

**REFERENCES:**

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**Table I**

**A Short-Cut Approach to Calculating Economic Value Added**

	Operating Income
<b>plus</b>	Interest income
<b>plus</b>	Equity income (or minus equity loss)
<b>plus</b>	Other investment income
<b>minus</b>	Income taxes
<b>minus</b>	Tax shield on interest expense
<b>=</b>	<b>Net operating profit after tax (NOPAT)</b>

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	Short-term debt
<b>plus</b>	Long-term debt (including bonds)
<b>plus</b>	Shareholders' equity (including minority interest, deferred taxes, and provisions)
<b>=</b>	<b>Invested capital (IC)</b>

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$$\{ \text{Average IC} = (\text{IC}_{\text{beg}} + \text{IC}_{\text{end}}) \div 2 \}$$

	NOPAT
<b>minus</b>	Capital charges (Average IC x Cost Of Capital)
<b>=</b>	<b>EVA</b>

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**ECONOMIC VALUE ADDED****Table 2****Harnischfeger Industries, Inc.  
Consolidated Balance Sheet  
Year Ended October 31, 1996**

Dollar amounts in thousands

	1996	1995
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 36,936	\$ 239,043
Accounts receivable – net	667,786	499,953
Inventories	547,115	416,395
Businesses held for sale	26,152	-
Other current assets	132,261	57,999
	1,410,250	1,213,390
Property, Plant and Equipment:		1
Land and improvements	48,371	31,57
Buildings	301,010	233,788
Machinery and equipment	776,332	676,546
	1,125,713	941,905
Accumulated depreciation	(491,668)	(454,249)
	634,045	487,656
Investments and Other Assets:		
Goodwill	512,693	147,943
Intangible assets	39,173	66,796
Other assets	93,868	124,982
	645,734	339,721
	\$ 2,690,029	\$ 2,040,767
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Short-term notes payable	49,633	22,802
Trade accounts payable	346,056	263,750
Employee compensation and benefits	160,488	100,041
Advance payments and progress billings	155,199	154,401
Accrued warranties	50,718	43,801
Other current liabilities	315,033	138,508
	1,077,127	723,303
Long-term Obligations	657,765	459,110
Other Liabilities:		
Liability for postretirement benefits	78,814	101,605
Accrued pension and related costs	39,902	52,237
Other liabilities	14,364	20,820
Deferred income taxes	54,920	34,805
	188,000	209,467
Minority Interest	93,652	89,611
Shareholders' Equity:		
Common stock	51,407	51,118
Capital in excess of par value	615,089	603,712
Retained earnings	148,175	53,560
Cumulative translation adjustments	(37,854)	(42,118)
Less: Stock Employee Compensation Trust	(61,360)	(60,483)
Treasury Stock	(42,242)	(46,513)
	673,485	559,276
	2,690,029	2,040,767

Source: Harnischfeger's 1996 Annual Report

**ECONOMIC VALUE ADDED**

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**Table 2 (continued)**  
**Harnischfeger Industries, Inc.**  
**Consolidated Statement of Income**  
**Year Ended October 31, 1996**

Dollar amounts in thousands

Sales	\$ 2,887,570
Cost of Sales	2,166,775
Product Development, Selling and Administrative expenses	433,776
Restructuring Charge	43,000
Operating income	244,019
Interest Expense - Net	(62,258)
Income before Taxes and Minority interest	181,761
Provision for Income Taxes	(63,600)
Minority Interest	(3,944)
<b>Net Income</b>	<b>114,217</b>

Source: Harnischfeger's 1996 Annual Report.

Company	Year End	Ranking by EVA	EVA per share SEN	EVA RM'000	Ranking by Profit/(loss) after tax	Profit/(loss) after tax RM'000	Ranking by Earnings/(Loss) Per Share	Earnings/(Loss) per share SEN	Ranking by Turnover	Turnover RM'000	Ranking by Net Tangible Assets	Net Tangible Assets RM'000
1 HICOM Holdings Berhad	31/03/00	12	(19.74)	(213,889)	2	282,176	6	23.7	4	2,053,587	2	2,400,479
2 HICOM Diecastings	31/03/00	7	(10.03)	(2,878)	9	3,296	10	11.5	12	52,151	11	40,022
3 HICOM Engineering	31/03/00	5	(7.53)	(2,309)	12	2,331	12	9.1	14	33,358	13	27,982
4 PHN Industry	31/03/00	4	(14.95)	(2,243)	6	6,876	4	45.8	13	42,608	10	57,713
5 Scott & English	31/03/00	6	(7.16)	(2,505)	8	5,509	11	11.5	8	186,950	14	18,784
6 Horsedale Development	31/03/00	9	(55.24)	(22,097)	7	5,754	8	14.4	11	53,811	7	172,224
7 Oriental Summit Industries	31/03/00	8	(37.65)	(3,765)	10	2,690	5	26.9	10	108,372	12	39,129
8 HICOM Teck See	31/03/00	3	(3.07)	(828)	5	12,412	3	46.0	9	128,602	9	86,680
9 Edaran Otomobil Nasional	31/12/99	1	114.03	258,658	1	595,620	1	225.7	2	5,432,808	3	2,090,275
10 PROTON	31/03/00	15	(68.78)	(373,289)	3	79,665	9	13.0	1	6,496,724	1	2,772,088
11 Kedah Cement Holdings	31/03/99	13	(57.88)	(240,229)	14	(164,131)	13	(39.5)	5	380,448	5	484,533
12 Aluminium Alloy Castings	31/03/00	2	(3.00)	(481)	11	2,453	7	15.3	15	25,995	15	18,075
13 Diversified Resources Bhd	31/03/99	14	(101.64)	(267,324)	15	(183,560)	15	(78.3)	3	2,194,954	4	500,009
14 Automotive Corp.(M)	31/03/00	11	(134.77)	(48,516)	13	(20,097)	14	(55.8)	7	300,326	8	158,295
15 United Straits Fuso	31/03/00	10	(88.11)	(26,434)	4	14,051	2	46.8	6	352,752	6	249,448

Note:

1. EVA = Net Operating Profit after Taxes (NOPAT) less a capital charge.
2. All information, except EVA, was taken or computed with data from the latest available audited accounts.