

EVA Statement

Year Ended December 31, 2008

		2008	2007
	Note	S\$'000	S\$'000
Net operating profit before income tax expense		735,849	633,910
Adjust for:			
Share of associates' and joint ventures' profits		139,846	174,631
Interest expense	1	47,521	57,783
Others	2	5,199	2,397
Adjusted profit before interest and tax		928,415	868,721
Cash operating taxes	3	(104,536)	(138,242)
Net operating profit after tax (NOPAT)		823,879	730,479
Average capital employed	4	5,419,183	5,158,888
Weighted average cost of capital	5	5.8%	6.1%
Capital charge		313,221	313,372
Economic Value Added (EVA)		510,658	417,107
Minority share of EVA		(174,888)	(77,068)
EVA attributable to shareholders		335,770	340,039
Less: Unusual Items (UI) Gains	6	9,810	208,123
EVA attributable to shareholders (exclude UI)		325,960	131,916

Notes:

- 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 / (write-back) 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.

	2008	2007
	S\$'000	S\$'000
Major Capital Components:		
Fixed assets	2,757,086	2,740,085
Investments	1,116,191	1,231,615
Other long-term assets	803,711	512,148
Net working capital and long-term liabilities	742,195	675,040
Average capital employed	5,419,183	5,158,888

- 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% (2007: 6.0%);
 - Risk-free rate of 2.74% (2007: 3.05%) based on yield-to-maturity of Singapore Government 10-years Bonds;
 - Ungeared beta ranging from 0.5 to 1.0 (2007: 0.5 to 1.0) based on Sembcorp Industries Ltd risk categorisation; and
 - Cost of Debt rate at 3.53% (2007: 4.12%) using 5-year Singapore Dollar Swap Offer Rate plus 55 basis points (2007: 5-year Singapore Dollar Swap Offer 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.