



**SEMBCORP INDUSTRIES LTD**  
**Registration Number: 199802418D**

**FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2010 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

**TABLE OF CONTENTS**

<b><u>Item No</u></b>	<b><u>Description</u></b>	<b><u>Page</u></b>
	<b>FINANCIAL STATEMENTS &amp; DIVIDEND ANNOUNCEMENT</b>	<b>1 – 25</b>
1	CONSOLIDATED INCOME STATEMENT	1
2	NOTES TO THE CONSOLIDATED INCOME STATEMENT	2 – 4
3	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
4	BALANCE SHEETS	6 – 9
5	CONSOLIDATED STATEMENT OF CASH FLOWS	10 – 11
6	STATEMENTS OF CHANGES IN EQUITY	12 – 14
7	AUDIT	15
8	AUDITORS' REPORT	15
9	ACCOUNTING POLICIES	15
10	CHANGES IN ACCOUNTING POLICIES	15
11	REVIEW OF GROUP PERFORMANCE	16 – 17
12	VARIANCE FROM PROSPECT STATEMENT	18
13	ACQUISITION OF CASCAL	18
14	PROSPECTS	18
15	DIVIDEND	19
16	SEGMENTAL REPORTING	20 – 22
17	QUARTERLY ANALYSIS	23
18	INTERESTED PERSON TRANSACTIONS	24

## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2010

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended December 31, 2010.

#### 1. GROUP INCOME STATEMENT

	Note	GROUP			GROUP		
		4Q10 \$'000	4Q09 \$'000	+ / (-) %	FY10 \$'000	FY09 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>2,068,413</b>	<b>2,416,974</b>	<b>(14.4)</b>	<b>8,763,614</b>	<b>9,572,408</b>	<b>(8.4)</b>
Cost of sales	2a	(1,614,734)	(1,878,391)	(14.0)	(7,242,974)	(8,222,294)	(11.9)
<b>Gross profit</b>	2a	<b>453,679</b>	<b>538,583</b>	<b>(15.8)</b>	<b>1,520,640</b>	<b>1,350,114</b>	<b>12.6</b>
General & administrative expenses	2b	(119,841)	(104,285)	14.9	(341,065)	(295,063)	15.6
<b>Operating profit</b>		<b>333,838</b>	<b>434,298</b>	<b>(23.1)</b>	<b>1,179,575</b>	<b>1,055,051</b>	<b>11.8</b>
Non-operating income (net)	2c	10,705	54,108	(80.2)	36,148	94,877	(61.9)
Finance costs	2d	(18,175)	(9,767)	86.1	(61,129)	(41,186)	48.4
Share of results (net of tax) of:							
- Associates	2e	26,862	(82)	NM	85,635	43,629	96.3
- Joint ventures	2e	29,656	19,587	51.4	74,460	65,913	13.0
<b>Profit before income tax expense</b>		<b>382,886</b>	<b>498,144</b>	<b>(23.1)</b>	<b>1,314,689</b>	<b>1,218,284</b>	<b>7.9</b>
Income tax expense	2f	(36,331)	(89,005)	(59.2)	(194,378)	(202,981)	(4.2)
<b>Profit for the period / year before exceptional item</b>		<b>346,555</b>	<b>409,139</b>	<b>(15.3)</b>	<b>1,120,311</b>	<b>1,015,303</b>	<b>10.3</b>
Exceptional item	2g	-	-	-	52,640	-	NM
<b>Profit for the period / year</b>		<b>346,555</b>	<b>409,139</b>	<b>(15.3)</b>	<b>1,172,951</b>	<b>1,015,303</b>	<b>15.5</b>
<b>Attributable to:</b>							
Shareholders of the Company							
Profit before exceptional item		228,673	258,983	(11.7)	760,789	682,664	11.4
Exceptional item	2g	-	-	-	32,082	-	NM
<b>Net profit attributable to shareholders of the Company ("Net Profit")</b>		<b>228,673</b>	<b>258,983</b>	<b>(11.7)</b>	<b>792,871</b>	<b>682,664</b>	<b>16.1</b>
Non-controlling interests	2h	117,882	150,156	(21.5)	380,080	332,639	14.3
		<b>346,555</b>	<b>409,139</b>	<b>(15.3)</b>	<b>1,172,951</b>	<b>1,015,303</b>	<b>15.5</b>
<b>Earnings per ordinary share (cents)</b>	2i						
<b>Before exceptional item</b>							
- basic		12.80	14.55	(12.0)	42.64	38.37	11.1
- diluted		12.70	14.44	(12.0)	42.32	38.10	11.1
<b>After exceptional item</b>							
- basic		12.80	14.55	(12.0)	44.44	38.37	15.8
- diluted		12.70	14.44	(12.0)	44.11	38.10	15.8
<b>Economic value added</b>	2j	<b>225,297</b>	<b>372,799</b>	<b>(39.6)</b>	<b>809,419</b>	<b>770,476</b>	<b>5.1</b>

NM - Not Meaningful

#### Footnotes:

- The Group Income Statement includes the consolidation of Cascal N.V. ("Casca") as a subsidiary with effect from July 2010.
- The Group's solid waste management business, previously known as the "Environment" segment, has been reclassified under the Utilities segment.

## 2. Notes to Consolidated Income Statement

### 2a. Turnover, Cost of sales

	GROUP			GROUP		
	4Q10	4Q09	+ / (-)	FY10	FY09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2,068,413	2,416,974	(14.4)	8,763,614	9,572,408	(8.4)
Cost of sales	(1,614,734)	(1,878,391)	(14.0)	(7,242,974)	(8,222,294)	(11.9)
Gross profit	453,679	538,583	(15.8)	1,520,640	1,350,114	12.6
Included in Cost of sales:-						
Depreciation and amortisation	(i) (75,296)	(50,910)	47.9	(225,511)	(183,215)	23.1
Allowance made for impairment losses - property, plant and equipment	-	(4,703)	(100.0)	(3,239)	(4,736)	(31.6)
Property, plant and equipment written off	(1,327)	(1,218)	8.9	(3,007)	(2,937)	2.4

Group turnover – refer to Page 16, note 11.

4Q10 gross profit dropped by 16% mainly due to Marine. Marine's higher gross profit in 4Q09 was mainly due to the resumption of margin recognition for projects upon securing new buyers during that quarter. Utilities' 4Q10 gross profit was mainly affected by the one-off write-down of certain ageing assets in the UK.

Overall Group gross profit improved by 13% for FY10 mainly due to Marine. Higher gross profit from Marine posted in FY10 was primarily due to resumption of margin recognition for a rig building project upon securing a buyer as well as execution of projects ahead of schedule and achieving better margins for rig building, offshore and conversion projects through higher productivity. Similarly, Utilities' gross profit for FY10 improved in all regions except for UK Teesside operations.

- (i) Higher depreciation charge in 4Q10 and FY10 mainly arose from write-down of certain ageing assets through accelerated depreciation at UK Teesside operations and the consolidation of depreciation charges incurred by Cascal.

### 2b. General & administrative expenses

	GROUP			GROUP		
	4Q10	4Q09	+ / (-)	FY10	FY09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General & administrative expenses	(119,841)	(104,285)	14.9	(341,065)	(295,063)	15.6
Included in general & administrative expenses: -						
Depreciation and amortisation	(4,530)	(4,249)	6.6	(16,628)	(16,488)	0.8
Write-back / (Allowance) of doubtful debts and bad debts	(i) 5,092	5,920	(14.0)	5,485	(450)	NM
Allowance made for impairment losses - property, plant and equipment & investment properties	(ii) (2,565)	(5,950)	(56.9)	(2,565)	(9,164)	(72.0)
- interests in investments	(iii) (150)	(5,670)	(97.4)	(150)	(13,206)	(98.9)
- impairment of goodwill	(1,980)	-	NM	(1,980)	-	NM
Property, plant and equipment written off	(150)	(2,086)	(92.8)	(391)	(3,154)	(87.6)

General & administration expenses increased in 4Q10 mainly due to Utilities consolidation of Cascal's G&A expenses and write-back of doubtful debts for Industrial Parks in 4Q09. Higher G&A expenses in FY10 was mainly due to Marine's provision of bonus and Utilities consolidation of Cascal's G&A expenses.

- (i) In FY10, there was a write-back of a provision for doubtful debts for Utilities and Industrial Parks as a result of recovery of debts.
- (ii) Impairment of property, plant and equipment mainly arose from Marine in 4Q10. FY09 included fixed assets impaired by Marine and Utilities' China operations.
- (iii) FY09 included impairment made to investments by Marine.

## 2. Notes to Consolidated Income Statement (Cont'd)

### 2c. Non-operating income

	GROUP			GROUP		
	4Q10 \$'000	4Q09 \$'000	+ / (-) %	FY10 \$'000	FY09 \$'000	+ / (-) %
Non-operating income	10,705	54,108	(80.2)	36,148	94,877	(61.9)
Included in non-operating income: -						
Dividend income (i)	12	3	300.0	3,544	8,379	(57.7)
Gain on disposal of investments	-	1,900	(100.0)	141	3,853	(96.3)
Other income (ii)	8,533	23,341	(63.4)	29,176	52,045	(43.9)
Interest income (iii)	3,599	24,087	(85.1)	32,476	33,974	(4.4)
Changes in fair value of financial instruments (iv)	4,353	1,002	334.4	12,428	2,475	402.1
Foreign exchange (loss) / gain (v)	(6,817)	1,281	NM	(41,865)	(2,494)	1,578.6
Gain on sale of property, plant and equipment	1,414	2,959	(52.2)	1,576	1,794	(12.2)

- (i) Dividend income was received mainly from Cosco in FY10.
- (ii) Other income decreased in 4Q10 and FY10 mainly due to lower scrap sales from Marine and gains on sale of strategic diesel were recorded in 4Q09 and FY09.
- (iii) Higher interest income in 4Q09 was attributable mainly to interest received for deferred payment granted to Marine's customers.
- (iv) 4Q10 and FY10 included mark-to-market adjustments of foreign currency forward contracts.
- (v) Foreign exchange loss in 4Q10 and FY10 mainly arose from Marine from the weakening of Euro and United States dollar against Singapore dollar.

### 2d. Finance costs

Finance costs increased in 4Q10 and FY10 mainly due to increase in borrowings and consolidation of Cascal's finance costs with effect from July 2010.

### 2e. Share of results (net of tax) of Associates and Joint Ventures

Share of results of associates improved in 4Q10 and FY10, mainly due to higher contributions from Cosco Shipyard Group Co. Ltd and Gallant Venture Ltd.

The Group recorded higher results from joint ventures in 4Q10 and FY10, mainly due to higher share of results from the Vietnam Industrial Parks.

### 2f. Income tax expense

Included in income tax expense are the following:	GROUP			GROUP		
	4Q10 \$'000	4Q09 \$'000	+ / (-) %	FY10 \$'000	FY09 \$'000	+ / (-) %
Income tax						
- Net write-back / (Under-provision) of tax in respect of prior years (i)	16,939	(1,446)	NM	19,011	(2,084)	NM
Deferred tax						
- Write-back of provision for deferred tax due to reduction in corporate tax rate	4,799	-	NM	4,799	8,681	(44.7)

- (i) Net write-back of tax in respect of prior years for 4Q10 and FY10 includes utilisation of investment allowance not previously recognised.

## 2. Notes to Consolidated Income Statement (Cont'd)

### 2g. Exceptional item

	GROUP			GROUP		
	4Q10 \$'000	4Q09 \$'000	+ / (-) %	FY10 \$'000	FY09 \$'000	+ / (-) %
Full and final amicable settlement of disputed forex transactions in Marine	-	-	-	52,640	-	NM
Less : Non-controlling interests	-	-	-	(20,558)	-	NM
	-	-	-	32,082	-	NM

### 2h. Non-controlling interests

On May 15, 2010, our subsidiary, Sembcorp Marine Ltd ("SCM") commenced proceedings in the High Court of Singapore against PPL Holdings Pte Ltd and its wholly-owned subsidiary E-Interface Holdings Limited to seek the transfer for the remaining 15 per cent of the shares in PPL Shipyard Pte Ltd ("PPLS") to SCM. Pending the outcome of the Court's decision, SCM has continued to consolidate its 85 per cent interest in PPLS and separately accounted for the 15 per cent as a "non-controlling interest".

### 2i. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	4Q10	Group 4Q09	+ / (-) %	FY10	Group FY09	+ / (-) %
(i) Based on the weighted average number of shares (in cents)						
(a) Before exceptional item	12.80	14.55	(12.0)	42.64	38.37	11.1
(b) After exceptional item	12.80	14.55	(12.0)	44.44	38.37	15.8
- Weighted average number of shares (in million)	1,786.9	1,780.0	0.4	1,784.3	1,779.1	0.3
(ii) On a fully diluted basis (in cents)						
(a) Before exceptional item	12.70	14.44	(12.0)	42.32	38.10	11.1
(b) After exceptional item	12.70	14.44	(12.0)	44.11	38.10	15.8
- Adjusted weighted average number of shares (in million)	1,801.0	1,794.1	0.4	1,797.6	1,791.6	0.3

### 2j. Economic value added

Higher Economic value added ("EVA") was generated in FY10 mainly due to higher net operating profit after tax ("NOPAT") arising from increase in operating profits.

### 2k. Breakdown of sales

	GROUP		
	FY10 \$'000	FY09 \$'000	+ / (-) %
<b><u>First Half Year</u></b>			
(i) Sales reported	4,541,624	4,578,088	(1%)
(ii) Profit after tax before deducting non-controlling interests	455,634	393,500	16%
<b><u>Second Half Year</u></b>			
(iii) Sales reported	4,221,990	4,994,320	(15%)
(iv) Profit after tax before deducting non-controlling interests	717,317	621,803	15%

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		4Q10	4Q09	FY10	FY09
		\$'000	\$'000	\$'000	\$'000
<b>Profit for the period / year</b>		<b>346,555</b>	<b>409,139</b>	<b>1,172,951</b>	<b>1,015,303</b>
Foreign currency translation differences for foreign operations	(i)	(45,008)	(33,865)	(131,504)	(10,562)
Exchange differences on hedges of net investment in foreign operation		-	-	-	(1,744)
Exchange differences on monetary items forming part of net investment in foreign operation		(1,453)	(1,467)	(3,663)	(2,145)
Net change in fair value of cash flow hedges	(ii)	81,716	19,685	(1,843)	127,624
Net change in fair value of cash flow hedges transferred to profit or loss		(2,814)	(6,617)	(7,269)	21,396
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items		-	(50)	2,798	(22)
Net change in fair value of available-for-sale financial assets	(iii)	28,197	(1,486)	101,099	20,534
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	5,670	-	13,210
Share of other comprehensive income of associates and joint ventures	(iv)	(2,936)	2,529	2,520	68,699
Other comprehensive income / (loss) for the period / year - net of tax		57,702	(15,601)	(37,862)	236,990
<b>Total comprehensive income for the period / year</b>		<b>404,257</b>	<b>393,538</b>	<b>1,135,089</b>	<b>1,252,293</b>
<b>Attributable to:</b>					
Shareholders of the Company		256,479	251,468	735,140	894,315
Non-controlling interests		147,778	142,070	399,949	357,978
<b>Total comprehensive income for the period / year</b>		<b>404,257</b>	<b>393,538</b>	<b>1,135,089</b>	<b>1,252,293</b>

#### 3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The movement in reserves in 4Q10 and FY10 was a result of appreciation of Singapore dollar against other foreign currencies, predominantly United States dollar and pound sterling.
- (ii) The gain in 4Q10 was primarily due to fair value gain of foreign currency forward contracts denominated in United States dollar and Euro from Marine as well as interest rate swaps from Utilities. The fair value loss in FY10 was largely due to fair value adjustments on interest rate swaps, forward foreign currency contracts and fuel oil swaps.
- (iii) Mainly due to fair value adjustments on Cosco Corporation (S) Ltd shares held by Marine.
- (iv) In FY09, there was a reversal of fair value loss residing in the share of reserves of associates following the repayment of the equity bridging loan by Emirates Sembcorp Water & Power Company.

#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/12/2010 \$'000	As at 31/12/2009 \$'000	As at 31/12/2010 \$'000	As at 31/12/2009 \$'000
<b>Equity attributable to shareholders of the Company:-</b>				
Share capital	571,099	554,037	571,099	554,037
Surplus / (Deficit) in other reserves	156,588	203,569	9,869	(831)
Accumulated profits	3,087,523	2,562,352	1,089,251	1,026,088
	<u>3,815,210</u>	<u>3,319,958</u>	<u>1,670,219</u>	<u>1,579,294</u>
<b>Non-controlling interests</b>	1,205,050	915,577	-	-
Total equity	<u>5,020,260</u>	<u>4,235,535</u>	<u>1,670,219</u>	<u>1,579,294</u>
<b>Non-current assets</b>				
Property, plant and equipment	3,438,579	2,694,076	453,344	482,675
Investment properties	24,112	26,603	-	-
Investments in subsidiaries	-	-	1,563,246	1,435,506
Interests in associates	686,601	618,829	-	-
Interests in joint ventures	347,427	311,721	-	-
Other financial assets	324,929	193,924	-	-
Long-term receivables and prepayments	363,665	349,554	729	821
Intangible assets	311,834	114,239	19,097	19,036
Deferred tax assets	48,162	27,525	-	-
	<u>5,545,309</u>	<u>4,336,471</u>	<u>2,036,416</u>	<u>1,938,038</u>
<b>Current assets</b>				
Inventories and work-in-progress	915,933	1,415,255	7,417	9,335
Trade and other receivables	788,859	750,727	70,951	99,195
Tax recoverable	116,751	229,756	105,544	152,645
Assets held for sale	36,813	657	-	-
Bank balances, fixed deposits and cash	3,487,876	2,597,512	310,342	261,367
	<u>5,346,232</u>	<u>4,993,907</u>	<u>494,254</u>	<u>522,542</u>
<b>Current liabilities</b>				
Trade and other payables	2,285,225	2,444,545	155,101	153,129
Excess of progress billings over work-in-progress	664,109	717,409	-	-
Provisions	122,870	105,956	7,246	12,878
Current tax payable	343,340	380,598	-	-
Interest-bearing borrowings	48,945	284,372	88	83
	<u>3,464,489</u>	<u>3,932,880</u>	<u>162,435</u>	<u>166,090</u>
<b>Net current assets</b>	<u>1,881,743</u>	<u>1,061,027</u>	<u>331,819</u>	<u>356,452</u>
	<u>7,427,052</u>	<u>5,397,498</u>	<u>2,368,235</u>	<u>2,294,490</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	419,539	315,505	40,535	56,848
Provisions	38,529	9,392	500	500
Retirement benefit obligations	19,973	12,516	-	-
Interest-bearing borrowings	1,553,125	595,417	250	339
Other long-term liabilities	375,626	229,133	656,731	657,509
	<u>2,406,792</u>	<u>1,161,963</u>	<u>698,016</u>	<u>715,196</u>
	<u>5,020,260</u>	<u>4,235,535</u>	<u>1,670,219</u>	<u>1,579,294</u>

#### 4. Notes to Group Balance Sheets:

##### 4a. Net asset value

	Group		Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	2.13	1.86	0.93	0.89

##### 4b. Changes in the Company's share capital

###### Issued and paid up capital

During 4Q10, the Company issued 3,630,192 (4Q09: nil) ordinary shares as acquisition consideration for all remaining shares in The China Water Company Limited.

As at December 31, 2010, the Company's issued and paid up capital excluding treasury shares comprises 1,787,750,040 (December 31, 2009: 1,780,228,866) ordinary shares.

###### Share Options

During 4Q10, 219,285 (4Q09: 441,000) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at December 31, 2010, there were 4,594,539 (December 31, 2009: 7,717,411) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

###### Performance Shares

During 4Q10, no performance shares (4Q09: nil) were awarded under the Performance Share Plan ("PSP") and 75,000 performance shares lapsed (4Q09: nil).

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2010, was 2,611,665 (December 31, 2009: 2,640,862). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,917,498 (December 31, 2009: 3,961,293) performance shares.

###### Restricted Stocks

No restricted stocks (4Q09: nil) were awarded in 4Q10.

During 4Q10, no restricted stocks (4Q09: nil) were released under the Restricted Stock Plan ("RSP") and 86,516 (4Q09: 19,641) restricted stocks lapsed.

The total number of restricted stocks outstanding, including awards achieved but not released, as at end December 31, 2010 was 5,515,446 (December 31, 2009: 5,038,846). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 4,097,300 (December 31, 2009: 4,077,962). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 6,145,950 (December 31, 2009: 6,116,943) restricted stocks.

###### Treasury shares

During 4Q10, the Company acquired 692,000 (4Q09: nil) ordinary shares in the Company by way of on-market purchases and re-issued 219,285 (4Q09: 441,000) treasury shares pursuant to the SOP.

As at December 31, 2010, 1,231,692 (December 31, 2009: 5,122,674) treasury shares were held that may be re-issued upon the exercise of options under the SOP and upon the vesting of performance shares and restricted stocks under the PSP and RSP respectively.

4. **Notes to Group Balance Sheets** (Cont'd)

4c. **Borrowings and debt securities**

	As at 31/12/2010 \$'000	As at 31/12/2009 \$'000
<b>Amount repayable:</b>		
(i) <b><u>In one year or less, or on demand</u></b>		
Secured	32,454	56,554
Unsecured	17,668	230,036
	<u>50,122</u>	<u>286,590</u>
(ii) <b><u>After one year</u></b>		
Secured	616,043	259,523
Unsecured	1,076,690	421,584
	<u>1,692,733</u>	<u>681,107</u>
Total	<u>1,742,855</u>	<u>967,697</u>

(iii) **The secured loans are collateralised by the following assets' carrying value:-**

	As at 31/12/2010 \$'000	As at 31/12/2009 \$'000
Net assets of subsidiaries, property, plant and equipment, capital work-in-progress and investment properties	<u>1,159,736</u>	<u>1,044,423</u>

(iv) **Gearing Ratios**

	As at 31/12/2010	As at 31/12/2009
Gross Gearing (times)	0.35	0.23
Net Gearing (times)	Net cash	Net cash

4d. **Explanatory Notes to Balance Sheets**

(i) **Group**

**Equity**

The decrease in "Other reserves" was mainly due to foreign currency translation loss; partially offset by fair value gain on Cosco Corporation (S) Ltd ("Cosco") shares held by Marine.

**Non-current assets**

Non-current assets, with the exception of investment properties, increased primarily due to the consolidation of Cascal. "Interests in associates" and "Interests in joint ventures" increased due to higher contributions recorded for FY10. Included in intangible assets are goodwill and intangible assets arising from service concession arrangements.

Increase in "Other financial assets" was mainly due to fair value adjustments of Cosco shares held by Marine.

4. **Notes to Group Balance Sheets** (Cont'd)

4d. **Explanatory Notes to Balance Sheets** (Cont'd)

(i) **Group (cont'd)**

**Net current assets**

"Inventories and work-in-progress" decreased, "Bank balances, fixed deposits and cash" increased mainly due to receipts from Marine's completed rig building projects.

"Assets held for sale" mainly relates to the disposal of property, plant and equipment ("PPE") by Utilities.

**Non-current liabilities**

"Deferred tax liabilities" increased mainly due to the consolidation of Cascal.

Increase in "Provisions" was mainly due to higher provision for restoration of PPE by Marine.

"Interest-bearing borrowings" increased mainly due to medium-term notes issued by the Group's wholly owned treasury subsidiary, Sembcorp Financial Services Pte Ltd ("SFS"), increased bank borrowings for the acquisition of Cascal and funding of Utilities operations, mainly in Oman.

Increase in "Other long-term liabilities" was mainly due to amount owing to a non-controlling interest of a subsidiary as well as the consolidation of Cascal.

(ii) **Company**

**Net current assets**

Increase in "Investments in subsidiaries" was mainly due to additional investment in redeemable preference shares of a subsidiary.

"Tax recoverable" decreased due to income tax refund received.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	4Q10 \$'000	4Q09 \$'000	FY10 \$'000	FY09 \$'000
<b>Cash flows from Operating Activities</b>				
Profit for the period / year	346,555	409,139	1,172,951	1,015,303
Adjustments for :				
Dividend and interest income	(3,611)	(24,090)	(36,020)	(42,353)
Finance costs	18,175	9,767	61,129	41,186
Depreciation and amortisation	79,826	55,159	242,139	199,703
Share of results of associates and joint ventures	(56,518)	(19,505)	(160,095)	(109,542)
Gain on disposal of property, plant and equipment	(1,414)	(2,959)	(1,576)	(1,794)
Gain on disposal of asset held for sale and investments (net)	-	(1,900)	(141)	(3,853)
Full and final settlement of disputed forex transactions	-	-	(52,640)	-
Changes in fair value of financial instruments	(4,353)	(1,002)	(12,428)	(2,475)
Equity settled share based compensation expenses	6,822	9,080	21,085	23,501
Allowance made for impairment in value of assets and assets written off (net)	6,265	19,707	11,433	33,239
Negative goodwill	-	-	-	(298)
Income tax expenses	36,331	89,005	194,378	202,981
Operating profit before working capital changes	428,078	542,401	1,440,215	1,355,598
Changes in working capital:				
Inventories and work-in-progress	80,828	(324,257)	449,259	(722,718)
Receivables	35,552	522,029	77,255	164,228
Payables	59,062	(211,612)	(185,479)	171,003
	603,520	528,561	1,781,250	968,111
Net payment from banks for disputed transactions	-	-	52,640	-
Income tax paid	(19,840)	(21,701)	(131,525)	(31,882)
Net cash inflow from operating activities	583,680	506,860	1,702,365	936,229
<b>Cash flows from Investing Activities</b>				
Dividends and interests received	42,011	62,358	97,306	98,871
Cash flows on sale of subsidiaries, net of cash disposed	-	-	-	14
Proceeds from sale of associates and joint ventures	-	-	-	3,628
Proceeds from sale of asset held for sale and investments	-	11,076	59	12,722
Proceeds from sale of property, plant and equipment	3,649	6,173	7,619	10,179
Proceeds from sale of intangibles	-	-	10	-
Cash paid to non-controlling interests upon liquidation of a subsidiary	-	-	(542)	-
Loans to associates	-	-	-	(67,259)
Acquisition of subsidiary, net of cash acquired	-	-	(197,003)	-
Acquisition of non-controlling interests	-	-	(15,766)	(13,428)
Acquisition of / additional investments in associates and joint ventures	(6,235)	(26,525)	(18,758)	(111,885)
Acquisition of other financial assets	(2,005)	-	(2,005)	(32)
Purchase of property, plant and equipment	(204,081)	(285,960)	(629,357)	(406,847)
Payment for intangible assets	(1,853)	(5)	(2,960)	(18)
Net cash outflow from investing activities	(168,514)	(232,883)	(761,397)	(474,055)
<b>Cash flows from Financing Activities</b>				
Proceeds from share issue to non-controlling interests of subsidiaries	263	920	16,162	1,097
Proceeds from ESOS exercised with issue of treasury shares	510	633	6,802	3,434
Proceeds from ESOS exercised with issue of treasury shares held by a subsidiary	-	3,015	3,248	10,452
Purchase of treasury shares	(3,466)	-	(3,466)	-
Proceeds from borrowings	73,041	32,361	948,146	827,820
Repayment of borrowings	(24,537)	(44,012)	(538,206)	(764,328)
Payment on finance leases	(1,554)	(3,001)	(2,336)	(4,032)
Net increase / (decrease) in other long term liabilities	753	(853)	626	(862)
Dividends paid to shareholders of the Company	-	-	(267,607)	(195,716)
Dividends paid to non-controlling interests of subsidiaries	(6,115)	(5,615)	(147,078)	(110,273)
Interest paid	(18,159)	(16,769)	(45,807)	(38,334)
Net cash inflow / (outflow) from financing activities	20,736	(33,321)	(29,516)	(270,742)
<b>Net increase in cash and cash equivalents</b>	435,902	240,656	911,452	191,432
<b>Cash and cash equivalents at beginning of the period / year</b>	3,056,484	2,357,161	2,597,512	2,400,954
Effect of exchange rate changes on balances held in foreign currency	(4,510)	(305)	(21,088)	5,126
<b>Cash and cash equivalents at end of the period / year</b>	3,487,876	2,597,512	3,487,876	2,597,512

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

### 5a. Explanatory Notes to Consolidated Statement of Cash Flows

#### (i) Fourth Quarter

Cash flows from operating activities before changes in working capital decreased from \$542.4 million in 4Q09 to \$428.1 million in 4Q10. Net cash inflow from operating activities for 4Q10 increased to \$583.7 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 4Q10 was \$168.5 million. \$205.9 million was spent on expansion and operational capex and \$6.2 million was for equity interest into a joint venture. The above cash outflows were partially offset by dividends and interests received of \$42.0 million.

Net cash inflow from financing activities for 4Q10 of \$20.7 million related mainly to net proceeds from borrowings, partially offset by dividends and interest paid.

#### (ii) Full Year

Cash flows from operating activities before changes in working capital increased from \$1,355.6 million in FY09 to \$1,440.2 million in FY10. Net cash inflow from operating activities for FY10 increased to \$1,702.4 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for FY10 was \$761.4 million. \$632.3 million was spent on expansion and operational capex and \$18.8 million was for equity interests into an associate and joint venture. \$197.0 million (net of cash acquired) was paid for the acquisition of 92.26% of equity interest in Cascal and \$15.8 million for an additional 5.4% of equity interest in Cascal. The above cash outflows were partially offset by dividends and interests received of \$97.3 million.

Net cash outflow from financing activities for FY10 of \$29.5 million related mainly to dividends and interest paid, partially offset by net proceeds from borrowings.

During the financial year, the Company issued 3,630,192 new ordinary shares amounting to \$17.1 million for the acquisition of the non-controlling interest in The China Water Company Limited.

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6a. Statements of Changes in Equity for the Group

	Attributable to shareholders of the Company							
	Surplus / (Deficit) in other reserves				Accumulated Profits	Total	Non-controlling interests	Total Equity
	Share Capital	Reserve for Own Shares	Currency Translation Reserve	Others				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>9M10</b>								
<b>At January 1, 2010</b>	554,037	(21,236)	(120,110)	344,915	2,562,352	3,319,958	915,577	4,235,535
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	564,198	564,198	262,198	826,396
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(71,670)	-	1	(71,669)	(14,827)	(86,496)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(2,210)	-	-	(2,210)	-	(2,210)
Net change in fair value of cash flow hedges	-	-	-	(60,257)	-	(60,257)	(23,302)	(83,559)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(4,392)	-	(4,392)	(63)	(4,455)
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items	-	-	-	2,798	-	2,798	-	2,798
Net change in fair value of available-for-sale financial assets	-	-	-	44,688	-	44,688	28,214	72,902
Transfer of reserve	-	-	(9)	158	(100)	49	(49)	-
Share of other comprehensive loss of associates and joint ventures	-	-	-	5,451	5	5,456	-	5,456
Total other comprehensive loss, net of tax	-	-	(73,889)	(11,554)	(94)	(85,537)	(10,027)	(95,564)
<b>Total comprehensive (loss) / income</b>	-	-	(73,889)	(11,554)	564,104	478,661	252,171	730,832
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	16,052	16,052
Share-based payments	-	-	-	10,398	-	10,398	3,865	14,263
Treasury shares transferred to employees	-	18,090	-	(11,789)	-	6,301	-	6,301
Treasury shares held by subsidiary	-	-	-	1,978	-	1,978	1,270	3,248
Effects of acquisitions	-	-	-	(917)	-	(917)	23,341	22,424
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	-	1	1	(718)	(717)
Dividend paid	-	-	-	-	(267,607)	(267,607)	(140,963)	(408,570)
<b>Total transactions with equity holders</b>	-	18,090	-	(330)	(267,606)	(249,846)	(97,153)	(346,999)
<b>At September 30, 2010</b>	554,037	(3,146)	(193,999)	333,031	2,858,850	3,548,773	1,070,595	4,619,368
<b>4Q10</b>								
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	228,673	228,673	117,882	346,555
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(35,302)	-	(1)	(35,303)	(9,705)	(45,008)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(1,453)	-	-	(1,453)	-	(1,453)
Net change in fair value of cash flow hedges	-	-	-	52,799	-	52,799	28,917	81,716
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(2,178)	-	(2,178)	(636)	(2,814)
Net change in fair value of available-for-sale financial assets	-	-	-	16,877	-	16,877	11,320	28,197
Transfer of reserve	-	-	-	(158)	158	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	(2,780)	(156)	(2,936)	-	(2,936)
Total other comprehensive (loss) / income, net of tax	-	-	(36,755)	64,560	1	27,806	29,896	57,702
<b>Total comprehensive (loss) / income</b>	-	-	(36,755)	64,560	228,674	256,479	147,778	404,257
<b>Transactions with equity holders, recorded directly in equity</b>								
Issue of ordinary shares as acquisition consideration	17,062	-	-	-	-	17,062	-	17,062
Contribution by non-controlling interests	-	-	-	-	-	-	110	110
Share-based payments	-	-	-	5,431	-	5,431	1,391	6,822
Purchase of treasury shares	-	(3,466)	-	-	-	(3,466)	-	(3,466)
Treasury shares transferred to employees	-	944	-	(443)	-	501	-	501
Effects of acquisitions	-	-	-	(9,569)	-	(9,569)	(8,682)	(18,251)
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	-	(1)	(1)	(27)	(28)
Dividend paid	-	-	-	-	-	-	(6,115)	(6,115)
<b>Total transactions with equity holders</b>	17,062	(2,522)	-	(4,581)	(1)	9,958	(13,323)	(3,365)
<b>At December 31, 2010</b>	571,099	(5,668)	(230,754)	393,010	3,087,523	3,815,210	1,205,050	5,020,260

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6a. Statements of Changes in Equity for the Group (Cont'd)

	Attributable to shareholders of the Company							
	Share Capital	Surplus / (Deficit) in other reserves			Accumulated Profits	Total	Non-controlling interests	Total Equity
		Reserve for Own Shares	Currency Translation Reserve	Others				
<b>9M09</b>								
<b>At January 1, 2009</b>	554,037	(34,731)	(121,650)	114,000	2,082,541	2,594,197	670,660	3,264,857
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	423,681	423,681	182,483	606,164
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	29,015	-	-	29,015	(5,712)	23,303
Exchange differences on hedges of net investment in foreign operation	-	-	(1,744)	-	-	(1,744)	-	(1,744)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(678)	-	-	(678)	-	(678)
Net change in fair value of cash flow hedges	-	-	-	83,446	-	83,446	24,493	107,939
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	24,724	-	24,724	3,289	28,013
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items	-	-	-	28	-	28	-	28
Net change in fair value of available-for-sale financial assets	-	-	-	13,563	-	13,563	8,457	22,020
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	4,642	-	4,642	2,898	7,540
Share of other comprehensive income of associates and joint ventures	-	-	-	66,170	-	66,170	-	66,170
Total other comprehensive income, net of tax	-	-	26,593	192,573	-	219,166	33,425	252,591
<b>Total comprehensive income</b>	-	-	26,593	192,573	423,681	642,847	215,908	858,755
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	177	177
Treasury shares transferred to employees	-	11,666	-	(8,689)	-	2,977	(16)	2,961
Treasury shares held by subsidiary	-	-	-	4,524	-	4,524	2,913	7,437
Share-based payments	-	-	-	10,986	-	10,986	3,435	14,421
Realisation of reserve upon disposal of investments and changes in group structure	-	-	532	-	(147)	385	(14,047)	(13,662)
Dividend paid	-	-	-	-	(195,716)	(195,716)	(104,658)	(300,374)
<b>Total transactions with equity holders</b>	-	11,666	532	6,821	(195,863)	(176,844)	(112,196)	(289,940)
<b>At September 30, 2009</b>	554,037	(23,065)	(94,525)	313,394	2,310,359	3,060,200	774,372	3,834,572
<b>4Q09</b>								
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	258,983	258,983	150,156	409,139
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(23,446)	-	-	(23,446)	(10,419)	(33,865)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(1,467)	-	-	(1,467)	-	(1,467)
Net change in fair value of cash flow hedges	-	-	-	18,854	-	18,854	831	19,685
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(6,401)	-	(6,401)	(216)	(6,617)
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items	-	-	-	(50)	-	(50)	-	(50)
Net change in fair value of available-for-sale financial assets	-	-	-	(1,521)	-	(1,521)	35	(1,486)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	4,015	-	4,015	1,655	5,670
Transfer of reserve	-	-	-	6,891	(6,919)	(28)	28	-
Share of other comprehensive income of associates and joint ventures	-	-	-	2,747	(218)	2,529	-	2,529
Total other comprehensive (loss) / income, net of tax	-	-	(24,913)	24,535	(7,137)	(7,515)	(8,086)	(15,601)
<b>Total comprehensive (loss) / income</b>	-	-	(24,913)	24,535	251,846	251,468	142,070	393,538
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	920	920
Share-based payments	-	-	-	6,587	-	6,587	2,493	9,080
Treasury shares transferred to employees	-	1,829	-	(978)	-	851	214	1,065
Treasury shares held by subsidiary	-	-	-	1,883	-	1,883	1,132	3,015
Realisation of reserve upon disposal of investments and changes in group structure	-	-	(672)	(506)	147	(1,031)	(9)	(1,040)
Dividend paid	-	-	-	-	-	-	(5,615)	(5,615)
<b>Total transactions with equity holders</b>	-	1,829	(672)	6,986	147	8,290	(865)	7,425
<b>At December 31, 2009</b>	554,037	(21,236)	(120,110)	344,915	2,562,352	3,319,958	915,577	4,235,535

## 6. STATEMENTS OF CHANGES IN EQUITY

### 6b. Statements of Changes in Equity of the Company

	Surplus / (Deficit) in other reserves				Total
	Share Capital	Reserve		Accumulated Profits	
		for Own Shares	Others		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>9M10</b>					
<b>At January 1, 2010</b>	554,037	(21,236)	20,405	1,026,088	1,579,294
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	297,101	297,101
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	5,613	-	5,613
Treasury shares transferred to employees	-	18,090	(11,789)	-	6,301
Dividends paid	-	-	-	(267,607)	(267,607)
<b>Total transactions with equity holders</b>	-	18,090	(6,176)	(267,607)	(255,693)
<b>At September 30, 2010</b>	554,037	(3,146)	14,229	1,055,582	1,620,702
<b>4Q10</b>					
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	33,669	33,669
<b>Transactions with equity holders, recorded directly in equity</b>					
Issue of shares	17,062	-	-	-	17,062
Purchase of treasury shares	-	(3,466)	-	-	(3,466)
Share-based payments	-	-	1,751	-	1,751
Treasury shares transferred to employees	-	944	(443)	-	501
<b>Total transactions with equity holders</b>	17,062	(2,522)	1,308	-	15,848
<b>At December 31, 2010</b>	571,099	(5,668)	15,537	1,089,251	1,670,219
	Surplus / (Deficit) in other reserves				Total
	Share Capital	Reserve		Accumulated Profits	
		for Own Shares	Others		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>9M09</b>					
<b>At January 1, 2009</b>	554,037	(34,731)	22,620	879,454	1,421,380
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	311,726	311,726
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	5,372	-	5,372
Treasury shares transferred to employees	-	11,666	(8,869)	-	2,797
Dividends paid	-	-	-	(195,716)	(195,716)
<b>Total transactions with equity holders</b>	-	11,666	(3,497)	(195,716)	(187,547)
<b>At September 30, 2009</b>	554,037	(23,065)	19,123	995,464	1,545,559
<b>4Q09</b>					
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	30,624	30,624
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	2,130	-	2,130
Treasury shares transferred to employees	-	1,829	(848)	-	981
<b>Total transactions with equity holders</b>	-	1,829	1,282	-	3,111
<b>At December 31, 2009</b>	554,037	(21,236)	20,405	1,026,088	1,579,294

7. **AUDIT**

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. The audit is in progress and has not yet been completed.

8. **AUDITORS' REPORT**

Not applicable.

9. **ACCOUNTING POLICIES**

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2009.

10. **CHANGES IN ACCOUNTING POLICIES**

With effect from January 1, 2010, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 103 (revised)	Business Combinations
Improvements to FRSs 2009	
Amendment to FRS 102	Share-based Payment - Group Cash-settled Share-based Payment Transactions

The adoption of the above FRS (including consequential amendments) does not have any significant impact on the financial statements except for FRS 103 and FRS 27 as indicated below:

The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary whereby losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. Other consequential amendments were made to FRS 7 *Statement of Cash Flows*, FRS 12 *Income Taxes*, FRS 21 *The Effects of Changes in Foreign Exchange Rates*, FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures*. The changes from revised FRS 103 and Amendments to FRS 27 will affect acquisitions or loss of control and transactions with non-controlling interests.

## 11. REVIEW OF GROUP PERFORMANCE

### Group Overview

The Group delivered a strong performance in 2010, reporting a 16% growth in net profit attributable to shareholders of the Company ("net profit") for FY10. Group net profit was \$792.9 million compared to \$682.7 million, while turnover was \$8.8 billion compared to \$9.6 billion in FY09.

In FY10, Marine's contribution to Group net profit grew 15% from \$430.2 million to \$492.8 million, while Utilities' net profit increased 2% from \$226.7 million to \$231.3 million. Industrial Parks' net profit improved 30% from \$28.3 million to \$36.9 million.

### Turnover

	4Q10	4Q09	Growth		FY10	FY09	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities*	1,033,699	1,024,768	8,931	1	3,993,208	3,680,456	312,752	9
Marine	982,537	1,342,915	(360,378)	(27)	4,553,341	5,723,061	(1,169,720)	(20)
Industrial Parks	5,132	4,299	833	19	16,226	14,971	1,255	8
Others/Corporate	47,045	44,992	2,053	5	200,839	153,920	46,919	31
	<b>2,068,413</b>	<b>2,416,974</b>	<b>(348,561)</b>	<b>(14)</b>	<b>8,763,614</b>	<b>9,572,408</b>	<b>(808,794)</b>	<b>(8)</b>

Utilities' turnover in 4Q10 was slightly higher than 4Q09. FY10 turnover increased 9% over FY09 mainly due to higher High Sulphur Fuel Oil ("HSFO") prices as well as the consolidation of Cascal's turnover with effect from July 2010.

Marine's turnover decreased in 4Q10 mainly due to Marine achieving lower value of initial percentage of completion ("POC") revenue recognition for rig building, offshore and conversion projects. For FY10, lower turnover was mainly due to rig building as well as offshore and conversion projects achieving lower POC revenue recognition as compared to FY09. There was also higher variation order settlement for offshore contracts in FY09.

Turnover of Others/Corporate was mainly contributed by a subsidiary dealing in specialised construction activities. Increase in turnover in FY10 was mainly due to timing differences in recognition of revenue.

\* Includes the solid waste management business previously known as the "Environment" business unit

## 11. REVIEW OF GROUP PERFORMANCE (Cont'd)

### Net Profit attributable to shareholders of the Company ("Net Profit")

	4Q10	4Q09	Growth		FY10	FY09	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities*	54,363	66,303	(11,940)	(18)	231,248	226,736	4,512	2
Marine	145,860	182,292	(36,432)	(20)	492,844	430,174	62,670	15
Industrial Parks	19,364	13,149	6,215	47	36,863	28,332	8,531	30
Others/Corporate	9,086	(2,761)	11,847	NM	(166)	(2,578)	2,412	94
<b>Net Profit before exceptional item</b>	<b>228,673</b>	<b>258,983</b>	<b>(30,310)</b>	<b>(12)</b>	<b>760,789</b>	<b>682,664</b>	<b>78,125</b>	<b>11</b>
Exceptional item (EI)	-	-	-	-	32,082	-	32,082	NM
<b>Net Profit</b>	<b>228,673</b>	<b>258,983</b>	<b>(30,310)</b>	<b>(12)</b>	<b>792,871</b>	<b>682,664</b>	<b>110,207</b>	<b>16</b>

NM - Not Meaningful

In 4Q10, Group net profit was \$228.7 million compared to \$259.0 million due to weaker performance from Marine and Utilities. In the quarter, the Marine business saw a reduction in net profit of 20%. The higher net profit in 4Q09 was due to resumption of margin recognition for projects upon securing new buyers. The Utilities business was affected by the write-down of certain ageing assets at UK Teesside operations. Excluding the asset write-down at UK Teesside operations, Utilities' net profit in 4Q10 was higher than 4Q09 with all regions showing growth.

Utilities' net profit improved by 2% in FY10. All regions registered growth except for UK Teesside operations. Singapore's operations performed well, mainly driven by high electricity prices and higher contributions from our natural gas importation business. Outside Singapore, operations in China and the Middle East & Africa region also registered a strong growth increasing 226% and 80% respectively. Performance at UK Teesside operations was affected by lower volumes as a result of previously announced closure of some of its customers' facilities, low market spreads for power as well as the write down of certain ageing assets.

Increase in the Group's share of Marine's FY10 net profit was mainly attributable to execution of projects ahead of schedule and achieving better margins for its rig building, offshore and conversion projects through higher productivity as well as the resumption of margin recognition for a rig building project upon securing a buyer.

Industrial Park's net profit for 4Q10 was better compared to 4Q09 due to increased land sales recognized. FY10's better performance was driven by healthy take-up for commercial and residential land sales in its Vietnam industrial parks as well as improved contributions from the business' associate, Gallant Venture Ltd.

Net profit for Others / Corporate in 4Q10 and FY10 was higher mainly due to write-back of prior year's tax provision. This was partially offset by acquisition-related costs for Cascal.

The exceptional item in FY10 relates to Marine's full and final amicable settlement of the disputed foreign exchange transactions.

\* Includes the solid waste management business previously known as the "Environment" business unit

**12. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

**13. ACQUISITION OF CASCAL**

Sembcorp acquired a 97.66% stake in Cascal in 2010. In 2010, Cascal was delisted from the New York Stock Exchange and deregistered with the Securities and Exchange Commission, and was fully integrated into the Sembcorp Group by the end of the year. Squeeze-out proceedings under the Dutch Civil Code are now ongoing for Sembcorp to achieve full ownership of the company.

**14. PROSPECTS**

The world economy is on the path to recovery. However, recent events in the Middle East and North Africa could create uncertainties and threaten global economic recovery. Our projects in the region, in Oman and the UAE, are not affected by the current unrest. Nonetheless, we continue to closely monitor the situation in the region.

Our Marine business has a current net orderbook of S\$4.8 billion (2009: S\$5.5 billion) with completions and deliveries stretching till second quarter of 2013. Enquiries have improved though competition remains keen.

For FY2011, our Utilities and Industrial Parks businesses are expected to deliver a steady performance.

*This release contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.*

15. **DIVIDEND**

**(a) Current Financial Year Reported On**

<b>Name of Dividend</b>	<b>Proposed 2010 Final Ordinary Exempt-1-Tier</b>	<b>Proposed 2010 Final Bonus Exempt-1-Tier</b>	<b>2010 Total</b>
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	15.0	2.0	17.0

**(b) Corresponding Year of the Immediately Preceding Financial Year**

<b>Name of Dividend</b>	<b>2009 Final Ordinary Exempt-1-Tier</b>	<b>2009 Total</b>
Dividend Type	Cash	Cash
Dividend Amount (cents per shares)	15.0	15.0

**(c) Date payable**

The proposed final tax exempt 1-Tier dividend of 17.0 cents per ordinary share, if approved at the AGM to be held on April 21, 2011, will be paid on May 13, 2011.

**(d) Books closure date**

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on April 29, 2011. Duly completed transfers of shares received by the Company's Share Registrar, M&C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on April 28, 2011 will be registered to determine shareholders' entitlements to the proposed dividend.

**(e) Total Annual Dividend and Capital Distribution (in dollar value)**

	<b>FY10 \$'000</b>	<b>FY09 \$'000</b>
Final ordinary dividend*	268,163	267,034
Bonus dividend*	35,755	-
<b>Total</b>	<b>303,918</b>	<b>267,034</b>

\*FY10 dividend is estimated based on the share capital of 1,787,750,040 ordinary shares at the end of the financial year.

## 16. SEGMENTAL REPORTING

### FY10

<u>(i) Operating segments</u>	Utilities*	Marine	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,993,208	4,553,341	16,226	200,839	-	8,763,614
Inter-segment sales	38,810	1,522	3,504	1,563	(45,399)	-
<b>Total</b>	<b>4,032,018</b>	<b>4,554,863</b>	<b>19,730</b>	<b>202,402</b>	<b>(45,399)</b>	<b>8,763,614</b>
<b>Results</b>						
Segment results	244,009	998,160	2,681	(8,963)	-	1,235,887
Interest income	3,597	28,795	209	34,949	(35,074)	32,476
Finance costs	(50,480)	(7,134)	-	(38,589)	35,074	(61,129)
	<b>197,126</b>	<b>1,019,821</b>	<b>2,890</b>	<b>(12,603)</b>	<b>-</b>	<b>1,207,234</b>
Share of results of associates	33,645	43,490	8,500	-	-	85,635
Share of results of joint ventures	35,876	3,362	29,229	5,993	-	74,460
	<b>266,647</b>	<b>1,066,673</b>	<b>40,619</b>	<b>(6,610)</b>	<b>-</b>	<b>1,367,329</b>
Income tax (expense) / credit	(30,187)	(172,999)	2,479	6,329	-	(194,378)
Non-controlling interests	(5,212)	(368,748)	(6,235)	115	-	(380,080)
<b>Net profit for the year</b>	<b>231,248</b>	<b>524,926</b>	<b>36,863</b>	<b>(166)</b>	<b>-</b>	<b>792,871</b>
Comprising:						
Net profit before exceptional item	231,248	492,844	36,863	(166)	-	760,789
Exceptional item	-	32,082	-	-	-	32,082
	<b>231,248</b>	<b>524,926</b>	<b>36,863</b>	<b>(166)</b>	<b>-</b>	<b>792,871</b>
<b>Assets</b>						
Segment assets	4,672,147	4,974,816	176,706	1,429,179	(1,560,248)	9,692,600
Interests in associates	105,636	274,687	306,278	-	-	686,601
Interests in joint ventures	133,456	48,155	99,575	66,241	-	347,427
Tax assets	56,883	47	1,560	106,423	-	164,913
<b>Total assets</b>	<b>4,968,122</b>	<b>5,297,705</b>	<b>584,119</b>	<b>1,601,843</b>	<b>(1,560,248)</b>	<b>10,891,541</b>
<b>Liabilities</b>						
Segment liabilities	3,083,796	2,206,359	30,102	1,348,393	(1,560,248)	5,108,402
Tax liabilities	372,199	384,636	11,105	(5,061)	-	762,879
<b>Total liabilities</b>	<b>3,455,995</b>	<b>2,590,995</b>	<b>41,207</b>	<b>1,343,332</b>	<b>(1,560,248)</b>	<b>5,871,281</b>
<b>Capital expenditure</b>	<b>561,761</b>	<b>98,150</b>	<b>53</b>	<b>1,803</b>	<b>-</b>	<b>661,767</b>
<b>Significant non-cash items</b>						
Depreciation and amortisation	151,275	83,625	2,053	5,186	-	242,139
Other non-cash items (including provisions, loss on disposal and exchange differences)	36,084	59,639	3,767	3,242	-	102,732

### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	4,228,900	48	2,638,955	48	7,563,771	69	112,679	17
China	63,259	1	793,195	15	845,580	8	28,626	4
Rest of Asia & Australia	690,066	8	339,069	6	420,156	4	7,535	1
Middle East & Africa	348,509	4	798,501	14	865,631	8	454,196	69
UK	825,480	9	731,402	13	908,496	8	54,705	8
Other Countries	2,607,400	30	244,187	4	287,907	3	4,026	1
<b>Total</b>	<b>8,763,614</b>	<b>100</b>	<b>5,545,309</b>	<b>100</b>	<b>10,891,541</b>	<b>100</b>	<b>661,767</b>	<b>100</b>

\* Includes the solid waste management business previously known as the "Environment" business unit

## 16. SEGMENTAL REPORTING (Cont'd)

### FY09

#### (i) Operating segments

	Utilities*	Marine	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	3,680,456	5,723,061	14,971	153,920	-	9,572,408
Inter-segment sales	34,316	1,681	3,504	37,977	(77,478)	-
<b>Total</b>	<b>3,714,772</b>	<b>5,724,742</b>	<b>18,475</b>	<b>191,897</b>	<b>(77,478)</b>	<b>9,572,408</b>
<b>Results</b>						
Segment results	246,666	858,331	11,383	(426)	-	1,115,954
Interest income	4,822	28,806	777	27,499	(27,930)	33,974
Finance costs	(37,867)	(5,329)	-	(25,920)	27,930	(41,186)
	<b>213,621</b>	<b>881,808</b>	<b>12,160</b>	<b>1,153</b>	<b>-</b>	<b>1,108,742</b>
Share of results of associates	26,538	12,078	5,013	-	-	43,629
Share of results of joint ventures	34,170	7,218	17,658	6,867	-	65,913
	<b>274,329</b>	<b>901,104</b>	<b>34,831</b>	<b>8,020</b>	<b>-</b>	<b>1,218,284</b>
Income tax expense	(45,581)	(144,276)	(2,477)	(10,647)	-	(202,981)
Non-controlling interests	(2,012)	(326,654)	(4,022)	49	-	(332,639)
<b>Net profit for the year</b>	<b>226,736</b>	<b>430,174</b>	<b>28,332</b>	<b>(2,578)</b>	<b>-</b>	<b>682,664</b>
<b>Assets</b>						
Segment assets	3,709,041	4,421,099	187,587	1,219,278	(1,394,458)	8,142,547
Interests in associates	80,523	240,033	298,273	-	-	618,829
Interests in joint ventures	119,919	43,627	86,661	61,514	-	311,721
Tax assets	34,373	1,752	1,560	219,596	-	257,281
<b>Total assets</b>	<b>3,943,856</b>	<b>4,706,511</b>	<b>574,081</b>	<b>1,500,388</b>	<b>(1,394,458)</b>	<b>9,330,378</b>
<b>Liabilities</b>						
Segment liabilities	2,255,757	2,402,539	31,092	1,103,810	(1,394,458)	4,398,740
Tax liabilities	276,901	323,575	13,127	82,500	-	696,103
<b>Total liabilities</b>	<b>2,532,658</b>	<b>2,726,114</b>	<b>44,219</b>	<b>1,186,310</b>	<b>(1,394,458)</b>	<b>5,094,843</b>
<b>Capital expenditure</b>	<b>337,209</b>	<b>66,994</b>	<b>362</b>	<b>2,876</b>	<b>-</b>	<b>407,441</b>
<b>Significant non-cash items</b>						
Depreciation and amortisation	116,320	75,621	2,166	5,596	-	199,703
Other non-cash items (including provisions, loss on disposal and exchange differences)	22,481	63,584	2,388	276	-	88,729

#### (ii) Geographical segments

	Revenue		Non-current Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,915,779	41	2,546,867	59	7,059,045	76	92,002	23
China	72,464	1	639,118	15	652,096	7	30,869	7
Rest of Asia & Australia	1,281,432	13	305,035	7	368,646	4	7,584	2
Middle East & Africa	1,001,406	10	198,043	5	406,291	4	253,847	62
UK	532,175	6	500,043	11	686,999	7	23,046	6
Other Countries	2,769,152	29	147,365	3	157,301	2	93	-
<b>Total</b>	<b>9,572,408</b>	<b>100</b>	<b>4,336,471</b>	<b>100</b>	<b>9,330,378</b>	<b>100</b>	<b>407,441</b>	<b>100</b>

\* Includes the solid waste management business previously known as the "Environment" business unit

## **16. SEGMENTAL REPORTING (Cont'd)**

### **Notes to Segmental Analysis**

#### **16a. Operating Segments**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The Utilities segment's principal activities are in the provision of energy, water, on-site logistics and solid waste management. Key activities in the energy sector include power generation and retail, process steam production and supply, as well as natural gas import, supply and retail. In the water sector, the business offers wastewater treatment as well as the production and supply of reclaimed, desalinated and potable water and water for industrial use.
- (ii) The Marine segment focuses on repair, building and conversion of ships and rigs, and on offshore engineering.
- (iii) The Industrial Parks segment owns, develops, markets and manages integrated industrial parks and townships in Asia.
- (iv) Others / Corporate segment comprises businesses mainly relating to minting, design and construction activities, offshore engineering and the corporate companies.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

\* Previously five operating segments. The Environment business has been reclassified under the Utilities business (as solid waste management) due to internal restructuring.

#### **16b. Geographical Segments**

The Group operates in six principal geographical areas: Singapore, China, Rest of Asia & Australia, Middle East & Africa, UK and Other Countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

#### **16c. Review of segment performance**

Please refer to Paragraph 11 for analysis by operating segments.

17. Quarterly Analysis

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	FY 2010	1Q 2009	2Q 2009	3Q 2009	4Q 2009	FY 2009
	\$'mil									
<b>Turnover</b>										
Utilities*	986	984	989	1,034	3,993	743	881	1,032	1,024	3,680
Marine	1,359	1,098	1,114	983	4,554	1,363	1,497	1,520	1,343	5,723
Industrial Parks	4	3	4	5	16	4	3	3	5	15
Others / Corporate	57	50	47	47	201	37	50	22	45	154
	<b>2,406</b>	<b>2,135</b>	<b>2,154</b>	<b>2,069</b>	<b>8,764</b>	<b>2,147</b>	<b>2,431</b>	<b>2,577</b>	<b>2,417</b>	<b>9,572</b>
<b>Net Profit attributable to Shareholders of the Company</b>										
Utilities*	60	58	59	54	231	52	52	56	67	227
Marine	91	107	149	146	493	74	85	89	182	430
Industrial Parks	4	7	6	20	37	4	7	4	13	28
Others / Corporate	4	(11)	(2)	9	-	4	(2)	(1)	(3)	(2)
<b>Net Profit before exceptional item</b>	<b>159</b>	<b>161</b>	<b>212</b>	<b>229</b>	<b>761</b>	<b>134</b>	<b>142</b>	<b>148</b>	<b>259</b>	<b>683</b>
Exceptional item (EI)	-	-	32	-	32	-	-	-	-	-
<b>Net Profit</b>	<b>159</b>	<b>161</b>	<b>244</b>	<b>229</b>	<b>793</b>	<b>134</b>	<b>142</b>	<b>148</b>	<b>259</b>	<b>683</b>

\* Includes the solid waste management business previously known as the "Environment" business unit

## 18. INTERESTED PERSON TRANSACTIONS

**Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)**

	4Q10 \$'000	FY10 \$'000
<b><u>Sale of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- PSA International Pte Ltd and its Associates	10,843	55,844
- MediaCorp Pte Ltd and its Associates	-	2,828
- Singapore Power Limited and its Associates	506	2,000
- Temasek Capital (Private) Limited and its Associates	331	1,309
- Singapore Technologies Telemidia Pte Ltd and its Associates	118	493
- National University Hospital (S) Pte Ltd	53	245
	<u>11,851</u>	<u>62,719</u>
SMRT Corporation Ltd and its Associates	15,976	15,976
Starhub Ltd and its Associates	2,942	11,195
Singapore Telecommunications Ltd and its Associates	-	319
Singapore Airport Terminal Services Ltd and its Associates	45	204
Singapore Technologies Engineering Ltd and its Associates	104	104
	<u>30,918</u>	<u>90,517</u>
<b><u>Purchase of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	169,012	714,375
- Singapore Power Limited and its Associates	837	3,194
- Certis CISCO Security Pte Ltd	184	315
	<u>170,033</u>	<u>717,884</u>
SMRT Corporation Ltd and its Associates	275	1,342
Singapore Technologies Engineering Ltd and its Associates	-	890
	<u>170,308</u>	<u>720,116</u>
<b><u>Management and Support Services</u></b>		
- Temasek Capital (Private) Limited and its Associates	-	2,260
<b>Sub-Total</b>	<u>201,226</u>	<u>812,893</u>
<b>Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>		
	4Q10 \$'000	FY10 \$'000
<b><u>Establishment of Joint Venture</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Surbana Corporation Pte Ltd and its Associates	-	9,230
Ex-gratia payment to ex-chairman	-	500
<b>Sub-Total</b>	<u>-</u>	<u>9,730</u>
<b>Total interested person transactions</b>	<u>201,226</u>	<u>822,623</u>

Note:

1. This relates mainly to the purchase of gas by Sembcorp Cogen Pte Ltd from Sembcorp Gas Pte Ltd for the generation of electricity.

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
**Company Secretary**  
**25 February, 2011**