


EVA STATEMENT

	Note	2006 S\$'000	2005 S\$'000
Net Operating Profit Before Income Tax Expense		1,031,631	429,345
Adjust for:			
Share of associates and joint ventures profits		140,399	100,942
Interest expense	1	54,819	68,626
Others	2	(9,147)	28,059
Adjusted Profit before Interest and Tax		1,217,702	626,972
Cash Operating Taxes	3	4,300	(82,451)
Net Operating Profit after Tax (NOPAT)		1,222,002	544,521
Average Capital Employed	4	4,819,462	5,275,539
Weighted Average Cost of Capital	5	6.2%	5.6%
Capital Charge		297,303	293,511
Economic Value Added (EVA)		924,699	251,010
Minority share of EVA		(85,529)	(60,805)
EVA attributable to shareholders		839,170	190,205
Less: Unusual items (UI) Gains	6	457,381	74,379
EVA attributable to shareholders (exclude UI)		381,789	115,826

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.

	2006 S\$'000	2005 S\$'000
Major Capital Components:		
Fixed assets	2,600,009	2,767,608
Investments	1,020,765	1,294,420
Other long term assets	128,344	166,709
Net working capital and long term liabilities	1,070,344	1,046,802
Average Capital Employed	4,819,462	5,275,539



Notes (cont'd):

5. The Weighted Average Cost of Capital is calculated in accordance with SembCorp Industries Ltd Group EVA Policy as follows:
 - i. Cost of Equity using Capital Asset Pricing Model with market risk premium at 6.0% (2005: 6.0%);
 - ii. Risk-free rate of 3.31% (2005: 2.62%) based on yield-to-maturity of Singapore Government 10 years Bonds;
 - iii. Ungeared beta ranging from 0.5 to 1.0 (2005: 0.5 to 1.0) based on SembCorp Industries risk categorisation; and
 - iv. Cost of Debt rate at 4.04% (2005: 3.03%) using 5-year Singapore Dollar Swap Offered Rate plus 75 basis points (2005: 5-year Singapore Dollar Swap Offered Rate plus 75 basis points).
6. Unusual items (UI) refer to divestment of subsidiaries, associates, joint ventures, long-term investments and disposal of major fixed assets.