

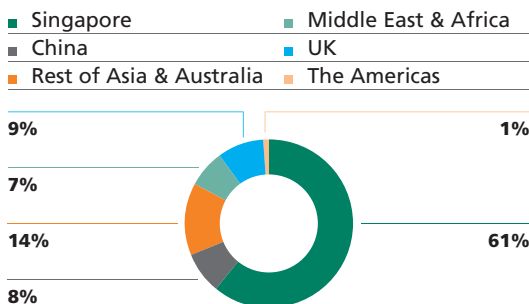
UTILITIES REVIEW

Performance Scorecard (\$ million)

	2010	2009	Change (%)
Turnover	4,031.8	3,714.8	9
EBITDA	395.3	363.0	9
PFO	313.5	307.4	2
– EBIT	244.0	246.7	(1)
– Share of results: Associates & JVs, net of tax	69.5	60.7	15
Net profit	231.3	226.7	2
ROE (%)	16	18	(12)

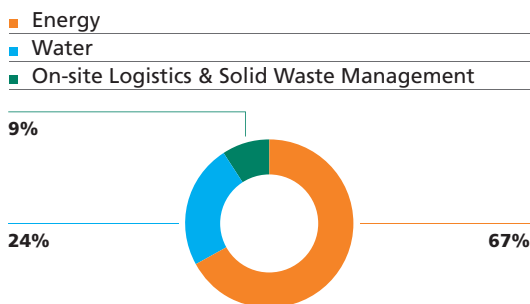
Note: The Environment business was reclassified under the Utilities business following an internal restructuring in 2010. 2009 numbers have been restated accordingly.

PFO by Geography



Note: PFO excluding contribution from 'Others'

PFO by Segment



Note: PFO excluding contribution from 'Others'

Key Developments

- Acquired Cascal, a leading provider of water and wastewater services to the municipal sector
- Entered into a joint venture for a 49% stake in a 1,320 megawatt power plant project in Andhra Pradesh, our first power project in India
- Announced the development of a cogeneration plant as well as new facilities to provide integrated supply of steam, water and industrial wastewater treatment services to support customers in Jurong Island's new growth area in Singapore
- Completed a 12,500 cubic metres per day wastewater plant in Nanjing, China
- Signed a memorandum of understanding to expand existing desalination capacity in Fujairah, UAE, by 30%

Competitive Edge

- A leading energy and water player with strong operational and technical capabilities
- 5,600 megawatts of gross power capacity installed and under development worldwide
- Singapore's largest water management company with more than six million cubic metres per day of water capacity in operation and under development, serving a population of five million people globally
- Technical expertise and operational scale in treating high concentration and complex industrial wastewater from multiple sources
- A global leader in the provision of energy, water and on-site logistics to multiple customers in energy intensive clusters

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Operations Review

The Utilities business delivered a healthy operational performance in 2010. Turnover from the business was S\$4.0 billion compared to S\$3.7 billion while net profit attributable to shareholders (net profit) was S\$231.3 million, up 2% compared to S\$226.7 million in the previous year. Profit from operations (PFO) increased 2% from S\$307.4 million to S\$313.5 million with all regions except the UK showing growth. Singapore operations performed well, contributing 61% of the business' PFO and growing 11% over the previous year. Outside Singapore, operations in China and Middle East & Africa also registered strong growth in PFO, increasing 229% and 96% respectively. The business' performance in the UK was affected by lower operational volume as a result of the previously announced closure of some of its customers' facilities, low market spreads for power as well as the write-down of certain ageing assets at its Teesside operations. Our energy business contributed 67% of the Utilities unit's PFO while our water business accounted for 24% of Utilities PFO, with on-site logistics and solid waste management accounting for the remainder. Total contracts secured from the industrial sector during the year amounted to S\$3.9 billion, up from S\$624 million in 2009. This comprised S\$3.0 billion worth of contracts secured in Singapore, S\$358 million from the UK and S\$494 million of new contracts secured in China.

2010 saw significant progress in our efforts to grow our energy and water businesses. During the year, we grew our asset portfolio and extended our global reach through organic growth and strategic investments. We increased our gross power capacity installed and under development by more than 40% to 5,600 megawatts and grew our water capacity in operation and under development by around 50% to six million cubic metres per day.

In July, we acquired Cascal, a leading provider of water and wastewater services to the municipal sector, through a voluntary tender offer. At US\$6.75 per share, the total consideration for our 97.66% shareholding amounted to US\$203 million. Following Cascal's successful delisting from the New York Stock Exchange and deregistration with the Securities and Exchange Commission in the latter half of 2010, squeeze-out proceedings under the Dutch Civil Code for Sembcorp to achieve full ownership of the company are currently

ongoing. With this acquisition, Sembcorp is now a global water service provider with enhanced capabilities to serve the total water and wastewater needs of both industrial and municipal customers. Cascal was consolidated as a subsidiary under our Utilities business with effect from July 2010, and its operations are now fully integrated into the Sembcorp Group.

During the year, we integrated our solid waste management business (formerly known as the Environment unit) with the Utilities business for greater management efficiency and to better leverage synergies in the waste-to-energy sector.

Singapore

Sembcorp's Singapore operations posted a healthy PFO for 2010. Our Singapore operations' 11% growth in PFO to S\$197.2 million was mainly driven by higher contributions from our natural gas importation business and electricity sales from our cogeneration plant.

In addition to our existing operations on Jurong Island performing well, in 2010, we announced steps to position ourselves to grow with the new wave of investments coming into the petrochemical and chemical hub. During the year, we secured contracts to supply utilities services to Jurong Aromatics Corporation (JAC) and LANXESS, our first anchor customers located in Jurong Island's new growth area covering the Tembusu, Angsana and Banyan districts. To support the energy and water requirements of these customers as well as other companies in the new growth area, we are developing a new 400 megawatt gas-fired combined cycle gas turbine cogeneration plant as well as new facilities to provide the integrated supply of steam, water and industrial wastewater treatment services. Representing a total investment of approximately S\$840 million, our new industrial wastewater treatment plant is expected to begin operations in 2012, while the cogeneration plant and remaining multi-utilities facilities are expected to be completed by the second half of 2013. Having secured an additional generation licence of 900 megawatts, we will be developing the new cogeneration plant in phases. With an eventual intended capacity of 800 megawatts of power, the facility is set to double our existing power capacity in Singapore. As a provider of third-party open access service corridor networks across the island, we also extended our infrastructure coverage to the new growth area on the island during the year.

Outside of Jurong Island, 2010 also marked the full completion and official opening of our Sembcorp NEWater Plant in Changi. With a capacity of 50 million imperial gallons (or 228,000 cubic metres) per day, the plant is Singapore's fifth and biggest NEWater plant and one of the world's largest water reuse facilities. During the year, it was awarded the 2010 Global Water Awards' Water Reuse Project of the Year by Global Water Intelligence as well as the 2010 WateReuse International Award organised by the US-based WateReuse Association, in recognition of its contribution to the global water reclamation industry.

China

Operations in China delivered strong growth in 2010, with PFO contribution from the country increasing 229% over 2009 to S\$27.0 million. This growth was primarily driven by higher customer demand, improved tariffs and capacity ramp-ups. In Shanghai, our cogeneration plant continued to perform well, although the plant saw an increase in the natural gas price from July 2010. In Zhangjiagang, we completed a 7,200 cubic metres per day wastewater pre-treatment plant, while in Nanjing, we completed a 12,500 cubic metres per day wastewater treatment facility. Signifying the successful implementation of our high concentration industrial wastewater treatment model in China, this Nanjing facility is our second plant in China able to treat high concentration industrial wastewater directly from source, eliminating the need for our customers to invest in and run their own wastewater pre-treatment facilities. Our Zhangjiagang facilities, which pioneered this concept in China, won Honour Awards in both the East Asian and Global International Water Association Project Innovation Awards in 2010, in recognition of their effective and sustainable approach to water management.

During the year, we also commenced construction of a 15,000 cubic metres per day industrial wastewater treatment plant in Guangxi province. Expected to commence commercial operations in the second half of 2011, the facility marks our first industrial wastewater treatment facility in southern China. It will serve the Qinzhou Port Economic & Technological Development Zone, which hosts a newly opened 10 million tonnes per annum PetroChina oil refinery and has been earmarked by the central government for development into a significant petrochemical hub.

As a result of the Cascal acquisition, 2010 also saw nearly half a year's contribution from municipal water operations in Fuzhou, Qitaihe, Xinmin, Yancheng, Yanjiao and Zhumadian, held through the China Water Company (CWC). In October, Sembcorp consolidated its stake in CWC by purchasing all remaining shares in it which were not already owned through Cascal. Amounting to 13% of CWC, these shares were purchased from Waterloo Industrial, which is under the Kadoorie Group, for a consideration of US\$12.8 million, paid for with 3,630,192 Sembcorp shares.

With the acquisition of Cascal, we added six municipal water operations in the country to our business. Together with our new beachhead in Qinzhou, we now have energy and water operations in 12 locations across nine provinces in China and are strategically located in key industrial sites and cities in the country.

Rest of Asia & Australia

PFO from Asia and Australia, excluding Singapore and China, improved by 13% in 2010 to S\$44.8 million.

In Vietnam, our 33%-owned Phu My 3 power plant delivered another year of consistent performance underpinned by its long-term power purchase agreement. In Australia, our solid waste management associate SembSITA Australia, which markets its services under the SITA Environmental Solutions brand, continued to perform well, backed by sound operations and a strong Australian dollar. In December 2010, SembSITA Australia was named the successful bidder to acquire WSN Environmental Solutions (WSN), the waste management firm of the federal government of New South Wales. WSN's portfolio of assets, which includes advanced resource recovery facilities, engineered landfills, transfer stations and material recovery facilities, is expected to strengthen SembSITA Australia's long term positioning in the state of New South Wales as well as nationally. The A\$235 million acquisition was completed in February 2011.

The region's performance in 2010 also included almost six months' contribution from water operations previously under Cascal in Indonesia and the Philippines. In Indonesia, these consist of a 49%-owned associate with a 25-year concession in Batam Island for the supply and distribution of municipal water, as well as a 39%-owned associate with a 20-year concession in the district of Talang Kelapa in Palembang City. Meanwhile

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in the Philippines, our 29%-owned associate has a 30-year concession for municipal water supply and wastewater treatment services for Subic Bay Freeport Zone, an economic trade zone north of Manila, as well as for the adjacent city of Olongapo.

New beachhead in India

In May, we entered into a joint venture with Gayatri Energy Ventures for a 49% stake in a 1,320 megawatt coal-fired power plant to be located in Krishnapatnam, Andhra Pradesh. The joint venture became effective as of February 2011 and commercial operations of the new facility are expected to commence in 2014. The project is our first investment in the fast-growing Indian energy market. The S\$1.9 billion power plant will utilise supercritical technology, a more efficient and environmentally-friendly technology compared to conventional coal-fired power generation. It will be well-positioned to meet the growing power demand in the southern, western and northern regions of India, which is expected to increase at a compounded annual growth rate of 9% over the next 10 years. 75% of the project cost will be funded through project financing and the remaining 25% through shareholders' equity.

Middle East & Africa

PFO from Middle East & Africa grew 96% from S\$11.1 million to S\$21.7 million.

In the UAE, our Fujairah 1 Independent Water and Power Plant continued to deliver strong operating performance. In June 2010, we signed a memorandum of understanding with our partner, the Abu Dhabi Water and Electricity Authority (ADWEA), for the development of a new seawater reverse osmosis plant on the existing site which will be capable of producing around 30 million imperial gallons (or 136,800 cubic metres) per day of desalinated water. Targeted for completion end 2013, the expansion will increase our desalination capacity on the site by 30% to 130 million imperial gallons (or 591,800 cubic metres) per day. The increased output is expected to be sold to the Abu Dhabi Water and Electricity Company (ADWEC) under a long-term water purchase agreement.

Meanwhile in Oman, we commenced construction of the US\$1 billion power and desalination plant in Salalah. The facility's 65 megawatts first phase is expected to complete in the second half of 2011. 60% owned by Sembcorp, the Salalah Independent Water

and Power Plant is set to be the largest and most efficient power and water plant in the Governorate of Dhofar and will play a major role in meeting the region's growing power and water needs. The project is expected to begin full commercial operations in the first half of 2012.

With our acquisition of Cascal, contribution from the region also included contribution from South Africa, our first beachhead in the African continent. Our South African operations provide the cities of Ballito and Mbombela, formerly known as Nelspruit, with municipal water supply and wastewater treatment services. Our company in Mbombela, Sembcorp Silulumanzi, was awarded the prestigious Blue Drop certification for the second consecutive year by the Department of Water Affairs and Forestry for the Nelspruit water treatment plant.

UK

PFO from the UK declined from S\$78.1 million to S\$30.8 million due to weak performance from our Teesside operations.

As we had guided the market, as at the end of January 2010, three customers on the Wilton International site in Teesside who had earlier announced closures ceased operations on the site. The associated production areas are being demolished and cleared, freeing up significant heavy industrial development land. The regional development agency, One North East, has invested almost £7 million to acquire and develop the former Invista land on the site, through which it can support future inward investment. 2010 saw the arrival of Lotte Chemicals UK (Lotte), which took over and successfully restarted the purified terephthalic acid (PTA) and polyethylene terephthalate (PET) production plants that closed down when previous owner Artenius entered administration in 2009. Sembcorp concluded new utilities supply agreements with Lotte in May 2010.

In 2010, our Teesside operations also faced a challenging operating environment which saw power spreads at their lowest since 2003-2004, as well as reliability and efficiency issues including with some of the ageing assets on the site. During the year, we saw failures of some ageing but critical plant items. Although repaired, these assets were written down through accelerated depreciation and an after-tax charge of S\$14.3 million was taken in the fourth

quarter of the year. With cost management remaining a priority, we also ceased a defined benefit pension scheme for employees on the site during the year. Converting the scheme to a future accrual scheme resulted in a one-off gain of approximately S\$8 million.

Despite these challenges, the business continued to make progress on a number of value-adding initiatives. During the year, we completed modification works to our biomass power plant to convert it into a combined heat-and-power plant so as to enhance our green income from renewable obligation certificates. To secure more off-site income, a 52 megawatt steam condensing turbine project is currently under construction and is expected to be completed by mid-2011. When completed, this will provide the flexibility of generating power for export to the pool or distributing process steam on-site.

With the acquisition of Cascal, our UK assets now also include municipal water operations in Bournemouth. Located in southern England, Sembcorp Bournemouth Water provides municipal water to Dorset, West Hampshire and part of Wiltshire under a 25-year rolling contract. It was rated the top performing water company for service delivery in England and Wales for the second year running by water industry regulator Ofwat.

The Americas

The acquisition of Cascal has given us our first Utilities footprint in the American continent with the addition of municipal water operations in Chile, Panama and the Caribbean to the business. In Chile, we operate to the north of the capital city of Santiago, as well as in Antofagasta, a city near the Atacama Desert from which we also supply treated effluent to Xstrata's copper mine in La Negra. In Panama, we supply bulk treated water under a 30-year contract with Panama's national water agency, while operations in the Caribbean islands of Antigua, Bonaire and Curaçao provide desalinated water to our customers.

Market Review and Outlook

Overall, the global economy is expected to improve, but growth is expected to remain uneven. The International Monetary Fund is forecasting an overall growth of 4.4% in 2011. Growth in the advanced economies is expected to remain subdued at 2.5%, while developing economies in Asia, including China, India, Indonesia, Philippines and Vietnam, are

expected to grow at a faster pace of 8.3%. However, recent events in the Middle East and North Africa could create uncertainties and threaten global economic recovery. Although our utilities projects in Oman and the UAE are not affected by the current unrest, nonetheless, we continue to closely monitor the situation in the region.

Singapore

Singapore's Economic Development Board reported that total fixed asset investment commitments increased from S\$11.8 billion in 2009 to S\$12.9 billion in 2010. Investment commitments from the chemical sector accounted for the second largest proportion of total fixed asset investment commitments in 2010 and amounted to S\$1.7 billion.

Further investments by downstream chemical players are expected going forward with the addition of two new world-class chemical crackers by Shell and ExxonMobil on Jurong Island. The Shell Eastern Petrochemicals Complex opened in May 2010, while ExxonMobil's integrated chemical and refining site is expected to start up in 2011. Chemical companies which have announced plans to invest in new facilities or expansions to existing operations on Jurong Island in 2009 and 2010 include Asahi Kasei Chemicals, Chang Chun Group and Dairen Chemical Corporation, Evonik Degussa, JAC, LANXESS, Stolthaven Terminals, Sumitomo Chemical and Zeon Chemicals. In addition, Shell has announced that it is studying the feasibility of using Singapore as a base for the production of world-scale high-purity ethylene oxide (HPEO), which is used as a feedstock for detergent and soaps. If this development materialises, it is expected to spur a new HPEO corridor on Jurong Island to cater to soap and detergent makers. There is also the possibility of a fourth oil refinery with an expected value of between US\$6 million to US\$8 million and a capacity of 300,000 to 500,000 barrels per day, which is reportedly being studied by a consortium involving Singapore, Chinese and European investors.

To cater to the expected increase in demand stemming from these additional investments, our new multi-utilities facilities located in the vicinity of the Tembusu, Banyan and Angsana districts where most of the new investors will be located, will commence operations in 2012 and 2013. Our new 9,600 cubic metres per day integrated wastewater treatment

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facility is expected to begin operations in 2012, while our new 400 megawatt cogeneration plant, as well as the remaining multi-utilities facilities to serve the area are expected to be completed in the second half of 2013. In addition, our importation of an additional 90 billion British thermal units per day of natural gas from the West Natuna Sea, Indonesia remains on track for delivery in the second half of 2011. This will boost our current natural gas supply capacity by 26% to 431 billion British thermal units per day.

China

In China, to serve increasing customer demand, several new facilities are expected to begin operations in 2011. A 24,000 cubic metres per day water reclamation plant in the Zhangjiagang Free Trade Port Zone, which will supply industrial water and demineralised water from recycled effluent to customers, is targeted to come onstream in mid-2011. A 20,000 cubic metres per day expansion to our industrial water facilities in the Nanjing Chemical Industrial Park and our 15,000 cubic metres per day industrial wastewater treatment plant in Qinzhou Port Economic & Technological Development Zone are also expected to start commercial operations in 2011.

Rest of Asia & Australia

In Australia, SembSITA Australia will focus on integrating WSN and strengthening its positioning in the alternative waste treatment sector. In Vietnam, our Phu My 3 power plant is expected to deliver satisfactory operational results. However, tariffs are expected to decline from 2010 onwards as stipulated in the power purchase agreement.

Middle East & Africa

Our Fujairah 1 Independent Water and Power Plant in the UAE is expected to continue performing well, supported by its long-term purchase agreement with ADWEA. Following the memorandum of understanding for the development of a new seawater reverse osmosis plant on the site, a long-term water purchase agreement with ADWEC for this additional output is expected to be signed in 2011. Meanwhile in Oman, construction of our combined power and desalination facility in Salalah continues, progressing towards the facility's planned commencement of its 65 megawatt first phase in the

second half of 2011 and its expected full commercial operations in the first half of 2012.

UK & The Americas

The UK economy is expected to remain weak, with GDP growth for 2011 forecasted at 2.1% by the Office of Budget Responsibility.

Low power spreads in the UK are expected to continue to impact the performance of our Teesside operations in 2011. However, in the long term, we expect power spreads to improve given the impending power capacity gap from the retirement of old assets in 2015 and the need to encourage new power investments in the country. In 2011, our 52 megawatt steam condensing turbine is expected to come onstream and this will provide flexibility between steam and power production for our operations. In addition, the business continues its efforts to re-position the site by targeting new opportunities outside the traditional chemical industries.

Our regulated municipal water business in Bournemouth, UK is expected to continue performing well in 2011. The business completed its tariff review with the UK water services regulator Ofwat, and tariffs have now been set for the five-year period commencing April 2010. Underpinned by this and its 25-year rolling contract for the provision of water to its municipal customers, it is expected to continue to deliver a steady performance going forward. Meanwhile operations in the Americas are expected to experience continued organic growth, underpinned by long-term concession agreements.