

EVA STATEMENT

	Note	2015 S\$'000	2014 S\$'000
Net operating profit before tax expense		420,151	1,088,177
Adjusted for:			
Share of associates' and joint ventures' profits		42,415	194,538
Interest expense	1	240,212	77,829
Others	2	(6,358)	(6,796)
Adjusted profit before interest and tax		696,420	1,353,748
Cash operating taxes	3	(154,774)	(186,171)
Net operating profit after tax (NOPAT)		541,646	1,167,577
Average capital employed	4	15,101,288	11,083,735
Weighted average cost of capital	5	6.2%	5.8%
Capital charge		936,280	642,857
Economic Value Added (EVA)		(394,634)	524,720
Non-controlling share of EVA		250,728	(184,792)
EVA attributable to shareholders		(143,906)	339,928
Less: Unusual items (UI) gains	6	(421,023)	(5,960)
EVA attributable to shareholders (exclude UI)		(564,929)	333,968

Notes:

- Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to profit or loss 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.

	2015 S\$'000	2014 S\$'000
Major Capital Components:		
Property, plant and equipment	8,894,600	6,660,189
Investments	2,711,106	2,386,455
Other long-term assets	873,257	692,849
Net working capital and long-term liabilities	2,622,325	1,344,242
Average capital employed	15,101,288	11,083,735

- 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% (2014: 5.0%);
 - Risk-free rate 2.26% (2014: 2.12%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2014: 0.5 to 1.0) based on Sembcorp Industries' risk categorisation; and
 - Cost of Debt rate at 2.65% (2014: 2.47%).
- 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.