

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 2006	FY 2005	Change
	S\$'000	S\$'000	%
<u>CONTINUING OPERATIONS</u>			
Sales	319,786	303,614	5
Cost of sales	(266,066)	(244,309)	
Gross profit	53,720	59,305	(9)
Other income	7,402	6,578	
Distribution costs	(13,127)	(13,738)	
Administrative expenses	(34,928)	(34,429)	
Other expenses	(9,929)	(6,588)	
Profit before investment income, interest income and finance costs	3,138	11,128	(72)
Investment income	1,248	2,263	
Interest income	5,561	10,986	
Finance costs	(4,125)	(3,490)	
Share of results of associated companies after taxation	48,445	49,256	
Profit before taxation and exceptional items	54,267	70,143	(23)
Exceptional items	82,997	32,449	
Profit before taxation	137,264	102,592	34
Taxation	3,260	(4,657)	
Profit after taxation from continuing operations	140,524	97,935	43
<u>DISCONTINUED OPERATIONS</u>			
Loss from discontinued operations	(5,126)	(8,769)	
Loss on disposal of discontinued operations - Exceptional item	-	(12,190)	
Loss on remeasurement of disposal group - Exceptional item	-	(5,000)	
	(5,126)	(25,959)	
Total profit for the year	135,398	71,976	88
Attributable to :			
Equity holders of the Company	132,134	69,934	89
Minority interests	3,264	2,042	
	135,398	71,976	
Earnings / (loss) per ordinary share attributable to the equity holders of the Company			
- from Continuing operations – Basic and fully diluted	36.74 cents	26.24 cents	
- from Discontinued operations – Basic and fully diluted	(1.37) cents	(7.52) cents	

Comments on Income Statement

Continuing Operations

- a) Other expenses
The increase in other expenses in FY 2006 was due mainly to foreign exchange loss as a result of the weakening of the US\$ against S\$.
- b) Interest income
The lower interest income in FY2006 as compared to previous year was due mainly to lower cash balance following the payment of special dividends amounting to S\$623.8 mil in the second half of 2005 and S\$108.3 mil in the fourth quarter of 2006.
- c) Administrative expenses
77% of the administrative expenses for FY2006 was incurred by the subsidiaries of NATSTEEL Ltd.
- d) Taxation
The tax credit for FY2006 was due mainly to reversal of deferred tax liabilities no longer required.

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

	<u>THE GROUP</u>	
	FY 2006	FY 2005
	S\$'000	S\$'000
Amortisation of intangible assets	(476)	(433)
Depreciation of property, plant and equipment	(18,224)	(17,605)
Property, plant and equipment written off	(548)	(25)
Net foreign exchange (loss) / gain	(3,550)	60
Net reversal of write down / (write down) of inventories to net realisable value	30	(303)
Net (provision) / write back for impairment of trade receivables	(1,455)	1,087
Net gain on sale of property, plant and equipment	3,727	1,816
Amortisation of deferred income	842	1,804

Note 2 – Exceptional items comprise the following:

	<u>THE GROUP</u>	
	FY 2006	FY 2005
	S\$'000	S\$'000
Net gain on disposal of		
- associated companies	3,319	1,527
- investment properties and other investments	387	122
- available-for-sale financial assets	48,004	1,431
Gain on debt restructuring of a subsidiary	27,083	-
Loss on dilution of interest in a subsidiary	-	(505)
Recovery of investment in promissory note previously written off	-	33,331
Net write back of impairment of receivables from associated companies	810	889
Write back / (provision made) for impairment of associated company	45	(112)
Net write back of impairment for property, plant and equipment*	2,592	570
Net provision write back / (made) for impairment of investments and investment properties	209	(1,419)
Impairment of available-for-sale financial assets	(170)	(3,443)
Write back of provision for losses no longer required	597	-
Gain from transfer of land lease	961	67
Recovery of receivables of steel businesses	1,689	-
Loss on cessation of business of a subsidiary company	(1,735)	-
Others	(794)	(9)
Net gain	82,997	32,449

* The net write back of impairment for property, plant and equipment consists of write back of impairment of S\$9,921,000 for buildings and impairment charge of S\$7,329,000 for plant and machinery.

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 are presented separately on the balance sheet as disposal group held for sale and its results are presented separately on the income statement as "discontinued operations".

On 28 December 2006, the Company entered into a conditional sale and purchase agreement with Walsin Lihwa Corporation to divest its entire stake in NSL China Investments Pte Ltd, the immediate holding company of Wujin for US\$39.4 mil (S\$60.7 mil), subject to adjustments to take into account the net assets value of Wujin as at the date of completion. The completion of the divestment is subject to and conditional upon the approval of the Investment Commission under the Ministry of Economic Affairs of Taiwan, the Republic of China. Completion is expected to take place no later than 5 June 2007.

(b) During the financial year, the Group has ceased its precision machining business. All the remaining property, plant and equipment of the ceased operation have been identified for disposal and these assets are classified as assets held for sale as at 31 December 2006.

(c) An analysis of the results of discontinued operations (disposal group held for sale and steel businesses disposed in February 2005) is as follows:

	FY 2006	FY 2005
	S\$'000	S\$'000
Revenue	52,779	248,276
Net expenses	(57,788)	(257,960)
Loss before taxation of discontinued operations	(5,009)	(9,684)
Taxation	(117)	915
Loss after taxation from discontinued operations	(5,126)	(8,769)
Gain / (loss) on disposal of discontinued operations	-	(12,190)
Loss on remeasurement of disposal group	-	(5,000)

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

	FY 2006	FY 2005
	S\$'000	S\$'000
Net cash generated from / (used in):		
Operating activities	1,576	(34,075)
Investing activities	52	(369)
Financing activities	(6)	35,934
Total cash flows	1,622	1,490

(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:

	31.12.06	31.12.05
	S\$'000	S\$'000
Assets		
Property, plant and equipment	20,573	20,655
Deferred tax assets	542	687
Current assets	39,042	45,435
Total assets	60,157	66,777
Liabilities		
Trade and other payables	(760)	(2,991)
	59,397	63,786

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	
	31.12.06 S\$'000	31.12.05 S\$'000	31.12.06 S\$'000	31.12.05 S\$'000
Share Capital	193,839	186,779	193,839	186,779
Share Premium	-	6,881	-	6,881
Reserves	257,484	231,232	51,523	112,164
Shareholders' Equity	451,323	424,892	245,362	305,824
Minority Interests	29,243	26,477	-	-
Total Equity	480,566	451,369	245,362	305,824
Current Assets				
Inventories	50,611	49,236	-	-
Receivables and prepayments	79,860	76,773	89,888	111,931
Tax recoverable	12,639	8,505	11,128	6,725
Available-for-sale financial assets	-	9,586	-	3,000
Cash and bank balances	186,481	158,939	5,235	90,024
Derivative financial instruments	147	277	-	119
	329,738	303,316	106,251	211,799
Assets directly associated with the disposal group classified as held for sale & non-current assets held for sale	60,157	66,777	-	-
	389,895	370,093	106,251	211,799
Non Current Assets				
Property, plant and equipment	136,584	148,285	624	806
Investment properties	4,483	10,264	-	-
Subsidiaries	-	-	55,786	45,456
Associated companies	109,465	115,651	-	-
Available-for-sale financial assets	30,003	50,911	13,716	15,207
Long term receivables	9,359	8,797	109,038	86,370
Intangible assets	9,678	9,610	-	-
Deferred tax assets	1,415	2,505	-	-
Other non current assets	617	597	-	-
	301,604	346,620	179,164	147,839
Total Assets	691,499	716,713	285,415	359,638
Current Liabilities				
Amounts due to bankers	(49,442)	(71,737)	(20,600)	(37,000)
Trade and other payables	(79,072)	(76,221)	(9,412)	(8,321)
Provision for other liabilities and charges	(11,923)	(12,436)	-	-
Taxation	(14,763)	(8,103)	(8,916)	(1,479)
Derivative financial instruments	(2)	-	(2)	-
	(155,202)	(168,497)	(38,930)	(46,800)
Liabilities directly associated with the disposal group classified as held for sale	(760)	(2,991)	-	-
	(155,962)	(171,488)	(38,930)	(46,800)
Non Current Liabilities				
Provision for retirement benefits	(511)	(597)	(218)	(188)
Deferred tax liabilities	(15,025)	(25,614)	(905)	(6,826)
Unsecured notes	-	(12,206)	-	-
Long term bank loans	(31,997)	(28,300)	-	-
Deferred income	(6,538)	(22,303)	-	-
Other non current liabilities	(900)	(4,836)	-	-
	(54,971)	(93,856)	(1,123)	(7,014)
Total Liabilities	(210,933)	(265,344)	(40,053)	(53,814)
	480,566	451,369	245,362	305,824

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 2006		As at 31 December 2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,270	42,726	3,146	68,715

Amount repayable after one year

As at 31 December 2006		As at 31 December 2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
29,344	3,161	28,436	12,206

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\$57,445,000 (31 December 2005: S\$45,544,000) 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 2006	FY 2005
	S\$'000	S\$'000
Cash flows from operating activities		
Profit after tax for the year	135,398	71,976
Non-cash and reclassified items	(118,632)	(46,931)
Working capital changes	7,698	(42,262)
Income taxes paid	(4,303)	(8,055)
Dividends received from associated company	61,837	28,067
Other operating cash flow	-	(58)
Net cash generated from operating activities	81,998	2,737
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	11,748	2,212
Proceeds from sale / recovery of available-for-sale financial assets, investment properties and other non current assets	94,047	41,259
Proceeds from disposal of steel businesses, net of cash disposed of	-	412,021
Proceeds from disposal of associated companies	1,426	-
Purchases of property, plant and equipment	(17,913)	(29,369)
Purchases of available-for-sale financial assets	(2,510)	(3,035)
Acquisition of additional interest in subsidiary company	-	(3,663)
Acquisition of additional interest in associated company	(5,147)	-
Acquisition of new interest in associated company	(3,918)	-
Interest received	6,153	11,700
Amount due from associated companies	(2,613)	7,205
Net cash generated from investing activities	81,273	438,330
Cash flows from financing activities		
Net repayment of amounts due to bankers	(17,315)	58,761
Interest paid	(3,768)	(3,178)
Dividends paid to shareholders	(108,332)	(661,198)
Dividends and other distributions paid to minority interests	(607)	(551)
Contribution from minority interests	325	896
Other financing cash flow	(2,184)	(1,480)
Net cash used in financing activities	(131,881)	(606,750)
Net increase / (decrease) in cash and cash equivalents	31,390	(165,683)
Cash and cash equivalents at beginning of year	174,243	339,711
Effects of exchange rate changes on cash and cash equivalents	(943)	215
Cash and cash equivalents at end of year*	204,690	174,243

* comprise cash and bank balances net of bank overdrafts

Disposal of steel businesses

The attributable net assets and proceeds from disposal of the steel businesses during the year were as follows:

	THE GROUP	
	FY 2006	FY 2005
	S\$'000	S\$'000
Property, plant and equipment	-	142,221
Associated companies	-	56,316
Long term receivables	-	673
Intangible assets	-	90
Deferred tax assets	-	2,388
Other non current assets	-	15
Inventories	-	182,720
Receivables and prepayments	-	252,779
Cash and bank balances	-	45,388
Amount due to bankers	-	(119,450)
Trade and other payables	-	(90,341)
Taxation	-	(4,110)
Provision for retirement benefits	-	(4,079)
Deferred tax liabilities	-	(1,462)
Other non current liabilities	-	(313)
	-	462,835
Minority interests	-	(27,472)
Attributable net assets disposed	-	435,363
Goodwill released upon disposal of interest in subsidiaries	-	14,210
Translation reserve released upon disposal of subsidiaries	-	18,863
Loss on disposal of subsidiaries	-	(12,190)
Total consideration, net of transaction costs	-	456,246
Cash and bank balances of the subsidiaries disposed	-	(45,388)
Consideration receivable at end of period	-	(528)
Transaction costs paid in previous year	-	1,329
Transaction costs payable at end of period	-	362
Net cash flow on disposal of subsidiaries	-	412,021

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	Share Premium	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	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 / (loss) for the year	-	-	132,134	-	-	-	-	132,134	3,264	135,398
Total recognised gains / (losses) 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

	Attributable to equity holders of the Company							Minority	Total Equity	
	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	S\$'000	S\$'000
THE GROUP										
Balance as at 1 January 2005										
- As previously reported	186,779	6,881	745,561	(12,580)	15,533	3,115	24,813	970,102	50,863	1,020,965
- Effect of adopting FRS 39	-	-	14,916	-	-	-	12,053	26,969	-	26,969
- As restated	186,779	6,881	760,477	(12,580)	15,533	3,115	36,866	997,071	50,863	1,047,934
Exchange differences arising on consolidation	-	-	-	1,120	-	-	-	1,120	459	1,579
Reserves released upon disposal of subsidiaries and associated companies	-	-	1,169	-	-	(1,169)	-	-	-	-
Available-for-sale financial assets										
- Fair value losses taken to equity	-	-	-	-	-	-	(953)	(953)	-	(953)
- Fair value reserve transferred to income statement on disposal	-	-	-	-	-	-	(1,397)	(1,397)	-	(1,397)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	-	3,443	3,443	-	3,443
- Share of fair value reserve movement of associated companies	-	-	-	-	-	-	(2,020)	(2,020)	-	(2,020)
Net gains / (losses) recognised directly in equity	-	-	1,169	1,120	-	(1,169)	(927)	193	459	652
Profit for the year	-	-	69,934	-	-	-	-	69,934	2,042	71,976
Total recognised gains / (losses) for the year	-	-	71,103	1,120	-	(1,169)	(927)	70,127	2,501	72,628
Dividend paid	-	-	(661,198)	-	-	-	-	(661,198)	-	(661,198)
Dividends paid to minority interests of a subsidiary	-	-	-	-	-	-	-	-	(551)	(551)
Reserve released upon disposal of subsidiaries and associated companies	-	-	2,137	18,863	2,460	-	(4,597)	18,863	-	18,863
Exchange differences released upon striking off of a subsidiary	-	-	-	29	-	-	-	29	-	29
Changes in group structure	-	-	-	-	-	-	-	-	(26,336)	(26,336)
Balance as at 31 December 2005	186,779	6,881	172,519	7,432	17,993	1,946	31,342	424,892	26,477	451,369

	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

Balance as at 1 January 2005					
- As previously reported	186,779	6,881	698,233	13,466	905,359
- Effect of adopting FRS 39	-	-	1,433	3,473	4,906
- As restated	186,779	6,881	699,666	16,939	910,265
Available-for-sale financial assets					
- Fair value gain taken to equity	-	-	-	2,157	2,157
- Fair value reserve transferred to income statement on impairment	-	-	-	319	319
Net gain recognised directly in equity	-	-	-	2,476	2,476
Profit for the year	-	-	54,281	-	54,281
Total recognised gains for the year	-	-	54,281	2,476	56,757
Dividend paid	-	-	(661,198)	-	(661,198)
Balance as at 31 December 2005	186,779	6,881	92,749	19,415	305,824

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 2005.
There were no outstanding options as at 31 December 2006 (31 December 2005: 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 nor 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 Group has applied the same accounting policies and methods of computation in the financial statements for current reporting period compared with the financial statements as at 31 December 2005.

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 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 2006	FY 2005
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- Excluding exceptional items	14.25	14.64
- Including exceptional items	35.37	18.72
(b) On fully diluted basis (cents)		
- Excluding exceptional items	14.25	14.64
- Including exceptional items	35.37	18.72

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	
	31.12.06	31.12.05	31.12.06	31.12.05
Net asset* value per ordinary share (S\$)	1.21	1.14	0.66	0.82

* 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 2006	FY 2005	Change
	S\$'000	S\$'000	%
Group Turnover	319,786	303,614	5
Group Profit Before Tax (excluding exceptional items)	54,267	70,143	(23)
Exceptional Items	82,997	32,449	156
Group Profit for the period attributable to equity holders of the Company	137,260	98,038	40
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	70,689	78,881	(10)

Group's turnover from continuing operations increased 5% to S\$319.8 mil in FY 2006 as compared to S\$303.6 mil in FY 2005 on the back of higher turnover recorded by both the Construction Products and Engineering divisions.

Group's pre-tax profit for FY 2006 decreased 23% to S\$54.3 mil from S\$70.1 mil due to lower profit contributions from the Construction Products and Chemicals divisions. Lower interest income and higher loss incurred by the Group's precision machining business also contributed to the lower pre-tax profit in FY 2006.

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

Turnover (S\$'mil)	FY 2006 S\$'mil	FY 2005 S\$'mil	Change %
Chemicals Division	67.3	74.3	(9)
Construction Products Division	161.9	147.9	9
Engineering Division	65.6	49.6	32

Attributable profit before tax (S\$'mil)	FY 2006 S\$'mil	FY 2005 S\$'mil	Change %
Operating PBT			
- Chemicals Division	48.5	51.6	(6)
- Construction Products Division	4.5	6.0	(25)
- Engineering Division	7.4	5.6	32
	60.4	63.2	(4)
Exceptional items			
- Chemicals Division	(7.3)	1.9	n/m
- Construction Products Division	0.3	(0.6)	n/m
- Engineering Division	2.3	0.5	360
	(4.7)	1.8	n/m
Total			
- Chemicals Division	41.2	53.5	(23)
- Construction Products Division	4.8	5.4	(11)
- Engineering Division	9.7	6.1	59
	55.7	65.0	(14)

Chemicals Division

Turnover of the Chemicals division decreased 9% to S\$67.3 mil in FY 2006 from S\$74.3 mil in FY 2005 due mainly to lower sales recorded by its environmental chemicals business. Pre-tax profit decreased 6% to S\$48.5 mil from S\$51.6 mil, due mainly to lower profit contribution from its associate, Bangkok Synthetic Co (BST) and adverse performance by the division's environmental chemicals operations in Singapore and China.

Construction Products Division

Turnover of the Construction Products division grew 9% to S\$161.9 mil in FY 2006 from S\$147.9 mil in FY 2005 mainly as a result of higher project volumes delivered by its Finnish plant. Pre-tax profit was however, 25% lower at S\$4.5 mil with the Singapore and Hong Kong operations underperforming.

Engineering Division

Turnover of the Engineering division grew 32% to S\$65.6 mil in FY 2006 from S\$49.6 mil, as a result of increased delivery of its products. The higher turnover was achieved with additional capacity in the Changshu plant in China.

Pre-tax profit rose 32% to S\$7.4 mil from S\$5.6 mil previously in tandem with higher turnover.

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

Although the construction sector in Singapore is expected to improve in 2007, raw material cost increases may adversely affect the profit margins of the Group's Construction Products division in Singapore.

The Group's environmental chemicals business will continue to be affected by problems associated with its newly commissioned plant in China.

BST is expected to face greater competition for its products in both the domestic and international markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? 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	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	Interim special
Dividend Type	Cash	Cash
Dividend amount per share	S\$0.60	S\$1.07
Dividend Rate	120% per ordinary share	214% per ordinary share
Par value of shares	S\$0.50	S\$0.50
Tax Rate	Exempt – one tier	Exempt – one tier
Date paid	13 September 2005	8 December 2005

(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 2007, the said final dividend will be paid on or about 28 May 2007 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 2007.

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 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>	2006	THE GROUP	Change %
	S\$'000	2005 S\$'000	
Sales reported for first half year	155,668	143,651	8
Operating profit after tax before deducting minority interests reported for first half year	91,333	61,443	49
Sales reported for second half year	164,118	159,963	3
Operating profit after tax before deducting minority interests reported for second half year	49,191	36,492	35

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 (2006)	Previous Full Year (2005)
	S\$'000	S\$'000
Ordinary	145,688	623,842
Preference	-	-
Total:	145,688	623,842

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
12 February 2007

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, 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.