



SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2007 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED DECEMBER 31, 2007

The Board of Directors of Sembcorp Industries Ltd wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended December 31, 2007.

1. GROUP PROFIT AND LOSS STATEMENT

Note	GROUP			+ / (-) %	GROUP		
	4Q07 \$'000	4Q06 \$'000			FY07 \$'000	FY06 \$'000 (Restated)	+ / (-) %
Continuing operations							
Turnover	2,527,250	2,282,172		10.7	8,618,778	7,485,853	15.1
Cost of sales	(2,263,626)	(2,082,026)		8.7	(7,802,101)	(6,820,304)	14.4
Gross profit	263,624	200,146		31.7	816,677	665,549	22.7
General & administrative expenses	(83,214)	(63,664)		30.7	(246,079)	(207,907)	18.4
Non-operating income (net)	27,273	52,389		(47.9)	143,602	98,910	45.2
Finance costs	(15,666)	(15,294)		2.4	(53,925)	(53,530)	0.7
Share of results (net of tax) of:							
- Associates	28,916	30,018		(3.7)	96,853	67,390	43.7
- Joint ventures	13,301	13,878		(4.2)	56,343	44,492	26.6
Profit from continuing operations before income tax expense	234,234	217,473		7.7	813,471	614,904	32.3
Income tax credit/(expense)	3,162	(52,351)		NM	(86,247)	(130,176)	(33.7)
Profit after income tax credit/(expense) from continuing operations	237,396	165,122		43.8	727,224	484,728	50.0
Discontinued operations*							
Profit for the year from discontinued operations	12	-	-	NM	-	14,246	NM
Profit for the period/year before exceptional items	237,396	165,122		43.8	727,224	498,974	45.7
Exceptional items	3(b)	(75,882)	266,566	NM	(75,882)	662,092	NM
Profit for the period/year	161,514	431,688		(62.6)	651,342	1,161,066	(43.9)
Attributable to:							
Shareholders of the Company							
Net profit from continuing operations		182,826	128,258	42.5	557,239	373,115	49.3
Net profit from discontinued operations		-	-	NM	-	7,680	NM
Exceptional items	3(b)	(31,022)	258,049	NM	(31,022)	650,224	NM
		151,804	386,307	(60.7)	526,217	1,031,019	(49.0)
Minority interests		9,710	45,381	(78.6)	125,125	130,047	(3.8)
		161,514	431,688	(62.6)	651,342	1,161,066	(43.9)
Economic Value Added	122,185	373,263		(67.3)	417,107	924,699	(54.9)
Earnings per ordinary shares (cents)							
Before exceptional items							
-basic							
(a) Continuing operations		10.25	7.25	41.4	31.32	21.20	47.7
(b) Discontinued operations		-	-	NM	-	0.44	NM
		10.25	7.25	41.4	31.32	21.64	44.7
-diluted							
(a) Continuing operations		10.15	7.18	41.4	30.98	20.97	47.7
(b) Discontinued operations		-	-	NM	-	0.43	NM
		10.15	7.18	41.4	30.98	21.40	44.8
After exceptional items							
-basic							
		8.51	21.85	(61.1)	29.57	58.58	(49.5)
-diluted							
		8.43	21.63	(61.0)	29.25	57.94	(49.5)

NM - Not Meaningful

* Discontinued operations relate to Group's interests in SembCorp Logistics Ltd and SembCorp Engineers and Constructors Pte Ltd ("discontinued operations"), which were sold on April 3 and June 2, 2006 respectively.

2. Explanation to the Group Profit and Loss Statement

Group turnover from continuing operations increased by 11% in 4Q07 mainly due to higher High Sulphur Fuel Oil (“HSFO”) prices and 15% in FY07 due to strong growth in the rig building, ship conversion and ship repair businesses.

Profits after tax and minority interest (PATMI) before exceptional items from continuing operations increased by 43% for the 4Q07 and by 49% for the full year. Marine contributed strongly to the Group’s growth. For the full year, Utilities grew by 19% whilst Enviro returned to profitability.

During the year, the Group recorded a net exceptional loss of \$31 million comprising of the Group’s share of forex losses recognised by Marine from the unauthorised transactions entered into by a former senior executive, partially offset by gains on sale of investments. In FY06, the group made substantial exceptional gains following the sale of its subsidiary, SembCorp Logistics.

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

Increase in general and administrative expenses in 4Q07 was mainly due to professional fees incurred by Utilities and Marine.

Non-operating income in 4Q07 was lower than 4Q06 due to the absence of a commercial settlement reached with a supplier of our co-generation plant in Singapore recognised in 4Q06, foreign exchange losses and lower interest income. Non-operating income for FY07 was higher than FY06 as a higher commercial settlement was reached with the supplier in 1Q07.

Our share of results of associates in China and Australia and a joint venture in Vietnam were higher in FY07. However, lower contributions from its Indonesian associate and China joint ventures were recorded for 4Q07.

There was a tax credit in 4Q07 due to a favourable tax ruling from the IRAS relating to sale of an investment.

3. Notes to Group Profit and Loss Statement:

3a. Profit for the period/year before exceptional items (for continuing and discontinued operations) is arrived at after (charging)/crediting the following significant items:

	Note	GROUP		GROUP	
		4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Staff costs		(172,309)	(174,065)	(650,087)	(639,025)
Depreciation and amortisation		(48,675)	(39,929)	(182,859)	(170,348)
Allowance written back for doubtful debts & bad debts written off (net)		3,271	3,538	6,491	6,953
Provision for onerous contracts		-	(27)	-	(14,577)
Allowance made for impairment in value of assets (net)	1	(2,459)	(19,015)	(7,628)	(32,188)
Audit fees					
- auditors of the Company		(170)	(160)	(907)	(1,272)
- other auditors		(365)	(544)	(1,409)	(1,758)
Non-audit fees					
- auditors of the Company		42	(28)	(151)	(217)
- other auditors		(170)	21	(390)	(167)
Interest income		14,195	19,147	46,709	48,868
Dividend income		609	196	6,985	5,239
Other income	2	22,731	30,778	90,824	65,390
Profit on sale of property, plant & equipment and investment properties		209	1,448	9,913	2,567
Gain / (loss) on sale of investments		4,911	(13)	6,455	14,578
Foreign exchange (loss) / gain	3	(13,703)	1,832	(10,056)	(13,525)
Finance costs		<u>(15,666)</u>	<u>(15,294)</u>	<u>(53,925)</u>	<u>(54,014)</u>

Note:

- (1) The higher allowance made for impairment of assets in FY06 relate to a small power plant in China, onerous municipal collection contracts and land in UK.
- (2) Commercial settlements reached with a supplier in 4Q06 and 1Q07 were recorded as other income.
- (3) The foreign exchange losses were primarily incurred by Marine.

3b. Exceptional items comprise:

Net gain on sale of subsidiaries, an associate and other financial assets	276,557	29,018	276,557	491,748
Foreign exchange losses arising from Unauthorised Transactions in Marine	(302,922)	-	(302,922)	-
Amount written back / (additional charge) arising from final settlement on Solitaire	-	8,000	-	(57,000)
Write back of impairment for property, plant and equipment	-	83,069	-	83,069
	<u>(26,365)</u>	<u>120,087</u>	<u>(26,365)</u>	<u>517,817</u>
Less: Income tax expense	(49,517)	(6,721)	(49,517)	(8,925)
Add: Tax benefit arising from utilisation of Solitaire tax losses	-	153,200	-	153,200
	<u>(75,882)</u>	<u>266,566</u>	<u>(75,882)</u>	<u>662,092</u>
Less: Minority interests	44,860	(8,517)	44,860	(11,868)
Net exceptional items	<u>(31,022)</u>	<u>258,049</u>	<u>(31,022)</u>	<u>650,224</u>

3. Notes to Group Profit and Loss Statement (cont'd)

3c. Income Tax Expense

- (i) In 4Q07, there was a write back of over provision of tax in respect of prior years of \$42,359,000 (4Q06: under provision of tax in respect of prior years of \$25,669,000) due to the favourable tax ruling by IRAS on the taxability of gains on disposal of an investment.

The Group's tax charge for FY07 included a write back of over provision of tax in respect of prior years of \$41,759,000 (FY06: under provision for tax in respect of prior years of \$23,657,000) and a write back of provision for deferred tax of \$14,343,000 (FY06: Nil) due to a reduction in Singapore corporate tax rate.

- (ii) The Group's tax charge for 4Q07 and FY07 included Group Tax Relief of \$13,184,000 (4Q06: \$138,152,000) and \$12,976,000 (FY06: \$141,046,000) respectively.

3d. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	Group			Group		
	4Q07	4Q06 (Restated)	+ / (-) %	FY07	FY06 (Restated)	+ / (-) %
(i) Based on the weighted average number of shares (in cents)						
(a) Before exceptional items						
- Continuing operations	10.25	7.25	41.4	31.32	21.20	47.7
- Discontinued operations	-	-	NM	-	0.44	NM
	<u>10.25</u>	<u>7.25</u>	41.4	<u>31.32</u>	<u>21.64</u>	44.7
(b) After exceptional items	<u>8.51</u>	<u>21.85</u>	(61.1)	<u>29.57</u>	<u>58.58</u>	(49.5)
- Weighted average number of shares (in million)	1,783.3	1,768.1	0.9	1,779.4	1,760.0	1.1
(ii) On a fully diluted basis (in cents)						
(a) Before exceptional items						
- Continuing operations	10.15	7.18	41.4	30.98	20.97	47.7
- Discontinued operations	-	-	NM	-	0.43	NM
	<u>10.15</u>	<u>7.18</u>	41.4	<u>30.98</u>	<u>21.40</u>	44.8
(b) After exceptional items	<u>8.43</u>	<u>21.63</u>	(61.0)	<u>29.25</u>	<u>57.94</u>	(49.5)
- Adjusted weighted average number of shares (in million)	1,801.4	1,785.7	0.9	1,798.8	1,779.4	1.1

3e. Breakdown of sales (continuing & discontinued operations)

	GROUP		
	FY07 \$'000	FY06 \$'000 (Restated)	+ / (-) %
First Half Year			
(i) Sales reported	3,851,580	4,177,729	-8%
(ii) Operating profit after tax before deducting minority interests reported	334,636	629,742	-47%
Second Half Year			
(iii) Sales reported	4,767,198	3,929,374	21%
(iv) Operating profit after tax before deducting minority interests reported	316,706	531,324	-40%

4. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/12/2007 \$000	As at 31/12/2006 \$000 (Restated)	As at 31/12/2007 \$000	As at 31/12/2006 \$000 (Restated)
Equity attributable to shareholders of the Company:-				
Share capital	551,274	525,414	551,274	525,414
Other reserves	639,448	474,672	23,699	13,793
Accumulated profits	1,842,096	1,813,090	884,427	1,065,803
	<u>3,032,818</u>	<u>2,813,176</u>	<u>1,459,400</u>	<u>1,605,010</u>
Minority interests	797,211	648,186	-	-
Total equity	<u>3,830,029</u>	<u>3,461,362</u>	<u>1,459,400</u>	<u>1,605,010</u>
Non-current assets				
Property, plant & equipment	2,601,709	2,499,117	3,422	4,352
Investment properties	31,291	35,388	-	-
Investments in subsidiaries	-	-	1,479,440	1,472,569
Interests in associates	515,487	476,421	-	-
Interests in joint ventures	270,389	266,034	-	-
Other financial assets	708,234	359,255	-	-
Long term receivables and prepayments	49,572	70,167	-	-
Intangible assets	109,510	109,912	90	90
Deferred tax assets	37,823	36,596	-	-
	<u>4,324,015</u>	<u>3,852,890</u>	<u>1,482,952</u>	<u>1,477,011</u>
Current assets				
Inventories and work-in-progress	1,657,047	1,273,898	-	-
Trade and other receivables	1,404,696	1,268,804	198,310	199,827
Asset held for sale	26,682	6,167	-	-
Bank balances, fixed deposits and cash	1,296,892	1,185,639	189,470	347,336
	<u>4,385,317</u>	<u>3,734,508</u>	<u>387,780</u>	<u>547,163</u>
Current liabilities				
Trade and other payables	2,242,427	1,646,928	249,183	257,015
Excess of progress billings over work-in-progress	568,741	545,370	-	-
Provisions	31,798	30,381	11,454	11,454
Current tax payable	169,105	146,836	-	-
Interest-bearing borrowings	510,194	216,161	150,000	-
	<u>3,522,265</u>	<u>2,585,676</u>	<u>410,637</u>	<u>268,469</u>
Net current assets / (liabilities)	<u>863,052</u>	<u>1,148,832</u>	<u>(22,857)</u>	<u>278,694</u>
	<u>5,187,067</u>	<u>5,001,722</u>	<u>1,460,095</u>	<u>1,755,705</u>
Non-current liabilities				
Deferred tax liabilities	385,567	294,214	195	195
Provisions	10,034	14,028	500	500
Retirement benefit obligations	24,109	31,320	-	-
Interest-bearing borrowings	823,486	1,096,174	-	150,000
Other long-term liabilities	113,842	104,624	-	-
	<u>1,357,038</u>	<u>1,540,360</u>	<u>695</u>	<u>150,695</u>
	<u>3,830,029</u>	<u>3,461,362</u>	<u>1,459,400</u>	<u>1,605,010</u>

Notes to Group Balance Sheets:

4a. Net asset value

	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Net asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.70	1.59	0.82	0.90
Net tangible asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.64	1.52	0.82	0.90

4b. Changes in the Company's share capital

Share Options

During 4Q07, the Company issued 1,207,210 ordinary shares for cash upon the exercise of the options under the Company's Share Option Plan ("SOP").

As at December 31, 2007, the Company's issued and paid up capital comprises 1,783,782,546 (December, 2006:1,770,177,555) ordinary shares and there were 15,510,729 (December, 2006: 30,663,581) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

The total number of performance shares in awards granted conditionally and representing 100% of targets achieved, but not released as at December 31, 2007 was 2,582,259. Based on the multiplying factor, the maximum number of shares that could be released is 3,873,389 shares.

Restricted Shares

During 4Q07, 51,940 restricted shares granted conditionally under the Restricted Share Plan ("RSP") lapsed.

The total number of restricted shares in awards granted conditionally and representing 100% of targets achieved, but not released as at December 31, 2007 was 2,890,240. Based on the multiplying factor, the maximum number of shares that could be released is 3,757,312 shares.

Treasury shares

As at 31 December, 2007, the Company is not holding any treasury shares.

Notes to Group Balance Sheets (cont'd)

4c. List of significant subsidiaries, associates and joint ventures

4c(i) Details of significant subsidiaries are as follows:

	Name of significant subsidiaries	Country of incorporation	Effective equity held by the Group	
			2007 %	2006 %
	Utilities			
	Sembcorp Utilities Pte Ltd	Singapore	100	100
	Sembcorp Cogen Pte Ltd	Singapore	100	100
	Sembcorp Gas Pte Ltd	Singapore	70	70
	Sembcorp Air Products (Hyc) Pte Ltd	Singapore	60	60
*	Sembcorp Utilities (UK) Limited	United Kingdom	100	100
	Marine & Offshore Engineering			
^	Sembcorp Marine Ltd	Singapore	60.86	61.50
^	Jurong Shipyard Pte Ltd	Singapore	60.86	61.50
^	PPL Shipyard Pte Ltd	Singapore	51.73	52.28
^	Sembawang Shipyard Pte Ltd	Singapore	60.86	61.50
^	SMOE Pte Ltd	Singapore	60.86	61.50
	Environmental Management			
	Sembcorp Environmental Management Pte. Ltd.	Singapore	100	100
	SembWaste Pte Ltd	Singapore	100	100
	Industrial Parks			
**	Sembcorp Parks Holdings Ltd	Singapore	100	100
	Others			
	Sembcorp Design and Construction Pte Ltd	Singapore	100	100
	Sembcorp Financial Services Pte Ltd	Singapore	100	100
	Singapore Precision Industries Pte Ltd	Singapore	100	100

KPMG Singapore is the auditor of the significant Singapore incorporated subsidiaries and other member firms of KPMG International are auditors of the significant foreign incorporated subsidiaries, except as denoted below:

* Audited by Ernst & Young LLP

^ The consolidated financial statements of Sembcorp Marine Ltd, a company listed on Singapore Exchange, and its subsidiaries are audited by Ernst & Young, Singapore

** The consolidated financial statements of Sembcorp Parks Holdings Ltd is audited by Ernst & Young, Singapore

Notes to Group Balance Sheets (cont'd)

4c. List of significant subsidiaries, associates and joint ventures

4c(ii) Details of significant associates and joint ventures are as follows:

	Name of significant associates and joint ventures	Country of incorporation	Effective equity held by the Group	
			2007	2006
			%	%
Utilities				
^	Phu My 3 BOT Power Company Ltd	Vietnam	33.33	33.33
@	Shanghai Cao Jing Cogeneration Co. Ltd	People's Republic of China	30.00	30.00
#	Shenzhen Chiwan Sembawang Engineering Co Ltd	People's Republic of China	32.00	32.00
@@	Emirates Sembcorp Water & Power Company PJSC	United Arab Emirates	40.00	40.00
Marine & Offshore Engineering				
*	COSCO Shipyard Group	People's Republic of China	18.26	18.45
Environmental Management				
^^	SembSITA Pacific Pte Ltd	Singapore	40.00	40.00
Industrial Parks				
**	Gallant Venture Ltd	Singapore	23.92	26.84
^	Vietnam Singapore Industrial Park JV Co Ltd	Vietnam	40.44	40.44
##	Wuxi Singapore Industrial Park Development Co. Ltd	People's Republic of China	45.36	45.36

The auditors of significant associates and joint ventures are as follows:

- ^ Audited by Ernst & Young Vietnam Limited
- @ Audited by Deloitte Touche Tohmatsu CPA Ltd
- # Audited by PriceWaterhouseCoopers Zhong Tian CPAS Limited Company
- * Audited by Reanda CPA, China
- ^^ Audited by Ernst & Young, Singapore
- ** The consolidated financial statements of Gallant Venture Ltd, a company listed on SGX - SESDAQ, and its subsidiaries are audited by Foo, Kon & Tan Grant Thornton
- ## Audited by Wuxi Dazhong CPA Co Ltd
- @@ Audited by Ernst & Young, Abu Dhabi

Notes to Group Balance Sheets (cont'd)

4d. Borrowings and debt securities

	As at 31/12/2007 \$'000	As at 31/12/2006 \$'000
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Secured	101,442	83,101
Unsecured	411,568	135,438
	<u>513,010</u>	<u>218,539</u>
(ii) <u>After one year</u>		
Secured	470,997	593,503
Unsecured	356,973	509,915
	<u>827,970</u>	<u>1,103,418</u>
Total	<u>1,340,980</u>	<u>1,321,957</u>

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

	As at 31/12/2007 \$'000	As at 31/12/2006 \$'000
Property, plant and equipment and investment properties	<u>1,118,579</u>	<u>967,430</u>

(iv) **Gearing Ratios**

	As at 31/12/2007	As at 31/12/2006
Gross Gearing (times)	0.35	0.38
Net Gearing (times)	0.01	0.04

(v) **Unsecured borrowings**

Included in the unsecured borrowings are medium term notes of the Group as follows:-

- In 2004, a wholly owned treasury vehicle of the Company, Sembcorp Financial Services Pte Ltd (the "Issuer"), established a \$1.5 billion Multicurrency Multi-Issuer Debt Issuance Programme (the "Programme"). Pursuant to this, the Company, together with other subsidiaries of the Company (together with the Issuer, the "Issuing Subsidiaries"), may from time to time issue debt under the Programme subject to availability of funds from the market. The obligations of the Issuing Subsidiaries under the Notes will be fully guaranteed by the Company. The programme has not been utilised as at 31 December 2007.

The Programme replaced the \$2.0 billion Multicurrency Debt Issuance Programme established by the Company ("the Existing Programme") in October 2000. No further debt issuances will be made by the Company under its Existing Programme, and the outstanding debt issuances of \$150 million will be allowed to mature on June 6, 2008. Upon maturity of the outstanding debt issued, the Existing Programme will be terminated.

Notes to Group Balance Sheets (cont'd)

4d. Borrowings and debt securities (cont'd)

(v) Unsecured borrowings (cont'd)

- In 2004, a subsidiary, Sembcorp Marine Ltd ("SCM") established a \$500 million Multicurrency Multi-Issuer Debt Issuance Programme (the "Programme") pursuant to which the subsidiary together with its subsidiaries Jurong Shipyard Pte Ltd and Sembawang Shipyard Pte Ltd ("Issuing SCM Subsidiaries"), may from time to time issue the notes subject to availability of funds from the market. The obligations of Issuing SCM Subsidiaries under the Notes will be fully guaranteed by SCM.

Under the MTN, SCM or any of the Issuing SCM Subsidiaries may from time to time issue notes in series or tranches in Singapore Dollars and/or any other currency. Such notes are listed on the Singapore Exchange Securities Trading Limited and will be cleared through the Central Depository (Pte) Ltd.

The principal amount of the Notes issued by SCM and its subsidiaries and are outstanding as at December 31, 2007, amounted to \$285 million (FY06: \$210 million).

4e. Provisions

A provision is recognised in the balance sheet when there is a legal or constructive obligation as a result of a past event, the obligation can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	Group	
	FY07	FY06
	\$'000	\$'000
(i) Loan undertakings	9,167	10,103
(ii) Obligations relating to disposal of business	11,454	11,454
(iii) Claims	4,238	1,718
(iv) Onerous contracts	8,680	12,337
(v) Restoration of sites	5,309	5,370
(vi) Others	2,984	3,427
Total	41,832	44,409

4e. **Provisions (cont'd)**

(i) Loan undertakings

This relates to the Group's share of loan undertakings of associates, a subsidiary and other investee companies.

(ii) Obligations relating to disposal of business

This mainly relates to the disposal of business in which the Company / subsidiary retains certain obligations in respect of contracts pursuant to the Sales and Purchase Agreement.

(iii) Claims

The provision represents the Group's exposure to the obligations arising from contractual and commercial arrangements in a subsidiary's operations, based on the best estimate of the outflow considering both contractual and commercial factors.

(iv) Onerous contracts

The provision for onerous contracts relates to the Group's exposure to the unavoidable cost of meeting its obligations under the contracts, which exceeds the expected benefits to be derived by the Group. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contracts.

(v) Restoration costs

This provision relates to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements. The subsidiaries expect to incur the liability upon termination of the lease.

(vi) Others

This relates mainly to provision for warranty in respect of completed projects. The provision is based on estimates made from historical warranty data associated with similar projects.

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

Group

The increase in other financial assets was mainly due to fair value adjustments for Cosco Corporation (S) Ltd ("Cosco") shares held by Sembcorp Marine Ltd which was partially offset by the sale of 39 million ordinary shares in Cosco.

'Inventories and work-in-progress' and 'Trade and other payables' increased as more projects were undertaken by Sembcorp Marine group.

Company

The increase in investment in subsidiaries and other reserves was due to the adoption of "INT FRS 108 - Scope of FRS 102 Share-based Payment". The adoption of INT FRS 108 has resulted in the Company accounting for share options granted to employees of its subsidiaries. The fair value of the options granted is recognised as an increase in the Company's investment in subsidiaries with a corresponding increase in equity over the vesting period.

The decrease in trade and other payables is due to the settlement of intercompany balances during the year.

5. STATEMENTS OF CHANGES IN EQUITY

5a. Statements of Changes in Equity for the Group

					Currency	Accumulated		Minority		Total Equity
	Share Capital	Share Premium	Merger Reserve	Other Reserves	Translation Reserve	Profits	Total	Interests		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
9M07										
At January 1, 2007	525,414	-	29,201	459,457	(13,920)	1,811,447	2,811,599	648,186	3,459,785	
Effect of adopting INT FRS 112	-	-	-	-	(66)	1,643	1,577	-	1,577	
At January 1, 2007, restated	525,414	-	29,201	459,457	(13,986)	1,813,090	2,813,176	648,186	3,461,362	
Translation adjustments	-	-	-	-	4,721	-	-	(1,010)	3,711	
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	261,623	-	-	261,623	163,812	425,435	
Net fair value changes on cash flow hedges	-	-	-	20,645	-	-	20,645	81	20,726	
Share of reserve of associates and joint venture companies	-	-	-	4,528	1,964	-	6,492	1,230	7,722	
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	(3,317)	(33)	850	(2,500)	(4,292)	(6,792)	
Net gain recognised directly in equity	-	-	-	283,479	6,652	850	290,981	159,821	450,802	
Profit for the period	-	-	-	-	-	374,413	374,413	115,415	489,828	
Total gain recognised for the period	-	-	-	283,479	6,652	375,263	665,394	275,236	940,630	
Issue of shares under Share Option Plan	23,595	-	-	-	-	-	23,595	-	23,595	
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	24,115	24,115	
Share based payments	-	-	-	13,993	-	-	13,993	4,195	18,188	
Dividend paid	-	-	-	-	-	(498,016)	(498,016)	(96,317)	(594,333)	
At September 30, 2007	549,009	-	29,201	756,929	(7,334)	1,690,337	3,018,142	855,415	3,873,557	
4Q07										
Translation adjustments	-	-	-	-	(27,781)	-	(27,781)	(4,847)	(32,628)	
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	4,063	-	-	4,063	2,485	6,548	
Net fair value changes on available for sale financial assets taken to income statement	-	-	-	(90,652)	-	-	(90,652)	(56,761)	(147,413)	
Net fair value changes on cash flow hedges	-	-	-	(1,091)	-	-	(1,091)	(36)	(1,127)	
Share of reserve of associates and joint venture companies	-	-	-	(23,176)	(2,077)	-	(25,253)	(1,246)	(26,499)	
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	(3,175)	(191)	(45)	(3,411)	(303)	(3,714)	
Net loss recognised directly in equity	-	-	-	(114,031)	(30,049)	(45)	(144,125)	(60,708)	(204,833)	
Profit for the period	-	-	-	-	-	151,804	151,804	9,710	161,514	
Total (loss) / gain recognised for the period	-	-	-	(114,031)	(30,049)	151,759	7,679	(50,998)	(43,319)	
Issue of shares under Share Option Plan	2,265	-	-	-	-	-	2,265	-	2,265	
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	2,657	2,657	
Share based payments	-	-	-	4,732	-	-	4,732	2,031	6,763	
Dividend paid	-	-	-	-	-	-	-	(11,894)	(11,894)	
At December 31, 2007	551,274	-	29,201	647,630	(37,383)	1,842,096	3,032,818	797,211	3,830,029	
9M06										
At January 1, 2006	436,603	313,618	29,201	62,275	14,192	1,143,729	1,999,618	845,041	2,844,659	
Effect of adopting INT FRS 112	-	-	-	-	3	397	400	-	400	
At January 1, 2006, restated	436,603	313,618	29,201	62,275	14,195	1,144,126	2,000,018	845,041	2,845,059	
Transfer to share capital	313,618	(313,618)	-	-	-	-	-	-	-	
Translation adjustments	-	-	-	-	(9,424)	-	(9,424)	(6,525)	(15,949)	
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	58,894	-	-	58,894	36,187	95,081	
Net fair value changes on cash flow hedges	-	-	-	16,952	-	-	16,952	198	17,150	
Share of reserve of associates and joint venture companies	-	-	-	2,876	-	-	2,876	-	2,876	
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	316,340	(7,832)	(292,024)	16,484	(337,536)	(321,052)	
Net gain / (loss) recognised directly in equity	-	-	-	395,062	(17,256)	(292,024)	85,782	(307,676)	(221,894)	
Profit for the period	-	-	-	-	-	644,712	644,712	84,666	729,378	
Total gain / (loss) recognised for the period	-	-	-	395,062	(17,256)	352,688	730,494	(223,010)	507,484	
Issue of shares under Share Option Plan	32,224	-	-	-	-	-	32,224	-	32,224	
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	28,388	28,388	
Capital reduction paid to shareholders of the Company	(264,578)	-	-	-	-	-	(264,578)	-	(264,578)	
Share based payments	-	-	-	10,112	-	-	10,112	1,382	11,494	
Dividend paid	-	-	-	-	-	(91,344)	(91,344)	(60,298)	(151,642)	
At September 30, 2006	517,867	-	29,201	467,449	(3,061)	1,405,470	2,416,926	591,503	3,008,429	
4Q06										
Translation adjustments	-	-	-	-	(11,130)	-	(11,130)	(5,039)	(16,169)	
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	46,035	-	-	46,035	28,164	74,199	
Net fair value changes on cash flow hedges	-	-	-	18,479	-	-	18,479	(220)	18,259	
Share of reserve of associates and joint venture companies	-	-	-	(40,589)	-	-	(40,589)	-	(40,589)	
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	(41,714)	205	26,061	(15,448)	(9,758)	(25,206)	
Net (loss) / gain recognised directly in equity	-	-	-	(17,789)	(10,925)	26,061	(2,653)	13,147	10,494	
Profit for the period	-	-	-	-	-	386,307	386,307	45,381	431,688	
Total (loss) / gain recognised for the period	-	-	-	(17,789)	(10,925)	412,368	383,654	58,528	442,182	
Issue of shares under Share Option Plan	7,547	-	-	-	-	-	7,547	-	7,547	
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	3,011	3,011	
Capital reduction paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	
Share based payments	-	-	-	5,049	-	-	5,049	2,250	7,299	
Transfer of revenue reserves to statutory reserves by associated companies	-	-	-	4,748	-	(4,748)	-	-	-	
Dividend paid	-	-	-	-	-	-	-	(7,106)	(7,106)	
At December 31, 2006	525,414	-	29,201	459,457	(13,986)	1,813,090	2,813,176	648,186	3,461,362	

5b. Statements of Changes in Equity of the Company

	Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total \$'000
9M07					
At January 1, 2007	525,414	-	5,269	1,065,803	1,596,486
Effect of adopting INT FRS 108	-	-	8,524	-	8,524
At January 1, 2007, restated	525,414	-	13,793	1,065,803	1,605,010
Profit for the period	-	-	-	258,421	258,421
Total gain recognised for the period	-	-	-	258,421	258,421
Issue of shares under Share Option Plan	23,595	-	-	-	23,595
Share based payments	-	-	8,224	-	8,224
Dividend paid	-	-	-	(498,016)	(498,016)
At September 30, 2007	549,009	-	22,017	826,208	1,397,234
4Q07					
Profit for the period	-	-	-	58,219	58,219
Total gain recognised for the period	-	-	-	58,219	58,219
Issue of shares under Share Option Plan	2,265	-	-	-	2,265
Share based payments	-	-	1,682	-	1,682
At December 31, 2007	551,274	-	23,699	884,427	1,459,400
9M06					
At January 1, 2006	436,603	313,618	2,444	542,643	1,295,308
Effect of adopting INT FRS 108	-	-	5,187	-	5,187
At January 1, 2006, restated	436,603	313,618	7,631	542,643	1,300,495
Transfer to share capital	313,618	(313,618)	-	-	-
Realisation of reserve upon disposal of investments and changes in group structure	-	-	(2,721)	-	(2,721)
Net loss recognised directly in equity	-	-	(2,721)	-	(2,721)
Profit for the period	-	-	-	377,405	377,405
Total (loss) / gain recognised for the period	-	-	(2,721)	377,405	374,684
Issue of shares under Share Option Plan	32,224	-	-	-	32,224
Share based payments	-	-	8,033	-	8,033
Capital reduction paid to shareholders of the Company	(264,578)	-	-	-	(264,578)
Dividend paid	-	-	-	(91,344)	(91,344)
At September 30, 2006	517,867	-	12,943	828,704	1,359,514
4Q06					
Profit for the period	-	-	-	237,099	237,099
Total gain recognised for the period	-	-	-	237,099	237,099
Issue of shares under Share Option Plan	7,547	-	-	-	7,547
Share based payments	-	-	850	-	850
At December 31, 2006	525,414	-	13,793	1,065,803	1,605,010

6. CONSOLIDATED CASH FLOW STATEMENT

	Note	GROUP		GROUP	
		4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Cash flows from Operating Activities					
Profit for the period / year		161,514	431,688	651,342	1,161,066
Adjustments for :					
Interest and dividend income		(14,804)	(19,343)	(53,694)	(54,107)
Finance costs		15,666	15,294	53,925	54,014
Depreciation and amortisation		48,675	39,929	182,859	170,348
Share of results of associated companies and joint ventures		(42,148)	(43,896)	(157,701)	(118,560)
Profit on sale of property, plant and equipment & investment properties		(209)	(1,448)	(9,913)	(2,567)
Loss / (gain) on disposal of investments (net)		21,454	(29,519)	19,910	(511,601)
Allowance written back for doubtful debts and bad debts written off (net)		(3,271)	3,638	(6,491)	223
Changes in fair value of financial instruments and hedged items		1,491	1,126	(922)	7,047
Share based payment expenses		7,183	6,045	26,237	19,124
Provision made for onerous contracts		-	27	-	14,577
(Amount written back) / additional charge arising from final settlement on Solitaire		-	(8,000)	-	57,000
Allowance made / (written back) for impairment in value of assets		2,459	(64,054)	7,628	(50,881)
Allowance made for stock obsolescence & inventories written off		-	(945)	-	224
Income tax expenses / (credit)		46,355	(94,128)	135,764	(10,875)
Operating profit before working capital changes		244,365	236,414	848,944	735,032
Changes in working capital:					
Inventories and work-in-progress		(310,414)	74,808	(361,848)	(527,141)
Receivables		192,037	169,203	(115,102)	(154,307)
Payables		68,719	(215,754)	550,781	589,751
		194,707	264,671	922,775	643,335
Net payment to banks for unauthorised transactions		(260,589)	-	(260,589)	-
Payment for Solitaire settlement		-	-	-	(682,700)
Income tax refund / (paid)		17,078	(2,438)	(48,155)	(46,842)
Net cash (outflow) / inflow from operating activities		(48,804)	262,233	614,031	(86,207)
Cash flows from Investing Activities					
Dividend and interest received		37,820	51,621	98,234	97,785
Cash flows on sale of subsidiaries, net of cash disposed	6(a)	3,569	4,800	98,385	492,022
Proceeds from sale of associates and joint ventures		68,851	-	69,332	295,358
Proceeds from sale of investments		270,791	69,078	273,895	75,725
Proceeds from sale of property, plant and equipment		1,710	8,305	47,605	13,055
Proceeds from sale of investment properties		-	-	6,959	-
Proceeds from sale of asset held for sale		-	-	11,000	-
Additional interest in subsidiaries, net of cash acquired		(257)	-	(3,457)	-
Acquisition of subsidiary, net of cash acquired	6(b)	160	(1,099)	160	(7,314)
Acquisition of associates and joint ventures		(5)	(8,731)	(4,260)	(295,192)
Acquisition of other financial assets		(37,908)	1,950	(46,187)	(120,464)
Purchase of property, plant and equipment		(100,415)	(125,224)	(456,891)	(464,654)
Payment of intangible assets		-	470	(55)	-
Net cash inflow from investing activities		244,316	1,170	94,720	86,321
Cash flows from Financing Activities					
Proceeds from share issue		2,265	7,547	25,860	39,771
Proceeds from share issue to minority shareholders of subsidiaries		2,657	3,011	26,772	31,399
Proceeds from borrowings		200,702	73,602	536,735	742,786
Repayment of borrowings		(173,924)	(117,103)	(505,466)	(412,121)
Net (decrease) / increase in other long term liabilities		(5,384)	(2,513)	(5,220)	16,196
Capital reduction paid to shareholder of the Company		-	-	-	(264,578)
Dividend paid to shareholders of the Company		-	-	(498,016)	(91,344)
Dividends paid to minority shareholders of subsidiaries		(11,894)	(7,106)	(108,211)	(67,404)
Interest paid		(17,135)	(24,560)	(53,482)	(51,371)
Net cash outflow from financing activities		(2,713)	(67,122)	(581,028)	(56,666)
Net increase / (decrease) in cash and cash equivalents		192,799	196,281	127,723	(56,552)
Cash and cash equivalents at beginning of the period / year		1,107,102	975,758	1,172,975	1,231,281
Effects of exchange rate changes on cash and cash equivalents		(3,898)	936	(4,695)	(1,754)
Cash and cash equivalents at end of the period / year		1,296,003	1,172,975	1,296,003	1,172,975

6. **CONSOLIDATED CASH FLOW STATEMENT** (cont'd)

6a. **Cash flows on sale of subsidiaries, net of cash disposed**

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

	Group		Group	
	4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Non-current assets	2,613	-	104,928	591,988
Net current assets	3,710	-	3,791	270,151
Non-current liabilities	(5,540)	-	(5,761)	(47,598)
Minority Interest	-	-	(1,824)	(291,891)
Profit on disposal	4,660	-	5,284	465,801
Currency translation reserve	(309)	-	(1,113)	(1,529)
Total cash consideration	5,134	-	105,305	986,922
Less: Amount retained as other financial assets	-	4,800	-	-
Less: Cash & bank balances of subsidiaries disposed	(1,761)	-	(7,693)	(494,900)
Add: Overdraft of subsidiary disposed	196	-	773	-
Cash flows on sale of subsidiaries, net of cash disposed	<u>3,569</u>	<u>4,800</u>	<u>98,385</u>	<u>492,022</u>

6b. **Acquisition of subsidiaries, net of cash acquired**

The fair values of net assets and liabilities of subsidiaries acquired were as follows:

	Group		Group	
	4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Non-current assets	17	(429)	17	9,942
Net current assets / (liabilities)	484	239	484	(1,005)
Non-current liabilities	-	105	-	(3,599)
Minority interests	(150)	-	(150)	(362)
Interest in subsidiaries previously accounted for as associates/other investments	-	-	-	(858)
Goodwill	-	-	-	944
Total consideration payable	351	(85)	351	5,062
Net (cash at bank) / overdraft of subsidiaries acquired	(511)	1,184	(511)	2,252
Cash (inflow) / outflow on acquisitions	<u>(160)</u>	<u>1,099</u>	<u>(160)</u>	<u>7,314</u>

6c. **Cash and cash equivalents**

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

Breakdown for Cash & Cash Equivalents:

	Group	
	As at 31/12/2007	As at 31/12/2006
Bank balances, fixed deposits and cash	1,296,892	1,185,639
Bank overdrafts	(889)	(12,664)
	<u>1,296,003</u>	<u>1,172,975</u>

6d. Explanatory Notes to Consolidated Cash Flow Statement

Net cash inflow from operating activities for FY07 was \$614.0 million as compared to a net cash outflow of \$86.2 million for the corresponding period in the previous year. The strong operating cash flow was mainly contributed by our Singapore and UK operations in Utilities, and our Marine business, which was partially offset by a net payment of \$260.6 million to banks in relation to the unauthorized transactions.

Net cash inflow from investing activities for FY07 was \$94.7 million. Proceeds from sale of subsidiaries, associates and other investments of \$441.6 million and dividends and interest received of \$98.2 million were partially offset by spending of \$456.9 million on expansion and operational capex.

Net cash outflow from financing activities for FY07 of \$581.0 million relates mainly to dividends and interest paid.

7. AUDIT

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

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2006.

10. CHANGES IN ACCOUNTING POLICIES

With effect from January 1, 2007, the Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") which are relevant to the Group's operations:

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 108	Scope of FRS 102 Share-based Payment
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 112	Service Concession Arrangements

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies, except for the adoption of INT FRS 108 and INT FRS 112, as described below.

10(a) INT FRS 108 Scope of FRS 102 Share-based Payment

The adoption of INT FRS 108 "Scope of FRS 102 Share-based Payment" has resulted in the Company accounting for share options granted to employees of its subsidiaries. The fair value of the options granted is recognised as an increase in the Company's investment in subsidiaries with a corresponding increase in equity over the vesting period. Previously, the Company did not account for the share options granted to employees of its subsidiaries as it did not receive these subsidiaries' employees' services directly.

This change in accounting policy was applied retrospectively in accordance with the transitional provision of the interpretation and the comparatives have been restated. This change has no impact on the Group's financial statements and the Company's income statement.

10. CHANGES IN ACCOUNTING POLICIES (cont'd)

10(a) INT FRS 108 Scope of FRS 102 Share-based Payment (cont'd)

The adoption of INT FRS 108 has resulted in:

	Company	
	2007	2006
	\$'000	\$'000
Balance sheet		
Increase in:		
Investment in subsidiaries	13,557	8,524
Share-based payments reserve	13,557	8,524

10(b) INT FRS 112 Service Concession Arrangements

On January 1, 2007, the Group early adopted INT FRS 112 Service Concession Arrangements which is effective for annual periods beginning on or after January 1, 2008.

INT FRS 112 applies to public-to-private service concession arrangements if the infrastructure is constructed or acquired by the Group as part of the arrangement or is given for use by the grantor and:

- I. the grantor controls or regulates what services the Group must provide with the infrastructure, to whom it must provide them, and what price; and
- II. the grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

On adoption of INT FRS 112, the infrastructure constructed in a service concession arrangement is not recognised as property, plant and equipment of the Group.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. The Group recognises the consideration receivable as an intangible asset to the extent that it receives a right to charge users of the public service.

The Group has entered into Build-Operate-Transfer (BOT) power project in Vietnam. The power plant was constructed under a 23-year BOT Contract between the joint venture entity set up in Vietnam and the Ministry of Industry of Vietnam. At the end of the contract period, the plant will be handed over to the Government of Vietnam. The Group owns 1/3 share of the joint venture entity.

The change in accounting policy is applied retrospectively. The adoption of INT FRS 112 has resulted in:

	Group	
	2007	2006
	\$'000	\$'000
Balance sheet		
Increase / (decrease) in:		
Interests in joint ventures	2,013	1,577
Accumulated profits	-	397
Currency translation reserve	(200)	(66)
Profit and loss statement		
Increase in:		
Share of results of joint ventures	2,213	1,246

11. REVIEW OF GROUP PERFORMANCE

Group Overview

The Group achieved a turnover of \$8.6 billion for FY07. The Group's profit attributable to shareholders of the Company (PATMI) before exceptional items for FY07 was \$557.2 million compared to \$380.8 million for FY06, which represents a 46% growth.

The Group recorded a net exceptional loss of \$31.0 million for 2007. This comprised the Group's share of forex losses recognised by Marine relating to unauthorised forex transactions, which were partially offset by gains on the sale of certain investments.

The Group also generated strong Economic Value Added (EVA) of \$417.1 million for FY07 (FY06: \$924.7 million). The high EVA in FY06 was mainly due to one-off gain on divestment of a subsidiary, Sembcorp Logistics Ltd.

Turnover

	4Q07		4Q06		Growth		FY07		FY06		Growth	
	\$'000	\$'000	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Utilities*	1,105,349	851,860	253,489	30	3,736,082	3,425,372	310,710	9				
Marine & Offshore Engineering (Marine)	1,336,130	1,331,221	4,909	0	4,511,582	3,538,845	972,737	27				
Environmental Management (Enviro)	54,178	50,420	3,758	7	205,074	210,133	(5,059)	(2)				
Parks	4,233	10,538	(6,305)	(60)	23,335	65,246	(41,911)	(64)				
Others / Corporate*	27,360	38,133	(10,773)	(28)	142,705	246,257	(103,552)	(42)				
	2,527,250	2,282,172	245,078	11	8,618,778	7,485,853	1,132,925	15				

Marine and Utilities contributed 52% and 43% respectively to the Group's turnover of \$8.6 billion in FY07.

Utilities' turnover in 4Q07 increased by 30% to \$1.1 billion due to higher gas offtake from customers and higher HSFO prices. Turnover for FY07 increased by 9% to \$3.7 billion as the higher turnover from its Singapore and UK operations was partially offset by lower electricity dispatch due to plant shutdown in Singapore during the year for major inspections.

Marine's turnover for FY07 increased by 27% to \$4.5 billion due to strong performance by its rig building, repair, offshore and conversion businesses.

Decrease in turnover for Parks was mainly attributable to the divestment of Nirwana Gardens and Wuxi Garden City Mall in May 2006 and May 2007 respectively. Vietnam-Singapore Industrial Park was also deconsolidated with effect from April 2006.

Turnover of Others/Corporate for FY07 was lower due to the divestment of offshore engineering business to Marine in 3Q06, partially offset by higher turnover from a subsidiary dealing in specialised construction activities as the subsidiary was consolidated only from June 2006.

* Offshore Engineering has been reclassified from "Utilities" to "Others/Corporate".

11. REVIEW OF GROUP PERFORMANCE (cont'd)

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

	4Q07	4Q06	Growth		FY07	FY06	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Continuing operations						(Restated)		
Utilities*	50,797	60,483	(9,686)	(16)	230,227	194,097	36,130	19
Marine & Offshore Engineering (Marine)	70,606	46,008	24,598	53	220,078	128,645	91,433	71
Environmental Management (Enviro)	6,488	23	6,465	28109	13,645	(18,407)	32,052	NM
Parks	6,509	19,779	(13,270)	(67)	34,011	42,453	(8,442)	(20)
Others / Corporate*	48,426	1,965	46,461	2364	59,278	26,327	32,951	125
	182,826	128,258	54,568	43	557,239	373,115	184,124	49
Discontinued operations								
Logistics	-	-	-	NM	-	7,941	(7,941)	NM
Engineering & Construction (E&C)	-	-	-	NM	-	(261)	261	NM
	-	-	-	NM	-	7,680	(7,680)	NM
PATMI before exceptional items	182,826	128,258	54,568	43	557,239	380,795	176,444	46
Exceptional items (EI)	(31,022)	258,049	(289,071)	NM	(31,022)	650,224	(681,246)	NM
PATMI	151,804	386,307	(234,503)	(61)	526,217	1,031,019	(504,802)	(49)

Note: NM = Not meaningful

The Group's PATMI from its continuing operations in FY07 rose by 49% to \$557.2 million fueled by strong performance in Marine's rig building and ship repair business. Utilities, Enviro and Others/Corporate business units also performed well for the year.

Utilities' PATMI for FY07 was higher by 19% over FY06 primarily due to better contributions from its Singapore and UK operations. Utilities' operations in China recorded a profit in FY07 as compared to a small loss in FY06. Our co-generation plant in Shanghai performed better than plan. Our Vietnam plant continued to do well during the period and our Middle East operations performed according to plan.

The increase in the Group's share of PATMI of Marine was due to higher turnover and operating margins from its rig building and ship repair businesses and better contribution from its associates. Marine has announced that its wholly-owned subsidiary, Jurong Shipyard Pte Ltd, has reached full and final settlement with 9 of the 11 banks involved in the unauthorised forex transactions and the net position from the unauthorised forex transactions has now been reduced to US\$258.7 million. The amount of US\$208.0 million (S\$302.9 million) was expensed in Marine's 2007 profit and loss statement and US\$50.7 million will be disclosed as a contingent liability.

The increase in Enviro's PATMI was due to strong performance from its Australian operations. A write-back on disposal of a subsidiary amounting to \$4.3m also contributed to the higher PATMI in 4Q07 and FY07. Performance of Enviro in FY06 was impacted by an impairment made for fixed assets and provision for onerous contracts relating to the local municipal waste collection sector.

Park's PATMI decreased mainly due to lower contribution from the industrial parks in Indonesia and China, which was partially offset by higher contribution from the industrial park in Vietnam. A writeback of provision on recovery of loan in 4Q06 and FY06 also resulted in higher PATMI recorded in 4Q06 and FY06. The gain on disposal of Gallant Venture shares by Parks is reported under "Exceptional Items".

The increase in Others / Corporate PATMI in 4Q07 and FY07 was mainly due to a write back of \$48 million of tax provision made in prior years for the gains on divestment of an investment, following the favourable tax ruling by the Inland Revenue Authority of Singapore. In FY07, the writeback was partially offset by lower contributions from the offshore engineering business as part of the offshore engineering business was divested to Marine in 3Q06.

The exceptional items in FY07 comprise the expense relating to Marine's unauthorised forex transactions, partially offset by gain from sale of investments. In FY06, the exceptional items relate mainly to the gain on sale of Sembcorp Logistics.

* Offshore Engineering has been reclassified from "Utilities" to "Others/Corporate".

12. DISCONTINUED OPERATIONS

Discontinued operations relate to the Group's interest in the logistics business and engineering and construction business.

On April 3, 2006, the Group completed the divestment of its entire 60.01% stake in Sembcorp Logistics Ltd. On June 2, 2006 and October 7, 2006, the Group divested its 88% and 12% stake respectively in Sembcorp Engineers and Constructors Pte Ltd. These divestments were in line with the Group's aim to sharpen its strategic focus.

The analysis of the results from discontinued operations is as follows:

	4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Turnover	-	-	-	621,250
Cost of sales	-	-	-	(578,239)
Gross profit	-	-	-	43,011
General & administrative expenses	-	-	-	(33,611)
Non-operating income (net)	-	-	-	1,876
Finance costs	-	-	-	(484)
Share of results of:				
- Associates	-	-	-	4,192
- Joint ventures	-	-	-	2,486
Profit before income tax expense	-	-	-	17,470
Income tax expense	-	-	-	(3,224)
Profit after income tax expense before gain on sale of discontinued operations ⁽¹⁾	-	-	-	14,246
Gain on sale of discontinued operations ⁽²⁾	-	-	-	439,199
Profit after income tax expense	-	-	-	453,445
	4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
(1) Profit / (loss) after income tax expense before gain on sale of discontinued operations				
Logistics	-	-	-	14,487
Engineering & Construction	-	-	-	(241)
Total	-	-	-	14,246
(2) Gain / (loss) on sale of discontinued operations*				
Logistics	-	-	-	463,316
Engineering & Construction	-	-	-	(24,117)
Total	-	-	-	439,199

* Amount disclosed as part of exceptional items (see Note 3(b))

The impact of the discontinued operations on the consolidated cash flow of the Group is as follows:

	4Q07 \$'000	4Q06 \$'000	FY07 \$'000	FY06 \$'000
Operating cash flows	-	-	-	106,825
Investing cash flows	-	-	-	(4,072)
Financing cash flows	-	-	-	(39,862)
Net cash flow from discontinued operations	-	-	-	62,891

13. **VARIANCE FROM PROSPECT STATEMENT**

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

14. **SUBSEQUENT EVENT**

As announced on January 18, 2008, the Group has been awarded the fifth and largest NEWater project from PUB, Singapore's national water agency, following an open tender.

The plant, under PUB's Design-Build-Own-Operate (DBOO) scheme, will have an initial capacity of 15 million gallons per day in 2009 and will be ramped up to 50 million gallons per day (228,000 cubic metres per day) by 2010. When completed, it will be one of the largest water recycling plants in the world, producing 50 million gallons per day of NEWater over a term of 25 years. Today, Sembcorp is Singapore's largest water management company with over four million cubic metres per day in operation and under development. This NEWater project is a major milestone in Sembcorp's thrust into the water industry globally.

The investment, valued at approximately S\$180 million, will be funded through a mix of bank borrowings and internal sources.

Sembcorp Utilities, a wholly-owned subsidiary of the Company, has incorporated a 100%-owned subsidiary, Sembcorp NEWater Pte Ltd in Singapore as a special vehicle for this project.

15. **PROSPECTS**

Utilities

Underpinned by long-term contracts, our Utilities business continues to be a major profit contributor to Sembcorp. However, its performance is expected to be affected by the expiry of favourable supply contracts in the UK.

SembGas is required under the Gas Act to transfer its onshore natural gas pipeline assets to the designated gas transporter, PowerGas Ltd. The government informed SembGas that claims for compensation associated with the transfer of its pipeline assets will be considered. The compensation value is still being finalised and the transfer to PowerGas Ltd has not been effected.

Marine

Our Marine business has a strong net order book of \$7.4 billion with completion and deliveries till 2011. This includes \$5.4 billion orders secured in FY2007 and \$0.4 billion orders secured since January 2008 to date. The fundamentals for the offshore market remain strong. There is high demand for ship repair, fixed and floating production systems as well as rig building with demand trending towards deepwater rigs.

The disputes relating to the Unauthorised Transactions with BNP Paribas and Societe Generale are on going.

Enviro

Enviro's performance in 2008 is expected to improve over 2007. The solid waste treatment and recycling facility in Singapore has commenced operations. Our overseas venture in Australia is expected to perform well.

Parks

Should the United States of America enter into a prolonged recession arising from the sub-prime crisis, causing a slowdown in the manufacturing sector, the industrial parks business may be affected. Our industrial parks unit aims to maintain its performance in FY2008.

SCI Group

Barring unforeseen circumstances, in FY2008 the Group expects to maintain its FY2007 PATMI before exceptional items and the one-off tax write-back in 2007.

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.

16. **DIVIDEND AND CAPITAL DISTRIBUTION**

(a) Current Financial Year Reported On

	Proposed 2007 Final Ordinary Exempt-1-Tier	2007 Total
Name of Dividend		
Dividend Type	Cash	Cash
Dividend Amount (cents per shares)	15.0	15.0

(b) Corresponding Year of the Immediately Preceding Financial Year

	2006 Final Ordinary	2006 Final Ordinary Exempt-1-Tier	2006 Final Special Exempt-1-Tier	2006 Total
Name of Dividend				
Dividend Type	Cash	Cash	Cash	Cash
Gross Dividend Amount (cents per share)	4.9	8.0	16.0	28.9
Tax Rate	18%	-	-	
Net Dividend Amount (cents per share)	4.0	8.0	16.0	28.0

(c) Date payable

The proposed final tax exempt 1-Tier dividend of 15.0 cents per ordinary share, if approved at the AGM to be held on April 25, 2008, will be paid on May 15, 2008.

(d) Books closure date

Notice is hereby given that the Register of Transfer and Register of Members will be closed on May 5, 2008. Registrable transfers received by the Company's Registrar, M&C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on May 2, 2008 will be registered before entitlement to the dividend is determined.

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

	FY07 \$'000	FY06 \$'000
Special dividend	-	284,398
Ordinary final dividend*	267,567	213,618
Sub-total	267,567	498,016
Capital distribution	-	264,578
Total	267,567	762,594

*FY07 final dividend is estimated based on the share capital of 1,783,782,546 at the end of the financial year.

17. SEGMENTAL REPORTING

FY07

(i) Business segments

	Utilities*	Marine	Enviro	Parks	Others / Corporate*	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover							
External sales	3,736,082	4,511,582	205,074	23,335	142,705	-	8,618,778
Inter-segment sales	29,506	1,541	2,415	2,502	4,522	(40,486)	-
Total	3,765,588	4,513,123	207,489	25,837	147,227	(40,486)	8,618,778
Results							
Segment results	302,056	277,002	1,680	55,418	4,970	-	641,126
Interest income	16,901	21,486	725	3,349	28,134	(23,886)	46,709
Interest expense	(40,940)	(13,692)	(2,275)	-	(20,904)	23,886	(53,925)
	278,017	284,796	130	58,767	12,200	-	633,910
Share of results of associates	2,289	68,133	16,946	9,485	-	-	96,853
Share of results of joint ventures	23,980	5,515	(1,868)	19,631	9,085	-	56,343
	304,286	358,444	15,208	87,883	21,285	-	787,106
Income tax expense	(59,160)	(103,929)	(1,199)	(10,124)	38,648	-	(135,764)
Minority interest	(14,899)	(104,152)	(364)	(5,055)	(655)	-	(125,125)
Net profit for the year	230,227	150,363	13,645	72,704	59,278	-	526,217
Comprising:							
Net profit before exceptional items	230,227	220,078	13,645	34,011	59,278	-	557,239
Exceptional items	-	(69,715)	-	38,693	-	-	(31,022)
	230,227	150,363	13,645	72,704	59,278	-	526,217
Assets							
Segment assets	2,952,750	4,250,332	211,662	201,623	695,349	(641,074)	7,670,642
Investment in associates	5	193,368	54,929	267,185	-	-	515,487
Investment in joint ventures	119,817	28,020	1,097	69,528	51,927	-	270,389
Tax assets	36,544	5,086	3,468	13,453	194,263	-	252,814
Total assets	3,109,116	4,476,806	271,156	551,789	941,539	(641,074)	8,709,332
Liabilities							
Segment liabilities	1,714,207	2,469,233	124,765	36,521	620,979	(641,074)	4,324,631
Tax liabilities	243,449	287,809	4,910	17,802	702	-	554,672
Total liabilities	1,957,656	2,757,042	129,675	54,323	621,681	(641,074)	4,879,303
Capital expenditure	324,125	106,764	25,434	185	3,142	-	459,650
Significant non-cash items							
Depreciation and amortisation	102,672	64,441	7,291	2,800	5,655	-	182,859
Other non-cash items (including provisions, loss on disposal and exchange differences)	5,591	313,215	1,052	8,380	3,037	-	331,275

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	4,176,229	49	6,411,462	83	6,878,175	79	245,588	53
Rest of Asia	1,139,538	13	297,798	4	849,204	10	63,698	14
Europe	3,019,328	35	910,273	12	928,626	10	149,937	33
Others	283,683	3	51,109	1	53,327	1	427	0
Total	8,618,778	100	7,670,642	100	8,709,332	100	459,650	100

* Offshore Engineering has been reclassified from "Utilities" to "Others/Corporate".

17. SEGMENTAL REPORTING (cont'd)

FY06

(i) Business segments	Continuing operations						Discontinued operations			Elimination	Total operations	
	Utilities*	Marine	Enviro	Parks	Others / Corporate*	Elimination	Total	Logistics	E&C			Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover												
External sales	3,425,372	3,538,845	210,133	65,246	246,257	-	7,485,853	133,250	488,000	621,250	-	8,107,103
Inter-segment sales	39,057	6,204	1,749	2,769	10,566	(60,345)	-	150	48	198	(198)	-
Total	3,464,429	3,545,049	211,882	68,015	256,823	(60,345)	7,485,853	133,400	488,048	621,448	(198)	8,107,103
Results												
Segment results	277,536	256,374	(28,142)	120,407	(37,291)	-	588,884	472,112	(24,219)	447,893	-	1,036,777
Interest income	12,422	19,530	709	10,281	30,522	(27,178)	46,286	2,270	671	2,941	(359)	48,868
Interest expense	(42,835)	(10,549)	(1,877)	(1,605)	(23,842)	27,178	(53,530)	(108)	(735)	(843)	359	(54,014)
	247,123	265,355	(29,310)	129,083	(30,611)	-	581,640	474,274	(24,283)	449,991	-	1,031,631
Share of results of associates	4,596	35,947	10,540	16,307	-	-	67,390	4,199	(7)	4,192	-	71,582
Share of results of joint ventures	17,535	3,439	930	7,927	14,661	-	44,492	2,486	-	2,486	-	46,978
	269,254	304,741	(17,840)	153,317	(15,950)	-	693,522	480,959	(24,290)	456,669	-	1,150,191
Income tax expense	(60,213)	(57,056)	505	3,659	127,204	-	14,099	(3,156)	(68)	(3,224)	-	10,875
Minority interest	(14,944)	(100,956)	528	(7,628)	(481)	-	(123,481)	(6,546)	(20)	(6,566)	-	(130,047)
Net profit / (loss) for the period	194,097	146,729	(16,807)	149,348	110,773	-	584,140	471,257	(24,378)	446,879	-	1,031,019
Comprising:												
Net profit / (loss) before exceptional items	194,097	128,645	(18,407)	42,453	26,327	-	373,115	7,941	(261)	7,680	-	380,795
Exceptional items	-	18,084	1,600	106,895	84,446	-	211,025	463,316	(24,117)	439,199	-	650,224
	194,097	146,729	(16,807)	149,348	110,773	-	584,140	471,257	(24,378)	446,879	-	1,031,019
Assets												
Segment assets	2,551,657	3,277,271	170,932	360,904	744,903	(548,142)	6,557,525	-	-	-	-	6,557,525
Investment in associates	-	141,224	51,590	283,607	-	-	476,421	-	-	-	-	476,421
Investment in joint ventures	107,480	22,005	29,080	54,736	52,733	-	266,034	-	-	-	-	266,034
Tax assets	35,333	2,185	6,177	12,525	231,198	-	287,418	-	-	-	-	287,418
Total assets	2,694,470	3,442,685	257,779	711,772	1,028,834	(548,142)	7,587,398	-	-	-	-	7,587,398
Liabilities												
Segment liabilities	1,575,267	1,887,423	129,902	73,268	567,268	(548,142)	3,684,986	-	-	-	-	3,684,986
Tax liabilities	202,516	169,415	4,751	6,827	57,541	-	441,050	-	-	-	-	441,050
Total liabilities	1,777,783	2,056,838	134,653	80,095	624,809	(548,142)	4,126,036	-	-	-	-	4,126,036
Capital expenditure												
	298,458	126,278	23,211	2,875	9,467	-	460,289	3,798	1,192	4,990	-	465,279
Significant non-cash items												
Depreciation and amortisation	89,328	49,292	6,443	9,677	9,858	-	164,598	3,260	2,490	5,750	-	170,348
Other non-cash items (including provisions, loss on disposal and exchange differences)	11,301	5,441	18,343	17,984	103,153	-	156,222	836	6,247	7,083	-	163,305
(ii) Geographical segments												
	Revenue		Segment Assets		Total Assets		Capital Expenditure					
	\$'000	%	\$'000	%	\$'000	%	\$'000	%				
Singapore	3,438,967	42	5,404,613	82	5,944,168	78	284,879	62				
Rest of Asia	899,667	11	202,537	3	620,422	8	42,081	9				
Europe	2,727,348	34	819,699	13	831,465	11	132,669	28				
Others	419,673	5	130,676	2	191,343	3	660	0				
Discontinued operations	621,448	8	-	-	-	-	4,990	1				
Total	8,107,103	100	6,557,525	100	7,587,398	100	465,279	100				

* Offshore Engineering has been reclassified from "Utilities" to "Others/Corporate".

17. **SEGMENTAL REPORTING** (cont'd)

Notes to Segmental Analysis

17a. Business Segments

The Group comprises the following main business segments:

Utilities' principal activities are in the provision of centralised utilities and energy. 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.

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

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

Parks focuses principally on developing, marketing and operating industrial parks in Asia.

Others/Corporate segment comprises businesses relating to minting, design and construction activities, offshore engineering and the corporate companies.

17b. 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.

17c. Review of segment performance

Please refer to Paragraph 11 for analysis by business segments.

18. Quarterly Analysis

	1Q 2007	2Q 2007	3Q 2007	4Q 2007	FY 2007	1Q 2006	2Q 2006	3Q 2006	4Q 2006	FY 2006
	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil	\$'mil
Turnover										
Utilities	781	873	977	1,105	3,736	832	891	851	852	3,426
Marine & Offshore Engineering (Marine)	954	1,051	1,171	1,336	4,512	496	1,039	673	1,331	3,539
Environmental Management (Enviro)	48	52	50	55	205	55	54	51	50	210
Parks	9	6	4	4	23	33	12	10	10	65
Others / Corporate	56	22	38	27	143	65	79	63	39	246
	1,848	2,004	2,240	2,527	8,619	1,481	2,075	1,648	2,282	7,486
Profit attributable to Shareholders of the Company										
Continuing operations										
Utilities	66	63	50	51	230	41	39	54	60	194
Marine & Offshore Engineering (Marine)	46	52	51	71	220	25	30	28	46	129
Environmental Management (Enviro)	4	4	(0)	6	14	4	3	(25)	0	(18)
Parks	8	8	12	6	34	3	9	10	20	42
Others / Corporate	5	3	3	48	59	3	10	11	2	26
	129	130	116	182	557	76	91	78	128	373
Discontinued operations										
Logistics	-	-	-	-	-	8	-	-	-	8
Engineering & Construction (E&C)	-	-	-	-	-	0	(0)	-	-	(0)
	-	-	-	-	-	8	(0)	-	-	8
PATMI before exceptional items	129	130	116	182	557	84	91	78	128	381
Exceptional items (EI)	-	-	-	(31)	(31)	398	(5)	(1)	258	650
PATMI	129	130	116	151	526	482	86	77	386	1,031

19. 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)**

FY07

\$'000

Sale of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- Tuas Power Ltd/PowerSeraya Limited ¹	580,095
- Senoko Power Ltd	2,548
- Temasek Capital (Private) Limited and its Associates	6,830
- MediaCorp Pte Ltd and its Associates	974
- Singapore Technologies Telemedia Pte Ltd and its Associates	2,690
- PSA International Pte Ltd and its Associates	28,631
- National University Hospital (S) Pte Ltd and its Associates	263
- Wildlife Reserves Singapore Pte Ltd and its Associates	386
- Mapletree Investments Pte Ltd and its Associates	429
	<hr/>
	622,846
Starhub Ltd and its Associates	5,255
Singapore Airlines Limited and its Associates	2,456
SNP Corporation Ltd and its Associates	809
Singapore Food Industries Ltd and its Associates	152
	<hr/>
	631,518

Purchases of Goods and Services

Temasek Holdings (Private) Limited and its Associates	
- Temasek Capital (Private) Limited and its Associates ²	555,240
- Singapore Power Ltd and its Associates	2,868
	<hr/>
	558,108

Treasury

Placement of funds

Singapore Technologies Pte Ltd and its Associates	11,529
	<hr/>

Sub-Total 1,201,155

19. **INTERESTED PERSON TRANSACTIONS** (cont'd)

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

FY07
\$'000

Purchases of Goods and Services

Stamford Law Corporation

324

Total interested party transactions

1,201,479

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.

BY ORDER OF THE BOARD

Kwong Sook May (Ms)

Company Secretary

29 February, 2008