

## Economic Value Added

	2012 \$'000	2011 \$'000
<b>Net operating profit before tax</b>	<b>573,377</b>	<b>797,035</b>
Adjust for:		
Share of associates' and joint ventures' profit	56,270	62,878
Interest expense	7,619	6,594
Others	(29,283)	(7,776)
<b>Adjusted profit before interest and tax</b>	<b>607,983</b>	<b>858,731</b>
Cash operating taxes (Note 1)	(25,483)	(77,053)
<b>Net operating profit after tax (NOPAT)</b>	<b>582,500</b>	<b>781,678</b>
Average capital employed (Note 2)	2,883,259	2,767,039
Weighted average cost of capital (Note 3)	6.9%	7.2%
<b>Capital charge</b>	<b>198,945</b>	<b>199,227</b>
<b>Economic value added (EVA)</b>	<b>383,555</b>	<b>582,451</b>
Non-controlling share of EVA	(22,121)	(11,314)
<b>EVA attributable to owners of the Company</b>	<b>361,434</b>	<b>571,137</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 7.3% (2011: 5.0%);
- ii) Risk-free rate of 2.39% (2011: 2.69%) based on yield-to-maturity of Singapore Government 10 years Bonds;
- iii) Ungeared beta 0.9 (2011: 0.9) based on Sembcorp Marine risk categorisation; and
- iv) Cost of debt rate at 2.87% (2011: 2.63%) using 5-year Singapore Dollar Swap Offered rate plus 175 basis point (2011: 5-year Singapore Dollar Swap Offered rate plus 175 basis point).