



SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2008 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2008

The Board of Directors of Sembcorp Industries Ltd wishes to announce the unaudited results of the Group for the third quarter and nine months ended September 30, 2008.

1. GROUP INCOME STATEMENT

| | GROUP | | | GROUP | | |
|---|------------------|------------------|--------------|------------------|------------------|--------------|
| | 3Q08 \$'000 | 3Q07 \$'000 | + / (-) % | 9M08 \$'000 | 9M07 \$'000 | + / (-) % |
| Turnover | 2,501,367 | 2,239,948 | 11.7 | 7,234,778 | 6,091,528 | 18.8 |
| Cost of sales | (2,251,643) | (2,043,129) | 10.2 | (6,542,637) | (5,538,475) | 18.1 |
| Gross profit | 249,724 | 196,819 | 26.9 | 692,141 | 553,053 | 25.1 |
| General & administrative expenses | (70,410) | (58,657) | 20.0 | (195,724) | (162,865) | 20.2 |
| Non-operating income (net) | 38,300 | 22,168 | 72.8 | 87,134 | 116,329 | (25.1) |
| Finance costs | (12,042) | (12,389) | (2.8) | (36,822) | (38,259) | (3.8) |
| Share of results (net of tax) of: | | | | | | |
| - Associates | 33,336 | 27,157 | 22.8 | 105,605 | 67,937 | 55.4 |
| - Joint ventures | 10,844 | 10,535 | 2.9 | 32,166 | 43,042 | (25.3) |
| Profit before income tax expense | 249,752 | 185,633 | 34.5 | 684,500 | 579,237 | 18.2 |
| Income tax expense | (31,314) | (30,441) | 2.9 | (100,055) | (89,409) | 11.9 |
| Profit for the period | 218,438 | 155,192 | 40.8 | 584,445 | 489,828 | 19.3 |
| Attributable to: | | | | | | |
| Shareholders of the Company | 144,929 | 116,137 | 24.8 | 406,216 | 374,413 | 8.5 |
| Minority interests | 73,509 | 39,055 | 88.2 | 178,229 | 115,415 | 54.4 |
| | 218,438 | 155,192 | 40.8 | 584,445 | 489,828 | 19.3 |
| Economic Value Added | 138,210 | 98,343 | 40.5 | 398,800 | 294,922 | 35.2 |
| Earnings per ordinary shares (cents) | | | | | | |
| - basic | 8.15 | 6.52 | 25.1 | 22.83 | 21.06 | 8.4 |
| - diluted | 8.08 | 6.45 | 25.2 | 22.63 | 20.81 | 8.7 |

Notes to Group Income Statement:

1a. Profit for the period is arrived at after (charging)/crediting the following significant items:

| | Note | GROUP | | GROUP | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 3Q08 \$'000 | 3Q07 \$'000 | 9M08 \$'000 | 9M07 \$'000 |
| Depreciation and amortisation | 1 | (50,179) | (45,457) | (147,717) | (134,184) |
| Allowance made for impairment in value of assets (net) | 3 | (7,881) | (4,604) | (7,957) | (5,169) |
| Share-based expenses | 4 | (8,049) | (8,613) | (25,193) | (19,054) |
| Interest income | 5 | 8,994 | 10,562 | 26,010 | 32,514 |
| Dividend income | 6 | 853 | - | 9,265 | 6,376 |
| Other income | 7 | 9,057 | 8,031 | 32,855 | 68,093 |
| Gain on sale of property, plant & equipment and investment properties | 8 | 17,097 | 5,562 | 18,148 | 9,704 |
| Foreign exchange gain / (loss) | 9 | 6,921 | (1,475) | 5,394 | 3,647 |
| Finance costs | | <u>(12,042)</u> | <u>(12,389)</u> | <u>(36,822)</u> | <u>(38,259)</u> |

Note:

- (1) Higher depreciation and amortisation was due to additions of property, plant and equipment as the Group expanded its operations.
- (2) Lower writeback of specific allowance for trade debts in 3Q08 and 9M08.
- (3) In 3Q08, an impairment was made for part of plant and machinery. In 3Q07, a provision for impairment was made for an investment in a China joint venture.
- (4) Higher share-based expenses for a subsidiary for 9M08.
- (5) Lower interest income in 3Q08 and 9M08 was mainly attributable to weakening interest rates.
- (6) Higher dividend income from the group's investments in Singapore in 3Q08 and 9M08.
- (7) A commercial settlement reached with a supplier was recorded as other income in 9M07.
- (8) 3Q08 and 9M08 included gain from the transfer of transmission and distribution pipeline assets to PowerGas Ltd.
- (9) Higher exchange gain in 3Q08 and 9M08 arose from revaluation gain on USD denominated monetary items.

1b. Income Tax

The Group's tax charge for 3Q08 included a writeback of an over provision of tax in respect of prior years of \$3,431,000 (3Q07: writeback of over provision of tax in respect of prior years of \$19,000).

The Group's tax charge for 9M08 included a writeback of an over provision of tax in respect of prior years of \$7,273,000 (9M07: under provision of tax in respect of prior years of \$600,000 and a writeback of provision for deferred tax of \$14,454,000 due to a reduction in Singapore corporate tax rate).

1c. Economic Value Added

Higher Economic Value Added (EVA) was generated in 3Q08 as compared to 3Q07 due to increased net operating profit after tax (NOPAT) arising from higher net profit before tax, higher share of profits from associates, and adjustments made for deferred taxes which were not included for EVA purposes.

1d. Earnings per ordinary share

| | Group | | | Group | | |
|---|---------|---------|--------------|---------|---------|--------------|
| | 3Q08 | 3Q07 | + / (-) % | 9M08 | 9M07 | + / (-) % |
| Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company: | | | | | | |
| (i) Based on the weighted average number of shares (in cents) | 8.15 | 6.52 | 25.0 | 22.83 | 21.06 | 8.4 |
| - Weighted average number of shares (in million) | 1,778.4 | 1,782.1 | (0.2) | 1,779.6 | 1,778.1 | 0.1 |
| (ii) On a fully diluted basis (in cents) | 8.08 | 6.45 | 25.3 | 22.63 | 20.81 | 8.7 |
| - Adjusted weighted average number of shares (in million) | 1,794.3 | 1,799.9 | (0.3) | 1,795.2 | 1,799.1 | (0.2) |

Notes to Group Income Statement (Cont'd):

1e. Notes to Group Income Statement

Group turnover in 3Q08 and 9M08 was higher by 12% and 19% respectively compared to the corresponding period, mainly due to higher High Sulphur Fuel Oil ("HSFO") prices. Growth in the rig building, offshore, conversion and repair businesses also contributed to better turnover in 9M08.

The improvement in gross profit margin was mainly due to Marine's higher operating margins from its rig building and ship repair businesses.

Higher general and administrative expenses were incurred in line with increased business activities.

Non-operating income in 3Q08 of the Group increased 72% from the corresponding period in the previous year, mainly due to gain from the transfer of transmission and distribution pipeline assets to PowerGas Ltd and higher exchange gain from a subsidiary arising from revaluation gain of USD denominated monetary items. In 9M07, a commercial settlement received from a supplier of our Cogen plant in Singapore and a gain on the sale of land were recognised in UK.

Increase in the share of results of associates in 3Q08 and 9M08 came mainly from an associate of Marine. Share of results of our China and Vietnam joint ventures were lower in 9M08.

Lower income tax expense in 9M07 was due to the writeback of provision for deferred tax arising from a reduction in Singapore corporate tax rate in 2007.

2. BALANCE SHEETS

| | GROUP | | COMPANY | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 30/09/2008 \$'000 | As at 31/12/2007 \$'000 | As at 30/09/2008 \$'000 | As at 31/12/2007 \$'000 |
| Equity attributable to shareholders of the Company:- | | | | |
| Share capital | 554,037 | 551,274 | 554,037 | 551,274 |
| Other reserves | 188,266 | 639,448 | (14,653) | 23,699 |
| Accumulated profits | 1,981,306 | 1,842,096 | 870,223 | 884,427 |
| | <u>2,723,609</u> | <u>3,032,818</u> | <u>1,409,607</u> | <u>1,459,400</u> |
| Minority interests | 684,570 | 797,211 | - | - |
| Total equity | <u>3,408,179</u> | <u>3,830,029</u> | <u>1,409,607</u> | <u>1,459,400</u> |
| Non-current assets | | | | |
| Property, plant & equipment | 2,554,055 | 2,601,709 | 491,186 | 3,422 |
| Investment properties | 28,802 | 31,291 | - | - |
| Investments in subsidiaries | - | - | 1,478,540 | 1,479,440 |
| Interests in associates | 610,173 | 515,487 | - | - |
| Interests in joint ventures | 307,470 | 270,389 | - | - |
| Other financial assets | 220,600 | 708,234 | - | - |
| Long term receivables and prepayments | 45,796 | 49,572 | 970 | - |
| Intangible assets | 115,923 | 109,510 | 19,035 | 90 |
| Deferred tax assets | 43,695 | 37,823 | - | - |
| | <u>3,926,514</u> | <u>4,324,015</u> | <u>1,989,731</u> | <u>1,482,952</u> |
| Current assets | | | | |
| Inventories and work-in-progress | 1,233,987 | 1,657,047 | 9,829 | - |
| Trade and other receivables | 2,046,159 | 1,404,696 | 266,223 | 198,310 |
| Assets held for sale | - | 26,682 | - | - |
| Bank balances, fixed deposits and cash | 2,347,078 | 1,296,892 | 93,116 | 189,470 |
| | <u>5,627,224</u> | <u>4,385,317</u> | <u>369,168</u> | <u>387,780</u> |
| Current liabilities | | | | |
| Trade and other payables | 3,116,065 | 2,242,427 | 416,234 | 249,183 |
| Excess of progress billings over work-in-progress | 1,316,273 | 568,741 | - | - |
| Provisions | 46,077 | 31,798 | 16,173 | 11,454 |
| Current tax payable | 186,567 | 169,105 | 1,028 | - |
| Interest-bearing borrowings | 424,285 | 510,194 | - | 150,000 |
| | <u>5,089,267</u> | <u>3,522,265</u> | <u>433,435</u> | <u>410,637</u> |
| Net current assets / (liabilities) | 537,957 | 863,052 | (64,267) | (22,857) |
| | <u>4,464,471</u> | <u>5,187,067</u> | <u>1,925,464</u> | <u>1,460,095</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 298,205 | 385,567 | 49,573 | 195 |
| Provisions | 11,230 | 10,034 | 500 | 500 |
| Retirement benefit obligations | 17,960 | 24,109 | - | - |
| Interest-bearing borrowings | 577,935 | 823,486 | - | - |
| Other long-term liabilities | 150,962 | 113,842 | 465,784 | - |
| | <u>1,056,292</u> | <u>1,357,038</u> | <u>515,857</u> | <u>695</u> |
| | <u>3,408,179</u> | <u>3,830,029</u> | <u>1,409,607</u> | <u>1,459,400</u> |

Notes to Group Balance Sheets:

2a. Group's borrowings and debt securities

| | As at 30/09/2008 \$'000 | As at 31/12/2007 \$'000 |
|--|----------------------------|----------------------------|
| Amount repayable: | | |
| (i) <u>In one year or less, or on demand</u> | | |
| Secured | 85,253 | 101,442 |
| Unsecured | 339,968 | 411,568 |
| | <u>425,221</u> | <u>513,010</u> |
| (ii) <u>After one year</u> | | |
| Secured | 373,044 | 470,997 |
| Unsecured | 208,455 | 356,973 |
| | <u>581,499</u> | <u>827,970</u> |
| Total | <u>1,006,720</u> | <u>1,340,980</u> |

(iii) Details of any collaterals

The Group's borrowings are secured by property, plant and equipment and investment properties with carrying values amounting to \$1,044 million (31/12/2007: \$1,119 million).

2b. Net asset value

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 30/09/2008 | 31/12/2007 | 30/09/2008 | 31/12/2007 |
| Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$) | 1.53 | 1.70 | 0.79 | 0.82 |
| Net tangible asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$) | 1.47 | 1.64 | 0.78 | 0.82 |

2c. Notes to Balance Sheets

(i) Group

Equity

'Other reserves' decreased due to lower fair value reserve as a result of fair value adjustments for Cosco Corporation (S) Ltd shares held by Sembcorp Marine Ltd and hedging instruments. Translation losses arising from the translation of our foreign operations resulted in a lower foreign currency translation reserve due to weakening USD and Sterling. Treasury shares purchased by the Company and a listed subsidiary in 2008 also contributed to the lower 'Other reserves' as at September 30, 2008.

Non-current assets

The decrease in 'Other financial assets' was mainly due to fair value adjustments for Cosco Corporation (S) Ltd shares held by Sembcorp Marine Ltd.

Net current assets

'Trade and other receivables/payables' increased as more projects were undertaken by Sembcorp Marine group. 'Inventories and work-in-progress' decreased while 'Excess of progress billings over work-in-progress' and 'Bank balances, fixed deposits and cash' increased mainly due to receipts from customers for both rig building projects in progress and completed projects.

(ii) Company

There is a significant increase in the 'Property, plant and equipment', 'Trade and other receivables/payables' and 'Other long-term liabilities' of the Company as at September 30, 2008 as compared to December 31, 2007 due to the Company's acquisition of the Sembawang Utilities Terminal (SUT) and Propylene Purification Unit (PPU) divisions from its wholly-owned subsidiary, Sembcorp Utilities Pte Ltd with effect from January 1, 2008. Following this internal transfer of assets and business, SUT and PPU now operate as divisions of the Company. Interest-bearing borrowings decreased following the maturity of medium-term notes of S\$150 million in June 2008.

3. CONSOLIDATED CASH FLOW STATEMENT

| | Note | GROUP | | GROUP | |
|---|------|----------------|----------------|----------------|----------------|
| | | 3Q08 \$'000 | 3Q07 \$'000 | 9M08 \$'000 | 9M07 \$'000 |
| Cash flows from Operating Activities | | | | | |
| Profit for the period | | 218,438 | 155,192 | 584,445 | 489,828 |
| Adjustments for : | | | | | |
| Interest and dividend income | | (9,847) | (10,562) | (35,275) | (38,890) |
| Finance costs | | 12,042 | 12,389 | 36,822 | 38,259 |
| Depreciation and amortisation | | 50,179 | 45,457 | 147,717 | 134,184 |
| Share of results of associated companies and joint ventures | | (44,180) | (42,266) | (137,771) | (115,553) |
| Profit on sale of property, plant and equipment & investment properties | | (17,097) | (5,562) | (18,148) | (9,704) |
| Gain on disposal of investments (net) | | - | (821) | (536) | (1,544) |
| Allowance written back for doubtful debts & bad debts written off (net) | | (782) | (1,053) | (2,425) | (3,220) |
| Changes in fair value of financial instruments and hedged items | | (1,402) | (1,806) | 9,148 | (2,413) |
| Share based payment expenses | | 8,049 | 8,613 | 25,193 | 19,054 |
| Allowance made for impairment in value of assets | | 7,881 | 4,604 | 7,957 | 5,169 |
| Income tax expenses | | 31,314 | 30,441 | 100,055 | 89,409 |
| Operating profit before working capital changes | | 254,595 | 194,626 | 717,182 | 604,579 |
| Changes in working capital: | | | | | |
| Inventories and work-in-progress | | 592,841 | 66,606 | 1,169,777 | (51,434) |
| Receivables | | (302,216) | (181,796) | (701,315) | (310,139) |
| Payables | | 273,743 | 33,072 | 855,196 | 482,063 |
| | | 818,963 | 112,508 | 2,040,840 | 725,069 |
| Income tax paid | | (22,850) | (27,760) | (45,815) | (65,233) |
| Net cash inflow from operating activities | | 796,113 | 84,748 | 1,995,025 | 659,836 |
| Cash flows from Investing Activities | | | | | |
| Dividend and interest received | | 13,091 | 11,020 | 59,563 | 60,414 |
| Cash flows on sale of subsidiaries, net of cash disposed | 3.1 | - | 1,057 | (219) | 94,816 |
| Proceeds from sale of associates and joint ventures | | - | 481 | 1,818 | 481 |
| Proceeds from sale of investments | | - | 2,918 | 3,364 | 3,104 |
| Proceeds from sale of property, plant and equipment | | 90,558 | 48,443 | 92,108 | 55,853 |
| Proceeds from sale of asset held for sale | | - | - | 26,682 | 11,000 |
| Additional interest in subsidiaries, net of cash acquired | | - | - | - | (3,200) |
| Acquisition of associates and joint ventures | | - | (500) | (680) | (4,255) |
| Acquisition of other financial assets | | - | (461) | - | (8,279) |
| Purchase of property, plant and equipment | | (89,552) | (137,267) | (255,125) | (356,476) |
| Payment for intangible assets | | (7,665) | (55) | (7,986) | (55) |
| Net cash inflow / (outflow) from investing activities | | 6,432 | (74,364) | (80,475) | (146,597) |
| Cash flows from Financing Activities | | | | | |
| Proceeds from share issue | | - | 4,872 | 2,763 | 23,595 |
| Proceeds from share issue to minority shareholders of subsidiaries | | 9,648 | 16,602 | 10,778 | 24,115 |
| Proceeds from ESOS exercised with issue of treasury shares | | 1,337 | - | 3,948 | - |
| Proceeds from ESOS exercised with issue of treasury shares to minority shareholders of subsidiaries | | 8,093 | - | 10,610 | - |
| Purchase of treasury shares | | (14,087) | - | (50,825) | - |
| Purchase of treasury shares by subsidiary | | (43,419) | - | (93,745) | - |
| Proceeds from borrowings | | 14,527 | 162,633 | 381,069 | 336,033 |
| Repayment of borrowings | | (107,434) | (152,053) | (713,114) | (331,542) |
| Net (decrease) / increase in other long term liabilities | | (5,877) | 293 | (10,617) | 164 |
| Dividend paid to shareholders of the Company | | - | - | (266,890) | (498,016) |
| Dividends paid to minority shareholders of subsidiaries | | (49,648) | (32,720) | (97,839) | (96,317) |
| Interest paid | | (12,223) | (12,402) | (33,880) | (36,347) |
| Net cash outflow from financing activities | | (199,083) | (12,775) | (857,742) | (578,315) |
| Net increase / (decrease) in cash and cash equivalents | | 603,462 | (2,391) | 1,056,808 | (65,076) |
| Cash and cash equivalents at beginning of the period | | 1,738,629 | 1,111,086 | 1,296,003 | 1,172,975 |
| Effects of exchange rate changes on cash and cash equivalents | | (3,553) | (1,593) | (14,273) | (797) |
| Cash and cash equivalents at end of the period | 3.2 | 2,338,538 | 1,107,102 | 2,338,538 | 1,107,102 |

3. CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

3.1 Cash flows on sale of subsidiaries, net of cash disposed

The fair values of net assets and liabilities of subsidiaries sold during the period were as follows:

DETAILS OF SUBSIDIARIES DISPOSED

| | Group | | Group | |
|--|--------|--------|----------|---------|
| | 3Q08 | 3Q07 | 9M08 | 9M07 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | - | - | 22,067 | 102,315 |
| Net current (liabilities) / assets | - | - | (10,341) | 81 |
| Non-current liabilities | - | - | (2,044) | (221) |
| Minority Interest | - | - | (7,566) | (1,824) |
| (Loss) / profit on disposal | - | - | (597) | 624 |
| Currency translation reserve | - | - | 824 | (804) |
| Total cash consideration | - | - | 2,343 | 100,171 |
| Add: consideration received | - | 1,057 | - | - |
| Less: consideration not yet received | - | - | (2,343) | - |
| Less: Cash & bank balances of subsidiaries disposed | - | - | (219) | (5,932) |
| Add: Overdraft of subsidiary disposed | - | - | - | 577 |
| Cash flows on sale of subsidiaries, net of cash disposed | - | 1,057 | (219) | 94,816 |

3.2 Cash and cash equivalents

Cash and cash equivalents in the consolidated cashflow statement comprise the following balance sheet amounts:

Cash and cash equivalents

Breakdown for Cash & Cash Equivalents:

| | Group | |
|--|------------------|------------------|
| | As at | As at |
| | 30/09/2008 | 30/09/2007 |
| | \$'000 | \$'000 |
| Bank balances, fixed deposits and cash | 2,347,078 | 1,108,862 |
| Bank overdrafts | (8,540) | (1,760) |
| | <u>2,338,538</u> | <u>1,107,102</u> |

3.3 Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for 9M08 was \$1,995.0 million. The strong operating cash flow was mainly contributed by our Singapore and UK operations in Utilities, and our Marine business.

Net cash outflow from investing activities for 9M08 was \$80.5 million. The Group spent \$255.1 million on expansion and operational capex in 9M08.

Net cash outflow from financing activities for 9M08 of \$857.7 million relates mainly to dividends paid, purchase of treasury shares, repayment of borrowings and interest paid.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

| | Attributable to shareholders of the Company | | | | | | | | |
|---|---|------------------------|----------------|----------------|---------------------|---------------------|-----------|--------------------|--------------|
| | Share Capital | Reserve for own shares | Merger Reserve | Other Reserves | Currency | Accumulated Profits | Total | Minority Interests | Total Equity |
| | | | | | Translation Reserve | | | | |
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| 1H08 | | | | | | | | | |
| At January 1, 2008 | 551,274 | - | 29,201 | 647,630 | (37,383) | 1,842,096 | 3,032,818 | 797,211 | 3,830,029 |
| Translation adjustments | - | - | - | - | (33,994) | - | (33,994) | (3,197) | (37,191) |
| Net fair value changes on available for sale financial assets, net of tax | - | - | - | (146,196) | - | - | (146,196) | (93,422) | (239,618) |
| Net fair value changes on available for sale financial assets taken to income statement, net of tax | - | - | - | (725) | - | - | (725) | - | (725) |
| Net fair value changes on cash flow hedges, net of tax | - | - | - | 9,534 | - | - | 9,534 | 19,235 | 28,769 |
| Share of reserve of associates and joint venture companies | - | - | - | (4,325) | 1,349 | - | (2,976) | 1,179 | (1,797) |
| Realisation of reserve upon disposal of investments and changes in group structure | - | - | - | 103 | 122 | (662) | (437) | (7,672) | (8,109) |
| Net loss recognised directly in equity | - | - | - | (141,609) | (32,523) | (662) | (174,794) | (83,877) | (258,671) |
| Profit for the period | - | - | - | - | - | 261,287 | 261,287 | 104,720 | 366,007 |
| Total (loss)/gain recognised for the period | - | - | - | (141,609) | (32,523) | 260,625 | 86,493 | 20,843 | 107,336 |
| Issue of shares under Share Option Plan | 2,763 | - | - | - | - | - | 2,763 | - | 2,763 |
| Issue of shares to minority shareholders of subsidiaries | - | - | - | - | - | - | - | 1,130 | 1,130 |
| Share buyback - held as treasury shares | - | (36,738) | - | - | - | - | (36,738) | - | (36,738) |
| Treasury shares transferred to employees | - | 12,945 | - | (9,850) | - | - | 3,095 | (118) | 2,977 |
| Treasury shares held by subsidiary | - | - | - | (28,796) | - | - | (28,796) | (18,670) | (47,466) |
| Share based payments | - | - | - | 9,729 | - | - | 9,729 | 2,465 | 12,194 |
| Dividend paid | - | - | - | - | - | (266,890) | (266,890) | (48,191) | (315,081) |
| At June 30, 2008 | 554,037 | (23,793) | 29,201 | 477,104 | (69,906) | 1,835,831 | 2,802,474 | 754,670 | 3,557,144 |
| 3Q08 | | | | | | | | | |
| Translation adjustments | - | - | - | - | 15,656 | - | 15,656 | 8,545 | 24,201 |
| Net fair value changes on available for sale financial assets, net of tax | - | - | - | (93,350) | - | - | (93,350) | (60,036) | (153,386) |
| Net fair value changes on cash flow hedges, net of tax | - | - | - | (109,284) | - | - | (109,284) | (38,756) | (148,040) |
| Share of reserve of associates and joint venture companies | - | - | - | (12,525) | 5,488 | - | (7,037) | 3,529 | (3,508) |
| Realisation of reserve upon disposal of investments and changes in group structure | - | - | - | 8 | - | 546 | 554 | (3,857) | (3,303) |
| Net loss recognised directly in equity | - | - | - | (215,151) | 21,144 | 546 | (193,461) | (90,575) | (284,036) |
| Profit for the period | - | - | - | - | - | 144,929 | 144,929 | 73,509 | 218,438 |
| Total (loss)/gain recognised for the period | - | - | - | (215,151) | 21,144 | 145,475 | (48,532) | (17,066) | (65,598) |
| Issue of shares to minority shareholders of subsidiaries | - | - | - | - | - | - | - | 9,648 | 9,648 |
| Share buyback - held as treasury shares | - | (14,087) | - | - | - | - | (14,087) | - | (14,087) |
| Treasury shares transferred to employees | - | 2,853 | - | (1,472) | - | - | 1,381 | (96) | 1,285 |
| Treasury shares held by subsidiary | - | - | - | (21,791) | - | - | (21,791) | (14,103) | (35,894) |
| Share based payments | - | - | - | 4,164 | - | - | 4,164 | 1,165 | 5,329 |
| Dividend paid | - | - | - | - | - | - | - | (49,648) | (49,648) |
| At September 30, 2008 | 554,037 | (35,027) | 29,201 | 242,854 | (48,762) | 1,981,306 | 2,723,609 | 684,570 | 3,408,179 |
| 1H07 | | | | | | | | | |
| At January 1, 2007 | 525,414 | - | 29,201 | 459,457 | (13,986) | 1,813,090 | 2,813,176 | 648,186 | 3,461,362 |
| Translation adjustments | - | - | - | - | 7,374 | - | 7,374 | 594 | 7,968 |
| Net fair value changes on available for sale financial assets, net of tax | - | - | - | 111,476 | - | - | 111,476 | 69,800 | 181,276 |
| Net fair value changes on cash flow hedges, net of tax | - | - | - | 28,996 | - | - | 28,996 | 20 | 29,016 |
| Share of reserve of associates and joint venture companies | - | - | - | 26,695 | 2,428 | - | 29,123 | 1,521 | 30,644 |
| Realisation of reserve upon disposal of investments and changes in group structure | - | - | - | (750) | (365) | 196 | (919) | (4,148) | (5,067) |
| Net gain recognised directly in equity | - | - | - | 166,417 | 9,437 | 196 | 176,050 | 67,787 | 243,837 |
| Profit for the period | - | - | - | - | - | 258,276 | 258,276 | 76,360 | 334,636 |
| Total gain recognised for the period | - | - | - | 166,417 | 9,437 | 258,472 | 434,326 | 144,147 | 578,473 |
| Issue of shares under Share Option Plan | 18,723 | - | - | - | - | - | 18,723 | - | 18,723 |
| Issue of shares to minority shareholders of subsidiaries | - | - | - | - | - | - | - | 7,513 | 7,513 |
| Share based payments | - | - | - | 7,955 | - | - | 7,955 | 1,811 | 9,766 |
| Dividend paid | - | - | - | - | - | (498,016) | (498,016) | (63,597) | (561,613) |
| At June 30, 2007 | 544,137 | - | 29,201 | 633,829 | (4,549) | 1,573,546 | 2,776,164 | 738,060 | 3,514,224 |
| 3Q07 | | | | | | | | | |
| Translation adjustments | - | - | - | - | (2,653) | - | (2,653) | (1,604) | (4,257) |
| Net fair value changes on available for sale financial assets, net of tax | - | - | - | 150,147 | - | - | 150,147 | 94,012 | 244,159 |
| Net fair value changes on cash flow hedges, net of tax | - | - | - | (8,351) | - | - | (8,351) | 61 | (8,290) |
| Share of reserve of associates and joint venture companies | - | - | - | (22,167) | (464) | - | (22,631) | (291) | (22,922) |
| Realisation of reserve upon disposal of investments and changes in group structure | - | - | - | (2,567) | 332 | 654 | (1,581) | (144) | (1,725) |
| Net gain recognised directly in equity | - | - | - | 117,062 | (2,785) | 654 | 114,931 | 92,034 | 206,965 |
| Profit for the period | - | - | - | - | - | 116,137 | 116,137 | 39,055 | 155,192 |
| Total gain recognised for the period | - | - | - | 117,062 | (2,785) | 116,791 | 231,068 | 131,089 | 362,157 |
| Issue of shares under Share Option Plan | 4,872 | - | - | - | - | - | 4,872 | - | 4,872 |
| Issue of shares to minority shareholders of subsidiaries | - | - | - | - | - | - | - | 16,602 | 16,602 |
| Share based payments | - | - | - | 6,038 | - | - | 6,038 | 2,384 | 8,422 |
| Dividend paid | - | - | - | - | - | - | - | (32,720) | (32,720) |
| At September 30, 2007 | 549,009 | - | 29,201 | 756,929 | (7,334) | 1,690,337 | 3,018,142 | 855,415 | 3,873,557 |

4b. Statements of Changes in Equity of the Company

| | Share Capital | Reserve for own shares | Other Reserves | Accumulated Profits | Total |
|--|------------------|------------------------------|-------------------|------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1H08 | | | | | |
| At January 1, 2008 | 551,274 | - | 23,699 | 884,427 | 1,459,400 |
| Profit for the period | - | - | - | 192,247 | 192,247 |
| Total gain recognised for the period | - | - | - | 192,247 | 192,247 |
| Issue of shares under Share Option Plan | 2,763 | - | - | - | 2,763 |
| Share based payments | - | - | 6,324 | - | 6,324 |
| Share buyback - held as treasury shares | - | (36,738) | - | - | (36,738) |
| Treasury shares transferred to employees | - | 12,945 | (10,349) | - | 2,596 |
| Dividend paid | - | - | - | (266,890) | (266,890) |
| At June 30, 2008 | 554,037 | (23,793) | 19,674 | 809,784 | 1,359,702 |
| 3Q08 | | | | | |
| Profit for the period | - | - | - | 60,439 | 60,439 |
| Total gain recognised for the period | - | - | - | 60,439 | 60,439 |
| Share based payments | - | - | 2,224 | - | 2,224 |
| Share buyback - held as treasury shares | - | (14,087) | - | - | (14,087) |
| Treasury shares transferred to employees | - | 2,853 | (1,524) | - | 1,329 |
| At September 30, 2008 | 554,037 | (35,027) | 20,374 | 870,223 | 1,409,607 |
| 1H07 | | | | | |
| At January 1, 2007 | 525,414 | - | 13,793 | 1,065,803 | 1,605,010 |
| Profit for the period | - | - | - | 172,900 | 172,900 |
| Total gain recognised for the period | - | - | - | 172,900 | 172,900 |
| Issue of shares under Share Option Plan | 18,723 | - | - | - | 18,723 |
| Share based payments | - | - | 5,577 | - | 5,577 |
| Dividend paid | - | - | - | (498,016) | (498,016) |
| At June 30, 2007 | 544,137 | - | 19,370 | 740,687 | 1,304,194 |
| 3Q07 | | | | | |
| Profit for the period | - | - | - | 85,521 | 85,521 |
| Total gain recognised for the period | - | - | - | 85,521 | 85,521 |
| Issue of shares under Share Option Plan | 4,872 | - | - | - | 4,872 |
| Share based payments | - | - | 2,647 | - | 2,647 |
| At September 30, 2007 | 549,009 | - | 22,017 | 826,208 | 1,397,234 |

4c. Changes in the Company's share capital

Issued and paid up capital

As at September 30, 2008, the Company's issued and paid up capital excluding treasury shares comprises 1,776,902,296 (September 30, 2007: 1,782,575,336) ordinary shares.

Share Options

During 3Q08, the Company issued 679,427 ordinary shares upon the exercise of the options under the Company's Share Option Plan ("SOP") by way of re-issuance of treasury shares (3Q07: 2,381,410 ordinary shares issued by way of issuance of new shares).

As at September 30, 2008, there were 11,307,003 (September 30, 2007: 17,144,576) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

4c. Changes in the Company's share capital (Cont'd)

Performance Shares

During 3Q08, there was no (3Q07: 40,000) performance share granted conditionally under the Performance Share Plan ("PSP").

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, 2008 was 2,765,763 (September 30, 2007: 2,582,259). Based on the multiplying factor, the maximum number of shares that could be released is 4,148,644 shares (September 30, 2007: 3,873,389).

Restricted Stocks

During 3Q08, 66,900 (3Q07: 60,000) restricted stocks were granted conditionally under the Restricted Stock Plan ("RSP"). Nil (3Q07: nil) restricted stocks were awarded and 29,812 (3Q07: 32,033) restricted stocks lapsed.

The total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released as at September 30, 2008 was 3,994,031 (September 30, 2007: 2,940,343). Based on the multiplying factor, the maximum number of restricted stocks that could be released is 5,623,120 (September 30, 2007: 3,822,446).

Treasury Shares

In 3Q08, the Company re-issued 679,427 (3Q07: nil) treasury shares pursuant to the SOP and RSP.

As at September 30, 2008, 8,449,244 (September 30, 2007: nil) 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.

5. 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.

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

Except as disclosed in paragraph 8 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, 2007.

8. CHANGES IN ACCOUNTING POLICIES

The Group has adopted new/revised FRS that has become effective for the financial year beginning January 1, 2008.

The adoption of the new/revised FRS does not have any material impact on the financial statements.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

The Group achieved a turnover of \$2.5 billion for 3Q08 and \$7.2 billion for 9M08, an increase of 12% and 19% respectively compared to the corresponding period. The Group's profit attributable to shareholders of the Company (PATMI) increased by 25% to \$144.9 million in 3Q08 and by 9% to \$406.2 million in 9M08.

The Group also generated Economic Value Added (EVA) of \$138.2 million for 3Q08 (3Q07: \$98.3 million) and \$398.8 million for 9M08 (9M07: \$294.9 million).

Turnover

Turnover

| | <u>3Q08</u> | <u>3Q07</u> | <u>Growth</u> | | <u>9M08</u> | <u>9M07</u> | <u>Growth</u> | |
|--------------------|------------------|------------------|----------------|-----------|------------------|------------------|------------------|-----------|
| | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>%</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>%</u> |
| Utilities | 1,266,434 | 976,856 | 289,578 | 30 | 3,492,951 | 2,630,733 | 862,218 | 33 |
| Marine | 1,143,821 | 1,170,604 | (26,783) | (2) | 3,443,657 | 3,175,452 | 268,205 | 8 |
| Environment | 55,269 | 50,450 | 4,819 | 10 | 162,128 | 150,896 | 11,232 | 7 |
| Industrial Parks | 4,450 | 4,033 | 417 | 10 | 12,790 | 19,102 | (6,312) | (33) |
| Others / Corporate | 31,393 | 38,005 | (6,612) | (17) | 123,252 | 115,345 | 7,907 | 7 |
| | <u>2,501,367</u> | <u>2,239,948</u> | <u>261,419</u> | <u>12</u> | <u>7,234,778</u> | <u>6,091,528</u> | <u>1,143,250</u> | <u>19</u> |

Utilities' turnover increased by 30% to \$1.3 billion in 3Q08 and by 33% to \$3.5 billion in 9M08 due to higher HSFO prices offset by the expiry of a favourable supply contract in UK and depreciation of the Sterling which resulted in lower turnover in Singapore dollar terms.

Turnover for Marine increased by 8% to \$3.4 billion in 9M08 on better performance by its rig building, offshore, conversion and repair businesses.

Environment's turnover increased by 10% to \$55.3 million in 3Q08 and by 7% to \$162.1 million in 9M08 due to higher turnover in its Paper Recycling division.

Decrease in turnover for Industrial Parks for 9M08 was due to the divestment of Wuxi Garden City Mall in May 2007.

Revenue of Others/Corporate are mainly contributed by subsidiaries dealing in specialised construction activities and minting.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

Profit attributable to shareholders of the Company ("PATMI")

| PATMI | 3Q08 | | 3Q07 | | Growth | | 9M08 | | 9M07 | | Growth | |
|--------------------|----------------|----------------|---------------|-----------|----------------|----------------|---------------|----------|--------|--------|--------|---|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | % |
| Utilities | 66,284 | 50,014 | 16,270 | 33 | 170,360 | 179,430 | (9,070) | (5) | | | | |
| Marine | 86,125 | 51,248 | 34,877 | 68 | 220,533 | 149,472 | 71,061 | 48 | | | | |
| Environment | (4,074) | (460) | (3,614) | (786) | (96) | 7,157 | (7,253) | NM | | | | |
| Industrial Parks | 7,220 | 11,441 | (4,221) | (37) | 21,116 | 27,392 | (6,276) | (23) | | | | |
| Others / Corporate | (10,626) | 3,894 | (14,520) | NM | (5,697) | 10,962 | (16,659) | NM | | | | |
| | 144,929 | 116,137 | 28,792 | 25 | 406,216 | 374,413 | 31,803 | 9 | | | | |

Utilities recorded higher PATMI in 3Q08 primarily due to gain from the transfer of transmission and distribution pipeline assets to PowerGas Ltd. In 9M07, UK's performance was boosted by a profit on the sale of land.

The increase in the Group's share of PATMI of Marine in 3Q08 and 9M08 was due to higher operating margins from rig building and ship repair businesses and better contribution from its associates.

Our Environment business was impacted by the impairment of part of its plant and machinery in 3Q08 and 9M08.

Industrial Park's PATMI decreased in 3Q08 mainly due to lower contributions from the industrial parks in Indonesia and Vietnam, which was partially offset by higher contribution from the industrial park in China. The decrease in Industrial Parks' PATMI in 9M08 was attributed to the divestment of Wuxi Garden City Mall in May'07.

The decrease in Others / Corporate PATMI was mainly due to weak performance by an offshore engineering associate in China.

10. VARIANCE FROM PROSPECT STATEMENT

There has been no significant variance in the operating performance of the Group as compared to previous statements.

11. PROSPECTS

Utilities

Our Utilities business continues to be a major profit contributor to Sembcorp. The contribution of overseas subsidiaries may be affected by adverse currency movements, when their profits are translated into Singapore dollars.

Marine

Our Marine business has an order book of \$9.9 billion, of which \$5.5 billion were secured since January 2008. These projects will provide a solid base-load of work, with progressive completion and deliveries until 2012. The fundamentals for the offshore sector remain intact and demand for ship repair is expected to remain strong.

Marine is in a strong net cash and balance sheet position and expects the current year's overall performance to be stronger than FY2007.

Environment

Environment's contribution for FY2008 will not be significant due to the impairment made for part of its plant and machinery.

Industrial Parks

A global slowdown in the manufacturing sector may affect the performance of the industrial parks business.

Sembcorp Group

Despite the challenging global economic and financial environment that has created a high level of uncertainty, the Group expects satisfactory results for FY2008.

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.

12. DIVIDEND

No interim dividend for the period ended September 30, 2008 is recommended.

13. SEGMENTAL REPORTING

9M08

| <u>(i) Business segments</u> | Utilities | Marine | Environment | Industrial Parks | Others/ Corporate | Elimination | Total |
|--|------------------|------------------|-----------------|------------------|-------------------|--------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Turnover | | | | | | | |
| External sales | 3,492,951 | 3,443,657 | 162,128 | 12,790 | 123,252 | - | 7,234,778 |
| Inter-segment sales | 28,758 | 2,800 | 2,396 | 1,958 | 14,656 | (50,568) | - |
| Total | 3,521,709 | 3,446,457 | 164,524 | 14,748 | 137,908 | (50,568) | 7,234,778 |
| Results | | | | | | | |
| Segment results | 236,599 | 341,721 | (8,518) | 3,693 | (15,954) | - | 557,541 |
| Interest income | 7,347 | 17,867 | 172 | 1,037 | 22,341 | (22,754) | 26,010 |
| Interest expense | (31,901) | (9,773) | (1,972) | - | (15,930) | 22,754 | (36,822) |
| | 212,045 | 349,815 | (10,318) | 4,730 | (9,543) | - | 546,729 |
| Share of results of associates | 717 | 84,908 | 13,001 | 6,979 | - | - | 105,605 |
| Share of results of joint ventures | 10,873 | 6,027 | - | 14,404 | 862 | - | 32,166 |
| | 223,635 | 440,750 | 2,683 | 26,113 | (8,681) | - | 684,500 |
| Income tax expense | (34,273) | (66,097) | (1,151) | (1,467) | 2,933 | - | (100,055) |
| Minority interest | (19,002) | (154,120) | (1,628) | (3,530) | 51 | - | (178,229) |
| Net profit for the period | 170,360 | 220,533 | (96) | 21,116 | (5,697) | - | 406,216 |
| Assets | | | | | | | |
| Segment assets | 3,537,508 | 4,698,540 | 164,803 | 183,753 | 1,085,752 | (1,291,110) | 8,379,246 |
| Investment in associates | 5 | 278,074 | 61,367 | 270,727 | - | - | 610,173 |
| Investment in joint ventures | 134,659 | 34,047 | 1,097 | 84,563 | 53,104 | - | 307,470 |
| Tax assets | 42,187 | 6,041 | 3,682 | 13,084 | 191,855 | - | 256,849 |
| Total assets | 3,714,359 | 5,016,702 | 230,949 | 552,127 | 1,330,711 | (1,291,110) | 9,553,738 |
| Liabilities | | | | | | | |
| Segment liabilities | 2,343,001 | 3,427,081 | 88,222 | 35,161 | 1,058,432 | (1,291,110) | 5,660,787 |
| Tax liabilities | 242,588 | 217,792 | 6,735 | 16,777 | 880 | - | 484,772 |
| Total liabilities | 2,585,589 | 3,644,873 | 94,957 | 51,938 | 1,059,312 | (1,291,110) | 6,145,559 |
| Capital expenditure | 181,150 | 72,939 | 5,887 | 466 | 2,669 | - | 263,111 |
| Significant non-cash items | | | | | | | |
| Depreciation and amortisation | 82,080 | 51,728 | 8,450 | 1,455 | 4,004 | - | 147,717 |
| Other non-cash items (including provisions, loss on disposal and exchange differences) | 7,836 | 13,845 | 404 | 947 | 1,038 | - | 24,070 |

(ii) Geographical segments

| | Revenue | | Segment Assets | | Total Assets | | Capital Expenditure | |
|--------------|------------------|------------|------------------|------------|------------------|------------|---------------------|------------|
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Singapore | 4,138,762 | 57 | 7,338,120 | 87 | 7,808,091 | 82 | 160,471 | 61 |
| Rest of Asia | 1,213,209 | 17 | 109,287 | 1 | 789,513 | 8 | 51,324 | 20 |
| Europe | 1,448,422 | 20 | 907,354 | 11 | 931,339 | 10 | 51,166 | 19 |
| Others | 434,385 | 6 | 24,485 | 1 | 24,795 | 0 | 150 | 0 |
| Total | 7,234,778 | 100 | 8,379,246 | 100 | 9,553,738 | 100 | 263,111 | 100 |

13. SEGMENTAL REPORTING (Cont'd)

9M07

| <u>(i) Business segments</u> | Utilities | Marine | Enviro | Parks | Others / Corporate | Elimi- nation | Total |
|---|------------------|------------------|----------------|---------------|-----------------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Turnover | | | | | | | |
| External sales | 2,630,733 | 3,175,452 | 150,896 | 19,102 | 115,345 | - | 6,091,528 |
| Inter-segment sales | 21,264 | 958 | 2,053 | 1,878 | 4,330 | (30,483) | - |
| Total | 2,651,997 | 3,176,410 | 152,949 | 20,980 | 119,675 | (30,483) | 6,091,528 |
| Results | | | | | | | |
| Segment results | 240,312 | 228,097 | (2,185) | 6,462 | 1,317 | - | 474,003 |
| Interest income | 12,988 | 13,820 | 577 | 2,328 | 22,889 | (20,088) | 32,514 |
| Interest expense | (29,706) | (9,480) | (1,713) | - | (17,448) | 20,088 | (38,259) |
| | 223,594 | 232,437 | (3,321) | 8,790 | 6,758 | - | 468,258 |
| Share of results of associates | 231 | 47,193 | 13,410 | 7,103 | - | - | 67,937 |
| Share of results of joint ventures | 17,373 | 2,811 | (1,968) | 17,905 | 6,921 | - | 43,042 |
| | 241,198 | 282,441 | 8,121 | 33,798 | 13,679 | - | 579,237 |
| Income tax expense | (50,220) | (33,644) | (968) | (2,071) | (2,506) | - | (89,409) |
| Minority interest | (11,548) | (99,325) | 4 | (4,335) | (211) | - | (115,415) |
| Net profit / (loss) for the period | 179,430 | 149,472 | 7,157 | 27,392 | 10,962 | - | 374,413 |

Assets

| | | | | | | | |
|------------------------------|------------------|------------------|----------------|----------------|----------------|------------------|------------------|
| Segment assets | 3,084,288 | 4,128,470 | 173,374 | 186,339 | 526,048 | (558,983) | 7,539,536 |
| Investment in associates | - | 180,930 | 59,803 | 290,342 | - | - | 531,075 |
| Investment in joint ventures | 118,580 | 25,096 | 27,766 | 70,904 | 63,598 | - | 305,944 |
| Tax assets | 34,795 | 2,435 | 4,278 | 12,995 | 230,344 | - | 284,847 |
| Total assets | 3,237,663 | 4,336,931 | 265,221 | 560,580 | 819,990 | (558,983) | 8,661,402 |

Liabilities

| | | | | | | | |
|--------------------------|------------------|------------------|----------------|---------------|----------------|------------------|------------------|
| Segment liabilities | 1,855,904 | 2,217,302 | 127,458 | 30,486 | 558,245 | (558,983) | 4,230,412 |
| Tax liabilities | 231,741 | 252,203 | 5,272 | 9,575 | 60,219 | - | 559,010 |
| Total liabilities | 2,087,645 | 2,469,505 | 132,730 | 40,061 | 618,464 | (558,983) | 4,789,422 |

Capital expenditure

| | | | | | | |
|---------|--------|--------|-----|-------|---|----------------|
| 245,618 | 91,050 | 19,277 | 256 | 2,069 | - | 358,270 |
|---------|--------|--------|-----|-------|---|----------------|

Significant non-cash items

| | | | | | | | |
|--|--------|--------|-------|-------|-------|---|----------------|
| Depreciation and amortisation | 73,518 | 47,034 | 6,841 | 3,035 | 3,756 | - | 134,184 |
| Other non-cash items (including provisions, loss on disposal and exchange differences) | 1,669 | 2,248 | 463 | 1,712 | 3,174 | - | 9,266 |

(ii) Geographical segments

| | <u>Revenue</u> | | <u>Segment Assets</u> | | <u>Total Assets</u> | | <u>Capital Expenditure</u> | |
|--------------|------------------|------------|-----------------------|------------|---------------------|------------|----------------------------|------------|
| | \$'000 | % | \$'000 | % | \$'000 | % | \$'000 | % |
| Singapore | 2,946,425 | 49 | 6,568,814 | 87 | 7,097,028 | 82 | 184,508 | 51 |
| Rest of Asia | 689,165 | 11 | 10,302 | 0 | 590,260 | 7 | 48,466 | 14 |
| Europe | 2,307,154 | 38 | 932,176 | 13 | 944,082 | 11 | 125,163 | 35 |
| Others | 148,784 | 2 | 28,244 | 0 | 30,032 | 0 | 133 | 0 |
| Total | 6,091,528 | 100 | 7,539,536 | 100 | 8,661,402 | 100 | 358,270 | 100 |

Notes To Segmental Analysis

13a. Business Segments

The Group comprises the following main business segments:

The Utilities segment's principal activities are in provision of energy, water and centralised utilities. It offers industrial utilities and services such as energy, steam, industrial water and wastewater treatment to energy intensive users. It operates in Singapore, United Kingdom, Vietnam, China and the United Arab Emirates.

The Marine segment focuses on repair, building and conversion of ships and rigs, and on offshore engineering.

The Environment segment provides integrated waste management services and undertakes waste-to-resource businesses in the Asia Pacific region.

The Industrial Parks segment owns, develops, markets and manages industrial parks and townships in Asia.

The Others/Corporate segment comprises businesses relating to minting, design and construction activities, as well as the in-house financing and treasury unit, captive insurance company and other businesses.

13b. Geographical Segments

The Group operates in three principal geographical areas, Singapore, Europe and 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.

13c. Review of segment performance

Please refer to Paragraph 9 for analysis by business segments.

14. 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)**

| | 3Q08 | 9M08 |
|---|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Sale of Goods and Services | | |
| Temasek Holdings (Private) Limited and its Associates | | |
| - Tuas Power Ltd/PowerSeraya Limited ¹ | 39 | 196,717 |
| - Temasek Capital (Private) Limited and its Associates | 887 | 20,646 |
| - MediaCorp Pte Ltd and its Associates | 1,388 | 4,238 |
| - PSA International Pte Ltd and its Associates | 12,992 | 37,354 |
| - National University Hospital (S) Pte Ltd and its Associates | 164 | 164 |
| - Certis Cisco Security Pte Ltd | 516 | 1,332 |
| - Wildlife Reserves Singapore Pte Ltd and its Associates | 100 | 275 |
| - Singapore Technologies Telemedia Pte Ltd and its Associates | 176 | 515 |
| - Senoko Power Ltd | 446 | 849 |
| - Mapletree Investments Pte Ltd and its Associates | 3,473 | 3,473 |
| | <hr/> | <hr/> |
| | 20,181 | 265,563 |
| Starhub Ltd and its Associates | 2,172 | 6,290 |
| Singapore Airlines Limited and its Associates | 546 | 1,584 |
| SNP Corporation Ltd and its Associates | 93 | 492 |
| Singapore Food Industries Ltd and its Associates | 178 | 178 |
| | <hr/> | <hr/> |
| | <u>23,170</u> | <u>274,107</u> |
| Purchases of Goods and Services | | |
| Temasek Holdings (Private) Limited and its Associates | | |
| - Temasek Capital (Private) Limited and its Associates ² | 255,244 | 657,760 |
| - Singapore Power Ltd and its Associates | 767 | 2,247 |
| | <hr/> | <hr/> |
| | 256,011 | 660,007 |
| Singapore Technologies Engineering Ltd and its Associates | 0 | 8,578 |
| CapitaLand Ltd and its Associates | 178 | 178 |
| Surbana Corporation and its Associates | 222 | 222 |
| | <hr/> | <hr/> |
| | <u>256,411</u> | <u>668,985</u> |
| | <hr/> | <hr/> |
| Total Interested Person Transactions | <u>279,581</u> | <u>943,092</u> |

Note

¹ This relates mainly to the sale of gas by Sembcorp Gas Pte Ltd to Tuas Power and PowerSeraya for the generation of electricity.

² 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 transaction which were not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2008 to September 30, 2008.

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

We, Peter Seah Lim Huat, 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, 2008 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, 2008.

On behalf of the board of directors

Peter Seah Lim Huat
Chairman

Tang Kin Fei
Director

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
November 7, 2008