

Report of the Auditors to the Members of SembCorp Industries Ltd

Our report was dated February 10, 2003 in respect of the financial statements of the Group for the year ended and as at December 31, 2002, which were approved by the directors on the same date. Subsequent to that date and as further detailed in note 1(a) to the revised financial statements, the previous financial statements of the Group were revised to take into account the impairment loss recognised by an associate in respect of its investment in a subsidiary. Accordingly, we have withdrawn our report dated February 10, 2003 and set out below our report on the revised financial statements as set out on pages 96 to 190.

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended December 31, 2002. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at December 31, 2002 and of the results and changes in equity of the Group and of the Company, and of the cash flows of the Group for the year ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and consolidated financial statements of the Group;
- (b) the accounting and other records, and the registers 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.

We have considered the financial statements and auditors' reports of the subsidiaries which have been audited by our associated firms and those of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements. We have also considered the financial statements of those subsidiaries which are not required by the law of their country of incorporation to be audited, being financial statements that have been included in the consolidated financial statements. The names of these subsidiaries are stated in note 43 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.



KPMG

Certified Public Accountants

Singapore
April 8, 2003