

## EVA Statements

Year ended December 31, 2002

	Note	2002 \$'000	Restated (Note 5) 2001 \$'000
<b>Net Operating Profit Before Taxation</b>		<b>238,430</b>	246,899
Adjust for			
Share of associates and joint ventures profits		<b>63,450</b>	93,378
Interest expense		<b>125,324</b>	125,852
Others		<b>17,637</b>	(2,277)
<b>Adjusted Profit before Interest and Tax</b>		<b>444,841</b>	463,852
Cash Operating Taxes	1	<b>(100,946)</b>	(133,433)
<b>Net Operating Profit after Tax (NOPAT)</b>		<b>343,895</b>	330,419
Average Capital Employed	2	<b>3,190,264</b>	4,595,829
Weighted – Average Cost of Capital	3	<b>8.2%</b>	8.4%
<b>Capital Charge</b>		<b>424,403</b>	386,603
<b>Economic Value Added (EVA)</b>		<b>(80,508)</b>	(56,184)
Less:			
Minority share of EVA		<b>(41,454)</b>	(43,258)
<b>EVA attributable to shareholders</b>		<b>(39,054)</b>	(12,926)
Less:			
Unusual items (UI) Gains	4	<b>202,070</b>	27,832
<b>EVA attributable to shareholders (exclude UI)</b>		<b>(241,124)</b>	(40,758)

### Note:

- The reported current tax is adjusted for the statutory tax impact of interest expense.
- Monthly average total assets less non interest-bearing liabilities plus timing provision, goodwill amortised and present value of operating leases.

### Major Capital Components:

	2002 \$'000	2001 \$'000
Fixed assets	<b>2,602,175</b>	2,031,102
Investments	<b>1,864,803</b>	1,773,591
Other long term assets	<b>371,584</b>	414,562
Net working capital and long term liabilities	<b>351,702</b>	376,574
Average Capital Employed	<b>5,190,264</b>	4,595,829

- The Weighted Average Cost of Capital is calculated in accordance with SembCorp Industries Ltd Group EVA Policy as follows:
  - Cost of Equity using Capital Asset Pricing Model with market risk premium at 7.0%. (2001: 7.0%);
  - Risk-free rate of 3.94% (2001: 4.12%) based on yield-to-maturity of Singapore Government 10 years Bonds;
  - Ungeared beta ranging from 0.7 to 1.0 (2001: 0.7 to 1.0) based on SembCorp Industries risk categorisation; and
  - Cost of Debt rate at 4.30% (2001: 4.58%) using 5-year Singapore Dollar Swap Offered Rate plus 75 basis point (2001: 5-year Singapore Dollar Swap Offer Rate plus 75 basis point)
- Unusual items (UI) refer to divestment of subsidiaries and associates, long-term investments and disposal of major fixed assets.
- In 2001, the reported EVA of negative \$17,193,000 was based on EVA of the Group excluding UI but before MI. The capital employed was adjusted for the capital gains/losses from UI.

With effect from 2002, the EVA statement is refined to reflect the EVA attributable to shareholders (after minority share of EVA). All capital gains/losses from UI also formed part of the capital employed. The restated 2001 EVA attributable to shareholders (exclude UI) of negative \$40,758,000 reflects the above changes.