

EVA STATEMENT

Year Ended December 31, 2010

	Note	2010 S\$'000	2009 S\$'000
Net operating profit before income tax expense		1,207,234	1,108,742
Adjust for:			
Share of associates' and joint ventures' profits		191,606	136,412
Interest expense	1	58,540	44,538
Others	2	(3,452)	20,020
Adjusted profit before interest and tax		1,453,928	1,309,712
Cash operating taxes	3	(244,863)	(216,663)
Net operating profit after tax (NOPAT)		1,209,065	1,093,049
Average capital employed	4	6,773,662	5,376,210
Weighted average cost of capital	5	5.9%	6.0%
Capital charge		399,646	322,573
Economic Value Added (EVA)		809,419	770,476
Non-controlling share of EVA		(314,722)	(284,850)
EVA attributable to shareholders		494,697	485,626
Less: Unusual Items (UI) Gains	6	142	2,101
EVA attributable to shareholders (exclude UI)		494,555	483,525

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.

	2010 S\$'000	2009 S\$'000
Major Capital Components:		
Fixed assets	3,266,548	2,680,567
Investments	1,277,821	1,143,646
Other long-term assets	532,771	451,564
Net working capital and long-term liabilities	1,696,522	1,100,433
Average capital employed	6,773,662	5,376,210

- 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% (2009: 6.0%);
 - Risk-free rate of 2.61% (2009: 2.08%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2009: 0.5 to 1.1) based on Sembcorp Industries' risk categorisation; and
 - Cost of Debt rate at 4.15% (2009: 4.98%).
- Unusual items ("UI") refer to gain / loss on divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major fixed assets.