SEMBCORP FINANCIAL SERVICES PTE. LTD.

(Incorporated in the Republic of Singapore on 14 March 2003)
(Company Registration No. 200302373G)

S$1,500,000,000

Multicurrency Medium Term Note Programme
guaranteed by

SEMBCORP INDUSTRIES LTD

(Incorporated in the Republic of Singapore on 20 May 1998)
(Company Registration No. 199802418D)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and the notes (the "**Notes**") to be issued from time to time by Sembcorp Financial Services Pte. Ltd. (the **"Issuer**") pursuant to the S$1,500,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") guaranteed by Sembcorp Industries Ltd (the "**Guarantor**") are offered by the Issuer pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor specified under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Application has been made to the Singapore Exchange Securities Trading Limited (the **"SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries and associated companies, the MTN Programme or such Notes.

HSBC

Arranger

The date of this Information Memorandum is 8 April 2009

TABLE OF CONTENTS

NOTICE

The Hongkong and Shanghai Banking Corporation Limited (the "**Arranger**") has been authorised by Sembcorp Financial Services Pte. Ltd. (the **"Issuer**") to arrange the S$1,500,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") guaranteed by Sembcorp Industries Ltd (the **"Guarantor**") described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, the Guarantor, the MTN Programme and the Notes. Each of the Issuer and the Guarantor, to the best of its knowledge and belief, having made all reasonable enquiries, confirms that the information given in this Information Memorandum in respect of the Issuer, the Guarantor and the Group is true and accurate in all material respects, the opinions, expectations and intentions of the Issuer or of the Guarantor (if any) expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the MTN Programme and the issue and offering of the Notes would or might make any such statement herein misleading in any material respect.

No person has been authorised by the Issuer or the Guarantor to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, the Arranger, the Guarantor, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof. Further, none of the Dealers or the Arranger gives any representation or warranty as to the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any).

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and the Guarantor. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) the most recently published annual reports and audited consolidated accounts or publicly announced unaudited interim results or published financial statements if available of the Issuer, the Issuer and its subsidiaries, taken as a whole from time to time (if any), the Guarantor and the Guarantor and its subsidiaries, taken as a whole from time to time and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on page 67 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

FORWARD LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (including statements as to the Issuer's, the Guarantor's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth in the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under, in particular, but not limited to, the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Guarantor, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum.

Further, the Issuer, the Guarantor, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"Agency Agreement"	:	The Agency Agreement dated 8 November 2004 between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) DBS Bank Ltd., as issuing and paying agent and agent bank, and (4) HSBC Institutional Trust Services (Singapore) Limited, as trustee, as amended and restated by an amendment and restatement agreement dated 8 April 2009 made between the same parties and as further amended, varied or supplemented from time to time
"Agent Bank"	:	DBS Bank Ltd.
"Arranger"	:	The Hongkong and Shanghai Banking Corporation Limited
"Business Day"	:	A day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"Coupons"	:	The interest coupons appertaining to an interest bearing definitive Note
"Dealers"	:	Persons appointed as dealers under the MTN Programme
"Deed of Accession"	:	A deed of accession between a Specified Issuer, the Guarantor, the Dealers, the Issuing and Paying Agent, the Agent Bank, the Trustee and the CDP, pursuant to which the relevant Specified Issuer may issue Notes under the MTN Programme
"Deed of Covenant"	:	The Deed of Covenant dated 8 November 2004 executed by the Issuer by way of deed poll in relation to the Notes or, in the case of a Specified Issuer, such other deed of covenant as may be referred to in the Deed of Accession to which it is a party, as supplemented by a supplemental deed of covenant dated 8 April 2009 executed by the Issuer and as further amended, varied or supplemented from time to time
"Depository Agreement"	:	The Depository Agreement dated 8 November 2004 between (1) the Issuer, as issuer, and (2) CDP, as depository, or, in the case of a Specified Issuer, such other depository agreement as may be referred to in the Deed of Accession to which it is a party, as supplemented by a supplemental depository agreement dated 8 April 2009 made between the same parties and as further amended, varied or supplemented from time to time
"Directors"	:	The directors (including alternate directors, if any) of the Issuer and/or the Guarantor as the case may be as at the date of this Information Memorandum
"EVA"	:	Economic Value Added
"FY"	:	Financial Year ended or ending 31 December

"Global Note"	:	A Global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without coupons
"Guarantor"	:	Sembcorp Industries Ltd
"Group"	:	The Guarantor and its subsidiaries
"HSFO"	:	High sulphur fuel oil
"Issuer"	:	Sembcorp Financial Services Pte. Ltd.
"Issuing and Paying Agent"	:	DBS Bank Ltd.
"Latest Practicable Date"	:	27 February 2009
"Marine business"	:	The Group's marine business as described in Section 3(b) under the section "The Guarantor" of this Information Memorandum
"MAS"	:	The Monetary Authority of Singapore
"MTN Programme"	:	The S$1,500,000,000 Multicurrency Medium Term Note Programme of the Issuer
"Notes"	:	The notes to be issued by the Issuer under the MTN Programme
"PATMI"	:	Profit after tax and minority interest
"Permanent Global Note"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note
"PRC"	:	The People's Republic of China
"Programme Agreement"	:	The Programme Agreement dated 8 November 2004 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Hongkong and Shanghai Banking Corporation Limited, as arranger, and (4) Citicorp Investment Bank (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Ltd, as dealers, as amended and restated by an amendment and restatement agreement dated 8 April 2009 made between the same parties and as further amended, varied or supplemented from time to time
"Securities Act"	:	Securities Act of 1933 of the United States, as amended
"Series"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time

"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Guarantor
"Specified Issuer"	:	A subsidiary of the Guarantor based either within or outside Singapore which is a subsidiary of the Guarantor and which has executed a Deed of Accession
"Temporary Global Note"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue
"Tranche"	:	Notes which are identical in all respects (including as to listing)
"Trust Deed"	:	The Trust Deed dated 8 November 2004 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended and restated by an amendment and restatement deed dated 8 April 2009 made between the same parties and as further amended, varied or supplemented from time to time
"Trustee"	:	HSBC Institutional Trust Services (Singapore) Limited
"UAE"	:	United Arab Emirates
"UK"	:	United Kingdom
"United States" or "U.S."	:	United States of America
"Utilities business"	:	The Group's utilities business as described in Section 3(a) under the section "The Guarantor" of this Information Memorandum
"£"	:	Sterling Pounds, being the lawful currency of the United Kingdom
"CHF"	:	Swiss Francs, being the lawful currency of Switzerland
"S$", "$" or "Singapore Dollars"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"US$" or "US dollars"	:	United States dollars, being the lawful currency of the United States of America
"%"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the investment considerations set out below. The investment considerations set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance or prospects of the Issuer, the Guarantor or the Group or any decision to subscribe for, purchase, sell, hold, own or dispose of the Notes. Additional risks which the Issuer or the Guarantor is currently unaware of or currently deems immaterial may also impair the businesses, results of operations, financial condition, net sales, revenues, profitability, liquidity, capital resources, performance and/or prospects of the Issuer, the Guarantor or the Group.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer or the Guarantor, prior to making an investment or divestment decision in relation to the Notes issued under the MTN Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or by the Arranger or the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor, the Arranger or the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy, reliability or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and its subsidiaries, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisors prior to deciding to make an investment in the Notes.

Investment considerations relating to the Group

The Group comprises companies that are involved in and have interests in many businesses across utilities, offshore and marine engineering, environment and industrial parks management. The Group also operates both in Singapore and overseas. Notwithstanding the industries and countries referred to in this Information Memorandum, the Group may in future expand its businesses to include other industries and countries. The risk profile of the Group therefore, will encompass the risks involved in each of the countries, industries or businesses that the Group operates in. The businesses, financial conditions, performance or prospects of the Group may be adversely affected by any of such risks. Adverse economic developments, locally and/ or globally, in the countries or industries that the businesses operate in may also have a material adverse effect on the business, financial condition, performance or prospects of the Group.

The Group's earnings may be affected by general economic and business conditions in Singapore and other markets in which it operates, such as the UK, PRC, Vietnam, UAE and Australia.

Disruption of the global credit markets in 2007, coupled with the repricing of credit risks and a slowdown in the global economy, has created increasingly difficult conditions in the financial markets. These conditions have resulted in higher historic volatility, less liquidity, widening of credit spreads and a lack of price transparency in certain markets. As at 31 December 2008, approximately 81 per cent. of the Group's total assets are located in Singapore and 19 per cent. are located overseas. The fundamentals for the Group's businesses remain sound as its Utilities business has both short and long term customer contracts, and its Marine business has secured a strong order book. However, in light of the ongoing global credit crunch and poor economic environment, investment plans could unexpectedly change or delay as spending is reduced on budgeted activities such as oil exploration activities, which may impact the Group's rig building, conversion jobs and ship repairs. The Group's customers may default in their contracts/payments with the Group, close their plants or reduce their off-take from the Group. It is difficult to predict how long these conditions will exist and how the Group's related markets, products and businesses will be adversely affected. These conditions may be exacerbated by persisting volatility in the financial sector and the capital markets. Accordingly, these conditions could cause a drop in demand for the Group's utilities and services, thereby adversely affecting the Group's earnings.

The Group faces increasing competition in its key markets

Domestic companies have extensive knowledge of the local market and in some cases, longer operational track records, and international companies are able to capitalise on their overseas experience and greater financial resources. Both domestic and international companies can compete in the markets in which the Group has an overseas presence. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on its business and financial condition.

The Group's business is subject to external factors, such as the ability to comply with government policies and obtain approvals, in the countries where it operates

The Group is involved in a wide range of business activities and has development projects in many countries where the Group's operation is subject to and dependent on obtaining approvals from various governmental authorities at different levels, and the granting of these approvals cannot be assured, especially for the utilities/energy industry which is traditionally protected by the local government for national security reasons. These development projects have been, and may in the future be, subject to certain risks, including changes in governmental regulations and economic policies, including, among other things, related limitations on extensions of credit, building material shortages, increases in labour and material costs and changes in credit conditions. There can be no assurance that required approvals will be obtained or that the cost of the Group's developments will not exceed projected costs. If, as a result of the Group's failure to comply with such policies or obtain such approvals, the Group is unable to fulfill its contractual obligations, its operations or financial condition could potentially be adversely affected.

There is also no assurance that the Group can adequately comply with government policies and regulations, particularly in the areas of corporate law, competition law, consumer protection and environmental law, as they may be amended from time to time. If the Group's operations have unintended or unexpected legal consequences due to a failure to keep up with, or implement appropriate measures in response to, such changes, this may adversely affect the Group's operating results.

The Group could incur significant costs related to environmental matters

The Group may be subject to various laws and regulations in the countries where the Group operates relating to protection of the environment. Such laws often impose such liability without regard to whether the operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. Failure to comply with these laws can result in penalties or other sanctions.

Additionally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's business, financial condition and results of operations.

The Group's success in the future may depend on the successful implementation of its strategy

The Group anticipates its future growth will come from the expansion of its operations within and outside Singapore. The Group's overseas projects are located both in countries of varying economic growth such as the UK, the PRC, Vietnam and UAE. Overseas expansion may also include entering into new markets. As a participant in such markets, the Group's business is subject to various risks beyond its control, such as instability of foreign economies and governments and changes in laws and policies in overseas countries affecting trade and investment. The events arising from such risks could potentially affect the Group's overseas business in the future.

The Group's ability to further expand its operations successfully depends on its ability to successfully identify suitable opportunities for investment and reach agreement with potential partners on satisfactory commercial terms. There can be no assurance that such opportunities or agreements can be established or that any of the Group's proposed agreements will be completed on the commercial terms contemplated or at all. The Group's risk assessments carried out on, and mitigation strategies implemented for, its investments may also be insufficient to exhaustively address the inherent risks in the investments. Consequently, there is no assurance that the Group's investments would yield the expected returns.

The performance of the Group may be affected by the Group's ability to attract and retain employees

Generally, in order to develop, support and market the products and services offered by the Group and to grow the Group's businesses internationally, the Group depends on its ability to attract, train, retain and motivate high quality skilled and professional employees with the relevant expertise, especially for its management and technical teams. Whilst the Group recognises the importance of human capital and desirability to develop and retain key employees, the loss of key employees may have an adverse effect on the Group's business and operations. The implementation of the Group's strategic business plans could be undermined by failure to recruit or retain competent key personnel or failure in the Company's succession planning.

Indebtedness of the Group and availability of funds

As at the Latest Practicable Date, the Group had approximately S$835 million equivalent of total indebtedness, including approximately S$301 million equivalent which is repayable in one year or less. While the Group has unutilized facilities and funds available for use, the availability of such facilities and funds depends on a number of factors that are beyond the Group's control, including general economic conditions, availability of liquidity in the market amidst the global credit crunch, and changes in government policies, laws and regulations, which may affect the terms on which financial institutions are willing to extend credit to it. There can be no assurance that the Group will be able to refinance its indebtedness as it becomes due on commercially reasonable terms or at all.

Further, the Group may require additional financing to fund working capital requirements and support the future growth of its business. The Group's level of indebtedness means that a portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations. The Group's level of indebtedness could restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. Accordingly, there can also be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

The Group is exposed to project cost overruns

In the preparation for a tender submission for projects, internal costing and estimates of labour and materials costs are compiled by the project managers. The contract value quoted in the tender submission is determined after the evaluation of the scope of work and all related costs including indicative prices of suppliers and sub-contractors. However, unforeseen circumstances such as unanticipated price fluctuations in the cost of raw materials, equipment and labour costs, as well as damages and errors in estimation, may arise during the course of the project. As these circumstances may require additional costs and work which are not factored into the contract value, they may lead to cost overruns which may erode our profit margin for the project and have an adverse impact on the Group's overall profitability.

The Group relies on third parties to fulfill their obligations on a timely basis and any delay or default would impair the Group's ability to conduct business

The Group outsources to or depends on many third parties for various aspects of the Group's business. Accordingly, the Group faces the risk that its suppliers, customers and service providers may fail to honour their contractual obligations. Amongst others, the Group relies on suppliers of fuel and raw materials, contracts with shipping companies to transport materials and inventory, and uses third party service providers such as waste collection companies. The failure of these third parties to fulfill their obligations to the Group or to provide the services they have agreed to provide may lead to the Group's inability to honour contractual obligations to other parties. The Group is also exposed to credit risk arising from sales to its trade customers and default risks from suppliers and contractors on an ongoing basis. These will in turn subject the Group to claims and other liabilities which might have a material adverse effect on the Group's business.

The Group is susceptible to fluctuations in the prices of energy, raw materials and other commodities

The Group is subject to fluctuations in energy prices such as oil and natural gas (for its Utilities business), and prices of raw materials such as zinc alloy and steel (for its Marine and Environmental Engineering businesses). The Group endeavours to incorporate pricing formulae for oil, natural gas and raw material costs such that these costs may be passed on to and be borne by its customers and, in accordance with its risks management policy, hedges the residual risks arising from the price fluctuation of these items. However, the prices of such raw materials and commodities are unpredictable because they are closely dependent on global demand and supply conditions and there is no assurance that the Group is able to fully and adequately hedge against such increases in prices and/or pass on all or any of the incremental costs to its customers. If the Group is unable to successfully manage the risks associated with these cost fluctuations, its financial results and condition may be adversely affected.

The Group is reliant upon a limited number of manufacturers and suppliers

The Group relies on a limited number of manufacturers and suppliers for the specialized equipment used in the Group's businesses as there are only a few manufacturers of such equipment including engines, propellers, bulk tanks, compressors, winches and generator sets, and the supply of such equipment is limited. The Group also prefers to purchase from manufacturers and suppliers with established track records. In the event that these manufacturers and suppliers are unable to provide the Group with the equipment needed on a timely basis, or on terms which are commercially acceptable to the Group, the Group may encounter delays in securing or may be unable to secure alternative manufacturers and suppliers on favourable terms or at all. As a result, the cost of the Group's equipment may increase or the Group may not be able to undertake or to complete a particular project. If the Group is unable to undertake a project or to complete a project for which the Group has already contracted, this could have a material adverse effect on the Group's revenues, profits and reputation and the Group may be subject to contractual claims by customers.

The Group may suffer losses if its customers prematurely terminate or seek to renegotiate the Group's contracts

The Group's contracts may be prematurely terminated by its customers. Although such contracts may require the customer in default to make an early termination penalty payment, such payment may not fully compensate the Group for the loss of the contract. In periods of rapid market downturn, the Group's customers may also not honour the terms of existing contracts, and in cases of material breach by them, the Group may be forced to prematurely terminate the contracts and make claims against them. In such an event, there is no assurance that the amount of damages awarded to the Group upon successful litigation would fully compensate the Group for the loss of the contract. Further, the Group's customers may seek to renegotiate contract rates and terms to conform to depressed market conditions. The Group's operating results may be adversely affected by such premature termination of contracts and contract renegotiations.

Information relating to our order book may not be representative of the Group's future results

Although the contracts that make up the Group's order book have a significant impact on the Group's future revenues and profits, it does not necessarily indicate future earnings related to the Group's performance. Further, projects in the order book represent business that the Group considers firm, yet defaults or scope adjustments by the customers or other unforeseen delays may occur. Because of these uncertainties, the Group cannot predict when or if the projects in the order book will be performed and will generate revenue. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or dispute the amounts owed. There is no assurance that it would be able to recover against such defaulting parties. There may also be delays associated with collection of receivables from clients. Any delay, cancellation or payment default could materially harm the Group's cash flow position, revenues or profits.

The Group is subject to interest rate fluctuations

The Group faces risks in relation to interest rate movements, particularly as a result of debt undertaken to finance its developments and working capital. Part of the Group's debts bear floating interest rates which are subject to fluctuations in interest rates. This could in turn have a material and adverse effect on the Group's results of operations. The Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations. However, its hedging policy may not adequately cover the Group's exposure to interest rate fluctuations. As a result, its operations or financial condition could potentially be adversely affected by interest rate fluctuations.

The Group is subject to foreign exchange rate fluctuations

The Group operates globally and the Group's revenue, costs and capital expenditure are mainly denominated in Singapore dollars, US dollars, British Pounds, Euros, Australian dollars and Chinese Renminbi. Consequently, portions of the Group's costs and its margins are exposed to and affected by fluctuations in the exchange rates of the above-mentioned currencies. Although the Group engages in certain hedging activities to mitigate currency exchange rate exposure, the impact of future exchange rate fluctuations among the US dollar, the Singapore dollar and other currencies on the Group's cost of sales and margins cannot be accurately predicted. Some of the currencies may not be convertible or exchangeable or may be subject to exchange controls. The reporting currency for the Group is Singapore dollars. Exchange rate fluctuations will arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting purposes. If the foreign currencies depreciate against the Singapore dollar, this may adversely affect the consolidated financial statements of the Group.

The Group's insurance coverage may not adequately cover all situations, some of which may not be insurable

The cost of the various types of insurance coverage maintained by the Group has increased significantly during recent years, and may increase further in future, thereby increasing the costs of operations to the Group. In addition, the hardening insurance market has resulted in the retention of additional risks by the Group, primarily through higher insurance deductibles. As market capacity contracts due to the difficulties faced by major insurance companies in light of the financial crisis, there can be no assurance that any particular type of insurance coverage will continue to be available in the future at commercially feasible rates. Accordingly, the Group may be unable to insure every insurable risk event to the desired extent.

The Group currently maintains broad insurance coverage on its assets (including, in most cases, business interruption due to insurable damage to such assets), its employees (including comprehensive health and surgical insurance) and against liability arising from third party claims for tortious conduct of its business and operations. However, such insurance coverage does not cover all types of losses, and in the event that the amounts of such claims exceed the insurance coverage of the insurance policies which the Group has taken up, the Group may be liable to cover the shortfall of the amounts claimed. If such events were to occur, the Group's business and financial performance may be materially and adversely affected.

Endemic outbreaks of avian influenza or other infectious diseases or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's business, results of operations and financial condition

The Group's business could be adversely affected by the effects of avian influenza, Severe Acute Respiratory Syndrome ("**SARS**") or other similar endemic outbreaks. In 2003, Hong Kong, Taiwan, the PRC, Singapore, Malaysia and other places experienced an outbreak of SARS, which adversely affected the Asian economies, including Singapore. The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy, and business activities in Asia and could thereby adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could seriously harm the Group's businesses.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the US and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Singapore economy and may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its businesses and results of operations.

Investment considerations relating to the MTN Programme and the Notes

Limited Liquidity of the Notes issued under the MTN Programme

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme, the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of Market Value of Notes issued under the MTN Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, the Guarantor and/or the Group, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor and/or the Group generally. Adverse economic developments, in Singapore and countries with significant trade relations with Singapore or in which the Group operates or has business dealings, could have a material adverse effect on the Singapore economy and the results of operations and/or the financial condition of the Group.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Taxation Risk

The Notes to be issued from time to time under the MTN Programme, during the period from the date of this Information Memorandum to 31 December 2013, are "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation". However, there is no assurance that such Notes will continue to enjoy the income tax concessions should the relevant tax laws be amended or revoked prior to maturity of each Series of such Notes.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity date of not less than 10 years;

(c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any Notes issued with an original maturity date of at least 10 years, there is no assurance that holders of such Notes would enjoy any income tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring within 10 years from the date of issue of such Notes.

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with and qualified in its entirety by, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Sembcorp Financial Services Pte. Ltd., a wholly-owned subsidiary of the Guarantor Other subsidiaries of the Guarantor based either within or outside Singapore may become issuers under the MTN Programme by executing a deed of accession in accordance with the terms of the Programme Agreement
Guarantor	:	Sembcorp Industries Ltd
Arranger	:	The Hongkong and Shanghai Banking Corporation Limited
Dealers	:	Citicorp Investment Bank (Singapore) Limited, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Ltd and/or such other Dealers as may be appointed by the Issuer in accordance with the terms of the Programme Agreement
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Description	:	Multicurrency Medium Term Note Programme
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$1,500,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuer and the Arranger in accordance with the terms of the Programme Agreement
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s)
Guarantee	:	The payment of all sums payable by the Issuer under the Trust Deed and the Notes will be unconditionally and irrevocably guaranteed by the Guarantor
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have such maturities as may be agreed between the Issuer and the relevant Dealer(s)

Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the interest payment date falling in the redemption month shown on its face (if it is a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period))
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)) (in the case of Hybrid Notes denominated in Singapore Dollars), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore Dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s). S$ SIBOR and S$ SWAP RATE shall be determined as set out in Condition 4
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment

Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a temporary global Note or a permanent global Note. Each temporary global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, societe anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a permanent global Note or definitive Notes (as indicated in the applicable Pricing Supplement). Each permanent global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg
Status of the Notes and the Guarantee	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer The payment obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes
Negative Pledge	:	The Notes will have the benefit of a negative pledge as described in Condition 3 (Negative Pledge)
Taxation	:	Payments of principal and interest on the Notes will be free and clear of and without withholding or deduction for or on account of any taxes or duties of whatever nature imposed by Singapore unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on "Singapore Taxation" below

Events of Default	:	The events of default are as described in Condition 9 (Events of Default)
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement:*

The Notes are constituted by a Trust Deed (as amended and restated by an amendment and restatement deed dated 8 April 2009 and as further amended and supplemented, the "**Trust Deed**") dated 8 November 2004 made between (1) SembCorp Financial Services Pte. Ltd. and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession (each an "**Issuer**"), (2) SembCorp Industries Ltd (the "**Guarantor**"), and (3) HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as supplemented by a supplemental deed of covenant dated 8 April 2009 and as further amended and supplemented, the "**Deed of Covenant**") dated [8 November 2004/[●][1]], relating to the Notes executed by [SembCorp Financial Services Pte. Ltd./[●][2]]. The Issuer has entered into an Agency Agreement (as amended and restated by an amendment and restatement agreement dated 8 April 2009 and as further amended and supplemented, the "**Agency Agreement**") dated 8 November 2004 made between (1) SembCorp Financial Services Pte. Ltd. and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, (3) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (4) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

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1 *Insert date of relevant Deed of Covenant.*

2 *Insert name of the Specified Issuer where the Issuer is not SembCorp Financial Services Pte. Ltd..*

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V., ("**Euroclear**") and Clearstream Banking, société *anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

3. Negative Pledge

(i) In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, and will procure that none of its subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") (except for Permitted Security, as defined below) upon the whole or any part of their respective undertakings, assets, property or revenues, present or future to secure any Relevant Indebtedness (as defined below), except where the principal amounts secured by such Security do not at any particular time exceed in aggregate 15 per cent. of the Consolidated Net Worth (as defined below) of the Guarantor and its Consolidated Subsidiaries (as defined below), unless (a) such security is forthwith extended equally and rateably to the indebtedness of the Issuer in respect of the Notes to the satisfaction of the Trustee or (b) the indebtedness of the Issuer in respect of the Notes have the benefit of such other security or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of Noteholders.

(ii) In the Trust Deed, the Guarantor has covenanted that, so long as any of the Notes remains outstanding, it will not, and will procure that none of its Material Subsidiaries (as defined below) will, create or permit to subsist any Security (except for Permitted Security) upon the whole or any part of their respective undertaking, assets or revenues present or future to secure any Relevant Indebtedness, except where the principal amounts secured by such Security do not at any particular time exceed in aggregate 15 per cent. of the Consolidated Net Worth of the Guarantor and its Consolidated Subsidiaries unless, at the same time or prior thereto, the Guarantor's obligations under the Guarantee and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of Noteholders.

In these Conditions:

"**Balance Sheet Date**" means 30 June and 31 December or other semi-annual date at which the Guarantor prepares its audited or unaudited Consolidated Accounts;

"**Consolidated Accounts**" means, in relation to any annual or other Fiscal Period, the consolidated accounts of the Guarantor and the Consolidated Subsidiaries prepared in accordance with accounting principles generally accepted in Singapore;

"**Consolidated Net Worth**" means the shareholders' equity of the Guarantor and its Consolidated Subsidiaries (including any share premium account, capital redemption reserve and any credit balance on its profit and loss account but less the aggregate of any debit balance on its profit and loss account) as shown in the Guarantor's latest audited or unaudited Consolidated Accounts prepared as at a Balance Sheet Date less any amount included in the above which is attributable to goodwill, amounts set aside for taxation, fair value reserve, hedging reserve and minority interests in subsidiaries;

"**Consolidated Subsidiary**" means every subsidiary of the Guarantor the accounts of which were in the latest Consolidated Accounts, or should, in the written opinion of the Auditors given following a request from the Guarantor or the Trustee (to which request the Guarantor shall ensure that the Auditors shall, as soon as reasonably practicable, reply), be in the next Consolidated Accounts, consolidated with those of the Guarantor in accordance with the accounting principles in accordance with which such Consolidated Accounts were or will be prepared. A report by the Auditors that in their opinion a subsidiary is or is not a Consolidated Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

"**Fiscal Period**" means, as the context may require, a period (i) commencing on 1 January and ending on the succeeding 31 December, or (ii) commencing on 1st January and ending on the succeeding 30 June provided that if the Guarantor shall change its financial year so as to end a date other than 31 December, the foregoing shall be amended as necessary;

"**Indebtedness**" means any obligation present or future (actual or contingent) for the payment or repayment of money which has been borrowed or raised;

"**Material Subsidiary**" means at any time any subsidiary of the Guarantor:

(a) whose profits or (in the case of a subsidiary which has subsidiaries) consolidated profits, before taxation and extraordinary items as shown by its latest audited profit and loss account are at least 15 per cent. of the consolidated profits before taxation and extraordinary items of the Guarantor and its Consolidated Subsidiaries as shown by the latest published audited consolidated profit and loss account of the Guarantor and its Consolidated Subsidiaries; or

(b) whose gross assets or (in the case of a subsidiary which has subsidiaries) gross consolidated assets as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated assets of the Guarantor and its Consolidated Subsidiaries as shown by the then latest published audited consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries; or

(c) whose gross liabilities or (in the case of a subsidiary which has subsidiaries) gross consolidated liabilities as shown by its latest audited balance sheet are at least 15 per cent. of the gross consolidated liabilities of the Guarantor and its Consolidated Subsidiaries as shown by the then latest published audited consolidated balance sheet of the Guarantor and its Consolidated Subsidiaries; or

(d) to which is transferred the whole or substantially the whole of the assets and undertaking of a subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that, in such a case, the subsidiary so transferring its assets and undertaking shall thereupon cease to be a Material Subsidiary.

For the purpose of the above calculations, the consolidated profits before taxation and extraordinary items, gross consolidated assets and gross consolidated liabilities of the Guarantor and its subsidiaries will be as shown by the then latest published audited consolidated profit and loss account and balance sheet of the Guarantor and its subsidiaries.

A report by the Auditors that in their opinion a subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. References to the audited profit and loss account and balance sheet of a subsidiary which has subsidiaries shall be construed as references to the audited consolidated profit and loss account and consolidated balance sheet of such subsidiary and its subsidiaries, if such are required to be produced, or if no such profit and loss account or balance sheet are produced, to a *pro forma* profit and loss account or balance sheet, prepared for the purpose of such report;

"**Permitted Security**" means (1) any Security existing at 8 April 2009, (2) any Security created on any asset solely for the purpose of securing the financing or refinancing of the purchase, construction or development costs of such asset (including any Security created over the share capital of any special purpose vehicle acting as the borrower of limited recourse financing for the purchase, construction, development and operation of such asset) or (3) liens arising solely by operation of law (or by an agreement evidencing the same);

"**Relevant Indebtedness**" means Indebtedness which is listed or capable of being listed on any stock exchange in Singapore and is expressed or denominated or payable or which, at the option of the relevant creditor, may be payable in Singapore dollars.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest four decimal places) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;
Premium or Discount	=	the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
T	=	the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR	=	the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;
Spot Rate	=	the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;
Premium	=	the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;
Discount	=	the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and
T	=	the number of days in the Interest Period concerned;

(F) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Interest Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest - Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Guarantor, the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note or, if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre; and

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and the Reuters Monitor Money Rates Service ("**Reuters**")) and such other information service as may be agreed by the Agent Bank as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the principal or, as the case may be, the Redemption Amount is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of the principal amount or, as the case may be, the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(g)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The Interest Amount payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount shown on its face on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall, comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore (or, if the Issuer is not incorporated in Singapore, such other jurisdiction in which the Issuer is incorporated) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer or, as the case may be, the Guarantor, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor, has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal (which shall include the Redemption Amount and the Early Redemption Amount) and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that they will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to 1.5 per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore (or, if the Issuer is not incorporated in Singapore, such other jurisdiction in which the Issuer is incorporated) or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore (or, if the Issuer is not incorporated in Singapore, such other jurisdiction in which the Issuer is incorporated) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore (or, if the Issuer is not incorporated in Singapore, such other jurisdiction in which the Issuer is incorporated)); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least 30 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Notes, the Guarantee or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer and the Guarantor by the Trustee; or

(c) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(d) any other indebtedness of the Issuer, the Guarantor or any of its Material Subsidiaries (as defined in Condition 3) becomes due and payable prior to its stated maturity as a result of a default or other breach of the terms thereof or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, the Guarantor or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (d) have occurred equals or exceeds S$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

(e) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of its Material Subsidiaries and is not discharged or stayed within 30 days and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or

(f) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of its Material Subsidiaries with respect to any material part of the property, assets or revenues of the Issuer, the Guarantor or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or

(g) the Issuer, the Guarantor or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or any material part of its debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any of its Material Subsidiaries and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or

(h) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of its Material Subsidiaries, or the Issuer, the Guarantor or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on the whole or substantially the whole of its business or operations, in each case except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or any of its Material Subsidiaries; or

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, the Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Guarantee and the Trust Deed admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or

(j) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its payment or other material obligations under any of the Notes, the Guarantee or the Trust Deed; or

(k) any step is taken by any governmental authority or agency or similar body with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, the Guarantor or any of its Material Subsidiaries and, in relation to the Material Subsidiaries only, such event is likely to materially and adversely affect the ability of the Issuer or the Guarantor to perform or comply with its obligations under any of the Issue Documents or any of the Notes; or

(l) the Issuer or the Guarantor is declared by the Minister for Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; or

(m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

In these Conditions, "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 30 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear Bank S.A./N.V. and/or Clearstream Banking, société *anonyme* and/or The Central Depository (Pte) Limited and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer, the Guarantor or any of their respective subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

16. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore (as amended, modified or supplemented from time to time).

Issuing and Paying Agent
DBS Bank Ltd.
60 Alexandra Terrace
The Comtech #05-27
Singapore 118502

THE ISSUER

1. History and Background

Sembcorp Financial Services Pte. Ltd. was incorporated in Singapore on 14 March 2003 and is a wholly-owned subsidiary of Sembcorp Industries Ltd.

The issued and paid-up capital of the Issuer is S$3,000,000 comprising 3 million ordinary shares.

2. Principal Business Activities

The principal activities of the Issuer include the provision of financial and treasury services to the Group. Apart from the issue of Notes under the MTN Programme, it is also intended that the Issuer, as a central funding vehicle for the Group, may enter into other transactions for the purpose of raising funds to meet the financial requirements of the Group.

3. Financial Summary of the Issuer

(i) A summary of the audited income statement of the Issuer for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 is set out as follows:

Income Statement

	Audited Financial Year Ended 31 December		
	2008	**2007**	**2006**
	(S$'000)		
Revenue	24,558	32,756	37,068
Cost of sales	(14,001)	(24,828)	(32,146)
Gross profit	10,557	7,928	4,922
Other operating income	159	836	469
Other operating expenses	(2,773)	(1,161)	(1,458)
Profit before income tax	7,943	7,603	3,933
Income tax expense	(575)	(1,341)	98
Profit for the year	7,368	6,262	4,031

(ii) A summary of the audited balance sheet of the Issuer as at 31 December 2006, 31 December 2007 and 31 December 2008 is set out as follows:

Balance Sheet

	Audited Financial Year Ended 31 December		
	2008	**2007**	**2006**
	(S$'000)		
Non-current assets	625,649	459,087	408,214
Current assets	339,411	559,296	658,405
Total assets	965,060	1,018,383	1,066,619
Equity attributable to equity holder of the Issuer			
Share capital	3,000	3,000	3,000
Other reserve	(3,383)	(112)	3,805
Accumulated profits	19,055	17,987	11,725
Total equity	18,672	20,875	18,530
Non current liabilities	203,018	200,307	200,000
Current liabilities	743,370	797,201	848,089
Total liabilities	946,388	997,508	1,048,089
Total equity and liabilities	965,060	1,018,383	1,066,619

THE GUARANTOR

1. History and Background

Sembcorp Industries Ltd ("**Sembcorp Industries**") was incorporated in Singapore on 20 May 1998. Soon after, on 3 October 1998, Singapore Technologies Industrial Corporation ("**STIC**") and Sembawang Corporation ("**Sembawang**") were merged under Sembcorp Industries and became its wholly-owned subsidiaries.

The merger was effected by Sembcorp Industries allotting and issuing 1,577,999,238 ordinary shares of S$0.25 each, credited as fully paid, to the shareholders of both STIC and Sembawang in exchange for their respective shares in these companies.

Today, Sembcorp Industries has grown into a leading utilities and marine group providing centralised utilities, energy and water to industrial and other customers in Singapore, the United Kingdom, Asia and the Middle East. It is a global leader in marine and offshore engineering and also a provider of environmental and industrial park management services in the region.

Sembcorp Industries has total assets worth of over S$8 billion as at 31 December 2008 and is placed among the top 20 companies in Singapore by market capitalisation. It employs more than 7,000 employees, of whom more than 50% have engineering and technical qualification and/or tertiary education.

Listed on the Mainboard of the SGX-ST, Sembcorp is a component stock of the Straits Times Index and several MSCI indices.

2. GROUP STRUCTURE AS OF 31 JANUARY 2009

SEMBCORP INDUSTRIES

SUT Division Singapore	100%
Propylene Purification Unit Singapore	100%

UTILITIES

Sembcorp Utilities 100%

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

MARINE

Sembcorp Marine 61.6%*

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

ENVIRONMENT

Sembcorp Environment 100%

SembWaste Singapore	100%
Sembcorp Tay Paper Recycling Singapore	60%
SembSITA Australia Australia	40%
SembRamky Environmental Management India	51%

INDUSTRIAL PARKS

Sembcorp Industrial Parks 100%

Vietnam Singapore Industrial Park JV Co Vietnam	40.4%
Vietnam Singapore Industrial Park & Township Development Joint Stock Company Vietnam	40.3%
Wuxi-Singapore Industrial Park Development Co China	45.4%
Gallant Venture Singapore	23.9%

Sembcorp Parks Management 56%

OTHER BUSINESSES

Sembcorp Design and Construction 100%

Singapore Precision Industries

Singapore Mint Singapore	100%

* *Calculated based on the number of issued ordinary shares excluding treasury shares.*

3. KEY BUSINESSES

The Group operates mainly in the following business areas:

(a) Utilities

(b) Marine Engineering

(c) Environmental Engineering

(d) Industrial Parks

(a) Utilities

Sembcorp Utilities Pte Ltd ("**Sembcorp Utilities**") is the wholly-owned utilities arm of Sembcorp Industries. It is a leader in the provision of integrated solutions in utilities, energy and water to meet the needs of chemical and petrochemical sectors in Singapore, the UK and the PRC. Its coverage also expands to countries such as Vietnam and the UAE.

Sembcorp Utilities is Singapore's largest water management company with approximately four million cubic metres per day of water under management and in development internationally. In 2008, Sembcorp was awarded a contract to design, build, own and operate Singapore's fifth and largest NEWater plant. When completed, the facility will produce 50 million imperial gallons per day of NEWater from effluent water, making it the world's second largest water recycling facility, and larger than all Singapore NEWater plants combined.

Sembcorp Utilities has also made headway in exporting its industrial wastewater treatment, water recycling, industrial water supply and municipal water supply expertise to key regional hubs overseas. In Zhangjiagang, the PRC, Sembcorp Utilities operates the PRC's first wastewater treatment plant capable of treating high concentration wastewater directly from source without pre-treatment. It further owns (40%) and operates one of the world's largest desalination and power plants in Fujairah, UAE with a current capacity of 100 million imperial gallons per day of water and 760 megawatts of power.

Sembcorp Utilities' operations extend to include over 3,300 megawatts of installed power capacity worldwide and over 4,000 tonnes per hour of steam and it also has strong operational and technical capabilities in energy worldwide. The commencement of operations in 2008 at the Sembcorp Biomass Power Station, one of UK's largest biomass renewable energy projects is an example of its ability to generate energy from a variety of fuels including renewable sources. Sembcorp Utilities also owns one-third of the Phu My 3 power plant, Vietnam's first power plant to be developed under the "Build-Operate-Transfer" form of investment, and has cogeneration facilities both in Singapore and the PRC. All of Sembcorp's power plants run on more environmentally friendly natural gas.

The key to Sembcorp Utilities' integrated solutions in utilities is its unique and "bundled offer approach" to providing outsourced centralised utilities to over 100 multi-national companies in high energy industry clusters. This model of providing a complete range of on-site utilities and industrial support services including energy, water and onsite logistics and services distinguishes Sembcorp as a key niche utilities providers in renowned international chemical production sites such as Singapore's Jurong Island and UK's Wilton International.

(b) Marine Engineering

Sembcorp Marine Ltd ("**Sembcorp Marine**") is a leading global marine engineering group, specialising in a full spectrum of integrated solutions in ship repair, shipbuilding, ship conversion, rig building, offshore engineering and construction. Globally renowned for its rig building and offshore conversion expertise, Sembcorp Marine has over the years established a proven track record in jack-up design and building, fast-track semi-submersible construction, the production of offshore platforms, and the conversion of floating production and storage facilities for major oil and energy companies.

Offering a complete suite of turnkey services to serve the offshore oil and gas industry, Sembcorp Marine's specialised capabilities range from the engineering, procurement and construction of offshore production platforms and floating production systems, to the fabrication, integration, pre-commissioning, as well as offshore hook-up and commissioning of topside process modules and production modules for fixed platforms and mega floating production, storage and offloading vessels.

Sembcorp Marine is also recognised as an industry leader in ship repair and a niche player in the design and newbuilding of a wide variety of vessels, from 2,600-twenty-foot equivalent unit containerships, bulk carriers, cable-laying vessels to ice-breaking tugs.

With operations in the strategic hubs of Singapore, the PRC, Brazil and the US, Sembcorp Marine offers one of the largest marine engineering facilities with a combined dock capacity of 1.89 million deadweight tonnes in the region. By leveraging on complementary facilities and capabilities, the Group's shipyards work in synergy to provide customers a full range of integrated customised solutions – ranging from conceptualisation and design, engineering, procurement and construction, through to commissioning and delivery.

(c) Environmental Engineering

Sembcorp Environment Pte. Ltd. ("**Sembcorp Environment**") provides comprehensive environmental solutions, with waste-to-resource technologies for its municipal, industrial and commercial customers in Singapore, Australia and India. It also offers other environmental services including waste collection, pre-disposal treatment and recycling, as well as cleaning and car park management.

Sembcorp Environment is Singapore's largest domestic waste collection and disposal company. Together with its regional partners, Sembcorp Environment services more than 1.2 million households, 47,000 industrial and commercial customers and government agencies, plus 8,000 healthcare establishments.

(d) Industrial Parks

Sembcorp Industrial Parks Ltd. ("**Sembcorp Parks**") owns, develops markets and manages premier industrial parks in Vietnam, the PRC and Indonesia that host more than 500 global manufacturers.

Sembcorp Parks works closely with host countries and together with their governments' pro-investment initiatives, it develops raw land in rural areas and transforms them into world-class industrial parks. Sembcorp Parks' integrated solutions approach help creates fully self-sufficient manufacturing environments that bring together industrial, residential and commercial zones within its industrial parks. These sites come with centralised utilities supply, environmental management services and a myriad of other industry support services that provide a one-stop approach for hassle-free industrial space solutions.

4. FINANCIAL SUMMARY OF THE GROUP

(i) A summary of the audited consolidated profit and loss account of the Group for the financial years ended 31 December 2006, 2007 and 2008 are set out as follows:

Consolidated Profit and Loss Account

	Audited Financial Year Ended 31 December		
	2008	**2007**	**2006**
	(S$'000)		
Turnover	9,928,413	8,618,778	7,485,853
Cost of sales	(8,896,422)	(7,802,101)	(6,820,304)
Gross profit	1,031,991	816,677	665,549
Non-operating income (net)	12,864	117,237	167,848
General and administrative expenses	(264,599)	(246,079)	(198,227)
Finance costs	(44,407)	(53,925)	(53,530)
Share of results (net of tax) of:			
- associates	80,872	96,853	67,390
- joint ventures	45,224	56,343	44,492
Profit before income tax	861,945	787,106	693,522
Income tax (expense)/credit	(130,951)	(135,764)	14,099
Profit from continuing operations	730,994	651,342	707,621
Profit from discontinued operations (net of tax)	–	–	453,445
Profit for the year	730,994	651,342	1,161,066
Minority interests	223,933	125,125	130,047
Net profit attributable to shareholders	507,061	526,217	1,031,019
Earnings per Share (cents)			
- Basic	28.50	29.57	58.58
- Diluted	28.27	29.25	57.94

	Audited Financial Year Ended 31 December		
	2008	**2007**	**2006**
	(S$'000)		
Turnover by Activity			
Continuing Operations:			
Utilities	4,477,509	3,736,082	3,425,372
Marine & Offshore Engineering	5,061,032	4,511,582	3,538,845
Environmental Management	213,762	205,074	210,133
Industrial Parks	16,233	23,335	65,246
Others / Corporate	159,877	142,705	246,257
Sub-total	9,928,413	8,618,778	7,485,853
Discontinued Operations:			
Logistics	–	–	133,250
Engineering and Construction	–	–	488,000
Sub-total	–	–	621,250
Total	9,928,413	8,618,778	8,107,103

	Audited Financial Year Ended 31 December 2008	2007	2006
	(S$'000)		
Profit after Tax and Minority Interest by Activity			
Utilities	200,312	230,227	194,097
Marine & Offshore Engineering	263,691	150,363	146,729
Environmental Management	2,131	13,645	(16,807)
Industrial Parks	31,549	72,704	149,348
Others / Corporate	9,378	59,278	110,773
Sub-total	507,061	526,217	584,140
Discontinued Operations:			
Logistics	–	–	471,257
Engineering and Construction	–	–	(24,378)
Sub-total	–	–	446,879
Total	507,061	526,217	1,031,019

(ii) A summary of the audited consolidated balance sheets of the Group as at 31 December 2006, 2007 and 2008 are set out as follows:

Consolidated Balance Sheet

	Audited As at 31 December 2008	2007	2006
	(S$'000)		
Equity attributable to shareholders of the Company:			
Share capital	554,037	551,274	525,414
(Deficit)/Surplus in Other reserves	(42,381)	639,448	474,672
Accumulated profits	2,082,541	1,842,096	1,813,090
	2,594,197	3,032,818	2,813,176
Minority interests	670,660	797,211	648,186
Total equity	3,264,857	3,830,029	3,461,362
Non-current assets			
Property, plant and equipment	2,498,577	2,601,709	2,499,117
Investment properties	25,959	31,291	35,388
Investments in subsidiaries	–	–	–
Interests in associates	564,388	515,487	476,421
Interests in joint ventures	280,816	270,389	266,034
Other financial assets	146,080	708,234	359,255
Long-term receivables and prepayments	231,401	49,572	70,167
Intangible assets	114,771	109,510	109,912
Deferred tax assets	35,217	37,823	36,596
	3,897,209	4,324,015	3,852,890

	2008	Audited As at 31 December 2007 (S$'000)	2006
Current assets			
Inventories and work-in-progress	949,846	1,657,047	1,273,898
Trade and other receivables	1,219,101	1,404,696	1,268,804
Assets held for sale	–	26,682	6,167
Bank balances, fixed deposits and cash	2,400,954	1,296,892	1,185,639
	4,569,901	4,385,317	3,734,508
Current liabilities			
Trade and other payables	2,621,434	2,242,427	1,646,928
Excess of progress billings over work-in-progress	975,033	568,741	545,370
Provisions	63,753	31,798	30,381
Current tax payable	249,882	169,105	146,836
Interest-bearing borrowings	285,768	510,194	216,161
	4,195,870	3,522,265	2,585,676
Net current assets/(liabilities)	374,031	863,052	1,148,832
		5,187,067	5,001,722
Non-current liabilities			
Deferred tax liabilities	271,960	385,567	294,214
Provisions	10,254	10,034	14,028
Retirement benefit obligations	13,552	24,109	31,320
Interest-bearing borrowings	522,550	823,486	1,096,174
Other long-term liabilities	188,067	113,842	104,624
	1,006,383	1,357,038	1,540,360
	3,264,857	3,830,029	3,461,362

Note:

The audited figures of the Group's fair value reserve and hedging reserve as at 31 December 2006, 2007 and 2008 are set out as follows:

	2008	Audited As at 31 December 2007 (S$'000)	2006
Fair value reserve	13,952	293,223	120,919
Hedging reserve	(264,119)	(25,370)	(26,276)

5. REVIEW OF THE FINANCIAL PERFORMANCE OF THE GROUP

FY2006 compared with FY2005

The Group achieved a robust performance, posting a record PATMI of $1.03 billion for FY2006, a growth of 240% over the previous year. Turnover from continuing operations increased by 30% to a record $7.5 billion PATMI before exceptional items from continuing operations rose by 52% to $371.9 million.

The Group recorded an exceptional gain of $650.2 million for FY2006. These comprised the net gain on sale of subsidiaries and other financial assets, tax benefits relating to the compensation and related legal costs incurred in the Solitaire arbitration and write back of impairment for property, plant and equipment. These were partially offset by an additional charge arising from the final settlement on the Solitaire legal case and loss from the sale of a subsidiary.

<u>Utilities</u>

Sembcorp Utilities' turnover increased by 10% to $3.6 billion. Its Singapore and UK operations continued to do well as HSFO and power prices continue to remain high. Sembcorp Utilities' PATMI in FY2006 was higher by 52% compared to that in FY2005 primarily due to strong performance from its UK operations and positive contribution from its offshore engineering unit.

<u>Marine</u>

Turnover for Sembcorp Marine increased by 68% to $3.5 billion. This was mainly due to strong growth in its rig building and ship repair businesses. The Group's share of the increased PATMI of Sembcorp Marine was due to higher operating margins from Sembcorp Marine's rig building and ship repair businesses and better contribution from its associated companies. In addition, there was a gain on sale of long term investments disclosed as part of the exceptional items.

<u>Environment</u>

Sembcorp Environment unit recorded a loss for the year. The poor performance by Sembcorp Environment in the FY2006 was due to impairment made for the fixed assets and provision for contracts relating to the local municipal waste collection sector.

<u>Others/Corporate and Industrial Parks</u>

The decrease in turnover for the Others/Corporate segment in FY2006 was due to the disposal of Nirwana Garden hotel and the en-bloc sales of Cairnhill properties in FY2005. The improvement in Others/Corporate PATMI in FY2006 was due to share of increased profit for associates and joint ventures in Sembcorp Parks business, write back of provision on recovery of a loan and higher dividend income received from investments.

FY2007 compared with FY2006

The Group achieved a turnover of $8.6 billion for FY2007. The Group's PATMI before exceptional items for FY2007 was $557.2 million compared to $380.8 million for FY2006, which represented a 46% growth. The Group recorded a net exceptional loss of $31.0 million for FY2007. This comprised the Group's share of forex losses recognised by Sembcorp Marine relating to unauthorised forex transactions, which were partially offset by gains on the sale of certain investments.

<u>Utilities</u>

Sembcorp Utilities' turnover for FY2007 increased by 9% to $3.7 billion as the higher turnover from its Singapore and UK operations was partially offset by lower electricity dispatch due to plant shutdown in Singapore during the year for major inspections. PATMI for FY2007 was higher by 19% over FY2006 primarily due to better contributions from its Singapore and UK operations.

Marine

Sembcorp Marine's turnover for FY2007 increased by 27% to $4.5 billion due to strong performance by its rig building, repair, offshore and conversion businesses. The increase in the Group's share of PATMI of Sembcorp Marine was due to higher turnover and operating margins from its rig building and ship repair businesses and better contribution from its associates.

Environment

Turnover for Sembcorp Environment showed a slight, 2% decrease however the increase in Sembcorp Environment's PATMI was due to strong performance from its Australian operations. A write-back on disposal of a subsidiary amounting to $4.3m also contributed to the higher PATMI in FY2007.

Others/Corporate and Industrial Parks

Decrease in turnover for Sembcorp Parks was mainly attributable to the divestment of Nirwana Gardens and Wuxi Garden City Mall in May 2006 and May 2007 respectively. Sembcorp Park's PATMI decreased mainly due to lower contribution from the industrial parks in Indonesia and the PRC, which was partially offset by higher contribution from the industrial park in Vietnam.

Turnover of Others/Corporate for FY2007 was lower due to the divestment of offshore engineering business to Sembcorp Marine business in the third quarter of FY2006, partially offset by higher turnover from a subsidiary dealing in specialised construction activities as the subsidiary was consolidated only from June 2006. The increase in Others/Corporate PATMI in the third quarter of FY2007and FY2007 was mainly due to a write back of $48 million of tax provision made in prior years for the gains on divestment of an investment, following the favourable tax ruling by the Inland Revenue Authority of Singapore. In FY2007, the write-back was also partially offset by lower contributions from the offshore engineering business as part of the offshore engineering business divested to Sembcorp Marine in FY2006.

FY2008 compared with FY2007

The Group achieved a record turnover of $9.9 billion for FY2008. Notwithstanding the challenging market conditions, the Group's PATMI before exceptional items for FY2008 was $534.0 million compared to $557.2 million for FY2007.

The Group's share of exceptional losses recognised by Sembcorp Marine relating to settlement of unauthorised forex transactions amounted to $26.9 million for FY2008.

Utilities

Sembcorp Utilities' turnover increased by 20% to $4.5 billion in FY2008. The increase in turnover was due to higher HSFO prices offset by the expiry of a favourable supply contract in the UK and depreciation of the Sterling which resulted in lower turnover in Singapore dollar terms. Sembcorp Utilities recorded lower PATMI in FY2008 mainly due to lower contributions from UK operations, which was impacted by lower profit margins and depreciation of Sterling which further eroded its contribution in terms of Singapore dollar.

Marine

Turnover for Sembcorp Marine increased by 12% to $5.1 billion in FY2008 due to higher percentage of completion achieved in rig building, offshore, conversion projects and higher repair sales. Increase in the Group's share of Sembcorp Marine's FY2008 PATMI was due to higher operating margins from rig building and ship repair businesses partially offset by lower share of results from Cosco Shipyard Group.

Environment

Compared to the previous year, Sembcorp Environment's turnover in FY2008 posted a 4% increase to $213.8 million, mainly due to higher turnover in its Paper Recycling division. Sembcorp Environment's PATMI decreased in FY2008 mainly due to higher operational costs and lower recyclables. FY2008 PATMI was also impacted by the impairment of part of its plant and machinery.

Industrial Parks

Decrease in turnover for Sembcorp Parks for FY2008 was mainly due to the divestment of Wuxi Garden City Mall in 2007. The decrease in Industrial Park's FY2008 PATMI was mainly due to associate Gallant Venture's lower profit contribution.

Others/Corporate

Turnover of Others/Corporate are mainly contributed by subsidiaries dealing in specialised construction activities and minting. The decrease in Others / Corporate PATMI was mainly due to weak performance by an offshore engineering associate in the PRC.

USE OF PROCEEDS

The proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) will be used for the purpose of financing the general corporate working capital requirements of the Group or for such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement Through Euroclear and/or Clearstream, Luxembourg

In respect of Notes which are accepted for clearance by Euroclear and/or Clearstream, Luxembourg, for so long as any of the Notes is represented by a global Note and such global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (other than Clearstream, Luxembourg, where Clearstream, Luxembourg is an accountholder of Euroclear or *vice* versa) shall be treated as the holder of such nominal amount of Notes other than with respect to the payment of principal of and interest on the Notes. For such purpose, the bearer of the relevant global Note will be treated as the holder of such nominal amount of such Notes.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or, as the case may be, Clearstream, Luxembourg, for his share of each payment of principal or interest (if any) made by the Issuer to, or to the order of, the holder of such global Note. No person other than the holder of such global Note shall have any claim against the Issuer in respect of any payments due on that global Note.

Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the exchange date will be made through Euroclear and/or Clearstream, Luxembourg against presentation of the temporary global Note only to the extent of receipt of non-U.S. beneficial ownership certifications. The holder of a temporary global Note will not be entitled to collect any payment of principal or interest due on or after the exchange date, unless exchange for an interest in a permanent global Note or for definitive Notes is improperly withheld or refused.

Payments of principal of, and interest (if any) on, a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or, as the case may be, surrender of such permanent global Note without any requirement for such certification as is referred to in the preceding paragraph.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP ("Depositors"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities subaccounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

General

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, announced budget measures in the Singapore Budget Statement 2009 and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to enactment of such budget measures into law and to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes who are in doubt about their respective tax positions or any such tax implications of the purchase, ownership or transfer of Notes or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers. It is emphasized that neither the Issuer nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for income tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons other than non-resident individuals is 17.0 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

Certain investment income derived by individuals from Singapore is exempt from income tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole is arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), the Notes issued during the period from the date of this Information Memorandum to 31 December 2013 ("**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply subject to issuance of final regulations:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the income tax exemption shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, "**Specified Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from that operation, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS), Specified Income from the Relevant Notes derived by any company in Singapore is subject to income tax at a concessionary rate of 10.0 per cent.;

(iii) Specified Income from the Relevant Notes derived by a body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent.; and

(iv) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from income tax shall include such income in a return of income made under the ITA; and

    (bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

    Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(b) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(c) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the income tax exemption or concessionary rate of tax described above.

The terms "break cost", "prepayment fee", "redemption premium" and "related party" are defined in the ITA as follows:

- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

References to "break cost", "prepayment fee", "redemption premium" and "related party" in this Singapore tax disclosure have their same meanings as in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium or break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes that is not exempt from income tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions, income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity date of not less than 10 years;

(c) cannot be redeemed, converted, called or exchanged within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, would be considered revenue in nature and therefore taxable in Singapore.

Holders of the Notes who apply, or who are required to apply, Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes in accordance with the provisions of FRS 39, irrespective of disposal. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

3. Adoption of FRS 39 treatment for Singapore income tax purposes

On 30 December 2005 (revised on 6 March 2006), the Inland Revenue Authority of Singapore issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 - Financial instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) may subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the MTN Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented, warranted and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

INFORMATION ON DIRECTORS

1. (a) The name and position of each of the Directors of the Issuer are set out below:

Name	**Position**
Ngiam Joke Mui	Chairman
Richard Quek Hong Liat	Director
Foo Fei Voon	Director
Koh Chiap Khiong	Director

(b) The name and position of each of the Directors of the Guarantor are set out below:

Name	**Position**
Peter Seah Lim Huat	Chairman
Tang Kin Fei	Group President & Chief Executive Officer
Goh Geok Ling	Director
Richard Hale OBE	Director
Yong Ying-I	Director
Evert Henkes	Director
Lee Suet Fern	Director
Bobby Chin Yoke Choong	Director

2. No Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer, the Guarantor or any of their respective subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

SHARE CAPITAL

3. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer and only one class of ordinary shares in the Guarantor. The rights and privileges attached to such shares are stated in the Articles of Association of the Issuer and the Guarantor, respectively.

4. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	**Issued Share Capital**	
	(Number)	**(S$)**
Ordinary Shares	3,000,000	3,000,000

5. The issued share capital of the Guarantor as at the Latest Practicable Date is as follows:

Share Designation	**Issued Share Capital**	
	(Number)	**(S$)**
Ordinary Shares	1,785,351,540 *	554,036,964.88

* The number of issued ordinary shares of the Company excludes 8,249,992 ordinary shares held as treasury shares.

BORROWINGS

6. Save as disclosed in the most recent audited accounts of the Issuer and the Guarantor respectively, neither the Issuer nor the Guarantor or their respective subsidiaries has any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, other than borrowings in the ordinary course of business.

WORKING CAPITAL

7. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, each of the Issuer and the Guarantor will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

8. There has been no significant change in the accounting policies of the Issuer or of the Guarantor since their respective audited accounts for the year ended 31 December 2008.

MATERIAL CONTRACTS

9. The following contracts, not being contracts entered into in the ordinary course of business of the Issuer or the Guarantor, have been entered into by the Issuer or the Guarantor within the two years preceding the date of this Information Memorandum:

   (a) A joint venture agreement dated 18 May 2007 between Sembcorp Utilities and Tianjin Lingang Industrial Area Construction & Development Co.,Ltd, a subsidiary of the TLIA Administrative Committee, to build, own and operate an industrial wastewater treatment plant in the Tianjin Lingang Industrial Area (TLIA), PRC. The initial investment was RMB70 million (S$13.8 million), with a further investment of RMB84 million (S$16.6 million) by 2010.

   (b) On 2 May 2007, Sembcorp Industries' subsidiary, Singapore-Wuxi Investment Holdings Pte Ltd completed the sale of its 95% stake in Wuxi Garden City Mall Hotel Co Ltd to Park Hotel Strategic Investments Limited. The transaction resulted in a write back by Sembcorp of provisions for loans of approximately S$83 million.

   (c) A joint venture agreement dated 9 July 2007 between Sembcorp Industrial Parks, Vietnam Singapore Industrial Park JV Co., Star Investment Joint Stock Company and Investment & Industrial Development Corporation for the incorporation of the Vietnam Singapore Industrial Park and Township Development Joint Stock Company ("**VSIP JSC**"). The VSIP JSC has established two wholly-owned companies for investments in the Bac Ninh and Hai Phong industrial townships with an aggregate initial registered capital of US$40.08 million.

   (d) Between 2 October 2007 to 13 December 2007, Sembcorp Industries reduced its deemed interest in Gallant Venture Ltd from 26.84% to 23.92% due to the sale, for a consideration of S$69 million in gross proceeds, of a total of 70 million shares held in Gallant Venture Ltd by its subsidiary, Sembcorp Industrial Parks.

   (e) On 28 February 2008, Sembcorp Utilities entered into a written agreement with PUB Singapore with respect to an award to Sembcorp Utilities on 18 January 2008, pertaining to a design, build, own and operate project for Singapore's fifth and largest NEWater plant in Changi, Singapore. The investment by Sembcorp Utilities was valued at approximately S$180 million.

   (f) A conditional Gas Sales Agreement dated 15 April 2008 was entered into between Premier Oil Indonesia and Sembcorp Gas to import 90 billion British thermal units per day of natural gas at a contract value of approximately US$5.5 billion. The conditions were fulfilled and the agreement became effective on 31 October, 2008.

(g) On 3 June 2008, Sembcorp Environment divested its entire shareholdings in the 50/50 joint venture companies, Jiangsu Sembcorp Chunxing Alloy Company and Chongqing Sembcorp Chunxing Alloy Company. The net sale proceeds from the divestments amounted to S$26.7 million.

(h) An Equity Joint Venture ("**EJV**") agreement dated 11 July 2008 between Sembcorp Utilities and the Shenyang Economic & Technological Development Zone Development Group Company ("**SEDZDC**") to acquire, expand, own and operate three water works facilities, as well as a water intake system and distribution network within the Shenyang Economic and Technological Development Zone in Liaoning Province, PRC. Sembcorp will hold an 80% stake in the EJV, which will have a total investment of approximately RMB 330 million (equivalent to approximately S$66 million). The remaining 20% stake will be held by SEDZDC.

(i) The Minister for Trade and Industry, in exercise of the powers conferred under sections 98, 99 and 101 of the Gas Act (Cap. 116A) of Singapore, had made regulations and directed Sembcorp Gas to transfer its transmission and distribution pipeline assets to PowerGas Ltd with effect from 15 September 2008. As a result of the regulations, Sembcorp Gas received compensation consisting of the net book value of the assets estimated at approximately S$90 million, other compensation of S$35 million from the Government of Singapore, and a remission from the Inland Revenue Authority of Singapore of any tax payable on the compensation to be received by Sembcorp Gas.

LITIGATION

10. There are no legal or arbitration proceedings pending or threatened against the Issuer or the Guarantor or any of its subsidiaries, the outcome of which may have a material adverse effect on the financial position of the Issuer or on the Guarantor and its subsidiaries, taken as a whole.

MATERIAL ADVERSE CHANGE

11. There has been no material adverse change in the financial position or condition or business prospects of the Issuer or of the Guarantor since 31 December 2008.

FINANCIAL CONDITION AND OPERATIONS

12. Save as disclosed in this Information Memorandum or in any public announcement by the Guarantor, to the best of the knowledge of the Issuer and of the Guarantor, the financial condition and operations of each of the Issuer, the Guarantor and the Group are not likely to be materially affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in its liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditures;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;

(d) known trends or uncertainties that have had or that any of them reasonably expects to have a material favourable or unfavourable impact on its revenues or operating income; and

(e) any material information which may be relevant to the financial or trading prospects of the Issuer, the Guarantor or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by the Issuer and which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of the Issuer, the Guarantor or the Group.

AUTHORISATION

13. The establishment of the MTN Programme and the issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 8 November 2004. The update of the MTN Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 3 April 2009.

    The establishment of the MTN Programme and the issue of the Guarantee was authorised by resolutions of the Board of Directors of the Guarantor passed on 8 November 2004. The update of the MTN Programme was authorised by resolutions of the Board of Directors of the Guarantor passed on 1 April 2009.

DOCUMENTS AVAILABLE FOR INSPECTION

14. So long as any Notes are capable of being issued under the MTN Programme or any Notes are outstanding, copies of the following documents may be inspected at the registered office of the Issuer at 30 Hill Street #05-04, Singapore 179360 or the Trustee at 21 Collyer Quay #14-01, HSBC Building, Singapore 049320 during normal business hours:

    (a) the Memorandum and Articles of Association of the Issuer and the Guarantor;

    (b) the Trust Deed;

    (c) the Agency Agreement;

    (d) the Depository Agreement;

    (e) the Deed of Covenant; and

    (f) the most recently publicly available audited accounts of the Issuer and the Guarantor and its subsidiaries beginning with such audited accounts for the financial years ended 31 December 2006, 31 December 2007 and 31 December 2008.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF SEMBCORP FINANCIAL SERVICES PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2008 and has not been specifically prepared for inclusion in this Information Memorandum.

KPMG

Sembcorp Financial Services Pte Ltd
Registration Number: 200302373G

Annual Report
Year ended 31 December 2008

Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2008.

Directors

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

Ngiam Joke Mui
Quek Hong Liat
Foo Fei Voon

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 (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Description of Interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui				
Sembcorp Industries Ltd	Ordinary shares		538,860	629,884
	Options to subscribe for ordinary shares at :			
	- $0.99 per share	18/05/2005 to 17/05/2014	31,250	31,250
	- $1.16 per share	23/11/2005 to 22/11/2014	31,250	31,250
	- $2.37 per share	02/07/2006 to 01/07/2015	62,500	62,500
	- $2.36 per share	22/11/2006 to 21/11/2015	62,500	62,500
	- $2.52 per share	10/06/2007 to 09/06/2016	93,750	93,750
	Conditional award of :			
	- 85,567 performance shares to be delivered after 2007 (Note 1a)		Up to 128,351	-
	- 85,649 performance shares to be delivered after 2008 (Note 1b)		Up to 128,474	Up to 128,474
	- 81,648 performance shares to be delivered after 2009 (Note 1c)		Up to 122,472	Up to 122,472
	- 80,000 performance shares to be delivered after 2010 (Note 1d)		-	Up to 120,000
	- 29,245 restricted shares to be delivered after 2007 (Note 2a)		Up to 38,019	25,346

Name of director and corporation in which interests are held	Description of Interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui (cont'd)				
	- 53,582 restricted shares to be delivered after 2008 (Note 2b)		Up to 69,657	Up to 69,657
	- 52,500 restricted shares to be delivered after 2009 (Note 3)		-	Up to 78,750
Sembcorp Marine Ltd	Ordinary shares		136,500	182,500
	Options to subscribe for ordinary shares at :			
	- $0.74 per share	11/08/2005 to 10/08/2014	10,500	-
	- $2.11 per share	12/08/2006 to 11/08/2015	21,000	10,500
	- $2.38 per share	03/10/2007 to 02/10/2016	21,000	21,000
	Conditional award of :			
	- 9,000 restricted shares to be delivered after 2009 (Note 3)		-	Up to 13,500
Quek Hong Liat				
Sembcorp Industries Ltd	Ordinary shares		99,840	145,444
	Options to subscribe for ordinary shares at :			
	- $0.93 per share	19/11/2004 to 18/11/2013	11,750	-
	- $0.99 per share	18/05/2005 to 17/05/2014	11,750	11,750
	- $1.16 per share	23/11/2005 to 22/11/2014	23,500	11,750
	- $2.37 per share	02/07/2006 to 01/07/2015	30,500	30,500
	- $2.36 per share	22/11/2006 to 21/11/2015	45,750	31,250
	- $2.52 per share	10/06/2007 to 09/06/2016	56,250	56,250
	Conditional award of :			
	- 17,547 restricted shares to be delivered after 2007 (Note 2a)		Up to 22,811	15,207
	- 26,127 restricted shares to be delivered after 2008 (Note 2b)		Up to 33,965	Up to 33,965
	- 31,500 restricted shares to be delivered after 2009 (Note 3)		-	Up to 47,250
Sembcorp Marine Ltd	Ordinary shares		61,250	81,250
	Options to subscribe for ordinary shares at			
	- $0.74 per share	11/08/2005 to 10/08/2014	5,250	5,250
	- $2.11 per share	12/08/2006 to 11/08/2015	3,500	3,500

Name of director and corporation in which interests are held	Description of Interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Foo Fei Voon				
Sembcorp Industries Ltd	Ordinary shares		61,835	66,582
	Options to subscribe for ordinary shares at :			
	- $1.90 per share	20/05/2001 to 19/05/2009	13,935	13,935
	- $1.76 per share	16/09/2001 to 15/09/2009	34,065	34,065
	- $1.63 per share	27/06/2001 to 26/06/2010	70,400	70,400
	- $1.19 per share	20/04/2002 to 19/04/2011	81,100	81,100
	- $1.23 per share	08/05/2003 to 07/05/2012	69,000	69,000
	- $0.62 per share	18/10/2003 to 17/10/2012	34,500	34,500
	- $0.78 per share	03/06/2004 to 02/06/2013	61,000	61,000
	- $0.93 per share	19/11/2004 to 18/11/2013	61,000	61,000
	- $0.99 per share	18/05/2005 to 17/05/2014	61,000	61,000
	- $1.16 per share	23/11/2005 to 22/11/2014	61,000	61,000
	- $2.37 per share	02/07/2006 to 01/07/2015	61,000	61,000
	- $2.36 per share	22/11/2006 to 21/11/2015	61,000	61,000
	- $2.52 per share	10/06/2007 to 09/06/2016	47,000	47,000
	Conditional award of :			
	- 10,954 restricted shares to be delivered after 2007 (Note 2a)		Up to 14,240	9,493
	- 17,963 restricted shares to be delivered after 2008 (Note 2b)		Up to 23,352	Up to 23,352
	- 17,600 restricted shares to be delivered after 2009 (Note 3)		-	Up to 26,400
Sembcorp Marine Ltd	Ordinary shares		71,400	71,400
	Options to subscribe for ordinary shares at :			
	- $0.74 per share	11/08/2005 to 10/08/2014	2,800	2,800
	- $2.11 per share	12/08/2006 to 11/08/2015	5,600	5,600

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

(a) Period from 2005 to 2007*
(b) Period from 2006 to 2008
(c) Period from 2007 to 2009
(d) Period from 2008 to 2010

Note 2: The actual number delivered will depend on the achievement of set targets over a 2-year performance period as indicated below. Achievement of targets below target level will mean no restricted shares will be delivered, while achievement up to 130% will mean up to 1.3 times the number of conditional restricted shares awarded could be delivered.
(a) Period from 2006 to 2007**
(b) Period from 2007 to 2008

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

* For this period, 128,351 shares were released to Ngiam Joke Mui on 28 March 2008.

** For this period, 12,673 (1/3 of 38,019 shares), 7,604 (1/3 of 22,811 shares), 4,747 (1/3 of 14,240 shares) were released to Ngiam Joke Mui, Quek Hong Liat and Foo Fei Voon respectively on 28 March 2008 and the remaining shares will be vested in year 2009/2010.

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

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 for salaries, bonuses and fees and those benefits that are disclosed in this report, 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 options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

18 February 2009

Statement by Directors

In our opinion:

(a) the financial statements set out on pages FS1 to FS20 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

18 February 2009

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Independent auditors' report

Member of the Company
Sembcorp Financial Services Pte Ltd

We have audited the financial statements of Sembcorp Financial Services Pte Ltd (the Company), which comprise the balance sheet of the Company as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS20.

Management's responsibility for the financial statements

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

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
18 February 2009

Balance sheet
As at 31 December 2008

	Note	2008 $'000	2007 $'000
Non-current assets			
Property, plant and equipment	3	387	361
Long term receivables	4	625,262	457,898
Financial derivatives		–	828
		625,649	459,087
Current assets			
Trade and other receivables	5	223,515	245,985
Financial derivatives		2,386	1,341
Cash and cash equivalents	6	113,510	311,970
		339,411	559,296
Total assets		965,060	1,018,383
Equity attributable to equity holder of the Company			
Share capital	9	3,000	3,000
Other reserves	10	(3,383)	(112)
Accumulated profits		19,055	17,987
Total equity		18,672	20,875
Non-current liabilities			
Financial liabilities	11	203,018	200,307
		203,018	200,307
Current liabilities			
Trade and other payables	12	175,106	201,175
Financial liabilities	11	565,349	594,568
Current tax payable		2,915	1,458
		743,370	797,201
Total liabilities		946,388	997,508
Total equity and liabilities		965,060	1,018,383

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 December 2008

	Note	2008 $'000	2007 $'000
Revenue	13	24,558	32,756
Cost of sales		(14,001)	(24,828)
Gross profit		10,557	7,928
Other operating income		159	836
Other operating expenses		(2,773)	(1,161)
Profit before income tax	14	7,943	7,603
Income tax expense	15	(575)	(1,341)
Profit for the year		7,368	6,262

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 December 2008

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2007	3,000	30	3,775	11,725	18,530
Profit for the year	–	–	–	6,262	6,262
Value of employee services received for share options issued by ultimate holding company	–	4	–	–	4
Net fair value changes of cash flow hedges	–	–	(3,921)	–	(3,921)
At 31 December 2007	3,000	34	(146)	17,987	20,875
Profit for the year	–	–	–	7,368	7,368
Value of employee services received for share options issued by ultimate holding company	–	6	–	–	6
Net fair value changes of cash flow hedges	–	–	(3,277)	–	(3,277)
Final exempt one-tier dividend paid of $2.10 per share in respect of year 2007	–	–	–	(6,300)	(6,300)
At 31 December 2008	3,000	40	(3,423)	19,055	18,672

The accompanying notes form an integral part of these financial statements.

Cash flow statement
Year ended 31 December 2008

	2008	2007
	$'000	**$'000**
Operating activities		
Profit before income tax	7,943	7,603
Adjustments for:		
Depreciation of property, plant and equipment	77	–
Fair value of share options expensed off	6	4
Interest expense on swap derivative contracts	262	256
Fair value loss/(gain) on swap derivative contracts	1,327	(512)
	9,615	7,351
Changes in working capital:		
Trade and other receivables	(144,894)	(42,851)
Trade and other payables	(26,257)	17,771
Income tax recovered	1,069	630
Cash flows from operating activities	(160,467)	(17,099)
Investing activities		
Acquisition of capital work-in-progress	–	(361)
Acquisition of property, plant and equipment	(103)	–
Cash flows from investing activities	(103)	(361)
Financing activities		
Dividend paid	(6,300)	–
Cash flows from financing activities	(6,300)	–
Net decrease in cash and cash equivalents	(166,870)	(17,460)
Cash and cash equivalents at beginning of year	(282,515)	(265,055)
Cash and cash equivalents at end of year	(449,385)	(282,515)
Cash and cash equivalents comprise:		
- Cash and bank balances and fixed deposits	113,510	311,970
- Bank overdrafts (note 11)	(562,895)	(594,485)
	(449,385)	(282,515)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 February 2009.

1 Domicile and activities

Sembcorp Financial Services Pte Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for Sembcorp Industries Ltd and it subsidiaries.

The immediate and ultimate holding company is Sembcorp Industries Ltd, incorporated in Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies used by the Company have been consistently applied to all periods presented in these financial statements.

2.2 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful life of 3 years. Capital work-in-progress is not depreciated until it is ready for use.

2.4 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise loan receivables, trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risk exposures arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value and changes therein are accounted for as described below.

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss recognised in the income statement.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

2.5 Intra-group financial guarantees

Financial guarantee contracts are accounted for as insurance contracts following adoption of FRS 104. In situations where the Company provides financial guarantee for the indebtedness of related corporations, the Company treats them as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.6 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payments

The Share Option Plan of Sembcorp Industries Ltd ("the holding company") allows the employees of Sembcorp Industries Ltd ("SCI") and its subsidiaries to acquire shares of SCI. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2.7 Revenue recognition

Interest income is recognised as it accrues, using the effective interest method.

2.8 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Property, plant and equipment

	Office equipment $'000	Capital work-in-progress $'000	Total $'000
Cost			
At 1 January 2007	–	–	–
Additions	–	361	361
At 31 December 2007	–	361	361
Additions	103	–	103
Reclassification	361	(361)	–
At 31 December 2008	464	–	464
Accumulated depreciation			
At 1 January and 31 December 2007	–	–	–
Depreciation for the year	77	–	77
At 31 December 2008	77	–	77
Carrying amount			
At 31 December 2007	–	361	361
At 31 December 2008	387	–	387

4 Long term receivables

		2008 $'000	2007 $'000
Long-term loans due from:			
- holding company	7	458,700	–
- related corporations	8	166,562	457,898
		625,262	457,898

5 Trade and other receivables

	Note	2008 $'000	2007 $'000
Interest receivable from related parties and other receivables		772	5,294
Amounts due from:			
- holding company	7	206,141	190,202
- related corporations	8	16,602	50,489
		223,515	245,985

6 Cash and cash equivalents

	Note	2008 $'000	2007 $'000
Cash at bank and in hand		19	14
Fixed Deposits		113,491	311,956
Cash and cash equivalents		113,510	311,970
Bank overdrafts	11	(562,895)	(594,485)
Cash and cash equivalents in the cash flow statement		(449,385)	(282,515)

The weighted average effective interest rate per annum of cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Company is 0.52% (2007: 3.45%).

7 Amounts due from/(to) holding company

	Note	2008 $'000	2007 $'000
Amount due from:			
- long-term loans	4	458,700	–
Amount due from:			
- trade		141	202
- short-term loans		206,000	190,000
	5	206,141	190,202
Amount due to:			
- trade		(33)	(242)
- short-term loans		(143)	(428)
	12	(176)	(670)

The long-term loans due from holding company bear interest ranging from 1.74% to 3.58% (2007: nil) per annum, are unsecured and repayable in 2013.

The short-term loans due from holding company bear interest ranging from 1.15% to 2.14% (2007: 2.40% to 3.68%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to holding company bear interest ranging from 0.1% to 4.45% (2007: 4.26% to 5.38%) per annum, are unsecured and repayable within the next 12 months.

The trade amount due to holding company are unsecured, interest free and repayable within the next 12 months.

8 Amounts due from/(to) related corporations

	Note	2008 $'000	2007 $'000
Amount due from:			
- long-term loans	4	166,562	457,898

Amount due from:			
- trade		2,985	2,985
- short-term loans		13,617	47,504
	5	16,602	50,489
Amount due to:			
- short-term loans	12	(172,958)	(198,289)

The long-term loans due from related corporations bear interest ranging from 1.50% to 4.57% (2007: 2.98% to 4.88%) per annum, are unsecured and are repayable from 2010 to 2015 (2007: 2009 to 2015).

The short-term loans due from related corporations bear interest ranging from 0.98% to 4.45% (2007: 2.08% to 5.55%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.23% to 5.53% (2007: 0.81% to 6.45%) per annum, are unsecured and repayable within the next 12 months.

9 Share capital

	2008	2007
	No. of shares	
	('000)	('000)
Fully paid ordinary shares, with no par value:		
At 31 December	3,000	3,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Working capital Management

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

10 Other reserves

	2008	2007
	$'000	$'000
Hedging reserve	(3,423)	(146)
Capital reserve	40	34
	(3,383)	(112)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

The capital reserve comprises the cumulative value of employee services received for share options issued by holding company. When the option is exercised, the related balance previously recognised in the capital reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the capital reserve is transferred to accumulated profits.

11 Financial liabilities

	Note	2008 $'000	2007 $'000
Non-current liabilities			
- unsecured bank loans		200,000	200,000
- financial derivatives		3,018	307
		203,018	200,307
Current liabilities			
- bank overdrafts	6	562,895	594,485
- financial derivatives		2,454	83
		565,349	594,568
Total loans and borrowings		762,895	794,485
Total derivatives		5,472	390
Total financial liabilities		768,367	794,875

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2008 Face value $'000	2008 Carrying amount $'000	2007 Face Value $'000	2007 Carrying amount $'000
S$ floating rate loans	SOR + 0.39%	2010	200,000	200,000	200,000	200,000
Bank overdrafts	0.69% - 2.17%	2009	562,895	562,895	594,485	594,485
			762,895	762,895	794,485	794,485

The Company (the "Issuer") has established a $1.5 billion Multicurrency Multi-Issuer Debt Issuance Programme (the "Programme"). Pursuant to this, the Company, together with other subsidiaries of its holding company (together with the Issuer, the "Issuing Subsidiaries") may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its holding company. The programme has not been utilised as at 31 December 2008

12 Trade and other payables

	Note	2008 $'000	2007 $'000
Accrued operating expenses		221	199
Interest payable to:			
- related parties		768	1,026
- banks		983	991
Amounts due to:			
- holding company	7	176	670
- related corporations	8	172,958	198,289
		175,106	201,175

13 Revenue

	2008 $'000	2007 $'000
Interest income		
- holding company	17,528	5,585
- related corporations	4,614	18,368
- banks and financial institutions	2,416	8,803
	24,558	32,756

14 Profit before income tax

Profit before income tax includes the following:-

	2008 $'000	2007 $'000
Staff costs	514	387
Fair value of share options expensed off	6	4
Interest expense on swap derivatives contracts	262	256
Fair value loss/(gain) on swap derivatives contracts	800	(512)
Exchange gain, net	(159)	(65)
Interest expense:		
- holding company	944	3,876
- related corporations	6,585	14,528
- related parties	49	69
- banks and financial institutions	6,423	6,355

15 Income tax expense

	2008 $'000	2007 $'000
Current tax expense		
Current year	1,405	1,341
Group tax relief	(830)	–
Income tax expense	575	1,341

Reconciliation of effective tax rate

	2008 $'000	2007 $'000
Profit before income tax	7,943	7,603
Income tax charge using Singapore tax rate of 18% (2007: 18%)	1,430	1,369
Non-deductible expenses	2	–
Tax exempt revenue	(27)	(28)
Tax benefit received on tax losses transferred	(1,018)	–
Consideration for tax losses transferred	188	–
	575	1,341

16 Significant related party transactions

Key management personnel compensation

Compensation payable/paid to key management personnel comprise:

	2008	2007
	$'000	**$'000**
Short-term employee benefits	203	58

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

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

17 Financial risk management

Overview

The Company follows the risk management policies and guidelines of its holding company which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Company's accounting policies in relation to the derivative financial instruments are set out in note 2.4.

Liquidity risk

The company manages its liquidity risk with the view to maintain sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals, loan disbursements and repayment of borrowings. Hence, liquidity is managed in a manner to address known as well as unanticipated cash funding needs. Liquidity requirements are maintained within the credit facilities established and are adequate and available to the company to meet its obligations.

The table below analyses the maturity profile of the Company's financial liabilities (including derivative financial liabilities) based on the expected contractual undiscounted cash inflows/(outflows), including interest payments and excluding the impact of netting arrangements:

	Carrying amount $'000	Cash Flows: Contractual cash flow $'000	Within 1 year $'000	Within 1 to 5 years $'000
2008				
Derivatives				
Derivative financial asset	(2,386)	2,386	2,386	–
Derivative financial liabilities	5,472	(3,989)	(3,727)	(262)
Non-derivative financial liabilities				
Trade and other payables	175,106	(175,106)	(175,106)	–
Financial liabilities	762,895	(768,429)	(566,997)	(201,432)
	941,087	(945,138)	(743,444)	(201,694)
2007				
Derivatives				
Derivative financial assets	(1,341)	1,240	1,240	–
Derivative financial liabilities	390	(107)	(92)	(15)
Non-derivative financial liabilities				
Trade and other payables	201,175	(201,175)	(201,175)	–
Financial liabilities	794,485	(810,144)	(600,749)	(209,395)
	994,709	(1,010,186)	(800,776)	(209,410)

Credit risk

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparty to fail to meet their obligations.

At balance sheet date, beside approximately 78% (2007: 27%) of receivables are due from holding company, there were no other significant concentrations of credit risk. Based on historical experience in the collection of amounts due from holding company, management believes that there is no inherent credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as recorded in the balance sheet.

With respect to derivative financial instruments, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to foreign exchange swap agreements are the fair value of the derivative financial instruments contracts as disclosed in the "Fair Value" section.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and reduce market risk exposures within acceptable parameters.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company uses derivative financial instruments to hedge its treasury portfolio. The portfolio includes only debt securities with active secondary or resale markets to ensure portfolio liquidity.

The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

The Company adopts a policy of ensuring its exposure to changes in interest rates on long-term bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose. The swaps mature over the next three years, following the maturity of the related loans, and have interest rates of 2.78% and 3.33% per annum.

At 31 December 2008, the Company has interest rate swaps with a notional contract amount of S$200,000,000 (2007: S$200,000,000) whereby it receives a variable rate equal SGD-SOR and pays a fixed rate interest of 2.78% and 3.33% (2007: 2.78% and 3.33%) per annum on the notional amount. The Company classifies these interest rate swaps as cash flow hedges. The net fair value of swaps at 31 December 2008 was ($3,018,000) (2007: $521,000), comprising assets of $nil (2007: $828,000) and liabilities of $3,018,000 (2007: $307,000).

Sensitivity analysis
For the interest rate swap accounted for as a cash flow hedge and other variable rate financial assets and liabilities, a change of 100 bp in interest rate at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit or loss		**Equity**	
	100 bp Increase $'000	**100 bp Decrease $'000**	**100 bp Increase $'000**	**100 bp Decrease $'000**
31 December 2008				
Variable rate instruments	(170)	170	–	–
Interest rate swap	–	–	2,638	(2,638)
	(170)	170	2,638	(2,638)
31 December 2007				
Variable rate instruments	81	(81)	–	–
Interest rate swap	(657)	657	4,481	(4,481)
	(566)	566	4,481	(4,481)

Foreign currency risk

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in a currency other than Singapore dollars. The Company's exposures to foreign currency are as follows:-

	USD $'000	EUR $'000	AUD $'000	YEN $'000
2008				
Financial assets				
Cash and cash equivalents	113,493	–	1	–
Loan receivables	–	–	–	–
Trade and other receivables	1	–	–	–
Financial derivatives	(82,619)	(607)	–	–
	30,875	(607)	1	–
Financial liabilities				
Trade and other payables	(8,515)	–	–	–
Financial liabilities	(22,101)	607	–	–
	(30,616)	607	–	–
Net financial assets	259	–	1	–
2007				
Financial assets				
Cash and cash equivalents	93,915	37,803	1	–
Loan receivables	–	–	–	–
Trade and other receivables	388	93	–	–
Financial derivatives	(58,671)	–	(10,100)	(99)
	35,632	37,896	(10,099)	(99)
Financial liabilities				
Trade and other payables	(7,206)	(37,895)	–	–
Financial liabilities	(28,595)	–	10,100	99
	(35,801)	(37,895)	10,100	99
Net financial assets/ (liabilities)	(169)	1	1	–

Sensitivity analysis

A 10% strengthening of foreign currencies against Singapore dollar at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables, (i.e. interest rates), remain constant.

	2008 $'000	2007 $'000
Impact to Profit before tax arises from the following currencies:		
- USD	26	(17)

At 31 December, the Company has outstanding foreign exchange swap and interest rate swap agreements as follows:

	2008 $'000	2007 $'000
Foreign exchange swap agreements		
Notional amount	175,811	107,287
Fair value receivables	2,386	541
Fair value payables	2,454	82
Interest rate swap agreements		
Notional amount	200,000	290,000
Fair value receivables	–	1,628
Fair value payables	3,018	307

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

Derivatives

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2008 plus an adequate constant credit spread, and are as follows:

	2008 %	2007 %
Derivatives	1.35-2.63	2.63 – 3.47
Financial liabilities	0.68-3.33	2.98 – 3.43

The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

18 Contingent liabilities

As at the balance sheet date, the Company has the following contingent liabilities:

	2008	2007
	$'000	$'000
Banker's guarantees given on behalf of :-		
- holding company	7,358	–
- related corporation	83	83
	7,441	83

19 New accounting standards and interpretations not yet adopted

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

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

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

AUDITED FINANCIAL STATEMENTS OF SEMBCORP FINANCIAL SERVICES PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2007 and has not been specifically prepared for inclusion in this Information Memorandum.

KPMG

Sembcorp Financial Services Pte Ltd
Registration Number: 200302373G

Annual Report
Year ended 31 December 2007

Directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2007.

Directors

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

Ngiam Joke Mui
Quek Hong Liat
Foo Fei Voon

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 (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Description of interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui				
Sembcorp Industries Ltd	Ordinary shares		460,610	538,860
	Options to subscribe for ordinary shares at			
	- $0.78 per share*	03/06/2004 to 02/06/2013	25,000	-
	- $0.93 per share*	19/11/2004 to 18/11/2013	25,000	-
	- $0.99 per share*	18/05/2005 to 17/05/2014	62,500	31,250
	- $1.16 per share*	23/11/2005 to 22/11/2014	62,500	31,250
	- $2.37 per share*	02/07/2006 to 01/07/2015	93,750	62,500
	- $2.36 per share*	22/11/2006 to 21/11/2015	93,750	62,500
	- $2.52 per share*	10/06/2007 to 09/06/2016	125,000	93,750
	Conditional award of			
	- 52,350 performance shares to be delivered after 2006 (Note 1)*		Up to 104,700	-
	- 85,567 performance shares to be delivered after 2007 (Note 2a)*		Up to 125,760	Up to 128,351
	- 85,649 performance shares to be delivered after 2008 (Note 2b)*		Up to 125,880	Up to 128,474
	- 81,648 performance shares to be delivered after 2009 (Note 2c)*		-	Up to 122,472
	- 29,245 restricted shares to be delivered after 2007 (Note 3a)*		Up to 37,252	Up to 38,019
	- 53,582 restricted shares to be delivered after 2008 (Note 3b)*		-	Up to 69,657

Name of director and corporation in which interests are held	Description of interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui (cont'd)				
Sembcorp Marine Ltd	Ordinary shares		71,250	136,500
	Options to subscribe for ordinary shares at			
	- $0.71 per share**	09/08/2004 to 08/08/2013	6,250	-
	- $0.74 per share**	11/08/2005 to 10/08/2014	15,000	10,500
	- $2.11 per share**	12/08/2006 to 11/08/2015	22,500	21,000
	- $2.38 per share**	03/10/2007 to 02/10/2016	20,000	21,000
Quek Hong Liat				
Sembcorp Industries Ltd	Ordinary shares		135,340	99,840
	Options to subscribe for ordinary shares at			
	- $0.78 per share*	03/06/2004 to 02/06/2013	12,000	-
	- $0.93 per share*	19/11/2004 to 18/11/2013	12,000	11,750
	- $0.99 per share*	18/05/2005 to 17/05/2014	24,000	11,750
	- $1.16 per share*	23/11/2005 to 22/11/2014	24,000	23,500
	- $2.37 per share*	02/07/2006 to 01/07/2015	61,000	30,500
	- $2.36 per share*	22/11/2006 to 21/11/2015	61,000	45,750
	- $2.52 per share*	10/06/2007 to 09/06/2016	75,000	56,250
	Conditional award of			
	- 17,547 restricted shares to be delivered after 2007 (Note 3a)*		Up to 22,351	Up to 22,811
	- 26,127 restricted shares to be delivered after 2008 (Note 3b)*		-	Up to 33,965
Sembcorp Marine Ltd	Ordinary shares		33,000	61,250
	Options to subscribe for ordinary shares at			
	- $0.71 per share**	09/08/2004 to 08/08/2013	4,000	-
	- $0.74 per share**	11/08/2005 to 10/08/2014	8,000	5,250
	- $2.11 per share**	12/08/2006 to 11/08/2015	5,000	3,500
Foo Fei Voon				
Sembcorp Industries Ltd	Ordinary shares		61,835	61,835
	Options to subscribe for ordinary shares at			
	- $1.90 per share*	20/05/2001 to 19/05/2009	13,935	13,935
	- $1.76 per share*	16/09/2001 to 15/09/2009	34,065	34,065
	- $1.63 per share*	27/06/2001 to 26/06/2010	70,400	70,400
	- $1.19 per share*	20/04/2002 to 19/04/2011	81,100	81,100
	- $1.23 per share*	08/05/2003 to 07/05/2012	69,000	69,000
	- $0.62 per share*	18/10/2003 to 17/10/2012	34,500	34,500
	- $0.78 per share*	03/06/2004 to 02/06/2013	61,000	61,000
	- $0.93 per share*	19/11/2004 to 18/11/2013	61,000	61,000
	- $0.99 per share*	18/05/2005 to 17/05/2014	61,000	61,000
	- $1.16 per share*	23/11/2005 to 22/11/2014	61,000	61,000
	- $2.37 per share*	02/07/2006 to 01/07/2015	61,000	61,000
	- $2.36 per share*	22/11/2006 to 21/11/2015	61,000	61,000
	- $2.52 per share*	10/06/2007 to 09/06/2016	47,000	47,000

Name of director and corporation in which interests are held	Description of Interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Foo Fei Voon (cont'd)				
Sembcorp Industries Ltd	Conditional award of			
	- 10,954 restricted shares to be delivered after 2007 (Note 3a)*		Up to 13,953	Up to 14,240
	- Conditional awards of 17,963 restricted shares to be delivered after 2008 (Note 3b)*		-	Up to 23,352
Sembcorp Marine Ltd	Ordinary shares		31,250	71,400
	Options to subscribe for ordinary shares at			
	- $0.47 per share**	28/09/2002 to 27/09/2011	3,750	-
	- $0.64 per share**	08/11/2003 to 07/11/2012	4,000	-
	- $0.71 per share**	09/08/2004 to 08/08/2013	4,000	-
	- $0.74 per share**	11/08/2005 to 10/08/2014	6,000	2,800
	- $2.11 per share**	12/08/2006 to 11/08/2015	8,000	5,600

Note 1: The actual number delivered will depend on the achievement of set targets over a 3-year period from 2004 to 2006. Achievement of targets below target 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. The conditional award was adjusted for Capital Reduction and Cash Distribution exercise in 2006. For this period, 36,121 shares were awarded to Ngiam Joke Mui and the balance of the conditional awards has thus lapsed.

Note 2: The actual number delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below target level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

(a) Period from 2005 to 2007#
(b) Period from 2006 to 2008#
(c) Period from 2007 to 2009##

Note 3: The actual number delivered will depend on the achievement of set targets over a 2-year period as indicated below. Achievement of targets below target level will mean no restricted shares will be delivered, while achievement up to 130% will mean up to 1.3 times the number of conditional restricted shares awarded could be delivered.

(a) Period from 2006 to 2007#
(b) Period from 2007 to 2008##

* The exercise price of outstanding share options granted, number of outstanding conditional awards of performance shares and outstanding conditional awards of restricted shares prior to April 2007 were adjusted as a result of a special dividend payment of S$0.16 per share by Sembcorp Industries Ltd in April 2007 (Special Dividend)

** The subscription price and number of outstanding share options of Sembcorp Marine Ltd ("SCM") were adjusted as a result bonus issue of 2 new shares for every 5 existing shares in the capital of SCM in September 2007.

\# The conditional award was adjusted for Capital Reduction and Cash Distribution exercise in 2006 and Special Dividend payment in 2007.

\## The conditional award was adjusted for Special Dividend payment in 2007.

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

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 for salaries, bonuses and fees and those benefits that are disclosed in this report, 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 options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

22 February 2008

Statement by Directors

In our opinion:

(a) the financial statements set out on pages FS1 to FS17 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

22 February 2008

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Independent auditors' report

Members of the Company
Sembcorp Financial Services Pte Ltd

We have audited the financial statements of Sembcorp Financial Services Pte Ltd (the Company), which comprise the balance sheet of the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS17.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG

KPMG
Certified Public Accountants

Singapore
22 February 2008

Balance sheet
As at 31 December 2007

	Note	2007 $'000	2006 $'000
Non-current assets			
Capital work-in progress		361	-
Amount due from related corporations	3	457,898	408,214
Financial derivatives		828	4,985
		459,087	413,199
Current assets			
Trade and other receivables	4	245,985	253,666
Financial derivatives		1,341	–
Tax recoverable		–	513
Fixed deposits		311,956	398,926
Cash and cash equivalents		14	315
		559,296	653,420
Total assets		1,018,383	1,066,619
Equity attributable to equity holder of the Company			
Share capital	7	3,000	3,000
Other reserves	8	(112)	3,805
Accumulated profits		17,987	11,725
Total equity		20,875	18,530
Non-current liability			
Financial liabilities	9	200,307	200,000
		200,307	200,000
Current liabilities			
Trade and other payables	10	201,175	183,793
Financial liabilities	9	594,568	664,296
Current tax payable		1,458	–
		797,201	848,089
Total liabilities		997,508	1,048,089
Total equity and liabilities		1,018,383	1,066,619

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 December 2007

	Note	2007 $'000	2006 $'000
Revenue	11	32,756	37,068
Cost of sales		(24,828)	(32,146)
Gross profit		7,928	4,922
Other operating income		836	469
Other operating expenses		(1,161)	(1,458)
Profit before income tax	12	7,603	3,933
Income tax (expense)/credit	13	(1,341)	98
Profit for the year		6,262	4,031

The accompanying notes form an integral part of these financial statements.

Statements of changes in equity
Year ended 31 December 2007

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2006	3,000	16	3,274	7,694	13,984
Profit for the year	–	–	–	4,031	4,031
Value of employee services received for share options issued by ultimate holding company	–	14	–	–	14
Net fair value changes of cash flow hedges	–	–	501	–	501
At 31 December 2006	3,000	30	3,775	11,725	18,530
Profit for the year	–	–	–	6,262	6,262
Value of employee services received for share options issued by ultimate holding company	–	4	–	–	4
Net fair value changes of cash flow hedges	–	–	(3,921)	–	(3,921)
At 31 December 2007	3,000	34	(146)	17,987	20,875

The accompanying notes form an integral part of these financial statements.

Cash flow statement
Year ended 31 December 2007

	2007 $'000	2006 $'000
Operating activities		
Profit before income tax	7,603	3,933
Adjustments for:		
Fair value of share options expense off	4	14
Interest expense on swap derivative contracts	256	250
Fair value gain on swap derivative contracts	(512)	(289)
	7,351	3,908
Changes in working capital:		
Trade and other receivables	(42,851)	124,012
Trade and other payables	17,771	(74,566)
Income tax recovered/(paid)	630	(1,069)
Cash flow from operating activities	(17,099)	52,285
Investing activities		
Acquisition of capital work-in-progress	(361)	–
Cash flows from Investing activities	(361)	–
Financing activities		
Net repayment of bank loans	–	(1,404)
Cash flows from financing activities	–	(1,404)
Net (decrease)/increase in cash and cash equivalents	(17,460)	50,881
Cash and cash equivalents at beginning of year	(265,055)	(315,936)
Cash and cash equivalents at end of year	(282,515)	(265,055)
Cash and cash equivalents comprise:		
- Cash and bank balances	311,970	399,241
- Bank overdraft	(594,485)	(664,296)
	(282,515)	(265,055)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 February 2008.

1 Domicile and activities

Sembcorp Financial Services Pte Ltd (the Company) incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04 Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for the Sembcorp Industries Ltd and it subsidiaries.

The immediate and ultimate holding company is Sembcorp Industries Ltd, incorporated in Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies used by the Company have been consistently applied to all periods presented in these financial statements.

2.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Capital work-in-progress is not depreciated until it is ready for use.

2.4 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risk exposures. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in the income statement. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement and the carrying amount of the hedged item is adjusted.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised). For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

2.5 Intra-group financial guarantees

Financial guarantee contracts are accounted for as insurance contracts following adoption of FRS 104. In situations where the Company provides financial guarantee for the indebtedness of related corporations, the Company treats them as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.6 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payments

The Share Option Plan of Sembcorp Industries Ltd ("the ultimate holding company") allows the employees of Sembcorp Industries Ltd ("SCI") and its subsidiaries to acquire shares of SCI. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2.7 Revenue recognition

Interest income is recognised as it accrues, using the effective interest method.

2.8 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Amount due from related corporations

	2007	**2006**
	S'000	**S'000**
Amount due from:		
- long-term loans	457,898	408,214

The long-term loans due from related corporations bear interest ranging from 2.98% to 4.88% (2006: 3.00% to 4.88%) per annum, are unsecured and have fixed term of repayment.

4 Trade and other receivables

	Note	2007 $'000	2006 $'000
Interest receivable from related parties and other receivables		5,294	3,947
Amount due from:			
- ultimate holding company	5	190,202	190,634
- related corporations	6	50,489	59,085
		245,985	253,666

In 2006, receivables denominated in currencies other than the Company's functional currency comprised $5,036,000 of receivable from a related corporation denominated in US dollars.

5 Amount due from/(to) ultimate holding company

	Note	2007 $'000	2006 $'000
Amount due from:			
- trade		202	312
- short-term loans		190,000	190,000
- non-trade		–	322
	4	190,202	190,634
Amount due to:			
- trade		(108)	(790)
- non-trade		(134)	–
- short-term loans		(428)	–
	10	(670)	(790)

The short-term loans due from ultimate holding company bear interest ranging from 2.40% to 3.68% (2006: 3.59% to 3.79%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to ultimate holding company bear interest ranging from 4.26% to 5.38% (2006: Nil) per annum, are unsecured and repayable within the next 12 months.

The non-trade amounts with the ultimate holding company are unsecured, interest free and repayable within the next 12 months.

6 Amount due from/(to) related corporations

	Note	2007 $'000	2006 $'000
Amount due from:			
- trade		2,985	2,985
- short-term loans		47,504	56,100
	4	50,489	59,085
Amount due to:			
- short-term loans	10	(198,289)	(180,692)

The short-term loans due from related corporations bear interest ranging from 2.08% to 5.55% (2006: 0.33% to 5.63%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.81% to 6.45% (2006: 0.51% to 5.29%) per annum, are unsecured and repayable within the next 12 months.

The other amounts with related corporations are unsecured, interest free and repayable within the next 12 months.

7 Share capital

	2007	2006
	No. of shares	
	('000)	('000)
Fully paid ordinary shares, with no par value:		
At 31 December	3,000	3,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

8 Other reserves

	2007	2006
	$'000	$'000
Hedging reserve	(146)	3,775
Capital reserve	34	30
	(112)	3,805

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

The capital reserve comprises the cumulative value of employee services received for share options issued by ultimate holding company. When the option is exercised, the related balance previously recognised in the capital reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the capital reserve is transferred to accumulated profits.

9 Financial liabilities

	2007	2006
	$'000	$'000
Non-current liabilities		
- unsecured bank loans	200,000	200,000
- financial derivatives	307	–
	200,307	200,000
Current liabilities		
- bank overdrafts	594,485	664,296
- financial derivatives	83	–
	594,568	664,296
Total loans and borrowings	794,485	864,296
Total derivatives	390	–
Total financial liabilities	794,875	864,296

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2007 Face value $'000	2007 Carrying amount $'000	2006 Face Value $'000	2006 Carrying amount $'000
S$ floating rate loans	SOR + 0.39%	2010	200,000	200,000	200,000	200,000
Bank overdrafts	0.22% - 5.11%	2007	594,485	594,485	664,296	664,296
			794,485	794,485	864,296	864,296

Effective interest rates and repricing analysis

	Effective interest rate	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	In 1 to 5 years $'000	After 5 years $'000	Total $'000
2007						
S$ floating rate loans	3.13%	200,000	–	–	–	200,000
- effect of interest rate swap	-0.08%	(200,000)	–	200,000	–	–
Bank overdrafts	1.90%	594,485	–	–	–	594,485
		594,485	–	200,000	–	794,485
2006						
S$ floating rate loans	4.04%	200,000	–	–	–	200,000
- effect of interest rate swap	-0.99%	(200,000)	–	200,000	–	–
Bank overdrafts	2.93%	664,296	–	–	–	664,296
		664,296	–	200,000	–	864,296

The Company (the "Issuer") has established a $1.5 billion Multicurrency Multi-Issuer Debt Issuance Programme (the "Programme"). Pursuant to this, the Company, together with other subsidiaries of its holding company (together with the Issuer, the "Issuing Subsidiaries") may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its holding company. The programme has not been utilised as at 31 December 2007.

10 Trade and other payables

	Note	2007 $'000	2006 $'000
Accrued operating expenses		199	210
Interest payable to related parties and banks		2,017	2,101
Amount due to:			
- ultimate holding company	5	670	790
- related corporations	6	198,289	180,692
		201,175	183,793

11 Revenue

	2007 $'000	2006 $'000
Interest income		
- ultimate holding company	5,585	7,282
- related corporations	18,368	20,560
- banks and financial institutions	8,803	9,226
	32,756	37,068

12 Profit before income tax

Profit before income tax includes the following:-

	2007 $'000	2006 $'000
Staff costs	387	515
Fair value of share options expense off	4	14
Interest expense on swap derivatives contracts	256	250
Fair value gain on swap derivatives contracts	(512)	(289)
Exchange gain, net	(65)	(148)
Interest expense:		
- ultimate holding company	3,876	6,852
- related corporations	14,528	18,869
- related parties	69	74
- banks and financial institutions	6,355	6,351
Number of employees as at December 31	3	4

13 Income tax expense

	2007 $'000	2006 $'000
Current tax expense		
Current year	1,341	721
Over provided in prior year	–	(246)
Group tax relief	–	(573)
Income tax expense/(credit)	1,341	(98)

	2007 $'000	2006 $'000
Reconciliation of effective tax rate		
Profit before income tax	7,603	3,933
Income tax charge using the domestic corporate tax rate	1,369	787
Non-deductible expenses	–	3
Tax exempt revenue	(28)	(69)
Over provided in prior year	–	(246)
Tax benefit received on loss transferred	–	(1,279)
Consideration paid for losses transferred	–	706
	1,341	(98)

14 Significant related party transactions

Key management personnel compensation

Compensation payable/paid to key management personnel comprise:

	2007 $'000	2006 $'000
Short-term employee benefits	58	–

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

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

15 Financial risk management

Overview

The Company follows the risk management policies and guidelines of its ultimate holding company which set out its overall business strategies, its tolerance of risk and its general risk management philosophy.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Company's accounting policies in relation to the derivative financial instruments are set out in note 2.4.

Working capital management

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

Credit risk

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparty to fail to meet their obligations.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as recorded in the balance sheet.

With respect to derivative financial instruments, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to foreign exchange swap agreements are the fair value of the derivative financial instruments contracts as disclosed in the "Fair Value" section.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company uses derivative financial instruments to hedge its treasury portfolio. The portfolio includes only debt securities with active secondary or resale markets to ensure portfolio liquidity.

The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

Hedging

The Company adopts a policy of ensuring its exposure to changes in interest rates on long-term bank loans is on a fixed rate basis. Interest rate swaps, denominated in Singapore dollars, have been entered into to achieve this purpose. The swaps mature over the next three years, following the maturity of the related loans, and have interest rates of 2.78% and 3.33% per annum.

At 31 December 2007, the Company has interest rate swaps with a notional contract amount of S$200,000,000 (2006: S$200,000,000) whereby it receives a variable rate equal SGD-SOR and pays a fixed rate interest of 2.78% and 3.33% (2006: 2.78% and 3.33%) per annum on the notional amount. The Company classifies these interest rate swaps as cash flow hedges. The net fair value of swaps at 31 December 2007 was $521,000 (2006: $4,697,000).

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2007 plus an adequate constant credit spread, and are as follows:

	2007	**2006**
	%	**%**
Derivatives	2.63 – 3.47	3.28 – 3.72
Financial liabilities	2.98 – 3.43	0.30 – 4.07

Foreign currency risk

The Company is exposed to foreign currency risk on lending and borrowings that are denominated in currencies other than the respective functional currencies of the Company entities. The currencies giving rise to this risk are primarily the US dollar.

Fair value

At 31 December, the Company has outstanding foreign exchange swap and interest rate swap agreements as follows:

	2007 $'000	2006 $'000
Foreign exchange swap agreements		
Notional amount	107,287	–
Fair value receivables	541	–
Fair value payables	82	–
Interest rate swap agreements		
Notional amount	290,000	290,000
Fair value receivables	1,628	4,985
Fair value payables	307	–

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Company.

Derivatives

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is based on their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

16 Contingent liabilities

As at the balance sheet date, the Company has the following contingent liabilities:

	2007 $'000	2006 $'000
Banker's guarantee given on behalf of a related corporation	83	61

17 Comparative information

Change in classification

Financial derivatives from long-term interest rate swap agreements amounted to $4,985,000 as at 31 December 2006 is reclassified from current asset to non-current asset.

18 New accounting standards and interpretations not yet adopted

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

FRS 23	*Borrowing Costs*
FRS 107	*Financial Instruments: Disclosures* and the Amendment to FRS 1 *Presentation of Financial Statements: Capital Disclosures*
FRS 108	*Operating Segments*
INT FRS 111	*FRS 102 Group and Treasury Share Transactions*
INT FRS 112	*Service Concession Arrangements*

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

AUDITED FINANCIAL STATEMENTS OF SEMBCORP FINANCIAL SERVICES PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2006 and has not been specifically prepared for inclusion in this Information Memorandum.

KPMG

SembCorp Financial Services Pte Ltd
Registration Number: 200302373G

Annual Report
Year ended 31 December 2006

Directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2006.

Directors

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

Ngiam Joke Mui
Quek Hong Liat
Foo Fei Voon

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 (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Description of interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui				
SembCorp Industries Ltd	Ordinary shares		258,910	460,610
	Options to subscribe for ordinary shares at			
	- $0.94 per share*	03/06/2004 to 02/06/2013	50,000	25,000
	- $1.09 per share*	19/11/2004 to 18/11/2013	50,000	25,000
	- $1.15 per share*	18/05/2005 to 17/05/2014	93,750	62,500
	- $1.32 per share*	23/11/2005 to 22/11/2014	93,750	62,500
	- $2.53 per share*	02/07/2006 to 01/07/2015	125,000	93,750
	- $2.52 per share*	22/11/2006 to 21/11/2015	125,000	93,750
	- $2.68 per share*	10/06/2007 to 09/06/2016	-	125,000
	Conditional awards of - 30,000 performance shares to be delivered after 2005 (Note 1a)		Up to 60,000	-
	- 52,350 performance shares to be delivered after 2006 (Note 1b)*		Up to 100,000	Up to 104,700
	- 83,840 performance shares to be delivered after 2007 (Note 2a)*		Up to 120,000	Up to 125,760
	- 83,920 performance shares to be delivered after 2008 (Note 2b)*		-	Up to 125,880
	Conditional awards of 28,655 restricted shares to be delivered after 2007 (Note 3)*		-	Up to 37,252

Name of director and corporation in which interests are held	Description of interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Ngiam Joke Mui (cont'd)				
SembCorp Marine Ltd	Ordinary shares		50,000	71,250
	Options to subscribe for ordinary shares at			
	- $0.99 per shares	09/08/2004 to 08/08/2013	12,500	6,250
	- $1.04 per share	11/08/2005 to 10/08/2014	22,500	15,000
	- $2.96 per share	12/08/2006 to 11/08/2015	30,000	22,500
	- $3.33 per share	03/10/2007 to 02/10/2016	-	20,000
Quek Hong Liat				
SembCorp Industries Ltd	Ordinary shares		57,340	135,340
	Options to subscribe for ordinary shares at			
	- $1.39 per share*	08/05/2003 to 07/05/2012	69,000	-
	- $0.78 per share*	18/10/2003 to 17/10/2012	35,000	-
	- $0.94 per share*	03/06/2004 to 02/06/2013	36,000	12,000
	- $1.09 per share*	19/11/2004 to 18/11/2013	36,000	12,000
	- $1.15 per share*	18/05/2005 to 17/05/2014	47,000	24,000
	- $1.32 per share*	23/11/2005 to 22/11/2014	47,000	24,000
	- $2.53 per share*	02/07/2006 to 01/07/2015	61,000	61,000
	- $2.52 per share*	22/11/2006 to 21/11/2015	61,000	61,000
	- $2.68 per share*	10/06/2007 to 09/06/2016	-	75,000
	Conditional awards of 17,193 restricted shares to be delivered after 2007 (Note 3)*		-	Up to 22,351
SembCorp Marine Ltd	Ordinary shares		10,000	33,000
	Options to subscribe for ordinary shares at			
	- $0.90 per share	08/11/2003 to 07/11/2012	8,000	-
	- $0.99 per share	09/08/2004 to 08/08/2013	12,000	4,000
	- $1.04 per share	11/08/2005 to 10/08/2014	15,000	8,000
	- $2.96 per share	12/08/2006 to 11/08/2015	5,000	5,000
Foo Fei Voon				
SembCorp Industries Ltd	Ordinary shares		61,835	61,835
	Options to subscribe for ordinary shares at			
	- $2.06 per share *	20/05/2001 to 19/05/2009	13,935	13,935
	- $1.92 per share *	16/09/2001 to 15/09/2009	34,065	34,065
	- $1.79 per share *	27/06/2001 to 26/06/2010	70,400	70,400
	- $1.35 per share *	20/04/2002 to 19/04/2011	81,100	81,100
	- $1.39 per share *	08/05/2003 to 07/05/2012	69,000	69,000
	- $0.78 per share *	18/10/2003 to 17/10/2012	34,500	34,500
	- $0.94 per share *	03/06/2004 to 02/06/2013	61,000	61,000
	- $1.09 per share *	19/11/2004 to 18/11/2013	61,000	61,000
	- $1.15 per share *	18/05/2005 to 17/05/2014	61,000	61,000
	- $1.32 per share *	23/11/2005 to 22/11/2014	61,000	61,000
	- $2.53 per share*	02/07/2006 to 01/07/2015	61,000	61,000
	- $2.52 per share*	22/11/2006 to 21/11/2015	61,000	61,000
	- $2.68 per share*	10/06/2007 to 09/06/2016	-	47,000
	Conditional awards of 10,733 restricted shares to be delivered after 2007 (Note 3)*		-	Up to 13,953

Name of director and corporation in which interests are held	Description of Interests	Exercise Period	Holdings at beginning of the year	Holdings at end of the year
Foo Fei Voon (cont'd)				
SembCorp Marine Ltd	Ordinary shares		31,250	31,250
	Options to subscribe for ordinary shares at			
	- $0.66 per share	28/09/2002 to 27/09/2011	3,750	3,750
	- $0.90 per share	08/11/2003 to 07/11/2012	4,000	4,000
	- $0.99 per share	09/08/2004 to 08/08/2013	4,000	4,000
	- $1.04 per share	11/08/2005 to 10/08/2014	6,000	6,000
	- $2.96 per share	12/08/2006 to 11/08/2015	8,000	8,000

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

@ For this period, 26,700 new shares were awarded to Ngiam Joke Mui on 28 March 2006 and the balance of the conditional awards has thus lapsed.

Note 2: The actual number delivered will depend on the achievement of set targets over a 3 year period as indicated below. Achievement of targets below target level will mean no performance shares will be delivered, while achievement up to 150% will mean up to 1.5 times the number of conditional performance shares awarded could be delivered.

(a) Period from 2005 to 2007
(b) Period from 2006 to 2008

Note 3: The actual number delivered will depend on the achievement of set targets at the end of the 2 year performance period from 2006 to 2007. Achievement of targets below target level will mean no restricted shares will be delivered, while achievement up to 130% will mean up to 1.3 times the number of conditional restricted shares awarded could be delivered.

* During the year, the exercise price for outstanding share options and conditional award of performance shares and conditional awards of restricted shares prior to 1 January 2006 were adjusted for the capital reduction and cash distribution exercise of SembCorp Industries Ltd in 2006.

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

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 for salaries, bonuses and fees and those benefits that are disclosed in this report, 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 options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

12 February 2007

Statement by Directors

In our opinion:

(a) the financial statements set out on pages FS1 to FS16 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ngiam Joke Mui
Director

Quek Hong Liat
Director

12 February 2007

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Independent auditors' report

Members of the Company
SembCorp Financial Services Pte Ltd

We have audited the financial statements of SembCorp Financial Services Pte Ltd (the Company), which comprise the balance sheet as of the Company at 31 December 2006, the income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS16.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG .

KPMG
Certified Public Accountants

Singapore
12 February 2007

Balance sheet
As at 31 December 2006

	Note	2006 $'000	2005 $'000
Non-current assets			
Amount due from related corporations	3	408,214	371,307
Current assets			
Trade and other receivables	4	253,666	414,360
Financial derivatives		4,985	4,671
Tax recoverable		513	–
Fixed deposits (unsecured)		398,926	24,511
Cash and cash equivalents		315	30,948
		658,405	474,490
Total Assets		1,066,619	845,797
Equity attributable to equity holder of the Company			
Share capital	7	3,000	3,000
Other reserves	8	3,805	3,290
Accumulated profits		11,725	7,694
Total equity		18,530	13,984
Non-current liability			
Financial liabilities	9	200,000	200,000
Current liabilities			
Trade and other payables	10	183,793	254,303
Financial liabilities	9	664,296	376,149
Current tax payable		–	1,361
		848,089	631,813
Total liabilities		1,048,089	831,813
Total equity and liabilities		1,066,619	845,797

The accompanying notes form an integral part of these financial statements.

Income statement
Year ended 31 December 2006

	Note	2006 $'000	2005 $'000
Revenue	12	37,068	25,619
Cost of sales		(32,146)	(19,898)
Gross profit		4,922	5,721
Other operating income		469	1,108
Other operating expenses		(1,458)	(1,084)
Profit before income tax	13	3,933	5,745
Income tax credit/(expense)	14	98	(1,032)
Net profit for the year		4,031	4,713

The accompanying notes form an integral part of these financial statements.

Statements of changes in equity
Year ended 31 December 2006

	Share capital $'000	Capital reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Total $'000
At 1 January 2005	3,000	5	–	2,981	5,986
Net profit for the year	–	–	–	4,713	4,713
Value of employee services received for share options issued by immediate holding company	–	11	–	–	11
Net fair value changes of cash flow hedges	–	–	3,274	–	3,274
At 31 December 2005	3,000	16	3,274	7,694	13,984
Net profit for the year	–	–	–	4,031	4,031
Value of employee services received for share options issued by immediate holding company	–	14	–	–	14
Net fair value changes of cash flow hedges	–	–	501	–	501
At 31 December 2006	3,000	30	3,775	11,725	18,530

The accompanying notes form an integral part of these financial statements.

Cash flow statement
Year ended 31 December 2006

	2006 $'000	2005 $'000
Operating activities		
Profit before income tax	3,933	5,745
Adjustments for:		
Fair value of share options expense off	14	11
Interest expense on swap derivative contracts	250	204
Fair value gain on swap derivative contracts	(289)	–
	3,908	5,960
Changes in working capital:		
Trade and other receivables	124,012	(64,230)
Trade and other payables	(74,566)	138,887
Income tax paid	(1,069)	(629)
Cash flow from operating activities	52,285	79,988
Financing activities		
Net repayment of bank loans	(1,404)	(297,544)
Interest paid on swap derivatives contracts	–	(1,376)
Cash flows from investing activities	(1,404)	(298,920)
Net increase/(decrease) in cash and cash equivalents	50,881	(218,932)
Cash and cash equivalents at beginning of year	(315,936)	(97,004)
Cash and cash equivalents at end of year	(265,055)	(315,936)
Cash and cash equivalents comprise:		
- Cash and bank balances	399,241	55,459
- Bank overdraft	(664,296)	(371,395)
	(265,055)	(315,936)

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 February 2007.

1 Domicile and activities

SembCorp Financial Services Pte Ltd (the Company) incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04 Singapore 179360.

The principal activities of the Company are those relating to the business of finance and acting as the finance and treasury centre for the SembCorp Industries Ltd and it subsidiaries.

The immediate and ultimate holding companies for the financial period up to November 2006 were SembCorp Industries Ltd and Temasek Holdings (Private) Limited respectively. With effect from December 2006, the immediate and ultimate holding company is SembCorp Industries Ltd. All companies are incorporated in Singapore.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Change in accounting policy

Financial guarantee contracts are accounted for as insurance contracts following adoption of FRS 104. In situations where the Company provides financial guarantee for the indebtedness of related corporations, the Company treats them as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Except for the above change, the accounting policies used by the Company have been consistently applied to all periods presented in these financial statements.

2.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement.

2.3 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in the income statement. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised). For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

2.4 Employee benefits

Share based payments

The Share Option Plan of SembCorp Industries Ltd ("the immediate holding company") allows the employees of SembCorp Industries Ltd ("SCI") and its subsidiaries to acquire shares of SCI. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2.5 Revenue recognition

Interest income is recognised as it accrues, using the effective interest method.

2.6 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Amount due from related corporations

	2006 $'000	2005 $'000
Amount due from:		
- long-term loans	408,214	371,307

The long-term loans due from related corporations bear interest ranging from 3.00% to 4.88% (2005: 2.34% to 3.50%) per annum, are unsecured and have fixed term of repayment.

4 Trade and other receivables

	Note	2006 $'000	2005 $'000
Interest receivable from related parties and other receivables		3,947	3,349
Amount due from:			
- ultimate holding company	5	190,634	210,874
- related corporations	6	59,085	200,137
		253,666	414,360

Receivables denominated in currencies other than the Company's functional currency comprise $3,000,000 (2005: $23,000,000) of trade receivables denominated in US dollars.

5 Amount due from/(to) immediate holding company

	Note	2006 $'000	2005 $'000
Amount due from:			
- trade		312	874
- short-term loans		190,000	210,000
- non-trade		322	–
	4	190,634	210,874
Amount due to:			
- trade		(790)	–
- non-trade		–	(1)
	10	(790)	(1)

The short-term loans due from ultimate holding company bear interest ranging from 3.59% to 3.79% (2005: 2.05% to 3.58%) per annum, are unsecured and repayable within the next 12 months.

The non-trade amounts with the ultimate holding company are unsecured, interest free and repayable within the next 12 months.

6 Amount due from/(to) related corporations

	Note	2006 $'000	2005 $'000
Amount due from:			
- trade		2,985	2,985
- short-term loans		56,100	197,152
	4	59,085	200,137
Amount due to:			
- short-term loans	10	(180,692)	(249,708)

The short-term loans due from related corporations bear interest ranging from 0.33% to 5.63% (2005: 0.28% to 5.58%) per annum, are unsecured and repayable within the next 12 months.

The short-term loans due to related corporations bear interest ranging from 0.51% to 5.29% (2005: 1.04% to 4.50%) per annum, are unsecured and repayable within the next 12 months.

The other amounts with related corporations are unsecured, interest free and repayable within the next 12 months.

7 Share capital

	2006 No. of shares ('000)	2005 No. of shares ('000)
Issued and fully paid:		
At 31 December	3,000	3,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(a) the concept authorised capital was abolished; and
(b) shares of the Company ceased to have par value.

8 Other reserves

	2006 $'000	2005 $'000
Hedging reserve	3,775	3,274
Share option reserve	30	16
	3,805	3,290

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the related balance previously recognised in the share option reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share option reserve is transferred to accumulated profits.

9 Financial liabilities

	2006 $'000	2005 $'000
Non-current liabilities		
- unsecured bank loans	200,000	200,000
Current liabilities		
- bank overdrafts	664,296	371,395
- unsecured bank loans	–	1,404
- financial derivatives	–	3,350
	664,296	376,149
	864,296	576,149
Total loans and borrowings	864,296	572,799
Total derivatives	–	3,350
Total financial liabilities	864,296	576,149

In 2005, unsecured short-term bank loans bore interest ranging from 0.25% to 5.55% per annum and were repayable on demand.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2006 Face value $'000	2006 Carrying amount $'000	2005 Face Value $'000	2005 Carrying amount $'000
S$ floating rate loans	SOR + 0.39%	2010	200,000	200,000	200,000	200,000
JPY floating rate loan	0.29%	2006	–	–	1,404	1,404
Bank overdrafts	2.75% - 2.93%	2007	664,296	664,296	371,395	371,395
			864,296	864,296	572,799	572,799

Effective interest rates and repricing analysis

	Effective interest rate	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	In 1 to 5 years $'000	After 5 years $'000	Total $'000
2006						
S$ floating rate loans	4.04%	200,000	–	–	–	200,000
- effect of interest rate swap	-0.99%	(200,000)	–	200,000	–	–
Bank overdrafts	2.93%	664,296	–	–	–	664,296
		664,296	–	200,000	–	864,296
2005						
S$ floating rate loans	3.16%	200,000	–	–	–	200,000
- effect of interest rate swap	-0.11%	(200,000)	–	200,000	–	–
JPY floating rate loan	0.29%	1,404	–	–	–	1,404
Bank overdrafts	2.75%	371,395	–	–	–	371,395
		372,799	–	200,000	–	572,799

The Company (the "Issuer") has established a $1.5 billion Multicurrency Multi-Issuer Debt Issuance Programme (the "Programme"). Pursuant to this, the Company, together with other subsidiaries of its holding company (together with the Issuer, the "Issuing Subsidiaries") may from time to time issue debt under the Programme. The obligations of the Issuing Subsidiaries under the programme will be fully guaranteed by its holding company. The programme has not been utilised as at 31 December 2006.

10 Trade and other payables

	Note	2006 $'000	2005 $'000
Accrued operating expenses		210	129
Interest and other payables		2,101	2,257
Amount due to:			
- ultimate holding company	5	790	1
- related corporations	6	180,692	249,708
- related parties	11	–	2,208
		183,793	254,303

11 Amount due to related parties

Related parties are associated companies and joint venture companies of the Company's holding company.

	Note	2006 $'000	2005 $'000
Amount due to:			
- short-term loans (unsecured)	10	–	2,208

In 2005, the short-term loans due to related parties were unsecured, bore interest ranging from 1.71% to 3.03% per annum and were repayable on demand.

12 Revenue

	2006 $'000	2005 $'000
Interest income		
- ultimate holding company	7,282	4,645
- related corporations	20,560	18,607
- others	9,226	2,367
	37,068	25,619

13 Profit before income tax

Profit before income tax includes the following:-

	2006 \$'000	2005 \$'000
Staff costs	515	410
Exchange (gain)/loss, net	(148)	129
Interest expense:		
- ultimate holding company	6,852	4,047
- related corporations	18,869	10,822
- related parties	74	13
- others	6,351	5,016
Number of employees as at December 31	4	5

14 Income tax expense

	2006 \$'000	2005 \$'000
Current tax expense		
Current year	721	1,020
(Over)/Under provided in prior year	(246)	12
Group tax relief	(573)	–
Income tax (credit)/expense	(98)	1,032

	2006 \$'000	2005 \$'000
Reconciliation of effective tax rate		
Net profit for the year before taxation	3,933	5,745
Income tax charge using the domestic corporate tax rate	787	1,149
Non-deductible expenses	3	7
Tax exempt revenue	(69)	(136)
(Over)/Under provided in prior year	(246)	12
Tax benefit received on loss transferred	(1,279)	–
Consideration paid for losses transferred	706	–
	(98)	1,032

15 Significant related party transactions

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

Other than disclosed elsewhere in the financial statements, there are no related party transactions during the year.

16 Financial instruments

Financial risk management objectives and policies

The Company follows the risk management policies and guidelines of its ultimate holding company which set out its overall business strategies, its tolerance of risk and its generally offset by opposite effects on the items being hedged.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Company's accounting policies in relation to the derivative financial instruments are set out in note 2.3.

Working capital management

The Company manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise short-term bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Company. Such working capital requirements are within the credit facilities established and which are adequate and available to the Company to meet their obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Company.

Credit risk

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparty to fail to meet their obligations.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as recorded in the balance sheet.

With respect to derivative financial instruments, credit risk arises from potential failure of counterparties to meet their obligation under the contract or arrangement. The Company's maximum credit risk exposure to foreign exchange swap agreements are the fair value of the derivative financial instruments contracts as disclosed in the "Fair Value" section.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's loan portfolio and debt obligations. The Company uses derivative financial instruments to hedge its treasury portfolio. The portfolio includes only debt securities with active secondary or resale markets to ensure portfolio liquidity.

The Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

Hedging

The Company adopts a policy of ensuring its exposure to changes in interest rates on long-term bank loans is on a fixed rate basis. Interest rate swaps denominated in Singapore dollars have been entered into to achieve this purpose. The swaps mature over the next four years, following the maturity of the related loans, and have interest rates of 2.78% and 3.33% per annum.

At 31 December 2006, the Company has interest rate swaps with a notional contract amount of S$200,000,000 (2005: S$200,000,000) whereby it receives a variable rate equal SGD-SOR and pays a fixed rate interest of 2.78% and 3.33% (2005: 2.78% and 3.33%) per annum on the notional amount. The Company classifies these interest rate swaps as cash flow hedges. The net fair value of swaps at 31 December 2006 was $4,697,000 (2005: $4,446,000).

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 31 December 2006 plus an adequate constant credit spread, and are as follows:

	2006 %	2005 %
Derivatives	3.28 – 3.72	2.08 – 2.27
Financial liabilities	0.30 – 4.07	0.25 – 5.55

Foreign currency risk

The Company is exposed to foreign currency risk on lendings and borrowings that are denominated in currencies other than the respective functional currencies of the Company entities. The currencies giving rise to this risk are primarily the US dollar.

Fair value

At 31 December, the Company has outstanding foreign exchange swap and interest rate swap agreements as follows:

	2006 $'000	2005 $'000
Foreign exchange swap agreements *		
Notional amount	–	402,531
Fair value receivable	–	225
Fair value payables	–	3,350
Interest rate swap agreements		
Notional amount	290,000	200,000
Fair value receivable	4,986	4,446

*In 2005, foreign exchange swap agreements with notional amounts of approximately $298,746,000, fair value receivables of $1,000 and fair value payables of $3,322,000 were entered into on behalf of a related corporation.

Estimation of fair values

Derivatives

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

17 Contingent liabilities

As at the balance sheet date, the Company has the following contingent liabilities:

	2006	**2005**
	$'000	**$'000**
Banker's guarantee given on behalf of a related corporation	61	–

18 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures and the Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102 Share-based Payment
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

The initial application of these standards and interpretations are not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the balance sheet date.

CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2008 and has not been specifically prepared for inclusion in this Information Memorandum.

Balance Sheets

Year Ended December 31, 2008

	Note	Group		Company	
		S$'000	**S$'000**	**S$'000**	**S$'000**
Equity attributable to shareholders of the Company:					
Share capital	3	**554,037**	551,274	**554,037**	551,274
(Deficit) / Surplus in other reserves	5	**(42,381)**	639,448	**(12,111)**	23,699
Accumulated profits		**2,082,541**	1,842,096	**879,454**	884,427
		2,594,197	3,032,818	**1,421,380**	1,459,400
Minority interests		**670,660**	797,211	–	–
Total equity		**3,264,857**	3,830,029	**1,421,380**	1,459,400
Non-current assets					
Property, plant and equipment	6	**2,498,577**	2,601,709	**485,403**	
Investment properties	7	**25,959**	31,291	–	
Investments in subsidiaries	8	–	–	**1,486,570**	1,479,440
Interests in associates	9	**564,388**	515,487	–	
Interests in joint ventures	10	**280,816**	270,389	–	
Other financial assets	11	**146,080**	708,234	–	
Long-term receivables and prepayments	12	**231,401**	49,572	**940**	
Intangible assets	16	**114,771**	109,510	**19,036**	
Deferred tax assets	17	**35,217**	37,823	–	
		3,897,209	4,324,015	**1,991,949**	1,482,952
Current assets					
Inventories and work-in-progress	18	**949,846**	1,657,047	**9,353**	
Trade and other receivables	19	**1,219,101**	1,404,696	**217,379**	198,310
Assets held for sale	21	–	26,682	–	
Cash and cash equivalents	22	**2,400,954**	1,296,892	**45,541**	189,470
		4,569,901	4,385,317	**272,273**	387,780
Current liabilities					
Trade and other payables	23	**2,621,434**	2,242,427	**316,534**	249,183
Excess of progress billings over work-in-progress	18	**975,033**	568,741	–	
Provisions	27	**63,753**	31,798	**12,675**	11,454
Current tax payable		**249,882**	169,105	–	
Interest-bearing borrowings	29	**285,768**	510,194	–	150,000
		4,195,870	3,522,265	**329,209**	410,637
Net current assets / (liabilities)		**374,031**	863,052	**(56,936)**	(22,857)
		4,271,240	5,187,067	**1,935,013**	1,460,095
Non-current liabilities					
Deferred tax liabilities	17	**271,960**	385,567	**50,671**	
Provisions	27	**10,254**	10,034	**500**	
Retirement benefit obligations	28	**13,552**	24,109	–	
Interest-bearing borrowings	29	**522,550**	823,486	–	
Other long-term liabilities	30	**188,067**	113,842	**462,462**	
		1,006,383	1,357,038	**513,633**	695
		3,264,857	3,830,029	**1,421,380**	1,459,400

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year Ended December 31, 2008

	Note	Group 2008 S$'000	Group 2007 S$'000
Turnover	31	**9,928,413**	8,618,778
Cost of sales		**(8,896,422)**	(7,802,101)
Gross profit		**1,031,991**	816,677
Non-operating income (net)		**12,864**	117,237
General and administrative expenses		**(264,599)**	(246,079)
Finance costs	32	**(44,407)**	(53,925)
Share of results (net of tax) of:			
– Associates		**80,872**	96,853
– Joint ventures		**45,224**	56,343
Profit before income tax		**861,945**	787,106
Income tax expense	33	**(130,951)**	(135,764)
Profit for the year	34	**730,994**	651,342
Attributable to:			
Shareholders of the Company		**507,061**	526,217
Minority interests		**223,933**	125,125
Profit for the year		**730,994**	651,342
Earnings per share (cents):	35		
Basic		**28.50**	29.57
Diluted		**28.27**	29.25

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year Ended December 31, 2008

	Group	
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit for the year	**730,994**	651,342
Adjustments for:		
Dividend and interest income	**(45,543)**	(53,694)
Finance costs	**44,407**	53,925
Depreciation and amortisation	**195,069**	182,859
Share of results of associates and joint ventures	**(126,096)**	(157,701)
Gain on disposal of property, plant and equipment and investment properties	**(18,393)**	(9,913)
Loss on disposal of other financial assets (net)	**38,697**	19,910
Allowance made / (written back) for doubtful debts and bad debts written off (net)	**1,528**	
Change in fair value of derivative instruments (net)	**36,668**	
Share-based expenses	**31,253**	26,237
Allowance made for impairment in value of assets and assets written off (net)	**10,883**	
Income tax expense (Note 33)	**130,951**	135,764
Operating profit before working capital changes	**1,030,418**	848,944
Changes in working capital:		
Inventories and work-in-progress	**1,114,381**	(361,848)
Receivables	**6,803**	(115,102)
Payables	**199,102**	550,781
	2,350,704	922,775
Net payment to banks for Unauthorised Transactions	**(43,749)**	(260,589)
Income taxes paid	**(45,546)**	(48,155)
Net cash inflow from operating activities	**2,261,409**	614,031

The accompanying notes form an integral part of these financial statements.

	Group	
	2008	**2007**
	S$'000	**S$'000**
Cash Flows from Investing Activities		
Dividends and interest received	**120,720**	98,234
Cash flows on divestment of subsidiaries, net of cash	**2,124**	98,385
Proceeds from divestment of associates and joint ventures	**1,818**	69,332
Proceeds from divestment of investments	**8,892**	273,895
Proceeds from sale of property, plant and equipment	**93,279**	47,605
Proceeds from sale of investment properties	**317**	6,959
Proceeds from sale of asset held for sale	**26,682**	11,000
Additional interest in subsidiaries	**–**	(3,457)
Acquisition of / additional investments in associates and joint ventures	**(1,495)**	(4,260)
Acquisition of subsidiaries, net of cash acquired	**–**	160
Acquisition of other long-term investments	**–**	(46,187)
Purchase of property, plant and equipment	**(361,705)**	(456,891)
Payment for intangible assets	**(6,438)**	(55)
Net cash (outflow) / inflow from investing activities	**(115,806)**	94,720
Cash Flows from Financing Activities		
Proceeds from share issue	**2,763**	25,860
Proceeds from share issue to minority shareholders of subsidiaries	**10,778**	26,772
Proceeds from ESOS exercised with issue of treasury shares	**3,948**	–
Proceeds from ESOS exercised with issue of treasury shares to minority shareholders of subsidiaries	**10,915**	–
Purchase of treasury shares	**(50,825)**	–
Purchase of treasury shares by subsidiary	**(93,745)**	–
Proceeds from borrowings	**620,126**	536,735
Repayment of borrowings	**(1,059,198)**	(505,466)
Net increase / (decrease) in other long-term liabilities	**220**	(5,220)
Dividends paid to shareholders of the Company	**(266,890)**	(498,016)
Dividends paid to minority shareholders of subsidiaries	**(129,968)**	(108,211)
Interest paid	**(45,335)**	(53,482)
Net cash outflow from financing activities	**(997,211)**	(581,028)
Net increase in cash and cash equivalents	**1,148,392**	127,723
Cash and cash equivalents at beginning of the year	**1,296,003**	1,172,975
Effect of exchange rate changes on balances held in foreign currency	**(43,441)**	(4,695)
Cash and cash equivalents at end of the year (Note 22)	**2,400,954**	1,296,003

The accompanying notes form an integral part of these financial statements.

Consolidated
Cash Flow Statement
Year Ended December 31, 2008

Attributable net assets of subsidiaries divested and acquired during the year are as follows:

	Group	
	2008	2007
	S$'000	S$'000
Disposals		
Non-current assets	**22,067**	104,928
Net current (liabilities) / assets	**(9,650)**	3,791
Non-current liabilities	**(2,044)**	(5,761)
Minority interests	**(8,257)**	(1,824)
	2,116	101,134
(Loss) / profit on disposal	**(597)**	5,284
Realisation of currency translation reserve	**824**	(1,113)
Total consideration received	**2,343**	105,305
Net cash at bank of subsidiaries disposed of	**(219)**	(6,920)
Cash inflow on divestment	**2,124**	98,385
Acquisitions		
Non-current assets	–	17
Net current assets	–	484
Minority interests	–	(150)
Total consideration payable	–	351
Net cash at bank of subsidiaries acquired	–	(511)
Cash inflow on acquisitions	–	(160)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2007 and has not been specifically prepared for inclusion in this Information Memorandum.

BALANCE SHEETS As at December 31, 2007

	Note	Group 2007 S$'000	Group 2006 S$'000 (Restated)	Company 2007 S$'000	Company 2006 S$'000 (Restated)
Equity attributable to shareholders of the Company:					
Share capital	3	**551,274**	525,414	**551,274**	525,414
Other reserves	5	**639,448**	474,672	**23,699**	13,793
Accumulated profits		**1,842,096**	1,813,090	**884,427**	1,065,803
		3,032,818	2,813,176	**1,459,400**	1,605,010
Minority interests		**797,211**	648,186	**–**	–
Total equity		**3,830,029**	3,461,362	**1,459,400**	1,605,010
Non-current assets					
Property, plant and equipment	6	**2,601,709**	2,499,117	**3,422**	4,352
Investment properties	7	**31,291**	35,388	**–**	–
Investments in subsidiaries	8	**–**	–	**1,479,440**	1,472,569
Interests in associates	9	**515,487**	476,421	**–**	–
Interests in joint ventures	10	**270,389**	266,034	**–**	–
Other financial assets	11	**708,234**	359,255	**–**	–
Long-term receivables and prepayments	12	**49,572**	70,167	**–**	–
Intangible assets	16	**109,510**	109,912	**90**	90
Deferred tax assets	17	**37,823**	36,596	**–**	–
		4,324,015	3,852,890	**1,482,952**	1,477,011
Current assets					
Inventories and work-in-progress	18	**1,657,047**	1,273,898	**–**	–
Trade and other receivables	19	**1,404,696**	1,268,804	**198,310**	199,827
Assets held for sale	21	**26,682**	6,167	**–**	–
Bank balances, fixed deposits and cash	22	**1,296,892**	1,185,639	**189,470**	347,336
		4,385,317	3,734,508	**387,780**	547,163
Current liabilities					
Trade and other payables	23	**2,242,427**	1,646,928	**249,183**	257,015
Excess of progress billings over work-in-progress	18	**568,741**	545,370	**–**	–
Provisions	27	**31,798**	30,381	**11,454**	11,454
Current tax payable		**169,105**	146,836	**–**	–
Interest-bearing borrowings	29	**510,194**	216,161	**150,000**	–
		3,522,265	2,585,676	**410,637**	268,469
Net current assets/(liabilities)		**863,052**	1,148,832	**(22,857)**	278,694
		5,187,067	5,001,722	**1,460,095**	1,755,705
Non-current liabilities					
Deferred tax liabilities	17	**385,567**	294,214	**195**	195
Provisions	27	**10,034**	14,028	**500**	500
Retirement benefit obligations	28	**24,109**	31,320	**–**	–
Interest-bearing borrowings	29	**823,486**	1,096,174	**–**	150,000
Other long-term liabilities	30	**113,842**	104,624	**–**	–
		1,357,038	1,540,360	**695**	150,695
		3,830,029	3,461,362	**1,459,400**	1,605,010

Note:
The balance sheets of the Group and of the Company as at December 31, 2006 have been restated due to the early adoption of INT FRS 112 *Service Concession Arrangements* and the adoption of INT FRS 108 *Scope of FRS 102 Share-based Payment* respectively. The effects of the adoption of these accounting policies are set out in Notes 2(ac) and 2(q) to the financial statements respectively.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT Year Ended December 31, 2007

	Note	Group 2007 S$'000	Group 2006 S$'000 (Restated)
Continuing operations			
Turnover	31	**8,618,778**	7,485,853
Cost of sales		**(7,802,101)**	(6,820,304)
Gross profit		**816,677**	665,549
Non-operating income (net)		**117,237**	167,848
General and administrative expenses		**(246,079)**	(198,227)
Finance costs	32	**(53,925)**	(53,530)
Share of results (net of tax) of:			
– Associates		**96,853**	67,390
– Joint ventures		**56,343**	44,492
Profit before income tax		**787,106**	693,522
Income tax (expense)/credit	33	**(135,764)**	14,099
Profit from continuing operations		**651,342**	707,621
Discontinued operations			
Profit from discontinued operations (net of tax)	34	**–**	453,445
Profit for the year	35	**651,342**	1,161,066
Attributable to:			
Shareholders of the Company			
– Net profit from continuing operations		**526,217**	584,140
– Net profit from discontinued operations		**–**	446,879
		526,217	1,031,019
Minority interests		**125,125**	130,047
Profit for the year		**651,342**	1,161,066
Earnings per share (cents):	36		
Basic			
– Continuing operations		**29.57**	33.19
– Discontinued operations		**–**	25.39
Basic		**29.57**	58.58
Diluted			
– Continuing operations		**29.25**	32.83
– Discontinued operations		**–**	25.11
Diluted		**29.25**	57.94

Note:
The income statement of the Group for the year ended December 31, 2006 has been restated due to the early adoption of INT FRS 112 *Service Concession Arrangements*. The effect of the adoption of this accounting policy is set out in Note 2(ac) to the financial statements.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year Ended December 31, 2007

	Group	
	2007	2006
	S$'000	S$'000
		(Restated)
Cash Flows from Operating Activities		
Profit for the year	**651,342**	1,161,066
Adjustments for:		
Dividend and interest income	**(53,694)**	(54,107)
Finance costs	**53,925**	54,014
Depreciation and amortisation	**182,859**	170,348
Share of results of associates and joint ventures	**(157,701)**	(118,560)
Profit on sale of property, plant and equipment & investment properties	**(9,913)**	(2,567)
Loss/(gain) on sale of investments (net)	**19,910**	(511,601)
Allowance (written back)/made for doubtful debts and bad debts written off (net)	**(6,491)**	223
Changes in fair value of financial instruments and hedged items	**(922)**	7,047
Share-based expenses	**26,237**	19,124
Provision made for onerous contract	**–**	14,577
Additional charge arising from final settlement on Solitaire	**–**	57,000
Allowance made/(written back) for impairment in value of assets	**7,628**	(50,881)
Allowance made for stock obsolescence and inventories written off	**–**	224
Income tax expense/(credit) (Note 33)	**135,764**	(10,875)
Operating profit before working capital changes	**848,944**	735,032
Changes in working capital:		
Inventories and work-in-progress	**(361,848)**	(527,141)
Receivables	**(115,102)**	(154,307)
Payables	**550,781**	589,751
	922,775	643,335
Net payment to banks for Unauthorised Transactions	**(260,589)**	–
Payment for Solitaire settlement	**–**	(682,700)
Income taxes paid	**(48,155)**	(46,842)
Net cash inflow/(outflow) from operating activities	**614,031**	(86,207)

Note:
The cash flow statement of the Group for the year ended December 31, 2006 has been restated due to the early adoption of INT FRS 112 *Service Concession Arrangements*. The effect of the adoption of this accounting policy is set out in Note 2(ac) to the financial statements.

The accompanying notes form an integral part of these financial statements.

	Group 2007 S$'000	Group 2006 S$'000 (Restated)
Cash Flows from Investing Activities		
Dividends and interest received	**98,234**	97,785
Cash flows on divestment of subsidiaries, net of cash	**98,385**	492,022
Proceeds from divestment of associates and joint ventures	**69,332**	295,358
Proceeds from divestment of investments	**273,895**	75,725
Proceeds from sale of property, plant and equipment	**47,605**	13,055
Proceeds from sale of investment properties	**6,959**	–
Proceeds from sale of asset held for sale	**11,000**	–
Additional interest in subsidiaries	**(3,457)**	–
Acquisition of/additional investments in associates and joint ventures	**(4,260)**	(295,192)
Acquisition of subsidiary, net of cash acquired	**160**	(7,314)
Acquisition for other long-term investments	**(46,187)**	(120,464)
Purchase of property, plant and equipment and other long-term assets	**(456,891)**	(464,654)
Payment for intangible assets	**(55)**	–
Net cash inflow from investing activities	**94,720**	86,321
Cash Flows from Financing Activities		
Proceeds from share issue	**25,860**	39,771
Proceeds from share issue to minority shareholders of subsidiaries	**26,772**	31,399
Proceeds from borrowings	**536,735**	742,786
Repayment of borrowings	**(505,466)**	(412,121)
Net (decrease)/increase in other long-term liabilities	**(5,220)**	16,196
Capital reduction paid to shareholders of the Company	**–**	(264,578)
Dividends paid to shareholders of the Company	**(498,016)**	(91,344)
Dividends paid to minority shareholders of subsidiaries	**(108,211)**	(67,404)
Interest paid	**(53,482)**	(51,371)
Net cash outflow from financing activities	**(581,028)**	(56,666)
Net increase/(decrease) in cash and cash equivalents	**127,723**	(56,552)
Cash and cash equivalents at beginning of the year	**1,172,975**	1,231,281
Effect of exchange rate changes on balances held in foreign currency	**(4,695)**	(1,754)
Cash and cash equivalents at end of the year (Note 22)	**1,296,003**	1,172,975

The accompanying notes form an integral part of these financial statements.

Attributable net assets of subsidiaries divested and acquired during the year are as follows:

	Group	
	2007	2006
	S$'000	S$'000
Disposals		
Non-current assets	**104,928**	591,988
Net current assets	**3,791**	270,151
Non-current liabilities	**(5,761)**	(47,598)
Minority interests	**(1,824)**	(291,891)
	101,134	522,650
Profit on disposal	**5,284**	465,801
Realisation of currency translation reserve	**(1,113)**	(1,529)
Total consideration received	**105,305**	986,922
Net cash at bank of subsidiaries disposed	**(6,920)**	(494,900)
Cash inflow on divestment	**98,385**	492,022
Acquisitions		
Non-current assets	**17**	9,942
Net current assets/(liabilities)	**484**	(1,005)
Non-current liabilities	**–**	(3,599)
Minority interests	**(150)**	(362)
Interest in subsidiaries previously accounted for as associates/other investments	**–**	(858)
Goodwill	**–**	944
Total consideration payable	**351**	5,062
Net (cash at bank)/overdraft of subsidiaries acquired	**(511)**	2,252
Cash (inflow)/outflow on acquisitions	**(160)**	7,314

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEETS, PROFIT & LOSS ACCOUNTS AND STATEMENT OF CASH FLOWS OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

The information contained in this Appendix has been extracted from the annual report of the Issuer for the financial year ended 31 December 2006 and has not been specifically prepared for inclusion in this Information Memorandum.

As at December 31, 2006

BALANCE SHEETS

	Note	Group		Company	
		S$'000	S$'000	S$'000	S$'000
Equity attributable to shareholders of the Company:					
Share capital	3	**525,414**	436,603	**525,414**	436,603
Other reserves	5	**474,738**	419,286	**5,269**	316,062
Accumulated profits		**1,811,447**	1,143,729	**1,065,803**	542,643
		2,811,599	1,999,618	**1,596,486**	1,295,308
Minority interests		**648,186**	845,041	**–**	
Total equity		**3,459,785**	2,844,659	**1,596,486**	1,295,308
Non-current assets					
Property, plant and equipment	6	**2,534,505**	2,627,380	**4,352**	
Investments in subsidiaries	7	**–**	–	**1,464,045**	2,275,587
Interests in associates	8	**476,421**	294,755	**–**	
Interests in joint ventures	9	**264,457**	431,711	**–**	
Other financial assets	10	**359,255**	121,373	**–**	
Long-term receivables and prepayments	11	**70,167**	146,152	**–**	
Intangible assets	15	**109,912**	150,765	**90**	
Deferred tax assets	16	**36,596**	26,285	**–**	
		3,851,313	3,798,421	**1,468,487**	2,276,674
Current assets					
Inventories and work-in-progress	17	**1,273,898**	863,612	**–**	
Trade and other receivables	18	**1,268,804**	1,315,508	**199,827**	
Assets held for sale	20	**6,167**	52,230	**–**	
Bank balances, fixed deposits and cash	21	**1,185,639**	1,231,281	**347,336**	10,503
		3,734,508	3,462,631	**547,163**	95,311
Current liabilities					
Trade and other payables	22	**1,646,928**	1,870,393	**257,015**	926,482
Excess of progress billings over work-in-progress	17	**545,370**	389,837	**–**	
Provisions	26	**30,381**	639,900	**11,454**	
Retirement benefit obligations	27	**–**	4,061	**–**	
Current tax payable		**146,836**	104,683	**–**	
Interest-bearing borrowings	28	**216,161**	149,383	**–**	
		2,585,676	3,158,257	**268,469**	926,482
Net current assets/(liabilities)		**1,148,832**	304,374	**278,694**	(831,171)
		5,000,145	4,102,795	**1,747,181**	1,445,503
Non-current liabilities					
Deferred tax liabilities	16	**294,214**	220,095	**195**	
Provisions	26	**14,028**	8,977	**500**	
Retirement benefit obligations	27	**31,320**	42,035	**–**	
Interest-bearing borrowings	28	**1,096,174**	908,686	**150,000**	150,000
Other long-term liabilities	29	**104,624**	78,343	**–**	
		1,540,360	1,258,136	**150,695**	150,195
		3,459,785	2,844,659	**1,596,486**	1,295,308

The accompanying notes form an integral part of these financial statements.

Year Ended December 31, 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Group 2006 S$'000	Group 2005 S$'000
Continuing operations			
Turnover	30	**7,485,853**	5,770,603
Cost of sales		**(6,820,304)**	(5,275,116)
Gross profit		**665,549**	495,487
Non-operating income (net)		**167,848**	125,137
General and administrative expenses		**(198,227)**	(199,503)
Finance costs	31	**(53,530)**	(51,477)
Share of results (net of tax) of:			
– associates		**67,390**	29,633
– joint ventures		**43,246**	23,342
Profit before income tax credit/(expense)		**692,276**	422,619
Income tax credit/(expense)	32	**14,099**	(78,611)
Profit from continuing operations		**706,375**	344,008
Discontinued operations			
Profit from discontinued operations (net of tax)	33	**453,445**	71,218
Profit for the year	34	**1,159,820**	415,226
Attributable to:			
Shareholders of the Company			
– Net profit from continuing operations		**582,894**	265,210
– Net profit from discontinued operations		**446,879**	38,085
		1,029,773	303,295
Minority interests		**130,047**	111,931
Profit for the year		**1,159,820**	415,226
Earnings per share (cents):	35		
Basic – continuing operations		**33.12**	14.99
Basic – discontinued operations		**25.39**	2.15
Basic		**58.51**	17.14
Diluted – continuing operations		**32.83**	14.83
Diluted – discontinued operations		**25.16**	2.13
Diluted		**57.99**	16.96

The accompanying notes form an integral part of these financial statements.

Year Ended December 31, 2006

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	S$'000	**S$'000**
Cash Flows from Operating Activities		
Profit for the year	**1,159,820**	415,226
Adjustments for:		
Dividend and interest income	**(54,107)**	(36,498)
Finance costs	**54,014**	53,861
Depreciation and amortisation	**170,348**	184,379
Share of results of associates and joint ventures	**(117,314)**	(78,311)
Profit on sale of property, plant and equipment	**(2,567)**	(11,357)
Gain on sale of investments	**(511,601)**	(58,689)
Allowance made/(written back) for doubtful debts and bad debts written off (net)	**223**	
Changes in fair value of financial instruments and hedge items	**7,047**	10,488
Share-based expenses	**19,124**	10,144
Provision made/(written back) for onerous contract	**14,577**	(15,480)
Additional charge arising from final settlement on Solitaire	**57,000**	
Allowance (written back)/made for impairment in value of assets	**(50,881)**	8,826
Allowance made for stock obsolescence and inventories written off	**224**	
Income tax (credit)/expense (note 32)	**(10,875)**	92,430
Operating profit before working capital changes	**735,032**	575,101
Changes in working capital:		
Inventories and work-in-progress	**(527,141)**	(141,467)
Receivables	**(154,307)**	103,628
Payables	**589,751**	355,998
	643,335	893,260
Payment for Solitaire settlement	**(682,700)**	
Income taxes paid	**(46,842)**	(44,982)
Net cash (outflow)/inflow from operating activities	**(86,207)**	848,278

The accompanying notes form an integral part of these financial statements.

	Group	
	2006	**2005**
	S$'000	**S$'000**
Cash Flows from Investing Activities		
Dividends and interest received	**97,785**	75,749
Cash flows on divestment of subsidiaries, net of cash	**492,022**	33,186
Proceeds from divestment of associates and joint ventures	**295,358**	65,275
Proceeds from divestment of investments	**75,725**	121,831
Proceeds from sale of property, plant and equipment	**13,055**	35,737
Acquisition of/additional interest in subsidiaries, net of cash acquired	**(7,314)**	(32,656)
Acquisition of/additional investments in associates and joint ventures	**(295,192)**	(48,733)
Acquisition of other long-term investments	**(120,464)**	–
Purchase of property, plant and equipment and other long-term assets	**(464,654)**	(371,109)
Net cash inflow/(outflow) from investing activities	**86,321**	(120,720)
Cash Flows from Financing Activities		
Proceeds from share issue	**39,771**	46,538
Proceeds from share issue to minority shareholders of subsidiaries	**31,399**	37,665
Proceeds from borrowings	**742,786**	579,447
Repayment of borrowings	**(412,121)**	(1,370,649)
Deferred income and grants received	**16,196**	3,836
Capital reduction paid to shareholders of the Company	**(264,578)**	(214,797)
Capital reduction paid to minority shareholders of a subsidiary	**–**	(98,882)
Dividends paid to shareholders of the Company	**(91,344)**	(164,701)
Dividends paid to minority shareholders of subsidiaries	**(67,404)**	(351,441)
Interest paid	**(51,371)**	(58,843)
Net cash outflow from financing activities	**(56,666)**	(1,591,827)
Net decrease in cash and cash equivalents	**(56,552)**	(864,269)
Cash and cash equivalents at beginning of the year	**1,231,281**	2,099,962
Effect of exchange rate changes on balances held in foreign currency	**(1,754)**	(4,412)
Cash and cash equivalents at end of the year (note 21)	**1,172,975**	1,231,281

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Attributable net assets of subsidiaries divested and acquired during the year are as follows:

	Group	
	2006	2005
	S$'000	S$'000
Disposals		
Non-current assets	**591,988**	23,315
Net current assets	**261,475**	52
Non-current liabilities	**(47,598)**	–
Minority interests	**(291,891)**	–
	513,974	23,367
Profit on disposal	**474,477**	9,131
Realisation of currency translation reserve	**(1,529)**	–
Goodwill written off on disposal	**–**	756
Total consideration receivable	**986,922**	33,254
Net cash at bank of subsidiaries disposed	**(494,900)**	(68)
Cash inflow on divestment	**492,022**	33,186
Acquisitions		
Non-current assets	**9,942**	14,412
Net current (liabilities)/assets	**(1,005)**	14,347
Non-current liabilities	**(3,599)**	(3,047)
Minority interests	**(362)**	(3,376)
Interest in subsidiaries previously accounted for as associates/other investments	**(858)**	(5,815)
Goodwill	**944**	1,320
Total consideration payable	**5,062**	17,841
Payment of deferred consideration	**–**	6,559
Payment for additional interest in subsidiaries	**–**	16,980
Net overdraft/(cash at bank) of subsidiaries acquired	**2,252**	(8,724)
Cash outflow on acquisitions	**7,314**	32,656

The accompanying notes form an integral part of these financial statements.

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