



ANNOUNCEMENTS

28 March 2001

Proforma Full Year Financial Statement & Dividend Announcement For The Period Ended 31 December 2000



The Company wishes to provide further clarification to our commentary on current year (year 2000) prospects contained in our mid year results announcement of 23 August 2000 in relation to the steel and industrial divisions.

The commentary was based on the Company's projected performance and expectations of market and operating conditions at that point of time.

The 23 August 2000 announcement highlighted the difficult market conditions :

"1. Demand for key construction materials is expected to remain soft which will impact the Steel and Construction Products businesses in Singapore for year 2000.

2. Rising electricity costs and high material costs, coupled with competitive selling prices are expected to persist for the rest of the year. This will further squeeze the margin for Singapore Steel operations.

3. The construction group is expected to continue to make losses for the rest of the year because of excessive competition and low selling prices."

However, the severity of price competition and increases in production costs, especially for the Singapore operations, were more intense than anticipated. Further, contributions from overseas steel operations were halved due to much weaker international selling prices in the course of the second half of 2000.

For the Industrial Division, higher losses resulted substantially from various one off items such as a \$8.9 million provision for the cessation of our quarry and asphalt businesses as well as the \$6.5 million foreign exchange losses.

Overall, the Group registered a net foreign exchange loss for the full year of \$6.2 million. This was primarily due to the weakening Indonesian Rupiah against a Singapore dollar loan extended to our Indonesian subsidiary PT Sindo Batu Bata.

The finalisation of the results was further complicated and delayed by the post disposal accounting of NatSteel Electronics Ltd's results for the year 2000 as well as the Company's adoption of Singapore

Accounting Standard 8.

As such the Company and the directors only gained full clarity on the results of the Group in March 2001.

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