



SEMBCORP INDUSTRIES LTD
Registration Number: 199802418D

SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2010 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2010

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the second quarter and half year ended June 30, 2010.

1. GROUP INCOME STATEMENT

	Note	GROUP			GROUP		
		2Q10 \$'000	2Q09 \$'000	+ / (-) %	1H10 \$'000	1H09 \$'000	+ / (-) %
Turnover	2a	2,135,350	2,431,354	(12.2)	4,541,624	4,578,088	(0.8)
Cost of sales	2a	(1,803,506)	(2,144,226)	(15.9)	(3,914,530)	(4,066,139)	(3.7)
Gross profit	2a	331,844	287,128	15.6	627,094	511,949	22.5
General & administrative expenses	2b	(83,164)	(68,614)	21.2	(145,184)	(121,494)	19.5
Operating profit		248,680	218,514	13.8	481,910	390,455	23.4
Non-operating income (net)	2c	15,877	8,465	87.6	31,283	33,081	(5.4)
Finance costs	2d	(11,900)	(10,789)	10.3	(22,374)	(21,323)	4.9
Share of results (net of tax) of:							
- Associates	2e	18,381	16,267	13.0	33,763	33,250	1.5
- Joint ventures	2e	16,695	16,436	1.6	30,238	29,229	3.5
Profit before income tax expense		287,733	248,893	15.6	554,820	464,692	19.4
Income tax expense	2f	(52,490)	(44,357)	18.3	(99,186)	(71,192)	39.3
Profit for the period		235,243	204,536	15.0	455,634	393,500	15.8
Attributable to:							
Net profit attributable to shareholders of the Company ("Net Profit")		161,249	141,905	13.6	320,064	275,549	16.2
Non-controlling interests	2g	73,994	62,631	18.1	135,570	117,951	14.9
		235,243	204,536	15.0	455,634	393,500	15.8
Earnings per ordinary shares (cents)	2h						
- basic		9.04	7.97	13.4	17.95	15.49	15.9
- diluted		8.97	7.92	13.3	17.83	15.40	15.8
Economic Value Added	2i	156,750	126,472	23.9	292,932	246,706	18.7

2. Notes to Consolidated Income Statement

2a. Turnover, Cost of Sales

	GROUP			GROUP		
	2Q10	2Q09	+ / (-)	1H10	1H09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2,135,350	2,431,354	(12.2)	4,541,624	4,578,088	(0.8)
Cost of sales	(1,803,506)	(2,144,226)	(15.9)	(3,914,530)	(4,066,139)	(3.7)
Gross profit	331,844	287,128	15.6	627,094	511,949	22.5
Included in Cost of sales:-						
Depreciation and amortisation	(i) (47,352)	(43,431)	9.0	(94,226)	(86,355)	9.1

Group turnover – refer to Page 16, note 11.

Group gross profit increased by 16% in 2Q10 and 23% in 1H10. The better gross profit was mainly contributed by Marine and Utilities businesses. Higher gross profit from Marine 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. The gross profit for Utilities also improved mainly due to higher contribution from the Singapore cogeneration plant.

- (i) Higher depreciation charge in 2Q10 and 1H10 mainly arose from Marine's change in estimates for the useful lives of certain property, plant and equipment.

2b. General & administrative expenses

	GROUP			GROUP		
	2Q10	2Q09	+ / (-)	1H10	1H09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General & administrative expenses	(83,164)	(68,614)	21.2	(145,184)	(121,494)	19.5
Included in general & administrative expenses: -						
Depreciation and amortisation	(i) (3,352)	(4,564)	(26.6)	(7,832)	(8,367)	(6.4)
Allowance made for impairment losses						
- property, plant and equipment	(ii) -	(2,621)	(100.0)	-	(2,625)	(100.0)
- interests in other investment	(iii) -	(7,536)	(100.0)	-	(7,536)	(100.0)

The higher general & administrative expenses in 2Q10 and 1H10 were mainly due to provision of bonus by Marine and acquisition-related costs for Cascal N.V.

- (i) Lower depreciation charge in 2Q10 and 1H10 mainly arose from Utilities.
(ii) An impairment was made for certain assets in China in 2Q09 and 1H09.
(iii) An impairment was made to an investment by Marine in 2Q09 and 1H09.

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

2c. Non-operating income

	GROUP			GROUP		
	2Q10	2Q09	+ / (-)	1H10	1H09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Non-operating income	15,877	8,465	87.6	31,283	33,081	(5.4)
Included in non-operating income: -						
Dividend income (i)	3,342	8,232	(59.4)	3,345	8,232	(59.4)
Other income (ii)	7,206	7,641	(5.7)	14,650	20,533	(28.7)
Interest income (iii)	7,586	2,583	193.7	22,486	5,565	304.1
Changes in fair value of financial instruments (iv)	5,519	9,901	(44.3)	9,079	563	1,512.6
Foreign exchange (loss) / gain (v)	(8,272)	(17,151)	(51.8)	(18,563)	563	NM

- (i) Lower dividend income was received from Cosco in 2Q10 and 1H10.
- (ii) Other income decreased in 2Q10 and 1H10 mainly due to lower scrap sales from Marine. A gain on sale of strategic diesel from Utilities was recorded in 1H09.
- (iii) Higher interest income in 2Q10 and 1H10 was attributable mainly to interest received for deferred payment granted to Marine's customers.
- (iv) 2Q10 and 1H10 included mark-to-market adjustments of foreign currency forward contracts.
- (v) Foreign exchange loss in 2Q10 and 1H10 mainly arose from Marine from the revaluation of Euro dollar against Singapore dollar.

2d. Finance Costs

Finance costs increased in 2Q10 and 1H10 mainly due to higher average borrowings.

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

Share of results of associates and joint ventures improved in 2Q10 and 1H10, mainly due to higher contributions from Cosco Shipyard Group Co. Ltd and our operations in Vietnam.

2f. Income Tax expense

Included in the tax expenses are the following:	GROUP			GROUP		
	2Q10	2Q09	+ / (-)	1H10	1H09	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Income tax						
- Net write-back / (under-provision) of tax in respect of prior years	2,054	(430)	NM	2,247	(634)	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)

2g. 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 and the legal transfer of these shares, SCM has consolidated its 85 per cent interest in PPLS and separately accounted for the 15 per cent as a "non-controlling interests".

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

2h. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	2Q10	Group 2Q09	+ / (-) %	1H10	Group 1H09	+ / (-) %
	(i) Based on the weighted average number of shares (in cents)	9.04	7.97	13.4	17.95	15.49
- Weighted average number of shares (in million)	1,784.2	1,779.3	0.3	1,782.8	1,778.4	0.2
(ii) On a fully diluted basis (in cents)	8.97	7.92	13.3	17.83	15.40	15.8
- Adjusted weighted average number of shares (in million)	1,798.8	1,792.7	0.3	1,795.4	1,789.0	0.4

2i. Economic Value Added

Higher Economic Value Added (“EVA”) was generated in 1H10 as compared to 1H09 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	
		2Q10	2Q09	1H10	1H09
		\$'000	\$'000	\$'000	\$'000
Profit for the period		235,243	204,536	455,634	393,500
Foreign currency translation differences for foreign operations	(i)	(5,214)	(7,497)	(27,840)	47,997
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		(219)	(3,217)	153	788
Net change in fair value of cash flow hedges	(ii)	(80,981)	133,938	(112,711)	76,270
Net change in fair value of cash flow hedges transferred to profit or loss		(198)	(3,179)	(8,128)	38,540
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items		-	(3)	-	-
Net change in fair value of available-for-sale financial assets	(iii)	34,383	39,719	46,686	27,092
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	7,536	-	7,536
Share of other comprehensive (loss) / income of associates and joint ventures	(iv)	(2,358)	(4,070)	(4,766)	66,077
Other comprehensive (loss) / income for the period - net of tax		(54,587)	163,227	(106,606)	262,556
Total comprehensive income for the period		180,656	367,763	349,028	656,056
Attributable to:					
Shareholders of the Company		119,456	262,121	230,623	511,528
Non-controlling interests		61,200	105,642	118,405	144,528
Total comprehensive income for the period		180,656	367,763	349,028	656,056

3a. Notes to Consolidated Statement of Comprehensive Income

- (i) The movement in reserves in 2Q10 and 1H10 was a result of weakening of pound sterling.
- (ii) The fair value loss in 2Q10 and 1H10 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 1H09, 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	As at	As at	As at
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
	\$'000	\$'000	\$'000	\$'000
Equity attributable to shareholders of the Company:-				
Share capital	554,037	554,037	554,037	554,037
Surplus / (Deficit) in other reserves	132,968	203,569	8,443	(831)
Accumulated profits	2,614,653	2,562,352	995,224	1,026,088
	<u>3,301,658</u>	<u>3,319,958</u>	<u>1,557,704</u>	<u>1,579,294</u>
Non-controlling interests				
	948,292	915,577	-	-
Total equity	<u>4,249,950</u>	<u>4,235,535</u>	<u>1,557,704</u>	<u>1,579,294</u>
Non-current assets				
Property, plant and equipment	2,841,265	2,694,076	466,863	482,675
Investment properties	25,228	26,603	-	-
Investments in subsidiaries	-	-	1,562,426	1,435,506
Interests in associates	643,133	618,829	-	-
Interests in joint ventures	333,122	311,721	-	-
Other financial assets	227,089	193,924	-	-
Long-term receivables and prepayments	348,832	349,554	763	821
Intangible assets	114,187	114,239	19,036	19,036
Deferred tax assets	38,438	27,525	-	-
	<u>4,571,294</u>	<u>4,336,471</u>	<u>2,049,088</u>	<u>1,938,038</u>
Current assets				
Inventories and work-in-progress	1,053,621	1,415,255	8,858	9,335
Trade and other receivables	858,305	980,483	180,966	251,840
Assets held for sale	597	657	-	-
Bank balances, fixed deposits and cash	3,018,057	2,597,512	178,733	261,367
	<u>4,930,580</u>	<u>4,993,907</u>	<u>368,557</u>	<u>522,542</u>
Current liabilities				
Trade and other payables	2,299,737	2,444,545	132,414	153,129
Excess of progress billings over work-in-progress	673,585	717,409	-	-
Provisions	128,697	105,956	12,676	12,878
Current tax payable	361,517	380,598	-	-
Interest-bearing borrowings	176,551	284,372	86	83
	<u>3,640,087</u>	<u>3,932,880</u>	<u>145,176</u>	<u>166,090</u>
Net current assets				
	<u>1,290,493</u>	<u>1,061,027</u>	<u>223,381</u>	<u>356,452</u>
	<u>5,861,787</u>	<u>5,397,498</u>	<u>2,272,469</u>	<u>2,294,490</u>
Non-current liabilities				
Deferred tax liabilities	312,604	315,505	56,848	56,848
Provisions	34,397	9,392	500	500
Retirement benefit obligations	1,348	12,516	-	-
Interest-bearing borrowings	995,809	595,417	296	339
Other long-term liabilities	267,679	229,133	657,121	657,509
	<u>1,611,837</u>	<u>1,161,963</u>	<u>714,765</u>	<u>715,196</u>
	<u>4,249,950</u>	<u>4,235,535</u>	<u>1,557,704</u>	<u>1,579,294</u>

4. BALANCE SHEETS (Cont'd)

4a. Group's borrowings and debt securities

	As at 30/6/2010 \$'000	As at 31/12/2009 \$'000
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Secured	155,225	56,554
Unsecured	22,234	230,036
	<u>177,459</u>	<u>286,590</u>
(ii) <u>After one year</u>		
Secured	264,496	259,523
Unsecured	872,751	421,584
	<u>1,137,247</u>	<u>681,107</u>
Total	<u>1,314,706</u>	<u>967,697</u>

(iii) Details of any collaterals

The Group's borrowings are secured by property, plant and equipment, capital work-in-progress and investment properties with carrying values amounting to \$1,455.9 million (31/12/2009 : \$1,044.4 million).

4b. Net asset value

	Group		Company	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.85	1.86	0.87	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

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

Net current assets

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

The decrease in "Trade and other receivables" mainly arose from Marine and income tax refund received by the Company.

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").

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

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

(i) **Group**

Non-current liabilities

Increase in "Provisions" was mainly due to higher provision for restoration of property, plant and equipment by Marine.

"Retirement benefit obligations" was lower due to 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 and increased bank borrowings for 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.

(ii) **Company**

Net current assets

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

"Bank balances, fixed deposits and cash" decreased mainly due to the subscription of redeemable preference shares issued by a wholly-owned subsidiary.

Decrease in "Trade and other payables" arose from lower inter-company balances and lower accrued expenses.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP		GROUP	
	2Q10 \$'000	2Q09 \$'000	1H10 \$'000	1H09 \$'000
Cash flows from Operating Activities				
Profit for the period	235,243	204,536	455,634	393,500
Adjustments for :				
Dividend and interest income	(10,928)	(10,815)	(25,831)	(13,797)
Finance costs	11,900	10,789	22,374	21,323
Depreciation and amortisation	50,704	47,995	102,058	94,722
Share of results of associates and joint ventures	(35,076)	(32,703)	(64,001)	(62,479)
(Gain) / loss on disposal of property, plant and equipment & investment properties	(607)	329	(809)	226
Gain on disposal of other financial assets (net)	(161)	(1,574)	(161)	(2,153)
Allowance made / (written back) for doubtful debts and bad debts written off (net)	578	624	(868)	1,521
Allowance made for stock obsolescence and inventories written off	46	126	278	146
Changes in fair value of financial instruments	(5,519)	(9,901)	(9,079)	(563)
Share-based expenses	8,892	5,043	13,839	7,927
Allowance made for impairment in value of assets and assets written off (net)	209	10,756	376	10,529
Negative goodwill	-	-	-	(298)
Income tax expenses	52,490	44,357	99,186	71,192
Operating profit before working capital changes	307,771	269,562	592,996	521,796
Changes in working capital:				
Inventories and work-in-progress	74,399	(39,856)	317,233	(241,058)
Receivables	138,339	(98,788)	43,849	(432,399)
Payables	(242,088)	11,716	(183,391)	446,720
	278,421	142,634	770,687	295,059
Income tax paid	(27,284)	(3,618)	(52,388)	(13,760)
Net cash inflow from operating activities	251,137	139,016	718,299	281,299
Cash flows from Investing Activities				
Dividends and interests received	17,367	28,840	38,592	31,478
Proceeds from sale of associates and joint ventures	-	-	-	2,894
Proceeds from sale of investments	2,223	1,756	2,223	1,756
Proceeds from sale of property, plant and equipment	233	1,290	500	2,232
Cash paid to non-controlling interests upon liquidation of a subsidiary	(542)	-	(542)	-
Loans to associates	-	-	-	(67,259)
Additional interest in associates	-	-	-	(66,029)
Acquisition of non-controlling interests	-	-	-	(13,428)
Acquisition of associates and joint ventures	(2,127)	-	(2,127)	-
Purchase of property, plant and equipment	(130,130)	(26,633)	(265,007)	(69,813)
Payment for intangible assets	(2)	-	(15)	(11)
Net cash (outflow) / inflow from investing activities	(112,978)	5,253	(226,376)	(178,180)
Cash flows from Financing Activities				
Proceeds from share issue to non-controlling interests of subsidiaries	8,543	177	10,242	177
Proceeds from ESOS exercised with issue of treasury shares	2,285	1,414	5,686	1,847
Proceeds from ESOS exercised with issue of treasury shares held by a subsidiary	113	1,249	3,883	1,265
Proceeds from borrowings	382,390	554,945	554,380	712,050
Repayment of borrowings	(121,371)	(356,808)	(254,492)	(490,819)
Net (decrease) / increase in other long term liabilities	-	(44)	5	11
Dividends paid to shareholders of the Company	(267,607)	(195,716)	(267,607)	(195,716)
Dividends paid to non-controlling interests of subsidiaries	(97,317)	(59,144)	(99,216)	(59,144)
Interest paid	(15,723)	(4,249)	(17,691)	(15,316)
Net cash outflow from financing activities	(108,687)	(58,176)	(64,810)	(45,645)
Net increase in cash and cash equivalents	29,472	86,093	427,113	57,474
Cash and cash equivalents at beginning of the period	2,989,893	2,388,096	2,597,512	2,400,954
Effect of exchange rate changes on balances held in foreign currency	(1,308)	(6,823)	(6,568)	8,938
Cash and cash equivalents at end of the period	3,018,057	2,467,366	3,018,057	2,467,366

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

5a. Explanatory Notes to Consolidated Statement of Cash Flows

(i) Second Quarter

Cash flows from operating activities before changes in working capital increased from \$269.6 million in 2Q09 to \$307.8 million in 2Q10. Net cash inflow from operating activities for 2Q10 increased to \$251.1 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 2Q10 was \$113.0 million. Spending of \$130.1 million on expansion and operational capex in 2Q10 was partially offset by dividends and interests received of \$17.4 million.

Net cash outflow from financing activities for 2Q10 of \$108.7 million related mainly to dividends and interest paid, partially offset by net proceeds from borrowings.

(ii) Half Year

Cash flows from operating activities before changes in working capital increased from \$521.8 million in 1H09 to \$593.0 million in 1H10. Net cash inflow from operating activities for 1H10 increased to \$718.3 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 1H10 was \$226.4 million. Spending of \$265.0 million on expansion and operational capex in 1H10 was partially offset by dividends and interests received of \$38.6 million.

Net cash outflow from financing activities for 1H10 of \$64.8 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							Total Equity \$'000
	Share Capital \$'000	Surplus / (Deficit) in other reserves			Accumulated Profits \$'000	Non- controlling interests \$'000	Total \$'000	
		Reserve for own shares \$'000	Currency Translation Reserve \$'000	Others \$'000				
1Q10								
At January 1, 2010	554,037	(21,236)	(120,110)	344,915	2,562,352	3,319,958	915,577	4,235,535
Total comprehensive income								
Profit for the period	-	-	-	-	158,815	158,815	61,576	220,391
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	(22,850)	-	(814)	(23,664)	1,038	(22,626)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	372	-	-	372	-	372
Net change in fair value of cash flow hedges	-	-	-	(21,560)	-	(21,560)	(10,170)	(31,730)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(7,930)	-	(7,930)	-	(7,930)
Net change in fair value of available-for-sale financial assets	-	-	-	7,542	-	7,542	4,761	12,303
Share of other comprehensive loss of associates and joint ventures	-	-	-	(2,408)	-	(2,408)	-	(2,408)
Total other comprehensive loss, net of tax	-	-	(22,478)	(24,356)	(814)	(47,648)	(4,371)	(52,019)
Total comprehensive income	-	-	(22,478)	(24,356)	158,001	111,167	57,205	168,372
Transactions with equity holders, recorded directly in equity								
Contribution by non-controlling interests	-	-	-	-	-	-	1,699	1,699
Share-based payments	-	-	-	2,642	-	2,642	821	3,463
Treasury shares transferred to employees	-	12,288	-	(3,190)	-	9,098	-	9,098
Treasury shares held by subsidiary	-	-	-	2,255	-	2,255	1,515	3,770
Dividend paid	-	-	-	-	-	-	(1,899)	(1,899)
Total transactions with equity holders	-	12,288	-	1,707	-	13,995	2,136	16,131
At March 31, 2010	554,037	(8,948)	(142,588)	322,266	2,720,353	3,445,120	974,918	4,420,038
2Q10								
Total comprehensive income								
Profit for the period	-	-	-	-	161,249	161,249	73,994	235,243
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	(5,895)	-	816	(5,079)	(135)	(5,214)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(219)	-	-	(219)	-	(219)
Net change in fair value of cash flow hedges	-	-	-	(54,964)	-	(54,964)	(26,017)	(80,981)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(185)	-	(185)	(13)	(198)
Net change in fair value of available-for-sale financial assets	-	-	-	21,012	-	21,012	13,371	34,383
Transfer of reserve	-	-	-	158	(158)	-	-	-
Share of other comprehensive loss of associates and joint ventures	-	-	-	(2,358)	-	(2,358)	-	(2,358)
Total other comprehensive loss, net of tax	-	-	(6,114)	(36,337)	658	(41,793)	(12,794)	(54,587)
Total comprehensive income	-	-	(6,114)	(36,337)	161,907	119,456	61,200	180,656
Transactions with equity holders, recorded directly in equity								
Contribution by non-controlling interests	-	-	-	-	-	-	8,581	8,581
Share-based payments	-	-	-	4,787	-	4,787	1,648	6,435
Treasury shares transferred to employees	-	4,507	-	(4,574)	-	(67)	-	(67)
Treasury shares held by subsidiary	-	-	-	(31)	-	(31)	(20)	(51)
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	-	-	-	(718)	(718)
Dividend paid	-	-	-	-	(267,607)	(267,607)	(97,317)	(364,924)
Total transactions with equity holders	-	4,507	-	182	(267,607)	(262,918)	(87,826)	(350,744)
At June 30, 2010	554,037	(4,441)	(148,702)	286,111	2,614,653	3,301,658	948,292	4,249,950

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				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1Q09								
At January 1, 2009	554,037	(34,731)	(121,650)	114,000	2,082,541	2,594,197	670,660	3,264,857
Total comprehensive income								
Profit for the period	-	-	-	-	133,644	133,644	55,320	188,964
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	42,254	-	-	42,254	13,240	55,494
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	-	-	4,005	-	-	4,005	-	4,005
Net change in fair value of cash flow hedges	-	-	-	(29,841)	-	(29,841)	(27,827)	(57,668)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	38,703	-	38,703	3,016	41,719
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items	-	-	-	2	-	2	1	3
Net change in fair value of available-for-sale financial assets	-	-	-	(7,763)	-	(7,763)	(4,864)	(12,627)
Share of other comprehensive income of associates and joint ventures	-	-	-	70,147	-	70,147	-	70,147
Total other comprehensive income, net of tax	-	-	44,515	71,248	-	115,763	(16,434)	99,329
Total comprehensive income	-	-	44,515	71,248	133,644	249,407	38,886	288,293
Transactions with equity holders, recorded directly in equity								
Treasury shares transferred to employees	-	6,163	-	(2,672)	-	3,491	(30)	3,461
Share-based payments	-	-	-	2,675	-	2,675	950	3,625
Realisation of reserve upon disposal of investments and changes in group structure	-	-	659	-	26	685	(14,385)	(13,700)
Total transactions with equity holders	-	6,163	659	3	26	6,851	(13,465)	(6,614)
At March 31, 2009	554,037	(28,568)	(76,476)	185,251	2,216,211	2,850,455	696,081	3,546,536
2Q09								
Total comprehensive income								
Profit for the period	-	-	-	-	141,905	141,905	62,631	204,536
Other comprehensive income								
Foreign currency translation differences for foreign operations	-	-	5,308	-	-	5,308	(12,805)	(7,497)
Exchange differences on monetary items forming part of net investment in foreign operation	-	-	(3,217)	-	-	(3,217)	-	(3,217)
Net change in fair value of cash flow hedges	-	-	-	96,363	-	96,363	37,575	133,938
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	(3,252)	-	(3,252)	73	(3,179)
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged items	-	-	-	(2)	-	(2)	(1)	(3)
Net change in fair value of available-for-sale financial assets	-	-	-	24,448	-	24,448	15,271	39,719
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 loss of associates and joint ventures	-	-	-	(4,070)	-	(4,070)	-	(4,070)
Total other comprehensive income, net of tax	-	-	2,091	118,125	-	120,216	43,011	163,227
Total comprehensive income	-	-	2,091	118,125	141,905	262,121	105,642	367,763
Transactions with equity holders, recorded directly in equity								
Contribution by non-controlling interests	-	-	-	-	-	-	177	177
Share-based payments	-	-	-	7,027	-	7,027	(950)	6,077
Treasury shares transferred to employees	-	3,800	-	(4,283)	-	(483)	120	(363)
Treasury shares held by subsidiary	-	-	-	763	-	763	-	763
Realisation of reserve upon disposal of investments and changes in group structure	-	-	505	-	45	550	(141)	409
Dividend paid	-	-	-	-	(195,716)	(195,716)	(59,144)	(254,860)
Total transactions with equity holders	-	3,800	505	3,507	(195,671)	(187,859)	(59,938)	(247,797)
At June 30, 2009	554,037	(24,768)	(73,880)	306,883	2,162,445	2,924,717	741,785	3,666,502

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

6c. Changes in the Company's share capital

Issued and paid up capital

As at June 30, 2010, the Company's issued and paid up capital excluding treasury shares comprises 1,784,280,230 (December 31, 2009: 1,780,228,866) ordinary shares.

Share Options

During 2Q10, 1,029,414 (2Q09: 915,169) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at June 30, 2010, there were 5,093,499 (June 30, 2009: 8,633,291) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 2Q10, 1,000,000 (2Q09: 970,000) performance shares were awarded under the Performance Share Plan ("PSP") and nil (2Q09: 186,648) 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 June 30, 2010, was 2,815,000 (June 30, 2009: 2,640,862). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,222,500 (June 30, 2009: 3,961,293) performance shares.

Restricted Stocks

During 2Q10, 63,274 (2Q09: nil) restricted stocks were released under the Restricted Stock Plan ("RSP") and 59,430 (2Q09: 101,611) restricted stocks lapsed. Of the restricted stocks released, 5,500 (2Q09: 53,959) restricted stocks were cash-settled and the rest were settled by way of issuance of treasury shares.

2,258,250 restricted stocks were awarded in 2Q10 (2Q09: 2,224,400).

The total number of restricted shares outstanding, including awards achieved but not released, as at end June 30, 2010 was 5,795,757 (June 30, 2009: 5,113,502). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 4,270,900 (June 30, 2009: 4,137,500). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 6,406,350 (June 30, 2009: 6,206,250) restricted stocks.

Treasury shares

In 2Q10, the Company re-issued 1,087,188 (2Q09: 916,717) treasury shares pursuant to the SOP and RSP. As at June 30, 2010, 1,071,310 (June 30, 2009: 5,974,544) 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

In 2Q10, the Group's profit attributable to shareholders of the Company ("Net Profit") grew by 14% to \$161.2 million. Our net profit for 1H10 was up 16% to \$320.1 million whilst turnover for 1H10 was \$4.5 billion compared to \$4.6 billion for the same period last year.

Turnover

	2Q10	2Q09	Growth		1H10	1H09	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities	944,863	832,855	112,008	13	1,893,978	1,529,041	364,937	24
Marine	1,097,643	1,496,859	(399,216)	(27)	2,456,498	2,860,130	(403,632)	(14)
Environment	38,882	47,944	(9,062)	(19)	76,216	95,338	(19,122)	(20)
Industrial Parks	3,742	3,662	80	2	7,285	7,455	(170)	(2)
Others/Corporate	50,220	50,034	186	-	107,647	86,124	21,523	25
	2,135,350	2,431,354	(296,004)	(12)	4,541,624	4,578,088	(36,464)	(1)

Increase in Utilities' turnover in 2Q10 and 1H10 was mainly from its Singapore operation arising from higher High Sulphur Fuel Oil ("HSFO") prices.

Turnover for Marine decreased in 2Q10 mainly due to lower value of initial percentage of completion ("POC") revenue recognition for its rig building projects. For 1H10, lower turnover was due to lesser number of rig building as well as offshore and conversion projects achieving initial POC revenue recognition as compared to 1H09. There was also higher variation order settlement for offshore contracts in 1H09.

Environment's turnover decreased mainly due to the divestment of the conservancy services, commercial cleaning and car park management units in 2009 and public cleansing unit in April 2010.

Turnover of Others/Corporate is mainly contributed by a subsidiary dealing in specialised construction activities. Increase in turnover in 1H10 was mainly due to timing difference in recognition of projects.

11. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

	<u>2Q10</u>		<u>2Q09</u>		<u>Growth</u>		<u>1H10</u>		<u>1H09</u>		<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	51,592	47,857	3,735		8		107,836	98,995	8,841		9	
Marine	107,480	85,064	22,416		26		198,581	159,069	39,512		25	
Environment	6,668	3,903	2,765		71		9,844	5,367	4,477		83	
Industrial Parks	6,965	7,186	(221)		(3)		11,356	10,788	568		5	
Others/Corporate	(11,456)	(2,105)	(9,351)		(444)		(7,553)	1,330	(8,883)		(668)	
	<u>161,249</u>	<u>141,905</u>	<u>19,344</u>		<u>14</u>		<u>320,064</u>	<u>275,549</u>	<u>44,515</u>		<u>16</u>	

The improved performance was primarily driven by Marine.

Utilities' net profit grew by 8% and 9% in 2Q10 and 1H10 respectively, mainly due to higher contributions from its Singapore and China operations. Singapore's cogeneration plant performed well during the period. In China, 2Q10 performance was better than the previous year mainly due to improved operational performance and an impairment made for certain assets in 2Q09. In 1H10, all our operations in China showed growth. Performance in the UK in 2Q10 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. A one-off gain was also recorded during the period following closure of the UK defined benefit pension scheme to future accrual.

Increase in the Group's share of Marine's 2Q10 and 1H10 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.

Environment's underlying business in Singapore has improved in 2Q10 and 1H10 as a result of higher sales tonnage and selling price of recyclables.

Higher Others/Corporate costs in 2Q10 and 1H10 relate mainly to acquisition-related costs for Cascal N.V., partially offset by better performance from our offshore engineering business.

12. VARIANCE FROM PROSPECT STATEMENT

There is no material change from the previous prospect statement.

13. SUBSEQUENT EVENT

On July 9, 2010, Sembcorp Industries Ltd (Sembcorp) announced that it has, through its wholly-owned subsidiary, Sembcorp Utilities Pte Ltd ("SCU"), completed its initial tender offer and acquired 92.26% of the shares in Cascal N.V. ("Cascal"). At the expiry of the subsequent offer period on July 30, SCU's shareholding had increased to 96.43%. As of August 5, Cascal has been delisted from the New York Stock Exchange. On August 5, Cascal also filed for deregistration of its common shares with the Securities and Exchange Commission. As of August 9, on completion of an additional subsequent offer period which commenced on August 2, Sembcorp now owns 97.66% of Cascal. At US\$6.75 per share, the total consideration for Sembcorp's stake in Cascal amounts to US\$ 202.9 million. As Sembcorp has acquired over 95% of Cascal, it intends to acquire the remaining shares of the company by effecting squeeze-out proceedings under the Dutch Civil Code.

14. PROSPECTS

In FY2010, the performance of our Utilities' operations is expected to remain steady excluding one-off items. The consolidation of Cascal as a subsidiary under Sembcorp Utilities with effect from July 9, 2010 is not expected to have a material impact on FY2010 results. Marine expects to achieve satisfactory results for FY 2010. In FY2010, the Industrial Parks and Environment businesses are expected to perform better than FY2009.

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 June 30, 2010 is recommended.

16. SEGMENTAL REPORTING

1H10

(i) Operating segments

	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover							
External sales	1,893,978	2,456,498	76,216	7,285	107,647	-	4,541,624
Inter-segment sales	19,489	828	1,372	1,752	930	(24,371)	-
Total	1,913,467	2,457,326	77,588	9,037	108,577	(24,371)	4,541,624
Results							
Segment results	123,064	365,019	5,880	1,241	(4,497)	-	490,707
Interest income	1,957	20,451	91	108	14,911	(15,032)	22,486
Finance costs	(16,506)	(2,713)	(246)	-	(17,941)	15,032	(22,374)
	108,515	382,757	5,725	1,349	(7,527)	-	490,819
Share of results of associates	4,245	20,263	6,527	2,728	-	-	33,763
Share of results of joint ventures	18,055	1,408	-	7,892	2,883	-	30,238
	130,815	404,428	12,252	11,969	(4,644)	-	554,820
Income tax (expense) / credit	(25,842)	(69,441)	(1,484)	566	(2,985)	-	(99,186)
Non-controlling interests	2,863	(136,406)	(924)	(1,179)	76	-	(135,570)
Net profit for the period	107,836	198,581	9,844	11,356	(7,553)	-	320,064

Assets

Segment assets	3,669,227	4,452,126	132,974	186,619	1,197,188	(1,317,590)	8,320,544
Interests in associates	-	261,594	80,988	300,551	-	-	643,133
Interests in joint ventures	131,400	45,035	-	90,766	65,921	-	333,122
Tax assets	45,888	1,763	2,001	1,560	153,863	-	205,075
Total assets	3,846,515	4,760,518	215,963	579,496	1,416,972	(1,317,590)	9,501,874

Liabilities

Segment liabilities	2,335,298	2,282,804	52,843	29,663	1,194,785	(1,317,590)	4,577,803
Tax liabilities	274,653	320,164	9,676	13,594	56,034	-	674,121
Total liabilities	2,609,951	2,602,968	62,519	43,257	1,250,819	(1,317,590)	5,251,924

Capital expenditure

	242,823	17,044	4,790	38	327	-	265,022
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Significant non-cash items

Depreciation and amortisation	53,825	41,884	2,758	1,047	2,544	-	102,058
Other non-cash items (including provisions, loss on disposal and exchange differences)	25,359	24,045	599	181	145	-	50,329

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	2,205,580	49	6,713,588	81	7,177,807	76	21,950	8
Rest of Asia	445,545	10	439,766	5	1,118,379	12	12,236	5
Europe	1,205,320	26	586,872	7	599,434	6	16,871	6
Others	685,179	15	580,318	7	606,254	6	213,965	81
Total	4,541,624	100	8,320,544	100	9,501,874	100	265,022	100

16. SEGMENTAL REPORTING (Cont'd)

1H09

(i) Operating segments

	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover							
External sales	1,529,041	2,860,130	95,338	7,455	86,124	-	4,578,088
Inter-segment sales	15,616	982	1,478	1,753	25,161	(44,990)	-
Total	1,544,657	2,861,112	96,816	9,208	111,285	(44,990)	4,578,088
Results							
Segment results	113,259	301,751	(424)	4,443	(1,058)	-	417,971
Interest income	1,327	4,332	46	172	11,474	(11,786)	5,565
Finance costs	(19,917)	(3,517)	(589)	-	(9,086)	11,786	(21,323)
	94,669	302,566	(967)	4,615	1,330	-	402,213
Share of results of associates	5,338	18,410	6,166	3,336	-	-	33,250
Share of results of joint ventures	18,953	3,164	-	4,916	2,196	-	29,229
	118,960	324,140	5,199	12,867	3,526	-	464,692
Income tax expense	(16,397)	(51,344)	(298)	(949)	(2,204)	-	(71,192)
Non-controlling interests	(3,568)	(113,727)	466	(1,130)	8	-	(117,951)
Net profit for the period	98,995	159,069	5,367	10,788	1,330	-	275,549

Assets

Segment assets	3,303,083	5,001,053	159,965	195,279	1,105,174	(1,326,164)	8,438,390
Interests in associates	-	270,049	49,354	275,275	-	-	594,678
Interests in joint ventures	118,248	39,573	-	77,965	60,884	-	296,670
Tax assets	30,061	6,413	4,477	14,685	237,090	-	292,726
Total assets	3,451,392	5,317,088	213,796	563,204	1,403,148	(1,326,164)	9,622,464

Liabilities

Segment liabilities	1,999,521	3,468,011	78,532	28,517	1,086,199	(1,326,164)	5,334,616
Tax liabilities	269,203	257,286	6,393	16,239	72,225	-	621,346
Total liabilities	2,268,724	3,725,297	84,925	44,756	1,158,424	(1,326,164)	5,955,962

Capital expenditure

	27,026	37,734	3,581	278	1,205	-	69,824
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Significant non-cash items

Depreciation and amortisation	50,546	35,811	4,602	1,092	2,671	-	94,722
Other non-cash items (including provisions, loss on disposal and exchange differences)	3,215	11,029	585	403	81	-	15,313

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,924,300	42	7,290,277	87	7,848,370	82	46,606	67
Rest of Asia	480,083	11	356,565	4	982,546	10	13,917	20
Europe	1,335,297	29	699,525	8	699,525	7	9,194	13
Others	838,408	18	92,023	1	92,023	1	107	-
Total	4,578,088	100	8,438,390	100	9,622,464	100	69,824	100

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 five reportable operating segments as follows:

- (i) The Utilities segment's principal activities are in the provision of energy, water and on-site logistics and services to customers including companies in energy intensive industry clusters. It operates in Singapore, the United Kingdom, China, Vietnam, the United Arab Emirates and Oman.
- (ii) The Marine segment focuses on repair, building and conversion of ships and rigs, and on offshore engineering.
- (iii) The Environment segment provides integrated waste management services and undertakes waste-to-resource businesses in the Asia Pacific region.
- (iv) The Industrial Parks segment owns, develops, markets and manages integrated industrial parks and townships in Asia.
- (v) 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.

16b. Geographical Segments

The Group operates in three principal geographical areas, Singapore, Europe and the Rest of Asia. 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)

	2Q10	1H10
	\$'000	\$'000
<u>Sale of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- PSA International Pte Ltd and its Associates	15,215	29,177
- MediaCorp Pte Ltd and its Associates	736	2,828
- Singapore Power Limited and its Associates	498	987
- Temasek Capital (Private) Limited and its Associates	328	650
- Singapore Technologies Telemedia Pte Ltd and its Associates	126	260
- National University Hospital (S) Pte Ltd	132	132
	<hr/>	<hr/>
	17,035	34,034
Starhub Ltd and its Associates	2,967	5,325
Singapore Airport Terminal Services Ltd and its Associates	109	109
	<hr/>	<hr/>
	20,111	39,468
<u>Purchase of Goods and Services</u>		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates ¹	183,503	371,184
- Singapore Power Limited and its Associates	784	1,566
	<hr/>	<hr/>
	184,287	372,750
Singapore Technologies Engineering Ltd and its Associates	890	890
SMRT Corporation Ltd and its Associates	339	688
	<hr/>	<hr/>
	185,516	374,328
<u>Management and Support Services</u>		
- Temasek Capital (Private) Limited and its Associates	-	2,260
	<hr/>	<hr/>
Sub-Total	205,627	416,056

Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)

	2Q10	1H10
	\$'000	\$'000
Ex-gratia payment to ex-chairman	500	500
	<hr/>	<hr/>
Total interested person transactions	206,127	416,556

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 second quarter and half year ended June 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 second quarter and half year ended June 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
August 12, 2010