



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

**THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2010 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2010

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the third quarter and nine months ended September 30, 2010.

#### 1. GROUP INCOME STATEMENT

	Note	GROUP			GROUP		
		3Q10 \$'000	3Q09 \$'000	+ / (-) %	9M10 \$'000	9M09 \$'000	+ / (-) %
<b>Turnover</b>	2a	2,153,577	2,577,346	(16.4)	6,695,201	7,155,434	(6.4)
Cost of sales	2a	(1,713,710)	(2,277,764)	(24.8)	(5,628,240)	(6,343,903)	(11.3)
<b>Gross profit</b>	2a	<b>439,867</b>	<b>299,582</b>	<b>46.8</b>	<b>1,066,961</b>	<b>811,531</b>	<b>31.5</b>
General & administrative expenses	2b	(76,040)	(69,284)	9.8	(221,224)	(190,778)	16.0
<b>Operating profit</b>		<b>363,827</b>	<b>230,298</b>	<b>58.0</b>	<b>845,737</b>	<b>620,753</b>	<b>36.2</b>
Non-operating (expense) / income (net)	2c	(5,840)	7,688	NM	25,443	40,769	(37.6)
Finance costs	2d	(20,580)	(10,096)	103.8	(42,954)	(31,419)	36.7
Share of results (net of tax) of:							
- Associates	2e	25,010	10,461	139.1	58,773	43,711	34.5
- Joint ventures	2e	14,566	17,097	(14.8)	44,804	46,326	(3.3)
<b>Profit before income tax expense</b>		<b>376,983</b>	<b>255,448</b>	<b>47.6</b>	<b>931,803</b>	<b>720,140</b>	<b>29.4</b>
Income tax expense	2f	(58,861)	(42,784)	37.6	(158,047)	(113,976)	38.7
<b>Profit for the period before exceptional item</b>		<b>318,122</b>	<b>212,664</b>	<b>49.6</b>	<b>773,756</b>	<b>606,164</b>	<b>27.6</b>
Exceptional item	2g	52,640	-	NM	52,640	-	NM
<b>Profit for the period</b>		<b>370,762</b>	<b>212,664</b>	<b>74.3</b>	<b>826,396</b>	<b>606,164</b>	<b>36.3</b>
<b>Attributable to:</b>							
Shareholders of the Company							
Profit before exceptional item		212,052	148,132	43.2	532,116	423,681	25.6
Exceptional item	2g	32,082	-	NM	32,082	-	NM
<b>Net profit attributable to shareholders of the Company ("Net Profit")</b>		<b>244,134</b>	<b>148,132</b>	<b>64.8</b>	<b>564,198</b>	<b>423,681</b>	<b>33.2</b>
Non-controlling interests	2h	126,628	64,532	96.2	262,198	182,483	43.7
		<b>370,762</b>	<b>212,664</b>	<b>74.3</b>	<b>826,396</b>	<b>606,164</b>	<b>36.3</b>
<b>Earnings per ordinary shares (cents)</b>	2i						
<b>Before exceptional item</b>							
- basic		11.89	8.33	42.7	29.84	23.82	25.3
- diluted		11.79	8.26	42.7	29.62	23.66	25.2
<b>After exceptional item</b>							
- basic		13.69	8.33	64.3	31.64	23.82	32.8
- diluted		13.58	8.26	64.3	31.41	23.66	32.8
<b>Economic value added</b>	2j	<b>291,190</b>	<b>150,971</b>	<b>92.9</b>	<b>584,122</b>	<b>397,677</b>	<b>46.9</b>

NM - Not Meaningful

#### Footnotes:

- The Group Income Statement includes the consolidation of Cascas 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		
	3Q10 \$'000	3Q09 \$'000	+ / (-) %	9M10 \$'000	9M09 \$'000	+ / (-) %
Turnover	2,153,577	2,577,346	(16.4)	6,695,201	7,155,434	(6.4)
Cost of sales	(1,713,710)	(2,277,764)	(24.8)	(5,628,240)	(6,343,903)	(11.3)
Gross profit	439,867	299,582	46.8	1,066,961	811,531	31.5
Included in Cost of sales:-						
Depreciation and amortisation (i)	(55,989)	(45,950)	21.8	(150,215)	(132,305)	13.5
Property, plant and equipment written off (ii)	(1,496)	(153)	877.8	(1,879)	(421)	346.3

Group turnover – refer to Page 16, note 11.

Group gross profit increased by 47% in 3Q10 and 32% in 9M10. The better gross profit was mainly contributed by Marine. Higher gross profit from Marine posted in 3Q10 and 9M10 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. Utilities' gross profit also improved in 3Q10 and 9M10. The improvement in 3Q10 was mainly due to consolidation of contribution from Cascal N.V. ("Cascal"). The increase in 9M10 was mainly due to consolidation of contribution from Cascal and higher contribution from our Singapore operations.

- (i) Higher depreciation charge in 3Q10 and 9M10 mainly arose from Marine's change in estimates for the useful lives of certain property, plant and equipment and the consolidation of depreciation charges incurred by Cascal.
- (ii) Higher property, plant and equipment written off in 3Q10 and 9M10 arose mainly from the Utilities business.

### 2b. General & administrative expenses

	GROUP			GROUP		
	3Q10 \$'000	3Q09 \$'000	+ / (-) %	9M10 \$'000	9M09 \$'000	+ / (-) %
General & administrative expenses	(76,040)	(69,284)	9.8	(221,224)	(190,778)	16.0
Included in general & administrative expenses: -						
Depreciation and amortisation (i)	(4,266)	(3,872)	10.2	(12,098)	(12,239)	(1.2)
(Allowance for) / write-back of doubtful debts and bad debts	(475)	(4,849)	(90.2)	393	(6,370)	NM
Allowance made for impairment losses						
- property, plant and equipment	-	(594)	(100.0)	-	(3,214)	(100.0)
- interests in other investment	-	-	-	-	(7,536)	(100.0)
Property, plant and equipment written off	(49)	(1,063)	(95.4)	(241)	(1,068)	(77.4)

General & administrative expenses increased in 3Q10 and 9M10 mainly due to the consolidation of the expenses incurred by Cascal with effect from July 2010 and provision of bonus by Marine.

- (i) Higher depreciation charge in 3Q10 mainly arose from Marine.

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

### 2c. **Non-operating (expense) / income**

	GROUP			GROUP		
	3Q10	3Q09	+ / (-)	9M10	9M09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Non-operating (expense) / income	(5,840)	7,688	NM	25,443	40,769	(37.6)
Included in non-operating (expense) / income: -						
Dividend income (i)	187	144	29.9	3,532	8,376	(57.8)
Other income (ii)	5,993	8,171	(26.7)	20,643	28,704	(28.1)
Interest income (iii)	6,391	4,322	47.9	28,877	9,887	192.1
Changes in fair value of financial instruments (iv)	(1,004)	910	NM	8,075	1,473	448.2
Foreign exchange loss (v)	(16,485)	(4,338)	280.0	(35,048)	(3,775)	828.4
(Loss) / gain on sale of property, plant & equipment and investment properties	(647)	(939)	(31.1)	162	(1,165)	NM

- (i) Dividend income in 3Q10 was mainly received by Industrial Parks. Lower dividend income was received from Cosco in 9M10.
- (ii) Other income decreased in 3Q10 and 9M10 mainly due to lower scrap sales from Marine.
- (iii) Higher interest income in 3Q10 and 9M10 was attributable mainly to interest received for deferred payment granted to Marine's customers.
- (iv) 3Q10 and 9M10 included mark-to-market adjustments of foreign currency forward contracts.
- (v) Foreign exchange loss in 3Q10 and 9M10 mainly arose from Marine from the revaluation of Euro and United States dollar against Singapore dollar.

### 2d. **Finance costs**

Finance costs increased in 3Q10 and 9M10 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 3Q10 and 9M10, mainly due to higher contributions from Cosco Shipyard Group Co. Ltd and Utilities operations in Middle East, Asia and Australia.

The Group recorded lower results from joint ventures in 3Q10 and 9M10, mainly due to lower share of results from Pacific Workboats Pte Ltd. This was mitigated by higher share of results from our operations in Vietnam.

### 2f. **Income tax expense**

Included in the tax expenses are the following:	GROUP			GROUP		
	3Q10	3Q09	+ / (-)	9M10	9M09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Income tax						
- (Under-provision) / Net write-back of tax in respect of prior years	(175)	(4)	NM	2,072	(638)	NM
Deferred tax						
- Write-back of provision for deferred tax due to reduction in corporate tax rate from 18% to 17%	-	-	-	-	8,681	(100.0)

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

### 2g. Exceptional item

	GROUP			GROUP		
	3Q10 \$'000	3Q09 \$'000	+ / (-) %	9M10 \$'000	9M09 \$'000	+ / (-) %
Full and final amicable settlement of disputed forex transactions in Marine	52,640	-	NM	52,640	-	NM
Less : Non-controlling interests	(20,558)	-	NM	(20,558)	-	NM
	32,082	-	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 shares

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	3Q10	Group 3Q09	+ / (-) %	9M10	Group 9M09	+ / (-) %
(i) Based on the weighted average number of shares (in cents)						
(a) Before exceptional item	11.89	8.33	42.7	29.84	23.82	25.3
(b) After exceptional item	13.69	8.33	64.3	31.64	23.82	32.8
- Weighted average number of shares (in million)	1,784.5	1,779.7	0.3	1,783.4	1,778.8	0.3
(ii) On a fully diluted basis (in cents)						
(a) Before exceptional item	11.79	8.26	42.7	29.62	23.66	25.2
(b) After exceptional item	13.58	8.26	64.3	31.41	23.66	32.8
- Adjusted weighted average number of shares (in million)	1,798.7	1,793.5	0.3	1,796.4	1,790.6	0.3

### 2j. Economic value added

Higher Economic value added (“EVA”) was generated in 9M10 as compared to 9M09 due to higher net operating profit after tax (“NOPAT”) arising from increase in operating profits, partially offset by higher capital charge arising from higher average capital employed.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		3Q10	3Q09	9M10	9M09
		\$'000	\$'000	\$'000	\$'000
<b>Profit for the period</b>		<b>370,762</b>	<b>212,664</b>	<b>826,396</b>	<b>606,164</b>
Foreign currency translation differences for foreign operations	(i)	(58,656)	(24,694)	(86,496)	23,303
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		(2,363)	(1,466)	(2,210)	(678)
Net change in fair value of cash flow hedges	(ii)	29,152	31,669	(83,559)	107,939
Net change in fair value of cash flow hedges transferred to profit or loss		3,673	(10,527)	(4,455)	28,013
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items		2,798	28	2,798	28
Net change in fair value of available-for-sale financial assets	(iii)	26,216	(5,072)	72,902	22,020
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	4	-	7,540
Share of other comprehensive income of associates and joint ventures	(iv)	10,222	93	5,456	66,170
Other comprehensive (loss) / income for the period - net of tax		11,042	(9,965)	(95,564)	252,591
<b>Total comprehensive income for the period</b>		<b>381,804</b>	<b>202,699</b>	<b>730,832</b>	<b>858,755</b>
<b>Attributable to:</b>					
Shareholders of the Company		248,038	131,319	478,661	642,847
Non-controlling interests		133,766	71,380	252,171	215,908
<b>Total comprehensive income for the period</b>		<b>381,804</b>	<b>202,699</b>	<b>730,832</b>	<b>858,755</b>

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

- (i) The movement in reserves in 3Q10 and 9M10 was a result of appreciation of Singapore dollar against other foreign currencies, predominantly United States dollar.
- (ii) The fair value gain in 3Q10 was mainly from foreign currency forward contracts, mainly from Marine and interest rate swaps from Utilities. The fair value loss in 9M10 was mainly 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 9M09, 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 30/09/2010 \$'000	As at 31/12/2009 \$'000	As at 30/09/2010 \$'000	As at 31/12/2009 \$'000
<b>Equity attributable to shareholders of the Company:-</b>				
Share capital	554,037	554,037	554,037	554,037
Surplus / (Deficit) in other reserves	135,886	203,569	11,083	(831)
Accumulated profits	2,858,850	2,562,352	1,055,582	1,026,088
	<u>3,548,773</u>	<u>3,319,958</u>	<u>1,620,702</u>	<u>1,579,294</u>
<b>Non-controlling interests</b>				
	1,070,595	915,577	-	-
Total equity	<u>4,619,368</u>	<u>4,235,535</u>	<u>1,620,702</u>	<u>1,579,294</u>
<b>Non-current assets</b>				
Property, plant and equipment	3,379,498	2,694,076	460,080	482,675
Investment properties	25,069	26,603	-	-
Investments in subsidiaries	-	-	1,562,713	1,435,506
Interests in associates	691,808	618,829	-	-
Interests in joint ventures	345,782	311,721	-	-
Other financial assets	275,963	193,924	-	-
Long-term receivables and prepayments	365,130	349,554	751	821
Intangible assets	316,695	114,239	19,036	19,036
Deferred tax assets	70,488	27,525	-	-
	<u>5,470,433</u>	<u>4,336,471</u>	<u>2,042,580</u>	<u>1,938,038</u>
<b>Current assets</b>				
Inventories and work-in-progress	898,077	1,415,255	8,634	9,335
Trade and other receivables	982,825	980,483	182,413	251,840
Assets held for sale	597	657	-	-
Bank balances, fixed deposits and cash	3,056,484	2,597,512	260,078	261,367
	<u>4,937,983</u>	<u>4,993,907</u>	<u>451,125</u>	<u>522,542</u>
<b>Current liabilities</b>				
Trade and other payables	2,329,812	2,444,545	149,193	153,129
Excess of progress billings over work-in-progress	565,545	717,409	-	-
Provisions	137,248	105,956	9,176	12,878
Current tax payable	369,722	380,598	-	-
Interest-bearing borrowings	49,933	284,372	87	83
	<u>3,452,260</u>	<u>3,932,880</u>	<u>158,456</u>	<u>166,090</u>
<b>Net current assets</b>				
	<u>1,485,723</u>	<u>1,061,027</u>	<u>292,669</u>	<u>356,452</u>
	<u>6,956,156</u>	<u>5,397,498</u>	<u>2,335,249</u>	<u>2,294,490</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	435,289	315,505	56,848	56,848
Provisions	37,610	9,392	500	500
Retirement benefit obligations	21,568	12,516	-	-
Interest-bearing borrowings	1,520,314	595,417	273	339
Other long-term liabilities	322,007	229,133	656,926	657,509
	<u>2,336,788</u>	<u>1,161,963</u>	<u>714,547</u>	<u>715,196</u>
	<u>4,619,368</u>	<u>4,235,535</u>	<u>1,620,702</u>	<u>1,579,294</u>

4. **BALANCE SHEETS** (Cont'd)

4a. **Group's borrowings and debt securities**

	As at 30/9/2010 \$'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	30,440	56,554
Unsecured	20,363	230,036
	<u>50,803</u>	<u>286,590</u>
(ii) <b><u>After one year</u></b>		
Secured	570,148	259,523
Unsecured	1,085,717	421,584
	<u>1,655,865</u>	<u>681,107</u>
Total	<u>1,706,668</u>	<u>967,697</u>

(iii) **Details of any collaterals**

The Group's borrowings are secured by net assets of subsidiaries, property, plant and equipment, capital work-in-progress and investment properties with carrying values amounting to \$1,361.7 million (31/12/2009 : \$1,044.4 million).

4b. **Net asset value**

	Group		Company	
	30/9/2010	31/12/2009	30/9/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.99	1.86	0.91	0.89

4c. **Notes to Balance Sheets**

Significant variances for balance sheets items are explained as follows:

(i) **Group**

**Equity**

The decrease in "Other reserves" was mainly due to (i) foreign currency translation loss and (ii) fair value loss on forward foreign currency contracts, interest rate swaps, fuel oil swaps and forward electricity sale; partially offset by (iii) fair value gain on Cosco Corporation (S) Ltd ("Cosco") shares held by Marine.

**Non-current assets**

"Property, plant and equipment", "Interests in associates", "Interests in joint ventures", "Intangible assets" and "Deferred tax assets" increased primarily due to the consolidation of Cascad. Included in intangible assets are goodwill and intangible assets arising from service concession arrangements. Group's share of profits made by the associates and joint ventures during the period also contribute to higher "Interests in associates" and "Interests in joint ventures".

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



4. **BALANCE SHEETS** (Cont'd)

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

(i) **Group**

**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.

"Excess of progress billings over work-in-progress" decreased mainly due to completion of rig building, offshore and conversion projects.

Increase in "Provisions" was mainly due to higher specific provisions for warranty and claims.

"Interest-bearing borrowings" reduced mainly due to the repayment of a short term loan by the Group's wholly owned treasury subsidiary, Sembcorp Financial Services Pte Ltd ("SFS").

**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 property, plant and equipment by Marine.

"Retirement benefit obligations" was higher due to the consolidation of Cascal. This was partially offset by write-back of retirement benefit obligations following the closure of our Utilities UK's defined benefit pension scheme to future accrual from April 1, 2010.

"Interest-bearing borrowings" increased mainly due to medium-term notes issued by 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 minority shareholder of a subsidiary as well as the consolidation of Cascal.

(ii) **Company**

**Net current assets**

"Trade and other receivables" decreased mainly due to income tax refund received.

Decrease in "Provisions" arose from the utilisation of obligations relating to disposal of business.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	3Q10	3Q09	9M10	9M09
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from Operating Activities</b>				
Profit for the period	370,762	212,664	826,396	606,164
Adjustments for :				
Dividend and interest income	(6,578)	(4,466)	(32,409)	(18,263)
Finance costs	20,580	10,096	42,954	31,419
Depreciation and amortisation	60,255	49,822	162,313	144,544
Share of results of associates and joint ventures	(39,576)	(27,558)	(103,577)	(90,037)
Loss / (gain) on disposal of property, plant and equipment & investment properties	647	939	(162)	1,165
(Gain) / loss on disposal of other financial assets (net)	-	200	(161)	(1,953)
Full and final settlement of disputed forex transactions	(52,640)	-	(52,640)	-
Allowance made / (written back) for doubtful debts and bad debts written off (net)	475	4,849	(393)	6,370
Allowance made for stock obsolescence and inventories written off	288	475	566	621
Changes in fair value of financial instruments	1,004	(910)	(8,075)	(1,473)
Share-based expenses	7,047	5,568	20,886	13,495
Allowance made for impairment in value of assets and assets written off (net)	1,545	3,003	2,120	13,532
Intangible assets written off	8	-	8	-
Negative goodwill	-	-	-	(298)
Income tax expenses	58,861	42,784	158,047	113,976
Operating profit before working capital changes	422,678	297,466	1,015,873	819,262
Changes in working capital:				
Inventories and work-in-progress	50,632	(158,024)	367,865	(399,082)
Receivables	(1,753)	68,228	42,096	(364,171)
Payables	(61,258)	(63,290)	(248,773)	383,541
	410,299	144,380	1,177,061	439,550
Net payment from banks for disputed transactions	52,640	-	52,640	-
Income tax (paid) / refund	(59,297)	3,579	(111,685)	(10,181)
Net cash inflow from operating activities	403,642	147,959	1,118,016	429,369
<b>Cash flows from Investing Activities</b>				
Dividends and interests received	16,703	5,035	55,295	36,513
Cash flows on sale of subsidiaries, net of cash disposed	-	14	-	14
Proceeds from sale of associates and joint ventures	-	-	-	3,628
Proceeds from sale of investments	-	1	2,223	1,646
Proceeds from sale of property, plant and equipment	1,326	1,774	1,826	4,006
Proceeds from sale of intangibles	24	-	24	-
Cash paid to non-controlling interests upon liquidation of a subsidiary	-	-	(542)	-
Loans to associates	-	-	-	(67,259)
Additional interest in associates	(9,230)	(19,331)	(9,230)	(85,360)
Acquisition of subsidiary, net of cash acquired	(197,003)	-	(197,003)	-
Acquisition of non-controlling interests	(15,766)	-	(15,766)	(13,428)
Acquisition of associates and joint ventures	(1,166)	-	(3,293)	-
Acquisition of other financial assets	-	(32)	-	(32)
Purchase of property, plant and equipment	(164,560)	(51,074)	(425,276)	(120,887)
Payment for intangible assets	(1,092)	(2)	(1,107)	(13)
Net cash outflow from investing activities	(370,764)	(63,615)	(592,849)	(241,172)
<b>Cash flows from Financing Activities</b>				
Proceeds from share issue to non-controlling interests of subsidiaries	5,657	-	15,899	177
Proceeds from ESOS exercised with issue of treasury shares	606	954	6,292	2,801
Proceeds from ESOS exercised with issue of treasury shares held by a subsidiary	-	6,172	3,883	7,437
Proceeds from borrowings	320,725	83,409	875,105	795,459
Repayment of borrowings	(259,177)	(229,497)	(513,669)	(720,316)
Payment on finance leases	(416)	(297)	(782)	(1,031)
Net decrease in other long term liabilities	(132)	(20)	(127)	(9)
Dividends paid to shareholders of the Company	-	-	(267,607)	(195,716)
Dividends paid to non-controlling interests of subsidiaries	(41,747)	(45,514)	(140,963)	(104,658)
Interest paid	(9,957)	(6,249)	(27,648)	(21,565)
Net cash inflow / (outflow) from financing activities	15,559	(191,042)	(49,617)	(237,421)
<b>Net increase / (decrease) in cash and cash equivalents</b>	48,437	(106,698)	475,550	(49,224)
<b>Cash and cash equivalents at beginning of the period</b>	3,018,057	2,467,366	2,597,512	2,400,954
Effect of exchange rate changes on balances held in foreign currency	(10,010)	(3,507)	(16,578)	5,431
<b>Cash and cash equivalents at end of the period</b>	3,056,484	2,357,161	3,056,484	2,357,161

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

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

(i) **Third Quarter**

Cash flows from operating activities before changes in working capital increased from \$297.5 million in 3Q09 to \$422.7 million in 3Q10. Net cash inflow from operating activities for 3Q10 increased to \$403.6 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 3Q10 was \$370.8 million. \$165.7 million was spent on expansion and operational capex and \$9.2 million was for equity interest into an associate. \$212.8 million (net of cash acquired) was paid for the acquisition of Cascal. The above cash outflows were partially offset by dividends and interests received of \$16.7 million.

Net cash inflow from financing activities for 3Q10 of \$15.6 million related mainly to net proceeds from borrowings, partially offset by dividends and interest paid.

(ii) **Nine Months**

Cash flows from operating activities before changes in working capital increased from \$819.3 million in 9M09 to \$1,015.9 million in 9M10. Net cash inflow from operating activities for 9M10 increased to \$1,118.0 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 9M10 was \$592.8 million. \$426.4 million was spent on expansion and operational capex and \$9.2 million was for equity interest into an associate. \$212.8 million (net of cash acquired) was paid for the acquisition of Cascal. The above cash outflows were partially offset by dividends and interests received of \$55.3 million.

Net cash outflow from financing activities for 9M10 of \$49.6 million related mainly to dividends and interest paid, partially offset by net proceeds from borrowings.

## 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>1H10</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	-	-	-	-	320,064	320,064	135,570	455,634
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(28,745)	-	2	(28,743)	903	(27,840)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	153	-	-	153	-	153
Net change in fair value of cash flow hedges	-	-	-	(76,524)	-	(76,524)	(36,187)	(112,711)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(8,115)	-	(8,115)	(13)	(8,128)
Net change in fair value of available-for-sale financial assets	-	-	-	28,554	-	28,554	18,132	46,686
Transfer of reserve	-	-	-	158	(158)	-	-	-
Share of other comprehensive loss of associates and joint ventures	-	-	-	(4,766)	-	(4,766)	-	(4,766)
Total other comprehensive loss, net of tax	-	-	(28,592)	(60,693)	(156)	(89,441)	(17,165)	(106,606)
<b>Total comprehensive (loss) / income</b>	-	-	(28,592)	(60,693)	319,908	230,623	118,405	349,028
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	10,280	10,280
Share-based payments	-	-	-	7,429	-	7,429	2,469	9,898
Treasury shares transferred to employees	-	16,795	-	(7,764)	-	9,031	-	9,031
Treasury shares held by subsidiary	-	-	-	2,224	-	2,224	1,495	3,719
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	-	-	-	(718)	(718)
Dividend paid	-	-	-	-	(267,607)	(267,607)	(99,216)	(366,823)
<b>Total transactions with equity holders</b>	-	16,795	-	1,889	(267,607)	(248,923)	(85,690)	(334,613)
<b>At June 30, 2010</b>	554,037	(4,441)	(148,702)	286,111	2,614,653	3,301,658	948,292	4,249,950
<b>3Q10</b>								
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	244,134	244,134	126,628	370,762
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(42,925)	-	(1)	(42,926)	(15,730)	(58,656)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(2,363)	-	-	(2,363)	-	(2,363)
Net change in fair value of cash flow hedges	-	-	-	16,267	-	16,267	12,885	29,152
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	3,723	-	3,723	(50)	3,673
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	-	-	-	16,134	-	16,134	10,082	26,216
Transfer of reserve	-	-	(9)	-	58	49	(49)	-
Share of other comprehensive income of associates and joint ventures	-	-	-	10,217	5	10,222	-	10,222
Total other comprehensive (loss) / income, net of tax	-	-	(45,297)	49,139	62	3,904	7,138	11,042
<b>Total comprehensive income</b>	-	-	(45,297)	49,139	244,196	248,038	133,766	381,804
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	5,772	5,772
Share-based payments	-	-	-	3,497	-	3,497	1,171	4,668
Treasury shares transferred to employees	-	1,295	-	(4,799)	-	(3,504)	-	(3,504)
Effects of acquisitions	-	-	-	(917)	-	(917)	23,341	22,424
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	-	1	1	-	1
Dividend paid	-	-	-	-	-	-	(41,747)	(41,747)
<b>Total transactions with equity holders</b>	-	1,295	-	(2,219)	1	(923)	(11,463)	(12,386)
<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

## 6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

### 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>1H09</b>								
At January 1, 2009	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	-	-	-	-	275,549	275,549	117,951	393,500
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	47,562	-	-	47,562	435	47,997
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	-	-	788	-	-	788	-	788
Net change in fair value of cash flow hedges	-	-	-	66,522	-	66,522	9,748	76,270
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	35,451	-	35,451	3,089	38,540
Net change in fair value of available-for-sale financial assets	-	-	-	16,685	-	16,685	10,407	27,092
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	4,638	-	4,638	2,898	7,536
Share of other comprehensive income of associates and joint ventures	-	-	-	66,077	-	66,077	-	66,077
Total other comprehensive income, net of tax	-	-	46,606	189,373	-	235,979	26,577	262,556
<b>Total comprehensive income</b>	-	-	46,606	189,373	275,549	511,528	144,528	656,056
<b>Transactions with equity holders, recorded directly in equity</b>								
Contribution by non-controlling interests	-	-	-	-	-	-	177	177
Treasury shares transferred to employees	-	9,963	-	(6,955)	-	3,008	90	3,098
Treasury shares held by subsidiary	-	-	-	763	-	763	-	763
Share-based payments	-	-	-	9,702	-	9,702	-	9,702
Realisation of reserve upon disposal of investments and changes in group structure	-	-	1,164	-	71	1,235	(14,526)	(13,291)
Dividends paid	-	-	-	-	(195,716)	(195,716)	(59,144)	(254,860)
<b>Total transactions with equity holders</b>	-	9,963	1,164	3,510	(195,645)	(181,008)	(73,403)	(254,411)
<b>At June 30, 2009</b>	<b>554,037</b>	<b>(24,768)</b>	<b>(73,880)</b>	<b>306,883</b>	<b>2,162,445</b>	<b>2,924,717</b>	<b>741,785</b>	<b>3,666,502</b>
<b>3Q09</b>								
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	148,132	148,132	64,532	212,664
<b>Other comprehensive income</b>								
Foreign currency translation differences for foreign operations	-	-	(18,547)	-	-	(18,547)	(6,147)	(24,694)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(1,466)	-	-	(1,466)	-	(1,466)
Net change in fair value of cash flow hedges	-	-	-	16,924	-	16,924	14,745	31,669
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(10,727)	-	(10,727)	200	(10,527)
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	-	-	-	(3,122)	-	(3,122)	(1,950)	(5,072)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	-	4	-	4	-	4
Share of other comprehensive income of associates and joint ventures	-	-	-	93	-	93	-	93
Total other comprehensive (loss) / income, net of tax	-	-	(20,013)	3,200	-	(16,813)	6,848	(9,965)
<b>Total comprehensive (loss) / income</b>	-	-	(20,013)	3,200	148,132	131,319	71,380	202,699
<b>Transactions with equity holders, recorded directly in equity</b>								
Share-based payments	-	-	-	1,284	-	1,284	3,435	4,719
Treasury shares transferred to employees	-	1,703	-	(1,734)	-	(31)	(106)	(137)
Treasury shares held by subsidiary	-	-	-	3,761	-	3,761	2,913	6,674
Realisation of reserve upon disposal of investments and changes in group structure	-	-	(632)	-	(218)	(850)	479	(371)
Dividend paid	-	-	-	-	-	-	(45,514)	(45,514)
<b>Total transactions with equity holders</b>	-	1,703	(632)	3,311	(218)	4,164	(38,793)	(34,629)
<b>At September 30, 2009</b>	<b>554,037</b>	<b>(23,065)</b>	<b>(94,525)</b>	<b>313,394</b>	<b>2,310,359</b>	<b>3,060,200</b>	<b>774,372</b>	<b>3,834,572</b>

## 6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

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

	Surplus / (Deficit) in other reserves			Accumulated Profits	Total
	Share Capital	Reserve for Own Shares	Others		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1H10</b>					
At January 1, 2010	554,037	(21,236)	20,405	1,026,088	1,579,294
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	236,743	236,743
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	3,591	-	3,591
Treasury shares transferred to employees	-	16,795	(11,112)	-	5,683
Dividends paid	-	-	-	(267,607)	(267,607)
<b>Total transactions with equity holders</b>	-	16,795	(7,521)	(267,607)	(258,333)
<b>At June 30, 2010</b>	<b>554,037</b>	<b>(4,441)</b>	<b>12,884</b>	<b>995,224</b>	<b>1,557,704</b>
<b>3Q10</b>					
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	60,358	60,358
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	2,022	-	2,022
Treasury shares transferred to employees	-	1,295	(677)	-	618
<b>Total transactions with equity holders</b>	-	1,295	1,345	-	2,640
<b>At September 30, 2010</b>	<b>554,037</b>	<b>(3,146)</b>	<b>14,229</b>	<b>1,055,582</b>	<b>1,620,702</b>
<b>1H09</b>					
At January 1, 2009	554,037	(34,731)	22,620	879,454	1,421,380
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	252,404	252,404
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	3,594	-	3,594
Treasury shares transferred to employees	-	9,963	(8,118)	-	1,845
Dividends paid	-	-	-	(195,716)	(195,716)
<b>Total transactions with equity holders</b>	-	9,963	(4,524)	(195,716)	(190,277)
<b>At June 30, 2009</b>	<b>554,037</b>	<b>(24,768)</b>	<b>18,096</b>	<b>936,142</b>	<b>1,483,507</b>
<b>3Q09</b>					
<b>Total comprehensive income</b>					
Profit for the period	-	-	-	59,322	59,322
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	1,778	-	1,778
Treasury shares transferred to employees	-	1,703	(751)	-	952
<b>Total transactions with equity holders</b>	-	1,703	1,027	-	2,730
<b>At September 30, 2009</b>	<b>554,037</b>	<b>(23,065)</b>	<b>19,123</b>	<b>995,464</b>	<b>1,545,559</b>

## **6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)**

### **6c. Changes in the Company's share capital**

#### **Issued and paid up capital**

As at September 30, 2010, the Company's issued and paid up capital excluding treasury shares comprises 1,784,592,563 (December 31, 2009: 1,780,228,866) ordinary shares.

#### **Share Options**

During 3Q10, 266,425 (3Q09: 410,870) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at September 30, 2010, there were 4,818,574 (September 30, 2009: 8,178,536) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

#### **Performance Shares**

During 3Q10, no (3Q09: nil) performance shares were awarded under the Performance Share Plan ("PSP") and 128,335 (3Q09: nil) performance shares lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at September 30, 2010, was 2,686,665 (September 30, 2009: 2,640,862). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,029,998 (September 30, 2009: 3,961,293) performance shares.

#### **Restricted Stocks**

During 3Q10, 70,913 (3Q09: nil) restricted stocks were released under the Restricted Stock Plan ("RSP") and 135,918 (3Q09: 55,015) restricted stocks lapsed. Of the restricted stocks released, 25,005 (3Q09: nil) restricted stocks were cash-settled and the rest were settled by way of issuance of treasury shares.

No (3Q09: nil) restricted stocks were awarded in 3Q10.

The total number of restricted shares outstanding, including awards achieved but not released, as at end September 30, 2010 was 5,592,376 (September 30, 2009: 5,058,487). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 4,155,000 (September 30, 2009: 4,093,300). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 6,232,500 (September 30, 2009: 6,139,950) restricted stocks.

#### **Treasury shares**

During 3Q10, the Company re-issued 312,333 (3Q09: 410,870) treasury shares pursuant to the SOP and RSP.

As at September 30, 2010, 758,977 (September 30, 2009: 5,563,674) 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.

## **7. AUDIT**

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. These procedures are substantially less in scope than an audit or a review in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

**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 amendment) does not have any significant impact on the financial statements.



## 11. REVIEW OF GROUP PERFORMANCE

### Group Overview

The Group reported a 65% growth in net profit attributable to shareholders of the Company (“net profit”) for 3Q10. In 3Q10, Group net profit was \$244.1 million compared to \$148.1 million, while turnover was \$2.2 billion compared to \$2.6 billion in 3Q09. The Group’s share of Marine’s net profit for 3Q10 included an exceptional item comprising \$32.1 million from Marine’s full and final amicable settlement of disputed foreign exchange transactions. Excluding this exceptional item, Group net profit rose 43% from \$148.1 million to \$212.0 million.

For 9M10, Group net profit grew 33% from \$423.7 million to \$564.2 million, while turnover was \$6.7 billion compared to \$7.2 billion in 9M09. Excluding the exceptional item, Group net profit was \$532.1 million, up 26% from 9M09. In 9M10, Marine’s contribution to Group net profit grew 40% from \$247.9 million to \$347.0 million, while Utilities’ net profit increased 10% from \$160.4 million to S\$176.9 million.

### Turnover

	3Q10	3Q09	Growth		9M10	9M09	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities*	989,315	1,031,309	(41,994)	(4)	2,959,509	2,655,688	303,821	11
Marine	1,114,306	1,520,016	(405,710)	(27)	3,570,804	4,380,146	(809,342)	(19)
Industrial Parks	3,809	3,217	592	18	11,094	10,672	422	4
Others/Corporate	46,147	22,804	23,343	102	153,794	108,928	44,866	41
	<b>2,153,577</b>	<b>2,577,346</b>	<b>(423,769)</b>	<b>(16)</b>	<b>6,695,201</b>	<b>7,155,434</b>	<b>(460,233)</b>	<b>(6)</b>

Utilities’ turnover in 3Q10 was 4% lower than in 3Q09 mainly due to lower gas offtake quantity and lower power retail sales in Singapore during the quarter. 9M10 turnover increased 11% over 9M09 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 3Q10 mainly due to Marine achieving lower value of initial percentage of completion (“POC”) revenue recognition for rig building, offshore and conversion projects. For 9M10, lower turnover was mainly due to rig building as well as offshore and conversion projects achieving lower POC revenue recognition as compared to 9M09. There was also higher variation order settlement for offshore contracts in 9M09.

Turnover of Others/Corporate was mainly contributed by a subsidiary dealing in specialised construction activities. Increase in turnover in 3Q10 and 9M10 was mainly due to timing difference in recognition of projects.

\* 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")

	<u>3Q10</u>	<u>3Q09</u>	<u>Growth</u>		<u>9M10</u>	<u>9M09</u>	<u>Growth</u>	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities*	59,205	56,071	3,134	6	176,885	160,433	16,452	10
Marine	148,403	88,813	59,590	67	346,984	247,882	99,102	40
Industrial Parks	6,143	4,395	1,748	40	17,499	15,183	2,316	15
Others/Corporate	(1,699)	(1,147)	(552)	(48)	(9,252)	183	(9,435)	NM
<b>Net Profit before exceptional item</b>	<b>212,052</b>	<b>148,132</b>	<b>63,920</b>	<b>43</b>	<b>532,116</b>	<b>423,681</b>	<b>108,435</b>	<b>26</b>
Exceptional item (EI)	32,082	-	32,082	NM	32,082	-	32,082	NM
<b>Net Profit</b>	<b>244,134</b>	<b>148,132</b>	<b>96,002</b>	<b>65</b>	<b>564,198</b>	<b>423,681</b>	<b>140,517</b>	<b>33</b>

NM - Not Meaningful

The improved performance was primarily driven by Marine.

Utilities' net profit grew by 6% and 10% in 3Q10 and 9M10 respectively, with all regions excluding the UK showing growth. Performance in the UK was affected by lower volumes as a result of previously announced closure of some of its customers' facilities as well as low market spreads for power for its Teesside operations. Cascal was consolidated as a subsidiary under Utilities with effect from July 2010.

Increase in the Group's share of Marine's 3Q10 and 9M10 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 3Q10 was better compared to 3Q09 because of increased land and factory sales being recognised. Net profit was higher in 9M10 mainly because of increased land sales being recognised, recovery of receivables and tax write-back.

Higher Corporate costs in 3Q10 and 9M10 relate mainly to acquisition-related costs for Cascal.

The exceptional item in 3Q10 and 9M10 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**

On July 9, 2010, the Group acquired 92.26% of Cascal. The principal activity of Cascal is that of specialist investor and operator of water and wastewater systems. This acquisition is strategic to the Group and has transformed the Group into a global water player with enhanced capabilities to provide total water and wastewater solutions to both industrial and municipal customers.

On August 10, 2010, the Group acquired an additional 5.4% equity interest in Cascal. As a result of this acquisition, Sembcorp's stake in Cascal rose to 97.66%. Cascal was delisted from the New York Stock Exchange on August 5, 2010 and deregistered from the Securities and Exchange Commission on November 3, 2010. The Group has commenced squeeze-out proceedings under the Dutch Civil Code in order to own 100% of Cascal.

The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities acquired in this business combination is currently being determined and has not been completed. In the meantime, the provisional goodwill that results from the difference between the purchase price and the adjusted carrying amounts of the assets and liabilities acquired amounts to US\$25 million and is reported under intangible assets. The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Cascal's net identifiable assets.

The provisional goodwill recognised on the acquisition is attributable to the value of Cascal's diversified global portfolio of water and wastewater services which has transformed the Group into a global water player. It also includes the value of the industry and local market knowledge residing in the experienced workforce which cannot be separately recognised as intangible asset from goodwill.

## **14. PROSPECTS**

In FY2010, the performance of our Utilities operations is expected to remain steady excluding one-off items.

Our Marine business has a current net orderbook of S\$4.7 billion inclusive of S\$2.3 billion in contract orders secured to-date. Competition for new orders, however, remains very keen.

The Group expects to achieve satisfactory results for FY2010.

*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**

No interim dividend for the period ended September 30, 2010 is recommended.

## 16. SEGMENTAL REPORTING

### 9M10

#### (i) Operating segments

	Utilities*	Marine	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Turnover

External sales	2,959,509	3,570,804	11,094	153,794	-	6,695,201
Inter-segment sales	29,388	1,173	2,628	1,327	(34,516)	-
<b>Total</b>	<b>2,988,897</b>	<b>3,571,977</b>	<b>13,722</b>	<b>155,121</b>	<b>(34,516)</b>	<b>6,695,201</b>

#### Results

Segment results	198,945	700,448	2,077	(6,527)	-	894,943
Interest income	2,348	26,516	157	24,495	(24,639)	28,877
Finance costs	(35,330)	(4,410)	-	(27,853)	24,639	(42,954)
	<b>165,963</b>	<b>722,554</b>	<b>2,234</b>	<b>(9,885)</b>	-	<b>880,866</b>
Share of results of associates	21,563	31,986	5,224	-	-	58,773
Share of results of joint ventures	26,307	2,145	12,128	4,224	-	44,804
	<b>213,833</b>	<b>756,685</b>	<b>19,586</b>	<b>(5,661)</b>	-	<b>984,443</b>
Income tax (expense) / credit	(34,981)	(119,527)	160	(3,699)	-	(158,047)
Non-controlling interests	(1,967)	(258,092)	(2,247)	108	-	(262,198)
<b>Net profit for the period</b>	<b>176,885</b>	<b>379,066</b>	<b>17,499</b>	<b>(9,252)</b>	-	<b>564,198</b>

#### Comprising:

Net profit before exceptional items	176,885	346,984	17,499	(9,252)	-	532,116
Exceptional items	-	32,082	-	-	-	32,082
	<b>176,885</b>	<b>379,066</b>	<b>17,499</b>	<b>(9,252)</b>	-	<b>564,198</b>

#### Assets

Segment assets	4,598,692	4,525,241	177,485	1,453,356	(1,627,772)	9,127,002
Interests in associates	113,410	266,121	312,277	-	-	691,808
Interests in joint ventures	142,911	46,938	90,650	65,283	-	345,782
Tax assets	86,664	1,690	1,560	153,910	-	243,824
<b>Total assets</b>	<b>4,941,677</b>	<b>4,839,990</b>	<b>581,972</b>	<b>1,672,549</b>	<b>(1,627,772)</b>	<b>10,408,416</b>

#### Liabilities

Segment liabilities	3,096,287	2,095,845	30,350	1,389,327	(1,627,772)	4,984,037
Tax liabilities	402,248	333,038	13,820	55,905	-	805,011
<b>Total liabilities</b>	<b>3,498,535</b>	<b>2,428,883</b>	<b>44,170</b>	<b>1,445,232</b>	<b>(1,627,772)</b>	<b>5,789,048</b>

#### Capital expenditure

	397,969	58,392	58	272	-	456,691
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#### Significant non-cash items

Depreciation and amortisation	94,198	62,674	1,557	3,884	-	162,313
Other non-cash items (including provisions, loss on disposal and exchange differences)	31,088	51,107	807	846	-	83,848

#### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,119,620	47	6,784,720	74	7,143,895	69	67,712	15
China	39,101	1	359,614	4	828,678	8	19,583	4
Rest of Asia & Australia	566,634	8	200,550	2	454,254	4	1,854	-
Middle East & Africa	285,646	4	703,119	8	760,802	7	327,003	72
UK	617,166	9	832,625	9	931,194	9	37,396	8
Other Countries	2,067,034	31	246,374	3	289,593	3	3,143	1
<b>Total</b>	<b>6,695,201</b>	<b>100</b>	<b>9,127,002</b>	<b>100</b>	<b>10,408,416</b>	<b>100</b>	<b>456,691</b>	<b>100</b>

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

## 16. SEGMENTAL REPORTING (Cont'd)

### 9M09

#### (i) Operating segments

	Utilities*	Marine	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>						
External sales	2,655,688	4,380,146	10,672	108,928	-	7,155,434
Inter-segment sales	25,294	1,377	2,630	33,309	(62,610)	-
<b>Total</b>	<b>2,680,982</b>	<b>4,381,523</b>	<b>13,302</b>	<b>142,237</b>	<b>(62,610)</b>	<b>7,155,434</b>
<b>Results</b>						
Segment results	173,743	475,628	4,766	(2,502)	-	651,635
Interest income	3,345	6,712	210	19,166	(19,546)	9,887
Finance costs	(28,963)	(4,968)	-	(17,034)	19,546	(31,419)
	<b>148,125</b>	<b>477,372</b>	<b>4,976</b>	<b>(370)</b>	-	<b>630,103</b>
Share of results of associates	17,240	21,394	5,077	-	-	43,711
Share of results of joint ventures	28,259	5,925	7,726	4,416	-	46,326
	<b>193,624</b>	<b>504,691</b>	<b>17,779</b>	<b>4,046</b>	-	<b>720,140</b>
Income tax expense	(28,885)	(80,371)	(824)	(3,896)	-	(113,976)
Non-controlling interests	(4,306)	(176,438)	(1,772)	33	-	(182,483)
<b>Net profit for the period</b>	<b>160,433</b>	<b>247,882</b>	<b>15,183</b>	<b>183</b>	-	<b>423,681</b>

#### Assets

Segment assets	3,527,396	4,559,477	201,264	1,248,880	(1,341,823)	8,195,194
Interests in associates	68,095	267,622	281,816	-	-	617,533
Interests in joint ventures	124,556	42,334	78,934	60,884	-	306,708
Tax assets	36,401	2,675	2,361	218,171	-	259,608
<b>Total assets</b>	<b>3,756,448</b>	<b>4,872,108</b>	<b>564,375</b>	<b>1,527,935</b>	<b>(1,341,823)</b>	<b>9,379,043</b>

#### Liabilities

Segment liabilities	2,138,748	2,941,021	28,300	1,145,912	(1,341,823)	4,912,158
Tax liabilities	275,015	267,931	15,562	73,805	-	632,313
<b>Total liabilities</b>	<b>2,413,763</b>	<b>3,208,952</b>	<b>43,862</b>	<b>1,219,717</b>	<b>(1,341,823)</b>	<b>5,544,471</b>

#### Capital expenditure

	68,508	50,656	310	1,426	-	120,900
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#### Significant non-cash items

Depreciation and amortisation	85,003	53,944	1,619	3,978	-	144,544
Other non-cash items (including provisions, loss on disposal and exchange differences)	9,526	12,527	153	78	-	22,284

#### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	3,024,907	42	7,042,079	86	7,552,669	81	80,977	67
China	63,562	1	219,958	3	694,533	7	21,027	17
Rest of Asia & Australia	772,121	11	146,329	2	345,013	4	4,497	4
Middle East & Africa	734,311	10	80,015	1	80,015	1	40	-
UK	318,740	5	693,850	8	693,850	7	14,278	12
Other Countries	2,241,793	31	12,963	-	12,963	-	81	-
<b>Total</b>	<b>7,155,434</b>	<b>100</b>	<b>8,195,194</b>	<b>100</b>	<b>9,379,043</b>	<b>100</b>	<b>120,900</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 and onsite services & solid waste management. Key activities in the energy sector include power and steam generation, and the sale of electricity as well as natural gas. In the water sector, the business offers wastewater treatment as well as the production and supply of reclaimed, desalinated, 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 re-classified 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. 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)**

	<b>3Q10</b>	<b>9M10</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Sale of Goods and Services</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- PSA International Pte Ltd and its Associates	15,824	45,001
- MediaCorp Pte Ltd and its Associates	-	2,828
- Singapore Power Limited and its Associates	507	1,494
- Temasek Capital (Private) Limited and its Associates	328	978
- Singapore Technologies Telemedia Pte Ltd and its Associates	115	375
- National University Hospital (S) Pte Ltd	60	192
	16,834	50,868
Starhub Ltd and its Associates	2,928	8,253
Singapore Telecommunications Ltd and its Associates	319	319
Singapore Airport Terminal Services Ltd and its Associates	50	159
	20,131	59,599
<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>	174,179	545,363
- Singapore Power Limited and its Associates	791	2,357
- Certis CISCO Security Pte Ltd	131	131
	175,101	547,851
Singapore Technologies Engineering Ltd and its Associates	-	890
SMRT Corporation Ltd and its Associates	379	1,067
	175,480	549,808
<b><u>Management and Support Services</u></b>		
- Temasek Capital (Private) Limited and its Associates	-	2,260
<b>Sub-Total</b>	<b>195,611</b>	<b>611,667</b>
	<b>3Q10</b>	<b>9M10</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Establishment of Joint Venture</u></b>		
Temasek Holdings (Private) Limited and its Associates		
- Surbana Corporation Pte Ltd and its Associates	9,230	9,230
Ex-gratia payment to ex-chairman	-	500
<b>Sub-Total</b>	<b>9,230</b>	<b>9,730</b>
<b>Total interested person transactions</b>	<b>204,841</b>	<b>621,397</b>

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.

**18. CONFIRMATION PURSUANT TO THE RULE 705(4) OF THE LISTING MANUAL**

We, Ang Kong Hua, and Tang Kin Fei, being two directors of Sembcorp Industries Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to their attention which would render the third quarter and nine months ended September 30, 2010 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for third quarter and nine months ended September 30, 2010.

On behalf of the board of directors

**Ang Kong Hua**  
Chairman

**Tang Kin Fei**  
Director

**BY ORDER OF THE BOARD**

**Kwong Sook May (Ms)**  
Company Secretary  
November 8, 2010