SEMBCORP INDUSTRIES LTD & ITS SUBSIDIARIES
Registration Number: 199802418D

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2005

The Board of Directors of SembCorp Industries Ltd wishes to announce the unaudited results of the Group for the first quarter ended March 31, 2005.

1(a)(i) Profit and Loss Statement

	GROUP		
	1Q05	1Q04	+ / (-)
	$'000	$'000 (Restated)	%
Turnover	**1,854,874**	**1,369,439**	**35.4**
Cost of sales	(1,704,275)	(1,228,213)	38.8
Gross profit	150,599	141,226	6.6
General & administrative expenses	(65,034)	(79,458)	(18.2)
Non-operating income (net)	12,205	6,800	79.5
Finance costs	(19,859)	(18,387)	8.0
Exceptional items (See note 1(a)(iv))	16,600	-	NM
Profit before taxation, associates and joint ventures	94,511	50,181	88.3
Share of Results of:			
- Associates	10,453	20,910	(50.0)
- Joint ventures	9,735	3,971	145.2
Profit before taxation	**114,699**	**75,062**	**52.8**
Taxation	(16,432)	(7,630)	115.4
Profit for the period	**98,267**	**67,432**	**45.7**
Attributable to:			
Equity holders of the Company	72,330	44,152	63.8
Minority interest	25,937	23,280	11.4
	98,267	**67,432**	**45.7**
Profit attributable to equity holders of the Company comprises:			
Net profit before exceptional items	58,790	44,152	33.2
Exceptional items (See note 1(a)(iv))	13,540	-	NM
	72,330	**44,152**	**63.8**
Earnings per share for profit attributable to the equity holders of the Company:			
Before exceptional items			
-basic	3.21	2.42	32.6
-diluted	3.19	2.42	32.0
After exceptional items			
-basic	3.95	2.42	63.1
-diluted	3.93	2.42	62.4

* 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.

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

Notes:

		GROUP 1Q05 $'000	GROUP 1Q04 $'000 (Restated)
Profit before taxation, associates and joint ventures is arrived at after (charging)/crediting the following significant items:			
(ii)	Depreciation and amortisation	(42,677)	(44,974)
	Allowance made for doubtful debts & bad debts written off	(2,022)	(4,952)
(iii)	**Non-operating income (net)**		
	Interest and other income	14,946	9,018
	Profit on sale of property, plant & equipment	121	3,416
	Foreign exchange loss	(3,548)	(4,778)
(iv)	**Exceptional items**		
	Gain on disposal of associates	16,600	-
	Less: Minority Interest	(3,060)	-
	Net exceptional items	13,540	-

(v) The Group's tax charge for 1Q05 included Group Tax Relief of $2,704,000 (1Q04: $6,854,000); write-back of provision for deferred tax of Nil (1Q04: $4,259,000 mainly due to reduction in Singapore corporate tax rate); and write-back of over provision of tax in respect of prior years of $2,697,000 (1Q04: Nil).

1(b)(i) Balance Sheets

	GROUP		COMPANY	
	As at 31/03/2005	As at 31/12/2004	As at 31/03/2005	As at 31/12/2004
	$000	$000 (Restated)	$000	$000 (Restated)
Non-current assets				
Property, plant & equipment	2,463,287	2,491,845	823	819
Investments in subsidiaries	-	-	2,800,110	2,791,110
Interests in associates	282,360	289,646	-	-
Interests in joint ventures	400,285	387,997	-	-
Other financial assets	136,940	179,978	-	90
Long term receivables and prepayments	185,495	194,019	-	-
Intangible assets	146,924	145,132	90	-
Deferred tax assets	18,371	19,092	-	-
	3,633,662	3,707,709	2,801,023	2,792,019
Current assets				
Inventories and work-in-progress	571,275	734,425	-	-
Trade and other receivables	1,422,381	1,421,239	76,378	571,927
Other financial assets	82,396	1,688	-	-
Non-current assets held for sale	73,284	53,192	-	-
Bank balances, fixed deposits and cash	1,515,002	2,099,962	301,827	23,264
	3,664,338	4,310,506	378,205	595,191
Current liabilities				
Trade and other payables	1,780,065	2,097,071	1,177,047	1,484,952
Excess of progress billings over work in progress	278,685	247,347	-	-
Provisions	644,576	661,826	-	-
Employee benefits	7,207	6,284	3,033	2,544
Current tax payable	95,134	89,516	-	-
Interest-bearing borrowings	365,621	968,444	250,000	250,000
Other financial liabilities	11,041	-	-	-
	3,182,329	4,070,488	1,430,080	1,737,496
Net current assets/(liabilities)	482,009	240,018	(1,051,875)	(1,142,305)
Non-current liabilities				
Deferred tax liabilities	160,304	150,648	195	195
Provisions	17,325	18,607	-	-
Employee benefits	50,954	52,598	675	753
Interest-bearing borrowings	837,839	820,927	150,000	150,000
Other financial liabilities	5,419	-	-	-
Other long-term liabilities	101,373	103,370	-	-
	1,173,214	1,146,150	150,870	150,948
	2,942,457	2,801,577	1,598,278	1,498,766
Share Capital	457,845	456,623	457,845	456,623
Reserves	1,586,509	1,501,722	1,140,433	1,042,143
	2,044,354	1,958,345	1,598,278	1,498,766
Minority interests	898,103	843,232	-	-
	2,942,457	2,801,577	1,598,278	1,498,766

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.

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

1(b)(ii) Group's borrowings and debt securities

Amount repayable in one year or less, or on demand.

As at 31/3/2005		As at 31/12/2004	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
72,288	350,482	155,977	876,780

Amount repayable after one year.

As at 31/3/2005		As at 31/12/2004	
Secured $'000	Unsecured $'000	Secured $'000	Unsecured $'000
457,631	431,179	459,466	413,035

Details of any collateral

The Group's borrowings are secured by various assets: mainly property, plant and equipment, with carrying values amounting to $1,021 million (31/12/2004: $919 million).

1(c) Consolidated cash flow statements of the Group

	GROUP	
	1Q05	1Q04
	$'000	$'000
Cash flows from Operating Activities		
Profit before tax and minority interests	114,699	75,062
Adjustment for :		
Dividend and interest income	(8,718)	(4,468)
Finance costs	19,859	18,387
Depreciation and amortisation	42,677	44,974
Share of results of associated companies and joint ventures	(20,188)	(24,881)
Profit on sales of property, plant and equipment	(121)	(3,416)
Gains on disposal of investments	(17,757)	(450)
Allowance write-back for doubtful debts (net)	2,022	4,952
Changes in fair value of financial instruments and hedge items	1,096	-
Share option expenses	1,554	888
Provisions (written back) / made	(7,274)	3,352
Allowance made for impairment loss	1,030	532
Operating profit before working capital changes	128,879	114,932
Changes in working capital:		
Inventories and work-in-progress	174,112	(159,493)
Receivables	32,469	(102,403)
Payables	103,871	189,012
Balances with related parties	(34,587)	(59,997)
	404,744	(17,949)
Income tax paid	(2,281)	(5,750)
Net cash inflow / (outflow) from operating activities	402,463	(23,699)
Cash flows from Investing Activities		
Dividend and interest received	13,817	13,160
Return of capital from associates and joint ventures	-	2,093
Proceeds from disposal of associates and joint ventures	47,249	401
Proceeds from disposals of investments	2,359	2,106
Proceeds from disposal of property, plant and equipment	360	8,210
Acquisition / additional interest in subsidiaries, net of cash acquired	-	(660)
Payment for the acquisition of a subsidiary	(6,616)	-
Acquisition/additional investments in associates and joint ventures	(47,456)	(7,414)
Acquisition of other long term investments	-	(14,602)
Purchase of property, plant and equipment	(39,901)	(26,896)
Long term balances with related parties	(577)	(2,485)
Long term receivables	8,466	6,516
Development and software costs paid	(456)	-
Net cash outflow from investing activities	(22,755)	(19,571)
Cash flows from Financing Activities		
Proceeds from share issue	6,822	445
Proceeds from share issue to minority shareholders of subsidiaries	13,616	11,140
Net (decrease) / increase in bank borrowings	(580,613)	2,804
Net decrease in other long term liabilities	(1,006)	(2,192)
Dividend paid to shareholders of the Company	(91,322)	-
Dividends paid to minority shareholders of subsidiaries	(296,569)	(7,808)
Interest paid	(17,601)	(15,843)
Net cash outflow from financing activities	(966,673)	(11,454)
Net decrease in cash and cash equivalents	(586,965)	(54,724)
Cash and cash equivalents at beginning of year	2,099,962	623,188
Effects of exchange rate changes on cash and equivalents	2,005	1,991
Cash and cash equivalents at end of period	1,515,002	570,455

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.

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

1(d)(i) Statements of Changes in Equity

GROUP	Attributable to equity holders of the Company									
	Share Capital	Share Premium	Merger Reserve	Capital Reserve	Currency Translation Reserve	Other Reserves	Accumu-lated Profits	Total	Minority Interest	Total Equity
	$'000	$'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	-	-	-	-	827	15,146	(15,157)	816	11,580	12,396
- As restated	456,623	296,628	29,201	37,521	31,023	15,146	1,093,019	1,959,161	854,812	2,813,973
Issue of shares under Share Option Plan	1,222	5,600	-	-	-	-	-	6,822	-	6,822
Share option expenses	-	-	-	-	-	1,554	-	1,554	320	1,874
Realisation of reserve upon disposal of subsidiary, associates and changes in group structure	-	-	-	(2)	(876)	(1,119)	(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**	**37,519**	**22,049**	**30,164**	**1,165,348**	**2,044,354**	**898,103**	**2,942,457**
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	-	-	-	-	606	747	32,483	33,836	-	33,836
- As restated	455,429	292,629	29,201	35,900	67,884	747	867,722	1,749,512	668,017	2,417,529
Issue of shares under Share Option Plan	112	333	-	-	-	-	-	445	-	445
Share option expenses	-	-	-	-	-	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**	**35,685**	**72,306**	**1,635**	**911,874**	**1,799,204**	**690,610**	**2,489,814**

1(d)(i) Statements of Changes in Equity (Cont'd)

COMPANY

	Share Capital $'000	Share Premium $'000	Other Reserves $'000	Accumu-lated Profits $'000	Total $'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 option expenses	-	-	422	-	422
Issue of shares under Share Option	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**
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 option expenses	-	-	111	-	111
Issue of shares under Share Option	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**

1(d)(ii) Changes in the Company's share capital

During the period, the Company issued 4,889,833 ordinary shares of $0.25 each for cash upon the exercise of the options under the Company's Share Option Plan.

As at March 31, 2005, the Company's issued and paid up capital comprises 1,831,379,218 (March 31, 2004: 1,822,165,689) ordinary shares of $0.25 each and there were 62,052,984 (March 31, 2004: 61,511,569) unissued ordinary shares of $0.25 each under options granted to eligible employees and directors under the Company's Share Option Plan.

2. Audit

The figures have not been audited or reviewed by the Company's auditors.

3. Auditors' report

Not applicable.

4. 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 for the adoption of certain revisions to various existing Financial Reporting Standards (FRS) and the following new FRS that are mandatory for financial year beginning on or after January 1, 2005:

FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 105	Non-current Assets Held for Sale and Discontinued Operations

4. **Accounting policies** (Cont'd)

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

FRS 39
In accordance with the transitional provisions of FRS 39, the comparative figures for 2004 have not been restated for the effect of recognition, derecognition and measurement of financial instruments. On January 1, 2005, the following transitional adjustments were made:

	Fair Value Reserve	Accumulated Profits	Total
	$'000	$'000	$'000
Fair Valuation of:			
Available-for-sale investments	17,707	(69)	17,638
Derivatives	-	(10,183)	(10,183)
Hedge Accounting:			
Cash flow hedges	(7,093)	-	(7,093)
Remeasurement of financial assets and financial liabilities	-	454	454
	10,614	(9,798)	816

The adoption of FRS 39 has resulted in an increase in equity as at January 1, 2005 of $0.8 million.

FRS 102
In accordance with the transitional provisions of FRS 102, the comparative information for this announcement has been restated for the costs of share based payments. The adoption of FRS 102 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 $0.7million and $0.1 million respectively; and likewise, the other reserves of the Group and of the Company were adjusted upwards 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 1Q04 decreased by $0.8 million and $0.1 million respectively. Accordingly, the basic and diluted EPS for 1Q04 were reduced by 0.05 cents.

FRS 105
Under FRS 105, assets that meet the criteria to be classified as held for sale are required to be measured at the lower of carrying amount and fair value less costs to sell and be presented separately on the face of the balance sheet as "Non-current Assets Held for Sale". As announced on March 18, 2005, a wholly owned subsidiary of SCI, has entered into an agreement with Kingsville Capital Limited to sell its remaining stake in Pacific Internet Limited. Accordingly, the carrying value of the asset is reclassified from Investment in Associates to Non-current Asset Held for Sale and ceased equity accounting. The completion of the sale is subject to approval by InfoComm Development Authority of Singapore.

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

4. **Accounting policies** (Cont'd)

denominated in the functional currency of the parent or 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.

5. **Changes in the accounting policies**

Please refer to paragraph 4.

6. **Earnings per ordinary share**

	Group		
	1Q05	1Q04 (Restated)	+ / (-) %
Earnings per ordinary share of the Group based on net profit attributable to the equity holders of the Company:			
(i) Based on the weighted average number of shares (in cents)			
(a) Before exceptional items	3.21	2.42	32.6
(b) After exceptional items	3.95	2.42	63.2
- Weighted average number of shares (in million)	1,829.6	1,821.9	0.4
(ii) On a fully diluted basis (in cents)			
(a) Before exceptional items	3.19	2.42	31.8
(b) After exceptional items	3.93	2.42	62.4
- Adjusted weighted average number of shares (in million)	1,840.3	1,824.7	0.9

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.

7. **Net asset value**

	Group			Company		
	31/03/2005	31/12/2004 (Restated)	+ / (-) %	31/03/2005	31/12/2004 (Restated)	+ / (-) %
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in $)	1.12	1.07	4.1	0.87	0.82	6.4

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.

8. **Review of Group performance**

Group Overview

The Group achieved a 35% growth in turnover to $1.9 billion and 64% growth in net profit attributable to equity holders of the Company (PATMI) to $72.3 million in 1Q05. Excluding profit contribution from Kuehne & Nagel International AG (KNI) in 1Q04, PATMI grew by 93%.

Earnings per share (EPS) has correspondingly grown by 63% to 3.95 cents.

1Q05 Economic Value Added (EVA) was $45.3 million (1Q04: $1.4 million). This was achieved due to strong operating performances by various SBUs and gain on disposal of investments.

8. Review of Group performance (Cont'd)

Turnover

	1Q05	1Q04	Growth	
	$'m	$'m	$'m	%
Utilities	683	682	1	0.1
Marine Engineering (Marine)	441	242	199	82.2
Logistics	138	116	22	19.0
Environment Engineering (Enviro)	52	50	2	4.0
Engineering & Construction (E&C)	499	239	260	108.8
Others	40	38	2	5.3
Corporate	2	2	-	-
	1,855	1,369	486	35.4

The growth in the Group's turnover came primarily from Marine, E&C and Logistics. Utilities and Marine together contributed 61% of the Group's 1Q05 turnover of $1.9 billion.

Utilities turnover accounts for 37% of Group's turnover. Turnover of its integrated utilities business has increased. However, turnover in its offshore engineering business has declined.

Marine's growth of 82% in turnover was due to strong increases from the new building and conversion segments.

E&C's growth in turnover was mainly attributed to the contribution from overseas EPC contracts, while Logistics' growth in turnover came from its supply chain management business in North Asia and South East Asia.

Profit attributable to equity holders of the Company ("PATMI")

	1Q05	1Q04	Growth	
	$'m	$'m	$'m	%
		(Restated)		
Utilities	34.6	22.1	12.5	56.6
Marine Engineering (Marine)	14.8	13.6	1.2	8.8
Logistics (Excl KNI)	9.3	8.7	0.6	6.9
Environment Engineering (Enviro)	3.9	3.8	0.1	2.6
Engineering & Construction (E&C)	1.2	0.8	0.4	50.0
Others	5.4	2.0	3.4	170.0
Corporate	(10.5)	(13.6)	3.1	22.8
PATMI before exceptional items (Excl KNI)	58.7	37.4	21.3	57.0
Exceptional items	13.6	-	13.6	NM
PATMI after exceptional items (Excl KNI)	72.3	37.4	34.9	93.3
KNI	-	6.8	(6.8)	NM
PATMI	72.3	44.2	28.1	63.8

All business segments reported better results in 1Q05 as compared to 1Q04. Group's PATMI before exceptional items and excluding KNI (PATMI before EI & KNI) increased by $21.3 million or 57% over 1Q04. The Group also recorded EI gain of $13.6 million arising from the disposal of associates during the period.

Utilities achieved PATMI of $34.6 million, or 59% of the Group's PATMI before EI. PATMI from its integrated utilities business in Singapore and UK rose by 27% or $4.6m over 1Q04. Its joint

8. **Review of Group performance** (Cont'd)

venture in Vietnam also performed well. However, offshore engineering's performance remained weak in 1Q05.

Group's share of Marine's PATMI grew by 9% to $14.8 million. The growth in profit came mainly from its better operating profit and contribution from its newly acquired associated company.

Group's share of Logistics' PATMI before EI & KNI was $9.3 million, 7% growth over 1Q04. The growth in PATMI came mainly from its Supply Chain Management, which included higher profits from its overseas joint ventures.

Enviro's PATMI growth was mainly due to lower disposal costs from higher recycling activities and lower labor costs due to higher operational efficiency.

E&C's PATMI growth came mainly from its overseas process engineering projects.

Other segments performed well due to strong performance recorded by industrial parks in Vietnam and Batam.

Review of Balance Sheet

Bank balances, fixed deposits and cash
The decrease in bank balances, fixed deposits and cash was due to the payment of a total of $387.9 million special interim dividend, comprising the Company's special interim dividend of $91.3 million and the special interim dividend paid to SembLog's minority shareholders in early January 2005.

Trade and other payables
The significant decrease in the trade and other payables are mainly due to:
a) payment of a total of $387.9 million special interim dividend, comprising the Company's special interim dividend of $91.3 million and the special interim dividend paid to SembLog's minority shareholders in early January 2005; and increased by:
b) higher trade creditors in Utilities and E&C.

Interest-bearing borrowings
The decrease in interest-bearing borrowings is mainly due to the repayment of short term borrowings during the period.

Other financial liabilities
Other financial liabilities reflects the fair value of the financial instruments recognised on the adoption of FRS 39. These instruments include: interest rate swap agreements, forward foreign exchange contracts and fuel oil swaps.

Company
Trade and other receivables
The decrease in trade and other receivables is mainly due to the receipt of 2004 interim special dividend amounting to $453.4m from SembLog, in relation to the disposal of its associate, KNI.

Trade and other payables
The decrease in trade and other payables is mainly due to payment of interim special dividend of $91.3 million paid by the Company

9. **Variance from a forecast, or a prospect statement**

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

10(A) Subsequent Events

On April 26, 2005, the Company announced that the proposed capital reduction and cash distribution was approved by shareholders in an Extraordinary General Meeting held on that day. Subject to approval of the court and all other relevant approvals and consents being obtained, it is currently expected that the amounts arising from the capital reduction will be paid to shareholders by June 10, 2005.

10(B) A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Utilities

The global chemical industry is undergoing an upturn and there are strong interests by chemical companies to invest in new capacities in Singapore, UK and China where Utilities operates. Utilities is seeking to grow its customer base and expand its services to these chemical companies. Given its strong existing presence in these markets, Utilities is confident that it is well-positioned to ride the upturn.

Utilities is expected to achieve higher operating profits in the current year, underpinned by the strong and steady performance of its integrated utilities and energy businesses in Singapore and UK. Contributions from its UK operations and its Vietnam power plant, Phu My 3, which began commercial operation in March 2004, will continue to grow. However, the performance of the offshore engineering business remains weak in 2005.

Marine

The market outlook for ship repair is expected to remain buoyant amid 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 attributed mainly to global ageing rig fleet, high oil prices, increase in exploration and production (E&P) activities, deep drilling prospects in shallow waters and deepwater offshore production.

Marine expects higher operating profit in the current year.

Logistics

Logistics has embarked on a three-year programme to strengthen its competitiveness and expand its operations into new geographical regions. It is also making good progress to build its freight capabilities. Supply Chain Management is expected to remain Logistics' main driver of turnover and earnings, with the highest rates of growth from its North Asian operations.

Logistics expects to perform well in the next reporting period.

Enviro

The market outlook for Enviro is expected to remain positive with a relatively more conducive environment that promotes recycling and innovation. Enviro is working on expanding its electronic waste collection and recycling business. A new electronic waste destruction facility will be in operation by 2Q05. Its international operations in Australia, China and India are expected to perform well this year.

E&C

Notwithstanding a more stable outlook for the global construction sector, E&C expects fierce competition to continue. The order book balance as at 1Q05 stands at $2.2 billion of which Process Engineering projects make up 62% and Building & Civil projects make up the remaining 38%. 55% of the total order book is from overseas.

E&C expects improvement in the current year operating profit.

10(B) A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (Cont'd)

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 profit contribution from KNI in 2004.

11. Dividend

No interim dividend for the period ended March 31, 2005 is recommended.

12. Segmental Reporting

1Q05

BUSINESS SEGMENT	Utilities $'m	Marine $'m	Logistics $'m	Enviro $'m	E&C $'m	Others $'m	Corporate $'m	Elimina-tion $'m	Total $'m
Revenue and expenses									
Total revenue from external customers	682.9	440.9	138.1	52.3	499.4	39.5	1.8	-	1,854.9
Inter-segment revenue	4.0	6.9	-	0.2	-	0.5	4.4	(15.9)	-
Total revenue	**686.9**	**447.8**	**138.1**	**52.5**	**499.4**	**40.0**	**6.2**	**(15.9)**	**1,854.9**
Segment results	66.0	23.2	19.7	1.3	1.9	4.9	(11.3)	-	105.7
Interest Income	1.2	3.9	3.4	-	0.3	0.6	5.2	(6.1)	8.5
Interest Expense	(15.9)	(1.1)	(1.3)	(0.3)	(0.1)	(0.7)	(6.5)	6.1	(19.7)
	51.3	**26.0**	**21.8**	**1.0**	**2.1**	**4.8**	**(12.6)**	-	**94.5**
Share of results of associates	0.7	3.1	3.4	2.4	(0.3)	1.2	-	-	10.4
Share of results of joint ventures	4.7	(0.2)	3.1	-	-	2.1	-	-	9.7
	56.7	**28.9**	**28.3**	**3.4**	**1.8**	**8.1**	**(12.6)**	-	**114.6**
Taxation									(16.4)
Minority Interest									(25.9)
Net profit for the period									**72.3**
Assets & Liabilities									
Segment assets	2,215.6	1,194.6	343.3	160.4	484.5	766.9	506.1	(779.6)	4,891.8
Investment in associates	-	91.2	72.9	61.9	5.4	50.0	0.9	-	282.4
Investment in joint venture	138.7	9.3	66.5	-	-	84.5	101.3	-	400.3
Interest bearing assets	179.9	685.5	528.6	2.1	96.9	132.7	759.0	(786.4)	1,598.4
Unallocated assets									125.2
Total assets									**7,298.0**
Segment liabilities	768.8	644.1	143.7	33.8	520.7	400.3	1,080.3	(779.6)	2,812.0
Interest bearing liabilities	957.0	154.0	84.7	30.6	8.1	230.0	610.0	(786.4)	1,288.1
Unallocated liabilities									255.4
Total liabilities									**4,355.5**
Capital Expenditure	6.3	26.6	2.5	1.1	1.1	2.7	0.2	-	40.4
Significant non-cash items									
Depreciation and amortisation	22.1	8.6	3.3	2.2	0.7	3.5	2.3	-	42.7
Other non-cash items (including provisions, loss on disposal and exchange differences)	4.8	1.6	0.5	0.7	1.9	0.3	2.8	-	12.6

GEOGRAPHICAL SEGMENT	Revenue $'m	Segment Assets $'m	Capital Expenditure $'m
Singapore	812.3	3,586.1	32.2
Rest of Asia	509.4	664.2	4.4
Europe	430.6	582.3	3.6
Others	102.6	59.2	0.2
Total	**1,854.9**	**4,891.8**	**40.4**

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

12. **Segmental Reporting** (Cont'd)

1Q04

BUSINESS SEGMENT	Utilities	Marine	Logistics	Enviro	E&C	Others	Corporate	Elimina-tion	Total
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
Revenue and expenses									
Total revenue from external customers	682.3	242.1	115.8	50.4	238.5	38.1	2.2	-	1,369.4
Inter-segment revenue	4.5	2.9	0.1	0.5	0.6	0.4	4.4	(13.4)	-
Total revenue	686.8	245.0	115.9	50.9	239.1	38.5	6.6	(13.4)	1,369.4
Segment results	44.3	17.7	16.1	1.2	1.3	1.2	(17.7)	-	64.1
Interest Income	0.8	3.3	0.3	-	0.1	0.4	3.5	(3.9)	4.5
Interest Expense	(12.1)	(0.4)	(1.0)	-	(0.4)	(1.9)	(6.5)	3.9	(18.4)
	33.0	20.6	15.4	1.2	1.0	(0.3)	(20.7)	-	50.2
Share of results of associates	1.4	2.0	13.8	2.2	-	1.5	-	-	20.9
Share of results of joint ventures	1.7	(0.4)	1.2	-	-	1.5	-	-	4.0
	36.1	22.2	30.4	3.4	1.0	2.7	(20.7)	-	75.1
Taxation									(7.6)
Minority Interest									(23.3)
Net profit for the period									44.2
Assets & Liabilities									
Segment assets	2,135.1	1,184.6	345.4	139.7	551.2	806.0	536.1	(573.7)	5,124.4
Investment in associates	32.7	42.9	395.9	66.7	6.6	40.6	4.5	-	589.9
Investment in joint ventures	81.4	1.2	17.2	-	-	64.5	109.3	-	273.6
Interest Bearing Assets	235.3	439.6	40.1	-	54.7	121.7	552.0	(615.7)	827.7
Unallocated Assets									107.8
Total assets									6,923.4
Segment liabilities	740.7	428.2	131.3	31.6	525.0	467.5	451.0	(573.7)	2,201.6
Interest Bearing Liabilities	1,117.5	174.3	196.6	5.1	50.1	281.9	843.9	(615.7)	2,053.7
Unallocated Liabilities									212.1
Total liabilities									4,467.4
Capital Expenditure	10.8	7.4	12.5	1.5	0.7	1.5	0.2	-	34.6
Significant non-cash items									
Depreciation and amortisation	20.6	9.6	3.6	2.0	2.6	4.2	2.3	-	44.9
Other non-cash items (including provisions, loss on disposal and exchange differences)	3.0	3.6	0.4	0.1	4.2	0.5	6.5	-	18.3

GEOGRAPHICAL SEGMENT	Revenue	Segment Assets	Capital Expenditure
	$'m	$'m	$'m
Singapore	740.0	4,123.1	23.4
Rest of Asia	254.1	463.1	8.3
Europe	251.6	526.9	2.7
Others	123.7	11.3	0.2
	1,369.4	5,124.4	34.6

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

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.

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

13. Review of segment performance

Please refer to Note 8 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) 1Q05 $'000
Sale of Goods and Services	
Temasek Holdings (Private) Limited and its Associates	
-Tuas Power Ltd/PowerSeraya Limited[1]	80,827
-Temasek Capital (Private) Limited and its Associates	1,132
-PSA International Pte Ltd and its Associates	622
-Wildlife Reserves Singapore Pte Ltd and its Associates	365
- Singapore Technologies Pte Ltd and its Associates	178
- Singapore Technologies Telemedia Pte Ltd and its Associates	137
- Singapore Power Ltd and its Associates	112
	83,373
Singapore Petroleum Company Limited and its Associates	3,889
ST Engineering Ltd and its Associates	925
Starhub Ltd and its Associates	573
CWT Distribution Limited and its Associates	321
Singapore Airlines Limited and its Associates	161
SNP Corporation Ltd and its Associates	153
	89,395
Purchases of Goods and Services	
Temasek Holdings (Private) Limited and its Associates	
-Temasek Capital (Private) Limited and its Associates [2]	88,044
- Singapore Power Ltd and its Associates	861
	88,905
ST Engineering Ltd and its Associates	540
	89,445
Treasury	
Subscription of Debt Securities	
Singapore Technologies Pte Ltd and its Associates	20,302
Total Interested Person Transactions	**199,142**

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 1 Jan 2005 to 31 Mar 2005.

BY ORDER OF THE BOARD

Linda Hoon Siew Kin (Ms)
Group Company Secretary
May 9, 2005