

EVA Statement

Year ended December 31, 2012

		2012	2011
	Note	S\$'000	S\$'000
Net operating profit before tax expense		991,505	1,100,006
Adjust for:			
Share of associates' and joint ventures' profits		207,627	205,619
Interest expense	1	139,857	69,337
Others	2	(29,772)	(6,849)
Adjusted profit before interest and tax		1,309,217	1,368,113
Cash operating taxes	3	(164,980)	(160,805)
Net operating profit after tax (NOPAT)		1,144,237	1,207,308
Average capital employed	4	8,874,320	8,120,351
Weighted average cost of capital	5	5.9%	5.9%
Capital charge		523,585	479,101
Economic Value Added (EVA)		620,652	728,207
Non-controlling share of EVA		(198,443)	(255,857)
EVA attributable to shareholders		422,209	472,350
Less: Unusual items (UI) gains	6	49,175	-
EVA attributable to shareholders (exclude UI)		373,034	472,350

Notes:

1. Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to profit or loss upon disposal of the assets.
2. 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.
3. The reported current tax is adjusted for the statutory tax impact of interest expense.
4. 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.

	2012	2011
	S\$'000	S\$'000
Major Capital Components:		
Property, plant and equipment	5,034,076	4,045,713
Investments	1,697,060	1,546,745
Other long-term assets	697,311	690,313
Net working capital and long-term liabilities	1,445,873	1,837,580
Average capital employed	8,874,320	8,120,351

5. The Weighted Average Cost of Capital is calculated in accordance with the Sembcorp Group EVA Policy as follows:
 - i. Cost of Equity using Capital Asset Pricing Model with market risk premium at 5.0% (2011: 5.0%);
 - ii. Risk-free rate of 2.39% (2011: 2.69%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - iii. Ungeared beta ranging from 0.5 to 1.0 (2011: 0.5 to 1.0) based on Sembcorp Industries' risk categorisation; and
 - iv. Cost of Debt rate at 2.87% (2011: 2.63%).
6. 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.