



SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

**SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2009 FINANCIAL STATEMENTS &
DIVIDEND ANNOUNCEMENT**

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SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED JUNE 30, 2009

The Board of Directors of Sembcorp Industries Ltd wishes to announce the unaudited results of the Group for the second quarter and half year ended June 30, 2009.

1. CONSOLIDATED INCOME STATEMENT

	Note	GROUP			GROUP		
		2Q09 \$'000	2Q08 \$'000	+ / (-) %	1H09 \$'000	1H08 \$'000	+ / (-) %
Turnover	2a	2,431,354	2,580,622	(5.8)	4,578,088	4,733,411	(3.3)
Cost of sales		(2,144,226)	(2,361,332)	(9.2)	(4,066,139)	(4,290,994)	(5.2)
Gross profit	2a	287,128	219,290	30.9	511,949	442,417	15.7
General & administrative expenses	2b	(68,614)	(64,366)	6.6	(121,494)	(125,314)	(3.0)
Non-operating income (net)	2c	8,465	38,995	(78.3)	33,081	48,834	(32.3)
Finance costs	2d	(10,789)	(10,187)	5.9	(21,323)	(24,780)	(14.0)
Share of results (net of tax) of:							
- Associates	2e	16,267	39,065	(58.4)	33,250	72,269	(54.0)
- Joint ventures	2f	16,436	8,227	99.8	29,229	21,322	37.1
Profit before income tax expense		248,893	231,024	7.7	464,692	434,748	6.9
Income tax expense	2g	(44,357)	(32,764)	35.4	(71,192)	(68,741)	3.6
Profit for the period		204,536	198,260	3.2	393,500	366,007	7.5
Attributable to:							
Shareholders of the Company		141,905	138,184	2.7	275,549	261,287	5.5
Minority interests		62,631	60,076	4.3	117,951	104,720	12.6
		204,536	198,260	3.2	393,500	366,007	7.5
Economic Value Added	2j	126,472	138,341	(8.6)	246,706	260,590	(5.3)
Earnings per ordinary shares (cents)							
- basic		7.97	7.77	2.6	15.49	14.68	5.5
- diluted		7.92	7.69	2.9	15.40	14.55	5.8

2. Notes to Consolidated Income Statement

2a. Turnover, Cost of Sales

	GROUP			GROUP		
	2Q09	2Q08	+ / (-)	1H09	1H08	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Turnover	2,431,354	2,580,622	(5.8)	4,578,088	4,733,411	(3.3)
Cost of sales	(2,144,226)	(2,361,332)	(9.2)	(4,066,139)	(4,290,994)	(5.2)
Included in Cost of sales:-						
Depreciation and amortisation	(43,431)	(45,975)	(5.5)	(86,355)	(90,779)	(4.9)

Group turnover was 6% and 3% lower in 2Q09 and 1H09 respectively. The drop in turnover for 1H09 was mainly due to a decrease in Utilities' turnover due to lower High Sulphur Fuel Oil ("HSFO") rate and lower offsite power sales in UK as a result of the expiry of certain favourable supply contracts. Marine's turnover increased mainly due to higher percentage of completion achieved in the rig building, offshore and conversion projects.

Gross margin rose by 31% in 2Q09 and 16% in 1H09. The improvement in gross margin relates mainly to Marine due to higher margins from its rig building, offshore and conversion projects. The gross margin for Utilities also improved in 2Q09 due to higher green income contributed by UK and improved spark spread from our Singapore Cogen plant.

Lower depreciation charge in 2Q09 and 1H09 was mainly due to the translation of £ to S\$ for our UK operations.

2b. General & administrative expenses

	GROUP			GROUP		
	2Q09	2Q08	+ / (-)	1H09	1H08	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
General & administrative expenses	(68,614)	(64,366)	6.6	(121,494)	(125,314)	(3.0)
Included in general & administrative expenses:-						
Depreciation and amortisation (i)	(4,564)	(3,228)	41.4	(8,367)	(6,759)	23.8
Allowance (made) / written back for doubtful debts and bad debts written off (net) (ii)	(624)	1,186	NM	(1,521)	1,643	NM
Allowance made for impairment losses						
- property, plant and equipment (iii)	(2,621)	(7)	NM	(2,625)	(76)	NM
- interests in other investment (iv)	(7,536)	-	NM	(7,536)	-	NM

- (i) Higher depreciation charge in 2Q09 and 1H09 mainly arose from Marine.
- (ii) Allowance for doubtful debts for 2Q08 and 1H08 included write-back of provision for loan.
- (iii) An impairment was made for certain assets in China.
- (iv) An impairment was made to an investment by Marine.

Despite the above, general and administrative expenses declined by 3% in 1H09 due to reduced share-based expenses and cost management measures adopted by the Group.

2. Notes to Consolidated Income Statement (Cont'd)

2c. Non-operating income

	GROUP			GROUP		
	2Q09 \$'000	2Q08 \$'000	+ / (-) %	1H09 \$'000	1H08 \$'000	+ / (-) %
Non-operating income	8,465	38,995	(78.3)	33,081	48,834	(32.3)
Included in non-operating income: -						
Dividend income	8,232	8,299	(0.8)	8,232	8,412	(2.1)
Other income (i)	7,641	27,253	(72.0)	20,533	34,370	(40.3)
Interest income (ii)	2,583	7,903	(67.3)	5,565	17,016	(67.3)
Changes in fair value of financial instruments (iii)	9,901	(12,124)	NM	563	(10,572)	NM
Foreign exchange (loss) / gain (iv)	(17,151)	5,842	NM	563	(1,527)	NM

- (i) Other income includes scrap sale, sale of strategic diesel and other non-operating income. Other income was lower in 2Q09 and 1H09 mainly due to lower gain on sale of strategic diesel.
- (ii) Lower interest income in 2Q09 and 1H09 was mainly attributable to weakening interest rates.
- (iii) 2Q09 and 1H09 included fair value adjustments to foreign currency forward contracts.
- (iv) Exchange loss in 2Q09 was mainly from Marine arising from the weakening of United States dollar against Singapore dollar.

2d. Finance Costs

Finance costs in 1H09 reduced over 1H08 due to lower average bank borrowings.

2e. Share of results (net of tax) of Associates

The Group recorded lower results from associates in both 2Q09 and 1H09, mainly due to lower contribution from Cosco Shipyard Group Co. Ltd.

2f. Share of results (net of tax) of Joint Ventures

Share of profit from joint ventures increased in both 2Q09 and 1H09, mainly due to higher contributions from our joint ventures in China and Vietnam.

2g. Income Tax expense

The Group's tax charge for 2Q09 included a net under provision of tax in respect of prior years of \$430,000 (2Q08: write-back of an over provision of tax in respect of prior years of \$2,799,000).

The Group's tax charge for 1H09 included a net under provision of tax in respect of prior years of \$634,000 (1H08: write-back of an over provision of tax in respect of prior years of \$3,842,000) and a write-back of provision for deferred tax of \$8,681,000 (1H08: Nil) due to a reduction in Singapore corporate tax rate from 18% to 17%.

2. Notes to Consolidated Income Statement (Cont'd)

2h. Earnings per ordinary share

Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:	Group			Group		
	2Q09	2Q08	+ / (-) %	1H09	1H08	+ / (-) %
(i) Based on the weighted average number of shares (in cents)	7.97	7.77	2.6	15.49	14.68	5.5
- Weighted average number of shares (in million)	1,779.3	1,779.5	(0.0)	1,778.4	1,780.1	(0.1)
(ii) On a fully diluted basis (in cents)	7.92	7.69	2.9	15.40	14.55	5.8
- Adjusted weighted average number of shares (in million)	1,792.7	1,796.5	(0.2)	1,789.0	1,795.5	(0.4)

2i. Exceptional/Extraordinary Item

There was no exceptional/extraordinary item during the period.

2j. Economic Value Added

Lower Economic Value Added ("EVA") was generated in 1H09 as compared to 1H08 due to lower net operating profit after tax ("NOPAT") arising from lower share of profits from associates and higher cash operating taxes after adjustments made for deferred taxes which were not included for EVA purposes.

3. BALANCE SHEETS

	GROUP		COMPANY	
	As at 30/06/2009 \$'000	As at 31/12/2008 \$'000	As at 30/06/2009 \$'000	As at 31/12/2008 \$'000
Equity attributable to shareholders of the Company:-				
Share capital	554,037	554,037	554,037	554,037
Surplus / (Deficit) in other reserves	208,235	(42,381)	(6,672)	(12,111)
Accumulated profits	2,162,445	2,082,541	936,142	879,454
	<u>2,924,717</u>	<u>2,594,197</u>	<u>1,483,507</u>	<u>1,421,380</u>
Minority interests	741,785	670,660	-	-
Total equity	<u>3,666,502</u>	<u>3,264,857</u>	<u>1,483,507</u>	<u>1,421,380</u>
Non-current assets				
Property, plant and equipment	2,540,256	2,498,577	474,012	485,403
Investment properties	26,772	25,959	-	-
Investments in subsidiaries	-	-	1,485,222	1,486,570
Interests in associates	594,678	564,388	-	-
Interests in joint ventures	296,670	280,816	-	-
Other financial assets	182,567	146,080	-	-
Long-term receivables and prepayments	349,031	231,401	881	940
Intangible assets	114,696	114,771	19,036	19,036
Deferred tax assets	32,640	35,217	-	-
	<u>4,137,310</u>	<u>3,897,209</u>	<u>1,979,151</u>	<u>1,991,949</u>
Current assets				
Inventories and work-in-progress	1,416,733	949,846	8,343	9,353
Trade and other receivables	1,601,055	1,219,101	223,677	217,379
Bank balances, fixed deposits and cash	2,467,366	2,400,954	127,307	45,541
	<u>5,485,154</u>	<u>4,569,901</u>	<u>359,327</u>	<u>272,273</u>
Current liabilities				
Trade and other payables	2,827,354	2,621,434	119,801	316,534
Excess of progress billings over work-in-progress	1,200,617	975,033	-	-
Provisions	58,280	63,753	12,160	12,675
Current tax payable	317,956	249,882	-	-
Interest-bearing borrowings	481,052	285,768	-	-
	<u>4,885,259</u>	<u>4,195,870</u>	<u>131,961</u>	<u>329,209</u>
Net current assets / (liabilities)	<u>599,895</u>	<u>374,031</u>	<u>227,366</u>	<u>(56,936)</u>
	<u>4,737,205</u>	<u>4,271,240</u>	<u>2,206,517</u>	<u>1,935,013</u>
Non-current liabilities				
Deferred tax liabilities	303,390	271,960	48,453	50,671
Provisions	10,265	10,254	500	500
Retirement benefit obligations	14,203	13,552	-	-
Interest-bearing borrowings	571,403	522,550	-	-
Other long-term liabilities	171,442	188,067	674,057	462,462
	<u>1,070,703</u>	<u>1,006,383</u>	<u>723,010</u>	<u>513,633</u>
	<u>3,666,502</u>	<u>3,264,857</u>	<u>1,483,507</u>	<u>1,421,380</u>

3. BALANCE SHEETS (Cont'd)

3a. Group's borrowings and debt securities

	As at 30/6/2009 \$'000	As at 31/12/2008 \$'000
Amount repayable:		
(i) <u>In one year or less, or on demand</u>		
Secured	79,054	81,750
Unsecured	402,944	205,401
	<u>481,998</u>	<u>287,151</u>
(ii) <u>After one year</u>		
Secured	305,077	319,740
Unsecured	274,166	210,461
	<u>579,243</u>	<u>530,201</u>
Total	<u>1,061,241</u>	<u>817,352</u>

(iii) Details of any collaterals

The Group's borrowings are secured by property, plant and equipment, capital work-in-progress and investment properties with carrying values amounting to \$970.1 million (31/12/2008 : \$925.2 million).

3b. Net asset value

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
Net asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.64	1.46	0.83	0.80
Net tangible asset value per ordinary share based on issued share capital at the end of the financial year (in \$)	1.58	1.39	0.82	0.79

3c. Notes to Balance Sheets

(i) Group

Equity

The increase in "Other reserves" was mainly due to (i) currency translation gain, (ii) fair value gain on foreign currency forward and fuel oil swap contracts, (iii) fair value gain on Cosco Corporation (S) Ltd shares held by Marine as well as (iv) the reversal of fair value loss residing in the share of reserves of associates following the repayment of the equity bridging loan ("EBL") by Emirates Sembcorp Water & Power Company ("ESWPC") in February 2009.

Non-current assets

Increase in "Long-term receivables and prepayments" pertained to the Changi NEWater plant constructed in a service concession arrangement. The Group has recognised the consideration as long term receivables in accordance with INT FRS 112.

Net current assets

"Inventories and work-in-progress" and "Trade and other receivables" increased significantly mainly due to increase in rig building, offshore and conversion projects.

"Excess of progress billings over work-in-progress" increased mainly due to receipts from customers for both rig building projects in progress and completed projects. "Trade and other payables" was higher due to increased activities in rig building, offshore and conversion projects.

"Interest-bearing borrowings" increased mainly due to medium-term notes issued by the Group's wholly owned treasury subsidiary, Sembcorp Financial Services Pte Ltd.

3. **BALANCE SHEETS** (Cont'd)

3c. **Notes to Balance Sheets** (Cont'd)

(ii) **Company**

Net current assets

"Bank balances, fixed deposits and cash" increased mainly due to dividends received from a listed subsidiary in 2Q09. The decrease in "Trade and other payables" relates to repayment of amount due to the Group's wholly owned treasury subsidiary, Sembcorp Financial Services Pte Ltd ("SFS").

Non-current liabilities

Increase in "Other long-term liabilities" relates to amount due to SFS.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	GROUP		GROUP	
		2Q09 \$'000	2Q08 \$'000	1H09 \$'000	1H08 \$'000
Cash flows from Operating Activities					
Profit for the period		204,536	198,260	393,500	366,007
Adjustments for :					
Dividend and interest income		(10,815)	(16,202)	(13,797)	(25,428)
Finance costs		10,789	10,187	21,323	24,780
Depreciation and amortisation		47,995	49,203	94,722	97,538
Share of results of associates and joint ventures		(32,703)	(47,292)	(62,479)	(93,591)
Loss / (gain) on disposal of property, plant and equipment & investment properties		329	(967)	226	(1,051)
Gain on disposal of other financial assets (net)		(1,574)	(1,112)	(2,153)	(536)
Allowance made / (written back) for doubtful debts and bad debts written off (net)		624	(2,566)	1,521	(1,643)
Allowance made for stock obsolescence and inventories written off		126	1,180	146	1,180
Changes in fair value of financial instruments		(9,901)	12,124	(563)	10,572
Share-based expenses		5,043	9,141	7,927	17,144
Allowance made / (written back) for impairment in value of assets and assets written off (net)		10,820	(1,173)	10,593	(1,104)
Negative goodwill		-	-	(298)	-
Income tax expenses		44,357	32,764	71,192	68,741
Operating profit before working capital changes		269,626	243,547	521,860	462,609
Changes in working capital:					
Inventories and work-in-progress		(39,856)	(186,620)	(241,058)	576,936
Receivables		(98,788)	(201,114)	(432,399)	(399,099)
Payables		11,652	315,003	446,656	581,431
Income tax paid		142,634	170,816	295,059	1,221,877
Net cash inflow from operating activities		139,016	151,131	281,299	1,198,912
Cash flows from Investing Activities					
Dividend and interest received		28,840	37,272	31,478	46,472
Cash flows on sale of subsidiaries, net of cash disposed	4a	-	-	-	(219)
Proceeds from sale of associates and joint ventures		-	1,818	2,894	1,818
Proceeds from sale of investments		1,756	3,343	1,756	3,364
Proceeds from sale of property, plant and equipment		1,290	1,458	2,232	1,550
Proceeds from sale of asset held for sale		-	26,682	-	26,682
Loans to associates		-	-	(67,259)	-
Additional interest in associates		-	-	(66,029)	-
Acquisition of minority interest		-	-	(13,428)	-
Acquisition of associates and joint ventures		-	-	-	(680)
Acquisition of other financial assets		-	(315)	-	(321)
Purchase of property, plant and equipment		(26,633)	(99,674)	(69,813)	(165,573)
Payment for intangible assets		-	-	(11)	-
Net cash inflow / (outflow) from investing activities		5,253	(29,416)	(178,180)	(86,907)
Cash flows from Financing Activities					
Proceeds from share issue		-	-	-	2,763
Proceeds from share issue to minority shareholders of subsidiaries		177	-	177	1,130
Proceeds from ESOS exercised with issue of treasury shares		1,414	2,611	1,847	2,611
Proceeds from ESOS exercised with issue of treasury shares to minority shareholders of subsidiaries		1,249	2,517	1,265	2,517
Purchase of treasury shares		-	-	-	(36,738)
Purchase of treasury shares by subsidiary		-	-	-	(50,326)
Proceeds from borrowings		554,945	181,811	712,050	366,542
Repayment of borrowings		(356,808)	(344,287)	(490,819)	(605,680)
Net (decrease) / increase in other long term liabilities		(44)	(3,036)	11	(4,740)
Dividend paid to shareholders of the Company		(195,716)	(266,890)	(195,716)	(266,890)
Dividends paid to minority shareholders of subsidiaries		(59,144)	(42,909)	(59,144)	(48,191)
Interest paid		(4,249)	(11,313)	(15,316)	(21,657)
Net cash outflow from financing activities		(58,176)	(481,496)	(45,645)	(658,659)
Net increase / (decrease) in cash and cash equivalents		86,093	(359,781)	57,474	453,346
Cash and cash equivalents at beginning of the period		2,388,096	2,101,223	2,400,954	1,296,003
Effect of exchange rate changes on balances held in foreign currency		(6,823)	(2,813)	8,938	(10,720)
Cash and cash equivalents at end of the period	4b	2,467,366	1,738,629	2,467,366	1,738,629

4. CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

4a. 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		Group	
	2Q09	2Q08	1H09	1H08
	\$'000	\$'000	\$'000	\$'000
Non-current assets	-	-	-	22,067
Net current liabilities	-	-	-	(10,341)
Non-current liabilities	-	-	-	(2,044)
Minority Interest	-	-	-	(7,566)
Loss on disposal	-	-	-	(597)
Currency translation reserve	-	-	-	824
Total cash consideration	-	-	-	2,343
Less: consideration not yet received	-	-	-	(2,343)
Less: Cash & bank balances of subsidiaries disposed	-	-	-	(219)
Cash flows on sale of subsidiaries, net of cash disposed	-	-	-	(219)

4b. Cash and cash equivalents

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

	Group	
	As at	As at
	30/06/2009	30/06/2008
	\$'000	\$'000
Bank balances, fixed deposits and cash	2,467,366	1,742,649
Bank overdrafts	-	(4,020)
	<u>2,467,366</u>	<u>1,738,629</u>

4c. Notes to Consolidated Statement of Cash Flows

Net cash inflow from operating activities for 1H09 was \$281.3 million. The decrease in cash inflow from operating activities was mainly due to receipts from more ongoing and completed projects in 1H08 as compared to 1H09 arising from collections in accordance with the agreed projects payment terms.

Net cash outflow from investing activities for 1H09 was \$178.2 million. Spending of \$69.8 million on expansion and operational capex, \$66.0 million on equity interest into an associate and \$67.3 million on shareholder's loan to an associate in 1H09 were partially offset by dividend and interest received of \$31.5 million.

Net cash outflow from financing activities for 1H09 of \$45.6 million related mainly to dividends and interest paid, partially offset by net proceeds from borrowings.

5. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		GROUP	
		2Q09 \$'000	2Q08 \$'000	1H09 \$'000	1H08 \$'000
Profit for the period		204,536	198,260	393,500	366,007
Translation adjustments	(i)	(10,714)	(6,670)	47,041	(37,191)
Share of other comprehensive (expense) / income of associates and joint venture companies		(4,070)	28,430	66,077	(1,797)
Net fair value changes of cash flow hedges	(ii)	130,584	(5,383)	112,828	28,769
Net fair value changes of cash flow hedges transferred to the income statement		172	-	1,982	-
Net fair value changes of available-for-sale financial assets	(iii)	39,719	(44,132)	27,092	(239,618)
Net fair value changes of available-for-sale financial assets transferred to the income statement		7,536	(725)	7,536	(725)
Other comprehensive income / (expense) for the period		163,227	(28,480)	262,556	(250,562)
Total comprehensive income for the period		367,763	169,780	656,056	115,445
Attributable to:					
Shareholders of the Company		262,121	127,676	511,528	86,930
Minority interest		105,642	42,104	144,528	28,515
Total comprehensive income for the period		367,763	169,780	656,056	115,445

Notes:

- (i) Translation of foreign currency subsidiaries / associates / joint ventures
- (ii) Mainly due to fair value adjustments on foreign currency forward and fuel oil swap contracts
- (iii) Mainly due to fair value adjustments on Cosco Corporation (S) Ltd shares held by Marine

6. STATEMENTS OF CHANGES IN EQUITY

6a. Statements of Changes in Equity for the Group

	Attributable to shareholders of the Company							Total Equity \$'000
	Share Capital \$'000	Surplus / (Deficit) in other reserves			Accumulated Profits \$'000	Total \$'000	Minority Interests \$'000	
		Reserve for own shares \$'000	Currency Translation Reserve \$'000	Others \$'000				
1Q09								
At January 1, 2009	554,037	(34,731)	(121,650)	114,000	2,082,541	2,594,197	670,660	3,264,857
Treasury shares transferred to employees	-	6,163	-	(2,672)	-	3,491	(30)	3,461
Share-based payments	-	-	-	2,675	-	2,675	950	3,625
Realisation of reserve upon disposal of investments and changes in group structure	-	-	659	-	26	685	(14,385)	(13,700)
Total comprehensive income for the period	-	-	44,515	71,248	133,644	249,407	38,886	288,293
At March 31, 2009	554,037	(28,568)	(76,476)	185,251	2,216,211	2,850,455	696,081	3,546,536
2Q09								
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	177	177
Treasury shares transferred to employees	-	3,800	-	(4,283)	-	(483)	120	(363)
Treasury shares held by subsidiary	-	-	-	763	-	763	-	763
Share-based payments	-	-	-	7,027	-	7,027	(950)	6,077
Realisation of reserve upon disposal of investments and changes in group structure	-	-	505	-	45	550	(141)	409
Dividends paid	-	-	-	-	(195,716)	(195,716)	(59,144)	(254,860)
Total comprehensive income for the period	-	-	2,091	118,125	141,905	262,121	105,642	367,763
At June 30, 2009	554,037	(24,768)	(73,880)	306,883	2,162,445	2,924,717	741,785	3,666,502

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6a. Statements of Changes in Equity for the Group (Cont'd)

	Attributable to shareholders of the Company							Total Equity \$'000
	Surplus / (Deficit) in other reserves				Accumulated Profits \$'000	Total \$'000	Minority Interests \$'000	
	Share Capital \$'000	Reserve for own shares \$'000	Currency Translation Reserve \$'000					
			Others \$'000					
1Q08								
At January 1, 2008	551,274	-	(37,383)	676,831	1,842,096	3,032,818	797,211	3,830,029
Issue of shares under Share Option Plan	2,763	-	-	-	-	2,763	-	2,763
Issue of shares to minority shareholders of subsidiaries	-	-	-	-	-	-	1,130	1,130
Share buyback - held as treasury shares	-	(36,738)	-	-	-	(36,738)	-	(36,738)
Treasury shares transferred to employees	-	6,709	-	(6,709)	-	-	-	-
Treasury shares held by subsidiary	-	-	-	(33,817)	-	(33,817)	(16,509)	(50,326)
Share-based payments	-	-	-	6,218	-	6,218	1,163	7,381
Realisation of reserve upon disposal of investments and changes in group structure	-	-	42	5	(578)	(531)	(7,664)	(8,195)
Dividends paid	-	-	-	-	-	-	(5,282)	(5,282)
Total comprehensive income for the period	-	-	(29,180)	(134,669)	123,103	(40,746)	(13,589)	(54,335)
At March 31, 2008	554,037	(30,029)	(66,521)	507,859	1,964,621	2,929,967	756,460	3,686,427
2Q08								
Treasury shares transferred to employees	-	6,236	-	(3,141)	-	3,095	(118)	2,977
Treasury shares held by subsidiary	-	-	-	5,021	-	5,021	(2,161)	2,860
Share-based payments	-	-	-	3,511	-	3,511	1,302	4,813
Realisation of reserve upon disposal of investments and changes in group structure	-	-	80	98	(84)	94	(8)	86
Dividends paid	-	-	-	-	(266,890)	(266,890)	(42,909)	(309,799)
Total comprehensive income for the period	-	-	(3,465)	(7,043)	138,184	127,676	42,104	169,780
At June 30, 2008	554,037	(23,793)	(69,906)	506,305	1,835,831	2,802,474	754,670	3,557,144

6b. Statements of Changes in Equity of the Company

	Surplus / (Deficit) in other reserves				
	Share Capital \$'000	Reserve for own shares \$'000	Accumulated		Total \$'000
			Others \$'000	Profits \$'000	
1Q09					
At January 1, 2009	554,037	(34,731)	22,620	879,454	1,421,380
Share-based payments	-	-	1,330	-	1,330
Treasury shares transferred to employees	-	6,163	(5,730)	-	433
Total comprehensive income for the period	-	-	-	114,977	114,977
At March 31, 2009	554,037	(28,568)	18,220	994,431	1,538,120
2Q09					
Share-based payments	-	-	2,264	-	2,264
Treasury shares transferred to employees	-	3,800	(2,388)	-	1,412
Dividends paid	-	-	-	(195,716)	(195,716)
Total comprehensive income for the period	-	-	-	137,427	137,427
At June 30, 2009	554,037	(24,768)	18,096	936,142	1,483,507

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6b. Statements of Changes in Equity for the Company (Cont'd)

	Surplus / (Deficit) in other reserves				Total
	Share Capital	Reserve for own shares	Others	Accumulated Profits	
	\$'000	\$'000	\$'000	\$'000	
1Q08					
At January 1, 2008	551,274	-	23,699	884,427	1,459,400
Issue of shares under Share Option Plan	2,763	-	-	-	2,763
Share-based payments	-	-	4,508	-	4,508
Share buyback - held as treasury shares	-	(36,738)	-	-	(36,738)
Treasury shares transferred to employees	-	6,709	(6,709)	-	-
Total comprehensive income for the period	-	-	-	8,948	8,948
At March 31, 2008	554,037	(30,029)	21,498	893,375	1,438,881
2Q08					
Share-based payments	-	-	1,816	-	1,816
Treasury shares transferred to employees	-	6,236	(3,640)	-	2,596
Dividends paid	-	-	-	(266,890)	(266,890)
Total comprehensive income for the period	-	-	-	183,299	183,299
At June 30, 2008	554,037	(23,793)	19,674	809,784	1,359,702

6c. Changes in the Company's share capital

Issued and paid up capital

As at June 30, 2009, the Company's issued and paid up capital excluding treasury shares comprises 1,779,376,996 (June 30, 2008: 1,779,704,869) ordinary shares.

Share Options

During 2Q09, 915,169 (2Q08: 1,468,165) shares were exercised under the Company's Share Option Plan ("SOP") by way of re-issuance of treasury shares.

As at June 30, 2009, there were 8,633,291 (June 30, 2008: 12,165,350) unissued ordinary shares under options granted to eligible employees and directors under the Company's SOP.

Performance Shares

During 2Q09, 970,000 (2Q08: 950,000) performance share were awarded and 186,648 (2Q08: nil) performance shares lapsed.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at June 30, 2009 was 2,640,862 (June 30, 2008: 2,740,764). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,961,293 (June 30, 2008: 4,111,146) performance shares.

6. STATEMENTS OF CHANGES IN EQUITY (Cont'd)

6c. Changes in the Company's share capital (Cont'd)

Restricted Stocks

2,224,400 restricted stocks were awarded in 2Q09 (2Q08: 2,109,500).

During 2Q09, nil (2Q08: 11,360) restricted stocks were released under the Restricted Stock Plan ("RSP") and 101,611 (2Q08: 36,176) restricted stocks lapsed.

The total number of restricted stocks outstanding, including awards achieved but not released as at June 30, 2009 was 5,113,502 (June 30, 2008: 4,722,185). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 4,137,500 (June 30, 2008: 3,956,943). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 6,206,250 (June 30, 2008: 5,563,406) restricted stocks.

Treasury Shares

In 2Q09, the Company re-issued 916,717 (2Q08: 1,480,165) treasury shares pursuant to the SOP and RSP.

As at June 30, 2009, 5,974,544 (June 30, 2008: 5,646,671) treasury shares were held that may be re-issued upon the exercise of options under the SOP and upon the vesting of performance shares and restricted stocks under the PSP and RSP respectively.

7. AUDIT

These figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries. These procedures are substantially less in scope than an audit or a review in accordance with Singapore Standard on Review Engagements (SSRE) 2410.

8. AUDITORS' REPORT

Not applicable.

9. ACCOUNTING POLICIES

Except as disclosed in paragraph 10 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at December 31, 2008.

10. CHANGES IN ACCOUNTING POLICIES

With effect from January 1, 2009, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 1 (revised 2008)	Presentation of Financial Statements
FRS 23 (revised 2007)	Borrowing Costs
FRS 108	Operating Segments
Amendments to FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments	

The adoption of the above FRS (including consequential amendment) does not have any significant impact on the financial statements.

11. REVIEW OF GROUP PERFORMANCE

Group Overview

The Group's turnover of \$4.6 billion for 1H09 was 3% lower than 1H08. The Group's profit attributable to shareholders of the Company ("PATMI") for 1H09 was \$275.5 million, an increase of 5% over 1H08.

Turnover

	<u>2Q09</u>	<u>2Q08</u>	<u>Growth</u>		<u>1H09</u>	<u>1H08</u>	<u>Growth</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Utilities	832,855	1,103,494	(270,639)	(25)	1,529,041	2,226,517	(697,476)	(31)
Marine	1,496,859	1,384,706	112,153	8	2,860,130	2,299,836	560,294	24
Environment	47,944	54,102	(6,158)	(11)	95,338	106,859	(11,521)	(11)
Industrial Parks	3,662	4,386	(724)	(17)	7,455	8,340	(885)	(11)
Others/Corporate	50,034	33,934	16,100	47	86,124	91,859	(5,735)	(6)
	<u>2,431,354</u>	<u>2,580,622</u>	<u>(149,268)</u>	<u>(6)</u>	<u>4,578,088</u>	<u>4,733,411</u>	<u>(155,323)</u>	<u>(3)</u>

Turnover for Utilities decreased by 31% to \$1.5 billion in 1H09. The reduction in turnover was mainly from its Singapore and UK operations. Singapore's reduced turnover was largely due to the drop in High Sulphur Fuel Oil ("HSFO") rate as the revenue are mainly indexed to HSFO. UK's turnover was affected by lower offsite power sales as a result of expiry of certain favourable supply contracts in March 2008. In addition, pound sterling which depreciated approximately 19% compared to 1H08 resulted in lower turnover in Singapore dollar terms for its UK operations.

Turnover for Marine increased by 24% to \$2.9 billion in 1H09 largely due to higher percentage of completion achieved in the rig building, offshore and conversion projects.

Decrease in turnover for Environment, mainly from its Singapore operations, in both 2Q09 and 1H09 was primarily due to lower sales tonnage and selling price of recyclables.

Most of Industrial Parks' businesses are associates or joint ventures. Industrial Parks' turnover is derived from providing services to these associates or joint ventures.

Revenue of Others/Corporate is mainly contributed by a subsidiary dealing in specialised construction activities. The increase in revenue in 2Q09 was mainly due to timing difference in recognition of projects.

11. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

	2Q09	2Q08	Growth		1H09	1H08	Growth	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Utilities	47,857	43,177	4,680	11	98,995	104,076	(5,081)	(5)
Marine	85,064	78,431	6,633	9	159,069	134,408	24,661	18
Environment	3,903	3,159	744	24	5,367	3,978	1,389	35
Industrial Parks	7,186	7,858	(672)	(9)	10,788	13,896	(3,108)	(22)
Others/Corporate	(2,105)	5,559	(7,664)	NM	1,330	4,929	(3,599)	(73)
	141,905	138,184	3,721	3	275,549	261,287	14,262	5

NM - Not Meaningful

Utilities' PATMI in 2Q09 was higher by 11% over 2Q08. Operations in UK, Vietnam and the UAE performed well with increases in PATMI. However, PATMI in 1H09 declined by 5% compared to 1H08 mainly due to lower contribution from UK as our UK business was affected by the expiry of certain favourable supply contracts, as well as the depreciation of the pound sterling.

Increase in the Group's share of Marine's 1H09 PATMI was mainly due to higher operating margin from its rig building, offshore & conversion projects and ship repair businesses; partially offset by lower contribution from Cosco Shipyard Group Co. Ltd and an impairment on an investment.

Our Environment business recorded increase in PATMI in 2Q09 and 1H09 due to lower operational costs.

The decrease in Industrial Park's PATMI for both 2Q09 and 1H09 was attributed to lower land sales from its Vietnam industrial parks and lower results from Gallant Venture. This was mitigated by better performance of the China industrial park.

The decrease in PATMI for Others/Corporate was mainly due to write-back of tax provisions made in 2Q08 and 1H08.

12. VARIANCE FROM PROSPECT STATEMENT

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

13. PROSPECTS

Utilities

In 2009, Utilities' Singapore business is expected to continue to deliver steady operating results, while its overseas contributions from Vietnam, the Middle East and China are expected to grow.

As a result of the global economic slowdown and the downturn in the petrochemical and chemical sector, three UK customers, who contributed to approximately 30% of UK operations' 2008 turnover, have announced closures of their facilities on-site. Going forward, the business will continue to focus on reconfiguring its assets to improve revenue and will be reducing its cost base.

Marine

Our Marine business has a net order book of S\$7.91 billion with completion and deliveries stretching till early 2012. This includes the S\$1.12 billion order contracts secured to-date since the end of 2008 comprising the building-up of two units of ultra-deepwater harsh environment semi-submersible rigs from bare-deck hulls for subsidiaries of SeaDragon Offshore Limited, two offshore platforms for Premier Oil Natuna Sea and an FPSO conversion for Modec.

Notwithstanding the current economic downturn and the restricted financing and liquidity environment for owners, the long-term fundamentals for the marine and offshore industry remain resilient with oil prices back to the US\$60 to US\$70/bbl range.

For ship repair, the near term prospect is challenging. Nevertheless, our bigger docks are at present well-booked due to the strong support of the Group's Alliance/FCC and regular customers and its niche market segment of LNG carriers.

The market for the FPSO units and production platforms is expected to remain unchanged as these projects have longer gestation periods and constitute part of the owners' investment portfolio designed to provide future output to replace depleting reserves.

Environment

Environment's Australia operations are expected to perform well and we continue to streamline our Singapore operations.

Industrial Parks

Industrial Parks' performance in 2009 is expected to be affected by the global economic slowdown. As a result of weaker investor sentiment, lower land sales are expected to be secured during the year.

Sembcorp Group

The global economic and financial environment appears to have improved, however its outlook remains uncertain.

Notwithstanding this, Sembcorp remains committed to deliver satisfactory operating results for the year.

This release contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, exchange rate movement, availability and cost of fuel and materials, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy, directives and changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the management on future events and impact on the Group.

14. DIVIDEND

No interim dividend for the period ended June 30, 2009 is recommended.

15. SEGMENTAL REPORTING

1H09

(i) <u>Business segments</u>	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover							
External sales	1,529,041	2,860,130	95,338	7,455	86,124	-	4,578,088
Inter-segment sales	15,616	982	1,478	1,753	25,161	(44,990)	-
Total	1,544,657	2,861,112	96,816	9,208	111,285	(44,990)	4,578,088
Results							
Segment results	113,259	301,751	(424)	4,443	(1,058)	-	417,971
Interest income	1,327	4,332	46	172	11,474	(11,786)	5,565
Interest expense	(19,917)	(3,517)	(589)	-	(9,086)	11,786	(21,323)
	94,669	302,566	(967)	4,615	1,330	-	402,213
Share of results of associates	5,338	18,410	6,166	3,336	-	-	33,250
Share of results of joint ventures	18,953	3,164	-	4,916	2,196	-	29,229
	118,960	324,140	5,199	12,867	3,526	-	464,692
Income tax expense	(16,397)	(51,344)	(298)	(949)	(2,204)	-	(71,192)
Minority interest	(3,568)	(113,727)	466	(1,130)	8	-	(117,951)
Net profit for the period	98,995	159,069	5,367	10,788	1,330	-	275,549

Assets

Segment assets	3,303,083	5,001,053	159,965	195,279	1,105,174	(1,326,164)	8,438,390
Interests in associates	-	270,049	49,354	275,275	-	-	594,678
Interests in joint ventures	118,248	39,573	-	77,965	60,884	-	296,670
Tax assets	30,061	6,413	4,477	14,685	237,090	-	292,726
Total assets	3,451,392	5,317,088	213,796	563,204	1,403,148	(1,326,164)	9,622,464

Liabilities

Segment liabilities	1,999,521	3,468,011	78,532	28,517	1,086,199	(1,326,164)	5,334,616
Tax liabilities	269,203	257,286	6,393	16,239	72,225	-	621,346
Total liabilities	2,268,724	3,725,297	84,925	44,756	1,158,424	(1,326,164)	5,955,962

Capital expenditure

	27,026	37,734	3,581	278	1,205	-	69,824
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Significant non-cash items

Depreciation and amortisation	50,546	35,811	4,602	1,092	2,671	-	94,722
Other non-cash items (including provisions, loss on disposal and exchange differences)	3,215	11,029	585	403	81	-	15,313

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	1,924,300	42	7,290,277	87	7,848,370	82	46,606	67
Rest of Asia	480,083	11	356,565	4	982,546	10	13,917	20
Europe	1,335,297	29	699,525	8	699,525	7	9,194	13
Others	838,408	18	92,023	1	92,023	1	107	-
Total	4,578,088	100	8,438,390	100	9,622,464	100	69,824	100

15. SEGMENTAL REPORTING (Cont'd)

1H08

(i) Business segments

	Utilities	Marine	Environment	Industrial Parks	Others/ Corporate	Elimi- nation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover							
External sales	2,226,517	2,299,836	106,859	8,340	91,859	-	4,733,411
Inter-segment sales	17,865	2,375	1,544	1,295	209	(23,288)	-
Total	2,244,382	2,302,211	108,403	9,635	92,068	(23,288)	4,733,411
Results							
Segment results	149,922	199,291	(1,168)	2,234	(1,358)	-	348,921
Interest income	5,556	10,372	125	876	12,189	(12,102)	17,016
Interest expense	(21,513)	(6,092)	(1,562)	-	(7,715)	12,102	(24,780)
	133,965	203,571	(2,605)	3,110	3,116	-	341,157
Share of results of associates	501	58,464	8,188	5,116	-	-	72,269
Share of results of joint ventures	8,115	4,233	-	8,618	356	-	21,322
	142,581	266,268	5,583	16,844	3,472	-	434,748
Income tax expense	(30,395)	(38,383)	(576)	(807)	1,420	-	(68,741)
Minority interest	(8,110)	(93,477)	(1,029)	(2,141)	37	-	(104,720)
Net profit for the period	104,076	134,408	3,978	13,896	4,929	-	261,287

Assets

Segment assets	3,407,745	4,435,272	176,854	186,959	1,019,637	(1,287,554)	7,938,913
Interests in associates	5	242,773	56,554	269,356	-	-	568,688
Interests in joint ventures	125,798	32,253	1,097	75,759	53,104	-	288,011
Tax assets	46,336	5,394	3,709	13,084	192,032	-	260,555
Total assets	3,579,884	4,715,692	238,214	545,158	1,264,773	(1,287,554)	9,056,167

Liabilities

Segment liabilities	2,219,235	2,844,096	93,396	36,647	1,044,174	(1,287,554)	4,949,994
Tax liabilities	262,937	262,609	5,302	18,092	89	-	549,029
Total liabilities	2,482,172	3,106,705	98,698	54,739	1,044,263	(1,287,554)	5,499,023

Capital expenditure

	107,460	52,439	3,363	88	2,496	-	165,846
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Significant non-cash items

Depreciation and amortisation	55,731	33,075	5,426	684	2,622	-	97,538
Other non-cash items (including provisions, loss on disposal and exchange differences)	650	11,147	362	1,548	873	-	14,580

(ii) Geographical segments

	Revenue		Segment Assets		Total Assets		Capital Expenditure	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Singapore	2,643,515	56	6,935,147	87	7,408,940	82	92,084	56
Rest of Asia	795,177	17	67,442	1	682,087	8	33,729	20
Europe	1,053,606	22	899,888	11	928,583	10	39,941	24
Others	241,113	5	36,436	1	36,557	-	92	-
Total	4,733,411	100	7,938,913	100	9,056,167	100	165,846	100

15. SEGMENTAL REPORTING (Cont'd)

Notes To Segmental Analysis

15a. Business Segments

The Group comprises the following main business segments:

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

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

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

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

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

15b. Geographical Segments

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

15c. Review of segment performance

Please refer to Paragraph 11 for analysis by business segments.

16. INTERESTED PERSON TRANSACTIONS

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

	2Q09 \$'000	1H09 \$'000
Sale of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- PSA International Pte Ltd and its Associates	7,856	18,370
- PowerSeraya Limited	-	5,903
- Mapletree Investments Pte Ltd and its Associates	4,025	4,462
- MediaCorp Pte Ltd and its Associates	2,126	3,875
- Temasek Capital (Private) Limited and its Associates	163	2,238
- Singapore Power Ltd and its Associates	315	786
- Singapore Technologies Telemedia Pte Ltd and its Associates	213	418
- Certis Cisco Security Pte Ltd	-	167
- National University Hospital (S) Pte Ltd and its Associates	123	123
	<u>14,821</u>	<u>36,342</u>
SMRT Corporation Ltd and its Associates	18,331	39,147
Starhub Ltd and its Associates	2,820	5,544
Singapore Technologies Engineering Ltd and its Associates	1,444	1,444
STATS ChipPAC Ltd	81	318
Singapore Airlines Limited and its Associates	-	177
	<u>37,497</u>	<u>82,972</u>
Purchases of Goods and Services		
Temasek Holdings (Private) Limited and its Associates		
- Temasek Capital (Private) Limited and its Associates ¹	125,744	263,129
- Singapore Power Ltd and its Associates	3,628	6,322
	<u>129,372</u>	<u>269,451</u>
Singapore Technologies Engineering Ltd and its Associates	902	902
	<u>130,274</u>	<u>270,353</u>
Sub-Total	<u>167,771</u>	<u>353,325</u>

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

	2Q09 \$'000	1H09 \$'000
Establishment of Joint Venture		
Temasek Holdings (Private) Limited and its Associates		
- Surbana Corporation Pte Ltd and its Associates	<u>300</u>	<u>300</u>
Divestment of investment		
- Singapore Technologies Engineering Ltd and its Associates	<u>1,736</u>	<u>1,736</u>
Sub-Total	<u>2,036</u>	<u>2,036</u>
Total Interested Person Transactions	<u>169,807</u>	<u>355,361</u>

Note:

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

17. 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 second quarter and half year ended June 30, 2009 unaudited financial results to be false or misleading.

The Board has noted that the board of directors of the Company's listed subsidiary, Sembcorp Marine Ltd, has also announced and confirmed the results for second quarter and half year ended June 30, 2009.

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
August 6, 2009