



SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

**SECOND QUARTER AND FIRST HALF 2006 FINANCIAL STATEMENT & DIVIDEND
ANNOUNCEMENT**

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
	FINANCIAL STATEMENT & DIVIDEND ANNOUNCEMENT	1 – 17
1	GROUP PROFIT AND LOSS STATEMENT	1 – 2
2	BALANCE SHEETS	3 – 4
3	CONSOLIDATED CASH FLOW STATEMENT	5 – 6
4	STATEMENTS OF CHANGES IN EQUITY	7 – 8
5	AUDIT	9
6	AUDITORS' REPORT	9
7	ACCOUNTING POLICIES	9
8	CHANGES IN ACCOUNTING POLICIES	9
9	REVIEW OF GROUP PERFORMANCE	9 - 11
10	VARIANCE FROM PROSPECT STATEMENT	12
11 (A)	SUBSEQUENT EVENTS	12
11 (B)	PROSPECTS	13
12	DIVIDEND / CAPITAL DISTRIBUTION	13
13	SEGMENTAL REPORTING	14 – 16
14	INTERESTED PERSON TRANSACTIONS	17

SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2006

The Board of Directors of SembCorp Industries Ltd wishes to announce the unaudited results of the Group for the second quarter and the first half ended June 30, 2006.

1. GROUP PROFIT AND LOSS STATEMENT

	GROUP			GROUP		
	2Q06	2Q05	+ / (-)	1H06	1H05	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Turnover	2,075,742	1,365,088	52.1	3,556,479	2,582,449	37.7
Cost of sales	(1,906,655)	(1,226,554)	55.4	(3,214,389)	(2,327,272)	38.1
Gross profit	169,087	138,534	22.1	342,090	255,177	34.1
General & administrative expenses	(47,576)	(52,092)	(8.7)	(96,401)	(96,604)	(0.2)
Non-operating income (net)	19,113	17,018	12.3	21,913	17,383	26.1
Finance costs	(12,459)	(12,121)	2.8	(24,522)	(30,572)	(19.8)
Share of results of:						
- Associates	8,613	11,899	(27.6)	19,656	19,293	1.9
- Joint ventures	9,601	6,224	54.3	15,310	12,845	19.2
Profit from continuing operations before income tax expense	146,379	109,462	33.7	278,046	177,522	56.6
Income tax expense	(29,685)	(23,667)	25.4	(59,351)	(36,213)	63.9
Profit after taxation from continuing operations	116,694	85,795	36.0	218,695	141,309	54.8
Discontinued operations*						
Profit for the period from discontinued operations (See note 9)	(351)	16,305	NM	14,246	42,458	(66.4)
Profit for the period before exceptional items	116,343	102,100	14.0	232,941	183,767	26.8
Exceptional items (See note 1b)	(1,515)	1,448	NM	396,801	18,048	2,098.6
Profit for the period	114,828	103,548	10.9	629,742	201,815	212.0
Attributable to:						
Shareholders of the Company						
Net profit from continuing operations	91,208	64,677	41.0	166,753	112,947	47.6
Net (loss) / profit from discontinued operations	(369)	8,241	NM	7,680	18,761	(59.1)
Exceptional items (See note 1b)	(4,866)	1,448	NM	393,450	14,988	2,525.1
	85,973	74,366	15.6	567,883	146,696	287.1
Minority interests	28,855	29,182	(1.1)	61,859	55,119	12.2
	114,828	103,548	10.9	629,742	201,815	212.0
Earnings / (Loss) per ordinary shares (cents)						
Before exceptional items						
-basic						
(a) Continuing operations	5.19	3.67	41.6	9.51	6.29	51.3
(b) Discontinued operations	(0.02)	0.47	NM	0.44	1.04	(58.1)
-diluted						
(a) Continuing operations	5.15	3.63	41.9	9.43	6.23	51.3
(b) Discontinued operations	(0.02)	0.46	NM	0.43	1.04	(58.0)
After exceptional items						
-basic	4.89	4.22	16.1	32.39	8.16	296.7
-diluted	4.85	4.17	16.3	32.11	8.09	296.7

NM - Not Meaningful

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

Notes to Group Profit and Loss Statement:

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

	GROUP		GROUP	
	2Q06 \$'000	2Q05 \$'000	1H06 \$'000	1H05 \$'000
Depreciation and amortisation	(43,348)	(47,737)	(89,015)	(92,688)
Allowance made for doubtful debts & bad debts written off (net)	(446)	(1,623)	(480)	(3,645)
Allowance written back / (made) for impairment in value of assets (net)	3	(3,617)	(6,103)	(3,614)
Share based payment expenses	(3,294)	(2,878)	(9,273)	(5,233)
Interest income	10,608	6,818	19,210	15,491
Dividend income	4,966	1,265	5,043	1,310
Other income	10,717	5,623	21,279	11,896
Profit on sale of property, plant & equipment	871	3,886	740	4,007
Gain on disposal of investments	13,017	1,006	13,990	2,163
Foreign exchange (loss) / gain	(8,110)	6,920	(17,059)	3,372
Finance costs	<u>(12,547)</u>	<u>(12,755)</u>	<u>(25,006)</u>	<u>(32,614)</u>

1b. Exceptional items comprise:

Net gain on disposals of subsidiaries and associates	689	29,608	464,005	46,208
Additional charge arising from final settlement on Solitaire	-	-	(65,000)	-
Unrealised foreign exchange loss relating to an amount accumulated in connection with the Solitaire arbitration	-	(21,674)	-	(21,674)
	<u>689</u>	<u>7,934</u>	<u>399,005</u>	<u>24,534</u>
Less: Income tax expense	<u>(2,204)</u>	<u>(6,486)</u>	<u>(2,204)</u>	<u>(6,486)</u>
	<u>(1,515)</u>	<u>1,448</u>	<u>396,801</u>	<u>18,048</u>
Less: Minority interests	<u>(3,351)</u>	<u>-</u>	<u>(3,351)</u>	<u>(3,060)</u>
Net exceptional items	<u>(4,866)</u>	<u>1,448</u>	<u>393,450</u>	<u>14,988</u>

1c. Taxation

The Group's tax charge for 2Q06 included under provision of tax in respect of prior year of \$243,000 (2Q05: \$272,000).

The Group's tax charge for 1H06 included Group Tax Relief of \$10,000 (1H05: \$2,710,000) and write back of over provision of tax in respect of prior year of \$12,000 (1H05: \$2,425,000).

1d. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	Group			Group		
	2Q06	2Q05	+ / (-) %	1H06	1H05	+ / (-) %
(i) Based on the weighted average number of shares (in cents)						
(a) Continuing operations	5.19	3.67	41.6	9.51	6.29	51.3
(b) Discontinued operations	(0.02)	0.47	NM	0.44	1.04	(58.1)
(c) After exceptional items	4.89	4.22	16.1	32.39	8.16	296.7
- Weighted average number of shares (in million)	1,757.6	1,764.3	(0.4)	1,753.5	1,797.0	(2.4)
(ii) On a fully diluted basis (in cents)						
(a) Continuing operations	5.15	3.63	41.9	9.43	6.23	51.3
(b) Discontinued operations	(0.02)	0.46	NM	0.43	1.04	(58.0)
(c) After exceptional items	4.85	4.17	16.3	32.11	8.09	296.7
- Adjusted weighted average number of shares (in million)	1,770.8	1,782.0	(0.6)	1,768.7	1,812.6	(2.4)

2. BALANCE SHEETS

	GROUP		COMPANY	
	As at 30/06/2006 \$000	As at 31/12/2005 \$000	As at 30/06/2006 \$000	As at 31/12/2005 \$000
Equity attributable to shareholders of the Company:-				
Share Capital	769,827	436,603	769,827	436,603
Other reserves	457,314	419,286	3,488	316,062
Accumulated profits	1,309,290	1,143,729	731,370	542,643
	<u>2,536,431</u>	<u>1,999,618</u>	<u>1,504,685</u>	<u>1,295,308</u>
Minority interests				
Total equity	<u>3,083,931</u>	<u>2,844,659</u>	<u>1,504,685</u>	<u>1,295,308</u>
Non-current assets				
Property, plant & equipment	2,296,601	2,627,380	1,817	997
Investments in subsidiaries	-	-	1,462,045	2,275,587
Interests in associates	440,309	294,755	-	-
Interests in joint ventures	250,721	431,711	-	-
Other financial assets	113,295	121,373	-	-
Long term receivables and prepayments	68,698	146,152	-	-
Intangible assets	108,333	150,765	90	90
Deferred tax assets	18,526	26,285	-	-
	<u>3,296,483</u>	<u>3,798,421</u>	<u>1,463,952</u>	<u>2,276,674</u>
Current assets				
Inventories and work-in-progress	1,265,697	863,612	-	-
Trade and other receivables	1,115,381	1,373,647	110,109	84,808
Asset held for sale	-	52,230	-	-
Bank balances, fixed deposits and cash	1,191,657	1,231,281	355,595	10,503
	<u>3,572,735</u>	<u>3,520,770</u>	<u>465,704</u>	<u>95,311</u>
Current liabilities				
Trade and other payables	1,787,059	1,926,504	261,318	924,454
Excess of progress billings over work-in-progress	449,993	389,837	-	-
Provisions	29,971	639,900	12,000	-
Employee benefits	1,458	6,089	1,458	2,028
Current tax payable	99,633	104,683	-	-
Interest-bearing borrowings	63,373	149,383	-	-
	<u>2,431,487</u>	<u>3,216,396</u>	<u>274,776</u>	<u>926,482</u>
Net current assets/(liabilities)	<u>1,141,248</u>	<u>304,374</u>	<u>190,928</u>	<u>(831,171)</u>
	<u>4,437,731</u>	<u>4,102,795</u>	<u>1,654,880</u>	<u>1,445,503</u>
Non-current liabilities				
Deferred tax liabilities	239,446	220,095	195	195
Provisions	4,899	8,977	-	-
Employee benefits	32,843	42,035	-	-
Interest-bearing borrowings	1,004,081	908,686	150,000	150,000
Other long-term liabilities	72,531	78,343	-	-
	<u>1,353,800</u>	<u>1,258,136</u>	<u>150,195</u>	<u>150,195</u>
	<u>3,083,931</u>	<u>2,844,659</u>	<u>1,504,685</u>	<u>1,295,308</u>

Notes to Group Balance Sheets:

2a. Group's borrowings and debt securities

	As at 30/6/2006 \$'000	As at 31/12/2005 \$'000
(i) <u>Amount repayable in one year or less, or on demand</u>		
Secured	58,035	44,238
Unsecured	11,769	140,838
	<u>69,804</u>	<u>185,076</u>
(ii) <u>Amount repayable after one year</u>		
Secured	503,186	393,568
Unsecured	509,102	526,994
	<u>1,012,288</u>	<u>920,562</u>
Total	<u>1,082,092</u>	<u>1,105,638</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 \$972 million (31/12/2005: \$1,006 million).

2b. Net asset value

	Group		Company	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Net asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.44	1.14	0.86	0.74
Net tangible asset value per ordinary share based on issued share capital at the end of the financial period/year (in \$)	1.38	1.06	0.86	0.74

2c. Notes to Balance Sheet

Group

Due to the disposal of SembCorp Logistics Ltd and SembCorp Engineers and Constructors Pte Ltd in April and June 2006 respectively, the Group has ceased to consolidate these entities. As such, most balance sheet items as at June 30, 2006 are lower than December 31, 2005.

The increase in share capital is due to the transfer of share premium account to the share capital arising from the amendments in the Companies (Amendment) Act 2005. (See note 4c.) The decrease in Minority Interests is due to the disposal of SembCorp Logistics Ltd.

The increase in interests in associates and the corresponding decrease in interests in joint ventures is mainly due to the Group's rationalisation of its Riau investments (previously held under joint ventures) through the consolidation of these investments under an associate, Gallant Venture Ltd, an entity listed on SGX – SESDAQ

Inventories and work-in-progress increased as more projects were undertaken by Marine SBU.

Provisions decreased as the Group has made payment for the full and final settlement of the Solitaire arbitration.

Company

The decrease in Investment in Subsidiaries is due to the disposal of SembCorp Logistics Ltd and SembCorp Engineers and Contractors Pte Ltd and accordingly the proceeds from these divestments have resulted in an increase in the bank and cash balances.

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

3. CONSOLIDATED CASH FLOW STATEMENT

	GROUP		GROUP	
	2Q06 \$'000	2Q05 \$'000	1H06 \$'000	1H05 \$'000
Cash flows from Operating Activities				
Profit before income tax expense	146,545	139,186	694,521	253,885
Adjustment for :				
Dividend and interest income	(15,574)	(8,083)	(24,253)	(16,801)
Finance costs	12,547	12,755	25,006	32,614
Depreciation and amortisation	43,348	47,737	89,015	92,688
Share of results of associated companies and joint ventures	(18,207)	(21,864)	(41,644)	(42,052)
Profit on sale of property, plant and equipment	(871)	(3,886)	(740)	(4,007)
Gain on disposal of investments	(13,705)	(30,614)	(477,994)	(48,371)
Allowance made for doubtful debts and bad debts written off (net)	446	1,623	480	3,645
Changes in fair value of financial instruments and hedge items	6,063	4,447	7,029	5,543
Share based payment expenses	3,294	2,878	9,273	5,233
Additional charge arising from final settlement on Solitaire	-	-	65,000	-
Allowance (written-back) / made for impairment in value of asset	(3)	3,617	6,103	3,614
Operating profit before working capital changes	163,883	147,796	351,796	285,991
Changes in working capital:				
Inventories and work-in-progress	(168,918)	(207,283)	(516,679)	(33,171)
Receivables	8,718	(72,288)	(110,958)	(63,387)
Payables	200,447	180,924	595,557	272,349
Payment for Solitaire settlement	(682,700)	-	(682,700)	-
	(478,570)	49,149	(362,984)	461,782
Income tax paid	(22,570)	(19,185)	(23,593)	(21,466)
Net cash (outflow) / inflow from operating activities	(501,140)	29,964	(386,577)	440,316
Cash flows from Investing Activities				
Dividend and interest received	19,081	11,638	28,221	25,455
Cash flows on disposal of subsidiaries, net of cash disposed (see note 3.1)	837,420	-	490,401	-
Proceeds from disposal of associates and joint ventures	295,416	44,488	295,416	91,737
Proceeds from disposals of investments	5,666	85,226	6,659	87,585
Proceeds from disposal of property, plant and equipment	1,393	18,680	3,246	19,040
Payment for the acquisition of a subsidiary	-	-	-	(6,616)
Acquisition of associates and joint ventures	(275,642)	-	(275,642)	(47,456)
Purchase of property, plant and equipment	(114,462)	(72,502)	(198,826)	(112,403)
Payment for intangible assets	(61)	(229)	(470)	(685)
Net cash inflow from investing activities	768,811	87,301	349,005	56,657
Cash flows from Financing Activities				
Proceeds from share issue	11,225	17,282	19,605	24,104
Proceeds from share issue to minority shareholders of subsidiaries	8,904	7,872	22,166	21,488
Net increase / (decrease) in bank borrowings	98,893	134,086	103,173	(446,527)
Net increase / (decrease) in other long term liabilities	9,222	(5,304)	15,789	(6,310)
Capital reduction paid to shareholder of the Company	-	(214,797)	-	(214,797)
Capital reduction paid to minority shareholders of a subsidiary	-	(98,882)	-	(98,882)
Dividend paid to shareholders of the Company	(91,344)	(73,379)	(91,344)	(164,701)
Dividends paid to minority shareholders of subsidiaries	(35,574)	(43,133)	(44,524)	(339,702)
Interest paid	(16,337)	(17,980)	(28,098)	(35,581)
Net cash outflow from financing activities	(15,011)	(294,235)	(3,233)	(1,260,908)
Net increase / (decrease) in cash and cash equivalents	252,660	(176,970)	(40,805)	(763,935)
Cash and cash equivalents at beginning of the period	940,345	1,515,002	1,230,902	2,099,962
Effects of exchange rate changes on cash and equivalents	(3,925)	(4,238)	(1,017)	(2,233)
Cash and cash equivalents at end of the period (See note 3.2)	1,189,080	1,333,794	1,189,080	1,333,794

3. GROUP CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

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

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

	GROUP		GROUP	
	2Q06 \$'000	2Q05 \$'000	1H06 \$'000	1H05 \$'000
Non-current assets	331,876	-	596,963	-
Net current (liabilities) / assets	(75,264)	-	270,151	-
Non-current liabilities	(22,585)	-	(47,598)	-
Minority Interest	(33,515)	-	(291,891)	-
Profit on disposal	689	-	464,005	-
Currency translation reserve	(4,399)	-	(1,529)	-
Total cash consideration	196,802	-	990,101	-
Less: Consideration for disposal of Logistics in 1Q06 received	793,299	-	-	-
Less : Amount retained as other financial assets	(4,800)	-	(4,800)	-
Less: Cash & bank balances of subsidiary disposed	(147,881)	-	(494,900)	-
Cash flows on disposal of subsidiary, net of cash disposed	837,420	-	490,401	-

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 & Cash Equivalents:</u>	GROUP	
	1H06 \$'000	1H05 \$'000
Bank balances, fixed deposits and cash	1,191,657	1,333,794
Bank overdrafts	(2,577)	-
	<u>1,189,080</u>	<u>1,333,794</u>

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

	Attributable to shareholders of the Company								
	Share	Share	Merger	Other	Currency	Accumulated	Total	Minority	Total Equity
	Capital	Premium	Reserve	Reserves	Translation	Profits		Interests	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
1Q06									
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 (see note 4(c))	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	(245,363)	(242,876)
Net gain / (loss) recognised directly in equity	313,618	(313,618)	-	349,780	(12,932)	(315,681)	21,167	(245,934)	(224,767)
Profit for the period	-	-	-	-	-	481,910	481,910	33,004	514,914
Total gain / (loss) recognised for the period	313,618	(313,618)	-	349,780	(12,932)	166,229	503,077	(212,930)	290,147
Issue of shares under Share Option Plan	8,380	-	-	-	-	-	8,380	-	8,380
Share based payment	-	-	-	4,246	-	-	4,246	515	4,761
Dividend paid	-	-	-	-	-	-	-	(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
2Q06									
Translation adjustments	-	-	-	-	4,338	-	4,338	(2,287)	2,051
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	967	-	-	967	634	1,601
Net fair value changes on cash flow hedges	-	-	-	(7,722)	-	-	(7,722)	(87)	(7,809)
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	19,931	(9,744)	4,703	14,890	(68,104)	(53,214)
Net gain / (loss) recognised directly in equity	-	-	-	13,176	(5,406)	4,703	12,473	(69,844)	(57,371)
Profit for the period	-	-	-	-	-	85,973	85,973	28,855	114,828
Total gain / (loss) recognised for the period	-	-	-	13,176	(5,406)	90,676	98,446	(40,989)	57,457
Issue of shares under Share Option Plan	11,226	-	-	-	-	-	11,226	-	11,226
Share based payment	-	-	-	2,782	-	-	2,782	387	3,169
Dividend paid	-	-	-	-	-	(91,344)	(91,344)	(35,574)	(126,918)
At June 30, 2006	769,827	-	29,201	432,259	(4,146)	1,309,290	2,536,431	547,500	3,083,931
1Q05									
At January 1, 2005	456,623	296,628	29,201	48,974	31,463	1,084,869	1,947,758	852,495	2,800,253
Translation adjustments	-	-	-	-	(8,098)	-	(8,098)	(1,070)	(9,168)
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	10,569	-	-	10,569	5,210	15,779
Net fair value changes on cash flow hedges	-	-	-	1,798	-	-	1,798	(1,023)	775
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	(1,121)	(876)	(1)	(1,998)	12,597	10,599
Net gain / (loss) recognised directly in equity	-	-	-	11,246	(8,974)	(1)	2,271	15,714	17,985
Profit for the period	-	-	-	-	-	72,330	72,330	25,937	98,267
Total gain / (loss) recognised for the period	-	-	-	11,246	(8,974)	72,329	74,601	41,651	116,252
Issue of shares under Share Option Plan	1,222	5,600	-	-	-	-	6,822	-	6,822
Share based payment	-	-	-	1,554	-	-	1,554	320	1,874
At March 31, 2005	457,845	302,228	29,201	61,774	22,489	1,157,198	2,030,735	894,466	2,925,201
2Q05									
Translation adjustments	-	-	-	-	2,639	-	2,639	4,240	6,879
Net fair value changes on available for sale financial assets, net of deferred taxes	-	-	-	11,134	-	-	11,134	6,398	17,532
Net fair value changes on cash flow hedges	-	-	-	(7,562)	-	-	(7,562)	273	(7,289)
Realisation of reserve upon disposal of investments and changes in group structure	-	-	-	1,376	(674)	(5,624)	(4,922)	7,912	2,990
Net gain / (loss) recognised directly in equity	-	-	-	4,948	1,965	(5,624)	1,289	18,823	20,112
Profit for the period	-	-	-	-	-	74,366	74,366	29,182	103,548
Total gain / (loss) recognised for the period	-	-	-	4,948	1,965	68,742	75,655	48,005	123,660
Issue of shares under Share Option Plan	2,872	14,410	-	-	-	-	17,282	-	17,282
Capital reduction paid to shareholders of the Company	(27,538)	(22,030)	-	-	-	(165,229)	(214,797)	-	(214,797)
Capital reduction paid to minority shareholders of subsidiary	-	-	-	-	-	-	-	(98,882)	(98,882)
Share based payment	-	-	-	1,096	-	-	1,096	297	1,393
Dividend paid	-	-	-	-	-	(73,379)	(73,379)	(43,133)	(116,512)
At June 30, 2005	433,179	294,608	29,201	67,818	24,454	987,332	1,836,592	800,753	2,637,345

4b. Statements of Changes in Equity of the Company

	Share Capital	Share Premium	Other Reserves	Accumu- lated Profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
1Q06					
At January 1, 2006	436,603	313,618	2,444	542,643	1,295,308
Transfer to share capital (see note 4(c))	313,618	(313,618)	-	-	-
Net gain recognised directly in equity	313,618	(313,618)	-	-	-
Profit for the period	-	-	-	18,110	18,110
Total gain / (loss) recognised for the period	313,618	(313,618)	-	18,110	18,110
Issue of shares under Share Option Plan	8,380	-	-	-	8,380
Share based payment	-	-	154	-	154
At March 31, 2006	758,601	-	2,598	560,753	1,321,952
2Q06					
Profit for the period	-	-	-	261,961	261,961
Total gain recognised for the period	-	-	-	261,961	261,961
Issue of shares under Share Option Plan	11,226	-	-	-	11,226
Share based payment	-	-	890	-	890
Dividend paid	-	-	-	(91,344)	(91,344)
At June 30, 2006	769,827	-	3,488	731,370	1,504,685
1Q05					
At January 1, 2005	456,623	296,628	528	744,987	1,498,766
Profit for the period	-	-	-	92,268	92,268
Total gain recognised for the period	-	-	-	92,268	92,268
Issue of shares under Share Option Plan	1,222	5,600	-	-	6,822
Share based payment	-	-	422	-	422
At March 31, 2005	457,845	302,228	950	837,255	1,598,278
2Q05					
Profit for the period	-	-	-	49,186	49,186
Total gain recognised for the period	-	-	-	49,186	49,186
Issue of shares under Share Option Plan	2,872	14,410	-	-	17,282
Share based payment	-	-	175	-	175
Capital reduction paid to shareholders of the Company	(27,538)	(22,030)	-	(165,229)	(214,797)
Dividend paid	-	-	-	(73,379)	(73,379)
At June 30, 2005	433,179	294,608	1,125	647,833	1,376,745

4c. Changes in the Company's share capital

Pursuant to the Companies (Amendment) Act 2005 effective from January 30, 2006, the concept of authorised share capital and par value has been abolished. Amount standing to the credit of share premium account is transferred to share capital as at that date.

During 2Q06, the Company issued 7,218,001 ordinary shares for cash upon the exercise of the options under the Company's Share Option Plan.

As at June 30, 2006, the Company's issued and paid up capital comprises 1,758,870,997 (June 30, 2005: 1,732,714,062) ordinary shares and there were 41,442,319 (June 30, 2005: 49,009,926) 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) 2400.

6. AUDITORS' REPORT

Not applicable.

7. ACCOUNTING POLICIES

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, 2005.

8. CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

For its continuing operations, the Group achieved turnover of \$3.6 billion in 1H06. The Group's profit attributable to shareholders of the Company (PATMI) before exceptional items (EI) in 1H06 was \$166.8 million compared to \$113.0 million in 1H05, which represents a 48% growth.

The Group also generated strong Economic Value Added of \$520.3 million due to strong operating performance by the Utilities and Marine businesses and the gain on disposal of subsidiaries.

Turnover

	<u>2Q06</u>	<u>2Q05</u>	<u>Growth</u>		<u>1H06</u>	<u>1H05</u>	<u>Growth</u>	
	<u>\$'m</u>	<u>\$'m</u>	<u>\$'m</u>	<u>%</u>	<u>\$'m</u>	<u>\$'m</u>	<u>\$'m</u>	<u>%</u>
Utilities	962	813	149	18	1,850	1,495	355	24
Marine Engineering (Marine)	1,039	467	572	123	1,535	908	627	69
Environmental Engineering (Enviro)	55	52	3	6	109	104	5	5
Others / Corporate	20	33	(13)	(39)	62	75	(13)	(17)
	<u>2,076</u>	<u>1,365</u>	<u>711</u>	<u>52</u>	<u>3,556</u>	<u>2,582</u>	<u>974</u>	<u>38</u>

Utilities and Marine together contributed to 95% of the Group's turnover of \$3.6 billion in 1H06.

Utilities' turnover increased by 24% to \$1.8 billion. Its Singapore and UK operations continued to do well as power prices continue to remain high. However, turnover in its offshore engineering unit declined with the completion of some of its projects.

Marine's turnover increased by 69% to \$1.5 billion. This was mainly due to strong growth in its rig building business.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

Profit attributable to shareholders of the Company (“PATMI”)

	2Q06	2Q05	Growth		1H06	1H05	Growth	
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Continuing operations								
Utilities	47.4	36.2	11.2	31	92.7	70.8	21.9	31
Marine Engineering (Marine)	30.0	21.4	8.6	40	55.1	36.1	19.0	53
Environmental Engineering (Enviro)	3.2	3.3	(0.1)	(3)	7.1	7.3	(0.2)	(1)
Others / Corporate	10.6	3.8	6.8	179	11.9	(1.2)	13.1	NM
	91.2	64.7	26.5	41	166.8	113.0	53.8	48
Discontinued operations								
Logistics	-	8.9	(8.9)	NM	7.9	18.2	(10.3)	(56)
Engineering & Construction (E&C)	(0.4)	(0.7)	0.3	45	(0.3)	0.6	(0.9)	NM
	(0.4)	8.2	(8.6)	NM	7.6	18.8	(11.1)	(60)
PATMI before exceptional items	90.8	72.9	17.9	25	174.4	131.8	42.6	32
Exceptional items (EI)	(4.9)	1.4	(6.3)	NM	393.5	15.0	378.5	2523
PATMI	86.0	74.4	11.6	16	567.9	146.8	421.1	287

Note: NM = Not meaningful

The Group's PATMI from its continuing operations in 1H06 rose by 48% to \$166.8 million. The strong growth was mainly contributed by its Utilities and Marine business units.

Utilities' PATMI in 1H06 was higher by 31% over 1H05. The turnaround of its offshore engineering unit contributed to Utilities' growth.

The increase in Group's share of PATMI from its Marine business unit was due to better operating margins from its rig building and ship repair businesses; and higher contribution from its associated companies and joint venture.

The improvement in Others / Corporate PATMI in 2Q06 was mainly attributed to higher dividend income received from its investments. There was also a one-off impairment on a property included in 2Q05. In addition, 2Q05 and 1H05 also included professional fees incurred in respect of Solitaire legal case.

The Group also recorded EI gain of \$393.5 million for 1H06. EI comprised the net gain on disposal of subsidiaries, offset by an additional charge arising from the final settlement on the Solitaire legal case. EI in 2Q06 comprised of the net loss on disposal of subsidiaries.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

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 sale of its entire 60.01% stake in SembCorp Logistics Ltd (SembLog). The gain on the sale of SembLog has been recognised in the Group's 1Q06 results. On June 2, 2006, the Group announced its sale of SembCorp Engineers and Constructors Pte Ltd (SembE&C). The amount received on completion of the sale is subject to adjustment to be made, based on the audited NTA of E&C as at May 31, 2006. The adjustment will be capped at a maximum of \$3 million. These adjustments have yet to be agreed by both parties and hence have not been included in the Group's 2Q06 results. The loss (without the adjustments) on the sale of E&C has been recognised in the Group's 2Q06 results. These divestments are in line with the Group's aim to sharpen its strategic focus on a smaller stable of core businesses.

The analysis of the results of the discontinued operations are as follows:

	2Q06	2Q05	1H06	1H05
	\$'000	\$'000	\$'000	\$'000
Turnover	245,785	320,450	621,250	957,963
Cost of sales	(238,983)	(284,261)	(578,239)	(882,518)
Gross profit	6,802	36,189	43,011	75,445
General & administrative expenses	(7,375)	(25,653)	(33,611)	(51,475)
Non-operating income (net)	145	8,147	1,876	19,987
Finance costs	(88)	(634)	(484)	(2,042)
Share of results of:				
- Associates	(7)	4,046	4,192	7,105
- Joint ventures	-	(305)	2,486	2,809
(Loss) / Profit before taxation	(523)	21,790	17,470	51,829
Income tax expense	172	(5,485)	(3,224)	(9,371)
(Loss) / Profit after taxation before gain / (loss) on sale of discontinued operations ⁽¹⁾	(351)	16,305	14,246	42,458
(Loss) / Gain on sale of discontinued operations ⁽²⁾	(22,842)	-	440,474	-
(Loss) / profit after taxation	(23,193)	16,305	454,720	42,458

	2Q06	2Q05	1H06	1H05
	\$'000	\$'000	\$'000	\$'000
(1) (Loss) / profit after taxation before gain on sale of discontinued operations				
Logistics	-	17,090	14,487	42,073
Engineering & Construction	(351)	(785)	(241)	385
Total	(351)	16,305	14,246	42,458
(2) Gain / (loss) on sale of discontinued operations*				
Logistics	-	-	463,316	-
Engineering & Construction	(22,842)	-	(22,842)	-
Total	(22,842)	-	440,474	-

* 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 are as follows:

	2Q06	2Q05	1H06	1H05
	\$'000	\$'000	\$'000	\$'000
Operating cash flows	(50,908)	(18,803)	40,102	30,020
Investing cash flows	(2,612)	92,463	(2,970)	107,578
Financing cash flows	2,225	(119,951)	(16,812)	(549,757)
Net cash flow from discontinued operations	(51,295)	(46,291)	20,320	(412,159)

10. VARIANCE FROM PROSPECT STATEMENT

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

11 (A) SUBSEQUENT EVENTS

- (a) On July 5, 2006, a subsidiary, SembCorp Utilities Pte Ltd (SembUtilities) entered into a joint venture with Abu Dhabi Water and Electricity Authority (ADWEA) to acquire the Fujairah-based Independent Water and Power Plant (IWPP). The joint venture company will be 60% owned by ADWEA and 40% owned by SembUtilities. The total project cost is estimated to be US\$1,726 million. The financial close of the project is expected to be in October 2006.
- (b) On July 6, 2006, a subsidiary, SembCorp Environmental Management Pte Ltd (SembEnviro) entered into a joint venture with K K Asia Pte Ltd, to take up a 90% stake in a new JV company, SembEnviro KK Asia. The JV is involved in the recovery of recycled plastic resins from waste plastics and the sale of these resin pellets to manufacturers throughout the region. SembEnviro's share of investment cost in the JV is \$3.4 million.
- (c) On July 11, 2006, a subsidiary, Sembawang Corporation Ltd (Sembawang) received confirmation from the Inland Revenue Authority of Singapore that the compensation and related legal costs incurred in relation to the Solitaire arbitration are trade losses of Sembawang. Accordingly, these losses will be available for transfer within the SembCorp Industries Group under the group tax relief system and/or carry forward for offset against future taxable profits of Sembawang, subject to compliance with the respective provisions under the Singapore Income Tax Act.
- (d) On July 13, 2006, the subsidiaries, SembUtilities and Sembawang, entered into conditional Sale & Purchase Agreements for the sale of the shares of SMOE Group and Sembawang Bethlehem Pte Ltd (SemBeth) to SembCorp Marine Ltd (SembMarine) and its wholly owned subsidiary Sembawang Shipyard Pte Ltd respectively for a total cash consideration of approximately \$66.75 million. The transactions are subject to the approval of SembMarine's minority shareholders to be secured at an Extraordinary General Meeting to be convened.

11 (B) PROSPECTS

Utilities

Underpinned by long-term contracts, its Singapore operations will continue to generate stable earnings. UK operations are expected to perform better than 2005 due to high UK energy prices and favourable supply contracts secured until end 2007 / early 2008. Our operation in Vietnam is expected to continue to perform well. Our China projects are still in the early phase and one of them is expected to face challenges due to the shortage of natural gas in Shanghai. Offshore engineering unit has turnaround and started contributing positively this year.

Overall, Utilities is expected to achieve stable operating profits in 2006 compared to 2005.

Marine

New orders secured in 1H06 was \$1.9 billion and total net order book as at June 30, 2006, excluding ship repair, stands at \$6.0 billion with completion and deliveries till 2009.

Ship repair demand remains strong especially in the specialised market of LNG/LPG gas tankers, container vessels and rig repairs. Market fundamentals for Floating Production Storage Offloading (FPSO) vessels and Floating Storage Offloading (FSO) vessels continue to strengthen, driven by high oil prices and increase in worldwide exploration and production activities. Fundamentals for the rig building sector remain strong attributable to high utilisation levels worldwide, unprecedented high charter rates as well as an aging rig fleet.

Marine's overall performance for 2006 is expected to be stronger than 2005.

Enviro

Enviro has successfully entered into the waste-to-resource market through the acquisition of Jiangsu SembCorp Chunxing Alloy and SembEnviro KK Asia and will focus on high value-added waste-to-resource and pre-disposal treatment business for sustainable earnings and growth. Local municipal waste collection sector is expected to be highly competitive. Overall, Enviro is expected to perform better than 2005.

SCI Group

With the exceptional gains recorded to-date, the Group's overall performance for 2006 is expected to be substantially better than that of 2005.

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, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

12. DIVIDEND / CAPITAL DISTRIBUTION

Dividend

No interim dividend for the period ended June 30, 2006 is recommended.

Capital Reduction and Cash Distribution

Arising from the disposal of Logistics, the Board of Directors proposed a capital reduction involving a cash distribution of 15 cents per share in cash, without deduction for tax out of the Company's share capital account. The capital reduction and cash distribution was approved by the shareholders at an Extraordinary General Meeting held on July 7, 2006. The books closure date for the capital reduction is August 8, 2006. The cash distribution will be paid on August 22, 2006.

13. SEGMENTAL REPORTING

1H06

(i) <u>Business segments</u>	Continuing operations					Discontinued operations			Elimi- nation	Total operations	
	Utilities	Marine	Enviro	Others / Corporate	Elimi- nation	Sub-total	Logistics	E&C			Sub-total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Turnover											
External sales	1,849,598	1,534,919	109,386	62,576	-	3,556,479	133,250	488,000	621,250	-	4,177,729
Inter-segment sales	19,723	5,395	988	10,963	(37,069)	-	150	48	198	(198)	-
Total	1,869,321	1,540,314	110,374	73,539	(37,069)	3,556,479	133,400	488,048	621,448	(198)	4,177,729
Results											
Segment results	139,248	104,939	2,394	403,398	-	649,979	8,796	(102)	8,694	-	658,673
Interest income	5,506	9,863	168	12,911	(11,820)	16,628	2,270	671	2,941	(359)	19,210
Interest expense	(21,914)	(3,204)	(549)	(10,675)	11,820	(24,522)	(108)	(735)	(843)	359	(25,006)
	122,840	111,598	2,013	405,634	-	642,085	10,958	(166)	10,792	-	652,877
Share of results of associates	-	11,232	5,152	3,272	-	19,656	4,199	(7)	4,192	-	23,848
Share of results of joint ventures	10,582	1,664	188	2,876	-	15,310	2,486	-	2,486	-	17,796
	133,422	124,494	7,353	411,782	-	677,051	17,643	(173)	17,470	-	694,521
Taxation	(33,950)	(21,706)	(82)	(5,817)	-	(61,555)	(3,156)	(68)	(3,224)	-	(64,779)
Minority interest	(6,733)	(42,223)	(126)	(6,211)	-	(55,293)	(6,546)	(20)	(6,566)	-	(61,859)
Net profit / (loss) for the period	92,739	60,565	7,145	399,754	-	560,203	7,941	(261)	7,680	-	567,883
Comprising:											
Net profit / (loss) before exceptional items	92,739	55,102	7,145	11,767	-	166,753	7,941	(261)	7,680	-	174,433
Exceptional items	-	5,463	-	387,987 *	-	393,450	-	-	-	-	393,450
	92,739	60,565	7,145	399,754	-	560,203	7,941	(261)	7,680	-	567,883

* Included net gain on disposal of Logistics and E&C. See note 9 for details on net gain on sale of discontinued operations.

Assets											
Segment assets	2,870,952	2,453,219	159,054	1,074,051	(497,903)	6,059,373	-	-	-	-	6,059,373
Investment in associates	-	112,162	57,602	270,545	-	440,309	-	-	-	-	440,309
Investment in joint ventures	148,668	20,621	17,519	63,913	-	250,721	-	-	-	-	250,721
Tax assets	23,785	3,056	5,404	86,570	-	118,815	-	-	-	-	118,815
Total assets	3,043,405	2,589,058	239,579	1,495,079	(497,903)	6,869,218	-	-	-	-	6,869,218
Liabilities											
Segment liabilities	1,932,636	1,338,966	72,695	599,814	(497,903)	3,446,208	-	-	-	-	3,446,208
Tax liabilities	175,427	112,123	4,818	46,711	-	339,079	-	-	-	-	339,079
Total liabilities	2,108,063	1,451,089	77,513	646,525	(497,903)	3,785,287	-	-	-	-	3,785,287
Capital expenditure											
	127,524	57,038	6,515	3,229	-	194,306	3,798	1,192	4,990	-	199,296
Significant non-cash items											
Depreciation and amortisation	46,096	22,781	4,226	10,194	-	83,297	3,228	2,490	5,718	-	89,015
Other non-cash items (including provisions, loss on disposal and exchange differences)	5,216	13,791	920	110,053	-	129,980	836	6,247	7,083	-	137,063

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,810,573	43	4,955,852	82	5,091,452	74	114,956	58
Rest of Asia	408,941	10	332,965	5	932,379	13	18,776	9
Europe	1,129,329	27	718,462	12	731,178	11	59,848	30
Others	207,438	5	52,094	1	114,209	2	726	0
Discontinued operations	621,448	15	-	-	-	-	4,990	3
Total	4,177,729	100	6,059,373	100	6,869,218	100	199,296	100

13. SEGMENTAL REPORTING (Cont'd)

1H05

(i) Business segments	Continuing operations						Discontinued operations			Elimination	Total operations
	Utilities	Marine	Enviro	Others / Corporate	Elimination	Sub-total	Logistics	E&C	Sub-total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Turnover											
External sales	1,495,398	907,810	104,131	75,300	-	2,582,639	268,668	689,105	957,773	-	3,540,412
Inter-segment sales	8,960	10,279	858	22,158	(42,255)	-	165	25	190	(190)	-
Total	1,504,358	918,089	104,989	97,458	(42,255)	2,582,639	268,833	689,130	957,963	(190)	3,540,412
Results											
Segment results	125,355	56,179	3,172	6,115	-	190,821	37,257	878	38,135	-	228,956
Interest income	2,617	7,639	32	11,726	(11,852)	10,162	5,148	674	5,822	(493)	15,491
Interest expense	(26,701)	(2,318)	(571)	(13,327)	11,852	(31,065)	(1,848)	(194)	(2,042)	493	(32,614)
	101,271	61,500	2,633	4,514	-	169,918	40,557	1,358	41,915	-	211,833
Share of results of associates	713	11,048	5,011	2,521	-	19,293	7,403	(298)	7,105	-	26,398
Share of results of joint ventures	9,482	23	-	3,340	-	12,845	2,809	-	2,809	-	15,654
	111,466	72,571	7,644	10,375	-	202,056	50,769	1,060	51,829	-	253,885
Taxation	(24,704)	(13,789)	(132)	(4,074)	-	(42,699)	(8,696)	(675)	(9,371)	-	(52,070)
Minority interests	(7,112)	(22,650)	(262)	(6,065)	-	(36,089)	(19,217)	187	(19,030)	-	(55,119)
Net profit for the period	79,650	36,132	7,250	236	-	123,268	22,856	572	23,428	-	146,696
Comprising:											
Net profit / (loss) before exceptional items	70,787	36,132	7,250	(1,212)	-	112,957	18,179	572	18,751	-	131,708
Exceptional items	8,863	-	-	1,448	-	10,311	4,677	-	4,677	-	14,988
	79,650	36,132	7,250	236	-	123,268	22,856	572	23,428	-	146,696
Assets											
Segment assets	2,492,094	2,032,369	160,067	1,285,155	(601,003)	5,368,682	594,794	573,698	1,168,492	(21,419)	6,515,755
Investment in associates	-	101,063	64,525	51,348	-	216,936	77,644	4,810	82,454	-	299,390
Investment in joint ventures	145,895	9,494	-	187,029	-	342,418	65,641	-	65,641	-	408,059
Tax assets	17,213	1,588	4,861	79,479	-	103,141	8,019	14,058	22,077	-	125,218
Total assets	2,655,202	2,144,514	229,453	1,603,011	(601,003)	6,031,177	746,098	592,566	1,338,664	(21,419)	7,348,422
Liabilities											
Segment liabilities	1,785,431	970,338	61,287	1,504,524	(601,003)	3,720,577	203,671	524,984	728,655	(21,419)	4,427,813
Tax liabilities	118,803	77,038	5,342	49,338	-	250,521	13,071	5,952	19,023	-	269,544
Total liabilities	1,904,234	1,047,376	66,629	1,553,862	(601,003)	3,971,098	216,742	530,936	747,678	(21,419)	4,697,357
Capital expenditure											
	82,500	53,855	2,238	10,026	-	148,619	7,480	5,859	13,339	-	161,958
Significant non-cash items											
Depreciation and amortisation	44,588	17,445	4,343	11,794	-	78,170	6,610	7,908	14,518	-	92,688
Other non-cash items (including provisions, loss on disposal and exchange differences)	10,798	3,998	921	8,329	-	24,046	1,205	5,752	6,957	-	31,003
(ii) Geographical segments											
	Revenue		Segment Assets		Total Assets		Capital Expenditure				
	\$'000	%	\$'000	%	\$'000	%	\$'000	%			
Singapore	1,238,661	35	4,151,300	64	4,260,396	58	69,738	43			
Rest of Asia	235,747	7	596,851	9	1,058,692	15	11,464	7			
Europe	896,890	25	598,991	9	608,123	8	67,417	42			
Others	211,341	6	121	0	82,547	2	-	-			
Discontinued operations	957,773	27	1,168,492	18	1,338,664	18	13,339	8			
Total	3,540,412	100	6,515,755	100	7,348,422	100	161,958	100			

Notes To Segmental Analysis

13a. Business Segments

The Group comprises the following main business segments:

Utilities segment offers a range of fully integrated industrial site services, including power, gas, centralised utilities to clusters of chemical multinational corporations in Singapore and United Kingdom. It also invests in, manages and operates cogeneration, power and water treatment plants in Singapore and in the region. It is also involved in engineering, construction and fabrication of offshore platforms, modules and floating production systems for oil and gas companies.

Marine Engineering segment focuses on repair, building and conversion of ships, rig construction and offshore engineering.

Environmental Engineering segment provides integrated waste management services in the Asia Pacific region.

Others / Corporate segment comprises businesses relating to minting, hotels, properties, resorts and industrial parks; and the corporate company.

The Group disposed its businesses in SembCorp Logistics Ltd and SembCorp Engineers and Constructors Pte Ltd in April 2006 and June 2006 respectively. Logistics segment provided one-stop logistics management services, parts and components management, automated warehouse operations, preservation and packaging technologies and hazardous goods management. Engineering and Construction segment was engaged in turnkey construction, design consultancy, infrastructure development and project management.

13b. Geographical Segments

The Group operates in three principal geographical areas, Singapore, Europe and Rest of Asia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

13c. Review of segment performance

Please refer to Paragraph 9 for analysis by business segments.

14. INTERESTED PERSON TRANSACTIONS

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

	2Q06 \$'000	1H06 \$'000
Sale of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Tuas Power Ltd/PowerSeraya Limited ¹	140,642	268,968
- Temasek Capital (Private) Limited and its Associates	1,407	2,794
- MediaCorp Pte Ltd and its Associates	1,361	2,671
- Singapore Technologies Telemedia Pte Ltd and its Associates	854	1,652
- PSA International Pte Ltd and its Associates	612	1,235
- Wildlife Reserves Singapore Pte Ltd and its Associates	372	733
- Singapore Power Ltd and its Associates	199	385
- National University Hospital (S) Pte Ltd and its Associates	112	244
	<u>145,559</u>	<u>278,682</u>
Singapore Petroleum Co Ltd and its Associates	17,204	27,201
Singapore Airlines Limited and its Associates	6,650	7,820
Starhub Ltd and its Associates	814	1,557
SIA Engineering Company Limited and its Associates	635	635
Singapore Food Industries Ltd and its Associates	245	503
SNP Corporation Ltd and its Associates	161	322
	<u>171,268</u>	<u>316,720</u>
Purchases of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates ²	150,124	285,110
- Singapore Power Ltd and its Associates	907	1,810
	<u>151,031</u>	<u>286,920</u>
Treasury		
Placement of funds		
Singapore Technologies Pte Ltd and its Associates	<u>11,023</u>	<u>11,023</u>
Total Interested Person Transactions	<u>333,322</u>	<u>614,663</u>

Note

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

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

There are no transactions which are not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2006 to June 30, 2006.

BY ORDER OF THE BOARD

Kwong Sook May (Ms)
Company Secretary
August 7, 2006