

# EVA Statement

Year Ended December 31, 2009

		2009	2008
	Note	S\$'000	S\$'000
<b>Net operating profit before income tax expense</b>		<b>1,108,742</b>	735,849
Adjust for:			
Share of associates' and joint ventures' profits		136,412	139,846
Interest expense	1	44,538	47,521
Others	2	20,020	5,199
<b>Adjusted profit before interest and tax</b>		<b>1,309,712</b>	928,415
Cash operating taxes	3	(216,663)	(104,536)
<b>Net operating profit after tax (NOPAT)</b>		<b>1,093,049</b>	823,879
Average capital employed	4	5,376,210	5,419,183
Weighted average cost of capital	5	6.0%	5.8%
<b>Capital charge</b>		<b>322,573</b>	313,221
<b>Economic Value Added (EVA)</b>		<b>770,476</b>	510,658
Minority share of EVA		(284,850)	(174,888)
<b>EVA attributable to shareholders</b>		<b>485,626</b>	335,770
Less: Unusual Items (UI) Gains	6	2,101	9,810
<b>EVA attributable to shareholders (exclude UI)</b>		<b>483,525</b>	325,960

## Notes:

- Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to income statement upon disposal of the assets.
- Other adjustments include recovery of investment costs, timing difference of allowances made for / (write-back) of doubtful debts, warranty, inventory obsolescence and goodwill written off / impaired and construction-in-progress.
- The reported current tax is adjusted for the statutory tax impact of interest expense.
- Average capital employed is computed by taking monthly average total assets less non interest-bearing liabilities plus timing provision, goodwill written off / impaired and present value of operating leases.

	2009	2008
	S\$'000	S\$'000
<b>Major Capital Components:</b>		
Fixed assets	2,680,567	2,757,086
Investments	1,143,646	1,116,191
Other long-term assets	451,564	803,711
Net working capital and long-term liabilities	1,100,433	742,195
Average capital employed	5,376,210	5,419,183

- The Weighted Average Cost of Capital is calculated in accordance with the Sembcorp Group EVA Policy as follows:
  - Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2008: 6.0%);
  - Risk-free rate of 2.08% (2008: 2.74%) based on yield-to-maturity of Singapore Government 10-year Bonds;
  - Ungeared beta ranging from 0.5 to 1.1 (2008: 0.5 to 1.0) based on Sembcorp Industries' risk categorisation; and
  - Cost of Debt rate at 4.98% (2008: 3.53%).
- Unusual items ("UI") refer to gain / loss on divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major fixed assets.