



ANNOUNCEMENTS

25 August 2003

CLARIFICATION ON SECOND QUARTER FINANCIAL STATEMENT FOR THE 3 MONTHS ENDED 30 JUNE 2003

CLARIFICATION ON SECOND QUARTER FINANCIAL STATEMENT FOR THE 3 MONTHS ENDED 30 JUNE 2003

The following query was raised by the Singapore Exchange in its letter dated 21 August 2003 to the Company:

“ We note that the profit before tax and exceptional items generated by the steel division has increased from \$7.5 million in the first quarter of 2003 to \$13.2 million in the second quarter of 2003. Please provide the reasons for the substantial increase in such profit in an announcement to be released via MASNET by 25 August 2003. ”

The Company wishes to explain that the increase of \$5.7 million in the Steel Division's profit before tax and exceptional items in the second quarter of 2003 as compared to the first quarter of 2003 came mainly from Singapore Steel operations which benefited from:-

1. Net write back for doubtful debts of \$0.6 million as compared to a charge made for provision for doubtful debts in 1st Qtr 2003 of \$3.7 million; and
2. Investment income of \$1.2 million in the second quarter of 2003 (1Q2003: \$Nil).

Overall, 2nd Qtr 2003 profit before tax and exceptional items for Overseas Steel was comparable to that of 1st Qtr 2003.

By Order of the Board

Lim Su-Ling
Company Secretary
25 August 2003

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