

EVA STATEMENT

Year Ended December 31, 2011

	Note	2011 S\$'000	2010 S\$'000
Net operating profit before tax expense		1,100,006	1,207,234
Adjust for:			
Share of associates' and joint ventures' profits		205,619	191,606
Interest expense	1	69,337	58,540
Others	2	(6,849)	(3,452)
Adjusted profit before interest and tax		1,368,113	1,453,928
Cash operating taxes	3	(160,805)	(244,863)
Net operating profit after tax (NOPAT)		1,207,308	1,209,065
Average capital employed	4	8,120,351	6,773,662
Weighted average cost of capital	5	5.9%	5.9%
Capital charge		479,101	399,646
Economic Value Added (EVA)		728,207	809,419
Non-controlling share of EVA		(255,857)	(314,722)
EVA attributable to shareholders		472,350	494,697
Less: Unusual Items (UI) Gains	6	-	142
EVA attributable to shareholders (exclude UI)		472,350	494,555

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.

	2011 S\$'000	2010 S\$'000
Major Capital Components:		
Property, plant and equipment	4,045,713	3,266,548
Investments	1,546,745	1,277,821
Other long-term assets	690,313	532,771
Net working capital and long-term liabilities	1,837,580	1,696,522
Average capital employed	8,120,351	6,773,662

- 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 5.0% (2010: 6.0%);
 - Risk-free rate of 2.69% (2010: 2.61%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2010: 0.5 to 1.0) based on Sembcorp Industries' risk categorisation; and
 - Cost of Debt rate at 2.63% (2010: 4.15%).
- Unusual items (UI) refer to gain / loss on divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major property, plant and equipment.