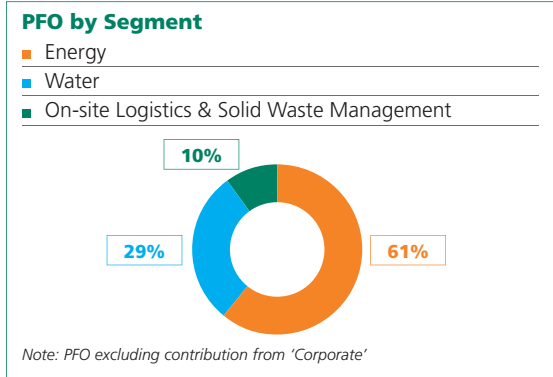
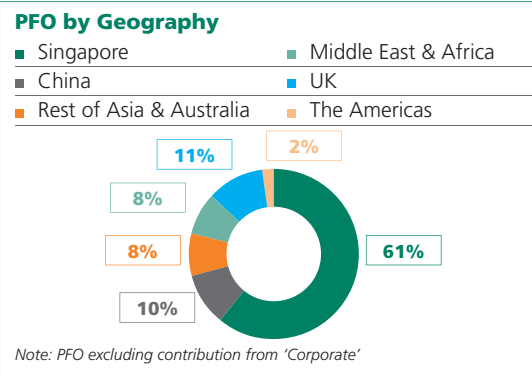




Sembcorp's facilities on Jurong Island, Singapore

UTILITIES REVIEW

Performance Scorecard <i>(\$ million)</i>			
	2011	2010	Change (%)
Turnover	4,937.4	4,031.8	22
EBITDA	497.4	395.3	26
PFO	420.8	313.5	34
– EBIT	355.7	244.0	46
– Share of results: Associates & JVs, net of tax	65.1	69.5	(6)
Net profit	304.4	231.3	32
ROE (%)	18.9	15.8	20



- Key Developments**
- Commenced construction of our new combined cycle gas turbine cogeneration plant and integrated industrial wastewater treatment plant in the new growth area of Jurong Island
 - Completed the first phase of our US\$1 billion Salalah Independent Water and Power Plant in Oman on schedule, meeting the tight project timeline
 - Completed the acquisition of our 49% stake in Thermal Powertech Corporation India with the injection of the first tranche of equity
 - Opened our first water reclamation plant in China, an award-winning plant capable of producing 20,000 cubic metres per day of industrial water and up to 4,000 cubic metres per day of demineralised water in the Zhangjiagang Free Trade Port Zone
 - Successfully completed the integration of Cascal operations into the Group

- Competitive Edge**
- A leading developer, owner and operator of energy and water assets with strong operational and technical capabilities
 - A global leader in the provision of energy, water and on-site logistics to multiple customers in energy intensive clusters
 - Ability to produce energy from a diversity of fuels including natural gas, coal and renewable sources
 - Expertise in providing total water solutions for industrial and municipal sectors including the treatment of multiple streams of high concentration industrial wastewater as well as large scale desalination and water reclamation
 - Proven track record in identifying, securing, financing and executing greenfield and brownfield projects

Operations Review

The Utilities business delivered strong profit growth in 2011. We recorded a 22% increase in turnover from S\$4.0 billion a year ago to S\$4.9 billion and grew our net profit attributable to shareholders (net profit) by 32% from S\$231.3 million to a record S\$304.4 million. Profit from operations (PFO) increased 34% from S\$313.5 million to S\$420.8 million. Singapore operations performed exceptionally well, with PFO growing 31% and contributing 61% of the business' PFO during the year under review. Operations outside Singapore contributed 39% of the PFO, with China and the Middle East & Africa registering the strongest growth at 53% and 51% respectively. Total contracts secured from the industrial sector during the year amounted to S\$1.7 billion, comprising primarily new gas contracts secured in Singapore.

In April 2011, we were named the Water Company of the Year at Global Water Intelligence's 2011 Global Water Awards. This top honour at the prestigious Global Water Awards recognises the water company that has made "the most significant contribution to the development of the international water sector in 2010". Besides clinching the top honour, our Salalah Independent Water and Power Plant (IWPP) in Oman won the Desalination Deal of the Year award, in recognition of its "financial innovation or in meeting the demands of challenging circumstances". Despite the deal coming at the tail end of the financial crisis, the project's financing team nevertheless secured funding support at a competitive cost. Both these awards attest to our growing standing as a trusted global water services provider.

During the year, we also successfully integrated the operations of Cascal into Sembcorp, following our acquisition of the municipal water and wastewater service provider in 2010. Fully integrated into the Group, its operations performed well in 2011 with its maiden full year contribution boosting our Utilities performance. The success of this

acquisition demonstrates Sembcorp's capabilities in executing and extracting value from acquisitions. We were not only able to successfully identify a suitable acquisition target that complemented Sembcorp's existing business, but we were also able to smoothly integrate 18 municipal water operations across eight countries into the Group. The integration also involved the rationalisation and streamlining of operations, alignment of systems, processes and policies as well as the establishment of a unified organisation-wide branding.

Singapore

Sembcorp's Singapore operations delivered strong PFO growth in 2011. Our Singapore operations' 31% increase in PFO to S\$258.6 million was driven primarily by strong performance from our cogeneration plant due to high energy prices during the period.

During the year, our multi-utilities operations on Jurong Island performed well and continued to provide its petrochemical customers on the island with reliable utilities, maintaining an average of 97% availability and 100% reliability. To further enhance our competitiveness on Jurong Island, we completed a woodchip-fuelled biomass steam production plant, with a steam capacity of 20 tonnes per hour, in November 2011. Leveraging synergy across our businesses, the biomass plant uses waste wood collected and processed by our solid waste management business to generate efficient green steam for our customers on the island. In November 2011, we also started receiving the second tranche of natural gas from West Natuna, Indonesia. This second gas sales agreement is for a total of 90 billion British thermal units per day and increases our existing supply by 26%. In 2011, a total of S\$1.6 billion worth of new and renewed utilities and gas contracts were secured. In addition, our solid waste management business also secured a new S\$121 million contract in July 2011 to serve the Bedok sector in Singapore. The seven-year contract,

which began in November 2011, entails the provision of refuse collection and recycling services. With this contract, Sembcorp now serves five out of nine geographical sectors in Singapore.

In 2011, our expansion projects in the new growth area of Jurong Island continued to make good progress. We commenced construction of our new combined cycle gas turbine cogeneration plant, our second on Jurong Island, in the second half of 2011. With a capacity of 400 megawatts of power and 200 tonnes per hour of process steam in the initial phase, the plant is expected to be completed by the fourth quarter of 2013. Construction of our new 9,600 cubic metres per day integrated industrial wastewater treatment plant also commenced in 2011. Expected to begin operations in the second half of 2012, the plant will be capable of treating high concentration industrial wastewater with chemical oxygen demand of up to 800 milligrammes per litre, which is two times the concentration of municipal sewage. Once operational, Sembcorp's industrial wastewater treatment capacity will more than double. At the same time, we are also developing a new multi-utilities facility in the area, expected to be completed by the fourth quarter of 2013. As a provider of third-party open access service corridor networks across the island, we also continued to extend our service corridor network to the new growth area, connecting customers located there to the rest of Jurong Island. These new facilities in the Banyan and Angsana districts of Jurong Island will serve the energy and water needs of our customers as well as other companies in the new area, reinforcing our market position as a global leader in the provision of energy, water and on-site logistics to multiple customers in energy intensive clusters.

China

Our operations in China continued to deliver a strong performance in 2011, contributing S\$41.2 million of PFO, an increase of 53% over

2010. This growth was largely underpinned by better performance from our cogeneration plant in Shanghai due to higher electricity tariffs, full year contribution from our municipal water business as well as higher customer demand. In 2011, volume demand from our existing customers grew, with volume demand for industrial wastewater treatment, industrial water and municipal water growing approximately 20%, 30% and 12% respectively over the previous year. Our China operations also secured a total of S\$63 million of new and renewed contracts in 2011.

During the year, we continued to expand our facilities and grow our water and wastewater capabilities in various targeted industrial sites. In Zhangjiagang, we opened our first water reclamation plant in China, capable of producing 20,000 cubic metres per day of industrial water and up to 4,000 cubic metres per day of demineralised water for supply to customers in the Zhangjiagang Free Trade Port Zone. This award-winning facility is able to produce industrial water using treated effluent from Sembcorp's existing centralised industrial wastewater treatment plant in the zone, thereby promoting water reuse and environmental conservation. In Nanjing, we expanded our industrial water capacity output by 20% to 120,000 cubic metres per day, while in Qinzhou we completed our 15,000 cubic metres per day industrial wastewater treatment plant in the Qinzhou Port Economic & Technological Development Zone.

Focusing on industrial sites and the water-stressed regions of China, and leveraging our extended presence through our newly-acquired municipal operations from Cascal, we also signed several letters of intent and memoranda of understanding during the year to explore opportunities to expand our water and multi-utilities business in the provinces of Liaoning, Jiangsu, Shandong, Inner Mongolia, Hebei, Tianjin and Heilongjiang.

Rest of Asia & Australia

PFO from Rest of Asia and Australia declined 24% in 2011 to S\$34.2 million due to one-off integration costs and purchase price allocation adjustments relating to the acquisition of WSN Environmental Solutions (WSN) in Australia as well as lower contribution from our Phu My 3 power plant in Vietnam, which was impacted by lower tariffs and the depreciation of the US dollar.

Looking to expand our reach in Vietnam, we signed a memorandum of understanding with the People's Committee of Quang Ngai Province in January 2012 to explore the feasibility of developing a 1,200-megawatt coal-fired power plant in Dung Quat Economic Zone, located in central Vietnam's Quang Ngai province. Meanwhile, in India, we made progress on our first investment in the fast-growing Indian energy market. In February 2011, we injected the first tranche of equity for our 49% stake in Thermal Powertech Corporation India. The total consideration that will be injected by Sembcorp for the entire 49% stake is Rs1,042 crores (S\$293 million). In the same month, we commenced construction of the 1,320-megawatt coal-fired power plant in Krishnapatnam, Nellore District, Andhra Pradesh. Construction has been progressing well and full commercial operation is expected to begin in 2014.

In Australia, our solid waste management associate, SembSITA Australia, strengthened its leading position with the completion of the A\$235 million acquisition of WSN, a solid waste management service provider previously owned by the New South Wales government, in January 2011. Adding over 90 facilities and service centres nationwide, SembSITA is now the second largest waste management operator in Australia and the largest in the state of New South Wales.

Middle East & Africa

PFO from the Middle East and Africa grew 51% from S\$21.7 million to S\$32.9 million. In the UAE, our Fujairah 1 Independent Water and Power Plant

continued to deliver good operating performance, underpinned by its long-term purchase agreement with Abu Dhabi Water & Electricity Company.

In Oman, a significant milestone was achieved when we successfully completed the first phase of our US\$1 billion Salalah IWPP in July 2011. The facility met the tight timeline of 19 months from the signing of the power and water purchase agreement and began dispatching 61 megawatts of net power, on schedule, to the Dhofar power grid in southern Oman. Targeted to commence full commercial operations in the second quarter of 2012, the plant will have a total gross power capacity of 490 megawatts and will produce 15 million imperial gallons (69,000 cubic metres) per day of water. Set to be the most energy-efficient power and water plant in Dhofar, this project will enhance our Middle East portfolio and play a major role in meeting the region's pressing power and water needs.

In South Africa, in recognition of our continuing efforts to provide water and sanitation services of the highest quality to our customers, both our municipal operations, Sembcorp Silulumanzi and Sembcorp Siza Water, received the prestigious Blue Drop and Green Drop status for some of its water and wastewater systems in 2011.

UK & The Americas

PFO from the UK improved 46% from S\$30.8 million to S\$45.0 million largely due to the full year contribution of our municipal water business and a reduction in the UK tax rate from 27% to 25%. Our municipal water operations in Bournemouth delivered a healthy performance during the year, while contribution from our Teesside operations declined marginally compared to the previous year as the business continued to face a challenging operating environment with low power spreads and carbon prices.

In Bournemouth, new tariffs were effected for our municipal operations according to the five-year tariff schedule set during its 2010 tariff review with

the UK water services regulator, Ofwat. In Teesside, our 52-megawatt steam condensing turbine project was completed in the fourth quarter of 2011 and commenced dispatching power to the grid in February 2012. Modification works to our biomass plant were also completed to increase heat recovery and enhance our green income from renewable obligation certificates.

Meanwhile, PFO from the Americas, comprising Chile, Panama and the Caribbean, grew from S\$2.3 million to S\$10.1 million due to full year contribution from the region as well as a one-off adjustment from the change in accounting treatment for a service concession arrangement in Chile.

Market Review and Outlook

In January 2012, the World Bank reduced its forecast for global economic growth in 2012 to 2.5% from 3.6% in its earlier forecasts in June 2011, and cautioned that the financial turmoil generated by the intensification of the fiscal crisis in Europe has spread to both developing and high-income countries and is generating significant headwinds¹. Growth in the high-income economies is expected to be subdued at 1.4%, with the Eurozone countries expected to contract by 0.3%. Developing countries are still expected to grow, albeit at a slower pace of 5.4% compared to 6.2% previously.

In Singapore, the government expects 2012 Gross Domestic Product growth to be in the range of 1% to 3%, compared to 2011's growth of 4.8%. Singapore's Economic Development Board reported

that total fixed asset investment commitments increased from S\$12.9 billion in 2010 to S\$13.7 billion in 2011 despite economic uncertainties during the second half of the year. After the electronics sector, the chemical sector received the next largest investment commitment at S\$2.5 billion. The Economic Development Board is cautiously optimistic about the investment climate in 2012, but expects investment commitments in 2012 to be sustained at 2011's level, citing that investment interest in Asia remains healthy in spite of the uncertainties in the global economy, especially in the Eurozone. Meanwhile, petrochemical companies with confirmed investments continued to push ahead with the construction of their new plants on Jurong Island. These include Denka and Sumitomo Chemical whose plants are expected to start up in 2012; Chang Chun Group, LANXESS, Asahi Kasei and Zeon in 2013; and Jurong Aromatics Corporation and Evonik in 2014.

In 2012, our Utilities business is expected to deliver a steady performance despite our cogeneration plant in Singapore undertaking a planned major maintenance during the year. However, the weaker macro-economic environment may impact power and carbon prices and affect the performance of our energy businesses in Singapore and the UK.

With a healthy pipeline of projects both in Singapore and overseas, we are committed to delivering long-term growth through the focused execution of these projects as well as the active pursuit of new growth opportunities.

¹ The World Bank, 'Global Economic Prospects January 2012: Uncertainties and vulnerabilities'