



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

**FIRST QUARTER ENDED MARCH 31, 2010 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

**TABLE OF CONTENTS**

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

## SEMBCORP INDUSTRIES LTD

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2010

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the first quarter ended March 31, 2010.

#### 1. GROUP INCOME STATEMENT

		GROUP		
	Note	1Q10 \$'000	1Q09 \$'000	+ / (-) %
<b>Turnover</b>	2a	<b>2,406,274</b>	<b>2,146,734</b>	<b>12.1</b>
Cost of sales	2a	(2,111,024)	(1,921,913)	9.8
<b>Gross profit</b>	2a	<b>295,250</b>	<b>224,821</b>	<b>31.3</b>
General & administrative expenses	2b	(62,020)	(52,880)	17.3
<b>Operating profit</b>		<b>233,230</b>	<b>171,941</b>	<b>35.6</b>
Non-operating income (net)	2c	15,406	24,616	(37.4)
Finance costs	2d	(10,474)	(10,534)	(0.6)
Share of results (net of tax) of:				
- Associates	2e	15,382	16,983	(9.4)
- Joint ventures	2e	13,543	12,793	5.9
<b>Profit before income tax expense</b>		<b>267,087</b>	<b>215,799</b>	<b>23.8</b>
Income tax expense	2f	(46,696)	(26,835)	74.0
<b>Profit for the period</b>		<b>220,391</b>	<b>188,964</b>	<b>16.6</b>
<b>Attributable to:</b>				
Net profit attributable to shareholders of the Company ("Net Profit")		<b>158,815</b>	<b>133,644</b>	<b>18.8</b>
Non-controlling interests		61,576	55,320	11.3
		<b>220,391</b>	<b>188,964</b>	<b>16.6</b>
<b>Earnings per ordinary shares (cents)</b>	2g			
- basic		8.91	7.52	18.5
- diluted		8.86	7.48	18.4
<b>Economic Value Added</b>	2h	<b>136,182</b>	<b>120,234</b>	<b>13.3</b>

## 2. Notes to Consolidated Income Statement

### 2a. Turnover, Cost of Sales

	GROUP		
	1Q10 \$'000	1Q09 \$'000	+ / (-) %
Turnover	2,406,274	2,146,734	12.1
Cost of sales	(2,111,024)	(1,921,913)	9.8
Gross profit	295,250	224,821	31.3
Included in Cost of sales:-			
Depreciation and amortisation (i)	(46,874)	(42,924)	9.2

Group turnover – refer to Page 13, note 11.

Group gross profit increased by 31% in 1Q10. The better gross profit was mainly contributed by Marine and Utilities businesses.

(i) Higher depreciation charge in 1Q10 came from Utilities and Marine businesses.

### 2b. General & administrative expenses

	GROUP		
	1Q10 \$'000	1Q09 \$'000	+ / (-) %
General & administrative expenses	(62,020)	(52,880)	17.3
Included in general & administrative expenses: -			
Depreciation and amortisation	(4,480)	(3,803)	17.8
Write-back of / (Allowance for) doubtful debts and bad debts	1,446	(897)	NM

The higher general & administrative expenses were mainly due to higher professional fees and higher depreciation.

### 2c. Non-operating income

	GROUP		
	1Q10 \$'000	1Q09 \$'000	+ / (-) %
Non-operating income	15,406	24,616	(37.4)
Included in non-operating income: -			
Other income (i)	7,444	12,893	(42.3)
Interest income (ii)	14,900	2,982	399.7
Changes in fair value of financial instruments (iii)	3,560	(9,339)	NM
Foreign exchange (loss) / gain (iv)	(10,291)	17,714	NM

## 2 Notes to Consolidated Income Statement (cont'd)

### 2c. Non-operating income (cont'd)

- (i) Other income decreased in 1Q10 as there was a gain on sale of strategic diesel recorded in 1Q09.
- (ii) Higher interest income in 1Q10 was attributable mainly to interest received for deferred payment granted to Marine's customers.
- (iii) 1Q10 included mark-to-market adjustments of foreign currency forward contracts and ineffective power hedge.
- (iv) Exchange loss in 1Q10 arose mainly from Marine and Utilities' Singapore operations arising from the revaluation of Euro and United States dollar against Singapore dollar.

### 2d. Finance Costs

Finance costs in 1Q10 was comparable to 1Q09.

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

The Group recorded lower results from associates and joint ventures in 1Q10, mainly due to lower contributions from Cosco Shipyard Group Co. Ltd, Pacific Workboats Pte Ltd and Utilities' operations in the UAE and Vietnam, partially offset by better performances from our operations in China.

### 2f. Income Tax expense

Included in the tax expenses are the following:	GROUP		
	1Q10 \$'000	1Q09 \$'000	+ / (-) %
Income tax			
- Net write-back / (under) provision of tax in respect of prior years	193	(204)	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. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	Group		
	1Q10	1Q09	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	8.91	7.52	18.5
- Weighted average number of shares (in million)	1,781.5	1,777.6	0.2
(ii) On a fully diluted basis (in cents)	8.86	7.48	18.4
- Adjusted weighted average number of shares (in million)	1,791.9	1,785.5	0.4

### 2h. Economic Value Added

Higher Economic Value Added ("EVA") was generated in 1Q10 as compared to 1Q09 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.

### 2i. Exceptional Items

There was no exceptional item during the period.

### 3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP	
		1Q10 \$'000	1Q09 \$'000
<b>Profit for the period</b>		<b>220,391</b>	<b>188,964</b>
Foreign currency translation differences for foreign operations	(i)	(22,626)	55,494
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		372	4,005
Net change in fair value of cash flow hedges	(ii)	(31,730)	(57,668)
Net change in fair value of cash flow hedges transferred to profit or loss	(iii)	(7,930)	41,719
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	(iv)	12,303	(12,627)
Share of other comprehensive (loss) / income of associates and joint ventures	(v)	(2,408)	70,147
Other comprehensive (loss) / income for the period - net of tax		(52,019)	99,329
<b>Total comprehensive income for the period</b>		<b>168,372</b>	<b>288,293</b>
<b>Attributable to:</b>			
Shareholders of the Company		111,167	249,407
Non-controlling interests		57,205	38,886
<b>Total comprehensive income for the period</b>		<b>168,372</b>	<b>288,293</b>

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

- (i) The loss in 1Q10 was a result of weakening of pound sterling
- (ii) Mainly due to fair value adjustments on forward foreign currency contracts, interest rate swaps, fuel oil swaps and forward electricity sale
- (iii) This arose mainly from maturity of cash flow hedges
- (iv) Mainly due to fair value adjustments on Cosco Corporation (S) Ltd shares held by Marine
- (v) In 1Q09, there was a reversal of fair value loss residing in the share of reserves of associates following the repayment of the equity bridging loan by Emirates Sembcorp Water & Power Company

#### 4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/3/2010 \$'000	As at 31/12/2009 \$'000	As at 31/3/2010 \$'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	170,730	203,569	3,916	(831)
Accumulated profits	2,720,353	2,562,352	1,026,882	1,026,088
	<u>3,445,120</u>	<u>3,319,958</u>	<u>1,584,835</u>	<u>1,579,294</u>
<b>Non-controlling interests</b>	974,918	915,577	-	-
Total equity	<u>4,420,038</u>	<u>4,235,535</u>	<u>1,584,835</u>	<u>1,579,294</u>
<b>Non-current assets</b>				
Property, plant and equipment	2,746,860	2,694,076	474,239	482,675
Investment properties	25,639	26,603	-	-
Investments in subsidiaries	-	-	1,432,545	1,435,506
Interests in associates	633,753	618,829	-	-
Interests in joint ventures	314,375	311,721	-	-
Other financial assets	186,149	193,924	-	-
Long-term receivables and prepayments	345,104	349,554	793	821
Intangible assets	114,227	114,239	19,036	19,036
Deferred tax assets	29,540	27,525	-	-
	<u>4,395,647</u>	<u>4,336,471</u>	<u>1,926,613</u>	<u>1,938,038</u>
<b>Current assets</b>				
Inventories and work-in-progress	1,322,916	1,415,255	8,115	9,335
Trade and other receivables	1,076,798	980,483	252,314	251,840
Assets held for sale	657	657	-	-
Bank balances, fixed deposits and cash	2,989,893	2,597,512	260,564	261,367
	<u>5,390,264</u>	<u>4,993,907</u>	<u>520,993</u>	<u>522,542</u>
<b>Current liabilities</b>				
Trade and other payables	2,482,305	2,444,545	134,513	153,129
Excess of progress billings over work-in-progress	868,384	717,409	-	-
Provisions	109,361	105,956	13,194	12,878
Current tax payable	402,305	380,598	-	-
Interest-bearing borrowings	201,604	284,372	85	83
	<u>4,063,959</u>	<u>3,932,880</u>	<u>147,792</u>	<u>166,090</u>
<b>Net current assets</b>	<u>1,326,305</u>	<u>1,061,027</u>	<u>373,201</u>	<u>356,452</u>
	<u>5,721,952</u>	<u>5,397,498</u>	<u>2,299,814</u>	<u>2,294,490</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	309,048	315,505	56,848	56,848
Provisions	9,397	9,392	500	500
Retirement benefit obligations	11,660	12,516	-	-
Interest-bearing borrowings	709,341	595,417	316	339
Other long-term liabilities	262,468	229,133	657,315	657,509
	<u>1,301,914</u>	<u>1,161,963</u>	<u>714,979</u>	<u>715,196</u>
	<u>4,420,038</u>	<u>4,235,535</u>	<u>1,584,835</u>	<u>1,579,294</u>

#### 4. BALANCE SHEETS (cont'd)

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

	As at 31/3/2010 \$'000	As at 31/12/2009 \$'000
<b>Amount repayable:</b>		
(i) <u>In one year or less, or on demand</u>		
Secured	55,045	56,554
Unsecured	147,467	230,036
	<u>202,512</u>	<u>286,590</u>
(ii) <u>After one year</u>		
Secured	311,465	259,523
Unsecured	539,273	421,584
	<u>850,738</u>	<u>681,107</u>
Total	<u>1,053,250</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 \$ 1,351.8 million (31/12/2009 : \$1,044.4 million).

##### 4b. Net asset value

	Group		Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.93	1.86	0.89	0.89
Net tangible asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.87	1.80	0.88	0.88

##### 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.

##### Net current assets

"Bank balances, fixed deposits and cash" and "Excess of progress billings over work-in-progress" increased mainly due to receipts from rig building projects in progress.

##### Non-current liabilities

Increase in "Other long-term liabilities" was mainly due to amount owing to a minority shareholder of a subsidiary.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	1Q10 \$'000	1Q09 \$'000
<b>Cash flows from Operating Activities</b>		
Profit for the period	220,391	188,964
Adjustments for :		
Dividend and interest income	(14,903)	(2,982)
Finance costs	10,474	10,534
Depreciation and amortisation	51,354	46,727
Share of results of associates and joint ventures	(28,925)	(29,776)
Gain on disposal of property, plant and equipment & investment properties	(202)	(103)
Gain on disposal of other financial assets (net)	-	(579)
(Written back) / allowance made for doubtful debts and bad debts written off (net)	(1,446)	897
Allowance made for stock obsolescence and inventories written off	232	20
Changes in fair value of financial instruments	(3,560)	9,339
Share-based expenses	4,947	2,884
Allowance made / (written back) for impairment in value of assets and assets	1,227	(227)
Negative goodwill	-	(298)
Income tax expenses	46,696	26,835
Operating profit before working capital changes	286,285	252,235
Changes in working capital:		
Inventories and work-in-progress	242,834	(201,202)
Receivables	(94,490)	(333,611)
Payables	57,637	435,003
	492,266	152,425
Income tax paid	(25,104)	(10,142)
Net cash inflow from operating activities	467,162	142,283
<b>Cash flows from Investing Activities</b>		
Dividends and interests received	21,225	2,638
Proceeds from sale of associates and joint ventures	-	2,894
Proceeds from sale of property, plant and equipment	267	942
Loans to associates	-	(67,259)
Additional interest in associates	-	(66,029)
Acquisition of non-controlling interests	-	(13,428)
Purchase of property, plant and equipment	(134,877)	(43,180)
Payment for intangible assets	(13)	(11)
Net cash outflow from investing activities	(113,398)	(183,433)
<b>Cash flows from Financing Activities</b>		
Proceeds from share issue to non-controlling interests of subsidiaries	1,699	-
Proceeds from ESOS exercised with issue of treasury shares	3,401	433
Proceeds from ESOS exercised with issue of treasury shares held by a subsidiary	3,770	16
Proceeds from borrowings	171,990	157,105
Repayment of borrowings	(133,121)	(134,011)
Net increase in other long term liabilities	5	55
Dividends paid to non-controlling interests of subsidiaries	(1,899)	-
Interest paid	(1,968)	(11,067)
Net cash inflow from financing activities	43,877	12,531
<b>Net increase / (decrease) in cash and cash equivalents</b>	397,641	(28,619)
<b>Cash and cash equivalents at beginning of the period</b>	2,597,512	2,400,954
Effect of exchange rate changes on balances held in foreign currency	(5,260)	15,761
<b>Cash and cash equivalents at end of the period</b>	2,989,893	2,388,096



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

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

Cash flows from operating activities before changes in working capital increased from \$252.2 million in 1Q09 to \$286.3 million in 1Q10. Net cash inflow from operating activities for 1Q10 increased to \$467.2 million mainly due to receipts from ongoing and completed projects.

Net cash outflow from investing activities for 1Q10 was \$113.4 million. Spending of \$134.9 million on expansion and operational capex in 1Q10 was partially offset by dividends and interests received of \$21.2 million.

Net cash inflow from financing activities for 1Q10 of \$43.9 million related mainly to 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								
	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	\$'000	\$'000		
<b>1Q10</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	-	-	-	-	158,815	158,815	61,576	220,391	
<b>Other comprehensive income</b>									
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)	
<b>Total comprehensive income</b>	-	-	(22,478)	(24,356)	158,001	111,167	57,205	168,372	
<b>Transactions with equity holders, recorded directly in equity</b>									
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)	
<b>Total transactions with equity holders</b>	-	12,288	-	1,707	-	13,995	2,136	16,131	
<b>At March 31, 2010</b>	554,037	(8,948)	(142,588)	322,266	2,720,353	3,445,120	974,918	4,420,038	

	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	\$'000	\$'000		
<b>1Q09</b>									
<b>At January 1, 2009</b>	554,037	(34,731)	(121,650)	114,000	2,082,541	2,594,197	670,660	3,264,857	
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	133,644	133,644	55,320	188,964	
<b>Other comprehensive income</b>									
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	
<b>Total comprehensive income</b>	-	-	44,515	71,248	133,644	249,407	38,886	288,293	
<b>Transactions with equity holders, recorded directly in equity</b>									
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)	
<b>Total transactions with equity holders</b>	-	6,163	659	3	26	6,851	(13,465)	(6,614)	
<b>At March 31, 2009</b>	554,037	(28,568)	(76,476)	185,251	2,216,211	2,850,455	696,081	3,546,536	

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

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

	Surplus / (Deficit) in other reserves				Total
	Share	Reserve for	Accumulated		
	Capital	own shares	Others	Profits	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q10</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	-	-	-	794	794
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	1,347	-	1,347
Treasury shares transferred to employees	-	12,288	(8,888)	-	3,400
<b>Total transactions with equity holders</b>	-	12,288	(7,541)	-	4,747
<b>At March 31, 2010</b>	<b>554,037</b>	<b>(8,948)</b>	<b>12,864</b>	<b>1,026,882</b>	<b>1,584,835</b>

	Surplus / (Deficit) in other reserves				Total
	Share	Reserve for	Accumulated		
	Capital	own shares	Others	Profits	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q09</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	-	-	-	114,977	114,977
<b>Transactions with equity holders, recorded directly in equity</b>					
Share-based payments	-	-	1,330	-	1,330
Treasury shares transferred to employees	-	6,163	(5,730)	-	433
<b>Total transactions with equity holders</b>	-	6,163	(4,400)	-	1,763
<b>At March 31, 2009</b>	<b>554,037</b>	<b>(28,568)</b>	<b>18,220</b>	<b>994,431</b>	<b>1,538,120</b>

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

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

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

As at March 31, 2010, the Company's issued and paid up capital excluding treasury shares comprises 1,783,193,042 (December 2009: 1,780,228,866) ordinary shares.

#### **Share Options**

During 1Q10, 1,486,298 (1Q09: 366,000) share options under the Company's Share Option Plan ("SOP") were exercised and settled by way of issuance of treasury shares.

As at March 31, 2010, there were 6,193,863 (March 31, 2009: 9,775,476) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

#### **Performance Shares**

During 1Q10, 267,619 (1Q09: 476,730) performance shares were released under the Performance Share Plan ("PSP") and 558,243 (1Q09: 406,524) performance shares lapsed. Of the performance shares released, 28,577 (1Q09: 53,959) performance shares were cash-settled.

No performance share was awarded in 1Q10 (1Q09: nil).

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at March 31, 2010, was 1,815,000 (March 31, 2009: 1,857,510). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,722,500 (March 31, 2009: 2,786,265) performance shares.

#### **Restricted Stocks**

During 1Q10, 1,327,085 (1Q09: 748,118) restricted stocks were released under the Restricted Stock Plan ("RSP") and 58,350 (1Q09: 890,758) restricted stocks lapsed. Of the restricted stocks released, 88,249 (1Q09: 48,735) restricted stocks were cash-settled.

No restricted stock was awarded in 1Q10 (1Q09: nil).

The total number of restricted shares outstanding, including awards achieved but not released, as at end March 31, 2010 was 3,653,411 (March 31, 2009: 2,990,713). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 2,171,200 (March 31, 2009: 1,968,300). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 3,256,800 (March 31, 2009: 2,952,450) restricted stocks.

#### **Treasury shares**

In 1Q10, the Company re-issued 2,964,176 (1Q09:1,486,606) treasury shares pursuant to the SOP, PSP and RSP. As at March 31, 2010, 2,158,498 (March 31, 2009: 6,891,261) 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 1Q10, the Group's turnover was up 12% to \$2.4 billion compared to the same quarter last year. The Group's net profit attributable to shareholders of the Company ("Net Profit") for 1Q10 grew by 19% to \$158.8 million.

### Turnover

	<u>1Q10</u>	<u>1Q09</u>	<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	949,115	696,186	252,929	36
Marine	1,358,855	1,363,271	(4,416)	-
Environment	37,334	47,394	(10,060)	(21)
Industrial Parks	3,543	3,793	(250)	(7)
Others/Corporate	57,427	36,090	21,337	59
	<u>2,406,274</u>	<u>2,146,734</u>	<u>259,540</u>	<u>12</u>

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

Turnover for Marine in 1Q10 was comparable to 1Q09.

Environment's turnover decreased by 21%, mainly due to the divestment of the conservancy services, commercial cleaning and car park management units in 2009.

Turnover of Others/Corporate is mainly contributed by a subsidiary dealing in specialised construction activities. Increase in turnover in 1Q10 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>1Q10</u>	<u>1Q09</u>	<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	56,244	51,138	5,106	10
Marine	91,101	74,005	17,096	23
Environment	3,176	1,464	1,712	117
Industrial Parks	4,391	3,602	789	22
Others/Corporate	3,903	3,435	468	14
	<u><b>158,815</b></u>	<u><b>133,644</b></u>	<u><b>25,171</b></u>	<u><b>19</b></u>

This quarter's improved performance was primarily driven by Marine.

Utilities' net profit in 1Q10 grew by 10% over 1Q09. Singapore, China and UK delivered better performances during the period. Margins for the Singapore operations increased due to higher electricity prices achieved in this quarter. Operations in China performed better, mainly contributed by its Cogen unit in Shanghai which benefitted from higher volume generated and higher margins.

Increase in the Group's share of Marine's 1Q10 net profit was attributable to higher gross profits achieved from rig building, offshore and conversion projects.

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

Industrial Park's performance in 1Q10 was better than 1Q09 because of increased land sales and recovery of receivables.

Net profit for Others/Corporate increased in 1Q10 primarily due to better performance from our subsidiary dealing in specialised construction activities as well as our offshore engineering business; partially offset by higher interest expense.

**12. VARIANCE FROM PROSPECT STATEMENT**

There is no material change from the previous prospect statement.

**13. PROSPECTS**

In FY2010, the performance of our Utilities' operations is expected to remain fairly steady excluding one-off items. Marine's FY2009 was an exceptional year in terms of profit and it expects to achieve satisfactory results for FY2010. In FY2010, the Industrial Parks business is expected to perform better, while the Environment business is expected to maintain its FY2009 performance.

The Group remains committed to delivering a credible operating performance and satisfactory earnings in 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.*

**14. DIVIDEND**

No interim dividend for the period ended March 31, 2010 is recommended.



## 15. SEGMENTAL REPORTING

### 1Q10

#### (i) Operating segments

	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>							
External sales	949,115	1,358,855	37,334	3,543	57,427	-	2,406,274
Inter-segment sales	9,644	528	736	875	870	(12,653)	-
<b>Total</b>	<b>958,759</b>	<b>1,359,383</b>	<b>38,070</b>	<b>4,418</b>	<b>58,297</b>	<b>(12,653)</b>	<b>2,406,274</b>
<b>Results</b>							
Segment results	66,206	159,477	1,782	1,365	4,906	-	233,736
Interest income	743	14,160	49	45	6,835	(6,932)	14,900
Interest expense	(8,168)	(1,274)	(142)	-	(7,822)	6,932	(10,474)
	<b>58,781</b>	<b>172,363</b>	<b>1,689</b>	<b>1,410</b>	<b>3,919</b>	-	<b>238,162</b>
Share of results of associates	1,933	9,455	2,401	1,593	-	-	15,382
Share of results of joint ventures	9,310	647	-	2,073	1,513	-	13,543
	<b>70,024</b>	<b>182,465</b>	<b>4,090</b>	<b>5,076</b>	<b>5,432</b>	-	<b>267,087</b>
Income tax expense	(13,222)	(30,837)	(608)	(462)	(1,567)	-	(46,696)
Non-controlling interests	(558)	(60,527)	(306)	(223)	38	-	(61,576)
<b>Net profit for the period</b>	<b>56,244</b>	<b>91,101</b>	<b>3,176</b>	<b>4,391</b>	<b>3,903</b>	-	<b>158,815</b>

#### Assets

Segment assets	3,759,070	4,728,456	134,778	188,284	1,163,640	(1,397,881)	8,576,347
Interests in associates	-	250,963	82,924	299,866	-	-	633,753
Interests in joint ventures	122,283	44,274	-	82,915	64,903	-	314,375
Tax assets	36,919	1,762	2,026	1,560	219,169	-	261,436
<b>Total assets</b>	<b>3,918,272</b>	<b>5,025,455</b>	<b>219,728</b>	<b>572,625</b>	<b>1,447,712</b>	<b>(1,397,881)</b>	<b>9,785,911</b>

#### Liabilities

Segment liabilities	2,394,702	2,535,847	57,972	29,202	1,034,678	(1,397,881)	4,654,520
Tax liabilities	276,196	328,816	9,347	14,615	82,379	-	711,353
<b>Total liabilities</b>	<b>2,670,898</b>	<b>2,864,663</b>	<b>67,319</b>	<b>43,817</b>	<b>1,117,057</b>	<b>(1,397,881)</b>	<b>5,365,873</b>

#### Capital expenditure

	126,030	6,630	2,087	33	110	-	134,890
--	---------	-------	-------	----	-----	---	---------

#### Significant non-cash items

Depreciation and amortisation	27,507	20,647	1,400	527	1,273	-	51,354
Other non-cash items (including provisions, loss on disposal and exchange differences)	8,314	8,666	348	175	145	-	17,648

#### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,221,551	51	7,016,658	82	7,533,703	77	7,377	6
Rest of Asia	229,118	10	417,825	5	1,080,450	11	6,971	5
Europe	713,368	29	617,299	7	628,999	6	9,326	7
Others	242,237	10	524,565	6	542,759	6	111,216	82
<b>Total</b>	<b>2,406,274</b>	<b>100</b>	<b>8,576,347</b>	<b>100</b>	<b>9,785,911</b>	<b>100</b>	<b>134,890</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (cont'd)

### 1Q09

#### (i) Operating segments

	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>							
External sales	696,186	1,363,271	47,394	3,793	36,090	-	2,146,734
Inter-segment sales	6,819	223	726	877	19,823	(28,468)	-
<b>Total</b>	<b>703,005</b>	<b>1,363,494</b>	<b>48,120</b>	<b>4,670</b>	<b>55,913</b>	<b>(28,468)</b>	<b>2,146,734</b>
<b>Results</b>							
Segment results	57,335	134,496	(770)	1,283	1,231	-	193,575
Interest income	382	2,615	28	87	4,507	(4,637)	2,982
Interest expense	(11,073)	(1,261)	(305)	-	(2,532)	4,637	(10,534)
	<b>46,644</b>	<b>135,850</b>	<b>(1,047)</b>	<b>1,370</b>	<b>3,206</b>	<b>-</b>	<b>186,023</b>
Share of results of associates	2,807	10,582	2,360	1,234	-	-	16,983
Share of results of joint ventures	8,101	1,679	-	1,926	1,087	-	12,793
	<b>57,552</b>	<b>148,111</b>	<b>1,313</b>	<b>4,530</b>	<b>4,293</b>	<b>-</b>	<b>215,799</b>
Income tax expense	(4,009)	(21,271)	(133)	(558)	(864)	-	(26,835)
Non-controlling interests	(2,405)	(52,835)	284	(370)	6	-	(55,320)
<b>Net profit for the period</b>	<b>51,138</b>	<b>74,005</b>	<b>1,464</b>	<b>3,602</b>	<b>3,435</b>	<b>-</b>	<b>133,644</b>

#### Assets

Segment assets	3,131,980	4,892,058	158,726	195,923	807,771	(1,130,541)	8,055,917
Investment in associates	-	275,198	45,499	273,763	-	-	594,460
Investment in joint ventures	121,624	38,088	-	78,862	62,001	-	300,575
Tax assets	27,957	18,660	4,466	14,688	236,961	-	302,732
<b>Total assets</b>	<b>3,281,561</b>	<b>5,224,004</b>	<b>208,691</b>	<b>563,236</b>	<b>1,106,733</b>	<b>(1,130,541)</b>	<b>9,253,684</b>

#### Liabilities

Segment liabilities	1,900,947	3,535,453	76,352	27,079	749,935	(1,130,541)	5,159,225
Tax liabilities	237,932	236,335	6,608	16,523	50,525	-	547,923
<b>Total liabilities</b>	<b>2,138,879</b>	<b>3,771,788</b>	<b>82,960</b>	<b>43,602</b>	<b>800,460</b>	<b>(1,130,541)</b>	<b>5,707,148</b>

#### Capital expenditure

	14,068	26,341	1,642	150	992	-	43,193
--	--------	--------	-------	-----	-----	---	--------

#### Significant non-cash items

Depreciation and amortisation	24,480	17,661	2,682	545	1,359	-	46,727
Other non-cash items (including provisions, loss on disposal and exchange differences)	1,929	10,353	292	1,895	77	-	14,546

#### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	974,843	46	6,862,196	85	7,403,423	80	29,512	68
Rest of Asia	287,131	13	365,631	5	1,022,171	11	7,694	18
Europe	539,557	25	660,609	8	660,609	7	5,890	14
Others	345,203	16	167,481	2	167,481	2	97	-
<b>Total</b>	<b>2,146,734</b>	<b>100</b>	<b>8,055,917</b>	<b>100</b>	<b>9,253,684</b>	<b>100</b>	<b>43,193</b>	<b>100</b>

## 15. SEGMENTAL REPORTING (cont'd)

### Notes to Segmental Analysis

#### 15a. 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.

#### 15b. 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.

#### 15c. Review of segment performance

Please refer to Paragraph 11 for analysis by operating segments.

## 16. 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)

1Q10  
\$'000

### Sale of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- PSA International Pte Ltd and its Associates	13,962
- MediaCorp Pte Ltd and its Associates	2,092
- Singapore Power Limited and its Associates	489
- Temasek Capital (Private) Limited and its Associates	322
- Singapore Technologies Telemedia Pte Ltd and its Associates	134
	<hr/>
	16,999
Starhub Ltd and its Associates	2,358
	<hr/>
	19,357

### Purchase of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- Temasek Capital (Private) Limited and its Associates <sup>1</sup>	187,681
- Singapore Power Limited and its Associates	782
	<hr/>
	188,463
SMRT Corporation Ltd and its Associates	349
	<hr/>
	188,812

### Management and Support Services

- Temasek Capital (Private) Limited and its Associates	2,260
	<hr/>

### **Total interested person transactions**

**210,429**

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.

There were no transactions which were not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2010 to March 31, 2010.

**17. 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 first quarter ended March 31, 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 first quarter ended March 31, 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  
May 10, 2010