

NATSTEEL LTD

Company registration No. : 196100107C

Full Year Financial Statements and Dividend Announcement

The figures have not been audited

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

		THE GROUP		
	Notes	FY 2007	FY 2006	Change
		S\$'000	S\$'000	%
<u>CONTINUING OPERATIONS</u>				
Sales		345,570	319,786	8
Cost of sales		(278,449)	(266,066)	
Gross profit		67,121	53,720	25
Other income		3,793	7,402	
Distribution costs		(14,872)	(13,127)	
Administrative expenses		(31,261)	(34,928)	
Other expenses		(5,878)	(9,929)	
Profit before investment income, interest income and finance costs	1	18,903	3,138	n/m
Investment income		12	1,248	
Interest income		4,645	5,561	
Finance costs		(3,371)	(4,125)	
Share of results of associated companies after taxation		31,402	48,445	
Profit before taxation and exceptional items		51,591	54,267	(5)
Exceptional items	2	55,351	82,997	
Profit before taxation		106,942	137,264	(22)
Taxation		(6,470)	3,260	
Profit after taxation from continuing operations		100,472	140,524	
<u>DISCONTINUED OPERATIONS</u>				
Loss from discontinued operations	3	(984)	(5,126)	
Gain on disposal of discontinued operations				
- Exceptional items		10,717	-	
		9,733	(5,126)	
Total profit for the year		110,205	135,398	(19)
Attributable to :				
Equity holders of the Company		109,379	132,134	
Minority interests		826	3,264	
		110,205	135,398	
Earnings / (loss) per ordinary share attributable to the equity holders of the Company				
- from Continuing operations – Basic and fully diluted		26.67 cents	36.74 cents	
- from Discontinued operations – Basic and fully diluted		2.61 cents	(1.37) cents	

n/m: not meaningful

Comments on Income Statement

Continuing Operations

a) Other income

The lower other income in FY2007 was due mainly to lower gain from disposal of fixed assets.

b) Administrative expenses

77% of the administrative expenses was incurred by the operations of its subsidiaries. The lower administrative expenses in FY2007 was mainly attributable to the divestment of the Group's tower crane leasing business and the cessation of the Group's precision machining business.

c) Other expenses

The decrease in other expenses was due mainly to lower foreign exchange loss recorded in FY 2007.

d) Taxation

The taxation charge for FY2007 was lower than the amount that would arise by applying the Singapore corporate tax rate mainly due to certain income not subject to tax or are subject to lower withholding tax rate.

Note 1 – Profit before investment income, interest income and finance costs from Continuing operations is arrived at after (charging) / crediting the following items:

	THE GROUP	
	FY 2007	FY 2006
	S\$'000	S\$'000
Amortisation of intangible assets	(502)	(476)
Depreciation of property, plant and equipment and investment properties	(15,171)	(18,224)
Property, plant and equipment written off	(140)	(548)
Net foreign exchange loss	(596)	(3,550)
Fair value loss of derivative financial instruments	(141)	(11)
Net reversal of write down of inventories to net realisable value	89	30
Net provision for impairment of trade receivables	(9)	(1,455)
Net gain on sale of property, plant and equipment	1,064	3,727
Amortisation of deferred income	341	842

Note 2 – Exceptional items comprise the following:

	THE GROUP	
	FY 2007	FY 2006
	S\$'000	S\$'000
Net gain on disposal of		
- subsidiaries	4,588	-
- associated companies	-	3,319
- investment properties	-	387
- available-for-sale financial assets	5,205	48,004 *
Gain / (loss) on cessation of business of a subsidiary company	824	(1,735)
Gain on debt restructuring of a subsidiary	15,810	27,083
Gain on redemption of redeemable preference shares of a subsidiary	15,645	-
Recognition of deferred income upon expiry of options	1,302	-
Write back of impairment of investment in associated companies	1,877	45
Net write back of provision of impairment of receivables from associated companies	72	810
(Impairment) / net write back of impairment for property, plant and equipment	(3,286)	2,592
Net provision write back for impairment of investments and investment properties	-	209
Impairment of available-for-sale financial assets	(14)	(170)
Reversal of provision / (provision made) for claims	1,245	(1,013)
Write back of provision for losses no longer required	-	597
Write back of provision for foreseeable losses on capital commitment of an associated company	9,324	-
Gain from transfer of land lease	-	961
Recovery of receivables of steel businesses	-	1,689
Insurance compensation	3,570	-
Net impairment of long term receivables	(650)	-
Others	(161)	219
Net gain	55,351	82,997

* Mainly in respect of gains from divestment of Banyan Tree Holdings Ltd.

Note 3 – Discontinued Operations and Assets Held for Sale

(a) The Group’s investment in Changzhou Wujin NSL Company Limited (“Wujin”) has been classified as disposal group held for sale since 1Q 2005 following the completion of the disposal of the Group’s steel businesses. Accordingly, the assets and liabilities related to Wujin have been presented separately on the balance sheet as disposal group held for sale in compliance with FRS 105.

On 5 March 2007, the Company completed the sale of its entire stake in NSL China Investments Pte Ltd, the immediate holding company of Wujin for US\$36.5 mil (S\$55.7 mil) (“disposal”). The group recorded an exceptional gain of S\$10.7 mil from the disposal.

The operating performance of Wujin up to 5 March 2007 was presented separately on the income statement as “discontinued operations”.

(b) The Group ceased its precision machining business in FY 2006. The remaining property, plant and equipment of the ceased operation (“remaining assets”) were classified as non-current assets held for sale in the FY 2006 balance sheet. The remaining assets were disposed of in FY 2007 for a gain of S\$1.64 mil.

(c) An analysis of the results of discontinued operations (disposal group held for sale) is as follows:

	FY 2007	FY 2006
	S\$’000	S\$’000
Revenue	6,472	52,779
Net expenses	(7,238)	(57,788)
Loss before taxation of discontinued operations	(766)	(5,009)
Taxation	(218)	(117)
Loss after taxation from discontinued operations	(984)	(5,126)
Gain on disposal of discontinued operations	10,717	-

(d) The impact of the discontinued operations on the cash flows of the Group is as follows:

	FY 2007	FY 2006
	S\$’000	S\$’000
Net cash generated from:		
Operating activities	4,493	1,576
Investing activities	48	52
Financing activities	-	(6)
Total cash flows	4,541	1,622

(e) The details of assets and liabilities of the disposal group classified as held for sale and non-current assets held for sale are as follows:

	31.12.07	31.12.06
	S\$’000	S\$’000
Assets		
Property, plant and equipment	-	20,573
Deferred tax assets	-	542
Current assets	-	39,042
Total assets	-	60,157
Liabilities		
Trade and other payables	-	(760)
	-	59,397

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	THE GROUP		THE COMPANY	
	31.12.07	31.12.06	31.12.07	31.12.06
	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	193,839	193,839	193,839	193,839
Reserves	326,182	257,484	115,108	51,523
Shareholders' equity	520,021	451,323	308,947	245,362
Minority interests	14,016	29,243	-	-
Total equity	534,037	480,566	308,947	245,362
Current Assets				
Inventories	52,380	50,611	-	-
Receivables and prepayments	87,614	80,007	28,620	89,888
Tax recoverable	23,928	12,639	22,621	11,128
Cash and bank balances	198,834	186,481	49,866	5,235
	362,756	329,738	101,107	106,251
Disposal group and non current assets classified as held for sale	-	60,157	-	-
	362,756	389,895	101,107	106,251
Non Current Assets				
Property, plant and equipment	138,484	136,584	349	624
Investment properties	4,296	4,483	-	-
Subsidiaries	-	-	73,402	55,786
Associated companies	147,852	109,465	-	-
Available-for-sale financial assets	30,649	30,003	18,274	13,716
Long term receivables	8,102	9,359	156,569	109,038
Intangible assets	9,654	9,678	-	-
Deferred tax assets	1,651	1,415	-	-
Other non current assets	618	617	-	-
	341,306	301,604	248,594	179,164
Total Assets	704,062	691,499	349,701	285,415
Current Liabilities				
Amounts due to bankers	(25,299)	(49,442)	-	(20,600)
Trade and other payables	(73,673)	(79,074)	(17,018)	(9,414)
Provision for other liabilities and charges	(2,519)	(11,923)	-	-
Taxation	(29,080)	(14,763)	(22,884)	(8,916)
Deferred income	(1,209)	(1,643)	-	-
	(131,780)	(156,845)	(39,902)	(38,930)
Liabilities directly associated with the disposal group classified as held for sale	-	(760)	-	-
	(131,780)	(157,605)	(39,902)	(38,930)
Non Current Liabilities				
Provision for retirement benefits	(326)	(511)	(265)	(218)
Deferred tax liabilities	(18,212)	(15,025)	(587)	(905)
Long term bank loans	(15,361)	(31,997)	-	-
Deferred income	(3,686)	(4,895)	-	-
Other non current liabilities	(660)	(900)	-	-
	(38,245)	(53,328)	(852)	(1,123)
Total Liabilities	(170,025)	(210,933)	(40,754)	(40,053)
	534,037	480,566	308,947	245,362

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2007		As at 31 December 2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,949	21,498	7,270	42,726

Amount repayable after one year

As at 31 December 2007		As at 31 December 2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,307	6,320	29,344	3,161

Details of any collateral

Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S\$29,356,000 (31 December 2006: S\$57,445,000) charged by way of debentures to banks for overdraft and term loan facilities granted.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	THE GROUP	
	FY 2007	FY 2006
	S\$'000	S\$'000
Cash flows from operating activities		
Profit after tax for the year	110,205	135,398
Non-cash and reclassified items	(77,032)	(118,632)
Working capital changes	(7,391)	7,698
Income taxes paid	(1,196)	(4,303)
Insurance compensation received	500	-
Dividends received from associated companies	46	61,837
Net cash generated from operating activities	25,132	81,998
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	7,857	11,748
Proceeds from sale of available-for-sale financial assets, investment properties and other non current assets	9,823	94,047
Proceeds from disposal of subsidiaries, net of cash disposed of	33,437	-
Proceeds from disposal of associated companies	-	1,426
Purchases of property, plant and equipment	(22,760)	(17,913)
Purchases of available-for-sale financial assets	(116)	(2,510)
Acquisition of a new subsidiary, net of cash acquired	(845)	-
Acquisition of additional interest in an associated company	-	(5,147)
Acquisition of new interest in an associated company	-	(3,918)
Interest received	4,531	6,153
Amount due from associated companies	(2,785)	(2,613)
Net cash generated from investing activities	29,142	81,273
Cash flows from financing activities		
Amounts due to bankers	(16,564)	(17,315)
Acquisition of long term bank loan of a subsidiary	(6,696)	-
Interest paid	(3,670)	(3,768)
Dividends paid to shareholders	(37,356)	(108,332)
Dividends paid to minority interests	(135)	(607)
Distribution to minority interest upon liquidation of a subsidiary	(161)	-
Contribution from minority interests	-	325
Other financing cash flow	3,830	(2,184)
Net cash used in financing activities	(60,752)	(131,881)
Net (decrease) / increase in cash and cash equivalents	(6,478)	31,390
Cash and cash equivalents at beginning of year	204,690	174,243
Effects of exchange rate changes on cash and cash equivalents	(371)	(943)
Cash and cash equivalents at end of year*	197,841	204,690

* comprise cash and bank balances net of bank overdrafts

Disposal of subsidiaries

The attributable net assets and proceeds from disposal of subsidiaries, net of cash disposed of during the year were as follows:

	THE GROUP	
	FY 2007	FY 2006
	S\$'000	S\$'000
Property, plant and equipment	18,358	-
Deferred tax assets	324	-
Inventories	5,568	-
Receivables and prepayments	11,514	-
Cash and bank balances	26,220	-
Trade and other payables	(7,869)	-
Taxation	(71)	-
Other non current liabilities	(108)	-
Attributable net assets disposed	53,936	-
Translation reserve released upon disposal of subsidiaries	(12,540)	-
Gain on disposal of subsidiaries	15,305	-
Total consideration, net of transaction costs	56,701	-
Cash and bank balances of the subsidiaries disposed	(26,220)	-
Repayment of loan due from disposed subsidiary	2,956	-
Net cash inflow on disposal of subsidiaries	33,437	-

Acquisition of a new subsidiary

The attributable net assets and purchase consideration of the subsidiary acquired during the year were as follows:

	THE GROUP	
	FY 2007	FY 2006
	S\$'000	S\$'000
Property, plant and equipment	799	-
Receivables and prepayments	11	-
Deferred tax liabilities	(176)	-
Attributable net assets acquired	634	-
Goodwill on consolidation	211	-
Net cash outflow on acquisition of a subsidiary	845	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to equity holders of the Company						Minority Interests	Total Equity	
	Share Capital	Revenue Reserve	Translation Reserve	Capital Reserve	Revaluation Reserve	Other Reserves			Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
THE GROUP									
Balance as at 1 January 2007	193,839	217,769	7,335	9,832	1,946	20,602	451,323	29,243	480,566
Exchange differences arising on consolidation	-	-	(1,769)	-	-	-	(1,769)	(112)	(1,881)
Available-for-sale financial assets									
- Fair value gains taken to equity, net of deferred tax	-	-	-	-	-	8,922	8,922	-	8,922
- Fair value reserve transferred to income statement on sale	-	-	-	-	-	(4,149)	(4,149)	-	(4,149)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	14	14	-	14
- Share of fair value reserve movement of associated companies	-	-	-	-	-	6,285	6,285	-	6,285
Net (losses) / gains recognised directly in equity	-	-	(1,769)	-	-	11,072	9,303	(112)	9,191
Profit for the year	-	109,379	-	-	-	-	109,379	826	110,205
Total recognised gains / (losses) for the year	-	109,379	(1,769)	-	-	11,072	118,682	714	119,396
Transfer of capital reserve to revenue reserve	-	2,979	-	(2,979)	-	-	-	-	-
Dividend paid	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividend paid to minority interest of subsidiaries	-	-	-	-	-	-	-	(135)	(135)
Reserves released / transferred upon disposal and liquidation of subsidiaries	-	6,750	(12,628)	-	-	(6,750)	(12,628)	-	(12,628)
Changes in group structure	-	-	-	-	-	-	-	(15,806)	(15,806)
Balance as at 31 December 2007	193,839	299,521	(7,062)	6,853	1,946	24,924	520,021	14,016	534,037

	Attributable to equity holders of the Company							Minority	Total	
	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Capital Reserve S\$'000	Revaluation Reserve S\$'000	Other Reserves S\$'000	Total S\$'000	Interests S\$'000	Equity S\$'000
THE GROUP										
Balance as at 1 January 2006	186,779	6,881	172,519	7,432	17,993	1,946	31,342	424,892	26,477	451,369
Exchange differences arising on consolidation	-	-	-	44	-	-	-	44	(216)	(172)
Available-for-sale financial assets										
- Fair value gains taken to equity, net of deferred tax	-	-	-	-	-	-	9,899	9,899	-	9,899
- Fair value reserve transferred to income statement on sale	-	-	-	-	-	-	(3,097)	(3,097)	-	(3,097)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	-	170	170	-	170
- Share of fair value reserve movement of associated companies	-	-	-	-	-	-	(4,246)	(4,246)	-	(4,246)
Net gains / (losses) recognised directly in equity	-	-	-	44	-	-	2,726	2,770	(216)	2,554
Profit for the year	-	-	132,134	-	-	-	-	132,134	3,264	135,398
Total recognised gains for the year	-	-	132,134	44	-	-	2,726	134,904	3,048	137,952
Transfer of share premium and capital redemption reserve to share capital	7,060	(6,881)	-	-	-	-	(179)	-	-	-
Transfer of capital and general reserves to revenue reserve	-	-	21,448	-	(8,161)	-	(13,287)	-	-	-
Dividend paid	-	-	(108,332)	-	-	-	-	(108,332)	-	(108,332)
Dividends paid to minority interests of subsidiaries	-	-	-	-	-	-	-	-	(607)	(607)
Reserve released upon disposal of an associated company	-	-	-	48	-	-	-	48	-	48
Translation reserve released upon striking off of a subsidiary	-	-	-	(189)	-	-	-	(189)	-	(189)
Change in group structure	-	-	-	-	-	-	-	-	325	325
Balance as at 31 December 2006	193,839	-	217,769	7,335	9,832	1,946	20,602	451,323	29,243	480,566

	Share Capital S\$'000	Revenue Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
THE COMPANY				
Balance as at 1 January 2007	193,839	45,065	6,458	245,362
Available-for-sale financial assets				
- Fair value gain taken to equity	-	-	5,394	5,394
Profit for the year	-	95,547	-	95,547
Total recognised gains for the year	-	95,547	5,394	100,941
Dividend paid	-	(37,356)	-	(37,356)
Balance as at 31 December 2007	193,839	103,256	11,852	308,947

	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
THE COMPANY					
Balance as at 1 January 2006	186,779	6,881	92,749	19,415	305,824
Available-for-sale financial assets					
- Fair value gain taken to equity	-	-	-	372	372
- Fair value reserve transferred to income statement on impairment	-	-	-	137	137
Net gains recognised directly in equity	-	-	-	509	509
Profit for the year	-	-	47,361	-	47,361
Total recognised gains for the year	-	-	47,361	509	47,870
Transfer of share premium and capital redemption reserve to share capital	7,060	(6,881)	-	(179)	-
Transfer of general reserve to revenue reserve	-	-	13,287	(13,287)	-
Dividend paid	-	-	(108,332)	-	(108,332)
Balance as at 31 December 2006	193,839	-	45,065	6,458	245,362

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There have been no changes to the issued share capital of the Company since 31 December 2006.
There were no outstanding options as at 31 December 2007 (31 December 2006: nil).

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Group's external auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements except for changes made to comply with FRS 40 Investment Property, which became effective for financial year commencing 1 January 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of FRS 40 does not have a material impact on the Group's financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

THE GROUP (Aggregate)	FY 2007	FY 2006
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- Excluding exceptional items	11.66	14.25
- Including exceptional items	29.28	35.37
(b) On fully diluted basis (cents)		
- Excluding exceptional items	11.66	14.25
- Including exceptional items	29.28	35.37

The Group's earning per share from continuing and discontinued operations are disclosed separately in the income statement on page 1.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	THE GROUP		THE COMPANY	
	31.12.07	31.12.06	31.12.07	31.12.06
Net asset* value per ordinary share (S\$)	1.39	1.21	0.83	0.66

* Net asset refers to shareholders' equity

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

<u>CONTINUING OPERATIONS</u>	<u>THE GROUP</u>		
	FY 2007	FY 2006	Change
	S\$'000	S\$'000	%
Group Turnover	345,570	319,786	8
Group Profit Before Tax (excluding exceptional items)	51,591	54,267	(5)
Exceptional Items	55,351	82,997	(33)
Group Profit for the period attributable to equity holders of the Company	99,646	137,260	(27)
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	65,649	70,689	(7)

Group's turnover from continuing operations increased 8% to S\$345.6 mil in FY 2007 from S\$319.8 mil in FY 2006 on the back of higher turnover recorded by both the Construction Products and Chemicals divisions.

Group's pre-tax profit for FY 2007 decreased 5% to S\$51.6 mil as compared to S\$54.3 mil in FY 2006 mainly as a result of lower profit contributions from the Chemicals and Engineering divisions.

Below is the summary of the performance of the Group's three business divisions:

Turnover (S\$'mil)	FY 2007 S\$'mil	FY 2006 S\$'mil	Change %
Chemicals Division	70.1	67.3	4
Construction Products Division	200.2	161.9	24
Engineering Division	61.7	65.6	(6)

Attributable profit before tax (S\$'mil)	FY 2007 S\$'mil	FY 2006 S\$'mil	Change %
Operating PBT			
- Chemicals Division	35.9	48.5	(26)
- Construction Products Division	14.9	4.5	231
- Engineering Division	5.0	7.4	(32)
	55.8	60.4	(8)
Exceptional items			
- Chemicals Division	0.7	(7.3)	n/m
- Construction Products Division	5.2	0.3	n/m
- Engineering Division	0.4	2.3	(83)
	6.3	(4.7)	n/m
Total			
- Chemicals Division	36.6	41.2	(11)
- Construction Products Division	20.1	4.8	319
- Engineering Division	5.4	9.7	(44)
	62.1	55.7	11

n/m: not meaningful

Chemicals Division

Turnover of the Chemicals division increased 4% to S\$70.1 mil in FY 2007 from S\$67.3 mil in FY 2006 due mainly to higher sales recorded by its environmental chemicals business. However, pre-tax profit decreased 26% to S\$35.9 mil from S\$48.5 mil previously mainly as a result of lower profit contribution from its Thai petrochemical associate, Bangkok Synthetic Co ("BST") and lower operating performance by the environmental services business following an accident in May 2007 which disrupted its operations.

Construction Products Division

Turnover of the Construction Products division grew 24% to S\$200.2 mil in FY 2007 from S\$161.9 mil in FY 2006 due mainly to higher project volumes delivered by its Singapore and Hong Kong operations. On the back of higher turnover, pre-tax profit rose 231% to S\$14.9 mil from S\$4.5 mil previously.

Engineering Division

Turnover of the Engineering division decreased 6% to S\$61.7 mil in FY 2007 from S\$65.6 mil previously. Pre-tax profit decreased 32% to S\$5 mil as a result of lower turnover and the weakness of the US Dollar which affected its margins.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Business conditions for the Group's Construction Products division remain favourable.

Conditions in the environmental chemicals business remain challenging in both the Singapore and oversea markets.

BST continues to face strong competition and rising raw material costs.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share	S\$0.10 per ordinary share
Tax Rate	Exempt – one tier
Date paid	Refer to para 11 (c)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim special	Final
Dividend Type	Cash	Cash
Dividend amount per share	S\$0.29 per ordinary share	S\$0.10 per ordinary share
Tax Rate	Exempt – one tier	Exempt – one tier
Date paid	23 October 2006	28 May 2007

(c) Date payable

Subject to the requisite approvals from shareholders at the annual general meeting (“AGM”) of the Company to be held on or about 16 April 2008, the said final dividend will be paid on or about 21 May 2008 or such other date to be determined by the Directors.

(d) Books closure date

To be announced after the said AGM on or about 16 April 2008.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Financial year ended 31 December 2007	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total for Continuing Operations S\$'000	Discontinued Operations S\$'000
REVENUE						
External sales	70,101	200,169	61,740	13,560	345,570	6,472
Inter-segment sales	18,092	3,077	17,954	182	39,305	-
Total revenue	<u>88,193</u>	<u>203,246</u>	<u>79,694</u>	<u>13,742</u>	<u>384,875</u>	<u>6,472</u>
Elimination					(39,305)	-
					<u>345,570</u>	<u>6,472</u>
RESULT						
Segment results	2,016	16,698	5,314	1,572	25,600	(844)
Unallocated corporate expenses					(6,697)	-
					<u>18,903</u>	<u>(844)</u>
Investment and interest income					4,657	78
Finance costs					(3,371)	-
Share of results of associated companies	34,135	(416)	-	(2,317)	31,402	-
Exceptional items	733	5,227	425	48,966	55,351	10,717
Profit before taxation					<u>106,942</u>	<u>9,951</u>
Taxation					(6,470)	(218)
Profit after taxation					<u>100,472</u>	<u>9,733</u>
OTHER INFORMATION						
Capital expenditure (property, plant and equipment)	13,037	4,043	5,306	154	22,540	-
Depreciation	(4,992)	(7,912)	(776)	(1,491)	(15,171)	-
Amortisation	-	(143)	(359)	341	(161)	-
Reversal of impairment charge / (impairment charge) of property, plant and equipment and investment properties	(3,938)	652	-	-	(3,286)	-
	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total Consolidated S\$'000	
Segment assets	82,899	123,438	41,052	45,039	292,428	
Investment in equity method associated companies	136,983	2,793	1	8,075	147,852	
Unallocated corporate assets					263,782	
Total assets					<u>704,062</u>	
Segment liabilities	(15,316)	(30,944)	(21,225)	(8,707)	(76,192)	
Unallocated corporate liabilities					(93,833)	
Total liabilities					<u>(170,025)</u>	
Net assets					<u>534,037</u>	

Financial year ended 31 December 2006	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total for Continuing Operations S\$'000	Discontinued Operations S\$'000
REVENUE						
External sales	67,252	161,885	65,583	25,066	319,786	52,779
Inter-segment sales	12,521	801	15,068	267	28,657	-
Total revenue	<u>79,773</u>	<u>162,686</u>	<u>80,651</u>	<u>25,333</u>	<u>348,443</u>	<u>52,779</u>
Elimination					(28,657)	-
					<u>319,786</u>	<u>52,779</u>
RESULT						
Segment results	4,155	6,651	7,790	(6,579)	12,017	(5,358)
Unallocated corporate expenses					(8,879)	-
					<u>3,138</u>	<u>(5,358)</u>
Investment and interest income					6,809	349
Finance costs					(4,125)	-
Share of results of associated companies	44,068	(373)	-	4,750	48,445	-
Exceptional items	(7,336)	274	2,256	87,803	82,997	-
Profit / (loss) before taxation					<u>137,264</u>	<u>(5,009)</u>
Taxation					3,260	(117)
Profit / (loss) after taxation					<u>140,524</u>	<u>(5,126)</u>
OTHER INFORMATION						
Capital expenditure (property, plant and equipment)	9,836	5,582	1,662	709	17,789	249
Depreciation	(5,341)	(9,230)	(706)	(2,947)	(18,224)	(3,050)
Amortisation	56	(200)	(269)	779	366	-
Reversal of impairment charge / (impairment charge) of property, plant and equipment and investment properties	(7,329)	255	-	8,095	1,021	-
	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total Consolidated S\$'000	
Segment assets	66,388	133,422	33,820	47,733	281,363	
Investment in equity method associated companies	96,173	3,392	1	9,899	109,465	
Unallocated corporate assets					<u>240,514</u>	
					<u>631,342</u>	
Disposal group & assets held for sale					<u>60,157</u>	
Total assets					<u>691,499</u>	
Segment liabilities	(13,794)	(40,641)	(15,466)	(21,096)	(90,997)	
Unallocated corporate liabilities					(119,176)	
					<u>(210,173)</u>	
Liabilities associated with disposal group					(760)	
Total liabilities					<u>(210,933)</u>	
Net assets					<u>480,566</u>	

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

For discussion of material changes, please refer to paragraph 8.

15. A breakdown of sales

<u>Continuing Operations</u>	2007	THE GROUP	Change %
	S\$'000	2006 S\$'000	
Sales reported for first half year	167,275	155,668	7
Operating profit after tax before deducting minority interests reported for first half year	30,714	91,333	(66)
Sales reported for second half year	178,295	164,118	9
Operating profit after tax before deducting minority interests reported for second half year	69,758	49,191	42

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (2007)	Previous Full Year (2006)
	S\$'000	S\$'000
Ordinary	37,356	145,688
Preference	-	-
Total:	37,356	145,688

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
20 February 2008

This release may contain forward-looking statements which may be identified by phrases that the Company or Management or Directors “expects”, “believes” “anticipates” “foresees” or “forecasts”. These forward-looking statements, if any, are based on current expectations and assumptions that are subject to risks and uncertainties. Actual performance, outcome or financial results post the date of this release may differ materially from those expressed in this release. Some factors that may affect the actual performance of the NATSTEEL Ltd and its group of companies may include, without limitation, political, economic, geographical, climatic and social conditions in the countries where the NATSTEEL Ltd and its group of companies, its customers or its suppliers operate; armed conflict or the effects of terrorist activities or war, acts of God, tsunami, earthquake, natural disasters, floods, effects of global climatic change in any part of the world which may cause disruption in manufacture, supply (availability and costs) of raw or intermediate materials, power, water, fuel, crude oil, import, export, transportation network necessary for the acquisition and supply of goods and services or financial markets; currency fluctuations; fluctuations in the price of raw materials, power, water, fuel, crude oil or demand for natural rubber; volatility of financial markets; general industry conditions, interest rate trends, cost of borrowings and capital availability, intense competition from other companies and venues for the production, sale/distribution of goods and services of the NATSTEEL Ltd and its group of companies, changes in industry or market capacity or demands; obsolete inventory, market acceptance or rejection of new goods and services, continued market acceptance of existing goods and services of the NATSTEEL Ltd and its group of companies; risk of unanticipated increased costs of power, oil, fuel, crude oil or utilities to operate its various plants; continued ability of NATSTEEL Ltd and its group of companies to retain market size and competitiveness for its goods and services; the effect of changes to policies /regulations whether or not resulting in imposition or lifting of anti-dumping duties in countries which the NATSTEEL Ltd and its group of companies operate; unavailability of insurance, adverse results on litigation or debt recovery, implementation of operating cost structure that is aligned with revenue growth; SARS, bird flu, killer pig disease and their effects; coup d’etat, civil unrest in Southern Thailand or any part of the world where NATSTEEL Ltd and its group of companies operate; any factor which may cause revenues and income to fall short of anticipated levels; ability to develop manufacture and market products and services in a rapidly changing environment; management retention and succession; changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. This statement only relates to information available as at the date of release and you are cautioned to seek professional advice from your stock broker, solicitor, accountant or other professional adviser if you are in any doubt as to the meaning of anything herein.