

EVA Statement

Year ended December 31, 2005

	Note	2005 \$'000	Restated 2004 \$'000
Net Operating Profit Before Taxation		429,345	854,570
Adjust for:			
Share of associates and joint ventures profits		100,942	155,898
Interest expense	1	68,626	90,663
Others	2	28,059	(373,184)
Adjusted Profit before Interest and Tax		626,972	727,947
Cash Operating Taxes	3	(82,451)	(82,503)
Net Operating Profit after Tax (NOPAT)		544,521	645,444
Average Capital Employed	4	5,275,539	5,471,671
Weighted Average Cost of Capital	5	5.6%	6.2%
Capital Charge		293,511	339,756
Economic Value Added (EVA)		251,010	305,688
Minority share of EVA		(60,805)	(270,618)
EVA attributable to shareholders		190,205	35,070
Less: Unusual items (UI) Gains	6	74,379	379,475
Provision for net exposure arising from legal claim (Provision)		-	(415,000)
EVA attributable to shareholders (exclude UI and Provision)		115,826	70,595

Notes:

- Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to profit and loss upon disposal of the assets.
- Other adjustments include recovery of investment costs, timing difference of allowances made for/(writeback) of doubtful debts, inventory obsolescence and goodwill written off / amortised / impaired and construction-in-progress.
- 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 written off / amortised / impaired and present value of operating leases.

	2005 \$'000	2004 \$'000
Major Capital Components:		
Fixed assets	2,767,608	2,811,353
Investments	1,294,420	1,833,558
Other long-term assets	166,709	301,600
Net working capital and long-term liabilities	1,046,802	525,160
Average Capital Employed	5,275,539	5,471,671

- 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 6.0% (2004: 6.0%);
 - Risk-free rate of 2.62% (2004: 3.78%) based on yield-to-maturity of Singapore Government 10 years Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2004: 0.5 to 1.0) based on SembCorp Industries risk categorisation; and
 - Cost of Debt rate at 3.03% (2004: 3.70%) using 5-year Singapore Dollar Swap Offered Rate plus 75 basis points (2004: 5-year Singapore Dollar Swap Offered Rate plus 75 basis points).
- Unusual items (UI) refer to divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major fixed assets.