



## Economic Value Added

	2011 \$'000	2010 \$'000
<b>Net operating profit before tax</b>	<b>797,035</b>	<b>1,020,249</b>
Adjust for:		
Share of associates' and joint ventures' profit	62,878	57,639
Interest expense	6,594	5,492
Others	(7,776)	(4,605)
<b>Adjusted profit before interest and tax</b>	<b>858,731</b>	<b>1,078,775</b>
Cash operating taxes (Note 1)	(77,053)	(179,690)
<b>Net operating profit after tax (NOPAT)</b>	<b>781,678</b>	<b>899,085</b>
Average capital employed (Note 2)	2,767,039	2,405,551
Weighted average cost of capital (Note 3)	7.2%	6.6%
<b>Capital charge</b>	<b>199,227</b>	<b>158,766</b>
<b>Economic value added (EVA)</b>	<b>582,451</b>	<b>740,319</b>
Non-controlling share of EVA	(11,314)	(28,690)
<b>EVA attributable to owners of the Company</b>	<b>571,137</b>	<b>711,629</b>

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 Marine Ltd Group EVA Policy as follows:

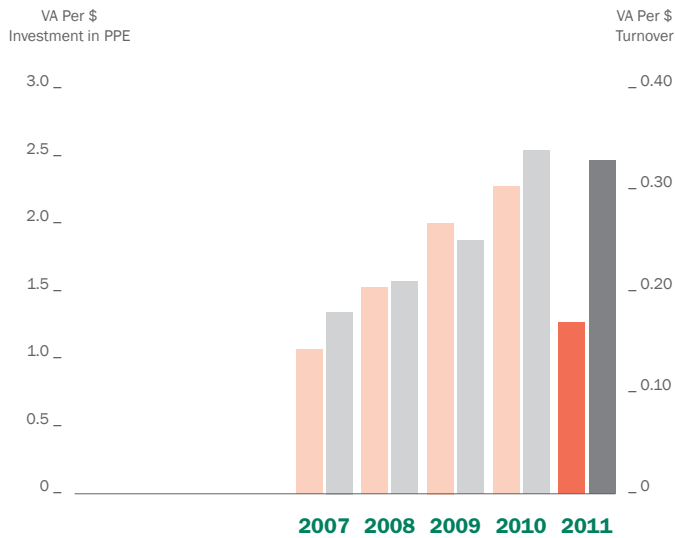
- i) Cost of equity using capital asset pricing model with market risk premium at 5.0% (2010: 6.0%);
- ii) Risk-free rate of 2.69% (2010: 2.61%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- iii) Ungeared beta 0.9 (2010: 0.7) based on Sembcorp Marine risk categorisation; and
- iv) Cost of debt rate at 2.63% (2010: 4.15%) using 5-year Singapore Dollar Swap Offered rate plus 175 basis point (2010: 5-year Singapore Dollar Swap Offered rate plus 175 basis point).

**Value Added Statement**

	2007	2008	2009	2010	2011
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Value added from</b>					
Turnover	4,513,123	5,063,948	5,724,742	4,554,863	3,960,230
Less: Bought in materials and services	(3,722,062)	(3,993,848)	(4,297,115)	(3,001,594)	(2,647,550)
Gross value added	791,061	1,070,100	1,427,627	1,553,269	1,312,680
Investment, interest and other income	292,629	67,140	67,222	60,025	90,795
Share of associates' profit	74,075	56,995	17,549	53,648	56,870
Share of joint ventures' profit	7,718	8,305	7,850	3,991	6,008
Other non-operating expenses	(20,143)	(78,108)	(31,836)	(55,152)	(28,229)
Foreign exchange transactions	(302,922)	(43,749)	-	52,640	-
	<b>842,418</b>	<b>1,080,683</b>	<b>1,488,412</b>	<b>1,668,421</b>	<b>1,438,124</b>
<b>Distribution</b>					
To employees in wages, salaries and benefits	379,897	429,895	482,128	481,267	467,746
To government in income and other taxes	130,198	111,677	166,809	202,335	111,060
To providers of capital on:					
Interest paid on borrowings	13,692	11,370	5,329	7,134	2,491
Dividends to owners of the Company	216,266	209,259	226,666	311,271	750,501
<b>Retained in business</b>					
Depreciation and amortisation	66,353	70,592	75,248	83,197	86,278
Retained profit	24,723	220,659	473,452	548,995	1,402
Non-controlling interests	10,738	21,324	56,647	33,613	17,226
Other non-operating expenses	551	5,907	2,133	609	1,420
<b>Total distribution</b>	<b>842,418</b>	<b>1,080,683</b>	<b>1,488,412</b>	<b>1,668,421</b>	<b>1,438,124</b>
<b>Productivity data</b>					
Average number of employees	9,570	10,330	9,515	9,233	9,592
Employment costs	379,897	429,895	482,128	481,267	467,746
Value added per employee	82.66	103.59	150.04	168.23	136.85
Employment cost per employee	39.70	41.62	50.67	52.12	48.76
Value added per employment costs	2.08	2.49	2.96	3.23	2.81
Value added per dollar investment in property, plant and equipment	1.17	1.53	2.10	2.28	1.27
Value added per dollar turnover	0.18	0.21	0.25	0.34	0.33



### Productivity Ratios



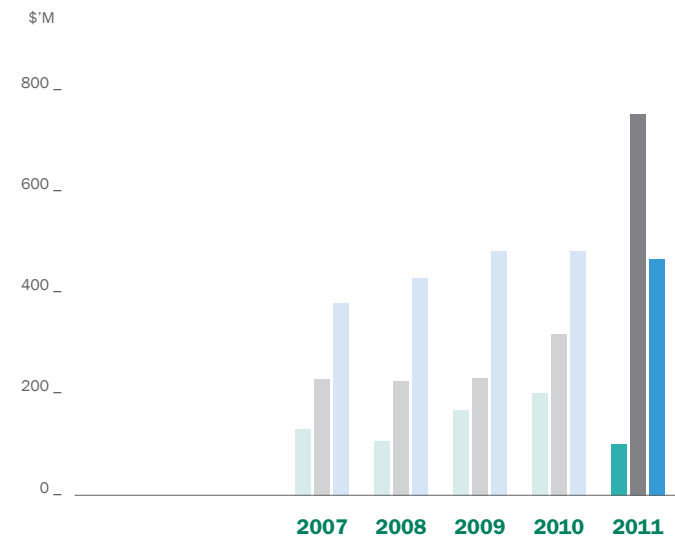
Value Added Per \$ Investment in Property, Plant Equipment	1.17	1.53	2.10	2.28	1.27
Value Added Per Turnover	0.18	0.21	0.25	0.34	0.33

### Productivity Ratios



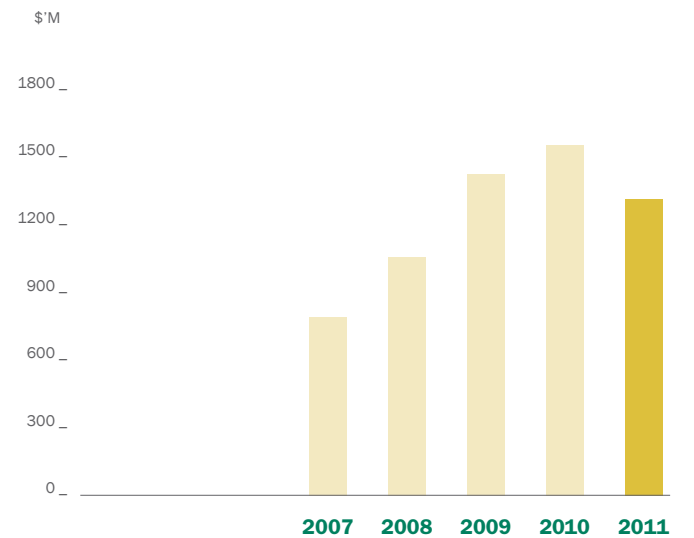
Value Added Per \$ Employment Costs	2.08	2.49	2.96	3.23	2.81
Value Added Per Employee (\$'000)	82.7	103.6	150.0	168.2	136.9

### Distribution Of Value Added



Distribution to Employees	380	430	482	481	468
Distribution to Providers of Capital	230	221	232	318	753
Distribution to Government	130	112	167	202	111

### Gross Value Added



Gross Value Added	791	1,070	1,428	1,553	1,313
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