



SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

SECOND QUARTER 2005 FINANCIAL STATEMENT & DIVIDEND ANNOUNCEMENT

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SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2005

The Board of Directors of SembCorp Industries Ltd wishes to announce the unaudited results of the Group for the second quarter ended June 30, 2005.

1. GROUP PROFIT AND LOSS STATEMENT

| | 2Q05 \$'000 | 2Q04 \$'000 (Restated) | + / (-) % | 1H05 \$'000 | 1H04 \$'000 (Restated) | + / (-) % |
|---|------------------|------------------------------|--------------|------------------|------------------------------|--------------|
| Turnover | 1,685,538 | 1,510,972 | 11.6 | 3,540,412 | 2,880,411 | 22.9 |
| Cost of sales | (1,505,515) | (1,359,001) | 10.8 | (3,209,790) | (2,587,214) | 24.1 |
| Gross profit | 180,023 | 151,971 | 18.5 | 330,622 | 293,197 | 12.8 |
| General & administrative expenses | (83,045) | (72,147) | 15.1 | (148,079) | (151,605) | (2.3) |
| Non-operating income (net) | 25,165 | 23,337 | 7.8 | 37,370 | 30,137 | 24.0 |
| Finance costs | (12,755) | (17,440) | (26.9) | (32,614) | (35,827) | (9.0) |
| Share of results of: | | | | | | |
| - Associates | 15,945 | 22,740 | (29.9) | 26,398 | 43,650 | (39.5) |
| - Joint ventures | 5,919 | 6,273 | (5.6) | 15,654 | 10,244 | 52.8 |
| Profit before taxation and exceptional items | 131,252 | 114,734 | 14.4 | 229,351 | 189,796 | 20.8 |
| Exceptional items (See note 1b) | 7,934 | - | NM | 24,534 | - | NM |
| Profit before taxation | 139,186 | 114,734 | 21.3 | 253,885 | 189,796 | 33.8 |
| Taxation | (35,638) | (25,585) | 39.3 | (52,070) | (33,215) | 56.8 |
| Profit for the period | 103,548 | 89,149 | 16.2 | 201,815 | 156,581 | 28.9 |
| Attributable to: | | | | | | |
| Shareholders of the Company | | | | | | |
| Net profit before exceptional items | 72,918 | 60,945 | 19.6 | 131,708 | 105,097 | 25.3 |
| Exceptional items | 1,448 | - | NM | 14,988 | - | NM |
| | 74,366 | 60,945 | 22.0 | 146,696 | 105,097 | 39.6 |
| Minority interests | 29,182 | 28,204 | 3.5 | 55,119 | 51,484 | 7.1 |
| | 103,548 | 89,149 | 16.2 | 201,815 | 156,581 | 28.9 |
| Earnings per ordinary shares (cents) | | | | | | |
| Before exceptional items | | | | | | |
| -basic | 4.13 | 3.34 | 23.7 | 7.33 | 5.77 | 27.0 |
| -diluted | 4.09 | 3.34 | 22.5 | 7.27 | 5.76 | 26.2 |
| After exceptional items | | | | | | |
| -basic | 4.22 | 3.34 | 26.3 | 8.16 | 5.77 | 41.4 |
| -diluted | 4.17 | 3.34 | 24.9 | 8.09 | 5.76 | 40.5 |
| Annualised Return on equity (%) | N.A | N.A | N.A | 14.1% | 11.5% | 22.5 |
| Economic value added (\$'000) | 78,023 | 26,561 | 193.8 | 123,356 | 27,973 | 341.0 |

* NM - Not Meaningful

Restated for the change in accounting policies in 2005 and the adoption of FRS 103, revised FRS 36 and Revised FRS 38 as announced in 3Q04. Certain comparative figures have also been adjusted to conform with the current year's presentation.

Notes to Group Profit and Loss Statement:

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

| | 2Q05 \$'000 | 2Q04 \$'000 (Restated) | 1H05 \$'000 | 1H04 \$'000 (Restated) |
|---|----------------|------------------------------|----------------|------------------------------|
| Depreciation and amortisation | (47,737) | (43,480) | (90,414) | (88,454) |
| Allowance (made) / written back for doubtful debts & bad debts | (1,623) | 4,968 | (3,645) | 16 |
| Allowance (made) / written back for impairment in value of assets | (3,617) | 980 | (3,614) | 953 |
| Interest and other income | 12,441 | 11,028 | 27,387 | 20,046 |
| Profit on sale of property, plant & equipment | 3,886 | 4,318 | 4,007 | 7,734 |
| Gain on disposal in investments | 1,006 | 1,433 | 2,163 | 1,883 |
| Foreign exchange gain | 6,920 | 6,167 | 3,372 | 1,389 |

1b. Exceptional items comprise of:

| | | | | |
|---|----------|---|----------|---|
| Gain on disposal of associates | 29,608 | - | 46,208 | - |
| Unrealised foreign exchange loss relating to an amount accumulated in connection with the Solitaire arbitration | (21,674) | - | (21,674) | - |
| | 7,934 | - | 24,534 | - |
| Less: Tax and Minority Interests | (6,486) | - | (9,546) | - |
| Net exceptional items | 1,448 | - | 14,988 | - |

1c. Taxation

The Group's tax charge for 2Q05 included under provision of tax in respect of prior year of \$272,000 (2Q04: write-back of over provision of tax in respect of prior years of \$2,346,000).

The Group's tax charge for 1H05 included Group Tax Relief of \$2,710,000 (1H04: \$6,854,000) respectively; write-back of provision for deferred tax of Nil (1H04: \$4,259,000 mainly due to reduction in Singapore corporate tax rate from 22% to 20%); and write-back of over provision of tax in respect of prior years of \$2,425,000 (1H04: \$2,422,000).

1d. Earnings per ordinary share

| | 2Q05 (Restated) | 2Q04 (Restated) | + / (-) % | 1H05 (Restated) | 1H04 (Restated) | + / (-) % |
|---|--------------------|--------------------|--------------|--------------------|--------------------|--------------|
| 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 | 4.13 | 3.34 | 23.7 | 7.33 | 5.77 | 27.0 |
| (b) After exceptional items | 4.22 | 3.34 | 26.3 | 8.16 | 5.77 | 41.4 |
| - Weighted average number of shares (in million) | 1,764.3 | 1,822.7 | (3.2) | 1,797.0 | 1,822.3 | (1.4) |
| (ii) On a fully diluted basis (in cents) | | | | | | |
| (a) Before exceptional items | 4.09 | 3.34 | 22.5 | 7.27 | 5.76 | 26.2 |
| (b) After exceptional items | 4.17 | 3.34 | 24.9 | 8.09 | 5.76 | 40.5 |
| - Adjusted weighted average number of shares (in million) | 1,781.4 | 1,825.3 | (2.4) | 1,812.6 | 1,825.2 | (0.7) |

2. BALANCE SHEETS

| | GROUP | | COMPANY | |
|---|------------------------------|--|------------------------------|--|
| | As at 30/06/2005 \$000 | As at 31/12/2004 \$000 (Restated) | As at 30/06/2005 \$000 | As at 31/12/2004 \$000 (Restated) |
| Share Capital | 433,179 | 456,623 | 433,179 | 456,623 |
| Reserves | 1,414,816 | 1,501,722 | 943,566 | 1,042,143 |
| | <u>1,847,995</u> | <u>1,958,345</u> | <u>1,376,745</u> | <u>1,498,766</u> |
| Minority interests | 803,070 | 843,232 | - | - |
| Capital employed | <u>2,651,065</u> | <u>2,801,577</u> | <u>1,376,745</u> | <u>1,498,766</u> |
| Non-current assets | | | | |
| Property, plant & equipment | 2,464,869 | 2,491,845 | 840 | 819 |
| Investments in subsidiaries | - | - | 2,396,587 | 2,791,110 |
| Interests in associates | 299,290 | 289,646 | - | - |
| Interests in joint ventures | 408,059 | 387,997 | - | - |
| Other financial assets | 145,538 | 179,978 | - | 90 |
| Long term receivables and prepayments | 176,319 | 194,019 | - | - |
| Intangible assets | 195,245 | 145,132 | 90 | - |
| Deferred tax assets | 18,088 | 19,092 | - | - |
| | <u>3,707,408</u> | <u>3,707,709</u> | <u>2,397,517</u> | <u>2,792,019</u> |
| Current assets | | | | |
| Inventories and work-in-progress | 778,463 | 734,425 | - | - |
| Trade and other receivables | 1,467,739 | 1,421,239 | 74,110 | 571,927 |
| Other financial assets | 4,800 | 1,688 | - | - |
| Non-current assets held for sale | 53,192 | 53,192 | - | - |
| Bank balances, fixed deposits and cash | 1,336,820 | 2,099,962 | 198,413 | 23,264 |
| | <u>3,641,014</u> | <u>4,310,506</u> | <u>272,523</u> | <u>595,191</u> |
| Current liabilities | | | | |
| Trade and other payables | 1,839,843 | 2,097,071 | 889,135 | 1,484,952 |
| Excess of progress billings over work-in-progress | 428,946 | 247,347 | - | - |
| Provisions | 661,493 | 661,826 | - | - |
| Employee benefits | 7,062 | 6,284 | 2,502 | 2,544 |
| Current tax payable | 96,415 | 89,516 | - | - |
| Interest-bearing borrowings | 406,409 | 968,444 | 250,000 | 250,000 |
| Other financial liabilities | 25,912 | - | - | - |
| | <u>3,466,080</u> | <u>4,070,488</u> | <u>1,141,637</u> | <u>1,737,496</u> |
| Net current assets/(liabilities) | 174,934 | 240,018 | (869,114) | (1,142,305) |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 173,129 | 150,648 | 195 | 195 |
| Provisions | 14,097 | 18,607 | - | - |
| Employee benefits | 50,419 | 52,598 | 1,463 | 753 |
| Interest-bearing borrowings | 928,870 | 820,927 | 150,000 | 150,000 |
| Other financial liabilities | 5,361 | - | - | - |
| Other long-term liabilities | 59,401 | 103,370 | - | - |
| | <u>1,231,277</u> | <u>1,146,150</u> | <u>151,658</u> | <u>150,948</u> |
| | <u>2,651,065</u> | <u>2,801,577</u> | <u>1,376,745</u> | <u>1,498,766</u> |

Restated for the change in accounting policies in 2005.

Notes to Group Balance Sheets:

2a. Group's borrowings and debt securities

| | As at 30/6/2005 | As at 31/12/2004 |
|---|------------------------|-------------------------|
| | \$'000 | \$'000 |
| (i) <u>Amount repayable in one year or less, or on demand</u> | | |
| Secured | 51,067 | 155,977 |
| Unsecured | 396,097 | 876,780 |
| | <u>447,164</u> | <u>1,032,757</u> |
| (ii) <u>Amount repayable after one year</u> | | |
| Secured | 411,759 | 459,466 |
| Unsecured | 529,959 | 413,035 |
| | <u>941,718</u> | <u>872,501</u> |
| Total | <u>1,388,882</u> | <u>1,905,258</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 \$1,009 million (31/12/2004: \$857 million).

2b. Net asset value

| | Group | | Company | |
|---|------------------|-------------------|------------------|-------------------|
| | 30/6/2005 | 31/12/2004 | 30/6/2005 | 31/12/2004 |
| Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in \$) | 1.07 | 1.07 | 0.79 | 0.82 |
| Net tangible asset value per ordinary share based on issued share capital at the end of the financial period / year (in \$) | 0.95 | 0.99 | 0.79 | 0.82 |

2c. The Group shareholders' funds decreased from \$1.9 billion at December 31, 2004 to \$1.8 billion at June 30, 2005 mainly due to return of capital of approximately \$215 million to its shareholders via a capital reduction and payment of final dividend of \$73 million in respect of financial year 2004. This is partly offset by an increase in retained profits for the period and fair value adjustment for investments as required by the adoption new accounting standard FRS 39 – Financial Instruments: Recognition and Measurement with effect from January 1, 2005 (refer to paragraph 8).

Group total assets decreased from \$8.0 billion as at December 31, 2004 to \$7.3 billion as at June 30, 2005. The decrease in bank balances, fixed deposits, and cash was due to payments made by the Company and its subsidiary, SembCorp Logistics, relating to the special interim dividends as well as the capital reduction exercises and also payment of final dividend in respect of financial year 2004.

Associates and Joint Ventures were higher because of increased investments in Cosco Shipyard and Footwork Express and the Group's share of profits made by these associates and joint ventures during the period.

Inventories, Work in progress and Trade and other receivables increased as more projects were undertaken by Marine and other business units.

Trade and other payables decreased following the payment of the special interim dividend at the beginning of 2005.

With strong dividend income and operating cashflows, the Group paid down its interest bearing borrowings.

Other financial liabilities reflect the fair value of the financial instruments recognised on the adoption of FRS 39. These instruments include interest rate swap agreements and forward foreign exchange contracts.

3. GROUP CONSOLIDATED CASH FLOW STATEMENT

| | 2Q05 \$'000 | 2Q04 \$'000 Restated | 1H05 \$'000 | 1H04 \$'000 Restated |
|---|----------------|----------------------------|----------------|----------------------------|
| Cash flows from Operating Activities | | | | |
| Profit before tax and minority interests | 139,186 | 114,734 | 253,885 | 189,796 |
| Adjustment for : | | | | |
| Dividend and interest income | (8,083) | (6,706) | (16,801) | (11,174) |
| Finance costs | 12,755 | 17,440 | 32,614 | 35,827 |
| Depreciation and amortisation | 47,737 | 43,480 | 90,414 | 88,454 |
| Share of results of associated companies and joint ventures | (21,864) | (29,013) | (42,052) | (53,894) |
| Profit on sale of property, plant and equipment | (3,886) | (4,318) | (4,007) | (7,734) |
| Gain on disposal of investments | (30,614) | (1,433) | (48,371) | (1,883) |
| Allowance made / (write-back) for doubtful debts (net) | 1,623 | (4,968) | 3,645 | (16) |
| Changes in fair value of financial instruments and hedge items | 4,447 | - | 5,543 | - |
| Share option expenses | 1,096 | 888 | 2,650 | 1,776 |
| Provisions (written-back) / made | (1,692) | (20,297) | (8,966) | (16,945) |
| Allowance made / (written-back) for impairment loss | 3,077 | (475) | 4,107 | 57 |
| Operating profit before working capital changes | 143,782 | 109,332 | 272,661 | 224,264 |
| Changes in working capital: | | | | |
| Inventories and work-in-progress | (207,283) | (74,337) | (33,171) | (233,830) |
| Receivables | (5,000) | (24,598) | 27,469 | (127,001) |
| Payables | 210,134 | 142,284 | 314,005 | 331,296 |
| Balances with related parties | (63,537) | 8,521 | (98,124) | (51,476) |
| | 78,096 | 161,202 | 482,840 | 143,253 |
| Income tax paid | (19,185) | (13,049) | (21,466) | (18,799) |
| Net cash inflow from operating activities | 58,911 | 148,153 | 461,374 | 124,454 |
| Cash flows from Investing Activities | | | | |
| Dividend and interest received | 11,638 | 33,136 | 25,455 | 48,389 |
| Proceeds from disposal of associates and joint ventures | 44,488 | 2,209 | 91,737 | 2,610 |
| Proceeds from disposals of investments | 85,226 | 1,057 | 87,585 | 3,163 |
| Proceeds from disposal of property, plant and equipment | 18,680 | 36,554 | 19,040 | 44,764 |
| Acquisition / additional interest in subsidiaries, net of cash acquired | - | (1,368) | - | (2,028) |
| Payment for the acquisition of a subsidiary | - | - | (6,616) | - |
| Acquisition / additional investments in associates and joint ventures | - | (29,359) | (47,456) | (36,773) |
| Acquisition of other long term investments | - | (80,202) | - | (94,804) |
| Purchase of property, plant and equipment | (72,502) | (46,135) | (112,403) | (73,031) |
| Long term receivables & Prepayments | (28,947) | 50,883 | (21,058) | 54,914 |
| Development and software costs paid | (229) | (886) | (685) | (886) |
| Net cash inflow /(outflow) from investing activities | 58,354 | (34,111) | 35,599 | (53,682) |
| Cash flows from Financing Activities | | | | |
| Proceeds from share issue | 17,282 | 928 | 24,104 | 1,373 |
| Proceeds from share issue to minority shareholders of subsidiaries | 7,872 | 528 | 21,488 | 11,668 |
| Net increase / (decrease) in bank borrowings | 134,086 | 95,222 | (446,527) | 98,026 |
| Net decrease in other long term liabilities | (5,304) | (9,392) | (6,310) | (11,584) |
| Capital reduction paid to shareholder of the Company | (214,797) | - | (214,797) | - |
| Capital reduction paid to minority shareholders of subsidiary | (98,882) | - | (98,882) | - |
| Dividend paid to shareholders of the Company | (73,379) | (72,903) | (164,701) | (72,903) |
| Dividends paid to minority shareholders of subsidiaries | (43,133) | (23,457) | (339,702) | (31,265) |
| Interest paid | (17,980) | (19,572) | (35,581) | (35,415) |
| Net cash outflow from financing activities | (294,235) | (28,646) | (1,260,908) | (40,100) |
| Net (decrease) / increase in cash and cash equivalents | (176,970) | 85,396 | (763,935) | 30,672 |
| Cash and cash equivalents at beginning of period / year | 1,515,002 | 570,455 | 2,099,962 | 623,188 |
| Effects of exchange rate changes on cash and equivalents | (4,238) | (25) | (2,233) | 1,966 |
| Cash and cash equivalents at end of period | 1,333,794 | 655,826 | 1,333,794 | 655,826 |

Restated for the change in accounting policies in 2005 and the adoption of FRS 103, revised FRS 36 and Revised FRS 38 as announced in 3Q04. Certain comparative figures have also been adjusted to conform with the current year's presentation.

4. STATEMENTS OF CHANGES IN EQUITY

4a. Statements of Changes in Equity for the Group

| | Attributable to shareholders of the Company | | | | | | | | |
|---|---|----------------|----------------|----------------|------------------------------|---------------------|------------------|--------------------|------------------|
| | Share Capital | Share Premium | Merger Reserve | Other Reserves | Currency Translation Reserve | Accumulated Profits | Total | Minority Interests | Capital Employed |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q05 | | | | | | | | | |
| At 1/1/2005 | | | | | | | | | |
| - As previously reported | 456,623 | 296,628 | 29,201 | 37,521 | 30,196 | 1,108,176 | 1,958,345 | 843,232 | 2,801,577 |
| - Change in accounting policies | - | - | - | 15,146 | 827 | (15,157) | 816 | 11,580 | 12,396 |
| - As restated | 456,623 | 296,628 | 29,201 | 52,667 | 31,023 | 1,093,019 | 1,959,161 | 854,812 | 2,813,973 |
| Issue of shares | 1,222 | 5,600 | - | - | - | - | 6,822 | - | 6,822 |
| Share based payment | - | - | - | 1,554 | - | - | 1,554 | 320 | 1,874 |
| Realisation of reserve upon disposal of subsidiaries, associates and changes in group structure | - | - | - | (1,121) | (876) | (1) | (1,998) | 12,597 | 10,599 |
| Foreign currency translation difference | - | - | - | - | (8,098) | - | (8,098) | (1,070) | (9,168) |
| Net fair value changes on Available-for-Sale financial assets | - | - | - | 12,785 | - | - | 12,785 | 6,530 | 19,315 |
| Net fair value changes on cash flow hedges | - | - | - | 1,798 | - | - | 1,798 | (1,023) | 775 |
| Profit for the period | - | - | - | - | - | 72,330 | 72,330 | 25,937 | 98,267 |
| At 31/3/2005 | 457,845 | 302,228 | 29,201 | 67,683 | 22,049 | 1,165,348 | 2,044,354 | 898,103 | 2,942,457 |
| 2Q05 | | | | | | | | | |
| Issue of shares | 2,872 | 14,410 | - | - | - | - | 17,282 | - | 17,282 |
| Capital reduction | (27,538) | (22,030) | - | - | - | (165,229) | (214,797) | (98,882) | (313,679) |
| Share based payment | - | - | - | 1,096 | - | - | 1,096 | 297 | 1,393 |
| Realisation of reserve upon disposal of subsidiaries, associates and changes in group structure | - | - | - | 1,376 | (674) | (5,624) | (4,922) | 7,912 | 2,990 |
| Foreign currency translation difference | - | - | - | - | 2,639 | - | 2,639 | 4,240 | 6,879 |
| Net fair value changes on Available-for-Sale financial assets | - | - | - | 8,918 | - | - | 8,918 | 5,078 | 13,996 |
| Net fair value changes on cash flow hedges | - | - | - | (7,562) | - | - | (7,562) | 273 | (7,289) |
| Profit for the period | - | - | - | - | - | 74,366 | 74,366 | 29,182 | 103,548 |
| Dividend paid | - | - | - | - | - | (73,379) | (73,379) | (43,133) | (116,512) |
| At 30/06/2005 | 433,179 | 294,608 | 29,201 | 71,511 | 24,014 | 995,482 | 1,847,995 | 803,070 | 2,651,065 |
| 1Q04 | | | | | | | | | |
| At 1/1/2004 | | | | | | | | | |
| - As previously reported | 455,429 | 292,629 | 29,201 | 35,900 | 67,278 | 835,239 | 1,715,676 | 668,017 | 2,383,693 |
| - Change in accounting policies | - | - | - | 747 | 606 | 32,483 | 33,836 | - | 33,836 |
| - As restated | 455,429 | 292,629 | 29,201 | 36,647 | 67,884 | 867,722 | 1,749,512 | 668,017 | 2,417,529 |
| Issue of shares | 112 | 333 | - | - | - | - | 445 | - | 445 |
| Share based payment | - | - | - | 888 | - | - | 888 | 300 | 1,188 |
| Realisation of reserve upon disposal of subsidiary, associates and changes in group structure | - | - | - | (215) | - | - | (215) | 6,423 | 6,208 |
| Foreign currency translation difference | - | - | - | - | 4,422 | - | 4,422 | (3) | 4,419 |
| Profit for the period | - | - | - | - | - | 44,152 | 44,152 | 23,280 | 67,432 |
| Dividend paid | - | - | - | - | - | - | - | (7,407) | (7,407) |
| At 31/3/2004 | 455,541 | 292,962 | 29,201 | 37,320 | 72,306 | 911,874 | 1,799,204 | 690,610 | 2,489,814 |
| 2Q04 | | | | | | | | | |
| Issue of shares | 221 | 707 | - | - | - | - | 928 | - | 928 |
| Share based payment | - | - | - | 888 | - | - | 888 | 300 | 1,188 |
| Realisation of reserve upon disposal of subsidiary, associates and changes in group structure | - | - | - | 313 | (5) | - | 308 | 2,025 | 2,333 |
| Foreign currency translation difference | - | - | - | - | (1,477) | - | (1,477) | 164 | (1,313) |
| Profit for the period | - | - | - | - | - | 60,945 | 60,945 | 28,204 | 89,149 |
| Dividend paid | - | - | - | - | - | (72,903) | (72,903) | (30,864) | (103,767) |
| At 30/06/2004 | 455,762 | 293,669 | 29,201 | 38,521 | 70,824 | 899,916 | 1,787,893 | 690,439 | 2,478,332 |

4b. Statements of Changes in Equity of the Company

| | Share Capital | Share Premium | Other Reserves | Accumu- lated Profits | Total |
|---------------------------------|------------------|------------------|-------------------|--------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 1Q05 | | | | | |
| At 1/1/2005 | | | | | |
| - As previously reported | 456,623 | 296,628 | - | 745,515 | 1,498,766 |
| - Change in accounting policies | - | - | 528 | (528) | - |
| - As restated | 456,623 | 296,628 | 528 | 744,987 | 1,498,766 |
| Share based payment | - | - | 422 | - | 422 |
| Issue of shares | 1,222 | 5,600 | - | - | 6,822 |
| Profit for the period | - | - | - | 92,268 | 92,268 |
| At 31/3/2005 | 457,845 | 302,228 | 950 | 837,255 | 1,598,278 |
| 2Q05 | | | | | |
| Share based payment | - | - | 175 | - | 175 |
| Issues of shares | 2,872 | 14,410 | - | - | 17,282 |
| Capital reduction | (27,538) | (22,030) | - | (165,229) | (214,797) |
| Profit for the period | - | - | - | 49,186 | 49,186 |
| Dividend paid | - | - | - | (73,379) | (73,379) |
| At 30/06/2005 | 433,179 | 294,608 | 1,125 | 647,833 | 1,376,745 |
| 1Q04 | | | | | |
| At 1/1/2004 | | | | | |
| - As previously reported | 455,429 | 292,629 | - | 491,098 | 1,239,156 |
| - Change in accounting policies | - | - | 82 | (82) | - |
| - As restated | 455,429 | 292,629 | 82 | 491,016 | 1,239,156 |
| Share based payment | - | - | 111 | - | 111 |
| Issues of shares | 112 | 333 | - | - | 445 |
| Profit for the period | - | - | - | 1,650 | 1,650 |
| At 31/3/2004 | 455,541 | 292,962 | 193 | 492,666 | 1,241,362 |
| 2Q04 | | | | | |
| Share based payment | - | - | 111 | - | 111 |
| Issues of shares | 221 | 707 | - | - | 928 |
| Profit for the period | - | - | - | 29,497 | 29,497 |
| Dividend paid | - | - | - | (72,903) | (72,903) |
| At 30/06/2004 | 455,762 | 293,669 | 304 | 449,260 | 1,198,995 |

4c. Changes in the Company's share capital

During 2Q05, the Company issued 11,487,296 ordinary shares of \$0.25 each for cash upon the exercise of the options under the Company's Share Option Plan.

In addition, the Company cancelled 110,152,452 ordinary shares of \$0.25 each at the price of \$1.95 per share pursuant to a capital reduction.

As at June 30, 2005, the Company's issued and paid up capital comprises 1,732,714,062 (June 30, 2004: 1,823,048,445) ordinary shares of \$0.25 each and there were 49,009,926 (June 30, 2004: 67,921,745) unissued ordinary shares of \$0.25 each under options granted to eligible employees and directors under the Company's Share Option Plan.

5. AUDIT

The figures have not been audited or reviewed. However, our auditors have performed certain procedures and enquiries, as agreed with the Audit Committee, on the figures. 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, 2004 except as disclosed in paragraph 8.

8. CHANGES IN ACCOUNTING POLICIES

With effect from January 1, 2005, the Group adopted new Financial Reporting Standards (FRS) and revisions to various existing FRS which were issued by the Council on Corporate Disclosure and Governance.

The material impact of the changes in accounting policies are currently assessed as follows:

FRS 39 – Financial Instruments: Recognition and Measurement

Financial assets and liabilities, including derivative financial instruments are classified and measured in accordance with the requirements under FRS 39. This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions. The adoption of FRS 39 has resulted in an increase of \$10.6 million in Other Reserves and a decrease of \$9.8 million in Accumulated Profits as at January 1, 2005.

FRS 102 - Share-based Payment

In compliance with FRS 102, share options to employees are measured at fair value at the date of grant and recognised as expense over the vesting period. Previously, share options to employees were not charged to the profit and loss account. This change in accounting policy has been accounted for retrospectively and resulted in the following:

- a) There was no impact on the total equity of the Group and of the Company as at January 1, 2005 and January 1, 2004. However, Accumulated Profits of the Group and of the Company as at January 1, 2004 were decreased by \$0.7 million and \$0.1 million respectively; and likewise, the Other Reserves of the Group and of the Company were increased by the same amount.
- b) Net profit of the Group and of the Company for FY04 decreased by \$3.8 million and \$0.5 million respectively, and
- c) Net profit of the Group and of the Company for 2Q04 decreased by \$0.8 million and \$0.1 million respectively. Accordingly, the basic and diluted EPS for 2Q04 were reduced by 0.05 cents.

Other Revised FRSs

The Group adopted various revisions in FRSs, applicable from January 1, 2005. Except for the adoption of revised FRS 21: The Effect Of Changes In Foreign Exchange Rates, there are no other material financial impact on the Group.

Under revised FRS 21, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is neither denominated in the functional currency of the parent nor subsidiary, are to be recognised in the profit and loss account, instead of the Currency Translation Reserve, as previously allowed. The adoption of revised FRS 21 resulted in the following:

- a) Accumulated Profits as at January 1, 2004 for the Group decreased by \$0.6 million; and Currency Translation Reserve increased by \$0.6 million; and
- b) Net profit for FY04 decreased by \$0.2 million.

9. REVIEW OF GROUP PERFORMANCE

Group Overview

Excluding profit contribution from Kuehne & Nagel (KNI) in 2Q04, PATMI in 2Q05 was 40% higher as compared with the same period last year. The Group's profit attributable to shareholders of the Company (PATMI) in the second quarter rose by 22% to \$74.4 million on the back of an increase in turnover of 12% to \$1.7 billion.

In the first half of 2005, PATMI went up by 40% to \$146.7 million with turnover going up by 23% to \$3.5 billion. Earnings per share (EPS) went up by 41% to 8.16 cents

Economic Value Added generated in 1H05 was \$123.4 million (1H04: \$28.0 million). This was achieved on the back of strong operating performances by some business units as well as gains on disposal of investments.

Turnover

| | <u>2Q05</u> | <u>2Q04</u> | <u>Growth</u> | | <u>1H05</u> | <u>1H04</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 | 812 | 785 | 27 | 3.4 | 1,495 | 1,467 | 28 | 1.9 |
| Marine Engineering (Marine) | 467 | 329 | 138 | 41.9 | 908 | 571 | 337 | 59.0 |
| Logistics | 131 | 108 | 23 | 21.3 | 269 | 224 | 45 | 20.1 |
| Environment Engineering (Enviro) | 52 | 50 | 2 | 4.0 | 104 | 100 | 4 | 4.0 |
| Engineering & Construction (E&C) | 190 | 192 | (2) | (1.0) | 689 | 431 | 258 | 59.9 |
| Others | 32 | 45 | (13) | (28.9) | 72 | 83 | (11) | (13.3) |
| Corporate | 1 | 2 | (1) | (50.0) | 3 | 4 | (1) | (25) |
| | <u>1,685</u> | <u>1,511</u> | <u>174</u> | <u>11.6</u> | <u>3,540</u> | <u>2,880</u> | <u>660</u> | <u>22.9</u> |

The key growth drivers were the Utilities, Marine and Logistics business units.

Utilities alone accounted for 48% of the Group's turnover. Its energy business in Singapore and integrated utilities business in UK 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 achieved growth of 42% and 59% in 2Q05 and 1H05 respectively. The rig building sector registered the strongest growth followed by ship conversion & offshore and shipbuilding sectors.

Logistics' growth was mainly attributed to its supply chain management business in North Asia and South East Asia.

E&C's turnover was higher in 1Q05 due to recognition of a specific project. However, this has since returned to previous levels in 2Q05.

9. REVIEW OF GROUP PERFORMANCE (Cont'd)

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

| | 2Q05 | 2Q04 | Growth | | 1H05 | 1H04 | Growth | |
|--|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| | \$'m | \$'m | \$'m | % | \$'m | \$'m | \$'m | % |
| | (Restated) | | | | (Restated) | | | |
| Utilities | 36.2 | 28.3 | 7.9 | 27.8 | 70.8 | 50.4 | 20.4 | 40.4 |
| Marine Engineering (Marine) | 21.2 | 16.9 | 4.3 | 25.8 | 36.0 | 30.5 | 5.5 | 18.2 |
| Logistics (Excl KNI) | 8.9 | 7.4 | 1.5 | 19.7 | 18.2 | 16.1 | 2.1 | 12.8 |
| Environment Engineering (Enviro) | 3.3 | 4.0 | (0.7) | (18.5) | 7.2 | 7.8 | (0.6) | (8.3) |
| Engineering & Construction (E&C) | (0.6) | 0.8 | (1.4) | NM | 0.6 | 1.6 | (1.0) | (63.5) |
| Others | 3.5 | 5.7 | (2.2) | (38.7) | 8.9 | 7.7 | 1.2 | 15.4 |
| Corporate | 0.5 | (9.9) | 10.4 | NM | (10.0) | (23.5) | 13.5 | 57.5 |
| PATMI before exceptional items (Excl KNI) | 73.0 | 53.2 | 19.8 | 37.3 | 131.7 | 90.6 | 41.1 | 45.4 |
| Exceptional items (EI) | 1.4 | - | 1.4 | NM | 15.0 | - | 15.0 | NM |
| PATMI after exceptional items (Excl KNI) | 74.4 | 53.2 | 21.2 | 39.9 | 146.7 | 90.6 | 56.1 | 61.9 |
| KNI | - | 7.7 | (7.7) | NM | - | 14.5 | (14.5) | NM |
| PATMI | 74.4 | 60.9 | 13.5 | 22.0 | 146.7 | 105.1 | 41.6 | 39.6 |

Group's PATMI before exceptional items and KNI in the 2Q05 and 1H05 rose by 37% and 45% respectively over the same periods last year. The strong growth was contributed by Utilities, Marine and Logistics business units.

Utilities' PATMI in 2Q05 and 1H05 was up 28% and 40% respectively. Strong growth continued to come from its UK and Vietnam operations and losses from its offshore engineering were reduced during 2Q05 and 1H05.

Growth in the Group's share of PATMI from its Marine business unit was due to better overall operating profit. Marine's 1H04 results had the benefit of a write back of deferred tax due to the change in the Singapore corporate tax rate.

Higher earnings in Logistics came from Supply Chain Management operations in South East Asia.

The weaker performance by Enviro was due to higher costs for new overseas operations and higher fuel costs. The business environment in which E&C operates continues to be difficult and competitive.

The improvement in Corporate costs was attributed to lower professional fees incurred in respect of Solitaire during the quarter.

The Group also recorded EI gain of \$1.4 million for 2Q05 and \$15.0 million for 1H05. EI comprised of gains on disposal of associates offset by an unrealised foreign exchange loss relating to an amount accumulated in connection with the Solitaire arbitration. The partial accumulation was to reduce the quantum of funds required.

10. VARIANCE FROM PROSPECT STATEMENT

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

11. PROSPECTS

Utilities

Operating environment for Utilities remains favourable with the continued good performance in the chemical industry. Singapore operations will continue to generate stable earnings. Overseas businesses will generate stronger earnings contributions underpinned by UK and Vietnam operations. New plants in China will achieve commercial operations this year but will not be expected to contribute significantly to Utilities' earnings in the current year. Offshore Engineering business is poised to turnaround.

Marine

The market outlook for ship repair is expected to remain buoyant amid a competitive environment. For the ship conversion and offshore sector, market fundamentals for Floating Production Storage and Offloading (FPSO) vessels and Floating Storage and Offloading (FSO) vessels continue to remain strong. Rig building demand is expected to be strong mainly due to the need to replace aging rigs and increase in exploration and production activities. Total outstanding order book excluding ship repair, stands at \$5.0 billion.

Marine expects higher operating profit in the current year.

Logistics

Logistics expects to perform well in the next reporting period. Supply Chain Management is expected to remain Logistics' primary driver of turnover and earnings, with the highest rates of growth from North Asia operations.

Enviro

Market outlook for Enviro is expected to remain stable with outstanding contracts value of \$567 million as at June 30, 2005. Its overseas operations are expected to perform better this year.

E&C

Notwithstanding a more stable outlook for the global construction sector, E&C expects fierce competition to continue. The outstanding contracts value as at June 30, 2005 stands at \$2.0 billion of which Process Engineering projects make up 61% and Building & Civil projects make up the remaining 39%. 54% of the total order book is from overseas.

SCI Group

The Group's overall operating performance for 2005 is expected to be better than that of 2004 on a comparable basis, which excludes the profit contribution from KNI in 2004.

12. DIVIDEND

No interim dividend for the period ended June 30, 2005 is recommended.

13. SEGMENTAL REPORTING

Half year ended June 30, 2005

| (i) <u>Business segments</u> | Utilities | Marine | Logistics | Enviro | E&C | Others | Corporate | Elimination | Total |
|--|----------------|-----------------------|----------------------------|--------------|--------------|-------------|--------------|---------------|----------------|
| | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m |
| Turnover | | | | | | | | | |
| External sales | 1,495.4 | 907.8 | 268.7 | 104.1 | 689.1 | 71.9 | 3.4 | - | 3,540.4 |
| Inter-segment sales | 9.0 | 10.3 | 0.2 | 0.9 | - | 0.9 | 8.6 | (29.9) | - |
| Total | 1,504.4 | 918.1 | 268.9 | 105.0 | 689.1 | 72.8 | 12.0 | (29.9) | 3,540.4 |
| Results | | | | | | | | | |
| Segment results | 125.4 | 56.2 | 37.3 | 3.2 | 0.9 | 7.3 | (1.3) | - | 229.0 |
| Interest income | 2.6 | 7.6 | 5.1 | - | 0.7 | 2.0 | 9.8 | (12.3) | 15.5 |
| Interest expense | (26.7) | (2.3) | (1.8) | (0.6) | (0.2) | 0.1 | (13.4) | 12.3 | (32.6) |
| | 101.3 | 61.5 | 40.6 | 2.6 | 1.4 | 9.4 | (4.9) | - | 211.9 |
| Share of results of associates | 0.7 | 11.0 | 7.4 | 5.0 | (0.3) | 2.6 | - | - | 26.4 |
| Share of results of joint ventures | 9.5 | 0.0 | 2.8 | - | - | 3.3 | - | - | 15.6 |
| | 111.5 | 72.5 | 50.8 | 7.6 | 1.1 | 15.3 | (4.9) | - | 253.9 |
| Taxation | (24.7) | (13.8) | (8.7) | (0.1) | (0.7) | (0.4) | (3.7) | - | (52.1) |
| Minority interests | (7.1) | (22.7) | (19.2) | (0.3) | 0.2 | (6.0) | - | - | (55.1) |
| Net profit for the period | 79.7 | 36.0 | 22.9 | 7.2 | 0.6 | 8.9 | (8.6) | - | 146.7 |
| Comprising: | | | | | | | | | |
| Net profit before exceptional items | 70.8 | 36.0 | 18.2 | 7.2 | 0.6 | 8.9 | (10.0) | - | 131.7 |
| Exceptional items | 8.9 | - | 4.7 | - | - | - | 1.4 | - | 15.0 |
| | 79.7 | 36.0 | 22.9 | 7.2 | 0.6 | 8.9 | (8.6) | - | 146.7 |
| Assets | | | | | | | | | |
| Segment assets | 2,328.8 | 1,349.9 | 352.5 | 142.4 | 500.2 | 738.3 | 310.2 | (594.5) | 5,127.8 |
| Investment in associates | - | 101.1 | 77.6 | 64.5 | 4.8 | 51.3 | - | - | 299.3 |
| Investment in joint venture | 145.9 | 9.5 | 65.6 | - | - | 187.0 | - | - | 408.0 |
| Interest bearing assets | 163.3 | 682.5 | 242.3 | 17.7 | 73.5 | 262.6 | 645.8 | (699.7) | 1,388.0 |
| Unallocated assets | 17.2 | 1.6 | 8.0 | 4.9 | 14.1 | 1.8 | 77.7 | - | 125.3 |
| Total assets | | | | | | | | | 7,348.4 |
| Liabilities | | | | | | | | | |
| Segment liabilities | 842.3 | 818.2 | 133.0 | 32.5 | 512.2 | 280.3 | 1,038.5 | (594.5) | 3,062.5 |
| Interest bearing liabilities | 943.2 | 152.1 | 70.6 | 28.7 | 12.8 | 117.0 | 740.7 | (699.7) | 1,365.4 |
| Unallocated liabilities | 118.8 | 77.0 | 13.1 | 5.3 | 6.0 | 18.2 | 31.1 | - | 269.5 |
| Total liabilities | | | | | | | | | 4,697.4 |
| Capital expenditure | 82.5 | 53.9 | 7.5 | 2.2 | 5.9 | 9.7 | 0.3 | - | 162.0 |
| Significant non-cash items | | | | | | | | | |
| Depreciation and amortisation | 44.6 | 17.4 | 6.6 | 4.3 | 5.6 | 7.3 | 4.6 | - | 90.4 |
| Other non-cash items (including provisions, loss on disposal and exchange differences) | 10.8 | 4.0 | 1.2 | 0.9 | 5.8 | 6.8 | 1.5 | - | 31.0 |
| (ii) Geographical segments | | | | | | | | | |
| | Revenue | Segment Assets | Capital Expenditure | | | | | | |
| | \$'m | \$'m | \$'m | | | | | | |
| Singapore | 1,622.5 | 3,664.6 | 73.4 | | | | | | |
| Rest of Asia | 755.0 | 770.3 | 14.8 | | | | | | |
| Europe | 924.7 | 639.6 | 68.1 | | | | | | |
| Others | 238.2 | 53.3 | 5.7 | | | | | | |
| Total | 3,540.4 | 5,127.8 | 162.0 | | | | | | |

13. SEGMENTAL REPORTING (Cont'd)

Half year ended June 30, 2004

| <u>(i) Business segments</u> | Utilities | Marine | Logistics | Enviro | E&C | Others | Corporate | Elimina- | Total |
|---|----------------|-----------------------|----------------------------|--------------|--------------|-------------|---------------|---------------|----------------|
| | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | \$'m | tion | \$'m |
| Turnover | | | | | | | | | |
| External sales | 1,467.3 | 570.6 | 223.5 | 100.5 | 431.5 | 82.8 | 4.2 | - | 2,880.4 |
| Inter-segment sales | 9.5 | 5.2 | 0.1 | 1.0 | 1.2 | 0.8 | 8.2 | (26.0) | - |
| Total | 1,476.8 | 575.8 | 223.6 | 101.5 | 432.7 | 83.6 | 12.4 | (26.0) | 2,880.4 |
| Results | | | | | | | | | |
| Segment results | 102.3 | 42.9 | 28.7 | 3.4 | 2.4 | 6.6 | (25.0) | - | 161.3 |
| Interest income | 1.5 | 6.4 | 0.7 | 0.1 | 0.1 | 1.0 | 7.0 | (6.4) | 10.4 |
| Interest expense | (24.2) | (0.9) | (2.1) | (0.1) | (0.5) | (1.5) | (12.9) | 6.4 | (35.8) |
| | 79.6 | 48.4 | 27.3 | 3.4 | 2.0 | 6.1 | (30.9) | - | 135.9 |
| Share of results of associates | 3.5 | 4.7 | 28.2 | 4.4 | (0.7) | 3.5 | - | - | 43.6 |
| Share of results of joint ventures | 3.7 | 0.3 | 2.4 | - | - | 3.8 | - | - | 10.2 |
| | 86.8 | 53.4 | 57.9 | 7.8 | 1.3 | 13.4 | (30.9) | - | 189.7 |
| Taxation | (29.4) | (5.5) | (6.4) | 0.1 | 0.2 | (0.4) | 8.2 | - | (33.2) |
| Minority interests | (7.0) | (17.4) | (20.9) | (0.1) | 0.1 | (5.3) | (0.8) | - | (51.4) |
| Net profit for the period | 50.4 | 30.5 | 30.6 | 7.8 | 1.6 | 7.7 | (23.5) | - | 105.1 |
| Comprising: | | | | | | | | | |
| Net profit before exceptional items | 50.4 | 30.5 | 30.6 | 7.8 | 1.6 | 7.7 | (23.5) | - | 105.1 |
| Exceptional items | - | - | - | - | - | - | - | - | - |
| | 50.4 | 30.5 | 30.6 | 7.8 | 1.6 | 7.7 | (23.5) | - | 105.1 |
| Assets | | | | | | | | | |
| Segment assets | 2,301.4 | 1,211.7 | 365.3 | 140.4 | 477.3 | 807.8 | 496.4 | (555.1) | 5,245.1 |
| Investment in associates | 33.9 | 43.5 | 377.9 | 69.2 | 5.3 | 43.2 | 4.2 | - | 577.2 |
| Investment in joint ventures | 111.1 | 1.9 | 19.0 | - | - | 66.2 | 109.3 | - | 307.6 |
| Interest bearing assets | 256.1 | 421.6 | 118.9 | 2.4 | 95.1 | 121.1 | 545.3 | (616.6) | 943.9 |
| Unallocated assets | | | | | | | | | 118.6 |
| Total assets | | | | | | | | | 7,192.4 |
| Liabilities | | | | | | | | | |
| Segment liabilities | 887.6 | 467.2 | 133.2 | 32.8 | 494.8 | 440.4 | 438.6 | (555.1) | 2,339.5 |
| Interest bearing liabilities | 1,133.7 | 159.4 | 280.5 | 5.1 | 45.8 | 278.4 | 861.5 | (616.6) | 2,147.8 |
| Unallocated liabilities | | | | | | | | | 226.8 |
| Total liabilities | | | | | | | | | 4,714.1 |
| Capital expenditure | 32.5 | 20.5 | 16.6 | 4.3 | 2.2 | 4.8 | 0.5 | - | 81.4 |
| Significant non-cash items | | | | | | | | | |
| Depreciation and amortisation | 41.3 | 18.9 | 7.1 | 4.1 | 4.3 | 8.3 | 4.5 | - | 88.5 |
| Other non-cash items | 8.1 | 2.9 | 1.3 | 0.1 | 8.5 | 0.3 | 3.1 | - | 24.3 |
| (including provisions, loss on disposal and exchange differences) | | | | | | | | | |
| (ii) Geographical segments | | | | | | | | | |
| | Revenue | Segment Assets | Capital Expenditure | | | | | | |
| | \$'m | \$'m | \$'m | | | | | | |
| Singapore | 1,533.9 | 3,945.7 | 43.4 | | | | | | |
| Rest of Asia | 501.9 | 697.7 | 20.0 | | | | | | |
| Europe | 571.3 | 548.6 | 17.3 | | | | | | |
| Others | 273.3 | 53.1 | 0.7 | | | | | | |
| Total | 2,880.4 | 5,245.1 | 81.4 | | | | | | |

Note: Certain comparative figures have been adjusted to conform with the current year's presentation.

Notes To Segmental Analysis

13a. Business Segments

The Group comprises the following main business segments:

Utilities segments offer 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 plants in Singapore 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.

Logistics segment provides one-stop logistics management services, parts and components management, automated warehouse operations, preservation and packaging technologies and hazardous goods management.

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

Engineering and Construction segment is engaged in turnkey construction, design consultancy, infrastructure development and project management.

Others segment comprises businesses relating to internet services provider, minting, hotels, properties, resorts and industrial parks.

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 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)

| | 2Q05 \$'000 | 1H05 \$'000 |
|--|-----------------------|-----------------------|
| Sale of Goods and Services | | |
| Temasek Holdings (Private) Limited and its Associates | | |
| -Tuas Power Ltd/PowerSeraya Limited ¹ | 122,789 | 203,616 |
| -Temasek Capital (Private) Limited and its Associates | 1,349 | 2,480 |
| -PSA International Pte Ltd and its Associates | 628 | 1,250 |
| -Wildlife Reserves Singapore Pte Ltd and its Associates | 379 | 745 |
| - Singapore Power Ltd and its Associates | 189 | 301 |
| - Singapore Technologies Telemedia Pte Ltd and its Associates | 142 | 278 |
| - Singapore Technologies Pte Ltd and its Associates | 1 | 179 |
| | <u>125,477</u> | <u>208,849</u> |
| Singapore Petroleum Co Ltd and its Associates | 211 | 4,100 |
| Starhub Ltd and its Associates | 621 | 1,194 |
| Singapore Technologies Engineering Limited and its Associates | - | 925 |
| SNP Corporation Ltd and its Associates | 159 | 313 |
| Singapore Airlines Limited and its Associates | - | 161 |
| | <u>126,468</u> | <u>215,542</u> |
| Purchases of Goods and Services | | |
| Temasek Holdings (Private) Limited and its Associates | | |
| -Temasek Capital (Private) Limited and its Associates ² | 117,504 | 205,548 |
| - Singapore Power Ltd and its Associates | 887 | 1,748 |
| | <u>118,391</u> | <u>207,296</u> |
| ST Engineering Ltd and its Associates | 208 | 748 |
| | <u>118,599</u> | <u>208,044</u> |
| Treasury | | |
| Subscription of Debt Securities | | |
| Singapore Technologies Pte Ltd and its Associates | <u>20,330</u> | <u>20,330</u> |
| Total Interested Person Transactions | <u>265,397</u> | <u>443,916</u> |

Note

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

² This relates mainly to the purchase of gas from SembCorp Gas Pte Ltd by SembCorp Cogen 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, 2005 to June 30, 2005.

BY ORDER OF THE BOARD

Linda Hoon Siew Kin (Ms)
Group Company Secretary
August 11, 2005