



**SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES**  
**Registration Number: 199802418D**

**FIRST QUARTER ENDED MARCH 31, 2007 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT**

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## SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

### UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2007

The Board of Directors of SembCorp Industries Ltd wishes to announce the unaudited results of the Group for the first quarter ended March 31, 2007.

#### 1. GROUP PROFIT AND LOSS STATEMENT

	GROUP		+ / (-) %
	1Q07 \$'000	1Q06 \$'000	
<b>Continuing operations</b>			
<b>Turnover</b>	<b>1,848,074</b>	<b>1,480,929</b>	<b>24.8</b>
Cost of sales	(1,692,122)	(1,307,926)	29.4
Gross profit	155,952	173,003	(9.9)
General & administrative expenses	(47,534)	(48,825)	(2.6)
Non-operating income (net)	61,534	3,159	1,847.9
Finance costs	(12,724)	(12,422)	2.4
Share of results of:			
- Associates	15,352	11,043	39.0
- Joint ventures	16,816	5,709	194.6
	<b>189,396</b>	<b>131,667</b>	<b>43.8</b>
<b>Profit from continuing operations before income tax expense</b>			
Income tax expense	(24,714)	(29,666)	(16.7)
	<b>164,682</b>	<b>102,001</b>	<b>61.5</b>
<b>Profit after income tax expense from continuing operations</b>			
<b>Discontinued operations*</b>			
Profit for the period from discontinued operations (See note 10)	-	14,597	NM
	<b>164,682</b>	<b>116,598</b>	<b>41.2</b>
<b>Profit for the period before exceptional items</b>			
Exceptional items (See note 1b)	-	398,316	NM
	<b>164,682</b>	<b>514,914</b>	<b>(68.0)</b>
<b>Profit for the period</b>			
<b>Attributable to:</b>			
Shareholders of the Company			
Net profit from continuing operations	128,672	75,545	70.3
Net profit from discontinued operations	-	8,049	NM
Exceptional items (See note 1b)	-	398,316	NM
	<b>128,672</b>	<b>481,910</b>	<b>(73.3)</b>
Minority interests	36,010	33,004	9.1
	<b>164,682</b>	<b>514,914</b>	<b>(68.0)</b>
<b>EVA</b>	<b>85,377</b>	<b>450,970</b>	<b>(81.1)</b>
<b>Earnings per ordinary shares (cents)</b>			
<b>Before exceptional items</b>			
-basic			
(a) Continuing operations	7.25	4.32	67.8
(b) Discontinued operations	-	0.46	NM
	<b>7.25</b>	<b>4.78</b>	<b>51.7</b>
-diluted			
(a) Continuing operations	7.20	4.28	68.2
(b) Discontinued operations	-	0.45	NM
	<b>7.20</b>	<b>4.73</b>	<b>52.2</b>
<b>After exceptional items</b>			
-basic	7.25	27.55	(73.7)
-diluted	7.20	27.30	(73.6)

NM - Not Meaningful

\* Discontinued operations are 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.

**Notes to Group Profit and Loss Statement:**

- 1a. Profit for the period before exceptional items (for continuing and discontinued operations) is arrived at after (charging)/crediting the following significant items:

	GROUP	
	1Q07 \$'000	1Q06 \$'000
Depreciation and amortisation	(44,667)	(45,667)
Allowance made for impairment in value of assets (net)	(548)	(6,480)
Share-based payment expenses	(4,052)	(5,979)
Interest income	10,227	8,602
Other income	47,120	10,562
Profit / (loss) on sale of property, plant & equipment	3,887	(131)
Foreign exchange gain / (loss)	453	(8,949)
Finance costs	<u>(12,724)</u>	<u>(12,459)</u>

- 1b. Exceptional items comprise:

Net gain on sale of a subsidiary	-	463,316
Additional charge arising from final settlement on Solitaire	-	(65,000)
Net exceptional items	<u>-</u>	<u>398,316</u>

- 1c. Taxation

The Group's tax charge for 1Q07 included under provision of current tax in respect of prior years of \$62,000 (1Q06: write back of over provision for current tax in respect of prior years of \$255,000) and write back of provision for deferred tax of \$14,454,000 (1Q06: Nil) due to a reduction in Singapore corporate tax rate.

- 1d. Earnings per ordinary share

	Group		
	1Q07	1Q06	+ / (-) %
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)			
(a) Before exceptional items			
- Continuing operations	7.25	4.32	67.8
- Discontinued operations	-	0.46	NM
	<u>7.25</u>	<u>4.78</u>	51.7
(b) After exceptional items	<u>7.25</u>	<u>27.55</u>	(73.7)
- Weighted average number of shares (in million)	1,773.8	1,749.4	1.4
(ii) On a fully diluted basis (in cents)			
(a) Before exceptional items			
- Continuing operations	7.20	4.28	68.2
- Discontinued operations	-	0.45	NM
	<u>7.20</u>	<u>4.73</u>	52.2
(b) After exceptional items	<u>7.20</u>	<u>27.30</u>	(73.6)
- Adjusted weighted average number of shares (in million)	1,787.2	1,765.5	1.2

## Notes to Group Profit and Loss Statement (Cont'd):

### **1e. Notes to Group Profit and Loss Statement**

During 1Q07, our Cogen plant in Singapore had an unplanned shutdown and repair of its gas turbines which caused the cost of sales to increase. A commercial resolution was reached with a supplier which mitigated the financial impact of the incident. This commercial settlement has been reflected as non-operating income.

Another reason for the increase in non-operating income was a gain on the sale of land in UK. In 1Q06, the exchange loss and an allowance for impairment made for an asset held for sale resulted in lower non-operating income.

Increases in the share of results of associates and joint ventures were attributed to strong performances from our industrial park and power plant in Vietnam as well as our Cogen plant in Shanghai. Marine's share of Cosco profits also went up.

## 2. BALANCE SHEETS

	GROUP		COMPANY	
	As at 31/3/2007 \$000	As at 31/12/2006 \$000	As at 31/3/2007 \$000	As at 31/12/2006 \$000
<b>Equity attributable to shareholders of the Company:-</b>				
Share Capital	535,171	525,414	535,171	525,414
Other reserves	534,199	474,738	6,232	5,269
Accumulated profits	1,940,196	1,811,447	1,059,479	1,065,803
	<u>3,009,566</u>	<u>2,811,599</u>	<u>1,600,882</u>	<u>1,596,486</u>
<b>Minority interests</b>	708,657	648,186	-	-
Total equity	<u>3,718,223</u>	<u>3,459,785</u>	<u>1,600,882</u>	<u>1,596,486</u>
<b>Non-current assets</b>				
Property, plant & equipment and investment properties	2,587,195	2,534,505	4,156	4,352
Investments in subsidiaries	-	-	1,465,883	1,464,045
Interests in associates	490,857	476,421	-	-
Interests in joint ventures	281,745	264,457	-	-
Other financial assets	444,610	359,255	-	-
Long term receivables and prepayments	68,478	70,167	-	-
Intangible assets	109,892	109,912	90	90
Deferred tax assets	35,009	36,596	-	-
	<u>4,017,786</u>	<u>3,851,313</u>	<u>1,470,129</u>	<u>1,468,487</u>
<b>Current assets</b>				
Inventories and work-in-progress	1,505,374	1,273,898	-	-
Trade and other receivables	1,237,835	1,268,804	204,642	199,827
Asset held for sale	-	6,167	-	-
Bank balances, fixed deposits and cash	1,188,418	1,185,639	332,852	347,336
	<u>3,931,627</u>	<u>3,734,508</u>	<u>537,494</u>	<u>547,163</u>
<b>Current liabilities</b>				
Trade and other payables	1,784,313	1,646,928	244,592	257,015
Excess of progress billings over work-in-progress	547,831	545,370	-	-
Provisions	32,135	30,381	11,454	11,454
Current tax payable	170,116	146,836	-	-
Interest-bearing borrowings	178,969	216,161	-	-
	<u>2,713,364</u>	<u>2,585,676</u>	<u>256,046</u>	<u>268,469</u>
<b>Net current assets</b>	<u>1,218,263</u>	<u>1,148,832</u>	<u>281,448</u>	<u>278,694</u>
	<u>5,236,049</u>	<u>5,000,145</u>	<u>1,751,577</u>	<u>1,747,181</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	293,973	294,214	195	195
Provisions	14,023	14,028	500	500
Retirement benefit obligations	30,643	31,320	-	-
Interest-bearing borrowings	1,075,726	1,096,174	150,000	150,000
Other long-term liabilities	103,461	104,624	-	-
	<u>1,517,826</u>	<u>1,540,360</u>	<u>150,695</u>	<u>150,695</u>
	<u>3,718,223</u>	<u>3,459,785</u>	<u>1,600,882</u>	<u>1,596,486</u>

## Notes to Group Balance Sheets:

### 2a. Group's borrowings and debt securities

	As at 31/03/2007 \$'000	As at 31/12/2006 \$'000
<b>Amount repayable:</b>		
(i) <u>In one year or less, or on demand</u>		
Secured	85,185	83,101
Unsecured	95,626	135,438
	<u>180,811</u>	<u>218,539</u>
(ii) <u>After one year</u>		
Secured	573,244	593,503
Unsecured	509,726	509,915
	<u>1,082,970</u>	<u>1,103,418</u>
Total	<u>1,263,781</u>	<u>1,321,957</u>

(iii) Details of any collaterals

The Group's borrowings are secured by various assets: mainly property, plant and equipment, with carrying values amounting to \$1,005 million (31/12/2006: \$967 million).

### 2b. Net asset value

	Group		Company	
	31/03/2007	31/12/2006	31/03/2007	31/12/2006
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.69	1.59	0.90	0.90
Net tangible asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.63	1.52	0.90	0.90

### 2c. Notes to Balance Sheet Group

The increase in other financial assets was mainly due to fair value adjustments for Cosco Corporation (S) Ltd shares held by SembCorp Marine Ltd. Inventories and work-in-progress and trade and other payables increased as more projects were undertaken by SembCorp Marine group.

Bank borrowings decreased due to loan repayments made during the period.

### 3. CONSOLIDATED CASH FLOW STATEMENT

	GROUP	
	1Q07	1Q06
	\$'000	\$'000
<b>Cash flows from Operating Activities</b>		
Profit for the period	164,682	514,914
Adjustments for :		
Interest and dividend income	(10,227)	(8,679)
Finance costs	12,724	12,459
Depreciation and amortisation	44,667	45,667
Share of results of associated companies and joint ventures	(32,168)	(23,437)
(Profit) / loss on sale of property, plant and equipment	(3,887)	131
Gain on disposal of investments	(720)	(464,289)
Changes in fair value of financial instruments and hedge items	(2,507)	966
Share based payment expenses	4,052	5,979
Additional charge arising from final settlement on Solitaire	-	65,000
Allowance made for impairment in value of assets	548	6,480
Income tax expenses	24,714	33,062
Operating profit before working capital changes	201,878	188,253
Changes in working capital:		
Inventories and work-in-progress	(232,687)	(347,727)
Receivables	15,767	(120,050)
Payables	176,072	395,110
	161,030	115,586
Income tax paid	(12,032)	(1,023)
Net cash inflow from operating activities	148,998	114,563
<b>Cash flows from Investing Activities</b>		
Dividend and interest received	10,542	9,140
Cash flows on sale of subsidiaries, net of cash disposed (see note 3.1)	3,208	(347,019)
Proceeds from sale of investments	102	993
Proceeds from sale of property, plant and equipment	5,241	1,853
Proceeds from sale of asset held for sale	11,000	-
Purchase of property, plant and equipment	(106,090)	(84,773)
Net cash outflow from investing activities	(75,997)	(419,806)
<b>Cash flows from Financing Activities</b>		
Proceeds from share issue	9,757	8,380
Proceeds from share issue to minority shareholders of subsidiaries	3,722	13,262
Proceeds from borrowings	34,871	49,229
Repayment of borrowings	(84,491)	(44,949)
Net (decrease) / increase in other long term liabilities	(6,293)	6,567
Dividends paid to minority shareholders of subsidiaries	(5,663)	(8,950)
Interest paid	(12,184)	(11,761)
Net cash (outflow) / inflow from financing activities	(60,281)	11,778
<b>Net increase / (decrease) in cash and cash equivalents</b>	12,720	(293,465)
<b>Cash and cash equivalents at beginning of the period</b>	1,172,975	1,230,902
Effects of exchange rate changes on cash and cash equivalents	(2,464)	2,908
<b>Cash and cash equivalents at end of the period</b>	1,183,231	940,345

### 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:

	GROUP	
	1Q07 \$'000	1Q06 \$'000
Non-current assets	2,703	265,087
Net current assets	1,571	345,415
Non-current liabilities	(221)	(25,013)
Minority Interest	(1,824)	(258,376)
Profit on disposal	624	463,316
Currency translation reserve	-	2,870
Total cash consideration	<u>2,853</u>	<u>793,299</u>
Less: Consideration not yet received	-	(793,299)
Less: Cash & bank balances of subsidiary disposed	(222)	(347,019)
Add : Overdraft disposed	577	-
Cash flows on sale of subsidiaries, net of cash disposed	<u>3,208</u>	<u>(347,019)</u>

#### 3.2 Cash and cash equivalents

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

<u>Breakdown for Cash &amp; Cash Equivalents:</u>	GROUP	
	1Q07 \$'000	1Q06 \$'000
Bank balances, fixed deposits and cash	1,188,418	942,448
Bank overdrafts	(5,187)	(2,103)
	<u>1,183,231</u>	<u>940,345</u>

#### 3.3 Notes to Consolidated Cash Flow Statement

Net cash from operating activities for 1Q07 was \$149.0 million as compared to \$114.6 million for the corresponding quarter in the previous year. The strong operating cash flow was mainly contributed by our UK operations in Utilities, and our Marine business.

Net cash outflow from investing activities for 1Q07 was \$76.0 million. The Group spent \$106.1 million on expansion and operational capex. Proceeds from sale of assets, dividend and interest income totaled \$30.1 million during the quarter.

Net cash outflow from financing activities for 1Q07 of \$60.3 million relates mainly to repayment of bank 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								Total Equity \$'000
	Share Capital \$'000	Share Premium \$'000	Merger Reserve \$'000	Other Reserves \$'000	Currency	Accumulated Profits \$'000	Total \$'000	Minority Interests \$'000	
					Translation Reserve \$'000				
<b>1Q07</b>									
At January 1, 2007	525,414	-	29,201	459,457	(13,920)	1,811,447	2,811,599	648,186	3,459,785
Translation adjustments	-	-	-	-	(3,915)	-	(3,915)	(240)	(4,155)
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	45,475	-	-	45,475	26,373	71,848
Net fair value changes on cash flow hedges	-	-	-	12,755	-	-	12,755	(156)	12,599
Share of reserve of associates and joint venture companies	-	-	-	1,368	720	-	2,088	-	2,088
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	(409)	-	77	(332)	(433)	(765)
Net gain / (loss) recognised directly in equity	-	-	-	59,189	(3,195)	77	56,071	25,544	81,615
Profit for the period	-	-	-	-	-	128,672	128,672	36,010	164,682
Total gain / (loss) recognised for the period	-	-	-	59,189	(3,195)	128,749	184,743	61,554	246,297
Issue of shares under Share Option Plan	9,757	-	-	-	-	-	9,757	-	9,757
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	3,722	3,722
Share based payments	-	-	-	3,467	-	-	3,467	858	4,325
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(5,663)	(5,663)
At March 31, 2007	535,171	-	29,201	522,113	(17,115)	1,940,196	3,009,566	708,657	3,718,223
<b>1Q06</b>									
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
Transfer to share capital	313,618	(313,618)	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	(15,802)	-	(15,802)	(3,805)	(19,607)
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	5,137	-	-	5,137	3,184	8,321
Net fair value changes on cash flow hedges	-	-	-	31,888	-	-	31,888	50	31,938
Share of reserve of associates and joint venture companies	-	-	-	-	-	(2,543)	(2,543)	-	(2,543)
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	312,755	2,870	(313,138)	2,487	(258,625)	(256,138)
Net gain / (loss) recognised directly in equity	-	-	-	349,780	(12,932)	(315,681)	21,167	(259,196)	(238,029)
Profit for the period	-	-	-	-	-	481,910	481,910	33,004	514,914
Total gain / (loss) recognised for the period	-	-	-	349,780	(12,932)	166,229	503,077	(226,192)	276,885
Issue of shares under Share Option Plan	8,380	-	-	-	-	-	8,380	-	8,380
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	-	13,262	13,262
Share based payments	-	-	-	4,246	-	-	4,246	515	4,761
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(8,950)	(8,950)
At March 31, 2006	758,601	-	29,201	416,301	1,260	1,309,958	2,515,321	623,676	3,138,997

#### 4b. Statements of Changes in Equity of the Company

	Share Capital	Share Premium	Other Reserves	Accumu- lated Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>1Q07</b>					
At January 1, 2007	525,414	-	5,269	1,065,803	1,596,486
Loss for the period	-	-	-	(6,324)	(6,324)
Total loss recognised for the period	-	-	-	(6,324)	(6,324)
Issue of shares under Share Option Plan	9,757	-	-	-	9,757
Share based payments	-	-	963	-	963
At March 31, 2007	<b>535,171</b>	<b>-</b>	<b>6,232</b>	<b>1,059,479</b>	<b>1,600,882</b>
<b>1Q06</b>					
At January 1, 2006	436,603	313,618	2,444	542,643	1,295,308
Transfer to share capital	313,618	(313,618)	-	-	-
Profit for the period	-	-	-	18,110	18,110
Total gain recognised for the period	-	-	-	18,110	18,110
Issue of shares under Share Option Plan	8,380	-	-	-	8,380
Share based payments	-	-	154	-	154
At March 31, 2006	<b>758,601</b>	<b>-</b>	<b>2,598</b>	<b>560,753</b>	<b>1,321,952</b>

#### 4c. Changes in the Company's share capital

During 1Q07, the Company issued 5,544,774 ordinary shares for cash upon the exercise of the options under the Company's Share Option Plan.

As at March 31, 2007, the Company's issued and paid up capital comprises 1,775,722,329 (March, 2006:1,751,652,996) ordinary shares and there were 24,438,160 (March, 2006: 43,934,858) unissued ordinary shares under options granted to eligible employees and directors under the Company's Share Option Plan.

#### 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, 2006.

## 8. CHANGES IN ACCOUNTING POLICIES

The Group has adopted new/revised FRS that have become effective for the financial year beginning January 1, 2007.

In particular, FRS 40 Investment Property, which becomes mandatory for the Group from January 1, 2007, permits investment property to be stated at either fair value or cost less accumulated depreciation and accumulated impairment losses. The Group continues to state investment property at cost less accumulated depreciation and accumulated impairment losses.

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

## 9. REVIEW OF GROUP PERFORMANCE

### Group Overview

The Group achieved turnover of \$1.8 billion in 1Q07. The Group's profit attributable to shareholders of the Company (PATMI) from continuing operations in 1Q07 was \$128.7million compared to \$75.6 million in 1Q06, which represents a 70% growth. The Group also generated strong Economic Value Added (EVA) of \$85.4 million (1Q06: \$451.0 million) during the quarter. The high EVA in 1Q06 was mainly due to one-off gain on divestment of SembCorp Logistics Ltd.

### Turnover

	<u>1Q07</u>	<u>1Q06</u>	<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	781,252	887,592	(106,340)	(12)
Marine & Offshore Engineering (Marine)	953,506	496,155	457,351	92
Environmental Management (Enviro)	48,467	54,678	(6,211)	(11)
Parks	8,837	33,784	(24,947)	(74)
Others / Corporate	56,012	8,720	47,292	542
	<u><b>1,848,074</b></u>	<u><b>1,480,929</b></u>	<u><b>367,145</b></u>	<u><b>25</b></u>

Marine and Utilities contributed 52% and 42% respectively to the Group's turnover of \$1.8 billion in 1Q07.

Utilities' turnover decreased by 12% to \$781.3 million due to maintenance inspection and repair of its gas turbines in its Cogen plant and divestment of its offshore engineering business. However, its UK operations continued to do well due to favourable power and steam prices secured.

Turnover for Marine increased by 92% to \$953.5 million due to growth in its rig building, offshore, conversion and repair businesses.

## 9. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

PATMI	1Q07	1Q06	Growth	
	\$'000	\$'000	\$'000	%
<b>Continuing operations</b>				
Utilities	72,826	45,309	27,517	61
Marine & Offshore Engineering (Marine)	45,997	25,117	20,880	83
Environmental Management (Enviro)	3,880	3,927	(47)	(1)
Parks	8,149	3,403	4,746	140
Others / Corporate	(2,180)	(2,211)	31	1
	<b>128,672</b>	<b>75,545</b>	<b>53,127</b>	<b>70</b>
<b>Discontinued operations</b>				
Logistics	-	7,941	(7,941)	NM
Engineering & Construction (E&C)	-	108	(108)	NM
	-	<b>8,049</b>	<b>(8,049)</b>	<b>(100)</b>
<b>PATMI before exceptional items</b>	<b>128,672</b>	<b>83,594</b>	<b>45,078</b>	<b>54</b>
Exceptional items (EI)	-	398,316	(398,316)	NM
<b>PATMI</b>	<b>128,672</b>	<b>481,910</b>	<b>(353,238)</b>	<b>(73)</b>

Note: NM = Not meaningful

The Group's PATMI from its continuing operations rose by 70% to \$128.7 million. The strong growth was mainly contributed by Utilities and Marine.

Utilities' PATMI in 1Q07 was higher by 61% over 1Q06. This was primarily due to very strong performance from its UK operations, underpinned by favourable supply contracts and boosted by profit on the sale of land. Utilities' operations in China recorded a small profit in 1Q07, as compared to a loss in 1Q06. Our Vietnam plant continued to do well during the quarter, whereas our Middle East operations performed according to plan. However, Utilities' operations in Singapore was impacted by the maintenance inspection and repair of its gas turbines in 1Q07.

The increase in the Group's share of PATMI of Marine was due to higher operating margins from its rig building and ship repair businesses and better contribution from its associates. A non-recurring allowance for impairment in value of an asset previously held for sale of \$6.1million was made in 1Q06.

The improvement in Parks was mainly attributed to a better contribution from the industrial parks in Vietnam and Indonesia as well as non-consolidation of losses from Nirwana Gardens which was divested in 2Q06.

## 10. DISCONTINUED OPERATIONS

Discontinued Operations are 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 on a smaller staple of core businesses.

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

	<b>1Q07</b>	<b>1Q06</b>
	<b>\$'000</b>	<b>\$'000</b>
Turnover	-	375,273
Cost of sales	-	(339,064)
Gross profit	-	36,209
General & administrative expenses	-	(26,236)
Non-operating income (net)	-	1,372
Finance costs	-	(37)
Share of results of:		
- Associates	-	4,199
- Joint ventures	-	2,486
<b>Profit before income tax expense</b>	<b>-</b>	<b>17,993</b>
Income tax expense	-	(3,396)
<b>Profit after income tax expense before gain on sale of discontinued operations <sup>(1)</sup></b>	<b>-</b>	<b>14,597</b>
Gain on sale of discontinued operations <sup>(2)</sup>	-	463,316
<b>Profit after income tax expense</b>	<b>-</b>	<b>477,913</b>
	<b>1Q07</b>	<b>1Q06</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(1) Profit after income tax expense before gain on sale of discontinued operations</b>		
Logistics	-	14,487
Engineering & Construction	-	110
Total	-	14,597
<b>(2) Gain on sale of discontinued operations*</b>		
Logistics	-	463,316

\* Amount disclosed as part of exceptional items (see Note 1(b))

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

	<b>1Q07</b>	<b>1Q06</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating cash flows	-	64,389
Investing cash flows	-	(2,226)
Financing cash flows	-	(12,799)
<b>Net cash flow from discontinued operations</b>	<b>-</b>	<b>49,364</b>

## 11. VARIANCE FROM PROSPECT STATEMENT

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

## 12. PROSPECTS

### Utilities

Utilities' Singapore operations are expected to perform better in 2007 compared to 2006.

UK operations did exceptionally well in 1Q07 partly due to profit on the sale of land. Their operations will continue to be underpinned by favourable supply contracts secured until end-2007 / early 2008. Wilton 10, our 30-megawatt biomass power plant, is scheduled to come onstream in 2H2007.

Our Vietnam operation is expected to maintain its good performance in 2007. Our operations in China and Middle East are not expected to contribute significantly to 2007 performance.

Utilities' performance in 2007 is expected to be higher than in 2006.

### Marine

Marine has a strong net order book of \$7.5 billion with completion and deliveries till 2010. This includes new orders of \$2.9 billion secured in 2007 to-date.

Ship repair demand remains very strong. Dock space remains fully utilised with dock bookings for more than four months ahead. Rig building fundamentals remain strong with demand moving towards deepwater exploration. The sustained higher level of exploration & production spending and the high oil prices will continue to support the offshore fleet construction. The outlook for the offshore production market will see increasing demand especially in FPSO (Floating Production Storage and Offloading) and floating production systems. Overall, Marine will continue to benefit from further growth in all these offshore and marine sectors.

Marine expects the current year's overall performance to be strong based on the schedule of completion of projects and underpinned by strong market fundamentals.

### Enviro

Our first pre-disposal facility in Singapore to reduce the volume of waste being sent to the incineration plant is scheduled to commence operations in the third quarter of 2007. Our Australian operations are expected to show modest growth. We will continue to focus on our waste-to-resource (used lead acid batteries "ULAB") business in China.

Enviro's performance in 2007 is expected to improve over 2006.

### Parks

Our industrial parks unit is expected to continue performing well in FY2007.

### SCI Group

Barring unforeseen circumstances, the Group's overall operating performance in 2007 is expected to be better than that of 2006 on a comparable basis, excluding net profits arising from exceptional items in 2006.

*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.*

## 13. DIVIDEND

No interim dividend for the period ended March 31, 2007 is recommended.

## 14. SEGMENTAL REPORTING

### 1Q07

#### (i) Business segments

	Utilities	Marine	Enviro	Parks	Others / Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>							
External sales	781,252	953,506	48,467	8,837	56,012	-	1,848,074
Inter-segment sales	6,223	237	705	624	3,735	(11,524)	-
<b>Total</b>	<b>787,475</b>	<b>953,743</b>	<b>49,172</b>	<b>9,461</b>	<b>59,747</b>	<b>(11,524)</b>	<b>1,848,074</b>

#### Results

Segment results	88,980	73,692	(213)	814	(3,548)	-	159,725
Interest income	4,242	3,473	245	665	7,858	(6,256)	10,227
Interest expense	(10,079)	(3,181)	(635)	-	(5,085)	6,256	(12,724)
	<b>83,143</b>	<b>73,984</b>	<b>(603)</b>	<b>1,479</b>	<b>(775)</b>	-	<b>157,228</b>
Share of results of associates	(62)	8,931	4,072	2,411	-	-	15,352
Share of results of joint ventures	10,195	25	876	5,720	-	-	16,816
	<b>93,276</b>	<b>82,940</b>	<b>4,345</b>	<b>9,610</b>	<b>(775)</b>	-	<b>189,396</b>
Income tax expense	(16,086)	(6,703)	(500)	(52)	(1,373)	-	(24,714)
Minority interest	(4,364)	(30,240)	35	(1,409)	(32)	-	(36,010)
<b>Net profit / (loss) for the period</b>	<b>72,826</b>	<b>45,997</b>	<b>3,880</b>	<b>8,149</b>	<b>(2,180)</b>	-	<b>128,672</b>

#### Assets

Segment assets	2,665,278	3,516,557	172,379	360,170	779,777	(599,905)	6,894,256
Investment in associates	-	149,177	55,662	286,018	-	-	490,857
Investment in joint ventures	169,539	22,030	30,610	59,566	-	-	281,745
Tax assets	33,746	2,185	4,252	12,503	229,869	-	282,555
<b>Total assets</b>	<b>2,868,563</b>	<b>3,689,949</b>	<b>262,903</b>	<b>718,257</b>	<b>1,009,646</b>	<b>(599,905)</b>	<b>7,949,413</b>

#### Liabilities

Segment liabilities	1,589,231	1,970,619	130,317	70,685	606,154	(599,905)	3,767,101
Tax liabilities	211,032	182,260	5,141	6,754	58,902	-	464,089
<b>Total liabilities</b>	<b>1,800,263</b>	<b>2,152,879</b>	<b>135,458</b>	<b>77,439</b>	<b>665,056</b>	<b>(599,905)</b>	<b>4,231,190</b>

#### Capital expenditure

	73,693	22,425	8,876	68	1,051	-	<b>106,113</b>
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#### Significant non-cash items

Depreciation and amortisation	24,665	14,797	2,183	1,782	1,240	-	<b>44,667</b>
Other non-cash items (including provisions, loss on disposal and exchange differences)	1,947	1,015	113	761	3,148	-	<b>6,984</b>

#### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	884,005	48	5,685,210	82	6,208,611	78	82,569	78
Rest of Asia	176,907	10	236,759	3	692,093	9	4,897	5
Europe	725,456	39	861,605	13	873,190	11	18,647	17
Others	61,706	3	110,682	2	175,519	2	-	-
<b>Total</b>	<b>1,848,074</b>	<b>100</b>	<b>6,894,256</b>	<b>100</b>	<b>7,949,413</b>	<b>100</b>	<b>106,113</b>	<b>100</b>

## 14. SEGMENTAL REPORTING (Cont'd)

### 1Q06

(i) <u>Business segments</u>	Continuing operations							Discontinued operations			Elimination	Total operations
	Utilities	Marine	Enviro	Parks	Others / Corporate	Elimination	Sub-total	Logistics	E&C	Sub-total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Turnover</b>												
External sales	887,592	496,155	54,678	33,784	8,720	-	1,480,929	133,250	242,023	375,273	-	1,856,202
Inter-segment sales	6,137	2,952	438	669	3,585	(13,781)	-	150	42	192	(192)	-
<b>Total</b>	<b>893,729</b>	<b>499,107</b>	<b>55,116</b>	<b>34,453</b>	<b>12,305</b>	<b>(13,781)</b>	<b>1,480,929</b>	<b>133,400</b>	<b>242,065</b>	<b>375,465</b>	<b>(192)</b>	<b>1,856,202</b>
<b>Results</b>												
Segment results	68,318	44,240	929	6,685	399,132	-	519,304	8,796	296	9,092	-	528,396
Interest income	2,321	4,209	73	1,404	4,674	(6,332)	6,349	2,270	342	2,612	(359)	8,602
Interest expense	(10,713)	(1,362)	(248)	(977)	(5,454)	6,332	(12,422)	(108)	(288)	(396)	359	(12,459)
	<b>59,926</b>	<b>47,087</b>	<b>754</b>	<b>7,112</b>	<b>398,352</b>	<b>-</b>	<b>513,231</b>	<b>10,958</b>	<b>350</b>	<b>11,308</b>	<b>-</b>	<b>524,539</b>
Share of results of associates	-	7,265	2,504	1,274	-	-	11,043	4,199	-	4,199	-	15,242
Share of results of joint ventures	4,774	172	-	763	-	-	5,709	2,486	-	2,486	-	8,195
	<b>64,700</b>	<b>54,524</b>	<b>3,258</b>	<b>9,149</b>	<b>398,352</b>	<b>-</b>	<b>529,983</b>	<b>17,643</b>	<b>350</b>	<b>17,993</b>	<b>-</b>	<b>547,976</b>
Income tax (expense) / credit	(15,978)	(11,337)	667	(842)	(2,176)	-	(29,666)	(3,156)	(240)	(3,396)	-	(33,062)
Minority interest	(3,413)	(18,070)	2	(4,904)	(71)	-	(26,456)	(6,546)	(2)	(6,548)	-	(33,004)
<b>Net profit for the period</b>	<b>45,309</b>	<b>25,117</b>	<b>3,927</b>	<b>3,403</b>	<b>396,105</b>	<b>-</b>	<b>473,861</b>	<b>7,941</b>	<b>108</b>	<b>8,049</b>	<b>-</b>	<b>481,910</b>
Comprising:												
Net profit / (loss) before exceptional items	45,309	25,117	3,927	3,403	(2,211)	-	75,545	7,941	108	8,049	-	83,594
Exceptional items	-	-	-	-	398,316	-	398,316	-	-	-	-	398,316
	<b>45,309</b>	<b>25,117</b>	<b>3,927</b>	<b>3,403</b>	<b>396,105</b>	<b>-</b>	<b>473,861</b>	<b>7,941</b>	<b>108</b>	<b>8,049</b>	<b>-</b>	<b>481,910</b>
* Included net gain on disposal of Logistics and E&C. See note 10 for details on net gain on sale of discontinued operations.												
<b>Assets</b>												
Segment assets	2,681,097	2,363,450	158,593	749,147	1,375,230	(785,395)	6,542,122	-	634,360	634,360	-	7,176,482
Investment in associates	-	109,593	55,013	52,117	5,204	-	221,927	-	2,397	2,397	-	224,324
Investment in joint ventures	149,567	19,129	1,216	213,211	-	-	383,123	-	-	-	-	383,123
Tax assets	24,905	1,368	5,404	50	88,777	-	120,504	-	15,801	15,801	-	136,305
<b>Total assets</b>	<b>2,855,569</b>	<b>2,493,540</b>	<b>220,226</b>	<b>1,014,525</b>	<b>1,469,211</b>	<b>(785,395)</b>	<b>7,267,676</b>	<b>-</b>	<b>652,558</b>	<b>652,558</b>	<b>-</b>	<b>7,920,234</b>
<b>Liabilities</b>												
Segment liabilities	1,801,737	1,195,105	56,965	211,170	1,371,902	(785,395)	3,851,484	-	589,566	589,566	-	4,441,050
Tax liabilities	162,316	113,454	4,556	9,661	43,025	-	333,012	-	7,175	7,175	-	340,187
<b>Total liabilities</b>	<b>1,964,053</b>	<b>1,308,559</b>	<b>61,521</b>	<b>220,831</b>	<b>1,414,927</b>	<b>(785,395)</b>	<b>4,184,496</b>	<b>-</b>	<b>596,741</b>	<b>596,741</b>	<b>-</b>	<b>4,781,237</b>
<b>Capital expenditure</b>	58,283	16,227	3,560	2,107	142	-	80,319	3,798	656	4,454	-	84,773
<b>Significant non-cash items</b>												
Depreciation and amortisation	22,574	10,424	2,162	3,675	2,152	-	40,987	3,228	1,452	4,680	-	45,667
Other non-cash items (including provisions, loss on disposal and exchange differences)	3,172	8,401	496	1,346	76,461	-	89,876	836	2,770	3,606	-	93,482

### (ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	807,056	43	5,412,764	75	5,751,302	73	49,627	59
Rest of Asia	175,566	10	429,374	6	737,950	9	9,005	11
Europe	402,018	22	653,895	9	666,893	9	21,965	26
Others	96,097	5	46,089	1	111,531	1	378	0
Discontinued operations	375,465	20	634,360	9	652,558	8	3,798	4
<b>Total</b>	<b>1,856,202</b>	<b>100</b>	<b>7,176,482</b>	<b>100</b>	<b>7,920,234</b>	<b>100</b>	<b>84,773</b>	<b>100</b>



## **Notes To Segmental Analysis**

### 14a. Business Segments

The Group comprises the following main business segments:

Utilities' principal activities are in 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 and design and construction activities; and the corporate companies.

### 14b. 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.

### 14c. Review of segment performance

Please refer to Paragraph 9 for analysis by business segments.

## 15. 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)  
1Q07  
\$'000**

### **Sale of Goods and Services**

Temasek Holdings (Private) Limited and its Associates	
- Tuas Power Ltd/PowerSeraya Limited <sup>1</sup>	128,831
- Senoko Power Ltd	1,905
- Temasek Capital (Private) Limited and its Associates	1,705
- Singapore Technologies Telemedia Pte Ltd and its Associates	1,059
- PSA International Pte Ltd and its Associates	612
- National University Hospital (S) Pte Ltd and its Associates	103
- Singapore Power Ltd and its Associates	69
	<hr/>
	134,284
Starhub Ltd and its Associates	1,024
Singapore Airlines Limited and its Associates	859
SNP Corporation Ltd and its Associates	196
	<hr/>
	136,363

### **Purchases of Goods and Services**

Temasek Holdings (Private) Limited and its Associates	
- Temasek Capital (Private) Limited and its Associates <sup>2</sup>	82,245
- Singapore Power Ltd and its Associates	710
	<hr/>
	82,955

### **Treasury**

#### **Placement of funds**

Singapore Technologies Pte Ltd and its Associates	11,313
	<hr/>

### **Total Interested Person Transactions**

**230,631**

#### **Note**

<sup>1</sup> This relates mainly to the sale of gas by SembCorp Gas Pte Ltd to Tuas Power and PowerSeraya for the generation of electricity.

<sup>2</sup> This relates mainly to the purchase of gas by SembCorp Cogen Pte Ltd from SembCorp Gas Pte Ltd for the generation of electricity.

There were no transactions which were not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2007 to March 31, 2007.

**16. 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 first quarter ended 31<sup>st</sup> March 2007 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 Limited, has also announced and confirmed the results for the first quarter ended 31<sup>st</sup> March 2007.

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  
May 3, 2007