

# Continued emphasis on process engineering.





SembCorp Engineers and Constructors' SembCorp Simon-Carves has supplied six out of the last 11 LDPE plants in the world since 1997, including this LDPE plant in Nanjing, China (pictured).

# SembE&C's turnover rose 33% to \$1.1 billion, doubling PATMI to \$0.8 million, while the orderbook stood at a healthy \$2.3 billion.

### Operations review

In 2005, SembCorp Engineers and Constructors' (SembE&C) turnover rose 33% to \$1.1 billion, doubling Profit After Tax and Minority Interest (PATMI) to \$0.8 million.

During the year, we secured \$874 million of new orders to take our orderbook to a healthy \$2.3 billion as of end December 2005. As a result of SembE&C's intensified efforts to pursue more overseas contracts, a larger 66% of our orderbook was made up of overseas projects, compared to 59% in 2004.

Similarly, process engineering jobs made up two-thirds of the orderbook, reflecting SembE&C's primary focus on process engineering, which has been a mainstay of the business since 2004.

In December 2005, subsidiary SembCorp Simon-Carves successfully secured a \$400 million contract to construct a 400,000 tonnes per annum Low Density Polyethylene (LDPE) plant for chemical producer Huntsman on Teesside, UK. This contract was a follow-up to the earlier contract awarded in January for the design of the same plant, expected to be the largest single-stream LDPE facility in the world.

Having supplied 75 LDPE stream facilities around the world, including six of the 11 most recently commissioned, SembCorp Simon-Carves is recognised as the world's most experienced process engineering contractor for the design and supply of LDPE plants.

Another significant contract secured in 2005 was the \$198.6 million contract to build an additional facility adjacent to the oil refinery that we are currently building for Essar in India. The project is expected to complete in December 2006.

### Outlook

The global construction market is expected to be relatively positive as sustained oil prices, a recovering Japanese economy along with a dynamic US economy are expected to continue to spur infrastructure investments worldwide.

Notwithstanding the stable and positive global construction outlook, we continue to face margin pressure as more construction firms from China and India, advantaged by their lower cost base, compete to gain a foothold in the international arena.

Moving forward, we will press on with our strategy of focusing on overseas markets, especially those in China, India, Southeast Asia and the Middle East, where strong growth potential is evident. We will also continue to concentrate on process sectors, especially the petrochemical and oil and gas industries where high oil prices act as a driver for added investments. We will do so by capitalising on our extensive process engineering track record and our reputation as an international leader in process engineering design and construction.

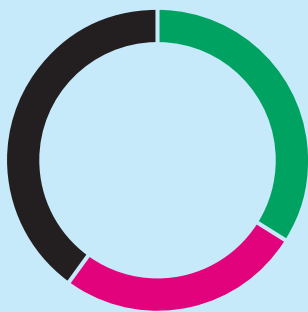
To increase overall profitability, we will strive towards improving our project execution through stringent cost controls and the continuous strengthening of risk management processes.

### Significant contracts in orderbook

Description	Country	Client	Remaining contract value (\$ million)	End date
LDPE Plant	UK	Huntsman Petrochemicals	400	Feb 2008
Circle Line Contract 856	Singapore	LTA	335	Feb 2009
Oil Refinery	India	Essar/Vadinar	282	Dec 2006
Mediterranean Garden	UAE	Nakheel	216	Jun 2006

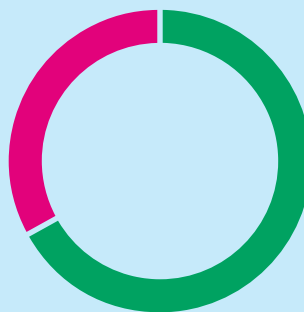
#### Orderbook by territory

<span style="color: green;">■</span> Singapore	34%
<span style="color: magenta;">■</span> Rest of Asia	26%
<span style="color: black;">■</span> Europe & Others	40%



#### Orderbook by business

<span style="color: green;">■</span> Process Engineering	67%
<span style="color: magenta;">■</span> Building and Civil Engineering Projects	33%



Total orderbook as at December 31, 2005: S\$2.3 billion

#### Performance indicators (\$ million)

	2005	2004
Turnover	1,096.5	824.2
PATMI	0.8	0.4