

# EVA STATEMENT

Year Ended December 31, 2007

	Note	2007 S\$'000	2006 S\$'000
<b>Net operating profit before income tax expense</b>		<b>633,910</b>	1,031,631
Adjust for:			
Share of associates' and joint ventures' profits		174,631	140,399
Interest expense	1	57,783	54,819
Others	2	2,397	(9,147)
<b>Adjusted profit before interest and tax</b>		<b>868,721</b>	1,217,702
Cash operating taxes	3	(138,242)	4,300
<b>Net operating profit after tax (NOPAT)</b>		<b>730,479</b>	1,222,002
Average capital employed	4	5,158,888	4,819,462
Weighted average cost of capital	5	6.1%	6.2%
<b>Capital charge</b>		<b>313,372</b>	297,303
<b>Economic Value Added (EVA)</b>		<b>417,107</b>	924,699
Minority share of EVA		(77,068)	(85,529)
<b>EVA attributable to shareholders</b>		<b>340,039</b>	839,170
Less: Unusual Items (UI) Gains	6	208,123	457,381
<b>EVA attributable to shareholders (exclude UI)</b>		<b>131,916</b>	381,789

Note:

- Interest expense includes imputed interest on present value of operating leases and capitalised interest charged to income statement 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/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/impaired and present value of operating leases.

	2007 S\$'000	2006 S\$'000
Major Capital Components:		
Fixed assets	2,740,085	2,600,009
Investments	1,231,615	1,020,765
Other long-term assets	512,148	128,344
Net working capital and long-term liabilities	675,040	1,070,344
Average capital employed	5,158,888	4,819,462

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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% (2006: 6.0%);
  - ii. Risk-free rate of 3.05% (2006: 3.31%) based on yield-to-maturity of Singapore Government 10 years Bonds;
  - iii. Ungeared beta ranging from 0.5 to 1.0 (2006: 0.5 to 1.0) based on Sembcorp Industries Ltd risk categorisation; and
  - iv. Cost of Debt rate at 4.12% (2006: 4.04%) using 5-year Singapore Dollar Swap Offer Rate plus 75 basis points (2006: 5-year Singapore Dollar Swap Offer 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.