

Delivering Essential Solutions



sembcorp

Sembcorp Industries Summary Financial Report 2008

Contents

Letter to Shareholders	6
Group Financial Highlights	10
Significant Events	12
Group Structure	14
Summary Directors' Report	18
Auditors' Statement	38
Summary Balance Sheets	40
Summary Income Statement	41
Other Information	42
Shareholders' Information	52
Corporate Information	53
Notice of Annual General Meeting	57
Proxy Form	61
Request Form	63
Financial Calendar	Inside Back Cover

Cover picture: Sembcorp's cogeneration plant on Singapore's Jurong Island

Sembcorp is in the business of providing products and services that are essential in nature.

From meeting the critical energy, water and centralised utilities needs of industries and households to providing reliable marine and offshore solutions for the oil and gas industry, our continued relevance is the bedrock on which our long-term resilience is built.

Essential Utilities

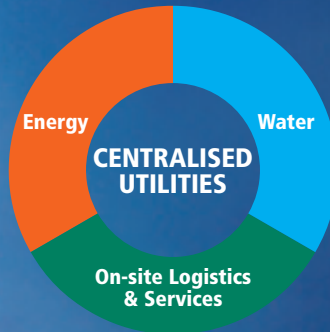
Sembcorp's centralised utilities are vital to the day-to-day operations of companies in key petrochemical and chemical manufacturing sites in Singapore, the UK and China. These include a full spectrum of essential third-party services such as power, steam, gas, water and wastewater treatment and other on-site logistics and services. Sembcorp's energy and water solutions also provide essential infrastructure for growing markets such as Vietnam and the Middle East.



Sembcorp's biomass power plant at the Wilton International site in Teesside, UK

Centralised Utilities Business Model

BUNDLED OFFER APPROACH



INDUSTRIAL SITE CUSTOMERS

ENERGY

- Power generation
- Electricity retail
- Process steam production and distribution
- Natural gas supply and retail
- Compressed natural gas supply

WATER

- Industrial wastewater treatment
- Reclaimed water
- Desalinated water
- Potable water
- Water for industrial use, including demineralised water, industrial water, raw water, chilled water, cooling water and seawater cooling

ON-SITE LOGISTICS & SERVICES

- Service corridor
- Chemical storage and terminalling
- Asset protection
- Chemical waste incineration
- Industrial gases (Syngas, H₂, CO, CO₂)
- Chemical feedstock (Propylene)
- Chemical waste incineration

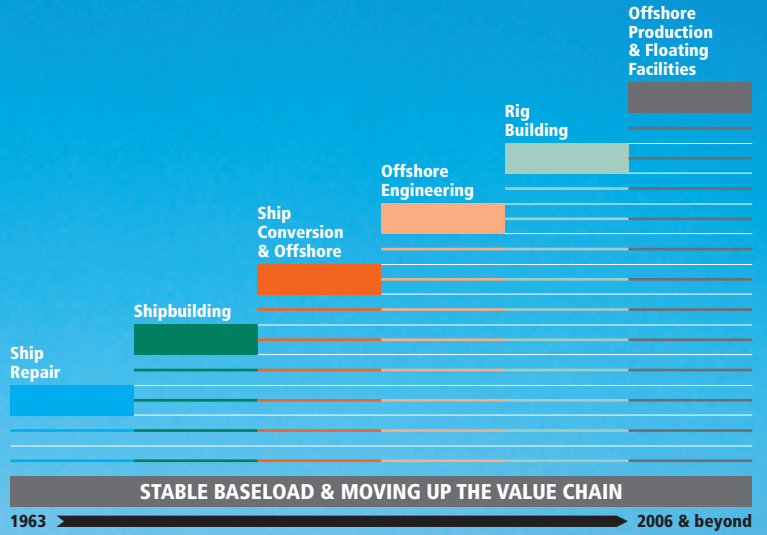
Marine & Offshore Solutions

Over more than four decades, Sembcorp's Marine business has built up a strong brand name and a comprehensive portfolio of capabilities encompassing various segments of the value chain in the global marine and offshore industry. Its orderbook offers earnings visibility while long-term strategic alliances with international customers provide a steady baseload for its essential ship repair services.



*Sembcorp Marine's
Jurong Shipyard in Singapore*

Diversified Portfolio of Services





PETER SEAH LIM HUAT
Chairman

TANG KIN FEI
Group President & CEO

Letter to Shareholders

The fundamentals of our businesses are sound. Our company, our strategy and our people are resilient.

Dear Shareholders,

Sembcorp delivered a credible set of results for the year despite the rapid deterioration of the global economic environment in the last few months of 2008.

Our profit after tax and minority interest (PATMI) before exceptional items for the year stood at S\$534.0 million. In 2007, excluding the one-off tax write-back of S\$48.0 million, PATMI before exceptional items was S\$509.2 million. Turnover for the Group increased 15% to S\$9.9 billion while profit before tax grew 10% to S\$861.9 million. Our main profit contributors continued to be our Utilities and Marine businesses, which accounted for 92% of Group PATMI in 2008. Marine's contribution to Group PATMI rose 32% to S\$290.6 million while Utilities' PATMI for the year stood at S\$200.3 million compared to S\$230.2 million in 2007.

Our return on equity stood at 18% and earnings per share amounted to 28.5 cents. Economic value added was a positive S\$510.7 million. Financial discipline coupled with improved operational performance resulted in a sound balance sheet and healthy cash flow. With an operating cash flow of S\$1.0 billion generated during the year, the Group's cash and cash equivalents reached S\$2.4 billion at year end, putting the Group in a strong liquidity position.

For 2008, we are pleased to inform you that the Board of Directors is proposing a final tax exempt one-tier dividend of 11 cents per ordinary share. This is four cents less than the previous dividend of 15 cents but the board feels it is a reasonable level of payout in these very challenging and uncertain times.

In the current global economic environment, the key to Sembcorp's long-term sustainability lies in its

consistent strategy. Sembcorp aims to deliver shareholder value by excelling in businesses that provide recurring earnings and have the ability to sustain growth over the long term.

In Utilities, we have established ourselves as a global leader in the provision of centralised utilities and services to industrial site customers. In this distinctive outsourcing business model, we provide one-stop centralised utilities ranging from power, steam, water and wastewater treatment to on-site logistics and services to customers in chemical and petrochemical industry clusters. These products and services are critical to our customers' operations and we believe that there will continue to be a level of demand for them.

Our Marine business is a global brand name in the marine and offshore industry with a portfolio that encompasses various segments of the value chain from ship repair as well as ship conversion and offshore, to rig building and repair. Its strong orderbook of S\$9.0 billion provides earnings visibility, while long-term strategic alliances with international ship operators also provide a steady and growing baseload in ship repair. While the financial turmoil has a dampening impact on the world economy and current oil prices, we believe that the long-term fundamentals and outlook for the marine and offshore industry continue to be positive in light of continued global reliance on oil and gas and accelerating depletions of oil and gas reserves.

MANAGING THROUGH CHALLENGING TIMES

In light of volatile market conditions, we are keenly aware that there is no room for complacency on the part of any company. Besides the need for our businesses to respond nimbly to changes in their operating

Letter to Shareholders

environment, we also recognise the need for prudent and proactive management of our capital and liquidity.

We actively manage the Group's cash, deploying it in a diversity of financial institutions and actively tracking developments in the global banking sector. At the same time, we remain committed to the prudent management of our balance sheet. We continue to build on banking relationships with a view to ensuring that when commercially viable and strategically attractive opportunities arise, we would be in a good position to secure funding.

In the face of an unprecedented economic and financial crisis, the challenges arising from the changing operating environment must not be underestimated. We are carefully assessing business and financing assumptions of projects in our pipeline, mindful of any developments in the global economic and competitive landscape which may potentially impact not only us, but also our customers, suppliers and partners. We have tightened our control of cost, and continue to strive for higher operational efficiency and effectiveness. Last but certainly not least, we continue to be committed to positioning Sembcorp for the future.

POSITIONING FOR THE FUTURE

It is our belief that a climate of business uncertainty is inevitably accompanied by opportunity. Backed by strong operating cash flows and a robust balance sheet, we believe that we are not only well-placed to weather the difficult times ahead, but also to take advantage of opportunities to make strategic moves that would help us to position our company for the future. Nevertheless, we adopt a disciplined and cautious approach when evaluating such opportunities.

During the year, we continued to make good progress in this regard. We secured new customers, developed new projects and strengthened our operational and technological capabilities in the energy, water and environment sectors.

In 2008, our Utilities operations in Singapore, the UK and China secured a total of S\$431.0 million worth of new and renewed contracts, of which new long-term contracts comprised S\$341.0 million. In Singapore, we concluded our second gas sales

agreement for the import of an additional 90 billion British thermal units per day of natural gas from the West Natuna Sea. Scheduled for delivery between 2010 and 2011, the additional gas supply will augment our existing capacity by 26%. We also secured a strategically important contract to design, build, own and operate Singapore's newest and largest NEWater plant at Changi. The plant has an initial capacity of 15 million imperial gallons (or 69,000 cubic metres) per day which will be available by mid-2009. When fully completed in 2010, the facility will produce 50 million imperial gallons (or 228,000 cubic metres) per day of NEWater and will be the world's second largest reclaimed water plant. Meanwhile in the UK, the Sembcorp Biomass Power Station saw its first full year of operation. This first large-scale industrial power plant in the UK fuelled entirely by renewable wood has provided new profit streams for our UK operations and has strengthened Sembcorp's capability in producing energy from alternative fuels. In China, we continued to make progress in establishing and growing facilities in key industrial sites. We expanded our steam supply capacity in Shanghai as well as our high salinity wastewater treatment capacity in Nanjing and completed our acquisition of three water works facilities in Shenyang with a total design capacity of 160,000 cubic metres per day.

During the year, our Marine business continued to deliver strong results underpinned by its rig building, offshore & conversion and ship repair businesses. A record S\$5.7 billion worth of orders was secured in 2008, bringing its total orderbook to a strong S\$9.0 billion as of end 2008, with completions and deliveries stretching to 2012. In 2008, its ship repair business continued to perform well, with alliance partners and regular repeat customers together accounting for a substantial 86% of total ship repair revenue. In December 2008, Sembcorp Marine's subsidiary, Jurong Shipyard, reached full and final commercial settlement with BNP Paribas with respect to foreign exchange transactions. A one-off charge of S\$43.7 million was recognised by the business as a result.

Meanwhile, our Industrial Parks business continued to be focused on developing integrated townships and industrial parks in emerging markets such as Vietnam

and China, where we believe there will continue to be an impetus for industrialisation. In Vietnam, the unit received investment certificates for a 1,000-hectare expansion of VSIP II as well as the first phase of the 1,600-hectare VSIP Hai Phong. It also signed a master agreement to invest in its third industrial township project in China, the 1,500-hectare Guangxi-Singapore Industrial Park.

With a focus on waste-to-resource, we continue to leverage our Environment unit to enhance the competitiveness of other businesses across the Group, through tapping on it to build our expertise in producing energy from alternative fuels. In 2008, we commenced a feasibility study on the conversion of recovered resources to alternative fuel, also known as solid recovered fuel.

CORPORATE SOCIAL RESPONSIBILITY

Apart from a solid operational performance, we believe that our success as a company also depends on our commitment to carry out our business responsibly. An example of our efforts in this regard is the practical responses we are developing to the critical issue of climate change. We are working to develop cleaner, more efficient fuels and are building expertise in producing energy from alternative fuels. From biomass to solid recovered fuel, we are developing long-term solutions to supply more competitive and secure energy. We continue to strive to ensure that our activities not only benefit our shareholders but create mutual advantage for our customers, suppliers, partners and communities wherever we operate.

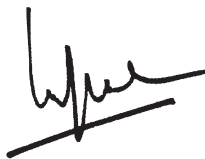
In addition, as a good corporate citizen, Sembcorp is also committed to giving back to the communities we operate in. In 2008, we continued to support a host of initiatives in aid of children, education, stroke assistance and the needy under our Group-wide charitable fund. In Singapore, Sembcorp also kicked off a series of community engagement activities with the adoption of the Assisi Hospice, a non-profit facility providing integrated palliative and hospice care for patients with life-limiting illnesses. Our involvement with the hospice included cash sponsorship, employee volunteering as well as initiatives to enhance the hospice environment.

A NOTE OF THANKS

In spite of the considerable economic and financial turmoil around the world, the fundamentals of our businesses are sound. Our company, our strategy and our people are resilient. Our company's success over the last decade, as well as its ability to meet the challenges ahead, owes much to the loyalty and energy of our committed team of staff around the world. On behalf of the board, we would like to take this opportunity to thank all our employees for their contributions in 2008 and to recognise the value they have created for our shareholders.

On April 25, 2008, Mr K Shanmugam resigned from the board to take up his appointment as Singapore's Minister for Law. A director of Sembcorp for almost a decade, Mr Shanmugam had served on the board's Audit, Executive Resource & Compensation, Nominating and Risk Committees. We would like to thank him for his sterling contributions. We would also like to extend a warm welcome to Mr Bobby Chin Yoke Choong who joined our board as an independent director and a member of the Audit Committee on December 1, 2008.

The year ahead will not be an easy one. Our customers in both the petrochemical and chemical sector and the marine and offshore industry are facing an extremely challenging environment as a result of the global economic slowdown and tightening credit markets. Nevertheless, we believe that Sembcorp has the businesses, market position and organisational ability to face the challenges ahead. In these challenging times, your board is committed to steer a steady course for the company and to guide management in the execution of its strategies.



PETER SEAH LIM HUAT
Chairman
February 26, 2009



TANG KIN FEI
Group President & CEO
February 26, 2009

Group Financial Highlights

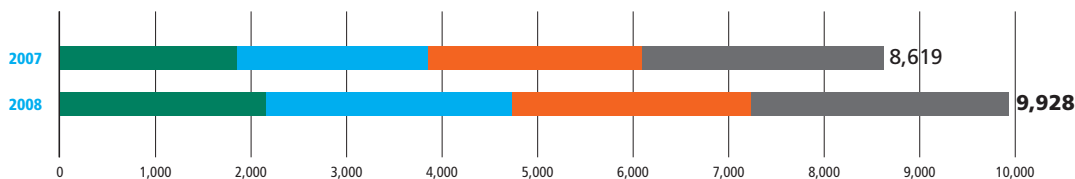
	2008	2007	Change (%)
FOR THE YEAR (\$ million)			
Turnover	9,928	8,619	15
Earnings before interest, tax, depreciation and amortisation	940	824	14
Earnings before interest and tax	744	641	16
Profit before income tax expense	862	787	10
Profit after tax and minority interest			
– before exceptional items	534	557	(4)
– after exceptional items	507	526	(4)
Capital expenditure	381	526	(28)
AT YEAR END (\$ million)			
Shareholders' funds	2,594	3,033	(14)
Total assets	8,467	8,709	(3)
Net debt / (cash)	(1,584)	44	NM
Operating cash flow before working capital changes	1,030	849	21
Free cash flow	2,343	992	136
PER SHARE			
Earnings (cents)			
– before exceptional items	30.02	31.32	(4)
– after exceptional items	28.50	29.57	(4)
Net assets (\$)	1.46	1.70	(14)
Net tangible assets (\$)	1.39	1.64	(15)
Net ordinary dividends (cents)	11.00	15.00	(27)
FINANCIAL RATIOS			
Return on equity (%)			
– before exceptional items	19.0	19.0	–
– after exceptional items	18.0	18.0	–
Return on total assets (%)			
– before exceptional items	9.5	9.6	(1)
– after exceptional items	9.0	8.7	3
Interest cover (times)			
– before exceptional items	22	16	38
– after exceptional items	21	15	40
Net gearing (times)	Net cash	0.01	NM
PRODUCTIVITY DATA (\$ million)			
Economic value added	511	417	22

Exceptional items refer to material and unusual items as disclosed in Note 1 under Other Information in the Summary Financial Statements.

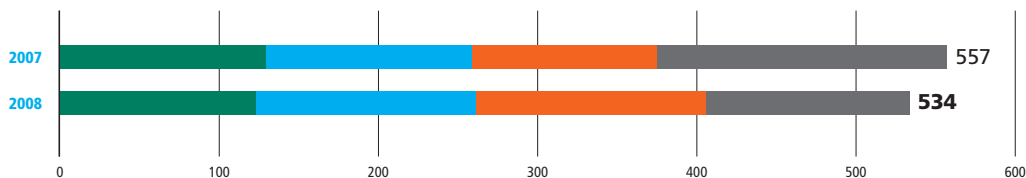
GROUP QUARTERLY PERFORMANCE (\$ million)

	1Q	2Q	2008 3Q	4Q	Total	1Q	2Q	2007 3Q	4Q	Total
Turnover	2,153	2,580	2,501	2,694	9,928	1,848	2,004	2,240	2,527	8,619
Earnings before interest, tax, depreciation and amortisation	211	235	259	235	940	204	207	196	217	824
Earnings before interest and tax	163	186	209	186	744	160	164	150	167	641
Profit before income tax expense	204	231	250	177	862	189	204	186	208	787
Profit after tax and minority interest										
– before exceptional items	123	138	145	128	534	129	130	116	182	557
– after exceptional items	123	138	145	101	507	129	130	116	151	526
Earnings per share (cents)										
– before exceptional items	6.91	7.77	8.15	7.19	30.02	7.25	7.29	6.52	10.25	31.32
– after exceptional items	6.91	7.77	8.15	5.67	28.50	7.25	7.29	6.52	8.51	29.57

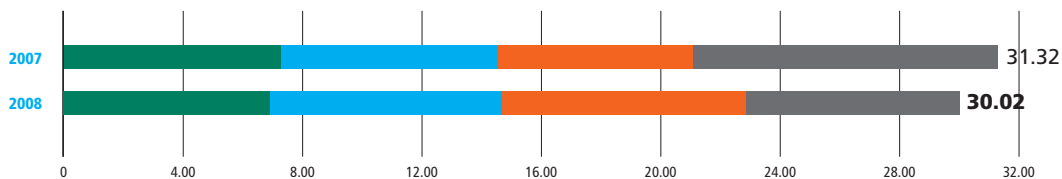
TURNOVER (\$ million)



PATMI BEFORE EI (\$ million)



EARNINGS PER SHARE BEFORE EI (cents)



■ First Quarter ■ Second Quarter ■ Third Quarter ■ Fourth Quarter

Significant Events

JANUARY

Sembcorp restructures its Singapore Utilities business by directly incorporating subsidiaries SUT and PPU under Sembcorp Industries.

Sembcorp Marine's Jurong Shipyard is awarded a US\$280.5 million contract by Atwood Oceanics Pacific, a wholly-owned subsidiary of Atwood Oceanics, to build a semi-submersible drilling rig with an option for an additional unit.

Sembcorp is awarded a contract to design, build, own and operate Singapore's fifth and largest NEWater project from PUB, the national water agency. When completed, it will be the world's second-largest reclaimed water plant at 50 million imperial gallons per day.

Sembcorp's UK operations is awarded the North East Process Industry Cluster Environment Award for the pioneering Sembcorp Biomass Power Station.

FEBRUARY

Sembcorp announces the start of its CNG retail service on mainland Singapore, under the GPlus brand name.

MARCH

Sembcorp and the Higher Corporation For Specialized Economic Zones of Abu Dhabi sign a memorandum of understanding to jointly establish a world-class utility services company.

Sembcorp enters into a joint venture agreement with Zhangbao Industries Co to build, own and operate an industrial water recycling facility in the Zhangjiagang Free Trade Zone in Jiangsu province, China.

APRIL

Sembcorp concludes a US\$5.5 billion gas sales agreement with Premier Oil and its co-venturers, KUFPEC, Hess and Petronas, to import an additional tranche of 90 billion British thermal units per day of natural gas from the Natuna Sea Block A off Indonesia.

Sembcorp Marine's Jurong Shipyard signs a strategic alliance agreement with Rio de Janeiro-based Mac Laren Shipyard to operate a shipyard in Brazil.

MAY

Sembcorp signs a memorandum of understanding with the government of Zhangjiagang City, Jiangsu province, China, to expand the scope of their cooperation in water management.

Sembcorp completes a new 30,000 cubic metres expansion to its Nanjing wastewater plant, more than tripling its current wastewater treatment capacity in the Nanjing Chemical Industrial Park.

JUNE

Sembcorp divests its entire shareholdings in Jiangsu Sembcorp Chunxing Alloy Company and Chongqing Sembcorp Chunxing Alloy Company.

Sembcorp Marine's PPL Shipyard secures contracts from Seadrill Management worth US\$430 million to build two units of Baker Marine Pacific Class 375 jack-up rigs.

Sembcorp and Nanyang Technological University's Nanyang Environment and Water Research Institute sign a master research collaboration agreement for the test-bedding and application of cutting-edge technologies for water and wastewater treatment.

Sembcorp signs a heads of agreement to form a new beachhead for its centralised utilities business in Qin Zhou, Guangxi province, China.

Sembcorp Marine's Jurong Shipyard secures a US\$640 million contract from Larsen Oil & Gas to build a deepwater semi-submersible drilling rig.

JULY

Sembcorp Marine's SMOE secures a US\$400 million contract from Maersk Olie og Gas for the construction of an offshore platform to be installed in the North Sea.

Sembcorp Marine's Jurong Shipyard secures a second rig order from Atwood Oceanics Pacific to build a deepwater semi-submersible drilling rig.

Sembcorp Marine's Jurong Shipyard secures a US\$640 million contract from Seadrill to build a deepwater semi-submersible drilling rig.

Sembcorp Marine's Sembawang Shipyard secures a S\$100 million contract to construct a 19,000-tonne dynamic positioning fallpipe rock dumping vessel for Tideway.

Sembcorp enters into an equity joint venture agreement with the Shenyang Economic & Technological Development Zone Development Company to acquire, expand, own and operate three water works facilities.

His Royal Highness The Duke of York, the UK's Special Representative for International Trade and Investment, visits the £64 million Sembcorp Biomass Power Station.

Sembcorp Marine's PPL Shipyard secures a US\$220 million contract from the Egyptian Drilling Company to build a Baker Marine Pacific Class 375 jack-up rig.

AUGUST

Brand Finance names Sembcorp the 10th most valuable brand in Singapore in 2008 while Sembcorp Marine is named 13th.

SEPTEMBER

Sembcorp Marine's PPL Shipyard secures a contract from the Egyptian Offshore Drilling Company for the construction of two units of Baker Marine Pacific Class 375 jack-up rigs for a total contract value of around US\$425 million.

Sembcorp Marine's Sembawang Shipyard secures a S\$99 million contract to convert a tanker into a dynamic positioning floating drilling, production, storage and offloading vessel for Petroserv.

Sembcorp Marine's PPL Shipyard secures a US\$229 million contract from Sinopec International (Hong Kong) to build a Baker Marine Pacific Class 375 jack-up rig.

Sembcorp's operations in the UK is named runner-up in the 2008 Barclays Commercial Bank Green Leaders in Business awards for its biomass power station.

Sembcorp's Industrial Parks business is named Best Industrial Developer in Vietnam by Euromoney's Liquid Real Estate Awards 2008.

OCTOBER

Sembcorp Marine is awarded a longevity contract by the International Gas Transportation Company for the life extension of its fleet of six Moss Rosenberg design LNG carriers. This marks the first time that a major LNG operator is committing itself to a long-term longevity programme to extend the future trading life of vessels approaching their 20th year in service.

Sembcorp signs a master agreement to invest in its third industrial township project in China and its first in southern China, the Guangxi-Singapore Industrial Park.

The National Arts Council names Sembcorp Industries and Sembcorp Marine Friends of the Arts for contributions in support of the arts in Singapore.

NOVEMBER

Sembcorp is ranked 2nd in Singapore and 10th in Asia in the CSR Asia Business Barometer 2008.

Sembcorp's UK operations becomes one of the first twenty organisations worldwide to achieve the BS25999-2 award for business continuity management from independent certification body BSI Management Systems.

Sembcorp's Vietnam associates, Vietnam Singapore Industrial Park JV Co and Phu My 3 BOT Power Company, are named winners in The Saigon Times Top 40 Awards, which recognises foreign-invested enterprises for socially-responsible development.

DECEMBER

Sembcorp Marine's Jurong Shipyard secures a S\$200 million contract from MODEC to convert the very large crude carrier tanker MV PSVM to a floating production storage and offloading vessel.

Sembcorp Marine wins an evergreen favoured customer contract from the International Gas Transportation Company to provide repairs, upgrades and other marine services for its fleet of LNG ships.

Group Structure

SEMBCORP INDUSTRIES

SUT Division <i>Singapore</i>	100%
Propylene Purification Unit <i>Singapore</i>	100%

UTILITIES

Sembcorp Utilities 100%

Sembcorp Cogen <i>Singapore</i>	100%
Sembcorp Power <i>Singapore</i>	100%
Sembcorp Gas <i>Singapore</i>	70%
Sembcorp Air Products (HYCO) <i>Singapore</i>	60%
Sakra Island Carbon Dioxide <i>Singapore</i>	30%
Sembcorp NEWater <i>Singapore</i>	100%
Sembcorp Utilities (UK) <i>UK</i>	100%
Sembcorp Utilities Investment Management (Shanghai) <i>China</i>	100%
Shanghai Cao Jing Co-generation Co <i>China</i>	30%
Nanjing Sembcorp SUIWU Co <i>China</i>	95%
NCIP Water Co <i>China</i>	95%
Zhangjiagang Free Trade Zone Sembcorp Water Company <i>China</i>	80%
Zhangjiagang Free Trade Zone Sembcorp Water Recycling Company <i>China</i>	80%
Sembcorp Tianjin Lingang Industrial Area Wastewater Treatment Co <i>China</i>	90%
Shenyang Sembcorp Water Co <i>China</i>	80%
Shenzhen Chiwan Sembawang Engineering Company* <i>China</i>	32%
Phu My 3 BOT Power Company <i>Vietnam</i>	33.3%
Emirates Sembcorp Water & Power Company <i>UAE</i>	40%
Sembcorp Gulf O&M Co <i>UAE</i>	100%

MARINE

Sembcorp Marine 60.9%

Jurong Shipyard <i>Singapore</i>	100%
Sembawang Shipyard <i>Singapore</i>	100%
PPL Shipyard <i>Singapore</i>	85%
SMOE <i>Singapore</i>	100%
Jurong SML <i>Singapore</i>	100%
Sembcorp Marine Technology <i>Singapore</i>	100%
COSCO Shipyard Group <i>China</i>	30%
Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Company <i>China</i>	35%
PT Karimun Sembawang Shipyard <i>Indonesia</i>	100%
PT SMOE Indonesia <i>Indonesia</i>	90%
Sembcorp-Sabine Shipyard <i>USA</i>	100%
SembMarine Middle East <i>Saudi Arabia</i>	60%

ENVIRONMENT

Sembcorp Environment	100%
SembWaste <i>Singapore</i>	100%
Sembcorp Tay Paper Recycling <i>Singapore</i>	60%
SembSITA Australia <i>Australia</i>	40%
SembRamky Environmental Management <i>India</i>	51%

INDUSTRIAL PARKS

Sembcorp Industrial Parks	100%
Vietnam Singapore Industrial Park JV Co <i>Vietnam</i>	40.4%
Vietnam Singapore Industrial Park & Township Development Joint Stock Company <i>Vietnam</i>	40.3%
Wuxi-Singapore Industrial Park Development Co <i>China</i>	45.4%
Gallant Venture <i>Singapore</i>	23.9%

Sembcorp Parks Management	56%
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OTHER BUSINESSES

Sembcorp Design and Construction	100%
Singapore Precision Industries	100%
Singapore Mint <i>Singapore</i>	100%

Figures reflect effective shareholdings as at January 31, 2009
* Shenzhen Chiwan Sembawang Engineering Company's financial contribution to the Group is reported under Other Businesses.



Sembcorp's power and desalination facility in Fujairah, UAE

Summary Financial Statements

IN THIS SECTION

Summary Directors' Report	18	Other Information	42	Proxy Form	61
Auditors' Statement	38	Shareholders' Information	52	Request Form	63
Summary Balance Sheets	40	Corporate Information	53		
Summary Income Statement	41	Notice of Annual General Meeting	57		

Summary Directors' Report

Year Ended December 31, 2008

The Summary Financial Statements contain only a summary of the information in the Directors' Report and financial statements of the Company's Annual Report. They do not contain sufficient information to allow for a full understanding of the state of affairs of the Company and of the Group and the results, changes in equity and cash flows of the Group.

For further information, the full financial statements, the Independent Auditors' Report on those statements and the Directors' Report in the Annual Report should be consulted. Shareholders may request for a copy of the Annual Report at no cost, subject to availability. Please use the Request Form at the end of this Summary Financial Report.

SUMMARY DIRECTORS' REPORT

We are pleased to submit this Summary Financial Statements to the members of the Company for the financial year ended December 31, 2008.

DIRECTORS

The directors in office at the date of this report are as follows:

Peter Seah Lim Huat
Tang Kin Fei
Goh Geok Ling
Richard Hale, OBE
Yong Ying-I
Evert Henkes
Lee Suet Fern
Bobby Chin Yoke Choong *Appointed on December 1, 2008*

PRINCIPAL ACTIVITIES

Prior to January 2008, the principal activities of the Company were those of an investment holding company, as well as the corporate headquarters, which gives strategic direction and provides management services to its subsidiaries.

In January 2008, the Company entered into an internal restructuring with its wholly-owned subsidiary, Sembcorp Utilities Pte Ltd, for the acquisition of the entire assets, liabilities and businesses of Sembcorp Utilities & Terminals ("SUT") and Propylene Purification Unit ("PPU") divisions, including its current employees.

Following the above acquisition, the principal activities of the Company includes:

- a. investment holding, as well as the corporate headquarters, which gives strategic direction and provides management services to its subsidiaries; and
- b. production and supply of utilities services, terminalling and storage of petroleum products and chemicals.

The principal activities of key subsidiaries are as follows:

i. Utilities

This business focuses on the 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, United Kingdom, China, Vietnam and the United Arab Emirates.

ii. Marine

This business focuses principally on repair, building and conversion of ships and rigs, and offshore engineering.

PRINCIPAL ACTIVITIES (cont'd)

iii. Environment

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

iv. Industrial Parks

The business focuses principally on developing, marketing and operating industrial parks in Asia.

There have been no significant changes in the principal activities of the Group during the financial year ending December 31, 2008.

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year	At end of the year	At 21/1/2009	At beginning of the year	At end of the year	At 21/1/2009
Peter Seah Lim Huat								
Sembcorp Industries Ltd	Ordinary shares		150,500	168,000	168,000	–	–	–
	Options to subscribe for ordinary shares at							
	– S\$0.93 per share	19/11/2004 to 18/11/2008	17,500	–	–	–	–	–
	– S\$0.99 per share	18/5/2005 to 17/5/2009	17,500	17,500	17,500	–	–	–
	– S\$1.16 per share	23/11/2005 to 22/11/2009	35,000	35,000	35,000	–	–	–
	– S\$2.37 per share	2/7/2006 to 1/7/2010	35,000	35,000	35,000	–	–	–
	– S\$2.36 per share	22/11/2006 to 21/11/2010	52,500	52,500	52,500	–	–	–
	– S\$2.52 per share	10/6/2007 to 9/6/2011	105,000	105,000	105,000	–	–	–

Summary Directors' Report

Year Ended December 31, 2008

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At end	At 21/1/2009	At beginning	At end	At 21/1/2009
			of the year	of the year	21/1/2009	of the year	of the year	21/1/2009
Peter Seah Lim Huat (cont'd)								
Sembcorp Industries Ltd	Conditional award of:							
	– 23,984 restricted stocks to be delivered after 2008 (Note 2b)		Up to 31,179	Up to 31,179	Up to 31,179	–	–	–
	– 23,500 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 35,250	Up to 35,250	–	–	–
Tang Kin Fei								
Sembcorp Industries Ltd	Ordinary shares		1,181,841	2,354,011	2,354,011	–	–	–
	Options to subscribe for ordinary shares at							
	– \$0.78 per share	3/6/2004 to 2/6/2013	50,000	–	–	–	–	–
	– \$0.93 per share	19/11/2004 to 18/11/2013	50,000	–	–	–	–	–
	– \$0.99 per share	18/5/2005 to 17/5/2014	100,000	50,000	50,000	–	–	–
	– \$1.16 per share	23/11/2005 to 22/11/2014	100,000	50,000	50,000	–	–	–
	– \$2.37 per share	2/7/2006 to 1/7/2015	300,000	150,000	150,000	–	–	–
	– \$2.36 per share	22/11/2006 to 21/11/2015	300,000	150,000	150,000	–	–	–
	– \$2.52 per share	10/6/2007 to 9/6/2016	300,000	300,000	300,000	–	–	–
	Conditional award of:							
	– 427,836 performance shares to be delivered after 2007 (Note 1a)		Up to 641,754	–	–	–	–	–
	– 428,244 performance shares to be delivered after 2008 (Note 1b)		Up to 642,366	Up to 642,366	Up to 642,366	–	–	–

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At end	At 21/1/2009	At beginning	At end	At 21/1/2009
			of the year	of the year	21/1/2009	of the year	of the year	21/1/2009
Tang Kin Fei (cont'd)								
Sembcorp Industries Ltd	Conditional award of:							
	– 408,240 performance shares to be delivered after 2009 (Note 1c)		Up to 612,360	Up to 612,360	Up to 612,360	–	–	–
	– 400,000 performance shares to be delivered after 2010 (Note 1d)		–	Up to 600,000	Up to 600,000	–	–	–
	– 70,189 restricted stocks to be delivered after 2007 (Note 2a)		Up to 91,246	60,830	60,830	–	–	–
	– 128,596 restricted stocks to be delivered after 2008 (Note 2b)		Up to 167,175	Up to 167,175	Up to 167,175	–	–	–
	– 126,000 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 189,000	Up to 189,000	–	–	–
Sembcorp Marine Ltd	Ordinary shares		38,500	45,500	45,500	–	–	–
	Options to subscribe for ordinary shares at							
	– S\$2.11 per share	12/8/2006 to 11/8/2010	14,000	7,000	7,000	–	–	–
	– S\$2.38 per share	3/10/2007 to 2/10/2011	73,500	73,500	73,500	–	–	–
	Conditional award of:							
	– 18,900 restricted stocks to be delivered after 2008 (Note 2b)		Up to 24,570	Up to 24,570	Up to 24,570	–	–	–
	– 12,000 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 18,000	Up to 18,000	–	–	–

Summary Directors' Report

Year Ended December 31, 2008

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year	At end of the year	At 21/1/2009	At beginning of the year	At end of the year	At 21/1/2009
Goh Geok Ling								
Sembcorp Industries Ltd	Ordinary shares		287,100	299,600	299,600	47,000	47,000	47,000
	Options to subscribe for ordinary shares at							
	- S\$0.78 per share	3/6/2004 to 2/6/2008	6,250	-	-	-	-	-
	- S\$0.93 per share	19/11/2004 to 18/11/2008	6,250	-	-	-	-	-
	- S\$0.99 per share	18/5/2005 to 17/5/2009	12,500	12,500	12,500	-	-	-
	- S\$1.16 per share	23/11/2005 to 22/11/2009	12,500	12,500	12,500	-	-	-
	- S\$2.37 per share	2/7/2006 to 1/7/2010	26,250	26,250	26,250	-	-	-
	- S\$2.36 per share	22/11/2006 to 21/11/2010	26,250	26,250	26,250	-	-	-
	- S\$2.52 per share	10/6/2007 to 9/6/2011	70,000	70,000	70,000	-	-	-
	Conditional award of:							
	- 13,982 restricted stocks to be delivered after 2008 (Note 2b)		Up to 18,177	Up to 18,177	Up to 18,177	-	-	-
	- 13,700 restricted stocks to be delivered after 2009 (Note 3)		-	Up to 20,550	Up to 20,550	-	-	-
Sembcorp Marine Ltd	Options to subscribe for ordinary shares at							
	- S\$2.38 per share	3/10/2007 to 2/10/2011	196,000	196,000	196,000	-	-	-

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At end	At 21/1/2009	At beginning	At end	At 21/1/2009
			of the year	of the year	21/1/2009	of the year	of the year	21/1/2009
Goh Geok Ling (cont'd)								
Sembcorp Marine Ltd	Conditional award of:							
	– 30,800 restricted stocks to be delivered after 2008 (Note 2b)		Up to 40,040	Up to 40,040	Up to 40,040	–	–	–
	– 22,000 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 33,000	Up to 33,000	–	–	–
Richard Hale, OBE								
Sembcorp Industries Ltd	Ordinary shares		147,500	182,500	182,500	–	–	–
	Options to subscribe for ordinary shares at							
	– \$0.78 per share	3/6/2004 to 2/6/2008	17,500	–	–	–	–	–
	– \$0.93 per share	19/11/2004 to 18/11/2008	17,500	–	–	–	–	–
	– \$0.99 per share	18/5/2005 to 17/5/2009	26,250	26,250	26,250	–	–	–
	– \$1.16 per share	23/11/2005 to 22/11/2009	26,250	26,250	26,250	–	–	–
	– \$2.37 per share	2/7/2006 to 1/7/2010	26,250	26,250	26,250	–	–	–
	– \$2.36 per share	22/11/2006 to 21/11/2010	35,000	35,000	35,000	–	–	–
	– \$2.52 per share	10/6/2007 to 9/6/2011	140,000	140,000	140,000	–	–	–
	Conditional award of:							
	– 17,350 restricted stocks to be delivered after 2008 (Note 2b)		Up to 22,555	Up to 22,555	Up to 22,555	–	–	–
	– 17,000 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 25,500	Up to 25,500	–	–	–

Summary Directors' Report

Year Ended December 31, 2008

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning of the year	At end of the year	At 21/1/2009	At beginning of the year	At end of the year	At 21/1/2009
Yong Ying-I								
Sembcorp Industries Ltd	Ordinary shares		250,000	300,000	300,000	-	-	-
Evert Henkes								
Sembcorp Industries Ltd	Options to subscribe for ordinary shares at - \$0.99 per share	18/5/2005 to 17/5/2009	12,000	12,000	12,000	-	-	-
	- \$1.16 per share	23/11/2005 to 22/11/2009	12,000	12,000	12,000	-	-	-
	- \$2.37 per share	2/7/2006 to 1/7/2010	17,500	17,500	17,500	-	-	-
	- \$2.36 per share	22/11/2006 to 21/11/2010	17,500	17,500	17,500	-	-	-
	- \$2.52 per share	10/6/2007 to 9/6/2011	35,000	35,000	35,000	-	-	-
	Conditional award of:							
	- 7,144 restricted stocks to be delivered after 2008 (Note 2b)		Up to 9,287	Up to 9,287	Up to 9,287	-	-	-
	Conditional award of:							
	- 7,000 restricted stocks to be delivered after 2009 (Note 3)		-	Up to 10,500	Up to 10,500	-	-	-
Lee Suet Fern								
Sembcorp Industries Ltd	Ordinary shares		8,750	35,000	35,000	-	-	-
	Options to subscribe for ordinary shares at - \$2.36 per share	22/11/2006 to 21/11/2010	26,250	17,500	17,500	-	-	-
	- \$2.52 per share	10/6/2007 to 9/6/2011	70,000	52,500	52,500	-	-	-

DIRECTORS' INTERESTS (cont'd)

Name of director and corporation in which interests held	Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which director is deemed to have an interest		
			At beginning	At end	At 21/1/2009	At beginning	At end	At 21/1/2009
			of the year	of the year	of the year	of the year	of the year	of the year
Lee Suet Fern (cont'd)								
Sembcorp Industries Ltd	Conditional award of:							
	– 13,982 restricted stocks to be delivered after 2008 (Note 2b)		Up to 18,177	Up to 18,177	Up to 18,177	–	–	–
	– 13,700 restricted stocks to be delivered after 2009 (Note 3)		–	Up to 20,550	Up to 20,550	–	–	–

Note 1: The actual number to be delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below target level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

- a. Period from 2005 to 2007*
- b. Period from 2006 to 2008
- c. Period from 2007 to 2009
- d. Period from 2008 to 2010

* For this period, 641,754 shares were released to Tang Kin Fei in 2008.

Note 2: The actual number to be delivered will depend on the achievement of set targets at the end of the 2-year performance period as indicated below. Achievement of targets below target level will mean no restricted stocks will be delivered, while achievement up to 130% will mean up to 1.3 times the number of conditional restricted stocks awarded could be delivered.

- a. Period from 2006 to 2007*
- b. Period from 2007 to 2008

* For this period, 30,416 shares were released to Tang Kin Fei in 2008 and the remaining 60,830 shares will be released in the next two years.

Note 3: The actual number to be delivered will depend on the achievement of set targets at the end of the 2-year performance period from 2008 to 2009. Achievement of targets below target level will mean no restricted stocks will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional restricted stocks awarded could be delivered.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed under the "Share-based Incentive Plans" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in Notes 34(b) and 38 to the full financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Interested Person Transactions to the Supplementary Information on purchase of goods and services (if any) from Stamford Law Corporation in which Mrs Lee Suet Fern is the Senior Director.

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS

The Company's Share Option Plan, Performance Share Plan and Restricted Stock Plan (collectively, the "Share Plans") were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on June 5, 2000.

The Executive Resource & Compensation Committee (the "Committee") of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Peter Seah Lim Huat (Chairman)

Goh Geok Ling

The Share Option Plan and Restricted Stock Plan are the incentive schemes for directors and employees of the Company and its subsidiaries (the "Group") whereas the Performance Share Plan is aimed primarily at key executives of the Group.

The Share Plans are intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

The Share Option Plan provides the Company with means whereby non-executive directors and employees of the Group, and certain categories of persons who can make significant contributions through their close working relationship with the Group, such as non-executive directors and employees of the Company's associated company, are given an opportunity to participate in the equity of the Company. From 2007 onwards, no share options were granted as share options were entirely replaced with restricted stocks of an equivalent fair value.

The Performance Share Plan and Restricted Stock Plan award fully paid shares to participants to achieve pre-determined targets that create and enhance economic values for shareholders of the Company, and/or to accomplish time-based service conditions. Awards will be released to participants as fully-paid shares, or their equivalent cash value or combinations thereof, free-of-charge, provided that the conditions of the awards are achieved and subject to approval by the Committee.

Awards granted under the Performance Share Plan are released at the end of the performance period only when the pre-determined targets have been achieved. Awards granted under the Restricted Stock Plan vest only after satisfactory completion of time-based service conditions, or where the award is performance related, after a further period of service beyond the performance target completion date. No minimum vesting period is prescribed under the Restricted Stock Plan and the length of the vesting period in respect of each award will be determined on a case-by-case basis.

The shares are settled by physical delivery of shares by way of issuance of new shares or existing shares procured by the Company for transfer to the employees or cash in lieu of the shares.

SHARE-BASED INCENTIVE PLANS *(cont'd)*

Other information regarding the Share Plan is as follows:

a. Share Option Plan

Under the rules of the Share Option Plan, participants who ceased to be employed by the Group or the associated company by reason of ill health, injury or disability, redundancy, retirement at or after the legal retirement age, retirement before the legal retirement age, death, etc, or any other event approved by the Committee, may be allowed by the Committee to retain their unexercised options. The Committee may determine the number of shares comprised in that option which may be exercised and the period during which such option shall be exercisable, being a period not later than the expiry of the exercise period in respect of that option. Such option may be exercised at any time notwithstanding that the date of exercise of such option falls on a date prior to the first day of the exercise period in respect of such option.

Other information regarding the Share Option Plan is as follows:

- i. The exercise price of the options can be set at market price or a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant. Market price is the volume-weighted average price for the shares on the Singapore Exchange Limited ("Singapore Exchange") over the three consecutive trading days prior to grant date of that option. For all options granted to date, the exercise prices are set at market price.
- ii. After the first 12 months of lock-out period, the Group imposed a further vesting of 4 years for managers and above for retention purposes.
- iii. In 2008, all options were either settled by the issuance of new shares or by issuance of treasury shares.
- iv. The options granted expire after 5 years for non-executive directors and associated company's employees, and 10 years for the employees of the Group.

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS *(cont'd)*

a. Share Option Plan *(cont'd)*

v. Sembcorp Industries Share Option Plan

At the end of the financial year, details of the options granted under the Share Option Plan on unissued ordinary shares of the Company are as follows:

Sembcorp Industries Ltd
Ordinary shares
2008

Date of grant of options	Exercise price per share	Options outstanding at Jan 1, 2008	Options			Number of options holders / (including number of directors) at		Exercise period
			Options exercised*	cancelled / lapsed / not accepted	Options outstanding at Dec 31, 2008	Dec 31, 2008		
26/06/2000	S\$1.63	305,953	(3,030)	(77,600)	225,323	36 / (-)	27/06/2001 to 26/06/2010	
24/07/2000	S\$1.90	350,948	(115,750)	(60,023)	175,175	22 / (-)	20/05/2001 to 19/05/2009	
24/07/2000	S\$1.76	39,064	-	(4,999)	34,065	1 / (-)	16/09/2001 to 15/09/2009	
19/04/2001	S\$1.19	230,650	(6,000)	(55,300)	169,350	19 / (-)	20/04/2002 to 19/04/2011	
07/05/2002	S\$1.23	294,250	(7,875)	(64,250)	222,125	37 / (-)	08/05/2003 to 07/05/2012	
17/10/2002	S\$0.62	150,625	(12,375)	(42,375)	95,875	18 / (-)	18/10/2003 to 17/10/2012	
02/06/2003	S\$0.78	36,750	(23,750)	(13,000)	-	- / (-)	03/06/2004 to 02/06/2008	
02/06/2003	S\$0.78	376,350	(185,375)	(74,875)	116,100	33 / (-)	03/06/2004 to 02/06/2013	
18/11/2003	S\$0.93	63,000	(56,250)	(6,750)	-	- / (-)	19/11/2004 to 18/11/2008	
18/11/2003	S\$0.93	608,875	(373,500)	(77,625)	157,750	51 / (-)	19/11/2004 to 18/11/2013	
17/05/2004	S\$0.99	79,000	(10,250)	-	68,750	5 / (4)	18/05/2005 to 17/05/2009	
17/05/2004	S\$0.99	1,181,427	(469,652)	(100,125)	611,650	143 / (1)	18/05/2005 to 17/05/2014	
22/11/2004	S\$1.16	107,250	(19,000)	-	88,250	6 / (4)	23/11/2005 to 22/11/2009	
22/11/2004	S\$1.16	1,494,400	(463,875)	(178,625)	851,900	214 / (1)	23/11/2005 to 22/11/2014	
01/07/2005	S\$2.37	122,500	(17,500)	-	105,000	4 / (4)	02/07/2006 to 01/07/2010	
01/07/2005	S\$2.37	2,371,647	(577,450)	(111,000)	1,683,197	310 / (1)	02/07/2006 to 01/07/2015	
21/11/2005	S\$2.36	183,750	(35,000)	-	148,750	5 / (5)	22/11/2006 to 21/11/2010	
21/11/2005	S\$2.36	2,742,320	(600,325)	(143,125)	1,998,870	350 / (1)	22/11/2006 to 21/11/2015	
09/06/2006	S\$2.52	472,500	(70,000)	-	402,500	5 / (5)	10/06/2007 to 09/06/2011	
09/06/2006	S\$2.52	4,299,470	(729,020)	(191,500)	3,378,950	494 / (1)	10/06/2007 to 09/06/2016	
		15,510,729	(3,775,977)	(1,201,172)	10,533,580			

* In 2008, 1,568,994 options were settled by the issuance of new shares and the rest by issuance of treasury shares.

SHARE-BASED INCENTIVE PLANS (cont'd)

a. Share Option Plan (cont'd)

v. **Sembcorp Industries Share Option Plan** (cont'd)

Sembcorp Industries Ltd

Ordinary shares

2007

Date of grant of options	Exercise price*	Options outstanding at Jan 1, 2007	Options exercised	Options		Options outstanding at Dec 31, 2007	Number of options holders / (including number of directors) at Dec 31, 2007	Exercise period
				cancelled / lapsed / not accepted	Options outstanding at Dec 31, 2007			
26/06/2000	S\$1.63	961,908	(618,255)	(37,700)		305,953	38 / (-)	27/06/2001 to 26/06/2010
24/07/2000	S\$1.90	812,939	(444,325)	(17,666)		350,948	31 / (-)	20/05/2001 to 19/05/2009
24/07/2000	S\$1.76	39,066	(2)	-		39,064	1 / (-)	16/09/2001 to 15/09/2009
19/04/2001	S\$1.19	476,175	(210,025)	(35,500)		230,650	25 / (-)	20/04/2002 to 19/04/2011
07/05/2002	S\$1.23	178,000	(177,500)	(500)		-	- / (-)	08/05/2003 to 07/05/2007
07/05/2002	S\$1.23	572,075	(252,625)	(25,200)		294,250	38 / (-)	08/05/2003 to 07/05/2012
17/10/2002	S\$0.62	188,000	(187,000)	(1,000)		-	- / (-)	18/10/2003 to 17/10/2007
17/10/2002	S\$0.62	510,000	(338,000)	(21,375)		150,625	23 / (-)	18/10/2003 to 17/10/2012
02/06/2003	S\$0.78	227,250	(188,500)	(2,000)		36,750	5 / (2)	03/06/2004 to 02/06/2008
02/06/2003	S\$0.78	1,041,225	(637,375)	(27,500)		376,350	64 / (1)	03/06/2004 to 02/06/2013
18/11/2003	S\$0.93	245,750	(180,250)	(2,500)		63,000	7 / (4)	19/11/2004 to 18/11/2008
18/11/2003	S\$0.93	1,396,645	(737,020)	(50,750)		608,875	151 / (1)	19/11/2004 to 18/11/2013
17/05/2004	S\$0.99	266,250	(183,750)	(3,500)		79,000	9 / (5)	18/05/2005 to 17/05/2009
17/05/2004	S\$0.99	2,195,150	(933,723)	(80,000)		1,181,427	253 / (1)	18/05/2005 to 17/05/2014
22/11/2004	S\$1.16	268,750	(156,500)	(5,000)		107,250	10 / (5)	23/11/2005 to 22/11/2009
22/11/2004	S\$1.16	2,621,525	(1,028,625)	(98,500)		1,494,400	253 / (1)	23/11/2005 to 22/11/2014
01/07/2005	S\$2.37	282,500	(160,000)	-		122,500	5 / (5)	02/07/2006 to 01/07/2010
01/07/2005	S\$2.37	4,761,553	(2,099,131)	(290,775)		2,371,647	351 / (1)	02/07/2006 to 01/07/2015
21/11/2005	S\$2.36	317,500	(133,750)	-		183,750	6 / (6)	22/11/2006 to 21/11/2010
21/11/2005	S\$2.36	5,325,820	(2,249,930)	(333,570)		2,742,320	396 / (1)	22/11/2006 to 21/11/2015
09/06/2006	S\$2.52	525,000	(52,500)	-		472,500	6 / (6)	10/06/2007 to 09/06/2011
09/06/2006	S\$2.52	7,450,500	(2,636,205)	(514,825)		4,299,470	601 / (1)	10/06/2007 to 09/06/2016
		30,663,581	(13,604,991)	(1,547,861)		15,510,729		

* The exercise prices for outstanding share options granted prior to April 27, 2007 were adjusted as a result of the Special Dividend payment in 2007.

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS *(cont'd)*

a. Share Option Plan *(cont'd)*

v. Sembcorp Industries Share Option Plan *(cont'd)*

The details of options of the Company awarded / exercised since commencement of the Scheme (aggregate) to December 31, 2008 were as follows:

	Aggregate options			
	Aggregate options granted	cancelled / lapsed / not accepted	Aggregate options exercised	Aggregate options outstanding
Option participants				
Directors				
Peter Seah Lim Huat	980,000	–	(735,000)	245,000
Tang Kin Fei	3,444,052	(607,759) ¹	(2,136,293)	700,000
Goh Geok Ling	370,000	–	(222,500)	147,500
Richard Hale, OBE	490,000	–	(236,250)	253,750
Yong Ying-I	235,000	(235,000) ²	–	–
Evert Henkes	94,000	–	–	94,000
Lee Suet Fern	105,000	–	(35,000)	70,000
Other executives				
Group	149,771,742	(68,365,208)	(72,411,204)	8,995,330
Associated company	748,600	(212,100)	(533,500)	3,000
Parent Group ³	378,500	(88,000)	(265,500)	25,000
Former directors of the Company	8,831,578	(2,148,328)	(6,683,250)	–
Total	165,448,472	(71,656,395)	(83,258,497)	10,533,580

- Options lapsed due to replacement of 1999 options and expiry of earlier options.
- Options not accepted due to civil service regulations.
- Parent Group refers to former employees of Singapore Technologies Pte Ltd. No options were granted to former employees of Singapore Technologies Pte Ltd since 2005.

Since the commencement of the Share Option Plan, no options have been granted to the controlling shareholders of the Company or their associates. No participant under the Share Option Plan has been granted 5% or more of the total options available. No options have been offered at a discount.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any company.

SHARE-BASED INCENTIVE PLANS (cont'd)

a. Share Option Plan (cont'd)

vi. Share options of a listed subsidiary

At the end of the financial year, details of the options granted under the Share Option Plan on unissued ordinary shares of Sembcorp Marine Ltd are as follows:

Sembcorp Marine Ltd

Ordinary shares

2008

Date of grant of options	Exercise price per share	Options outstanding at Jan 1, 2008	Options exercised	Options		Number of options holders / (including directors) at		Exercise period
				cancelled / lapsed / not accepted	Options outstanding at Dec 31, 2008	Dec 31, 2008	Dec 31, 2008	
08/09/2000	S\$0.50	198,870	(7,700)	–	191,170	15 / (–)	08/09/2001 to 07/09/2010	
27/09/2001	S\$0.47	259,280	(80,570)	–	178,710	25 / (–)	28/09/2002 to 27/09/2011	
07/11/2002	S\$0.64	513,650	(177,250)	(700)	335,700	63 / (–)	08/11/2003 to 07/11/2012	
08/08/2003	S\$0.71	142,800	(142,800)	–	–	– / (–)	09/08/2004 to 08/08/2008	
08/08/2003	S\$0.71	2,130,490	(1,106,820)	(8,400)	1,015,270	109 / (–)	09/08/2004 to 08/08/2013	
10/08/2004	S\$0.74	430,500	(378,000)	–	52,500	1 / (–)	11/08/2005 to 10/08/2009	
10/08/2004	S\$0.74	6,856,205	(3,154,220)	(115,100)	3,586,885	462 / (–)	11/08/2005 to 10/08/2014	
11/08/2005	S\$2.11	365,750	(115,500)	–	250,250	4 / (1)	12/08/2006 to 11/08/2010	
11/08/2005	S\$2.11	12,635,335	(2,609,460)	(322,400)	9,703,475	915 / (–)	12/08/2006 to 11/08/2015	
02/10/2006	S\$2.38	724,500	(75,250)	–	649,250	7 / (2)	03/10/2007 to 02/10/2011	
02/10/2006	S\$2.38	11,319,490	(894,585)	(469,071)	9,955,834	1,062 / (–)	03/10/2007 to 02/10/2016	
		35,576,870	(8,742,155)	(915,671)	25,919,044			

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS *(cont'd)*

a. Share Option Plan *(cont'd)*

vi. Share options of a listed subsidiary *(cont'd)*

Semcorp Marine Ltd

Ordinary shares

2007

Date of grant of options	Exercise price ^a per share	Options		Options exercised	Options cancelled / not accepted	Options outstanding at Dec 31, 2007	Number of options holders / (including directors) at		Exercise period
		Options outstanding at Jan 1, 2007	bonus shares issued during the year				Dec 31, 2007	Dec 31, 2007	
08/09/2000	\$0.50	298,000	61,260	(80,440)	(79,950)	198,870	20 / (-)	08/09/2001 to 07/09/2010	
27/09/2001	\$0.47	510,200	108,680	(333,850)	(25,750)	259,280	37 / (-)	28/09/2002 to 27/09/2011	
07/11/2002	\$0.64	140,000	-	(140,000)	-	-	- / (-)	08/11/2003 to 07/11/2007	
07/11/2002	\$0.64	3,202,450	182,700	(2,688,750)	(182,750)	513,650	93 / (-)	08/11/2003 to 07/11/2012	
08/08/2003	\$0.71	367,000	40,800	(265,000)	-	142,800	3 / (-)	09/08/2004 to 08/08/2008	
08/08/2003	\$0.71	5,311,650	721,240	(3,682,150)	(220,250)	2,130,490	192 / (-)	09/08/2004 to 08/08/2013	
10/08/2004	\$0.74	510,000	129,000	(187,500)	(21,000)	430,500	4 / (-)	11/08/2005 to 10/08/2009	
10/08/2004	\$0.74	8,968,200	2,085,380	(3,726,325)	(471,050)	6,856,205	905 / (-)	11/08/2005 to 10/08/2014	
11/08/2005	\$2.11	505,000	130,500	(185,750)	(84,000)	365,750	5 / (1)	12/08/2006 to 11/08/2010	
11/08/2005	\$2.11	13,405,650	3,803,910	(3,902,275)	(671,950)	12,635,335	978 / (-)	12/08/2006 to 11/08/2015	
02/10/2006	\$2.38	560,000	224,000	(59,500)	-	724,500	8 / (2)	03/10/2007 to 02/10/2011	
02/10/2006	\$2.38	9,224,075	3,480,850	(648,335)	(737,100)	11,319,490	1,144 / (-)	03/10/2007 to 02/10/2016	
		43,002,225	10,968,320	(15,899,875)	(2,493,800)	35,576,870			

Adjusted for two bonus shares credited as fully paid for every five existing ordinary shares.

b. Performance Share Plan

Under the Performance Share Plan, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. A specific number of performance shares shall be awarded at the end of the three-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset.

The performance levels were calibrated based on Wealth Added and Total Shareholder Return. For each performance measure, three distinct performance levels were set. A minimum of threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Performance shares to be delivered will range between 0% to 150% of the conditional performance shares awarded.

Senior management participants are required to hold a minimum percentage of the shares released to them under the Performance Share Plan and Restricted Stock Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's Annual Base Salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

SHARE-BASED INCENTIVE PLANS (cont'd)

b. Performance Share Plan (cont'd)

i. Sembcorp Industries Performance Shares

The details of performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the Performance Share Plan (aggregate) were as follows:

			Aggregate additional conditional			Aggregate
	Conditional performance shares awarded during the year	Aggregate original conditional performance shares awarded	performance shares awarded due to modification	Aggregate conditional performance shares released	Aggregate conditional performance shares lapsed	Aggregate conditional performance shares outstanding
2008						
Director of the Company:						
Tang Kin Fei	400,000	2,240,000	73,720	(931,240)	(359,914)	1,236,484
Key executives of the Group	550,000	5,555,000	69,989	(1,423,859)	(2,878,682)	1,504,280
	950,000	7,795,000	143,709	(2,355,099)	(3,238,596)	2,740,764
2007						
Director of the Company:						
Tang Kin Fei	400,000	1,840,000	73,720	(289,486)	(359,914)	1,264,320
Key executives of the Group	490,000	5,005,000	69,989	(889,064)	(2,867,986)	1,317,939
	890,000	6,845,000	143,709	(1,178,550)	(3,227,900)	2,582,259

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2005 to 2007, a total of 1,176,549 (2007: 252,850) performance shares were released, of which an additional 395,750 (2007: Nil) performance shares were awarded for the over-achievement of the performance targets. These shares were released via the issuance of treasury shares.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at end 2008, was 2,740,764 (2007: 2,582,259). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,111,146 (2007: 3,873,389) performance shares.

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS *(cont'd)*

b. Performance Share Plan *(cont'd)*

ii. Performance shares of a listed subsidiary

The details of performance shares of Sembcorp Marine Ltd awarded during the year since commencement of the Performance Share Plan (aggregate) were as follows:

	2008	2007
Conditional performance shares awarded during the financial year	790,000	700,000
Aggregate conditional performance shares awarded	5,215,000	4,395,000
Additional performance shares awarded arising from targets met during the financial year	542,500	830,000
Aggregate conditional performance shares released	(2,721,900)	(1,555,400)
Aggregate conditional performance shares lapsed	(425,600)	(764,600)
Aggregate conditional performance shares outstanding	2,610,000	2,905,000

No performance shares of Sembcorp Marine Ltd were awarded to the directors of the Company.

The total number of Sembcorp Marine Ltd's performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at end 2008, was 2,610,000 (2007: 2,905,000). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 3,915,000 (2007: 4,357,000) performance shares.

c. Restricted Stock Plan

From 2007, share option grants were ceased and entirely replaced with restricted stock awards of an equivalent fair value.

Under the Restricted Stock Plan, the awards granted conditional on performance targets are set based on corporate objectives at the start of each rolling two-year performance qualifying period. The performance criteria are set and performance levels for the restricted stocks are calibrated based on Return on Total Assets and Total Shareholder Return.

For awards granted before 2008, three distinct performance levels are set for each performance measure. A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted stocks to be delivered will range from 0% to 130% of the conditional restricted stocks awarded.

For awards granted in 2008, four distinct performance levels are set for each performance measure. A minimum threshold performance must be achieved to trigger an achievement factor, which in turn determines the number of shares to be finally awarded. Based on the criteria, restricted stocks to be delivered will range from 0% to 150% of the conditional restricted stocks awarded.

The managerial participants of the Group will be awarded restricted stocks under the Restricted Stock Plan, while the non-managerial participants of the Group will receive their awards in an equivalent cash value. This cash-settled notional restricted stocks award for non-managerial participants is known as the Sembcorp Challenge Bonus.

A specific number of restricted stocks shall be awarded at the end of the two-year performance cycle depending on the extent of the achievement of the performance conditions established at the onset. There is a further vesting period of three years after the performance period, during which one-third of the awarded shares are released each year to managerial participants. Non-managerial participants will receive the equivalent in cash at the end of the two-year performance cycle, with no further vesting conditions.

SHARE-BASED INCENTIVE PLANS (cont'd)

c. Restricted Stock Plan (cont'd)

Senior management participants are required to hold a minimum percentage of the shares released to them under the Restricted Stock Plan and Performance Share Plan to maintain a beneficial ownership stake in the Group, for the duration of their employment or tenure with the Group. A maximum cap is set based on a multiple of the individual participant's Annual Base Salary. Any excess can be sold off, but in the event of a shortfall, they have a two calendar year period to meet the minimum percentage requirement.

i. Sembcorp Industries Restricted Stocks

The details of restricted stocks of Sembcorp Industries Ltd awarded during the year since commencement of the Restricted Stock Plan (aggregate) were as follows:

			Aggregate additional conditional			
	Conditional restricted stocks awarded	Aggregate original conditional restricted stocks awarded	restricted stocks awarded due to modification	Aggregate conditional restricted stocks released	Aggregate conditional restricted stocks lapsed	Aggregate conditional restricted stocks outstanding
Restricted stocks participants	during the year	stocks awarded		stocks released	stocks lapsed	
2008						
Directors of the Company:						
Peter Seah Lim Huat	23,500	47,000	484	–	–	47,484
Tang Kin Fei	126,000	318,000	6,785	(30,416)	–	315,426
Goh Geok Ling	13,700	27,400	282	–	–	27,682
Richard Hale, OBE	17,000	34,000	350	–	–	34,350
Evert Henkes	7,000	14,000	144	–	–	14,144
Lee Suet Fern	13,700	27,400	282	–	–	27,682
Other executives						
of the Group	1,977,300	4,728,100	93,425	(409,185)	(508,255)	4,162,821
	2,178,200	5,195,900	101,752	(439,601)	(508,255)	4,629,589
2007						
Directors of the Company:						
Peter Seah Lim Huat	23,500	23,500	484	–	–	23,984
Tang Kin Fei	126,000	192,000	6,785	–	–	198,785
Goh Geok Ling	13,700	13,700	282	–	–	13,982
Richard Hale, OBE	17,000	17,000	350	–	–	17,350
Evert Henkes	7,000	7,000	144	–	–	7,144
Lee Suet Fern	13,700	13,700	282	–	–	13,982
K Shanmugam	13,700	13,700	282	–	–	13,982
Other executives						
of the Group	1,753,300	2,737,100	93,143	–	(229,212)	2,601,031
	1,967,900	3,017,700	101,752	–	(229,212)	2,890,240

With the Committee's approval on the achievement factor for the achievement of the performance targets for the performance period 2006 to 2007, a total of 439,601 restricted stocks were released. An additional 279,793 restricted stocks were awarded for the over-achievement of the performance targets. These restricted stocks were released via the issuance of treasury shares. There was no release of restricted stocks in the year 2007.

Summary Directors' Report

Year Ended December 31, 2008

SHARE-BASED INCENTIVE PLANS *(cont'd)*

c. Restricted Stock Plan *(cont'd)*

i. Sembcorp Industries Restricted Stocks *(cont'd)*

The total number of restricted stocks outstanding, including award(s) achieved but not released, as at end 2008, was 4,629,589 (2007: 2,890,240). Of this, the total number of restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released was 3,900,597 (2007: 2,890,240). Based on the multiplying factor, the actual release of the conditional awards could range from zero to a maximum of 5,491,236 (2007: 3,757,312) restricted stocks.

A total of 600,000 (2007: 546,000) notional restricted stocks of Sembcorp Industries Ltd's shares were awarded on April 7, 2008 for the Sembcorp Challenge Bonus for non-managerial participants for the performance period 2008 to 2009. With the Committee's approval during the year, an additional 11,248 notional restricted stocks for the performance period 2007 to 2008 were added to the outstanding awards as a result of the Special Dividend payment in April 2007, therefore the total outstanding notional restricted stocks for the performance period 2007 to 2008 is 557,248.

The total number of notional restricted stocks in awards for the Sembcorp Challenge Bonus granted conditionally and representing 100% of targets to be achieved, but not released as at end 2008, was 1,157,248 (2007: 546,000). Based on the multiplying factor, the number of notional restricted stocks to be converted into the funding pool could range from zero to a maximum of 1,624,422 (2007: 709,800).

ii. Restricted stocks of a listed subsidiary

The details of restricted stocks of Sembcorp Marine Ltd awarded during the year since commencement of the Restricted Stock Plan (aggregate) were as follows:

	Aggregate additional					
	Aggregate conditional restricted stocks awarded during the year	Aggregate original conditional restricted stocks awarded	Aggregate conditional restricted stocks due to bonus issue	Aggregate conditional restricted stocks released	Aggregate conditional restricted stocks lapsed	Aggregate conditional restricted stocks outstanding
2008						
Directors of the Company:						
Tang Kin Fei	12,000	25,500	5,400	-	-	30,900
Goh Geok Ling	22,000	44,000	8,800	-	-	52,800
Other participants	3,539,000	7,534,632	1,931,720	(708,128)	(556,966)	8,679,151
	3,573,000	7,604,132	1,945,920	(708,128)	(556,966)	8,762,851
2007						
Directors of the Company:						
Tang Kin Fei	13,500	13,500	5,400	-	-	18,900
Goh Geok Ling	22,000	22,000	8,800	-	-	30,800
Other participants	3,819,690	5,042,090	1,931,720	-	(229,825)	6,743,985
	3,855,190	5,077,590	1,945,920	-	(229,825)	6,793,685

SHARE-BASED INCENTIVE PLANS *(cont'd)*

c. Restricted Stock Plan *(cont'd)*

ii. Restricted stocks of a listed subsidiary *(cont'd)*

The total number of Sembcorp Marine Ltd's restricted stocks in awards granted conditionally and representing 100% of targets to be achieved, but not released as at end of 2008, was 8,762,851 (2007: 6,793,685). Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 11,391,706 (2007: 8,831,791) restricted stocks. In 2008, an additional 477,893 restricted stocks were awarded for the over-achievement of the performance targets for the performance period 2006 to 2007.

d. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted stocks which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or the Company has become enforceable or is likely to become enforceable within the period twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the full financial statements which would render misleading any amount stated in the financial statements of the Group or the Company.

UNUSUAL ITEMS DURING AND AFTER THE FINANCIAL YEAR

Except for the material and unusual items as set out in Note 34(d) to the full financial statements, in the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group, or of the Company, during and after the financial year.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Richard Hale, OBE (Chairman)

Lee Suet Fern

Yong Ying-I

Bobby Chin Yoke Choong *(Appointed on December 1, 2008)*

The Summary Financial Statements set out on pages 18 to 50 were approved by the Board of Directors and signed on its behalf by:



PETER SEAH LIM HUAT
Chairman



TANG KIN FEI
Director

Singapore
February 26, 2009

Auditors' Statement

Year Ended December 31, 2008

AUDITORS' STATEMENT TO THE MEMBERS OF SEMBCORP INDUSTRIES LTD

We have examined the Summary Financial Statements set out in pages 18 to 50, which have been prepared by the management of the Company.

In our opinion, the Summary Financial Statements are consistent, in all material aspects, with the full financial statements and the Directors' Report of Sembcorp Industries Ltd for the year ended December 31, 2008 and comply with the requirements of Section 203A of the Singapore Companies Act, Chapter 50, and regulations made thereunder, applicable to the Summary Financial Statements.

We have issued an unqualified audit report dated February 26, 2009 on the full financial statements of Sembcorp Industries Ltd for the year ended December 31, 2008, which is as follows:

INDEPENDENT AUDITORS' REPORT MEMBERS OF THE COMPANY SEMBCORP INDUSTRIES LTD

We have audited the Summary Financial Statements of Sembcorp Industries Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and of the Company as at December 31, 2008, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages # to #.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- a. devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- b. selecting and applying appropriate accounting policies; and
- c. making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- a. the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- b. the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
February 26, 2009

Note:

The page numbers are as stated in the Independent Auditors' Report dated February 26, 2009, included in Sembcorp Industries Ltd's Annual Report for the financial year ended December 31, 2008.

Summary Balance Sheets

Year Ended December 31, 2008

	Group		Company	
	2008	2007	2008	2007
	\$S'000	\$S'000	\$S'000	\$S'000
Equity attributable to shareholders of the Company:				
Share capital	554,037	551,274	554,037	551,274
(Deficit) / Surplus in other reserves	(42,381)	639,448	(12,111)	23,699
Accumulated profits	2,082,541	1,842,096	879,454	884,427
	2,594,197	3,032,818	1,421,380	1,459,400
Minority interests	670,660	797,211	–	–
Total equity	3,264,857	3,830,029	1,421,380	1,459,400
Non-current assets				
Property, plant and equipment	2,498,577	2,601,709	485,403	3,422
Investment properties	25,959	31,291	–	–
Investments in subsidiaries	–	–	1,486,570	1,479,440
Interests in associates	564,388	515,487	–	–
Interests in joint ventures	280,816	270,389	–	–
Other financial assets	146,080	708,234	–	–
Long-term receivables and prepayments	231,401	49,572	940	–
Intangible assets	114,771	109,510	19,036	90
Deferred tax assets	35,217	37,823	–	–
	3,897,209	4,324,015	1,991,949	1,482,952
Current assets				
Inventories and work-in-progress	949,846	1,657,047	9,353	–
Trade and other receivables	1,219,101	1,404,696	217,379	198,310
Assets held for sale	–	26,682	–	–
Cash and cash equivalents	2,400,954	1,296,892	45,541	189,470
	4,569,901	4,385,317	272,273	387,780
Current liabilities				
Trade and other payables	2,621,434	2,242,427	316,534	249,183
Excess of progress billings over work-in-progress	975,033	568,741	–	–
Provisions	63,753	31,798	12,675	11,454
Current tax payable	249,882	169,105	–	–
Interest-bearing borrowings	285,768	510,194	–	150,000
	4,195,870	3,522,265	329,209	410,637
Net current assets / (liabilities)				
	374,031	863,052	(56,936)	(22,857)
	4,271,240	5,187,067	1,935,013	1,460,095
Non-current liabilities				
Deferred tax liabilities	271,960	385,567	50,671	195
Provisions	10,254	10,034	500	500
Retirement benefit obligations	13,552	24,109	–	–
Interest-bearing borrowings	522,550	823,486	–	–
Other long-term liabilities	188,067	113,842	462,462	–
	1,006,383	1,357,038	513,633	695
	3,264,857	3,830,029	1,421,380	1,459,400

Summary Income Statement

Year Ended December 31, 2008

	Group	
	2008	2007
	S\$'000	S\$'000
Turnover	9,928,413	8,618,778
Cost of sales	(8,896,422)	(7,802,101)
Gross profit	1,031,991	816,677
Non-operating income (net)	12,864	117,237
General and administrative expenses	(264,599)	(246,079)
Finance costs	(44,407)	(53,925)
Share of results (net of tax) of:		
– Associates	80,872	96,853
– Joint ventures	45,224	56,343
Profit before income tax	861,945	787,106
Income tax expense	(130,951)	(135,764)
Profit for the year	730,994	651,342
Attributable to:		
Shareholders of the Company	507,061	526,217
Minority interests	223,933	125,125
Profit for the year	730,994	651,342
Earnings per share (cents):		
Basic	28.50	29.57
Diluted	28.27	29.25

Other Information

Year Ended December 31, 2008

1. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company for the year includes the following material and unusual items:

	Note	Group	
		2008 S\$'000	2007 S\$'000
Material and unusual items included in:			
Non-operating income (net)			
Gain on divestment of investments		–	276,557
Foreign exchange losses arising from Unauthorised Transactions in a wholly-owned subsidiary of Sembcorp Marine Ltd	i	(43,749)	(302,922)
		(43,749)	(26,365)
Income tax expense on material and unusual items above		–	(49,517)
Net material and unusual items before minority interests		(43,749)	(75,882)
Less: Minority interests		16,821	44,860
		(26,928)	(31,022)

- i. Arising from the various unauthorised foreign exchange transactions entered into previously by an employee of a subsidiary of the Company, Sembcorp Marine Ltd (“SCM”), for the account of one of its wholly-owned subsidiary, Jurong Shipyard Pte Ltd (“JSPL”), S\$302.9 million was charged to the income statement in 2007.

During the year, another S\$43.7 million had been charged to the income statement following the full and final amicable settlement of BNP Paribas’s claim of S\$73.1 million, strictly on commercial basis.

Going forward, JSPL intends to recover the S\$289.9 million paid to Societe Generale (“SG”) in 2007 as JSPL’s position is that the underlying transactions with SG are not valid and binding. If JSPL succeeds in doing so, there will be an inflow of funds to be recognised in the financial statements at that relevant point in time.

2. DIVIDENDS AND CAPITAL DISTRIBUTION

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a final ordinary one-tier tax exempt dividend of 11.0 cents (2007: one-tier tax exempt dividend of 15.0 cents) per share amounting to an estimated net dividend of S\$195,467,000 (2007: S\$266,890,000) in respect of the year ended December 31, 2008, based on the share capital as at that date.

The proposed dividend of 11.0 (2007:15.0) cents per share has not been included as a liability in the financial statements.

3. RELATED PARTIES

Group

a. Related party transactions

The Group had the following significant transactions with related parties during the year:

	Group	
	2008	2007
	S\$'000	S\$'000
Related Corporations		
Sales	165	13
Purchases including rental	2,470	–
Associates and Joint Ventures		
Sales	41,251	39,376
Purchases including rental	21,542	255,737

b. Compensation of key management personnel

The Group considers the directors of the Company (including the Group President & Chief Executive Officer (“CEO”) of the Company), the Group President & CEO of Sembcorp Marine Ltd, the President & Chief Operating Officer (“COO”) of Sembcorp Marine Ltd, the Executive Chairman of Sembcorp Industrial Parks Ltd, the Executive Vice President of Sembcorp Utilities (UK) Limited, the Group Chief Financial Officer and the Executive Vice President of Group Business Development to be key management personnel in accordance with FRS 24 Related Party Disclosures. These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation is as follows:

	Group	
	2008	2007
	S\$'000	S\$'000
Directors' fees and remuneration	5,663	5,508
Other key management personnel remuneration	6,797	8,227
	12,460	13,735
Fair value of share-based compensation	5,408	5,956

Remuneration includes salary (which includes employer CPF, allowances, fees and other emoluments) and bonus (which includes AWS, discretionary bonus, performance targets bonus, performance shares and restricted stocks released during the year).

Other Information

Year Ended December 31, 2008

3. RELATED PARTIES *(cont'd)*

Group *(cont'd)*

b. Compensation of key management personnel *(cont'd)*

In addition to the above, the Company provides medical benefits to all employees including key management personnel.

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added ("EVA"), as well as to attainment of individual and Group performance goals for its key executives. A "bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. Such carried forward balances of the bonus bank may either be reduced or increased in future, based on the yearly EVA performance of the Group and its subsidiaries.

The fair value of share-based compensation relates to share options, performance shares and restricted stocks granted during the year. The amount charged to the income statement is determined in accordance with FRS 102 Share-based Payment.

Company

- a. The Company has provided a corporate guarantee to a subsidiary, Sembcorp Cogen Pte Ltd ("SembCogen") which on January 15, 1999, entered into a long-term contract ("End User Agreement") with a fellow subsidiary, Sembcorp Gas Pte Ltd ("SembGas") to purchase natural gas over the period of 22 years.

Under the End User Guarantee Agreement, the Company and one of its subsidiaries, Sembcorp Utilities Pte Ltd issued corporate guarantees in favour of SembGas for 70% and 30% respectively of SembCogen's obligations under the End User Agreement.

- b. The Company has provided financial guarantees for the indebtedness of other companies within the Group; the Company considers these to be insurance arrangements and treats them as contingent liabilities. Details of the guarantees are set out in Note 40 to the full financial statements.

4. SEGMENT REPORTING
a. Business Segments

				Industrial	Others /		
	Utilities	Marine	Environment	Parks	Corporate	Elimination	Total
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
2008							
Turnover							
External sales	4,477,509	5,061,032	213,762	16,233	159,877	–	9,928,413
Inter-segment sales	38,912	2,916	3,038	2,618	26,177	(73,661)	–
Total	4,516,421	5,063,948	216,800	18,851	186,054	(73,661)	9,928,413
Results							
Segment results	289,866	467,031	(9,819)	7,575	(10,169)	–	744,484
Interest income	10,263	25,130	221	1,329	28,670	(29,841)	35,772
Interest expense	(40,725)	(11,370)	(2,366)	609	(20,396)	29,841	(44,407)
	259,404	480,791	(11,964)	9,513	(1,895)	–	735,849
Share of results of associates	568	55,304	16,590	8,410	–	–	80,872
Share of results of joint ventures	15,920	8,174	–	18,753	2,377	–	45,224
	275,892	544,269	4,626	36,676	482	–	861,945
Income tax (expense) / credit	(46,655)	(91,937)	(877)	(460)	8,978	–	(130,951)
Minority interests	(28,925)	(188,641)	(1,618)	(4,667)	(82)	–	(223,933)
Profit for the year	200,312	263,691	2,131	31,549	9,378	–	507,061
Assets							
Segment assets	2,865,194	4,331,584	162,884	195,780	941,664	(1,170,313)	7,326,793
Interests in associates	5	249,086	43,139	272,158	–	–	564,388
Interests in joint ventures	110,387	36,409	1,097	74,854	58,069	–	280,816
Tax assets	24,504	14,129	4,730	14,809	236,941	–	295,113
Total assets	3,000,090	4,631,208	211,850	557,601	1,236,674	(1,170,313)	8,467,110
Liabilities							
Segment liabilities	1,824,956	3,018,813	80,586	33,641	892,728	(1,170,313)	4,680,411
Tax liabilities	218,466	232,510	6,880	14,537	49,449	–	521,842
Total liabilities	2,043,422	3,251,323	87,466	48,178	942,177	(1,170,313)	5,202,253
Capital expenditure	251,870	104,097	7,345	849	3,982	–	368,143
Significant non-cash items							
Depreciation and amortisation	106,742	71,578	9,554	1,962	5,233	–	195,069
Other non-cash items (including provisions, loss on disposal and exchange differences)	8,158	97,531	462	4,681	793	–	111,625

Other Information

Year Ended December 31, 2008

4. SEGMENT REPORTING (cont'd)

a. Business Segments (cont'd)

	Utilities	Marine	Environment	Industrial Parks	Others / Corporate	Elimination	Total
	\$\$'000	\$\$'000	\$\$'000	\$\$'000	\$\$'000	\$\$'000	\$\$'000
2007							
Turnover							
External Sales	3,736,082	4,511,582	205,074	23,335	142,705	–	8,618,778
Inter-segment sales	29,506	1,541	2,415	2,502	4,522	(40,486)	–
Total	3,765,588	4,513,123	207,489	25,837	147,227	(40,486)	8,618,778
Results							
Segment results	302,056	277,002	1,680	55,418	4,970	–	641,126
Interest income	16,901	21,486	725	3,349	28,134	(23,886)	46,709
Interest expense	(40,940)	(13,692)	(2,275)	–	(20,904)	23,886	(53,925)
	278,017	284,796	130	58,767	12,200	–	633,910
Share of results of associates	2,289	68,133	16,946	9,485	–	–	96,853
Share of results of joint ventures	23,980	5,515	(1,868)	19,631	9,085	–	56,343
	304,286	358,444	15,208	87,883	21,285	–	787,106
Income tax (expense) / credit	(59,160)	(103,929)	(1,199)	(10,124)	38,648	–	(135,764)
Minority interests	(14,899)	(104,152)	(364)	(5,055)	(655)	–	(125,125)
Net profit for the year	230,227	150,363	13,645	72,704	59,278	–	526,217
Assets							
Segment assets	2,952,750	4,250,332	211,662	201,623	695,349	(641,074)	7,670,642
Investment in associates	5	193,368	54,929	267,185	–	–	515,487
Investment in joint ventures	119,817	28,020	1,097	69,528	51,927	–	270,389
Tax assets	36,544	5,086	3,468	13,453	194,263	–	252,814
Total assets	3,109,116	4,476,806	271,156	551,789	941,539	(641,074)	8,709,332
Liabilities							
Segment liabilities	1,714,207	2,469,233	124,765	36,521	620,979	(641,074)	4,324,631
Tax liabilities	243,449	287,809	4,910	17,802	702	–	554,672
Total liabilities	1,957,656	2,757,042	129,675	54,323	621,681	(641,074)	4,879,303
Capital expenditure	324,125	106,764	25,434	185	3,142	–	459,650
Significant non-cash items							
Depreciation and amortisation	102,672	64,441	7,291	2,800	5,655	–	182,859
Other non-cash items (including provisions, loss on disposal and exchange differences)	5,591	10,293	1,052	8,380	3,037	–	28,353

4. SEGMENT REPORTING *(cont'd)*

b. Geographical Segments

	Singapore	Rest of Asia	Europe	Others	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2008					
Revenue from external customers	5,415,489	1,691,070	2,194,717	627,137	9,928,413
Total assets	6,843,700	959,358	633,638	30,414	8,467,110
Segment assets	6,335,017	338,649	622,713	30,414	7,326,793
Capital expenditure	187,166	118,328	62,465	184	368,143
2007					
Revenue from external customers	4,176,229	1,139,538	3,019,328	283,683	8,618,778
Total assets	6,878,175	849,204	928,626	53,327	8,709,332
Segment assets	6,411,462	297,798	910,273	51,109	7,670,642
Capital expenditure	245,588	63,698	149,937	427	459,650

Segment information is presented in respect of the Group's business and geographical segments. The business segments are based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

i. 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 provides technical and marketing services to industrial parks.

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

Other Information

Year Ended December 31, 2008

4. SEGMENT REPORTING *(cont'd)*

b. Geographical Segments *(cont'd)*

ii. 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 are based on the geographical location of the assets.

5. MATERIAL CHANGES IN ACCOUNTING POLICIES, ASSET VALUE AND SHARE CAPITAL

Accounting Policies

With effect from January 1, 2008, the Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") which are relevant to the Group's operations:

INT FRS 111	FRS 102 – Group and Treasury Share Transactions
INT FRS 114	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above INT FRS did not result in substantial changes to the Group's accounting policies.

FRS yet to be adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 1 (revised 2008)	Presentation of Financial Statements
FRS 23 (revised 2007)	Borrowing Costs
Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements	
– Puttable Financial Instruments and Obligations Arising on Liquidation	
Amendments to FRS 39 Financial Instruments: Recognition and Measurement	
– Amendment relating to eligible hedged items	
Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations	
FRS 108	Operating Segments
Improvements to FRSs	
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending December 31, 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

5. MATERIAL CHANGES IN ACCOUNTING POLICIES, ASSET VALUE AND SHARE CAPITAL *(cont'd)*

Accounting Policies *(cont'd)*

FRS yet to be adopted *(cont'd)*

FRS 23 (revised 2007) will become effective for financial statements for the year ending December 31, 2009. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in the revised FRS 23.

The amendments to FRS 32 and FRS 1 on puttable financial instruments will become effective for the Group's financial statements for the year ending December 31, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if and only if they meet certain conditions. The Group does not issue such puttable financial instruments and thus the application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending December 31, 2010. The amendments clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in 2 particular situations:

- i. the designation of a one-sided risk in a hedged item; and
- ii. the designation of inflation in particular situations. The Group is in the process of assessing the impact of these amendments.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Company's financial statements for the year ending December 31, 2009. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Company's financial statements.

The amendments to FRS 102 on vesting conditions and cancellations will become effective for the Group's financial statements for the year ending December 31, 2009. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

FRS 108 will become effective for financial statements for the year ending December 31, 2009. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments. The adoption of FRS 108 is not expected to have any impact to the Group.

Other Information

Year Ended December 31, 2008

5. MATERIAL CHANGES IN ACCOUNTING POLICIES, ASSET VALUE AND SHARE CAPITAL *(cont'd)*

Accounting Policies *(cont'd)*

FRS yet to be adopted *(cont'd)*

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending December 31, 2009, except for the amendment to FRS 105 Non-current Assets Held for Sale and Discontinued Operations which will become effective for the year ending December 31, 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

INT FRS 113 will become effective for the Group's financial statements for the year ending December 31, 2009. INT FRS 113 concludes that where entities grant award credits as incentives to customers to buy their goods or services (e.g. loyalty points or free products), such customer loyalty programmes should be accounted for by taking a multiple sales approach, i.e. by deferring some of the revenue received from the initial sales transaction, to be recognised as revenue as and when the entity provides the goods or services promised under the customer loyalty programmes. The application of this Interpretation is not expected to have any significant impact on the Group's financial statements.

INT FRS 116 will become effective for the Group's financial statements for the year ending December 31, 2009. INT FRS 116 provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The application of this Interpretation is not expected to have any significant impact on the Group's financial statements.

Other than the changes in disclosures relating to FRS 1, the initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

Asset Value

The total assets as at December 31, 2008 was S\$8.5 billion as compared with S\$8.7 billion as at December 31, 2007.

Share Capital

During the year, the Company issued 1,568,994 ordinary shares for cash upon the exercise of the options under the Company's Share Option Plan.

Treasury Shares

At December 31, 2008, the Company held 8,377,867 (2007: Nil) of its own uncanceled shares as treasury shares.

6. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are as follows:

Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)	
2008	
S\$'000	
Sale of goods and services	
Temasek Holdings (Private) Limited and its Associates	
– Tuas Power Ltd / PowerSeraya Limited ¹	200,333
– Temasek Capital (Private) Limited and its Associates	20,895
– MediaCorp Pte Ltd and its Associates	5,432
– PSA International Pte Ltd and its Associates	50,061
– National University Hospital (S) Pte Ltd and its Associates	211
– Singapore Power Ltd and its Associates	574
– Certis Cisco Security Pte Ltd	1,832
– Wildlife Reserves Singapore Pte Ltd and its Associates	530
– Singapore Technologies Telemedia Pte Ltd and its Associates	877
– Senoko Power Ltd	849
– Mapletree Investments Pte Ltd and its Associates	6,148
	287,742
Starhub Ltd and its Associates	
	8,900
Singapore Airlines Limited and its Associates	
	7,660
SNP Corporation Ltd and its Associates	
	492
Singapore Food Industries Ltd and its Associates	
	233
Singapore Telecommunications Ltd and its Associates	
	363
SMRT Corporation Ltd and its Associates	
	418
	305,808
Purchase of goods and services	
Temasek Holdings (Private) Limited and its Associates	
– Temasek Capital (Private) Limited and its Associates ²	822,952
– Singapore Power Ltd and its Associates	6,596
– Surbana Corporation Pte Ltd and its Associates	222
	829,770
Singapore Technologies Engineering Ltd and its Associates	
	8,578
CapitalLand Ltd and its Associates	
	415
	838,763
Total Interested Person Transactions	1,144,571

Notes:

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 by Sembcorp Cogen Pte Ltd from Sembcorp Gas Pte Ltd for the generation of electricity.

There was no transaction which was not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2008 to December 31, 2008.

Shareholders' Information

STATISTICS OF SHAREHOLDERS AS OF FEBRUARY 23, 2009

Issued and fully paid-up capital	: S\$554,036,964.88
Number of issued shares	: 1,785,351,540
Number of shareholders	: 27,041
Class of shares	: Ordinary shares with equal voting rights ^o

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the company as of February 23, 2009, 50.26%** of the issued ordinary shares of the company is held by the public and therefore, the company has complied with Rule 723 of the SGX-ST Listing Manual.

Substantial Shareholders	Direct Interest	Indirect Interest	Total	%**
Temasek Holdings (Private) Limited	871,200,328	12,718,760*	883,919,088	49.74

TOP 20 SHAREHOLDERS AS OF FEBRUARY 23, 2009

No.	Name	No. of Ordinary Shares Held	%**
1	Temasek Holdings (Private) Limited	871,200,328	49.02
2	DBS Nominees Pte Ltd	255,437,332	14.37
3	DBSN Services Pte Ltd	180,721,777	10.17
4	Citibank Nominees S'pore Pte Ltd	96,436,030	5.43
5	HSBC (Singapore) Nominees Pte Ltd	81,646,098	4.60
6	United Overseas Bank Nominees Pte Ltd	51,336,923	2.89
7	Raffles Nominees Pte Ltd	16,359,849	0.92
8	Startree Investments Pte Ltd	9,400,000	0.53
9	DB Nominees (S) Pte Ltd	7,372,372	0.42
10	OCBC Nominees Singapore Pte Ltd	7,148,367	0.40
11	Morgan Stanley Asia (S'pore) Pte Ltd	5,510,661	0.31
12	Oversea Chinese Bank Nominees Pte Ltd	4,234,550	0.24
13	TM Asia Life Singapore Ltd-Par Fund	3,390,580	0.19
14	Tang Kin Fei	2,354,011	0.13
15	Merrill Lynch (S'pore) Pte Ltd	2,221,621	0.13
16	BNP Paribas Nominees S'pore Pte Ltd	2,187,334	0.12
17	Royal Bank Of Canada (Asia) Ltd	2,118,000	0.12
18	Phillip Securities Pte Ltd	1,671,195	0.09
19	DBS Vickers Securities (S) Pte Ltd	1,361,715	0.08
20	Low Sin Leng	1,314,227	0.07
		1,603,422,970	90.23

^o Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.

* Temasek is deemed to be interested in the 12,718,760 shares held by its other subsidiaries.

** The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as of February 23, 2009 excluding 8,249,992 ordinary shares held as treasury shares as at that date.

ANALYSIS OF SHAREHOLDINGS AS OF FEBRUARY 23, 2009

Range of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares Held	%
1 – 999	2,945	10.89	1,642,354	0.09
1,000 – 10,000	21,268	78.65	71,840,590	4.02
10,001 – 1,000,000	2,805	10.37	97,942,364	5.49
1,000,001 and above	23	0.09	1,613,926,232	90.40
	27,041	100.00	1,785,351,540	100.00

Corporate Information

REGISTERED OFFICE

30 Hill Street #05-04
Singapore 179360
Tel: (65) 6723 3113
Fax: (65) 6822 3254
www.sembcorp.com

BOARD OF DIRECTORS

Peter Seah Lim Huat
Chairman

Tang Kin Fei
Group President & CEO

Goh Geok Ling
Richard Hale, OBE
Yong Ying-I
Evert Henkes
Lee Suet Fern
Bobby Chin Yoke Choong

EXECUTIVE COMMITTEE

Peter Seah Lim Huat
Chairman

Goh Geok Ling
Tang Kin Fei

AUDIT COMMITTEE

Richard Hale, OBE
Chairman

Lee Suet Fern
Yong Ying-I
Bobby Chin Yoke Choong

EXECUTIVE RESOURCE & COMPENSATION COMMITTEE

Peter Seah Lim Huat
Chairman

Goh Geok Ling

NOMINATING COMMITTEE

Peter Seah Lim Huat
Chairman

Goh Geok Ling

RISK COMMITTEE

Richard Hale, OBE
Chairman

Lee Suet Fern
Yong Ying-I

COMPANY SECRETARY

Kwong Sook May

REGISTRAR

M & C Services
138 Robinson Road #17-00
The Corporate Office
Singapore 068906
Tel: (65) 6227 6660
Fax: (65) 6225 1452

BANKERS

Citibank NA
3 Temasek Avenue #17-00
Centennial Tower
Singapore 039190

DBS Group

6 Shenton Way
DBS Building, Tower 1
Singapore 068809

Mizuho Corporate Bank Ltd

168 Robinson Road #13-00
Capital Tower
Singapore 068912

Oversea-Chinese Banking Corporation

65 Chulia Street, #10-00
OCBC Centre
Singapore 049513

Standard Chartered Bank

6 Battery Road, #23-00
Singapore 049909

Sumitomo Mitsui Banking Corporation

3 Temasek Avenue #06-01
Centennial Tower
Singapore 039190

The Bank of Tokyo-Mitsubishi UFJ

9 Raffles Place #01-01
Republic Plaza
Singapore 048619

The Hongkong and Shanghai Banking Corporation

21 Collyer Quay Level 3
HSBC Building
Singapore 049320

United Overseas Bank

80 Raffles Place
UOB Plaza
Singapore 048624

AUDITORS

KPMG LLP
Public Accountants and
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge: Yap Chee Meng

(Appointed during the financial year ended December 31, 2008)

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Notice of Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at The Auditorium, NTUC Centre, Level 7, One Marina Boulevard, Singapore 018989 on Monday, April 20, 2009 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2008 and the Auditors' Report thereon. **Resolution 1**
2. To declare a final ordinary tax exempt 1-tier dividend of 11 cents per ordinary share for the year ended December 31, 2008. **Resolution 2**
3. To re-elect the following directors, each of whom will retire by rotation pursuant to Article 93 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:
 - a. Peter Seah Lim Huat **Resolution 3**
 - b. Lee Suet Fern (*Independent Member of Audit Committee*) **Resolution 4**
4. To re-elect Bobby Chin Yoke Choong (*Independent Member of Audit Committee*), a director retiring pursuant to Article 99 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. **Resolution 5**
5. To re-appoint Richard Hale, OBE (*Independent Chairman of Audit Committee*), a director retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **Resolution 6**
6. To approve Directors' Fees of S\$801,250 for the year ended December 31, 2008 (2007: S\$777,000). **Resolution 7**
7. To re-appoint KPMG LLP as Auditors of the Company and to authorise the directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions which will be proposed as Ordinary Resolutions:

8. That authority be and is hereby given to the directors to: **Resolution 9**
 - (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and / or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):
 - (A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company (“**Renounceable Rights Issues**”) shall not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below); and
 - (B) otherwise than by way of Renounceable Rights Issues (“**Other Share Issues**”) shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 10% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below);
- (2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (3) below);
- (3) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:-
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or consolidation or subdivision of shares;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (5) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

9. That approval be and is hereby given to the directors to:

- (a) grant awards in accordance with the provisions of the Sembcorp Industries Performance Share Plan (the “**Performance Share Plan**”) and / or the Sembcorp Industries Restricted Stock Plan (the “**Restricted Stock Plan**”) (the Performance Share Plan and the Restricted Stock Plan, together the “**Share Plans**”); and
- (b) allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Sembcorp Industries Share Option Plan and/or the vesting of awards granted under the Share Plans,

provided that:

- (i) the aggregate number of new ordinary shares to be issued pursuant to the exercise of options granted under the Sembcorp Industries Share Option Plan and the vesting of awards granted or to be granted under the Share Plans shall not exceed 15% of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time; and
- (ii) the aggregate number of new ordinary shares under awards to be granted pursuant to the Share Plans during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 2% of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time.

10. To transact any other business.

By Order of the Board

Kwong Sook May
Company Secretary
March 19, 2009

Explanatory Notes:

Resolutions 3 to 6 – Detailed information on these directors can be found under the Board of Directors and Corporate Governance Report sections in the Annual Report 2008.

If re-elected, Mrs Lee Suet Fern will remain as member of the Audit Committee. Mrs Lee Suet Fern is an independent director.

If re-elected, Mr Bobby Chin Yoke Choong will remain as member of the Audit Committee. Mr Bobby Chin is an independent director.

If re-appointed, Mr Richard Hale, OBE will remain as the Chairman of the Audit Committee. Mr Richard Hale, OBE is an independent director.

Notice of Annual General Meeting

STATEMENT PURSUANT TO ARTICLE 55 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

Resolution 9 – is to empower the directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) 100% for Renounceable Rights Issues and (ii) 50% for Other Share Issues, of which up to 10% may be issued other than on a *pro rata* basis to shareholders, **provided that** the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares in the capital of the Company excluding treasury shares. The aggregate number of shares which may be issued shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time that Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX news release of February 19, 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts.

Resolution 10 – is to empower the directors to offer and grant awards pursuant to the Sembcorp Industries Performance Share Plan and the Sembcorp Industries Restricted Stock Plan (collectively, the "**Share Plans**") and to issue ordinary shares in the capital of the Company pursuant to the exercise of options under the Sembcorp Industries Share Option Plan ("**Share Option Plan**") and/or the vesting of awards granted pursuant to the Share Plans provided that: (a) that the maximum number of ordinary shares which may be issued under the Share Option Plan and the Share Plans is limited to 15% of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time and (b) the aggregate number of new ordinary shares under awards which may be granted pursuant to the Share Plans from this Annual General Meeting to the next Annual General Meeting shall not exceed 2% of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time. Approval for the adoption of the Share Option Plan and the Share Plans was given by shareholders at an Extraordinary General Meeting of the Company held on June 5, 2000 and modified at the Extraordinary General Meeting of the Company held on April 26, 2005. The Company has, for the time being, determined that it will not be granting any further options under the Share Option Plan although subsisting options granted will continue to be exercisable in accordance with the terms of the Share Option Plan. The grant of awards under the Share Plans will be made in accordance with their respective provisions.

Notes:

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy must be lodged at the office of the Company's Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not later than 48 hours before the time appointed for the Annual General Meeting.*

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on April 27, 2009 to determine the shareholders' entitlements to the proposed dividend. Duly completed transfers of shares received by the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 pm on April 24, 2009 (the "**Book Closure Date**") will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on the Book Closure Date will be entitled to the dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on May 8, 2009.

Proxy Form

IMPORTANT

1. For investors who have used their CPF monies to buy Sembcorp Industries Ltd's shares, this report is forwarded to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

SEMBCORP INDUSTRIES LTD

Co Regn No. 199802418D

(Incorporated in the Republic of Singapore)

ELEVENTH ANNUAL GENERAL MEETING

I / We, _____ (Name), _____ (NRIC No.)

of _____ (Address)

being a member / members of SEMBCORP INDUSTRIES LTD hereby appoint:

Name	Address	NRIC / Passport No.	% of Shareholdings

and / or (delete as appropriate)

Name	Address	NRIC / Passport No.	% of Shareholdings

as my / our proxy / proxies to attend and vote for me / us on my / our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held on Monday, April 20, 2009 at 11.00 am at The Auditorium, NTUC Centre, Level 7, One Marina Boulevard, Singapore 018989 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy / proxies will vote or abstain as he / they may think fit, as he / they will on any other matter arising at the Annual General Meeting.)

	Resolutions	For	Against
	ORDINARY BUSINESS		
1.	To adopt the Directors' Report and Accounts		
2.	To declare a final dividend		
3.	To re-elect Peter Seah Lim Huat		
4.	To re-elect Lee Suet Fern		
5.	To re-elect Bobby Chin Yoke Choong		
6.	To re-appoint Richard Hale, OBE		
7.	To approve directors' fees for financial year ended December 31, 2008		
8.	To re-appoint KPMG LLP as auditors and to fix their remuneration		
	SPECIAL BUSINESS		
9.	To approve the renewal of Share Issue Mandate		
10.	To authorise the directors to grant awards and issue shares under the Sembcorp Industries' Share Plans		

Signature(s) or Common Seal of Member(s)

Date

Total Number of Shares Held

Glue and seal along the edge

Glue and seal along the edge

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 not less than 48 hours before the time appointed for the Annual General Meeting.

1st FOLD

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by the Central Depository (Pte) Limited to the Company.

2nd FOLD



BUSINESS REPLY SERVICE PERMIT
NO. 04910



The Company Secretary
SEMBCORP INDUSTRIES LTD
c/o M&C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Postage will be
paid by addressee.
For posting in
Singapore only.

3rd FOLD

1st FOLD

2nd FOLD



BUSINESS REPLY SERVICE PERMIT
NO. 06735



The Company Secretary
SEMBCORP INDUSTRIES LTD
c/o The Central Depository (Pte) Limited
4 Shenton Way #02-01
SGX Centre 2
Singapore 068807

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SEBFCORP INDUSTRIES FINANCIAL CALENDAR 2009

April 20, 2009	11 th Annual General Meeting
April 22, 2009	Ex-dividend date for 2008 final dividend
May 8, 2009	Payment of 2008 dividend
May 12, 2009*	Announcement of first quarter results for the period ending March 31, 2009
August 6, 2009*	Announcement of first half results for the period ending June 30, 2009
November 6, 2009*	Announcement of nine months results for the period ending September 30, 2009
February 2010*	Announcement of full year results for the period ending December 31, 2009

**Provisional. Updates will be posted at www.sebfcorp.com*

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Co Regn No. 199802418D