (12,409) | (30,792) | (20,143) | (78,108) |
| Foreign Exchange Transactions | - | - | - | (302,922) | (43,749) |
| | 349,050 | 428,150 | 680,569 | 842,418 | 1,080,683 |
| Distribution: | | | | | |
| To Employees : Salaries, Wages & Benefits | 180,833 | 216,533 | 299,052 | 379,897 | 429,895 |
| To Government : Income & Other Taxes | 21,844 | 41,888 | 73,880 | 130,198 | 111,677 |
| To Providers of Capital : | | | | | |
| Interest Paid on Borrowings | 2,822 | 4,785 | 10,549 | 13,692 | 11,370 |
| Dividends | 56,881 | 98,036 | 122,362 | 216,266 | 209,259 |
| Retained in Business : | | | | | |
| Depreciation and Amortisation | 37,497 | 37,766 | 45,514 | 66,353 | 70,592 |
| Retained Profits | 38,121 | 23,362 | 116,026 | 24,723 | 220,659 |
| Minority Interests | 3,017 | 4,186 | 10,143 | 10,738 | 21,324 |
| Non-Production Costs | 8,035 | 1,594 | 3,043 | 551 | 5,907 |
| Total Distribution | 349,050 | 428,150 | 680,569 | 842,418 | 1,080,683 |
| Average Number of Employees | 5,572 | 6,241 | 7,592 | 9,570 | 10,330 |
| Employment Costs | 180,833 | 216,533 | 299,052 | 379,897 | 429,895 |
| Value Added Per Employee | 53.92 | 61.58 | 77.38 | 82.66 | 103.59 |
| Employment Cost Per Employee | 32.45 | 34.70 | 39.39 | 39.70 | 41.62 |
| Value Added Per Employment Costs | 1.66 | 1.77 | 1.96 | 2.08 | 2.49 |
| Value Added Per Dollar Investment in Property, Plant and Equipment | 0.65 | 0.66 | 0.87 | 1.17 | 1.53 |
| Value Added Per Dollar Turnover | 0.22 | 0.18 | 0.17 | 0.18 | 0.21 |

PRODUCTIVITY RATIOS

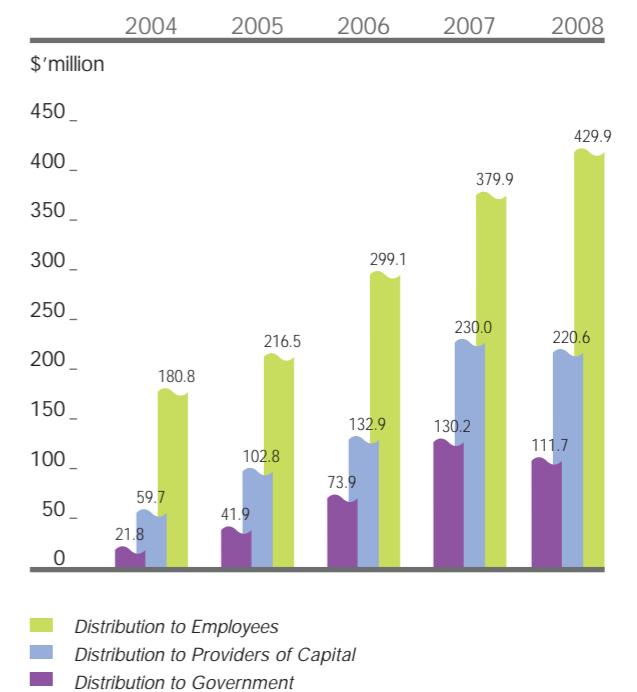


PRODUCTIVITY RATIOS



Raroa FPSO setting sail from Jurong Shipyard after a successful conversion.

DISTRIBUTION OF VALUE ADDED



FINANCIAL REVIEW

ECONOMIC VALUE ADDED

| | 2008 \$'000 | 2007 \$'000 |
|--|----------------|----------------|
| Net Operating Profit Before Tax | 479,658 | 282,928 |
| Adjust for: | | |
| Share of Associates and Joint Ventures' Profit | 65,300 | 81,793 |
| Interest Expenses | 13,066 | 15,835 |
| Others | 13,360 | 253 |
| Adjusted Profit Before Interest and Tax | 571,384 | 380,809 |
| Cash Operating Taxes (Note 1) | (98,612) | (114,446) |
| NOPAT | 472,772 | 266,363 |
| Average Capital Employed (Note 2) | 1,951,809 | 1,807,838 |
| Weighted Average Cost of Capital (Note 3) | 6.0% | 6.3% |
| Capital Charge | 117,109 | 113,894 |
| EVA | 355,663 | 152,469 |
| Less: Minority Share of EVA | 19,166 | 8,491 |
| EVA Attributable to Ordinary Shareholders | 336,497 | 143,978 |
| Less: Unusual Items (UI) Gains (Note 4) | - | 189,272 |
| EVA Attributable to Shareholders (exclude UI) | 336,497 | (45,294) |

Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

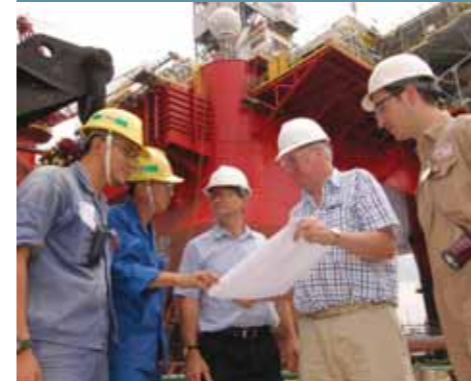
Note 2: Monthly average total assets less non-interest bearing liabilities plus timing provision, goodwill written off / amortised / impaired and present value of operating leases.

Note 3: The Weighted Average Cost of Capital is calculated in accordance with Sembcorp Industries Ltd Group EVA Policy as follows:

- Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2007: 6.0%);
- Risk-free rate of 2.74% (2007: 3.05%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- Ungeared beta 0.6 (2007: 0.6) based on Sembcorp Industries risk categorisation; and
- Cost of Debt rate at 3.53% (2007: 4.12%) using 5-year Singapore Dollar Swap Offered rate plus 55 basis point. (2007: 5-year Singapore Dollar Swap Offered rate plus 75 basis point)

Note 4: Unusual Items (UI) refer to divestment of subsidiaries and associates, long-term investments and disposal of major property, plant and equipment.

Bound for Gulf of Mexico on a 5-year Charter with Petrobras America



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on the official naming of the

6th Generation

Semi-submersible Rig

PetroRig I

built by

JURONG SHIPYARD

17 January 2009

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“The fast-track and on-time completion of *PetroRig I* – our first of a series of four ultra-deepwater semi-submersible drilling rigs with Jurong Shipyards marks another landmark achievement in the Larsen-Jurong partnership. Jurong Shipyards' innovative rig-building capabilities and strong management expertise have played a vital role in *PetroRig I*'s success in this challenging environment and we salute each and everyone in the team for achieving this significant milestone. We are confident that Jurong Shipyards will continue to deliver results and meet our high expectations.”

Mr Martin Nordaas
Project Director, PetroRig I
General Manager, Larsen Oil & Gas

