

# NATSTEEL LTD

## Full Year Financial Statement 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

	Notes	Group			Company		
		2002	2001	Change	2002	2001	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales		1,738,903	1,585,395	9.7	325,635	291,835	11.6
Cost of sales		(1,551,734)	(1,449,331)		(322,952)	(299,308)	
<b>Gross profit / (loss)</b>		<b>187,169</b>	<b>136,064</b>	<b>37.6</b>	<b>2,683</b>	<b>(7,473)</b>	n/m
Other operating income		18,399	33,781		11,346	14,982	
Distribution costs		(29,992)	(25,813)		(106)	(1,519)	
Administrative expenses		(85,637)	(118,853)		(26,825)	(35,089)	
Other operating expenses		(27,033)	(18,164)		(7,179)	(4,528)	
<b>Profit / (loss) from operations</b>	1	<b>62,906</b>	<b>7,015</b>	<b>796.7</b>	<b>(20,081)</b>	<b>(33,627)</b>	<b>(40.3)</b>
Investment income		1,214	1,519		15,443	32,985	
Interest income		6,539	27,350		5,281	22,154	
Finance costs		(12,142)	(22,082)		(3,253)	(10,316)	
Share of results of associated companies		2,675	17,373		-	-	
<b>Profit / (loss) before taxation and exceptional items</b>		<b>61,192</b>	<b>31,175</b>	<b>96.3</b>	<b>(2,610)</b>	<b>11,196</b>	n/m
Exceptional items	2	149,036	(149,257)		56,653	(198,868)	
<b>Profit / (loss) before taxation</b>		<b>210,228</b>	<b>(118,082)</b>	n/m	<b>54,043</b>	<b>(187,672)</b>	n/m
Taxation		(12,175)	21,502		8,000	20,000	
<b>Profit / (loss) after taxation</b>		<b>198,053</b>	<b>(96,580)</b>	n/m	<b>62,043</b>	<b>(167,672)</b>	n/m
Minority interests		(14,517)	(28,337)	(48.8)	-	-	-
<b>Net profit / (loss) for the year</b>		<b>183,536</b>	<b>(124,917)</b>	n/m	<b>62,043</b>	<b>(167,672)</b>	n/m

n/m: not meaningful

### Comments on Income Statement

- a) During the year, the Group disposed of its interest in NatSteel Broadway (July 2002) and NatSteel Brasil (October 2002) and acquired Siam Industrial Wire (Jan 2002). The changes affect the comparatives of various line items;
- b) Other operating Income.  
2001 comparative included gains recorded by disposed NatSteel Broadway and other items of non-recurring nature;
- c) Administrative Expenses.  
2001 comparative included higher provisions for doubtful debts as compared to 2002;
- d) Interest Income.  
Higher 2001 interest due to income earned on NatSteel Electronics' proceeds prior to progressive payments of special dividend, capital reduction and repayment of RCCPS in first half 2001;
- e) Interest Expenses.  
Lower finance costs for 2002 in line with lower Group borrowings and softer interest rates;
- f) Share of results of associated companies.  
Included in 2001 comparative was a one-off \$25.2 mil gain from the sale of 79 Anson Road in 2001;
- g) Taxation.  
2001 tax credit was due mainly to reversal of deferred tax corresponding to 2001 Exceptional items. For 2002, the lower effective tax rate was due to non-taxability of NatSteel Broadway & NatSteel Brasil gains. The adoption of SAS 12 also affected both 2001 and 2002 tax charge/credit figures;
- h) Minority Interest.  
Lower minority interest for 2002 was due to the deconsolidation of NatSteel Broadway.

**Note 1** - Profit / (loss) from operations is arrived at after (charging) / crediting the following items:

	Group			Company		
	2002	2001	Change	2002	2001	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation of intangible assets	(5,879)	(568)	935.0	-	-	-
Depreciation of property, plant and equipment	(65,050)	(88,900)	(26.8)	(9,545)	(16,073)	(40.6)
Property, plant and equipment written off	(688)	(283)	143.1	-	-	-
Foreign exchange loss	(12,692)	(3,184)	298.6	(6,279)	-	n/m
Provision made for						
- stock obsolescence	(1,238)	(2,462)	(49.7)	(2,602)	(1,610)	61.6
- doubtful debts	(10,759)	(25,537)	(57.9)	-	-	-
Loss on sale of property, plant and equipment	(246)	(72)	241.7	-	-	-
Amortisation of deferred income	1,131	1,857	(39.1)	-	-	-
Foreign exchange gain	3,156	10,047	(68.6)	-	2,487	n/m
Profit on sale of property, plant and equipment	515	2,360	(78.2)	1	881	(99.9)
Write back of provision for						
- stock obsolescence	2,604	1,278	103.8	2,169	303	615.8
- doubtful debts	4,657	1,614	188.5	-	-	-

**Note 2 -** Exceptional items comprise the following :

	Group			Company		
	2002	2001	Change	2002	2001	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of investments	297,046	19,143	1,451.7	80,426	-	n/m
Gain from dilution of subsidiary	-	1,933	n/m	-	-	-
Write back of provisions for diminution in value of investments	5,272	6,456	(18.3)	17,612	-	n/m
Recovery on disposal of property, plant and equipment previously written off	3,339	-	n/m	-	-	-
Compensation for early termination of lease	8,690	-	n/m	8,690	-	n/m
Write back of restructuring provisions	4,908	-	n/m	4,908	-	n/m
Others	1,707	2,487	(31.4)	78	2,487	(96.9)
<b>Total gains</b>	<b>320,962</b>	<b>30,019</b>	<b>969.2</b>	<b>111,714</b>	<b>2,487</b>	<b>4,391.9</b>
Restructuring and other rationalisation costs	(3,872)	(108,917)	(96.4)	(2,965)	(98,000)	(97.0)
Provision for diminution in value of investments <sup>(1)</sup> and investment properties	(19,851)	(46,643)	(57.4)	(31,807)	(103,355)	(69.2)
Write down of net assets in subsidiaries	-	(12,691)	n/m	-	-	-
Property, plant and equipment impairment	(59,244)	(11,000)	438.6	-	-	-
Property, plant and equipment written-off	(7,227)	-	n/m	(7,136)	-	n/m
Goodwill of subsidiary and associated companies written off	(67,262)	-	n/m	-	-	-
Loss on disposal of investments <sup>(1)</sup>	(576)	(25)	2,204.0	-	-	-
Expenses relating to the General Offer and Management Buyout	(12,410)	-	n/m	(12,410)	-	n/m
Others	(1,484)	-	n/m	(743)	-	n/m
<b>Total losses</b>	<b>(171,926)</b>	<b>(179,276)</b>	<b>(4.1)</b>	<b>(55,061)</b>	<b>(201,355)</b>	<b>(72.7)</b>
<b>Net gains / (losses)</b>	<b>149,036</b>	<b>(149,257)</b>	<b>n/m</b>	<b>56,653</b>	<b>(198,868)</b>	<b>n/m</b>

<sup>(1)</sup> Investments refer to subsidiaries, associated companies and long term investments

**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	
	31.12.02 \$'000	31.12.01 \$'000	31.12.02 \$'000	31.12.01 \$'000
Share Capital	186,779	181,441	186,779	181,441
Share Premium	6,881	-	6,881	-
Reserves	973,581	742,791	633,800	580,277
Shareholders' Funds	1,167,241	924,232	827,460	761,718
Deferred Income	11,757	12,888	-	-
Minority Interests	38,221	138,351	-	-
	1,217,219	1,075,471	827,460	761,718
<b>Current Assets</b>				
Stocks	140,859	200,053	51,397	68,101
Receivables and prepayments	354,329	430,326	207,221	248,327
Cash and bank balances	741,331	201,395	313,737	64,120
	1,236,519	831,774	572,355	380,548
<b>Non Current Assets</b>				
Property, plant and equipment	373,553	585,698	90,170	100,352
Investment properties	14,670	14,988	-	-
Subsidiary companies	-	-	209,678	406,382
Associated companies	92,223	353,343	58,994	96,896
Long term investments	48,495	49,537	17,917	19,070
Long term receivables	19,958	11,107	1,158	1,536
Intangible assets	23,307	2,129	-	-
Deferred tax assets	6,644	8,436	-	-
	578,850	1,025,238	377,917	624,236
<b>Total Assets</b>	1,815,369	1,857,012	950,272	1,004,784
<b>Current Liabilities</b>				
Amounts due to bankers	(263,448)	(271,918)	(56,526)	(107,700)
Trade and other payables	(221,055)	(294,787)	(40,799)	(48,229)
Taxation	(19,427)	(15,442)	(3,529)	(3,815)
	(503,930)	(582,147)	(100,854)	(159,744)
<b>Non Current Liabilities</b>				
Provision for retirement benefits	(5,490)	(9,427)	(5,124)	(8,488)
Deferred tax liabilities	(28,363)	(42,498)	(16,834)	(24,834)
Other unsecured notes	(27,721)	(27,721)	-	-
Long term loans	(22,046)	(109,091)	-	(50,000)
Other non current liabilities	(10,600)	(10,657)	-	-
	(94,220)	(199,394)	(21,958)	(83,322)
<b>Total Liabilities</b>	(598,150)	(781,541)	(122,812)	(243,066)
	1,217,219	1,075,471	827,460	761,718

### Comments on Balance sheet

Apart from normal working capital changes, major variations were attributable to the disposal of NatSteel Broadway & Brasil and the acquisition of Siam Industrial Wire in 2002.

### **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 2002		AS AT 30 June 2002	
SECURED	UNSECURED	SECURED	UNSECURED
\$'000	\$'000	\$'000	\$'000
72,281	191,893	58,620	181,564

#### **Amount repayable after one year**

AS AT 31 December 2002		AS AT 30 June 2002	
SECURED	UNSECURED	SECURED	UNSECURED
\$'000	\$'000	\$'000	\$'000
19,156	30,834	65,245	84,400

#### **Details of any collateral**

Included in the Group's property, plant and equipment are property, plant and equipment of subsidiary companies of net book value of S\$153,520,000 (2001: S\$171,427,000) 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**

	<b>THE GROUP</b>	
	<b>31.12.02</b>	<b>31.12.01</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities</b>		
Operating profit/(loss)	210,228	(118,082)
Non-cash and reclassified items	(75,695)	225,299
Working capital changes	(15,582)	11,891
Income taxes paid	(8,404)	(5,657)
Dividends received from associated companies	1,533	14,047
Other operating cash outflow	(8,415)	(10,110)
<b>Net cash generated from operating activities</b>	<b>103,665</b>	<b>117,388</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	11,176	22,275
Proceeds from sale of long term investments and investment properties	3,578	7,616
Proceeds from sale / dilution of subsidiary companies	304,798	(9,451)
Proceeds from sale of associated companies	270,225	11,282
Acquisition of additional interest in subsidiary companies	(7,346)	(150)
Acquisition of new subsidiary company	(26,214)	-
Purchase of property, plant and equipment	(45,558)	(74,348)
Purchase of long term investments and investment properties	(2,790)	(12,272)
Interest received	6,735	25,499
Investment in associated companies	(2,458)	(915)
(Increase) / decrease in amount due from associated companies	(4,640)	42,389
Compensation for early termination of lease	8,690	-
Proceeds from capital reduction of an associated company	10,563	-
<b>Net cash generated from investing activities</b>	<b>526,759</b>	<b>11,925</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of shares	12,219	856
Capital contribution by minority interests in subsidiary companies	1,024	2,000
Decrease in amounts due to bankers	(37,126)	(249,568)
Interest paid	(13,126)	(25,578)
Dividends paid	(8,520)	(257,270)
Dividends and other distributions paid to minority interests	(34,087)	(6,092)
Other financing cash (outflow) / inflow	(980)	12,722
Net proceeds paid on capital distribution	-	(315,709)
Redemption of RCCPS	-	(273,159)
<b>Net cash used in financing activities</b>	<b>(80,596)</b>	<b>(1,111,798)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>549,828</b>	<b>(982,485)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>188,643</b>	<b>1,171,128</b>
<b>Cash and cash equivalents as at 31 December*</b>	<b>738,471</b>	<b>188,643</b>

\* comprise cash and bank balances net of bank overdrafts

### Acquisition of subsidiary company

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

	<b>31.12.02</b>	<b>31.12.01</b>
	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment (cost less accumulated depreciation)	33,280	-
Stocks	12,244	-
Debtors	5,716	-
Cash and bank balances	383	-
Amount due to bankers	(67)	-
Creditors	(46,745)	-
Deferred taxation	2,865	-
	<u>7,676</u>	<u>-</u>
Minority interests	(2,227)	-
	<u>5,449</u>	<u>-</u>
Goodwill on consolidation	21,148	-
Cost of shares purchased	26,597	-
Bank balances of the subsidiary company acquired	(383)	-
Net cash outflow on acquisition	<u>26,214</u>	<u>-</u>

### Disposal / dilution of subsidiary companies

The attributable net assets and proceeds from disposal / dilution of subsidiary companies during the year were as follows:

	<b>31.12.02</b>	<b>31.12.01</b>
	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment (cost less accumulated depreciation)	134,227	30,692
Associated companies	24,006	-
Long term investments	793	68
Stocks	37,396	4,746
Debtors	104,037	24,371
Cash and bank balances	31,235	9,559
Creditors	(67,619)	(13,940)
Amounts due to associated companies	(4,355)	(5,848)
Deferred taxation	(4,003)	(4,800)
Provision for retirement benefits	(441)	-
Long term loans	(342)	-
Amount due to bankers	(48,222)	(24,600)
	<u>206,712</u>	<u>20,248</u>
Minority interest	(105,788)	(6,573)
	<u>100,924</u>	<u>13,675</u>
Net assets reclassified to associated company	-	(15,697)
Attributable net assets disposed / diluted	<u>100,924</u>	<u>(2,022)</u>
Goodwill and other reserves released upon disposal / dilution of interest in subsidiary companies	12,642	(703)
Exchange differences	(11,401)	900
	<u>102,165</u>	<u>(1,825)</u>
Net gain on disposal / dilution of subsidiary companies	<u>233,868</u>	<u>1,933</u>
Consideration received	336,033	108
Cash and bank balances disposed	(31,235)	(9,559)
Net cash flow on disposal / dilution of subsidiary companies	<u>304,798</u>	<u>(9,451)</u>

**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**

<b>THE GROUP</b>	<b>Share Capital S\$'000</b>	<b>Share Premium S\$'000</b>	<b>Revenue Reserve S\$'000</b>	<b>Capital Reserve S\$'000</b>	<b>Revaluation Reserve S\$'000</b>	<b>Other Reserves S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2002</b>							
As previously reported	181,441	-	698,511	15,666	6,242	20,144	922,004
Effect of adopting SAS 12	-	-	2,788	-	(560)	-	2,228
As restated	181,441	-	701,299	15,666	5,682	20,144	924,232
Exchange differences arising on consolidation	-	-	(15,961)	-	-	-	(15,961)
Released upon disposal of subsidiary company	-	-	2,567	-	(2,567)	-	-
Goodwill and exchange differences released upon disposal of subsidiaries and associated companies	-	-	4,473	-	-	-	4,473
Goodwill of subsidiary and associated companies written off	-	-	67,262	-	-	-	67,262
Net losses not recognised in the income statement	-	-	58,341	-	(2,567)	-	55,774
Net gain for the year	-	-	183,536	-	-	-	183,536
Total recognised gain / (loss) for the financial year	-	-	241,877	-	(2,567)	-	239,310
Transfer from revenue reserve	-	-	(1,165)	-	-	1,165	-
Issue of share capital	5,338	6,881	-	-	-	-	12,219
Dividends paid	-	-	(8,520)	-	-	-	(8,520)
<b>Balance as at 31 December 2002</b>	<b>186,779</b>	<b>6,881</b>	<b>933,491</b>	<b>15,666</b>	<b>3,115</b>	<b>21,309</b>	<b>1,167,241</b>

<b>THE GROUP</b>	<b>Share Capital S\$'000</b>	<b>Share Premium S\$'000</b>	<b>Revenue Reserve S\$'000</b>	<b>Capital Reserve S\$'000</b>	<b>Revaluation Reserve S\$'000</b>	<b>Other Reserves S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2001</b>							
As previously reported	181,355	456,076	926,421	15,885	28,347	18,806	1,626,890
Effect of adopting SAS 12	-	-	(1,928)	-	(560)	-	(2,488)
Effect of adopting SAS 32	(179)	-	(256,304)	-	-	-	(256,483)
Effect of adopting SAS 34	-	-	(2,188)	-	-	-	(2,188)
As restated	181,176	456,076	666,001	15,885	27,787	18,806	1,365,731
Exchange differences arising on consolidation	-	-	20,179	-	-	-	20,179
Released to Income Statement upon sale of investment property by an associated company	-	-	-	-	(22,105)	-	(22,105)
Goodwill and exchange differences released upon dilution of interest in subsidiary companies	-	-	416	-	-	-	416
Released upon disposal of interest in subsidiary companies	-	-	-	(219)	-	-	(219)
Net gains/(losses) not recognised in the income statement	-	-	20,595	(219)	(22,105)	-	(1,729)
Net loss for the year	-	-	(124,917)	-	-	-	(124,917)
Total recognised loss for the financial year	-	-	(104,322)	(219)	(22,105)	-	(126,646)
Transfer from revenue reserve	-	-	(1,338)	-	-	1,338	-
Issue of share capital	265	591	-	-	-	-	856
Redemption of RCCPS	-	(140,958)	140,958	-	-	-	-
Capital distribution	-	(315,709)	-	-	-	-	(315,709)
<b>Balance as at 31 December 2001</b>	<b>181,441</b>	<b>-</b>	<b>701,299</b>	<b>15,666</b>	<b>5,682</b>	<b>20,144</b>	<b>924,232</b>

**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**

Between 1 January 2002 and 31 December 2002, 10,675,500 share options were exercised pursuant to the NatSteel Ltd Share Option Scheme. Accordingly, the issued share capital of the Company increased from \$181,441,368 to \$186,779,118.

As at 31 December 2002, 12,730,000 share options entitling holders to subscribe for 12,730,000 ordinary shares of S\$0.50 each remained unexercised under the NatSteel Ltd Share Option Scheme. These unexercised options were subsequently cancelled on 24 January 2003 pursuant to 98 Holdings Pte Ltd's options proposal to pay option holders the difference between the subscription price and final offer price.

**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)**

Not audited.

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

Not audited.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the financial statements as at 31 December 2001.

**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 comparative figures for the previous financial year have been adjusted or extended to take into account the requirements of the revised Singapore Statements of Accounting Standard No. 12 (SAS 12 (2001)) on income taxes which the Group adopted in 2002.

The net effect of the adoption of the revised standard on the net profit, opening revenue reserve and net asset was as follows:

**Effect on net profit, revenue reserve and shareholders' funds**

	<b>Group S\$'000</b>	<b>Company S\$'000</b>
Increase in net profit for the financial year ended 31 December 2001	4,716	-
Decrease in opening revenue reserve at 1 January 2001	(1,928)	-
Increase in opening revenue reserve at 1 January 2002	2,788	-
Increase in shareholders' funds for the year ended 31 December 2001	2,228	-

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

	<b>31.12.02 Group</b>	<b>31.12.01 Group</b>
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- Excluding exceptional items	9.47	1.20
- Including exceptional items	50.39	(34.44)
(b) On fully diluted basis (cents)		
- Excluding exceptional items	n/a	n/a
- Including exceptional items	n/a	n/a

**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**

	<b>Group</b>		<b>Company</b>	
	<b>31.12.02</b>	<b>31.12.01</b>	<b>31.12.02</b>	<b>31.12.01</b>
Net asset* value per ordinary share (S\$)	3.12	2.55	2.22	2.10

\* Net asset refers to shareholders' funds

**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>2002</u> S\$'000	<u>THE GROUP</u> <u>2001</u> S\$'000	<u>%</u> <u>Change</u>
Turnover			
- Continuing businesses	1,543,784	1,245,685	23.9
- Disposed businesses	195,119	339,710	(42.6)
Total Group Turnover	<u>1,738,903</u>	<u>1,585,395</u>	9.7
Profit before tax (excluding exceptional items)			
- Continuing businesses	42,055	(10,128)	n/m
- Disposed businesses	19,137	41,303	(53.7)
Total Group PBT	<u>61,192</u>	<u>31,175</u>	96.3
Earnings before interest, taxation, depreciation and amortisation (excluding exceptional items)			
- Continuing businesses	100,930	44,224	128.2
- Disposed businesses	35,663	69,294	(48.5)
Total Group EBITDA	<u>136,593</u>	<u>113,518</u>	20.3

#### **Disposed Businesses**

During the second half 2002, the Group completed the sale of its investments in NatSteel Broadway and NatSteel Brasil and realised an exceptional gain of \$291.8 mil and net proceeds of \$589.0 mil. These divestments represent another significant step in realising value for shareholders through unlocking the value of these disposed businesses.

#### **Continuing Businesses**

The Group's 2002 turnover for its continuing businesses increased 23.9% to \$1.544 bil as compared to the same period last year. Profit before tax was \$42.0 mil as against a loss of \$10.1 mil in 2001. All three main business divisions in the Group performed better.

## Steel Division

### Turnover

(\$ million)	FY 2002	FY 2001	Change	
Total turnover	1,224.6	877.8	346.8	39.5%

The 39.5% increase in Steel Division's turnover came mainly from higher trading volume of NatSteel Trade and the overseas steel operations.

### Attributable Profit before Tax (PBT)

Total Steel PBT (\$ mil)	FY 2002			FY 2001			Change %
	Operating PBT	Excep'l Items	Total	Operating PBT	Excep'l Items	Total	
<u>Continuing businesses:</u>							
Sing Steel	6.6	(7.7)	(1.1)	(28.1)	(120.7)	(148.8)	(99.3)
Overseas	19.3	-	19.3	3.6	(5.0)	(1.4)	n/m
Sub-total	25.9	(7.7)	18.2	(24.5)	(125.7)	(150.2)	n/m
<u>Disposed major businesses:</u>							
Overseas	(0.4)	57.9	57.5	3.2	-	3.2	1,696.9
Total PBT	25.5	50.2	75.7	(21.3)	(125.7)	(147.0)	n/m

The Steel Division staged a strong turnaround from a loss of \$24.5 mil last year to a profit of \$25.9 mil in 2002. Singapore Steel achieved a profit of \$6.6 mil due to better selling prices, higher operational efficiencies and cost savings from restructuring efforts initiated in July 2001 and lower provisions for bad debts. Newly acquired Siam Industrial Wire and the return to profitability for Southern Steel contributed mainly to the five fold increase of the Group's overseas steel earnings from \$3.6 to S\$19.3 mil. The combined earnings of the three Chinese mills were slightly higher.

## **Industrial Division**

### **Turnover**

<b>(\$ million)</b>	<b>FY 2002</b>	<b>FY 2001</b>	<b>Change</b>	
Total turnover	243.3	298.9	(55.6)	(18.6)%

Turnover for the Industrial Division declined 18.6% due to deconsolidation of National Cement when the Group's stake was reduced to 50% in April 2001 and the completion of major precast projects in early 2002.

### **Attributable Profit before Tax (PBT)**

<b>Industrial</b>	<b>FY 2002</b>			<b>FY 2001</b>			
<b>PBT (\$ mil)</b>	<b>Operating PBT</b>	<b>Excep'l Items</b>	<b>Total</b>	<b>Operating PBT</b>	<b>Excep'l Items</b>	<b>Total</b>	<b>Change %</b>
Construction	2.2	1.5	3.7	(0.4)	(15.8)	(16.2)	n/m
Chemicals	10.2	(3.7)	6.5	2.7	(3.2)	(0.5)	n/m
Engineering	(3.9)	-	(3.9)	(4.1)	(2.3)	(6.4)	(39.1)
Total PBT	8.5	(2.2)	6.3	(1.8)	(21.3)	(23.1)	n/m

The Construction Products group achieved a profit of \$2.2 mil as against a loss of \$0.4 mil in 2001. While the cement, precast and mortar businesses in Singapore and Malaysia suffered from lower project volume and depressed prices and intense competition arising from an oversupplied market, the mortar operations in Hong Kong were able to record higher earnings. The cessation of and dilution in shareholdings in certain loss-making operations also contributed to the better performance in 2002.

The Chemicals group achieved a \$7.5 mil increase in profitability to \$10.2 mil in 2002. This was due mainly to \$7.1 mil contribution from Bangkok Synthetics ("BST"), its 22.37% owned petrochemical associate in Thailand. BST's performance, especially in the fourth quarter, benefitted from higher product prices which arose mainly from crude oil price increases.

Losses for the Engineering businesses were incurred by a subsidiary engaged in tower crane leasing in the construction industry in Singapore. These losses comprised largely of depreciation and other non-cash charges.

## **Electronics Division**

### **Turnover**

<b>(\$ million)</b>	<b>FY 2002</b>	<b>FY 2001</b>	<b>Change</b>	
Continuing businesses	62.3	54.1	8.2	15.2%
Disposed major businesses	195.1	339.7	(144.6)	(42.6)%
Total turnover	257.4	393.8	(136.4)	(34.6)%

### **Attributable Profit before Tax (PBT)**

<b>Electronics</b>	<b>FY 2002</b>			<b>FY 2001</b>			
<b>PBT (\$ mil)</b>	<b>Operating PBT</b>	<b>Excep'l Items</b>	<b>Total</b>	<b>Operating PBT</b>	<b>Exceptional Items</b>	<b>Total</b>	<b>Change %</b>
Continuing businesses	11.4	(50.1)	(38.7)	4.0	18.3	22.3	n/m
Disposed major businesses	19.6	234.0	253.6	38.1	-	38.1	565.6
Total PBT	31.0	183.9	214.9	42.1	18.3	60.4	255.8

Performance lifted by higher demand, particularly in fourth quarter with respect to disk drive component manufacturing subsidiary.

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

On 6 November 2002, the Company issued a Revised Statement of Prospects for the NSL Group. It was stated that the Group's continuing businesses registered a pre-tax profit of \$16.1 million for the six months ending 30 Jun 2002, before exceptional items. Barring unforeseen circumstances, it was expected that this performance can be maintained for the second half of 2002. The actual pre-tax profit for the six months ended 31 Dec 2002 was \$25.9 mil. This performance exceeded first half actual by \$9.8 mil. This increase was due to significantly stronger fourth quarter performance of the Group's 22.37% Thai petrochemical associate in the Industrial Division which benefitted from higher product prices arising mainly from crude oil price increases. The Electronics Division also enjoyed stronger than expected fourth quarter demand from a subsidiary engaged in supplying components to the disk drive industry. Otherwise, the actual announced results are in line with the Revised Statement of Prospects.

**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**

**(a) Competitive conditions of the industry**

The Group's Steel and Construction Products businesses mainly serve the construction industry in Singapore and the regional countries.

The Building and Construction Authority has forecast Singapore construction demand in 2003 to decline by 15.2% to \$12.0 billion in 2003. Construction demand in the regional countries of Malaysia & Thailand are showing some early signs of recovery from the low levels experienced in the last few years. The China market is expected to maintain a moderate growth rate.

**Steel Division**

While international steel prices for long products have been on the uptrend since mid-2002, the prices of scrap and other intermediate steel products which the Group rely on for its production inputs have also kept pace. Energy costs have been on the rise. The competitive environment in Singapore is also expected to increase over time with the removal of anti-dumping duties against steel imports from Malaysia and Turkey in January 2003. The above factors are expected to adversely affect Singapore Steel earnings. Contributions from its overseas mills are however expected to improve. Overall, earnings of the Steel Division in 2003 are expected to be lower than of 2002.

**Industrial Division**

Earnings of the Industrial Division are expected to be lower. The Construction Products group is expected to incur losses. This is due to lower profitability for its mortar business in Hong Kong where higher product demand experienced in 2002 is expected to be weaker, and lower orderbook for its unit bathroom business in Finland. On the other hand, the precast operation in Singapore is expected to do better given better plant loading from secured projects. The Chemicals group is expected to maintain its 2002 performance on the back of continued strong performance of BST. The performance of BST can however be volatile as it is vulnerable to a fluctuating baht and world prices for its petrochemical products, which are crude oil price-linked.

**Electronics Division**

Subject to customers' demand, the performance of BJ in 2003 is expected to be comparable to that for 2002.

**The Group**

The Group's businesses can be adversely affected by continued high oil prices and any adverse economic consequences arising from a possible Iraq war. Barring these and other unforeseen circumstances, the Group's overall pre-tax performance for 2003 could be maintained at 2002 level. However, profit after tax and exceptional items is expected to be lower due to non-recurring gains from disposal of NatSteel Broadway & Brasil.

**(b) Known factors or events that may significantly affect the group in the next reporting period and next 12 months**

- (i) On 10 January 2003, 98 Holdings Pte Ltd (“98 Holdings”), a company incorporated in Singapore acquired a controlling interest in the shareholding of NatSteel Ltd. Subsequent to the change in controlling shareholders, 98 Holdings became the immediate and ultimate holding company of NatSteel Ltd.
- (ii) Further to the Company’s announcement of 6 November 2002, NatSteel Trade International Pte Ltd (“NST”), Tycoons Worldwide Group (Thailand) Co., Ltd (“TWG”) and Tycoons Group Enterprise Co., Ltd (“TGE”) had on 23 January 2003 resolved the dispute amicably pursuant to settlement agreement dated 23 January 2003 (“Agreement”). The main terms of the Agreement are:
- (a) Both TWG and TGE undertake jointly and severally to pay the sum of USD 7,909,000 (“Settlement Sum”) in 36 monthly instalments with effect from 14 February 2003.
- (b) Interest rate at 2% per annum above SIBOR.

The Agreement was filed with the Taiwan Kaoshiung District Court, 5th Civil Chamber on 19th February 2003.

**11. Dividend**

***(a) Current Financial Period Reported On***

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Rate	110% per ordinary share
Par value of shares	S\$0.50
Tax Rate	-

The Company has opted to move to the one-tier corporate tax system for purposes of paying dividends with effect from 11 March 2003.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Rate	6% per ordinary share
Par value of shares	S\$0.50
Tax Rate	22.0%

**(c) Date payable**

Subject to the requisite approvals from shareholders at an extraordinary general meeting of the Company ("EGM") to be held after the conclusion of the forthcoming annual general meeting of the Company to be held on 28 May 2003, it is anticipated that the said final dividend will be paid on or about 30 June 2003 or such other date to be determined by the Directors.

**(d) Books closure date**

To be announced after the said EGM on 28 May 2003.

**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**

2002	Steel	Industrial	Electronics	Properties & Investments	Eliminations	Total Group
	2002 S\$'000	2002 S\$'000	2002 S\$'000	2002 S\$'000	2002 S\$'000	2002 S\$'000
<b>REVENUE</b>						
External sales	1,224,617	243,315	257,424	13,547	-	1,738,903
Inter-segment sales	655,136	30,079	-	26	(685,241)	-
Total revenue	1,879,753	273,394	257,424	13,573	(685,241)	1,738,903
<b>RESULT</b>						
Segment operating results	28,780	11,929	28,681	580		69,970
Unallocated corporate expenses						(7,064)
Profit from operations						62,906
Investment and interest income						7,753
Finance costs						(12,142)
Share of results of associated companies	4,230	661	1,124	(3,340)		2,675
Exceptional Items	50,172	(2,245)	183,842	(82,733)		149,036
Profit before taxation						210,228
Taxation						(12,175)
Minority interests						(14,517)
Net profit for the year						183,536
<b>OTHER INFORMATION</b>						
Segment assets	611,970	209,839	42,221	46,003		910,033
Investment in equity method associated companies	32,646	33,719	-	25,858		92,223
Unallocated corporate assets						813,113
						1,815,369
Segment liabilities	(137,490)	(59,966)	(8,414)	(15,185)		(221,055)
Unallocated corporate liabilities						(377,095)
						(598,150)
						1,217,219
Capital expenditure	16,263	12,887	13,341	114		42,605
Depreciation	(26,417)	(17,428)	(19,034)	(2,171)		(65,050)
Amortisation	(4,251)	(1,197)	-	700		(4,748)

2001	Steel	Industrial	Electronics	Properties & Investments	Eliminations	Total Group
	2001 S\$'000	2001 S\$'000	2001 S\$'000	2001 S\$'000	2001 S\$'000	2001 S\$'000
<b>REVENUE</b>						
External sales	877,751	298,882	393,777	14,985	-	1,585,395
Inter-segment sales	447,341	32,692	-	23	(480,056)	-
Total revenue	1,325,092	331,574	393,777	15,008	(480,056)	1,585,395
<b>RESULT</b>						
Segment operating results	(28,815)	11,347	35,290	(2,772)		15,050
Unallocated corporate expenses						(8,035)
Profit from operations						7,015
Investment and interest income						28,869
Finance costs						(22,082)
Share of results of associated companies	1,194	(5,560)	5,259	16,480		17,373
Exceptional Items	(125,677)	(21,320)	18,279	(20,539)		(149,257)
Loss before taxation						(118,082)
Taxation						21,502
Minority interests						(28,337)
Net loss for the year						(124,917)
<b>OTHER INFORMATION</b>						
Segment assets	577,253	234,797	310,045	104,600		1,226,695
Investment in equity method associated companies	225,374	43,673	29,942	54,354		353,343
Unallocated corporate assets						276,974
						1,857,012
Segment liabilities	(99,946)	(70,544)	(98,448)	(25,849)		(294,787)
Unallocated corporate liabilities						(486,754)
						(781,541)
						1,075,471
Capital expenditure	28,583	9,803	36,671	807		75,864
Depreciation	(33,169)	(20,687)	(32,763)	(2,281)		(88,900)
Amortisation	(10)	751	-	548		1,289

**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**

	<b>2002</b>	<b>Group</b>	<b>Change</b>	<b>2002</b>	<b>Company</b>	<b>Change</b>
	<b>S\$'000</b>	<b>2001</b>	<b>%</b>	<b>S\$'000</b>	<b>2001</b>	<b>%</b>
		<b>S\$'000</b>			<b>S\$'000</b>	
Sales reported for first half year	930,916	746,969	24.6	143,940	111,237	29.4
Operating profit after tax before deducting minority interests reported for first half year	34,132*	(128,661)	n/m	(1,587)	(94,970)	(98.3)
Sales reported for second half year	807,987	838,426	(3.6)	181,695	180,598	0.6
Operating profit after tax before deducting minority interests reported for second half year	163,921	32,081	411.0	63,630	(72,702)	n/m

\* In the Company's half year results announced on 5 August 2002, it was mentioned that deferred tax assets of S\$2.5 mil arising from the adoption of SAS 12 (2001) were credited to the 2002 half year profit and loss account. For the full year results, the change in tax accounting policy was applied retrospectively. Accordingly, the S\$2.5 mil tax credit recognised in the 2002 half year profit and loss account was reversed and the full impact of adoption of SAS 12 (2001) on the financials of 2002/2001 is summarised in paragraph 5 above.

**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*)

	<b>Latest Full Year (2002)</b>	<b>Previous Full Year (2001)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary	205,457	8,520
Preference	-	-
Total:	205,457	8,520

**BY ORDER OF THE BOARD**

LIM Su-Ling  
Company Secretary  
16 March 2003

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 Group may include, without limitation, political economic and social conditions in the countries where the NatSteel Group, its customers or its suppliers operate; armed conflict or the effects of terrorist activities or war 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; 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 Group, 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 Group; risk of unanticipated increased costs of power, oil, fuel, crude oil or utilities to operate its various plants; continued ability of NatSteel 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 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; 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.