

# 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

THE GROUP						
Notes	4Q 2003 S\$'000	4Q 2002 S\$'000	Change %	FY 2003 S\$'000	FY 2002 S\$'000	Change %
<b>Sales</b>	<b>443,885</b>	<b>431,538</b>	<b>3%</b>	<b>1,717,735</b>	<b>1,738,903</b>	<b>(1%)</b>
Cost of sales	(403,778)	(391,661)		(1,567,709)	(1,551,734)	
<b>Gross profit</b>	<b>40,107</b>	<b>39,877</b>	<b>1%</b>	<b>150,026</b>	<b>187,169</b>	<b>(20%)</b>
Other operating income	7,510	2,221		18,046	18,399	
Distribution costs	(7,434)	(6,310)		(29,634)	(29,992)	
Administrative expenses	(19,775)	(18,168)		(74,254)	(85,637)	
Other operating expenses	(7,383)	(11,351)		(19,370)	(27,033)	
<b>Profit from operations</b>	<b>13,025</b>	<b>6,269</b>		<b>44,814</b>	<b>62,906</b>	
Investment income	2,344	960		4,639	1,214	
Interest income	1,680	2,441		8,662	6,539	
Finance costs	(1,525)	(2,343)		(7,753)	(12,142)	
Share of results of associated companies	10,290	2,667		37,820	2,675	
<b>Profit before taxation and exceptional items</b>	<b>25,814</b>	<b>9,994</b>	<b>158%</b>	<b>88,182</b>	<b>61,192</b>	<b>44%</b>
Exceptional items	(7,578)	(142,481)		8,789	149,036	
<b>Profit/(loss) before taxation</b>	<b>18,236</b>	<b>(132,487)</b>	<b>n/m</b>	<b>96,971</b>	<b>210,228</b>	<b>(54%)</b>
Taxation	3,879	(10,982)		(10,655)	(12,175)	
<b>Profit/(loss) after taxation</b>	<b>22,115</b>	<b>(143,469)</b>		<b>86,316</b>	<b>198,053</b>	
Minority interests	(1,071)	(930)		(6,122)	(14,517)	
<b>Net profit/(loss) for the period</b>	<b>21,044</b>	<b>(144,399)</b>	<b>n/m</b>	<b>80,194</b>	<b>183,536</b>	<b>(56%)</b>

n/m: not meaningful

## Comments on Income Statement

a) Inclusion of Natsteel Broadway's results in 2002

Included in the results for the twelve months ended 31 December 2002 are Natsteel Broadway's turnover and profit before tax of S\$195.1 mil and S\$19.6 mil respectively. Natsteel Broadway was disposed off in July 2002.

b) Finance costs

The lower finance costs in 2003 are mainly due to lower borrowings of the Group for the year ended 31 December 2003 as compared to the previous year.

c) Share of results of associated companies

The higher positive results from associated companies for the year ended 31 December 2003 are mainly attributable to stronger contributions from the Group's petrochemical associate in Thailand.

d) Taxation

The taxation charge on profit of the Group for the current financial year is lower than the amount that would arise by applying the Singapore statutory tax rate. This is mainly due to the recognition of tax credit arising from the availability of prior years' unutilised tax losses and capital allowances following the exemption granted by the tax authority to the Group to comply with the substantial shareholders' test.

**Note 1** – Profit from operations is arrived at after

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

Amortisation of intangible assets

Depreciation of property, plant and equipment

Property, plant and equipment written off

Net foreign exchange gain / (loss)

Net write back / (provision) made for

- stock obsolescence

- doubtful debts

Net (loss) / gain on sale of property, plant and equipment

Amortisation of deferred income

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

Net gain on disposal of investments

Net (provision) / write back made for diminution in value of investments

Gain on disposal of impaired property, plant and equipment

Write back of restructuring provisions

Compensation for early termination of lease

Waiver of loans by minority shareholders

Write off / impairment of property, plant and equipment

Impairment of goodwill of subsidiary/associated companies previously adjusted to retained earnings

Restructuring and other rationalisation costs

Expenses relating to general offer and management buy-out

Others

Net (loss)/gain

	<b>THE GROUP</b>			
	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>FY 2003</b>	<b>FY 2002</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
	(1,658)	(4,313)	(7,002)	(5,879)
	(10,556)	(11,875)	(45,478)	(65,050)
	(259)	(624)	(1,694)	(688)
	1,906	(570)	4,441	(9,536)
	(1,859)	(152)	(1,941)	1,593
	(2,929)	(1,781)	(7,351)	(6,102)
	(87)	(375)	1,240	269
	161	284	855	1,131
	7,690	530	13,304	296,470
	(3,617)	(10,329)	6,547	(14,579)
	-	2,156	214	3,339
	-	408	-	4,908
	-	-	-	8,690
	2,846	-	2,846	-
	(5,926)	(54,244)	(5,926)	(66,471)
	(7,147)	(67,262)	(7,147)	(67,262)
	(210)	(3,472)	(299)	(3,872)
	-	(12,410)	467	(12,410)
	(1,214)	2,142	(1,217)	223
	(7,578)	(142,481)	8,789	149,036

**1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year**

	THE GROUP		THE COMPANY	
	31.12.03 \$'000	31.12.02 \$'000	31.12.03 \$'000	31.12.02 \$'000
Share Capital	186,779	186,779	186,779	186,779
Share Premium	6,881	6,881	6,881	6,881
Reserves	689,023	973,581	624,633	633,800
Shareholders' Funds	882,683	1,167,241	818,293	827,460
Deferred Income	13,089	11,757	-	-
Minority Interests	28,014	38,221	-	-
	<u>923,786</u>	<u>1,217,219</u>	<u>818,293</u>	<u>827,460</u>
<b>Current Assets</b>				
Stocks	166,817	140,859	56,020	51,397
Receivables and prepayments	337,768	354,329	187,551	207,221
Cash and bank balances	356,553	741,331	265,447	313,737
	861,138	1,236,519	509,018	572,355
<b>Non Current Assets</b>				
Property, plant and equipment	332,248	373,553	80,754	90,170
Investment properties	12,538	14,670	-	-
Subsidiary companies	-	-	219,793	246,105
Associated companies	93,877	92,223	56,831	58,994
Long term investments	59,986	48,495	17,816	17,917
Long term receivables	14,203	19,958	916	1,158
Intangible assets	19,075	23,307	-	-
Deferred tax assets	7,788	6,644	-	-
	539,715	578,850	376,110	414,344
<b>Total Assets</b>	<u>1,400,853</u>	<u>1,815,369</u>	<u>885,128</u>	<u>986,699</u>
<b>Current Liabilities</b>				
Amounts due to bankers	(157,842)	(263,448)	(4,156)	(56,526)
Trade and other payables	(203,715)	(221,055)	(42,410)	(77,226)
Taxation	(13,853)	(19,427)	(1,312)	(3,529)
	(375,410)	(503,930)	(47,878)	(137,281)
<b>Non Current Liabilities</b>				
Provision for retirement benefits	(5,993)	(5,490)	(5,255)	(5,124)
Deferred tax liabilities	(31,154)	(28,363)	(13,702)	(16,834)
Other unsecured notes	(27,706)	(27,721)	-	-
Long term loans	(32,857)	(22,046)	-	-
Other non current liabilities	(3,947)	(10,600)	-	-
	(101,657)	(94,220)	(18,957)	(21,958)
<b>Total Liabilities</b>	<u>(477,067)</u>	<u>(598,150)</u>	<u>(66,835)</u>	<u>(159,239)</u>
	<u>923,786</u>	<u>1,217,219</u>	<u>818,293</u>	<u>827,460</u>

### Comments on Balance sheet

The decrease in the Group's shareholders funds from 31 December 2002 to 31 December 2003 was mainly due to the payment in 2003 of dividends totalling S\$1 per share. The dividend payments reduced the Company's revenue reserve and cash and bank balances by S\$373.6 mil.

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

#### **Amount repayable in one year or less, or on demand**

<b>As at 31 December 2003</b>		<b>As at 31 December 2002</b>	
<b>SECURED</b>	<b>UNSECURED</b>	<b>SECURED</b>	<b>UNSECURED</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
48,187	109,893	72,281	191,893

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

<b>As at 31 December 2003</b>		<b>As at 31 December 2002</b>	
<b>SECURED</b>	<b>UNSECURED</b>	<b>SECURED</b>	<b>UNSECURED</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
32,738	27,948	19,156	30,834

#### **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\$110,081,000 (2002: S\$122,438,000) 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>4Q 2003 S\$'000</b>	<b>4Q 2002 S\$'000</b>	<b>FY 2003 S\$'000</b>	<b>FY 2002 S\$'000</b>
<b>Cash flow from operating activities</b>				
Profit / (loss) before taxation	18,236	(132,487)	96,971	210,228
Non-cash and reclassified items	10,122	151,975	5,528	(75,695)
Working capital changes	(20,473)	236,573	(16,719)	(23,882)
Income taxes paid	(1,677)	(865)	(12,716)	(8,404)
Payment of expenses relating to general offer/management buy-out	-	(3,817)	(8,127)	(3,817)
Dividend received from associated companies	33	1,533	28,017	1,533
Other operating cash flow	(744)	(5,433)	(1,513)	(5,843)
<b>Net cash generated from operating activities</b>	<b>5,497</b>	<b>247,479</b>	<b>91,441</b>	<b>94,120</b>
<b>Cash flow from investing activities</b>				
Proceeds from sale of property, plant and equipment	2,026	4,051	8,137	11,176
Proceeds from sale of long term investments/investment properties	8,258	379	13,056	3,578
Proceeds from sale of associated companies	40,396	(100)	40,396	270,225
Net cash flow from sale of subsidiary companies	2,976	156	1,004	304,815
Acquisition of additional interest in subsidiary companies	(2,052)	-	(15,059)	(7,346)
Acquisition of new subsidiary company	-	(15,734)	-	(26,214)
Investment in associated companies	-	(2,458)	(17,662)	(2,458)
Purchase of property, plant and equipment	(6,038)	(7,900)	(15,468)	(45,558)
Purchase of long term investments and investment properties	(2,039)	(979)	(3,213)	(2,790)
Interest received	1,941	3,287	7,376	6,718
Capital reduction of associated company	-	-	-	10,563
Decrease / (increase) in amount due from associated companies	2,321	(6,672)	(12,265)	(4,640)
Compensation from early termination of lease	-	-	-	8,690
<b>Net cash generated from / (used in) investing activities</b>	<b>47,789</b>	<b>(25,970)</b>	<b>6,302</b>	<b>526,759</b>
<b>Cash flow from financing activities</b>				
Proceeds from issue of shares	-	9,062	-	12,219
Capital contribution by minority interest in subsidiary companies	-	-	-	1,024
(Decrease) / increase in amounts due to bankers	(3,125)	16,406	(94,003)	(37,126)
Interest paid	(1,318)	(2,593)	(8,148)	(13,126)
Dividends paid	-	-	(373,558)	(8,520)
Dividends and other distributions paid to minority interests	(491)	(966)	(3,231)	(34,087)
Other financing cash flow	(4,029)	7,427	(2,789)	8,565
<b>Net cash (used in) / generated from financing activities</b>	<b>(8,963)</b>	<b>29,336</b>	<b>(481,729)</b>	<b>(71,051)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>44,323</b>	<b>250,845</b>	<b>(383,986)</b>	<b>549,828</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>310,162</b>	<b>487,626</b>	<b>738,471</b>	<b>188,643</b>
<b>Cash and cash equivalents at end of period*</b>	<b>354,485</b>	<b>738,471</b>	<b>354,485</b>	<b>738,471</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 period were as follows:

	<b>THE GROUP</b>			
	<b>4Q 2003 S\$'000</b>	<b>4Q 2002 S\$'000</b>	<b>FY 2003 S\$'000</b>	<b>FY 2002 S\$'000</b>
Property, plant and equipment	-	-	-	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
	-	-	-	7,676
Minority interests	-	-	-	(2,227)
	-	-	-	5,449
Goodwill on consolidation	-	15,734	-	21,148
Cost of shares purchased	-	15,734	-	26,597
Bank balances of the subsidiary company acquired	-	-	-	(383)
Net cash outflow on acquisition	-	15,734	-	26,214

**Disposal of subsidiary companies**

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

	<b>THE GROUP</b>			
	<b>4Q 2003 S\$'000</b>	<b>4Q 2002 S\$'000</b>	<b>FY 2003 S\$'000</b>	<b>FY 2002 S\$'000</b>
Property, plant and equipment	-	984	143	134,227
Associated companies	-	209	-	24,006
Long term investments	-	-	144	793
Stocks	-	211	147	37,396
Debtors	-	710	8,004	104,037
Cash and bank balances	-	416	1,972	31,235
Amount due to bankers	-	(28)	-	(48,222)
Creditors	-	(445)	(3,108)	(67,619)
Long term loans	-	(342)	-	(342)
Taxation	-	(30)	-	(4,355)
Provision for retirement benefits	-	-	-	(441)
Deferred taxation	-	-	-	(4,003)
	-	1,685	7,302	206,712
Minority interests	-	(1,058)	(1,029)	(105,788)
Attributable net assets disposed	-	627	6,273	100,924
Goodwill released upon disposal of subsidiary companies	-	(11)	1,314	1,241
Net (loss) / gain on disposal of subsidiary companies	(24)	(44)	(1,637)	233,885
Total consideration	(24)	572	5,950	336,050
Consideration receivable at end of period	3,000	-	(2,974)	-
Bank balances of the subsidiary companies disposed	-	(416)	(1,972)	(31,235)
Net cash flow on disposal of subsidiary companies	2,976	156	1,004	304,815

**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 2003</b>	186,779	6,881	933,491	15,666	3,115	21,309	1,167,241
Exchange differences arising on consolidation	-	-	(706)	-	-	-	(706)
Impairment of goodwill of associated companies previously adjusted to retained earnings	-	-	7,147	-	-	-	7,147
Goodwill and exchange differences released upon disposal of interest in subsidiary and associated companies	-	-	2,365	-	-	-	2,365
Net gain not recognised in the income statement	-	-	8,806	-	-	-	8,806
Net profit for the year	-	-	80,194	-	-	-	80,194
Total recognised gains for the year	-	-	89,000	-	-	-	89,000
Transfer to other reserves	-	-	(1,318)	-	-	1,318	-
Dividend paid	-	-	(373,558)	-	-	-	(373,558)
<b>Balance as at 31 Dec 2003</b>	<b>186,779</b>	<b>6,881</b>	<b>647,615</b>	<b>15,666</b>	<b>3,115</b>	<b>22,627</b>	<b>882,683</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 2002</b>							
As previously reported	181,441	-	698,511	15,666	6,242	20,144	922,004
Effect of adopting SAS 12 (2001)	-	-	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)
Goodwill and exchange differences released upon disposal of interest in associated companies	-	-	4,473	-	-	-	4,473
Impairment of goodwill of subsidiary and associated companies previously adjusted to retained earnings	-	-	67,262	-	-	-	67,262
Transferred upon disposal of interest in subsidiary company	-	-	2,567	-	(2,567)	-	-
Net gain / (loss) not recognised in the income statement	-	-	58,341	-	(2,567)	-	55,774
Net profit for the year	-	-	183,536	-	-	-	183,536
Total recognised gains / (losses) for the year	-	-	241,877	-	(2,567)	-	239,310
Transfer to other reserves	-	-	(1,165)	-	-	1,165	-
Issue of share capital	5,338	6,881	-	-	-	-	12,219
Dividend paid	-	-	(8,520)	-	-	-	(8,520)
<b>Balance as at 31 Dec 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>

THE COMPANY	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Capital Reserve S\$'000	Revaluation Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
<b>Balance as at 1 January 2003</b>	186,779	6,881	620,334	-	-	13,466	827,460
Net gain and total recognised gain for the year	-	-	364,391	-	-	-	364,391
Dividend paid	-	-	(373,558)	-	-	-	(373,558)
<b>Balance as at 31 Dec 2003</b>	<b>186,779</b>	<b>6,881</b>	<b>611,167</b>	<b>-</b>	<b>-</b>	<b>13,466</b>	<b>818,293</b>
<b>Balance as at 1 January 2002</b>	181,441	-	566,811	-	-	13,466	761,718
Net gain and total recognised gain for the year	-	-	62,043	-	-	-	62,043
Issue of share capital	5,338	6,881	-	-	-	-	12,219
Dividend paid	-	-	(8,520)	-	-	-	(8,520)
<b>Balance as at 31 Dec 2002</b>	<b>186,779</b>	<b>6,881</b>	<b>620,334</b>	<b>-</b>	<b>-</b>	<b>13,466</b>	<b>827,460</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**

There have been no changes to the issued share capital of the Company since 31 December 2002.

There were no outstanding options as at 31 December 2003.

**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 nor reviewed by the Group's 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2002.

**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**

Not applicable.

**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>THE GROUP</b>	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>FY 2003</b>	<b>FY 2002</b>
(a) Based on the weighted average number of ordinary shares in issue (cents)				
- Excluding exceptional items	7.66	(0.52)	19.11	9.47
- Including exceptional items	5.63	(39.07)	21.47	50.39
(b) On fully diluted basis (cents)				
- Excluding exceptional items	n/a	n/a	n/a	n/a
- Including exceptional items	n/a	n/a	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>31.12.03</b>	<b>31.12.02</b>	<b>31.12.03</b>	<b>31.12.02</b>
Net asset* value per ordinary share (S\$)	2.36	3.12	2.19	2.22

\* 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

	4Q 2003 S\$'000	4Q 2002 S\$'000	%	FY 2003 S\$'000	FY 2002 S\$'000	%
<b>Group Turnover</b>	443,885	431,538	3%	1,717,735	1,738,903	(1%)
<b>Group Profit Before Tax (excluding exceptional items)</b>	25,814	9,994	158%	88,182	61,192	44%
<b>Exceptional Items</b>	(7,578)	(142,481)	(95%)	8,789	149,036	(94%)
<b>Group Net Profit for the period</b>	21,044	(144,399)	n/m	80,194	183,536	(56%)
<b>Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)</b>	37,712	25,800	46%	138,898	136,593	2%

The Group recorded a profit before tax (excluding exceptional items) of \$25.8 mil in the 4<sup>th</sup> quarter. This represented a 158% or \$15.8 mil increase in earnings as compared to the same period last year. The Steel division which benefited from firm underlying demand in its overseas markets and better margins from escalating international steel prices in 2H 2003 contributed largely to this strong performance.

For FY 2003, profit before tax (excluding exceptional items) increased 44% or \$27.0 mil to \$88.2 mil. The Group's overseas steel businesses and its petrochemical associate in Thailand were the main engines of profit growth this year.

Profits after tax and exceptional items for 4<sup>th</sup> quarter 2003 and FY 2003 were \$21.0 mil and \$80.2 mil respectively. The exceptional items for the 4<sup>th</sup> quarter 2002 of \$142.5 mil comprised mainly a fixed asset impairment charge of \$54.2 mil and \$67.3 mil for impairment of goodwill of subsidiary and associated companies that were previously adjusted to retained earnings. However, the exceptional one-off gains from the disposal of NatSteel Broadway and NatSteel Brasil of \$291.8 mil resulted in the net exceptional gain of \$149.0 mil for FY 2002. In 2003, there are no such significant exceptional items.

## Steel Division

### Turnover

(\$ million)	4Q 2003	4Q 2002	Change	FY2003	FY2002	Change
Total turnover	379.5	354.6	7%	1,416.7	1,224.6	16%

## Steel Division (cont'd)

### Attributable Profit before Tax (PBT)

<b>Total Steel</b>						
<b>PBT (\$ mil)</b>	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>Change</b>
<b>Operating PBT</b>						
- Sing Steel	3.0	(2.1)	n/m	8.2	6.6	24%
- Overseas	12.4	2.5	396%	38.6	18.9	104%
	15.4	0.4	n/m	46.8	25.5	84%
<b>Exceptional items</b>						
- Sing Steel	(10.3)	(15.0)	(31%)	(7.3)	(7.7)	(5%)
- Overseas	(4.4)	1.4	n/m	(4.4)	57.9	n/m
	(14.7)	(13.6)	8%	(11.7)	50.2	n/m
<b>Total</b>						
- Sing Steel	(7.3)	(17.1)	(57%)	0.9	(1.1)	n/m
- Overseas	8.0	3.9	105%	34.2	76.8	(55%)
	0.7	(13.2)	n/m	35.1	75.7	(54%)

Trading of 3<sup>rd</sup> party products and rising steel prices contributed to the 16% higher turnover for the Steel division.

The Steel division's operating profit increased 84% to \$46.8 mil in 2003. The Group's overseas steel businesses contributed 82% of this division's earnings. All major overseas operations, particularly those in China performed better. Singapore construction demand continues to shrink and the profits of the Singapore operations came mainly from higher contribution from NatSteel Trade, net forex translation gains and higher investment and interest income.

## Industrial Division

### Turnover

<b>(\$ million)</b>						
	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>Change</b>
Total turnover	53.8	56.5	(5%)	249.4	243.3	3%

## Industrial Division (cont'd)

### Attributable Profit before Tax (PBT)

<b>Total Industrial</b>						
<b>PBT (\$ mil)</b>	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>Change</b>
<b>Operating PBT</b>						
- Construction	1.5	0.5	200%	10.1	2.2	359%
- Chemicals	7.4	8.7	(15%)	30.1	10.2	195%
- Engineering	0.8	(1.7)	n/m	1.1	(3.9)	n/m
	9.7	7.5	29%	41.3	8.5	386%
<b>Exceptional items</b>						
- Construction	1.0	(0.8)	n/m	0.7	1.5	(53%)
- Chemicals	2.9	(3.5)	n/m	2.9	(3.7)	n/m
- Engineering	(0.9)	-	n/m	(1.0)	-	n/m
	3.0	(4.3)	n/m	2.6	(2.2)	n/m
<b>Total</b>						
- Construction	2.5	(0.3)	n/m	10.8	3.7	192%
- Chemicals	10.3	5.2	98%	33.0	6.5	408%
- Engineering	(0.1)	(1.7)	(94%)	0.1	(3.9)	n/m
	12.7	3.2	297%	43.9	6.3	597%

Bangkok Synthetics (“BST”), the Group’s Thai petrochemical associate contributed 56% or \$23 mil of the Industrial division’s earnings of \$41.3 mil. Lime and other Chemicals related businesses also performed better in 2003. The Construction group’s Singapore precast business completed a major contract in 2003 while the Engineering group increased its spreader crane deliveries by 55%.

## Electronics, Properties and Investments

### Turnover

<b>(\$ million)</b>						
	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>Change</b>
Total turnover	10.5	20.4	(49%)	51.6	271.0	(81%)

### Attributable Profit before Tax (PBT)

<b>Electronics, Properties and Investments</b>						
<b>PBT (\$ mil)</b>	<b>4Q 2003</b>	<b>4Q 2002</b>	<b>Change</b>	<b>FY 2003</b>	<b>FY 2002</b>	<b>Change</b>
<b>Operating PBT</b>	0.7	2.1	(67%)	0.1	27.2	(99%)
<b>Exceptional items</b>	4.1	(124.5)	n/m	17.8	101.1	(82%)
<b>Total</b>	4.8	(122.4)	n/m	17.9	128.3	(86%)

BJ’s performance in 2003 was affected by substantially lower orders from its principal customer. FY 2002 operating profit of \$27.2 mil included \$19.6 mil of earnings of NatSteel Broadway, which was disposed in July 2002.

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

The FY 2003 results as announced are broadly in line with the prospects statement made in connection with 3Qtr 2003 results announcement.

**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. Singapore construction demand for 2004 is expected to remain at a low level. Strong construction growth in Thailand and China are expected to continue although there are risks of overheating.

International steel prices have increased significantly on the combination of cost-push and demand pull factors. In the near term, long steel product prices are likely to remain high but may be subject to volatility.

**Steel Division**

Overseas Steel, especially the China operations is expected to perform well for 2004 due to higher selling prices and improved margins. For Singsteel, weaker demand, lower prices from older contracts, higher costs of imported feed combine to moderate gains from recent steel price increases. Overall, the Steel division is expected to improve on its 2003 performance.

**Industrial Division**

The performance of this division to a large extent is driven by the contribution from BST, the Group's petrochemical associate. BST's own forecast is for lower performance due to softening prices and reduced margins. Earnings from the Construction Products group is expected to be lower due to weaker order book and intense price competition for its precast and mortars businesses. The Engineering businesses expect to improve on their 2003 performance.

**Properties & Investments**

The Group continues to look for divestment opportunities for its non-core assets. Going forward, Electronics is not expected to be a significant contributor to the Group's performance.

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

None.

**11. Dividend**

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

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

Name of Dividend	Final	Interim*
Dividend Type	Cash	Cash
Dividend amount per share	S\$0.08	S\$0.45
Dividend Rate	16% per ordinary share	90% per ordinary share
Par value of shares	S\$0.50	S\$0.50
Tax Rate	-	-

\* Interim dividend of S\$0.45 per share was paid earlier on 16 April 2003.

**(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	First & Final
Dividend Type	Cash
Dividend amount per share	S\$0.55
Dividend Rate	110% per ordinary share
Par value of shares	S\$0.50
Tax Rate	-

**(c) Date payable**

Subject to the requisite approvals from shareholders at the annual general meeting of the Company ("AGM") to be held on or about 27 April 2004, it is anticipated that the said final dividend will be paid on or about 28 May 2004 or such other date to be determined by the Directors.

**(d) Books closure date**

To be announced after the said AGM on or about 27 April 2004.

**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**

Year 2003	Steel 2003 SS'000	Industrial 2003 SS'000	Electronics, Properties & Investments 2003 SS'000	Eliminations 2003 SS'000	Total Group 2003 SS'000
<b>REVENUE</b>					
External sales	1,416,728	249,388	51,619	-	1,717,735
Inter-segment sales	763,775	32,199	16	(795,990)	-
Total revenue	<u>2,180,503</u>	<u>281,587</u>	<u>51,635</u>	<u>(795,990)</u>	<u>1,717,735</u>
<b>RESULT</b>					
Segment operating results	35,929	19,178	(1,208)		53,899
Unallocated corporate expenses					(9,085)
Profit from operations					<u>44,814</u>
Investment and interest income					13,301
Finance costs					(7,753)
Share of results of associated companies	13,607	24,681	(468)		37,820
Exceptional Items	(11,681)	2,629	17,841		8,789
Profit before taxation					<u>96,971</u>
Taxation					(10,655)
Minority interests					(6,122)
Net profit for the year					<u>80,194</u>
<b>OTHER INFORMATION</b>					
Segment assets	611,038	184,061	70,175		865,274
Investment in equity method associated companies	50,525	41,790	1,562		93,877
Unallocated corporate assets					<u>441,702</u>
					<u>1,400,853</u>
Segment liabilities	(130,062)	(55,285)	(18,368)		(203,715)
Unallocated corporate liabilities					(273,352)
					<u>(477,067)</u>
					<u>923,786</u>
Capital expenditure	7,359	6,426	1,683		15,468
Depreciation	(25,483)	(15,610)	(4,385)		(45,478)
Amortisation	(4,993)	(1,829)	675		(6,147)
Impairment charge / write off	(5,926)	-	-		(5,926)

Year 2002	Steel 2002 S\$'000	Industrial 2002 S\$'000	Electronics, Properties & Investments 2002 S\$'000	Eliminations 2002 S\$'000	Total Group 2002 S\$'000
<b>REVENUE</b>					
External sales	1,224,617	243,315	270,971	-	1,738,903
Inter-segment sales	655,136	30,079	26	(685,241)	-
Total revenue	1,879,753	273,394	270,997	(685,241)	1,738,903
<b>RESULT</b>					
Segment operating results	28,780	11,929	29,261		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	(2,216)		2,675
Exceptional Items	50,172	(2,245)	101,109		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	88,224		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)	(23,599)		(221,055)
Unallocated corporate liabilities					(377,095)
					(598,150)
					1,217,219
Capital expenditure	16,263	12,887	13,455		42,605
Depreciation	(26,417)	(17,428)	(21,205)		(65,050)
Amortisation	(4,251)	(1,197)	700		(4,748)
Impairment charge / write off	(8,260)	(3,210)	(56,082)		(67,552)

**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>2003</b>	<b>Group</b>	<b>Change</b>
	<b>S\$'000</b>	<b>2002</b>	<b>%</b>
		<b>S\$'000</b>	
Sales reported for first half year	852,416	930,916	(8.4)
Operating profit after tax before deducting minority interests reported for first half year	32,134	34,132	(5.9)
Sales reported for second half year	865,319	807,987	7.1
Operating profit after tax before deducting minority interests reported for second half year	54,182	163,921	(67.0)

**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 (2003)</b>	<b>Previous Full Year (2002)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary	197,986	205,457
Preference	-	-
Total:	197,986	205,457

**BY ORDER OF THE BOARD**

LIM Su-Ling  
Company Secretary  
25 February 2004

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; SARS and its effects; bird flu and its effects; 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.