



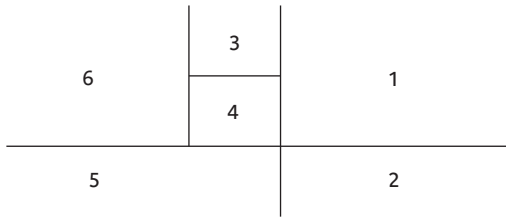
Focused  
& sustainable

The background image shows a large industrial facility at night, featuring massive, dark, insulated pipes that curve and loop across the scene. In the distance, a refinery or processing plant is illuminated by warm lights, with smoke or steam rising from the structures. The overall atmosphere is industrial and modern.



Our Utilities business provides integrated utilities and energy to industrial customers in Singapore, the United Kingdom and the region.

Committed to developing long-term partnerships with our customers, we are focused on delivering our services reliably and in the most cost-effective and efficient manner.



- 1 SembCorp Utilities UK on the Wilton International site on Teesside.
- 2 Reverse osmosis facility at our High Grade Industrial Water plant on Jurong Island, Singapore.
- 3 Control systems for our operations on Jurong Island, Singapore.
- 4 Our Shanghai Caojing Cogeneration power plant in Shanghai Chemical Industrial Park, China.
- 5 The pre-treatment of raw water before conversion into High Grade Industrial Water.
- 6 Our integrated wastewater treatment plant in Nanjing Chemical Industrial Park, China.

**Focused  
& sustainable**



Our Shanghai Caojing Cogeneration power plant (pictured) has an installed capacity of 660 megawatts of power and 728 tonnes per hour of steam.

From energy,  
integrated utilities  
and environmental  
solutions to marine  
engineering services,  
we at SembCorp  
Industries are focused  
on businesses that  
deliver sustainable  
value and growth.

# Performance at a glance



Our Phu My 3 power plant in Vietnam (pictured) began commercial operations in March 2004.

## Group Financial Highlights

	2005	2004	Change (%)
<b>For The Year (\$ million)</b>			
Turnover	7,409	5,944	25%
EBITDA	668	1,112	-40%
Profit before tax	508	982	-48%
Profit attributable to shareholders of the Company			
– before exceptional items	278	228	22%
– after exceptional items	303	391	-23%
Capital expenditure	351	281	25%
<b>At Year End (\$ million)</b>			
Shareholders' funds	2,000	1,958	2%
Total assets	7,319	8,018	-9%
Net cash	125	194	-36%
Operating cashflow	828	494	67%
Free cashflow	968	1,974	-51%
<b>Per Share</b>			
Earnings (cents)			
– before exceptional items	15.74	12.49	26%
– after exceptional items	17.14	21.47	-20%
Net assets (\$)	1.14	1.07	7%
Net tangible assets (\$)	1.06	0.99	7%
Gross dividends (cents)	6.50	11.25	-42%
Gross dividend yield (%)*	2.4	6.9	-65%
<b>Financial Ratios</b>			
Return on equity (%)			
– before exceptional items	14.2	12.8	11%
– after exceptional items	15.3	21.1	-27%
Return on total assets (%)			
– before exceptional items	5.5	5.9	-7%
– after exceptional items	6.1	13.5	-55%
Interest cover (times)	12	15	-20%
Net gearing (times)	Net cash	Net cash	NM
<b>Productivity Data (\$ million)</b>			
Economic value added	251	306	-18%

\* Based on the closing share price of S\$2.74 for 2005 and S\$1.62 for 2004 respectively.

# Contents

A nighttime photograph of a large industrial facility, likely a petrochemical hub. The scene is dominated by numerous large, cylindrical storage tanks and complex piping systems, all illuminated by warm, yellowish lights. In the background, a city skyline is visible, with various buildings and structures lit up against a dark blue sky. The overall atmosphere is one of industrial activity and modern infrastructure.

Jurong Island (pictured) is Singapore's petrochemical hub, where SembCorp Utilities serves more than 35 MNCs.



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## Chairman's Statement



# Delivering lasting value and attractive returns to our shareholders is our priority. Going forward, we will continue to sharpen our focus on businesses that give us quality earnings and growth.

Dear Shareholders,

SembCorp Industries performed well in 2005. We turned in a 22% growth in Profit After Tax and Minority Interest (PATMI) before exceptional items.

Led by our Utilities and Marine Engineering businesses, 2005 PATMI before exceptional items rose to S\$278.5 million compared to S\$227.7 million the year before, while turnover for the Group increased 25% to S\$7.4 billion. Underpinned by long-term contracts, our integrated utilities and energy business delivered strong growth on both the top and bottom-line. Our Marine Engineering business continued to benefit from the buoyant oil and gas sector and also achieved solid earnings growth during the year.

Including exceptional items, PATMI for the year was a lower S\$303.3 million compared to S\$391.5 million in 2004 when a S\$163.8 million exceptional gain was recorded. Our Return On Equity was 15% and our Economic Value Added (EVA) was a positive S\$251 million. Financial discipline coupled with improved operational performance resulted in healthy cashflow for the Group and a strong balance sheet. A free cashflow of S\$968 million was generated during the year. We ended the year in a net cash position and interest cover at 12 times.

## **Delivering shareholder returns**

Delivering lasting value and attractive returns to our shareholders continues to be our priority. To ensure that

these returns are sustainable, we continue to invest in the long-term growth of our core businesses. We also seek to return value to our shareholders through a sustainable dividend policy.

For 2005, the Board of Directors is proposing a final gross dividend of 6.5 cents per ordinary share. This is an increase of 30% over the 2004 dividend of 5 cents per ordinary share (excluding special dividends). This represents a 33% payout of PATMI before exceptional items.

On the back of a 56% appreciation in our share price during the year, Total Shareholder Return was 66%, more than three times the benchmark Straits Times Index's (STI) Total Shareholder Return of 18%. Our market capitalisation stood at S\$4.8 billion at the close of 2005 compared to S\$3.0 billion at end 2004.

## **Building a foundation for long-term growth**

We have been focusing the Group on business strategies to deliver secure and sound returns as well as long-term growth.

In 2005, we made clear progress in this regard. We also saw some encouraging results from strategic initiatives undertaken over the last few years as well as healthy profit contribution from investments made.

A notable example is the solid performance delivered by our Utilities operations in the UK. SembCorp Utilities UK

# Chairman's Statement

has played a significant role in our establishment as a leading niche energy and integrated utilities player. Not only has it yielded good returns financially, we are also building on the management and operational expertise as well as strong customer relationships in Teesside to grow our business internationally in target markets such as the Middle East.

Our strategy of replicating our unique integrated utilities model overseas in emerging growth markets also took a small but important step forward during the year. In December, we became the exclusive provider of integrated utilities in Nanjing Chemical Industrial Park. As a provider of multi-utilities to industry clusters, being a "first mover" is critical in order to create distinctive assets and market positions. We believe that this recent development will place us in good stead in the medium to long-term to partake in the growth of China's burgeoning petrochemical industry.

Well-positioned to benefit from the current growth in the marine and offshore industry, our Marine Engineering business did well in the year and has a strong outlook going forward. Orderbook stood at a record high of S\$5.9 billion with deliveries and completions from 2006 to 2009. Together with the yard in Texas secured in October, we now have 12 strategically located shipyards spearheading our overseas growth and expansion. Our strategic acquisition of PPL shipyard as well as investment in our own proprietary Baker Marine Pacific Class 375 deep drilling offshore jack-up rigs has also paid off. A total of 13 rigs have been ordered since 2004 with eight orders placed in 2005 alone. Our stake in the enlarged Cosco Shipyard Group also delivered significant returns in its first full year of contribution.

Our Logistics business also performed well, supported by the strength of the Pan-Asian supply chain network we have built over the years.

Our Environmental Engineering business continued to maintain its position as Singapore's leading environmental solutions provider. We will be intensifying our focus on the development of pre-disposal treatment methods and waste-to-resource technologies following a review of the business conducted during the year.

## **Corporate responsibility**

The responsibilities we have as a corporate entity play a vital role in our pursuit of creating growth and lasting value for the owners of our Company. A deep commitment to good corporate conduct and governance including recognition of our responsibility to society at large is at the heart of all that we do.

As part of our continual review and enhancement of our practices, a whistle-blowing policy was put in place in 2005. The policy and accompanying procedures aim to provide employees with well-defined and accessible channels to raise concerns, in confidence, about possible improprieties.

We also started the Trailblazer-Wong Kok Siew Fund during the year. The Fund, set up in tribute to our former Deputy Chairman and CEO, the late Mr Wong Kok Siew, provides opportunities to persons of talent, especially students, to develop themselves across a wide spectrum of disciplines. The Fund will enable us to build effectively upon our ongoing community initiatives which focus on children, youth and education.

## **A note of thanks**

Our staff are talented, creative and committed to deliver consistent and competitive returns. On behalf of the Board, I would like to recognise their contribution in 2005 and thank them for their dedication and hard work.

We would like to express our deep appreciation to Lua Cheng Eng who vacated his office of Director

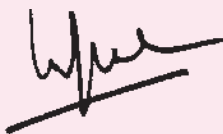
and Chairman of the Audit and Risk Committees with effect from February 14, 2006. A Director since 1998, Cheng Eng was a key member of the Board and provided critical oversight and valuable contributions to the good governance of the Group. Richard Hale, OBE, an existing member of the Audit Committee and an independent Director has been appointed as the new Audit Committee Chairman. We would also like to thank Tetsuro Kawakami, who retired after six years of distinguished service on the Board, for his contribution. A warm welcome is also extended to two new Directors, Tang Kin Fei and Lee Suet Fern who joined our Board on May 1, 2005 and July 1, 2005 respectively.

We would also like to express our appreciation to our customers, partners and business associates for their support and the vital role they play in our success.

Last but not least, thanks must go to all of our shareholders for your continued confidence in SembCorp Industries.

Our businesses have demonstrated their ability to give us quality earnings and growth. The challenge we have is to continue to nurture and grow them. Together with Kin Fei and the management team, I am confident that we are well-positioned to meet this challenge and to continue creating and delivering value to you in a sustainable way.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter LH Seah', written over a horizontal line.

**Peter LH Seah**  
Chairman, SembCorp Industries  
February 28, 2006



# Our strong performance in 2005 demonstrates the success of our strategy to focus the Group on businesses and markets that would deliver sustainable earnings and growth.

Dear Shareholders,

In 2005, SembCorp Industries delivered strong performance and growth. Our Group has been working hard to position ourselves in markets and businesses that would generate sustainable earnings and growth. We are pleased that the performance of our operations in 2005 reflects the positive results of this strategy.

Group turnover for the year set a new record, rising 25% to S\$7.4 billion. Group Profit After Tax and Minority Interest (PATMI) before exceptional items was S\$278.5 million, an increase of 22% over the preceding year's profit of S\$227.7 million. The achievement of double-digit top and bottom-line growth was driven primarily by our Utilities and Marine Engineering operations. Excluding exceptional items, our Return On Equity was a healthy 14% while Earnings Per Share rose 26% from 12.5 cents to 15.7 cents in 2005.

## Overview of major businesses

Our **Utilities** business continued to deliver strong results in 2005. In Singapore, our operations on Jurong Island maintained a leading position as the key provider of third-party integrated utilities and energy services. The strong performance of the business was underpinned by stable earnings from long-term contracts, while new investments as well as capacity expansions on the island provided the impetus for organic growth.

In 2005, overseas operations contributed 40% to our integrated utilities and energy earnings. This is evidence that our focus on overseas expansion is paying off. Most notably, our UK operations delivered a solid performance in 2005 thanks to high energy prices as well as our ability to utilise multi-fuel. In addition, the successful integration of a new gas turbine at the existing power station in late 2004 increased the reliability of supply and boosted electricity output to meet strong demand on Teesside. The use of tallow as a fuel source from August 2004 to December 2005 allowed us to earn Renewable Obligation Certificates and provided our UK operations with an additional earnings stream. We gained vital experience in renewable energy through the project and it paved the way for the development of our 30 megawatt biomass power station, Wilton 10. In March 2005, we sanctioned construction of the facility which will be one of the UK's largest biomass renewable energy projects.

2005 also saw strong contribution from our Vietnam joint venture, Phu My 3.

Increasing demand for petrochemical products in the global market has resulted in China being a key growth market for Utilities. During the year, we made steady inroads into this target market, teaming up with local players to replicate our integrated utilities business model. We successfully developed a new integrated utilities service centre and strengthened our presence in Nanjing Chemical Industrial Park (NCIP). We extended

# CEO's Review

our service offerings and became the exclusive provider of third-party integrated utilities in NCIP through our investments in NCIP SembCorp Water and NCIP SembCorp Utilities. Our wastewater treatment plant, Nanjing SembCorp SUIWU, also achieved commercial operations during the year.

We established a new beachhead and strengthened our presence in China with the acquisition of an integrated wastewater treatment facility in the ZhangJiaGang Free Trade Zone in Jiangsu Province, China.

Our **Marine Engineering** business enjoyed another sterling year in 2005 registering strong growth across all sectors and a record orderbook of S\$5.9 billion secured to date. Strong industry fundamentals against a backdrop of deep-drilling exploration needs resulted in a record S\$4.2 billion worth of contracts secured during the year. Rig building, a sector in which we command a substantial global market share, showed significant growth in orders which reached S\$4.6 billion. Meanwhile, as we continued to leverage on our existing network of shipyards for growth, we also acquired Sabine Shipyard in Texas, USA, to better serve the needs of our customers in the Gulf of Mexico. During the year, we continued to foster strategic alliance partners who would provide a steady and growing baseload for our yards.

Strong Supply Chain Management operations continued to drive Logistics' earnings growth in 2005 with good performance from the Consumer, Hi-tech and Industrial sectors. A total of 245 contracts were secured during the year.

As in 2004, Southeast Asia was the main contributor to our Supply Chain Management business. Meanwhile, our North Asia operations achieved strong growth in 2005 driven by increased business volumes in China, Korea and Japan. To tap into the intra-North Asia supply chain business, we established a strategic presence in Shandong

province in China, where the majority of foreign direct investments from Japan and South Korea into China are being made. At the same time, our Southeast Asia supply chain network was further expanded with the commencement of operations of our Indonesia and Philippines joint ventures.

**Environmental Engineering** maintained its position as Singapore's leading environmental solutions provider in 2005. The orderbook for our Singapore operations grew a healthy 36% over the previous year to S\$548.4 million.

During the year, we streamlined our operations and tightened our focus on profitable business sectors. Going forward, we will capitalise on the development of innovative pre-disposal treatments and waste-to-resource businesses to reduce waste disposal costs, improve recyclables yield and extract value from waste.

Our **Engineering & Construction** business closed the year with a small profit, improving its performance over 2004. Our focus continues to be on process engineering contracts, especially in the oil and gas sector. In 2005, our orderbook stood at S\$2.3 billion. A key project clinched during the year was the S\$400 million contract to construct the largest single-stream Low Density Polyethylene facility in the world for Huntsman.

## **Solitaire**

The hearings on the Owner's claims in the arbitration proceedings on Solitaire were completed in 2005. The Tribunal is expected to make an award on the Principal sums in 2006. We look forward to closing the matter and moving on.

## **Outlook**

In the year ahead, barring unforeseen circumstances, we expect the overall performance of the Group for 2006 to be better than that of 2005.



Our Group orderbook is at an all-time high of S\$8.4 billion, up 50% from 2004. This orderbook excludes long-term contracts in our Utilities and Logistics businesses, which continue to provide stable baseload earnings to the Group.

With a strong track record and the right strategies in place, we are well-positioned to continue growing SembCorp Industries, capitalising on the strong demand in the petrochemical industry as well as robust market fundamentals in the offshore and marine sector.

We will continue to focus on growing our businesses overseas. We believe that there are good opportunities for profitable growth in markets such as China, the Middle East, India and ASEAN. As we explore these opportunities for growth, we are nonetheless mindful of the importance of nurturing and growing our existing businesses and partnerships.

In 2005, our operations have demonstrated the ability to deliver sustainable earnings and growth. We have developed new markets, gained new customers and built on our strong market positions. Going forward, we will continue to sharpen our focus on businesses that would deliver sustainable value to our shareholders.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tang Kin Fei', written over a horizontal line.

**Tang Kin Fei**  
Group President & CEO, SembCorp Industries  
February 28, 2006

# Significant Events in 2005

## JANUARY

**SembCorp Logistics** (SembLog) forms two separate 51:49 joint ventures to expand its supply chain management operations to Indonesia and the Philippines.

**SembCorp Engineers and Constructors'** (SembE&C) unit **SembCorp Simon-Carves** secures contract to design the world's largest single-stream Low Density Polyethylene plant for Huntsman at the Wilton International site on Teesside, UK.

## FEBRUARY

**SembCorp Utilities'** (SembUtilities) unit **SMOE**, in partnership with **Sembawang Shipyard**, secures a US\$200 million order to build and integrate floating production, storage and offloading topsides for ConocoPhillips China.

**SembUtilities** divests its 30% stake in Kwinana Cogeneration Plant in Australia for S\$32 million.

**SembCorp Marine's** (SembMarine) **PPL Shipyard** secures two rig building contracts worth US\$253.3 million from Apexindo and Sinvest.

**SembMarine's** subsidiary, **Jurong Shipyard** secures a US\$50 million contract to fabricate a deep draft semi-submersible hull for Atlanta Offshore.

In partnership with Huisman Special Lifting Equipment, **SembMarine's** subsidiary, **Sembawang Shipyard** secures a US\$150 million contract to design and construct a pipelay vessel for SapuraCrest Petroleum.

## MARCH

**SembCorp Industries** divests its remaining 28.8% equity stake in Pacific Internet for S\$43.4 million.

**SembCorp Utilities UK** (SembUtilities UK) receives approval to build Wilton 10, a 30 megawatt wood-burning power station and one of the largest biomass renewable energy projects in the UK.

**PPL Shipyard** secures a US\$121 million rig building contract from Wilsuperior.

## APRIL

**PPL Shipyard** secures a US\$129 million rig building contract from Seatankers Management.

**Jurong Shipyard** secures a US\$127.1 million rig building contract from Petrojack .

## MAY

**SembCorp Industries** appoints Tang Kin Fei as Group President & CEO. Mr Tang succeeds Deputy Chairman & CEO Wong Kok Siew who passed away while in office in February 2005.

**SembCorp Industries** distributes S\$214.8 million to shareholders via a capital reduction exercise.

**PPL Shipyard** secures a US\$130 million rig building contract from Japan Drilling.

**SembLog** conducts a S\$250 million capital reduction exercise.

## JUNE

**SembUtilities** forms an 80:20 joint venture to provide third-party wastewater treatment services in the ZhangJiaGang Free Trade Zone in Jiangsu Province, China.

**Jurong Shipyard** secures a US\$780 million contract to build two ultra-deepwater semi-submersible rigs for Seatankers and a US\$131 million contract to build a jack-up rig for Petrojack.

## JULY

**SembCorp Industries** launches the Group-wide Trailblazer-Wong Kok Siew Fund focusing on children, youth and education to give talented young people a headstart in life.

## AUGUST

**Jurong Shipyard** secures orders worth US\$804 million to build two ultra-deepwater semi-submersible rigs for PetroMena and SeaDrill.

## OCTOBER

**PPL Shipyard** secures a US\$144 million rig building contract from Awilco Offshore.

**PPL Shipyard** establishes a strategic hub in the Gulf of Mexico through its acquisition of Sabine Shipyard in Texas, USA.

## NOVEMBER

**SembCorp Industries** appoints Heng Chiang Gnee to the post of President & CEO of **SembCorp Environmental Management**.

**SembUtilities** receives the 2005 International Business Award from the UK Trade & Investment in recognition of its strategic and long-term investment in the UK.

**SembUtilities** acquires a 70% stake in NCIP SembCorp Water to build, own and operate a water treatment facility in Nanjing Chemical Industrial Park, China.

**SembUtilities UK** receives the British Safety Council's prestigious Sword of Honour award for the management of workplace health and safety.

## DECEMBER

**SembUtilities'** subsidiary, **SembCorp Gas** secures its first Compressed Natural Gas (CNG) commercial supply contract with SMART Automobile to power Singapore's first fleet of CNG taxis.

**SembUtilities** acquires a 34% stake in NCIP SembCorp Utilities and becomes the exclusive provider of third-party integrated utilities services within Nanjing Chemical Industrial Park, China.



SembCorp Cogen (pictured) produces both electricity as well as steam, which is sold to industrial customers on Jurong Island.





SembCorp Utilities UK's new gas turbine (pictured) has increased electricity output at the Wilton Power Station and at the same time added to the fuel flexibility and environmental efficiency of our operations.

# Performance

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- Auditors' Statement
- Summary Balance Sheet
- Summary Profit and Loss Account
- Other Information
- Shareholders' Information
- Corporate Information
- Notice of Annual General Meeting
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# Summary Directors' Report

Year ended December 31, 2005

## Directors' Report

The Summary Financial Statements contain only a summary of the information in the Directors' Report and financial statements of the Company's Annual Report. It does not contain sufficient information to allow for a full understanding of the results and state of affairs of the Company and of the Group.

For further information, the full financial statements, the 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. 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, 2005.

## Directors

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

Peter Seah Lim Huat

Tang Kin Fei (Appointed on May 1, 2005)

K Shanmugam

Goh Geok Ling

Richard Hale OBE

Yong Ying-I

Dr Vichit Suraphongchai

Colin Au Fook Yew

Evert Henkes

Lee Suet Fern (Appointed on July 1, 2005)

## Principal Activities

The principal activities of the Company are those of an investment holding company, as well as the corporate headquarters, which gives strategic direction and provides management services to its subsidiaries. The principal activities of key subsidiaries are as follows:

### i. Utilities

Its principal activities are in power, gas, centralised utilities and specialised chemical feedstock industries. It is the provider of industrial site services to clusters of chemical multinational corporations on Jurong Island in Singapore and Wilton International in the United Kingdom. It also invests in, manages and operates cogeneration plants in Singapore and in the region. It is also involved in engineering, construction and fabrication of offshore platforms, modules and floating production systems for oil and gas companies worldwide.

### ii. Marine Engineering

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

### iii. Logistics

Its principal activities are in supply chain management and offshore logistics. It provides one-stop integrated logistics management services including automated warehouse and inventory management. The business operates offshore supply bases in Singapore, China, Indonesia, Thailand, Iran and Azerbaijan.

### iv. Environmental Engineering

The business provides integrated waste management services in the Asia Pacific region. Its activities include a complete and integrated suite of solutions for waste treatment and environmental project management, catering to the municipal, industrial, commercial and healthcare sectors.

### v. Engineering and Construction

It is an engineering and construction service provider with principal activities ranging from turnkey construction, design consultancy, infrastructure development and project management. It is also involved in petrochemical, chemical and industrial process engineering and manufacturing of precast components.

There have been no significant changes in the principal activities of the Company and the Group during the financial year.



# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests

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

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year/date of appointment		At beginning of the year/date of appointment		
Name of director and corporation in which interests held	Description of interests	Exercise period	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
<b>Peter Seah Lim Huat</b>						
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	-	140,000	-	-
	Options to subscribe for ordinary shares of \$0.25 each at					
	- \$1.94 per share	27/6/2001 to 26/6/2005	140,000	-	-	-
	- \$1.50 per share	20/4/2002 to 19/4/2006	140,000	140,000	-	-
	- \$1.54 per share	8/5/2003 to 7/5/2007	70,000	70,000	-	-
	- \$0.93 per share	18/10/2003 to 17/10/2007	70,000	70,000	-	-
	- \$1.09 per share	3/6/2004 to 2/6/2008	70,000	70,000	-	-
	- \$1.24 per share	19/11/2004 to 18/11/2008	70,000	70,000	-	-
	- \$1.30 per share	18/5/2005 to 17/5/2009	70,000	70,000	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	70,000	70,000	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	70,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	70,000	-	-
<b>Tang Kin Fei</b>						
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	732,293	688,355	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year	
Name of director and corporation in which interests held	Description of interests	Exercise period				
<b>Tang Kin Fei (continued)</b>						
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at - \$2.21 per share	20/5/2001 to 19/5/2009	150,000	150,000	-	-
	- \$1.94 per share	27/6/2001 to 26/6/2010	260,000	260,000	-	-
	- \$1.50 per share	20/4/2002 to 19/4/2011	300,000	75,000	-	-
	- \$1.54 per share	8/5/2003 to 7/5/2012	175,000	87,500	-	-
	- \$0.93 per share	18/10/2003 to 17/10/2012	87,500	87,500	-	-
	- \$1.09 per share	3/6/2004 to 2/6/2013	150,000	150,000	-	-
	- \$1.24 per share	19/11/2004 to 18/11/2013	200,000	150,000	-	-
	- \$1.30 per share	18/5/2005 to 17/5/2014	200,000	200,000	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2014	200,000	200,000	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2015	-	300,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2015	-	300,000	-	-
	Conditional award of: - 100,000 performance shares to be delivered after 2005 (Note 1a)	-	Up to 200,000	Up to 200,000	-	-
	- 200,000 performance shares to be delivered after 2006 (Note 1b)	-	Up to 400,000	Up to 400,000	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests *(continued)*

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year	
Name of director and corporation in which interests held	Description of interests	Exercise period				
<b>Tang Kin Fei</b> <i>(continued)</i>						
SembCorp Industries Ltd	- 400,000 performance shares to be delivered after 2007 (Note 2)	-	-	Up to 600,000	-	-

Note 1: The actual number delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below 80% level will mean no performance shares will be delivered, while achievement up to 200% will mean up to 2 times the number of conditional performance shares awarded could be delivered.

- a. Period from 2003 to 2005
- b. Period from 2004 to 2006

Note 2: The actual number delivered will depend on the achievement of set targets over a 3-year period from 2005 to 2007, threshold ranging from 0% to 150% of the original award.

## Lua Cheng Eng<sup>@</sup>

SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	-	70,000	-	-
	Options to subscribe for ordinary shares of \$0.25 each					
	- \$1.94 per share	27/6/2001 to 26/6/2005	70,000	-	-	-
	- \$1.50 per share	20/4/2002 to 19/4/2006	140,000	140,000	-	-
	- \$1.54 per share	8/5/2003 to 7/5/2007	70,000	70,000	-	-
	- \$0.93 per share	18/10/2003 to 17/10/2007	70,000	70,000	-	-
	- \$1.09 per share	3/6/2004 to 2/6/2008	70,000	70,000	-	-
	- \$1.24 per share	19/11/2004 to 18/11/2008	70,000	70,000	-	-
	- \$1.30 per share	18/5/2005 to 17/5/2009	70,000	70,000	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests (continued)

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 the director is deemed to have an interest	
			At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
<b>Lua Cheng Eng<sup>@</sup> (continued)</b>						
SembCorp Industries Ltd	- \$1.47 per share	23/11/2005 to 22/11/2009	70,000	70,000	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	70,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	70,000	-	-

<sup>@</sup> Mr Lua Cheng Eng has vacated his office of Director on the Company's Board with effect from February 14, 2006. The outstanding options became immediately vested and exercisable within 18 months from that date.

## K Shanmugam

SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	-	70,000	-	-
	Options to subscribe for ordinary shares of \$0.25 each at					
	- \$1.94 per share	27/6/2001 to 26/6/2005	70,000	-	-	-
	- \$1.50 per share	20/4/2002 to 19/4/2006	70,000	70,000	-	-
	- \$1.54 per share	8/5/2003 to 7/5/2007	35,000	35,000	-	-
	- \$0.93 per share	18/10/2003 to 17/10/2007	35,000	35,000	-	-
	- \$1.09 per share	3/6/2004 to 2/6/2008	35,000	35,000	-	-
	- \$1.24 per share	19/11/2004 to 18/11/2008	35,000	35,000	-	-
	- \$1.30 per share	18/5/2005 to 17/5/2009	35,000	35,000	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	35,000	35,000	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest		
		At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year	
Name of director and corporation in which interests held	Description of interests	Exercise period				
<b>K Shanmugam (continued)</b>						
SembCorp Industries Ltd	- \$2.68 per share	2/7/2006 to 1/7/2010	-	35,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	35,000	-	-
<b>Goh Geok Ling</b>						
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	215,000	232,100	-	47,000
	Options to subscribe for ordinary shares of \$0.25 each at					
	- \$1.94 per share	27/6/2001 to 26/6/2005	30,000	-	-	-
	- \$1.50 per share	20/4/2002 to 19/4/2006	50,000	50,000	-	-
	- \$1.54 per share	8/5/2003 to 7/5/2007	25,000	25,000	-	-
	- \$0.93 per share	18/10/2003 to 17/10/2007	12,500	12,500	-	-
	- \$1.09 per share	3/6/2004 to 2/6/2008	18,750	18,750	-	-
	- \$1.24 per share	19/11/2004 to 18/11/2008	18,750	18,750	-	-
	- \$1.30 per share	18/5/2005 to 17/5/2009	25,000	25,000	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	25,000	25,000	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	35,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	35,000	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
		At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Name of director and corporation in which interests held	Description of interests	Exercise period			
<b>Richard Hale OBE</b>					
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	-	58,750	-
	Options to subscribe for ordinary shares of \$0.25 each at - \$1.50 per share	20/4/2002 to 19/4/2006	70,000	60,000	-
	- \$1.54 per share	8/5/2003 to 7/5/2007	35,000	17,500	-
	- \$0.93 per share	18/10/2003 to 17/10/2007	35,000	17,500	-
	- \$1.09 per share	3/6/2004 to 2/6/2008	35,000	26,250	-
	- \$1.24 per share	19/11/2004 to 18/11/2008	35,000	26,250	-
	- \$1.30 per share	18/5/2005 to 17/5/2009	35,000	35,000	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	35,000	35,000	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	35,000	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	35,000	-
<b>Yong Ying-I</b>					
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	-	-	100,000	-
<b>Dr Vichit Suraphongchai</b>					
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at - \$1.24 per share	19/11/2004 to 18/11/2008	17,500	17,500	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests *(continued)*

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest		
		Exercise period	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Name of director and corporation in which interests held	Description of interests					
<b>Dr Vichit Suraphongchai</b> <i>(continued)</i>						
SembCorp Industries Ltd	- \$1.30 per share	18/5/2005 to 17/5/2009	17,500	17,500	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	17,500	17,500	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	20,000	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	20,000	-	-
<b>Colin Au Fook Yew</b>						
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at - \$1.30 per share	18/5/2005 to 17/5/2009	13,500	13,500	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	13,500	13,500	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	17,500	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	17,500	-	-
<b>Evert Henkes</b>						
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at - \$1.30 per share	18/5/2005 to 17/5/2009	12,000	12,000	-	-
	- \$1.47 per share	23/11/2005 to 22/11/2009	12,000	12,000	-	-
	- \$2.68 per share	2/7/2006 to 1/7/2010	-	17,500	-	-
	- \$2.67 per share	22/11/2006 to 21/11/2010	-	17,500	-	-

# Summary Directors' Report

Year ended December 31, 2005

## Directors' Interests *(continued)*

		Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
		At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Name of director and corporation in which interests held	Description of interests	Exercise period			
<b>Lee Suet Fern</b>					
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at - \$2.67 per share	22/11/2006 to 21/11/2010	-	35,000	-
					-

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, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and January 21, 2006.

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 note 29 (b) and 35 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.

### 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 3, 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  
K Shanmugam

The Share Option Plan is the incentive scheme for directors and employees of the Company and its subsidiaries (the "Group") whereas the Performance Share Plan and Restricted Stock Plan are aimed primarily at key executives 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 Parent Company and non-executive directors and employees of the Company's associated company, are given an opportunity to participate in the equity of the Company.



# Summary Directors' Report

Year ended December 31, 2005

## **Share-based Incentive Plans** *(continued)*

Under the rules of the Share Option Plan, participants who ceased to be employed by the Group, Parent Company 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.

The Company designates Temasek Holdings (Private) Limited as the Parent Company.

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 the 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. Performance-based restricted awards differ from awards granted under the Performance Share Plan in that an extended vesting period is imposed beyond the performance target completion date.

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.

Other information regarding the Share Option Plan are as follows:

- i. The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- ii. The options can be exercised 12 months after the grant for market price options and 24 months for discounted options. Further vesting period for the exercise of the options may be set. The Group imposed a further vesting over 4 years for managers and above for retention purposes.
- iii. The options granted expire after 5 years for non-executive directors, associated company's employees and 10 years for the employees of Group and Parent Company.

# Summary Directors' Report

Year ended December 31, 2005

## Share Options

### a. SembCorp Industries Share Option Plan

At the end of the financial year, details of the options granted under the Share Option Plan on unissued shares of \$0.25 each of the Company are as follows:

#### SembCorp Industries Ltd

Ordinary shares of \$0.25 each

Date of grant of options	Exercise price per share*	Options outstanding at 1/1/2005	Options				Number of options holders/ (including number of directors)	Exercise period
			Options granted	Options exercised	Options cancelled/ lapsed/not accepted	Options outstanding at 31/12/2005		
26/06/00	\$1.94	726,000	-	(406,000)	(320,000)	-	-/(1)	27/06/01 to 26/06/05
26/06/00	\$1.94	9,091,600	-	(5,238,035)	(761,600)	3,091,965	251/(1)	27/06/01 to 26/06/10
24/07/00	\$2.21	5,566,771	-	(2,022,818)	(297,455)	3,246,498	163/(1)	20/05/01 to 19/05/09
24/07/00	\$2.07	169,477	-	(43,459)	(19,730)	106,288	7/(-)	16/09/01 to 15/09/09
19/04/01	\$1.50	777,000	-	(174,000)	(35,000)	568,000	8/(5)	20/04/02 to 19/04/06
19/04/01	\$1.50	10,813,300	-	(8,305,475)	(492,475)	2,015,350	233/(1)	20/04/02 to 19/04/11
07/05/02	\$1.54	405,000	-	(93,750)	(17,500)	293,750	12/(5)	08/05/03 to 07/05/07
07/05/02	\$1.54	6,718,000	-	(3,716,875)	(365,825)	2,635,300	588/(1)	08/05/03 to 07/05/12
17/10/02	\$0.93	298,000	-	(58,000)	-	240,000	12/(5)	18/10/03 to 17/10/07
17/10/02	\$0.93	4,051,425	-	(1,774,200)	(291,375)	1,985,850	448/(1)	18/10/03 to 17/10/12
02/06/03	\$1.09	335,750	-	(69,500)	-	266,250	15/(5)	03/06/04 to 02/06/08
02/06/03	\$1.09	5,874,551	-	(2,347,521)	(352,875)	3,174,155	550/(1)	03/06/04 to 02/06/13
18/11/03	\$1.24	353,250	-	(62,750)	-	290,500	16/(6)	19/11/04 to 18/11/08
18/11/03	\$1.24	6,266,578	-	(2,214,333)	(435,000)	3,617,245	600/(1)	19/11/04 to 18/11/13
17/05/04	\$1.30	363,500	-	(53,000)	-	310,500	17/(8)	18/05/05 to 17/05/09
17/05/04	\$1.30	7,969,000	-	(2,412,555)	(588,775)	4,967,670	743/(1)	18/05/05 to 17/05/14
22/11/04	\$1.47	313,500	-	(1,000)	-	312,500	17/(8)	23/11/05 to 22/11/09
22/11/04	\$1.47	7,772,500	-	(1,069,674)	(655,875)	6,046,951	1,134/(1)	23/11/05 to 22/11/14
01/07/05	\$2.68	-	335,000	-	(35,000)	300,000	8/(8)	02/07/06 to 01/07/10
01/07/05	\$2.68	-	8,762,500	(12,000) <sup>@</sup>	(967,500)	7,783,000	1,932/(1)	02/07/06 to 01/07/15
21/11/05	\$2.67	-	370,000	-	(35,000)	335,000	9/(9)	22/11/06 to 21/11/10
21/11/05	\$2.67	-	8,454,000	-	(294,000)	8,160,000	2,164/(1)	22/11/06 to 21/11/15
		67,865,202	17,921,500	(30,074,945)	(5,964,985)	49,746,772		

\* During the year, the exercise price for outstanding share options granted prior to January 1, 2005 were adjusted for the capital reduction in 2005.

@ The share options have been retained and thus immediately exercisable.

# Summary Directors' Report

Year ended December 31, 2005

## Share Options *(continued)*

### a. SembCorp Industries Share Option Plan *(continued)*

The details of options of the Company granted during the year and awarded/exercised since commencement of the Scheme (aggregate) to December 31, 2005 were as follows:

Option Participants	Aggregate				
	Options granted during the year	Aggregate options granted	options		
			cancelled/ lapsed/ not accepted	Aggregate options exercised	Aggregate options outstanding
<b>Directors</b>					
Peter Seah Lim Huat	140,000	840,000	–	(140,000)	700,000
Tang Kin Fei <sup>1</sup>	600,000	3,144,052	(607,759) <sup>2</sup>	(576,293)	1,960,000
Lua Cheng Eng <sup>3</sup>	140,000	770,000	–	(70,000)	700,000
K Shanmugam	70,000	420,000	–	(70,000)	350,000
Goh Geok Ling	70,000	300,000	–	(55,000)	245,000
Richard Hale OBE	70,000	350,000	–	(62,500)	287,500
Yong Ying-I	70,000	165,000	(165,000) <sup>4</sup>	–	–
Dr Vichit Suraphongchai	40,000	92,500	–	–	92,500
Colin Au Fook Yew	35,000	62,000	–	–	62,000
Evert Henkes	35,000	59,000	–	–	59,000
Lee Suet Fern	35,000	35,000	–	–	35,000
<b>Other Executives</b>					
Group	16,616,500	141,990,242	(61,843,411)	(39,729,559)	40,417,272
Associated Company	–	748,600	(193,600)	(492,000)	63,000
Parent Group <sup>5</sup>	–	378,500	(56,500)	(194,000)	128,000
<b>Former Directors of the Company</b>					
	–	7,347,078	(1,977,078)	(722,500)	4,647,500
<b>Total</b>	<b>17,921,500</b>	<b>156,701,972</b>	<b>(64,843,348)</b>	<b>(42,111,852)</b>	<b>49,746,772</b>

#### Notes:

<sup>1</sup> Mr Tang Kin Fei was granted 600,000 share options since his appointment as director of the Company on May 1, 2005.

<sup>2</sup> Options lapsed due to replacement of 1999 options and expiry of earlier options.

<sup>3</sup> Mr Lua Cheng Eng has vacated his office of Director on the Company's Board with effect from February 14, 2006. The outstanding options became immediately vested and exercisable within 18 months from that date.

<sup>4</sup> options not accepted due to civil service regulation.

<sup>5</sup> Parent Group refers to former employees of Singapore Technologies Pte Ltd.

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.

# Summary Directors' Report

Year ended December 31, 2005

## Share Options (continued)

### b. Share Options of the Subsidiaries

At the end of the financial year, details of the options granted under the Share Option Plan of the subsidiaries are as follows:

#### SembCorp Logistics Ltd

Ordinary shares of \$0.25 each

Date of grant of options	Exercise price per share*	Options outstanding at 1/1/2005*	Options granted	Options exercised	Options cancelled/ lapsed/not accepted	Options outstanding at 31/12/2005	Number of options holders/ (including number of SCI directors)		Exercise period
06/03/00	\$1.32	1,013,400	-	(528,080)	(162,140)	323,180	18/(-)		07/03/01 to 06/03/10
28/06/00	\$1.61	4,091,560	-	(631,260)	(779,300)	2,681,000	682/(-)		29/06/01 to 28/06/10
15/05/01	\$0.82	1,144,020	-	(496,080)	(226,470)	421,470	75/(-)		16/05/02 to 15/05/11
18/10/01	\$0.41	127,500	-	(45,300)	(19,200)	63,000	10/(-)		18/10/02 to 17/10/11
27/02/02	\$1.02	2,898,230	-	(801,242)	(495,590)	1,601,398	185/(1)		28/02/03 to 27/02/12
27/09/02	\$0.54	403,250	-	(60,270)	(70,820)	272,160	41/(-)		27/09/03 to 26/09/12
06/02/03	\$0.42	3,456,250	-	(576,660)	(612,940)	2,266,650	143/(1)		06/02/04 to 05/02/13
21/04/03	\$0.81	300,000	-	-	(48,000)	252,000	1/(-)		22/04/04 to 21/04/13
19/08/03	\$0.66	737,000	-	(69,720)	(143,540)	523,740	51/(-)		19/08/04 to 18/08/13
11/02/04	\$0.98	7,193,850	-	(1,712,040)	(1,389,200)	4,092,610	275/(1)		11/02/05 to 10/02/14
19/08/04	\$1.11	1,481,000	-	(112,560)	(281,480)	1,086,960	60/(-)		19/08/05 to 18/08/14
16/05/05	\$1.71	-	9,823,400	-	(363,300)	9,460,100	1,049/(2)		16/05/06 to 15/05/15
24/08/05	\$1.69	-	1,258,000	-	(42,000)	1,216,000	96/(-)		24/08/06 to 23/08/15
		22,846,060	11,081,400	(5,033,212)	(4,633,980)	24,260,268			

\* During the year, the exercise price and the number of outstanding options granted prior to January 1, 2005 were adjusted for the capital reduction and special dividend paid in 2005.

#### SembCorp Marine Ltd

Ordinary shares of \$0.10 each

08/09/00	\$0.70	5,431,000	-	(4,839,000)	(50,000)	542,000	68/(-)		08/09/01 to 07/09/10
27/09/01	\$0.66	7,552,000	-	(5,242,000)	(58,000)	2,252,000	453/(1)		28/09/02 to 27/09/11
07/11/02	\$0.90	13,185,000	-	(5,577,000)	(178,000)	7,430,000	939/(1)		08/11/03 to 07/11/12
08/08/03	\$0.99	14,601,000	-	(4,761,000)	(261,000)	9,579,000	959/(1)		09/08/04 to 08/08/13
10/08/04	\$1.04	15,984,000	-	(2,331,000)	(425,000)	13,228,000	1,091/(1)		11/08/05 to 10/08/14
11/08/05	\$2.96	-	15,557,000	-	(176,000)	15,381,000	1,177/(2)		12/08/06 to 11/08/15
		56,753,000	15,557,000	(22,750,000)	(1,148,000)	48,412,000			

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

### 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 3 year performance cycle depending on the extent of the achievement of the performance conditions established at the onset.

# Summary Directors' Report

Year ended December 31, 2005

## Performance Share Plan *(continued)*

In 2005, the Committee, with advice and assistance from an independent compensation consultant, redesigned its approach to the share-based incentive awards, with particular focus on establishing new standards for share-based incentive grants. The redesigned share-based incentive grants took into account evolving practices at other major public-listed companies, as well as the Company's objective of further enhancing linkages between employee performance and long term shareholder value creation objectives. The redesign was completed and implemented in 2005.

For awards granted before 2005, recipients who do not achieve at least 80% of the targets set at the end of the performance period will not be granted the performance shares. If the achievement of the targets exceeds 100%, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

In the 2005 performance share award, the performance criteria was changed and performance levels re-calibrated based on the new measures, namely Wealth Added and Total Shareholders' Return. For each performance measure, three distinct performance levels are 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. Based on the new criteria, performance shares to be delivered for awards granted in 2005 will range between 0% to 150% of the original award.

Participants are also required to hold a minimum percentage of the shares released to them under the 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 short fall, they have a two calendar year period to meet the minimum percentage requirement.

During the year, a total of 157,500 performance shares were released by the Committee to the participants for the performance period 2002 to 2004. Of the 157,500 performance shares released, 84,000 were released to the estate of Mr Wong Kok Siew (deceased on February 16, 2005), a former key executive and executive director of the Board, via the release of cash in-lieu of share awards at \$2.00 per share on April 12, 2005, as approved by the Committee.

During the year, the Committee also approved the release of 113,400 performance shares for the performance period 2003 to 2005 and 39,200 performance shares for the performance period 2004 to 2006 to the estate of Mr Wong Kok Siew via the release of cash in-lieu of share awards at \$2.00 per share on April 12, 2005. The number of performance shares released to the estate of Mr Wong Kok Siew was pro-rated for the completed performance period.

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

	Conditional shares awarded during the year	Aggregate conditional shares awarded	Aggregate conditional shares released	Aggregate conditional shares lapsed	Aggregate conditional shares outstanding
<b>Performance Shares Participants</b>					
<b>Director of the Company</b>					
Tang Kin Fei (appointed on May 1, 2005)	400,000	1,040,000	(56,000) <sup>@</sup>	(284,000)	700,000
<b>Former Directors of the Company</b>	-	1,780,000	(341,600)	(1,438,400)	-
<b>Key Executives of the Group</b>	470,000	2,230,000	(133,000)	(1,097,000)	1,000,000
	870,000	5,050,000	(530,600)	(2,819,400)	1,700,000

<sup>@</sup> For performance period prior to Mr Tang Kin Fei's appointment as Group President & CEO of the Group.

The total number of performance shares in awards granted conditionally and representing 100% of targets achieved, but not released as at end 2005, was 1,700,000. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,965,000 performance shares.

# Summary Directors' Report

Year ended December 31, 2005

## Performance Share Plan *(continued)*

During the current financial year, the Group has charged \$1,271,000 (2004: \$1,772,000) to the profit and loss account in respect of performance shares awarded prior to January 1, 2005 based on the market values of the shares at reporting date. For performance share awarded from January 1, 2005 the Group has charged \$776,000 based on fair value of performance shares at grant date.

## Restricted Stock Plan

During the year, an award of 400,000 restricted stocks was vested to Mr Wong Kok Siew (deceased on February 16, 2005), a former key executive and executive director of the Board. This was issued to his estate during the year via the release of cash in-lieu of share awards at \$1.90 per share as approved by the Committee. A total 1,000,000 restricted stocks was vested and issued to him since 2002.

In 2005, no restricted stock has been awarded under the Restricted Stock Plan.

## 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 of the Company has become enforceable or is likely to become enforceable within the period of 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 of 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 financial statements which would render misleading any amount stated in the financial statements of the Group or of the Company.

## Unusual Items During and After the Financial Year

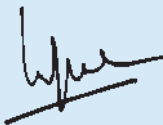
Except for the exceptional items and effects of changes in accounting policies as set out in note 29 (e) and 33 to the full financial statements, in the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group, or of the Company, during and after the financial year.

## Audit Committee

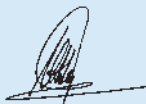
The members of the Audit Committee during the year and at the date of this report are:

Richard Hale OBE	(Chairman, appointed on February 14, 2006)
Lua Cheng Eng	(Chairman, vacated office on February 14, 2006)
K Shanmugam	
Lee Suet Fern	(Appointed on July 1, 2005)

The Summary Financial Statements set out on pages 22 to 46 was approved by the Board of Directors and was signed on its behalf by:



**Peter Seah Lim Huat**  
Chairman



**Tang Kin Fei**  
Director

Singapore  
February 28, 2006

# Auditors' Statement

Year ended December 31, 2005

## **Auditors' Statement to the Members of SembCorp Industries Ltd**

We have examined the Summary Financial Statements set out in pages 22 to 46, which have been prepared by the directors.

In our opinion, the Summary Financial Statements are consistent with the full financial statements and the Directors' Report of SembCorp Industries Ltd for the year ended December 31, 2005 and complies with the requirements of Section 203A of the Companies Act Chapter 50, and regulations made thereunder, applicable to the Summary Financial Statements.

We have issued an unqualified audit report dated February 28, 2006 on the full financial statements of SembCorp Industries Ltd for the year ended December 31, 2005, which is as follows:

## **Report of the Auditors to the Members of SembCorp Industries Ltd**

We have audited the accompanying financial statements of SembCorp Industries Ltd for the year ended December 31, 2005 as set out on pages # to #. 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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, 2005 and of 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**

Certified Public Accountants

Singapore  
February 28, 2006

Note:

- # The page numbers are as stated in the Auditors' Report dated February 28, 2006, included in the SembCorp Industries Ltd's Annual Report for the financial year ended December 31, 2005.

# Summary Balance Sheet

As at December 31, 2005

	Group		Company	
	Restated		Restated	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to shareholders of the Company:</b>				
Share capital	436,603	456,623	436,603	456,623
Other reserves	419,286	399,345	316,062	297,156
Accumulated profits	1,143,729	1,102,377	542,643	744,987
	1,999,618	1,958,345	1,295,308	1,498,766
<b>Minority interests</b>	845,041	843,232	-	-
<b>Total equity</b>	<b>2,844,659</b>	<b>2,801,577</b>	<b>1,295,308</b>	<b>1,498,766</b>
<b>Non-current assets</b>				
Property, plant and equipment	2,627,380	2,491,845	997	819
Investments in subsidiaries	-	-	2,275,587	2,791,110
Interests in associates	294,755	289,646	-	-
Interests in joint ventures	431,711	387,997	-	-
Other financial assets	121,373	178,694	-	-
Long-term receivables and prepayments	146,152	198,143	-	-
Intangible assets	150,765	146,416	90	90
Deferred tax assets	26,285	19,092	-	-
	3,798,421	3,711,833	2,276,674	2,792,019
<b>Current assets</b>				
Inventories and work-in-progress	863,612	734,425	-	-
Trade and other receivables	1,373,647	1,418,803	84,808	571,927
Asset held for sale	52,230	53,192	-	-
Bank balances, fixed deposits and cash	1,231,281	2,099,962	10,503	23,264
	3,520,770	4,306,382	95,311	595,191
<b>Current liabilities</b>				
Trade and other payables	1,926,504	2,087,990	924,454	1,484,952
Excess of progress billings over work-in-progress	389,837	247,347	-	-
Provisions	639,900	661,826	-	-
Employee benefits	6,089	6,284	2,028	2,544
Current tax payable	104,683	89,516	-	-
Interest-bearing borrowings	149,383	968,444	-	250,000
	3,216,396	4,061,407	926,482	1,737,496
<b>Net current assets/(liabilities)</b>	<b>304,374</b>	<b>244,975</b>	<b>(831,171)</b>	<b>(1,142,305)</b>
	<b>4,102,795</b>	<b>3,956,808</b>	<b>1,445,503</b>	<b>1,649,714</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	220,095	150,648	195	195
Provisions	8,977	18,607	-	-
Employee benefits	42,035	52,598	-	753
Interest-bearing borrowings	908,686	820,927	150,000	150,000
Other long-term liabilities	78,343	112,451	-	-
	1,258,136	1,155,231	150,195	150,948
	<b>2,844,659</b>	<b>2,801,577</b>	<b>1,295,308</b>	<b>1,498,766</b>

Restated for the change in accounting policies in 2005 (refer to note 5). Certain comparative figures have also been adjusted to conform to the current year's presentation.



# Summary Profit and Loss Account

Year ended December 31, 2005

	Group	
	2005	Restated 2004
	\$'000	\$'000
<b>Turnover</b>	<b>7,409,217</b>	5,943,962
Cost of sales	<b>(6,769,618)</b>	(5,444,994)
<b>Gross Profit</b>	<b>639,599</b>	498,968
Non-operating income (net)	<b>154,908</b>	1,166,139
General and administrative expenses	<b>(311,301)</b>	(320,517)
Finance costs	<b>(53,861)</b>	(75,007)
Provision for net exposure arising from legal claims	-	(415,000)
Share of results of:		
– associates	<b>45,289</b>	101,575
– joint ventures	<b>33,022</b>	25,368
<b>Profit before income tax expense</b>	<b>507,656</b>	981,526
Income tax expense	<b>(92,430)</b>	(64,631)
<b>Profit for the year</b>	<b>415,226</b>	916,895
<b>Attributable to:</b>		
Shareholders of the Company	<b>303,295</b>	391,488
Minority interests	<b>111,931</b>	525,407
<b>Profit for the year</b>	<b>415,226</b>	916,895
<b>Earnings per share</b>		
– Basic	<b>17.14 cents</b>	21.47 cents
– Diluted	<b>16.96 cents</b>	21.43 cents

Restated for the change in accounting policies in 2005 (refer to note 5). Certain comparative figures have also been adjusted to conform to the current year's presentation.

# Other Information

Year ended December 31, 2005

## 1. Exceptional Items

Included in Profit attributable to Shareholders of the Company are exceptional items amounting to \$24,820,000 (2004: \$163,815,000). The exceptional items are included in:

	Group	
	2005	2004
	\$'000	\$'000
<b>Cost of sales</b>		
Work-in-progress written off	-	(86,331)
<b>Non-operating income (net)</b>		
Gain on disposal of associates and other investments	56,119	1,080,664
Unrealised foreign exchange loss relating to an amount accumulated in connection with Solitaire arbitration	(30,758)	-
Other recoverable	4,549	-
<b>General and administrative expenses</b>		
Provision for net exposure arising from legal claims	-	(415,000)
Allowance for impairment loss for interests in associates	(6,214)	-
Write back of provision for loans	19,654	-
	43,350	579,333
Less: Tax and Minority Interests	(18,530)	(415,518)
<b>Net exceptional items</b>	<b>24,820</b>	<b>163,815</b>

## 2. Dividends

The directors have proposed a final dividend of 6.5 cents per share less tax (2004: 5 cents per share less tax) in respect of the financial year ended December 31, 2005. The proposed dividend is subject to approval by shareholders at the next Annual General Meeting to be convened and has not been included as a liability in the financial statements.

Subject to the approval by the shareholders at the next Annual General Meeting to be convened, dividend for the current financial year will be 6.5 cents per share less tax (2004: 11.25 cents per share less tax, comprising of special interim dividend of 6.25 cents and final dividend of 5 cents).

## 3. Related Party Transactions

### Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, the Group had the following significant transactions with related parties during the year on terms agreed between the parties as follows:

	Group	
	2005	2004
	\$'000	\$'000
<b>Related Companies</b>		
Sales	788,566	660,223
Purchases including rental	29,645	23,086
Management fees paid/payable	-	3,686
<b>Associates and Joint Ventures</b>		
Sales	15,645	17,752
Purchases including rental	41,409	190,998

# Other Information

Year ended December 31, 2005

### 3. Related Party Transactions *(continued)*

#### Compensation of key management personnel

Directors of the Company, CEOs of our subsidiaries, namely SembCorp Marine Ltd, SembCorp Logistics Ltd, SembCorp Environmental Management Pte Ltd, SembCorp Engineers and Contractors Pte Ltd and Singapore Precision Industries Pte Ltd, the Executive Chairman of SembCorp Parks Holdings Ltd, and Group Chief Financial Officer are considered to be key management personnel in accordance with FRS 24 – Related Parties. These persons have the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation are as follows:

	Group	
	2005	2004
	\$'000	\$'000
Directors' remuneration	6,320 <sup>@</sup>	2,885
Other key management personnel remuneration	6,580	6,780
	12,900	9,665
Fair value of share-based compensation	2,231	640

@ The increase in directors remuneration is mainly due to payout made to Mr Wong Kok Siew (deceased on February 16, 2005), a former key executive and executive director of the Board, in accordance with his terms and conditions of employment. This payout was approved by the Executive Resource & Compensation Committee.

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 share released during the year).

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

The Group adopts an incentive compensation plan, which ties to the creation of Economic Value Added ("EVA"), as well as to attainment of individual 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.

Fair value of share-based compensation relates to share options and performance share granted during the year. The amount charged is determined in accordance with FRS 102 Share-based Payment.

#### Company

a. The Company provided a Corporate Guarantee to a subsidiary, SembCorp Cogen Pte Ltd ("SembCogen") who 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 ("EUGA"), the Company and one of its subsidiaries, SembCorp Utilities Pte Ltd issued corporate guarantee in favour of SembGas for 70% and 30% respectively of SembCogen's obligations under the End User Agreement ("EUA Guarantee").

b. The Company has provided guarantees to banks to secure banking facilities provided to a wholly owned treasury vehicle of the Company, SembCorp Financial Services Pte Ltd, amounting to approximately \$1,064 million (2004: \$100 million). The Company has also provided guarantee to a bank to secure banking facilities provided to a former subsidiary amounting to approximately \$3 million (2004: \$4 million).

c. The Company has provided lease guarantee to landlord of a subsidiary amounting to approximately \$36 million (2004: \$41 million), representing the expected rental payment for the remaining 16 (2004: 17 years) under the tenancy agreement.

# Other Information

Year ended December 31, 2005

## 4. Segment Reporting a. Business Segments

2005	Utilities		Marine Engineering		Logistics		Environmental Engineering and Construction		Others		Corporate		Eliminations		Consolidated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and expenses</b>																
External sales	3,261,939	2,102,173	542,149	216,592	1,096,465	185,250	4,649	-	7,409,217							
Inter-segment revenue	18,600	17,106	305	2,101	40	3,846	17,066	(59,064)	-							
Total revenue	3,280,539	2,119,279	542,454	218,693	1,096,505	189,096	21,715	(59,064)	7,409,217							
Segment results	223,027	127,057	52,755	(2,064)	354	41,719	5,570	-	448,418							
Interest income	7,209	15,614	8,538	139	1,095	7,196	20,385	(25,388)	34,788							
Finance costs	(41,523)	(4,785)	(2,299)	(1,026)	(742)	(437)	(28,437)	25,388	(53,861)							
Share of results of associates	188,713	137,886	58,994	(2,951)	707	48,478	(2,482)	-	429,345							
Share of results of joint ventures	18,783	1,011	9,680	-	-	3,548	-	-	33,022							
Taxation	208,209	154,896	83,017	5,302	2,020	56,694	(2,482)	-	507,656							
Minority interests	(13,765)	(49,118)	(33,011)	(360)	(122)	(15,555)	-	-	(92,430)							
Net profit for the year	156,057	74,341	37,363	4,697	722	39,694	(9,579)	-	303,295							
Comprising:																
Net profit/(loss) before exceptional items	147,194	73,272	32,686	4,697	722	21,847	(1,943)	-	278,475							
Exceptional items	8,863	1,069	4,677	-	-	17,847	(7,636)	-	24,820							
	156,057	74,341	37,363	4,697	722	39,694	(9,579)	-	303,295							
<b>Assets and Liabilities</b>																
Segment assets	2,471,606	2,212,686	611,705	158,853	508,994	876,633	526,950	(922,148)	6,445,279							
Investment in associates	-	104,688	75,754	56,270	2,332	55,711	-	-	294,755							
Investment in joint ventures	148,981	18,957	67,575	-	-	196,198	-	-	431,711							
Tax assets	26,400	1,368	10,526	4,104	14,610	1,076	89,362	-	147,446							
Total assets	2,646,987	2,337,699	765,560	219,227	525,936	1,129,618	616,312	(922,148)	7,319,191							
Segment liabilities	1,665,103	1,107,591	272,717	58,282	461,733	237,218	1,269,258	(922,148)	4,149,754							
Tax liabilities	149,663	101,687	12,677	3,909	7,515	14,080	35,247	-	324,778							
Total liabilities	1,814,766	1,209,278	285,394	62,191	469,248	251,298	1,304,505	(922,148)	4,474,532							
<b>Capital expenditure</b>	160,629	139,586	19,053	6,363	8,123	36,617	831	-	371,202							
<b>Significant non-cash items</b>																
Depreciation and amortisation	89,943	39,516	12,738	8,756	9,785	15,196	8,445	-	184,379							
Other non-cash items (including provisions, loss on disposals and exchange differences)	14,249	13,136	8,061	5,347	21,420	4,535	3,473	-	70,221							

# Other Information

Year ended December 31, 2005

## 4. Segment Reporting *(continued)* a. Business Segments *(continued)*

2004	Utilities	Marine Engineering	Logistics	Environmental Engineering and Construction	Others	Corporate	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and expenses</b>								
Total revenue from external customers	2,908,691	1,350,939	500,578	200,225	822,791	7,970	-	5,943,962
Inter-segment revenue	18,866	11,825	147	2,271	1,415	16,892	(52,998)	-
Total revenue	2,927,557	1,362,764	500,725	202,496	824,206	24,862	(52,998)	5,943,962
Segment results	204,511	90,323	1,118,195	7,252	3,387	(533,219)	-	905,925
Interest income	4,314	11,646	6,211	103	472	16,248	(16,739)	23,665
Finance costs	(48,061)	(2,724)	(7,017)	(307)	(638)	(4,049)	16,739	(75,007)
Share of results of associates	160,764	99,245	1,117,389	7,048	3,221	(545,921)	-	854,583
Share of results of joint ventures	6,392	10,556	68,273	8,833	46	-	-	101,575
	11,211	1,070	4,974	-	-	-	-	25,368
Taxation	178,367	110,871	1,190,636	15,881	3,267	(545,921)	-	981,526
Minority interests	(40,048)	(13,213)	(11,895)	(949)	(2,197)	6,337	-	(64,631)
Net profit for the year	(13,579)	(37,424)	(466,600)	(636)	(693)	81	-	(525,407)
	124,740	60,234	712,141	14,296	377	(539,503)	-	391,488
<b>Comprising:</b>								
Net profit/(loss) before exceptional items	108,416	60,234	63,319	14,296	377	(38,172)	-	227,673
Exceptional items	16,324	-	648,822	-	-	(501,331)	-	163,815
	124,740	60,234	712,141	14,296	377	(539,503)	-	391,488
<b>Assets and Liabilities</b>								
Segment assets	2,357,891	1,835,813	1,721,986	161,024	546,440	1,110,750	(1,387,612)	7,214,951
Investment in associates	24,368	47,386	76,839	65,624	5,708	2,992	-	289,646
Investment in joint ventures	138,646	9,471	56,191	-	-	98,971	-	387,997
Tax assets	20,188	1,588	10,020	3,562	14,044	74,710	-	125,621
Total assets	2,541,093	1,894,258	1,865,036	230,210	566,192	1,287,423	(1,387,612)	8,018,215
Segment liabilities	1,747,354	795,720	1,097,588	65,206	497,800	1,506,577	(1,387,612)	4,976,474
Tax liabilities	99,248	70,851	11,952	5,046	8,795	34,526	-	240,164
Total liabilities	1,846,602	866,571	1,109,540	70,252	506,595	1,541,103	(1,387,612)	5,216,638
<b>Capital expenditure</b>	85,002	88,805	23,120	17,266	4,492	20,500	-	240,871
<b>Significant non-cash items</b>								
Depreciation and amortisation	84,736	39,023	13,881	8,148	11,599	9,192	-	182,189
<b>Other non-cash items (including provisions, loss on disposals and exchange differences)</b>								
	29,303	21,064	12,726	298	15,912	444,486	-	526,539

# Other Information

Year ended December 31, 2005

## 4. Segment Reporting *(continued)*

### b. Geographical Segments

	Singapore	Rest of Asia	Europe	Others	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2005</b>					
Revenue from external customers	3,450,446	1,498,555	2,053,017	407,199	7,409,217
Segment assets	4,858,142	683,401	705,263	198,473	6,445,279
Capital expenditure	219,651	75,528	69,451	6,572	371,202
<b>2004</b>					
Revenue from external customers	3,117,024	955,163	1,357,773	514,002	5,943,962
Segment assets	5,725,314	724,853	586,912	177,872	7,214,951
Capital expenditure	135,452	51,652	51,669	2,098	240,871

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is 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:

Utilities segment offer a range of fully integrated industrial site service, including power, gas, centralised utilities to clusters of chemical multinational corporations in Singapore and United Kingdom. It also invests in, manages and operates cogeneration plants in Singapore and in the region. It is also involved in engineering, construction and fabrication of offshore platforms, modules and floating production systems for oil and gas companies.

Marine Engineering segment focuses on repair, building and conversion of ships, rig construction and offshore engineering.

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

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

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

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

#### ii. Geographical Segments

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

# Other Information

Year ended December 31, 2005

## 5. Material Changes in Group Structure, Accounting Policies, Asset Values and Share Capital

### Group Structure

There were no material acquisitions and disposals of subsidiaries.

### Accounting Policies

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

With effect from January 1, 2005, the Group adopted the following new/revised FRSs which are relevant to its operations:

FRS 1 (revised)	Presentation of Financial Statements
FRS 2 (revised)	Inventories
FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised)	Events After the Balance Sheet Date
FRS 16 (revised)	Property, Plant and Equipment
FRS 17 (revised)	Leases
FRS 21 (revised)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised)	Related Party Disclosures
FRS 27 (revised)	Consolidated and Separate Financial Statements
FRS 28 (revised)	Investment in Associates
FRS 31 (revised)	Interests in Joint Ventures
FRS 32 (revised)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised)	Earnings Per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 105	Non-current Assets Held for Sale and Discontinued Operations

In January 2006, CCDG issued FRS 21 Amendment Regulations 2006 ("FRS 21 Amendment 2006"). The amendment is to be applied to financial periods beginning January 1, 2006. The Group has early adopted FRS 21 Amendment 2006 for the current financial year beginning January 1, 2005. In accordance with the transitional provision set out, FRS 21 Amendment 2006 was applied retrospectively.

The effects of the change in accounting policies are summarised below:

#### *FRS 39 – Financial Instruments: Recognition and Measurement*

The adoption of FRS 39 resulted in the Group measuring its derivative financial instruments and available-for-sale investments as assets or liabilities at fair values. Financial assets and financial liabilities are stated at amortised cost instead of cost. Previously, investments were stated at cost less impairment and derivative financial instruments were not recorded on the balance sheet. Where a derivative or non-derivative financial instrument is an effective hedge in a cash flow hedge relationship, the change in fair value of the hedging instrument relating to the effective portion is recorded in equity.

This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions. The adoption of FRS 39 has resulted in an increase of \$6.9 million in Other Reserves and a decrease of \$17.5 million in Accumulated Profits as at January 1, 2005, net of the related deferred taxes. Comparatives have not been restated.

#### *FRS 102 - Share-based Payment*

In accordance with the transitional provisions, FRS 102 has been applied to all grants after November 22, 2002 that were not yet vested as at January 1, 2005. The adoption of FRS 102 has resulted in a change in the Group's accounting policy for share-based payments, where share options to employees are measured at fair value at the date of grant and recognised as expense over the vesting period. Previously, share options to employees were not charged to the profit and loss account.

# Other Information

Year ended December 31, 2005

This change in accounting policy has been accounted for retrospectively and resulted in the following:

- a. There was no impact on the total equity of the Group and of the Company as at January 1, 2005 and January 1, 2004. However, Accumulated Profits of the Group and of the Company as at January 1, 2004 were decreased by \$0.7 million and \$0.1 million respectively; and likewise, the Other Reserves of the Group and of the Company were increased by the same amount; and
- b. Net profit of the Group and of the Company for 2004 decreased by \$3.8 million and \$0.5 million respectively.

## *FRS 21(revised) The Effects of Changes in Foreign Exchange Rates*

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

In January 2006, CCDG issued FRS 21 Amendment Regulations 2006 ("FRS 21 Amendment 2006"), which is effective for financial periods beginning January 1, 2006, and early adoption is encouraged. FRS 21 Amendment 2006 now allows the exchange differences arising from a monetary item that forms part of the reporting entity's net investment in a foreign operation to be recognised in equity in the consolidated financial statements even if the functional currency of the loan is not denominated in either the functional currency of the parent or the borrowing foreign operation. The Group has early adopted FRS 21 Amendment 2006 and accordingly, all exchange differences arising from quasi equity loans are recognised in equity in the consolidated financial statements.

The adoption of revised FRS 21 and FRS 21 Amendment 2006 resulted in the following:

- a. Accumulated Profits as at January 1, 2004 for the Group decreased by \$1.1 million; and Currency Translation Reserve increased by \$1.1 million; and
- b. Net profit for 2004 decreased by \$0.2 million.

## **Asset Value**

The total assets as at December 31, 2005 was \$7.3 billion as compared with \$8.0 billion for 2004. The decrease was mainly due to payments made by the Company and its subsidiary, SembCorp Logistics Ltd, for the special interim dividends and capital reduction exercises in 2005.

## **Share Capital**

During the year, the Company issued 30,074,945 ordinary shares of \$0.25 each fully paid for cash upon the exercise of the options under the Company's Share Option Plan.

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



# Other Information

Year ended December 31, 2005

## 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 are as follows:

	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	2005
	\$'000
<b>Sale of goods and services</b>	
Temasek Holdings (Private) Limited and its Associates	
– Tuas Power Ltd/PowerSeraya Limited <sup>1</sup>	488,406
– Temasek Capital (Private) Limited and its Associates	5,793
– PSA Corporation Limited and its Associates	2,517
– Wildlife Reserves Singapore Pte Ltd and its Associates	1,491
– Singapore Technologies Telemedia Pte Ltd and its Associates	1,097
– MediaCorp Pte Ltd and its Associates	879
– Singapore Power Ltd and its Associates	665
– National University Hospital (S) Pte Ltd and its Associates	510
– Singapore Technologies Pte Ltd and its Associates	180
	<u>501,538</u>
Singapore Technologies Engineering Ltd and its Associates	19,385
Singapore Petroleum Company Limited and its Associates	4,547
Singapore Post Limited and its Associates	2,605
Starhub Ltd and its Associates	2,563
SNP Corporation Ltd and its Associates	648
Singapore Airlines Limited and its Associates	453
Singapore Food Industries Ltd and its Associates	304
	<u>532,043</u>
<b>Purchase of goods and services</b>	
Temasek Holdings (Private) Limited and its Associates	
– Temasek Capital (Private) Limited and its Associates <sup>2</sup>	460,439
– Singapore Power Ltd and its Associates	3,550
	<u>463,989</u>
Singapore Technologies Engineering Ltd and its Associates	748
	<u>464,737</u>
<b>Treasury (Balances as at December 31)</b>	
<b>Placement of funds</b>	
Singapore Technologies Pte Ltd and its Associates	10,838
Total interested person transactions	<u>1,007,618</u>

There are no transactions which are not conducted under the shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the period January 1, 2005 to December 31, 2005.

Notes:

<sup>1</sup> 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.

<sup>2</sup> This relates mainly to the purchase of gas by SembCorp Cogen Pte Ltd from SembCorp Gas Pte Ltd for the generation of electricity.

# Shareholders' Information

## Statistics of Shareholders as of February 28, 2006

Authorised Share Capital:	2,000,000,000 ordinary shares
Issued and fully Paid-up Capital:	1,749,082,097 ordinary shares
Number of Shareholders:	24,524
Class of Shares:	Ordinary Shares of S\$0.25 each with equal voting rights

## Shareholdings held by the public

Based on information available to the Company as of February 28, 2006, 49.42 per cent of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Substantial Shareholders	Direct Interest	Indirect Interest	Total Interest	%
Temasek Holdings (Private) Limited	871,200,328	13,479,040*	884,679,368	50.58

\* Temasek is deemed to be interested in the 13,479,040 shares held by its other subsidiaries.

## Top 20 Shareholders as of February 28, 2006

No.	Name	No. of Shares Held	%
1	Temasek Holdings (Private) Limited	871,200,328	49.81
2	DBS Nominees Pte Ltd	209,599,402	11.98
3	Raffles Nominees Pte Ltd	190,909,666	10.91
4	HSBC (Singapore) Nominees Pte Ltd	93,561,442	5.35
5	Citibank Nominees Singapore Pte Ltd	90,379,735	5.17
6	United Overseas Bank Nominees Pte Ltd	69,046,514	3.95
7	OCBC Nominees Singapore Pte Ltd	12,645,444	0.72
8	Startree Investments Pte Ltd	9,400,000	0.54
9	Morgan Stanley Asia (Singapore)	9,369,110	0.54
10	Macquarie Securities (S) Pte Ltd	3,613,410	0.21
11	Oversea-Chinese Bank Nominees Pte Ltd	3,518,997	0.20
12	UOB Kay Hian Pte Ltd	3,202,875	0.18
13	DB Nominees (S) Pte Ltd	3,174,327	0.18
14	Merrill Lynch (Singapore) Pte Ltd	2,974,013	0.17
15	The Asia Life Assurance Society Ltd - Par Fund	1,886,580	0.11
16	DBS Vickers Secs (S) Pte Ltd	1,715,812	0.10
17	Phillip Securities Pte Ltd	1,695,325	0.10
18	OCBC Securities Private Ltd	1,580,158	0.09
19	Royal Bank of Canada (Asia) Ltd	1,400,200	0.08
20	Wong Kok Siew	1,260,959	0.07
		1,582,134,297	90.46

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	3,351	13.66	2,130,319	0.12
1,000 - 10,000	18,203	74.23	64,761,595	3.70
10,001 - 1,000,000	2,948	12.02	97,738,496	5.59
1,000,001 and above	22	0.09	1,584,451,687	90.59
	24,524	100.00	1,749,082,097	100.00

# Corporate Information

## Board of Directors

Peter Seah Lim Huat  
*Chairman*

Tang Kin Fei  
*Group President & CEO*

K Shanmugam  
Goh Geok Ling  
Richard Hale, OBE  
Yong Ying-I  
Dr Vichit Suraphongchai  
Colin Au Fook Yew  
Evert Henkes  
Lee Suet Fern  
Lua Cheng Eng<sup>1</sup>

## Executive Committee

Peter Seah Lim Huat  
*Chairman*

Goh Geok Ling  
Colin Au Fook Yew

## Audit Committee

Richard Hale, OBE<sup>2</sup>  
*Chairman*

K Shanmugam  
Lee Suet Fern

## Executive Resource & Compensation Committee

Peter Seah Lim Huat  
*Chairman*

Goh Geok Ling  
K Shanmugam

## Nominating Committee

Peter Seah Lim Huat  
*Chairman*

Goh Geok Ling  
K Shanmugam

## Budget Committee

Yong Ying-I  
*Chairman*

Dr Vichit Suraphongchai

## Risk Committee

Richard Hale, OBE<sup>2</sup>  
*Chairman*

K Shanmugam  
Lee Suet Fern

## Company Secretary

Kwong Sook May

## Registered Office

30 Hill Street, #05-04  
Singapore 179360  
Tel: (65) 6723 3113  
Fax: (65) 6822 3254  
[www.semcorp.com.sg](http://www.semcorp.com.sg)

## 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

Oversea-Chinese Banking Corporation  
65 Chulia Street  
OCBC Centre  
Singapore 049513

United Overseas Bank  
80 Raffles Place  
UOB Plaza  
Singapore 048624

The Bank of Tokyo-Mitsubishi UFJ  
9 Raffles Place #01-01  
Republic Plaza  
Singapore 048619

DBS Group  
6 Shenton Way  
DBS Building  
Singapore 068809

The Hongkong and Shanghai Banking Corporation  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320

Standard Chartered Bank  
6 Battery Road  
Singapore 049909

## Auditors

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

Partner-in-Charge: Phuoc Tran  
(Appointed during the financial year ended  
December 31, 2005)

## Notes:

<sup>1</sup> Mr Lua Cheng Eng vacated his office of Director with effect from February 14, 2006.

<sup>2</sup> Mr Richard Hale took over as Chairman of the Audit Committee and Risk Committee from Mr Lua Cheng Eng with effect from February 14, 2006.

# Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held at The Theatre, 60 Admiralty Road West, Singapore 759947 on Thursday, April 27, 2006 at 11.00 am for the following purposes:

## Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended December 31, 2005 **Resolution 1**
2. To approve the payment of a gross final dividend of 6.5 cents per share less income tax for the year ended December 31, 2005 **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. K Shanmugam (*Independent Member of Audit Committee*) **Resolution 3**
  - b. Goh Geok Ling **Resolution 4**
  - c. Richard Hale OBE (*Independent Chairman of Audit Committee*) **Resolution 5**
4. To re-elect the following Directors, each of whom will retire pursuant to Article 99 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:
  - a. Tang Kin Fei **Resolution 6**
  - b. Lee Suet Fern **Resolution 7**
5. To approve the sum of \$643,083 as Directors' Fees for the year ended December 31, 2005 (2004: \$635,166) **Resolution 8**
6. To re-appoint KPMG as Auditors of the Company and authorise the Directors to fix their remuneration **Resolution 9**

## Special Business

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

7. That authority be and is hereby given to the Directors of the Company to:
  - 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,

### 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) does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

# Notice of Annual General Meeting

2. (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 sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company as 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 consolidation or subdivision of shares;
  3. 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
  4. (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.
8. That approval be and is hereby given to the Directors to:
- a. offer and grant options in accordance with the provisions of the SembCorp Industries Share Option Plan (the “Share Option Plan”) and/or to 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 Share Option 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 shares of \$0.25 each in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan and/or the Restricted Stock Plan,
- provided that** the aggregate number of shares to be issued pursuant to the Share Plans shall not exceed 15% of the issued share capital of the Company from time to time.
9. To transact any other business

**Resolution 11**

By Order of the Board

Kwong Sook May  
Company Secretary  
March 22, 2006

## **Explanatory Notes:**

Resolution 3 – if re-elected, K Shanmugam will remain as a member of the Audit Committee. K Shanmugam is an independent Director.  
Resolution 5 – if re-elected, Richard Hale OBE will remain as the Chairman of the Audit Committee. 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 10 – 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 an amount not exceeding in total 50% of the issued share capital of the Company, with a sub-limit of 20% for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 10 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 10 is passed, and (b) any subsequent consolidation or subdivision of shares.

Resolution 11 – is to empower the Directors to offer and grant options and/or grant awards and to issue shares in the capital of the Company pursuant to the SembCorp Industries Share Option Plan, the SembCorp Industries Performance Share Plan and the SembCorp Industries Restricted Stock Plan (collectively, the “**Share Plans**”) provided that the aggregate number of shares issued pursuant to the Share Plans shall not exceed 15% of the issued share capital of the Company for the time being.

**Note:** A member 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. Proxies must be lodged at the Registered Office of the Company not later than 48 hours before the time of the 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 May 5, 2006 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 May 4, 2006 (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 19, 2006.

# Proxy Form

**SembCorp Industries Ltd**  
Co Regn No. 199802418D  
(Incorporated in the Republic of Singapore)

## Eighth Annual General Meeting

### IMPORTANT

- 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**.
- 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.

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)			

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 Thursday, April 27, 2006 at 11.00 am at The Theatre, 60 Admiralty Road West, Singapore 759947 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.)*

No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1	To adopt the Directors' Report and Accounts		
2	To declare a Final Dividend		
3	To re-elect K Shanmugam		
4	To re-elect Goh Geok Ling		
5	To re-elect Richard Hale OBE		
6	To re-elect Tang Kin Fei		
7	To re-elect Lee Suet Fern		
8	To approve Directors' Fees		
9	To re-appoint KPMG as Auditors and to fix their Remuneration		
<b>Special Business</b>			
10	To approve the renewal of Share Issue Mandate		
11	To authorise the Directors to grant options and/or grant awards and issue shares under the SembCorp Industries' Share Plans		

Total Number of Shares Held

\_\_\_\_\_  
Signature(s) or Common Seal of member(s)

\_\_\_\_\_  
Date

PLEASE GLUE AND SEAL ALONG THE EDGE

PLEASE 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 registered office of the Company at 30 Hill Street #05-04 Singapore 179360 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



Affix  
Postage  
Stamp

The Company Secretary  
**SembCorp Industries Ltd**  
30 Hill Street #05-04  
Singapore 179360

3rd FOLD



# Request Form

## SembCorp Industries Ltd

Co Regn No. 199802418D

(Incorporated in the Republic of Singapore)

March 22, 2006

Dear Shareholder

This is a copy of the Summary Financial Report ("SFR") of SembCorp Industries Ltd ("SembCorp" or "Company") for the financial year 2005. The SFR contains a review of SembCorp and its group of companies ("Group") for the year ended December 31, 2005. It also contains a summary of the audited financial statements of the Company and the Group.

The Directors' Report and the full financial statements of the Company and the Group for the year ended December 31, 2005 are set out in a separate report called the Annual Report ("AR") 2005. This report is available to all registered SembCorp Shareholders at no cost upon request.

We will continue to send you a copy of the SFR for so long as you are a SembCorp shareholder unless you indicate otherwise. For shareholders who wish to receive a copy of the AR 2005 and for future years, please complete this form and return it to us by **April 3, 2006**. If we do not receive your request form, it would indicate that you do not wish to receive the AR for this year and as long as you are a SembCorp shareholder.

For shareholders who have indicated to us previously that you wish/do not wish to receive the SFR and the AR for so long as you are a shareholder, you may change your wishes by ticking the relevant box in the request form below and returning it to us by **April 3, 2006**. If we do not receive your request form, it would indicate that there is no change to your wishes. Your latest request will supersede the earlier requests received by us.

For the convenience of shareholders, the AR is also available at SembCorp's website [www.sembcorp.com.sg](http://www.sembcorp.com.sg)

Yours faithfully

For SEMBCORP INDUSTRIES LTD

Kwong Sook May

Company Secretary

### TO: SEMBCORP INDUSTRIES LTD

#### N.B. PLEASE TICK ONLY ONE BOX. INCOMPLETE OR INCORRECTLY COMPLETED FORMS WILL NOT BE PROCESSED.

- I/We wish to receive the Annual Report in addition to the Summary Report for FY2005.
- I/We do not wish to receive the Annual Report and the Summary Report for FY2005 and for as long as I/we am/are a shareholder/s of SembCorp Industries Ltd.
- I/We wish to receive the Annual Report for FY2005 in addition to the Summary Report for as long as I/We am/are a shareholder/s of SembCorp Industries Ltd.

Name(s) of shareholder(s): \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

The shares are held by me under or through:

- CDP Securities Account No. 

1	6	8	1	-															
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- CPFIS Account\*
- Physical scrips

Address: \_\_\_\_\_ Singapore \_\_\_\_\_

Signature(s): \_\_\_\_\_ Date: \_\_\_\_\_

\* Please note that if your shares are held under CPFIS, you will be automatically included under the first option only.

PLEASE GLUE AND SEAL ALONG THE EDGE

PLEASE GLUE AND SEAL ALONG THE EDGE

1st FOLD

2nd FOLD



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