

NATSTEEL LTD

Company registration No. : 196100107C

Third Quarter 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

		<u>THE GROUP</u>					
		Quarter ended 30 September			9 months ended 30 September		
		2005	2004	Change	2005	2004	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>CONTINUING OPERATIONS</u>							
	Sales	77,608	66,002	18	221,259	199,745	11
	Cost of sales	(62,135)	(54,450)		(179,390)	(162,330)	
	Gross profit	15,473	11,552	34	41,869	37,415	12
	Other operating income	1,764	1,317		6,116	2,927	
	Distribution costs	(3,069)	(3,026)		(9,597)	(9,196)	
	Administrative expenses	(7,509)	(5,579)		(24,187)	(20,096)	
	Other operating expenses	(1,738)	(1,014)		(6,110)	(2,817)	
	Profit from operations	4,921	3,250	51	8,091	8,233	(2)
	Investment income	120	121		360	400	
	Interest income	2,931	788		8,579	2,556	
	Finance costs	(736)	(781)		(2,148)	(2,436)	
	Share of results of associated companies	16,351	9,657		40,577	21,344	
	Profit before taxation and exceptional items	23,587	13,035	81	55,459	30,097	84
	Exceptional items	2,003	9,120	(78)	34,899	16,716	109
	Profit before taxation	25,590	22,155	16	90,358	46,813	93
	Taxation	(2,700)	(1,758)		(6,025)	(3,604)	
	Profit after taxation from Continuing operations	22,890	20,397	12	84,333	43,209	95
	<u>DISCONTINUED OPERATIONS</u>						
	(Loss) / profit for the period from Discontinued operations	(2,475)	20,401	n/m	(6,524)	46,829	n/m
	Profit / (loss) on disposal of Discontinued operations	339	-		(13,586)	-	
	Profit for the period	20,754	40,798		64,223	90,038	
	Attributable to :						
	Equity holders of the Company	20,591	38,330	(46)	61,889	82,156	(25)
	Minority interests	163	2,468		2,334	7,882	
		20,754	40,798		64,223	90,038	
	Earnings per share attributable to the equity holders of the Company						
	- from Continuing operations – Basic and diluted	6.08 cents	5.46 cents		22.53 cents	11.45 cents	
	- from Discontinued operations – Basic and diluted	(0.57) cents	4.80 cents		(5.96) cents	10.54 cents	

n/m: not meaningful

Comments on Income Statement

Continuing Operations

- a) Share of results of associated companies
The higher contributions from associated companies in nine months ended 30 September 2005 as compared to the corresponding period last year were mainly from the Group's Thai petrochemicals associate.
- b) Taxation
The taxation charge on profit for year-to-date September 2005 was lower than the amount that would arise by applying the Singapore statutory tax rate. This was mainly due to certain income not being subject to tax or are subject to concessionary tax rate under tax incentives.

Discontinued Operations

- a) This reflects the performance of Discontinued operations up to 15 February 2005, which was the completion date of the transaction. The result of Changzhou Wujin NatSteel Company Limited ("Wujin NSL") which remains unsold, is included in the current quarter. Domestic demand and steel prices in China were weaker as compared to the same period last year.

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

	THE GROUP			
	Quarter ended 30 September		9 months ended 30 September	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
Amortisation of intangible assets	(89)	(132)	(348)	(285)
Depreciation of property, plant and equipment	(4,014)	(4,660)	(12,966)	(14,394)
Property, plant and equipment written off	-	(24)	(3)	(36)
Net foreign exchange gain / (loss)	397	(187)	1,989	(119)
Net (provision) made / write back for				
- stock obsolescence	-	-	-	(58)
- doubtful debts	(91)	(57)	390	(3,397)
Net gain on sale of property, plant and equipment	958	420	1,472	615
Amortisation of deferred income	363	222	779	614

Note 2 – Exceptional items comprise the following:

	THE GROUP			
	Quarter ended 30 September		9 months ended 30 September	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
Recovery of promissory note	-	-	33,331	-
Net gain on disposal of investments	2,049	922	2,066	1,163
Net allowance write back for doubtful receivables from associated companies	46	357	273	314
Net write back / (provision) made for diminution in value of investments and investment properties	-	7,841	(1,399)	15,493
Share of associated company's exceptional gain	-	-	1,084	-
Impairment in value of financial assets available-for-sale	(94)	-	(683)	-
Others	2	-	227	(254)
Net gain	2,003	9,120	34,899	16,716

Note 3 – Discontinued Operations

On 16 August 2004, the Directors announced the proposed sale of its steel businesses to Tata Iron and Steel Company Limited (“Discontinued operations”). The proposed sale was approved by Natsteel Ltd’s shareholders on 13 December 2004. This transaction was completed on 15 February 2005, save for its investment in Wujin NSL (“Disposal group classified as held for sale”). Subsequently, the Company announced on 15 April 2005 and 4 May 2005 that although Wujin NSL’s transfer cannot be effected due to delay in the receipt of necessary approvals from governmental and regulatory authorities, it was able to successfully secure the transfer of Wujin NSL’s 30% interest in Wuxi Jingyang Metal Products Company and its 5.91% interest in Southern NatSteel (Xiamen) Limited to NatSteel Asia Pte Ltd (“NSA Group”).

Based on (i) the Negotiated Enterprise Value (“NEV”) of S\$486.4 mil, (ii) S\$60 mil downward adjustment for the non-transfer of Wujin NSL and (iii) February 15, 2005 net working capital position of NSA group, deduction of minority interest and deduction of net debt and all other non-interest bearing liabilities, the Preliminary Equity Value/Cash Consideration was determined to be S\$470.1 mil as at 15 Feb 2005. However certain working capital items amounting to S\$15.2 mil were being subject to final determination by an independent firm of accountants as provided for under the Share Subscription Agreement. The independent accountant had completed its review and ruled that (a) an amount of S\$1.7 mil (after deducting applicable minority interest of S\$0.8 mil) be deducted from the NEV for purposes of determining the Final Equity Value/Cash consideration and (b) an amount of S\$7.2 mil representing uncollected receivables (after deducting applicable minority interest of S\$1.6 mil) be reimbursed to Natsteel Ltd upon collection and after deducting legal and other expenses incurred by NSA Group. Out of the uncollected receivables of S\$7.2 mil, an amount of S\$1.9 mil had proved to be uncollectible. The balance of S\$5.2 mil will be recognised when recovered.

S\$339,000 (net of legal expenses) was subsequently received and recognised in 3Q 2005 as an exceptional gain.

An analysis of the results of Discontinued operations (including Disposal group classified as held for sale) is as follows:

	Quarter ended 30 September		9 months ended 30 September	
	2005 S\$’000	2004 S\$’000	2005 S\$’000	2004 S\$’000
Revenue	19,681	469,494	234,473	1,358,082
Net expenses	(21,709)	(447,363)	(242,022)	(1,308,465)
(Loss) / profit before taxation of Discontinued operations	(2,028)	22,131	(7,549)	49,617
Taxation	(447)	(1,730)	1,025	(2,788)
(Loss) / profit after taxation of Discontinued operations	(2,475)	20,401	(6,524)	46,829
Final Equity Value / Cash Consideration	-	-	468,422	-
Transaction costs	-	-	(6,700)	-
Net assets disposed	-	-	461,722	-
Gain on disposal	-	-	(435,363)	-
Goodwill written off	-	-	26,359	-
Exchange differences released upon disposal	-	-	(14,210)	-
Uncollected receivables (before deduction of legal & other costs) to be reimbursed by NSA Group when recovered	-	-	(18,863)	-
Receivables recovered via NSA Group (net of legal and other costs)	339	-	(7,211)	-
Gain / (loss) on disposal of Discontinued operations	339	-	339	(13,586)

The impact of the Discontinued operations on the cash flows of the Group is as follows:

	Quarter ended 30 September		9 months ended 30 September	
	2005 S\$’000	2004 S\$’000	2005 S\$’000	2004 S\$’000
Net cash generated from / (used in):				
Operating activities	6,770	63,138	(37,292)	(6,766)
Investing activities	(11)	1,234	(430)	(1,845)
Financing activities	-	11,191	35,934	58,930
Total cash flows	6,759	75,563	(1,788)	50,319

The details of assets and liabilities of the Disposal group classified as held for sale are as follow:

	30.09.05 S\$’000
Assets	
Property, plant and equipment	26,766
Deferred tax assets	795
Current assets	51,531
Total assets	79,092
Liabilities	
Trade and other payables	(4,300)
	74,792

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	
	30.09.05 S\$'000	31.12.04 S\$'000	30.09.05 S\$'000	31.12.04 S\$'000
Share Capital	186,779	186,779	186,779	186,779
Share Premium	6,881	6,881	6,881	6,881
Reserves	617,612	776,442	478,995	711,699
Shareholders' Equity	811,272	970,102	672,655	905,359
Minority Interests	26,823	50,863	-	-
Total Equity	838,095	1,020,965	672,655	905,359
Deferred Income	11,823	12,692	-	-
	849,918	1,033,657	672,655	905,359
Current Assets				
Inventories	42,324	207,816	-	-
Receivables and prepayments	93,330	332,968	61,705	481,500
Cash and bank balances	515,749	341,390	445,230	254,035
	651,403	882,174	506,935	735,535
Assets directly associated with the Disposal group classified as held for sale	79,092	-	52,596	-
	730,495	882,174	559,531	735,535
Non Current Assets				
Property, plant and equipment	144,731	307,546	199	117
Investment properties	10,603	11,929	-	-
Subsidiaries	-	-	45,456	134,658
Associated companies	109,017	145,301	-	19,180
Long term investments	58,501	56,859	15,156	16,568
Long term receivables	9,133	14,963	74,765	90,938
Intangible assets	9,703	21,171	-	-
Deferred tax assets	2,406	7,975	-	-
	344,094	565,744	135,576	261,461
Total Assets	1,074,589	1,447,918	695,107	996,996
Current Liabilities				
Amounts due to bankers	(36,599)	(131,036)	-	(1,545)
Trade and other payables	(85,131)	(167,298)	(12,136)	(56,972)
Taxation	(8,656)	(16,846)	(1,482)	(5,912)
	(130,386)	(315,180)	(13,618)	(64,429)
Liabilities directly associated with the Disposal group classified as held for sale	(4,300)	-	-	-
	(134,686)	(315,180)	(13,618)	(64,429)
Non Current Liabilities				
Provision for retirement benefits	(900)	(4,863)	(178)	(176)
Deferred tax liabilities	(26,792)	(28,336)	(8,656)	(8,656)
Other unsecured notes	(27,706)	(27,706)	-	-
Long term loans	(29,625)	(27,464)	-	-
Other non current liabilities	(4,962)	(10,712)	-	(18,376)
	(89,985)	(99,081)	(8,834)	(27,208)
Total Liabilities	(224,671)	(414,261)	(22,452)	(91,637)
	849,918	1,033,657	672,655	905,359

Comments on Balance Sheet

- a) The interim special dividend for financial year 2005 of 60 cents per share (exempt – one-tier) amounting to S\$224,135,000 was paid on 13 September 2005.
- b) 31 December 2004 Comparatives
The balance sheet line items for 31 December 2004 included both the Discontinued operations and the Continuing non-steel operations of the Group.

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

Amount repayable in one year or less, or on demand

As at 30 September 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,515	31,184	25,659	105,664

Amount repayable after one year

As at 30 September 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
29,719	27,706	27,785	27,756

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\$49,691,000 (31 December 2004: S\$62,519,000) 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			
	Quarter ended		9 months ended	
	30 September		30 September	
	2005	2004	2005	2004
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before taxation	23,901	44,286	69,223	96,430
Non-cash and reclassified items	(17,346)	(13,874)	(52,119)	(21,957)
Working capital changes	(13,206)	32,136	(43,863)	(67,939)
Income taxes paid	(2,101)	(914)	(6,888)	(8,883)
Dividends received from associated companies	13,586	4,128	28,067	10,638
Other operating cash flow	-	(1,185)	(58)	(1,803)
Net cash generated from / (used in) operating activities	4,834	64,577	(5,638)	6,486
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	934	1,265	1,670	2,094
Proceeds from sale / recovery of long term investments	576	5,154	35,223	18,210
Purchase of property, plant and equipment	(8,939)	(1,739)	(21,042)	(11,026)
Purchase of long term investments and investment properties	96	(2,808)	(2,706)	(5,982)
Acquisition of additional interest in subsidiary companies	-	-	(3,663)	(95)
Acquisition of additional interest in associated companies	-	-	-	(1,088)
Net cash arising from disposal of steel businesses	153,761	-	411,187	-
Proceeds from transfer of land lease	-	-	151	-
Interest received	3,108	2,170	9,396	5,890
Decrease / (increase) in amount due from associated companies	1,288	(2,810)	4,926	(2,442)
Other investing cash flow	-	-	(33)	-
Net cash generated from investing activities	150,824	1,232	435,109	5,561
Cash flows from financing activities				
Increase / (decrease) in amounts due to bankers	(2,336)	3,246	26,174	41,221
Interest paid	(902)	(1,775)	(2,784)	(4,561)
Dividends paid	(224,135)	-	(261,491)	(29,885)
Dividends and other distributions paid to minority interests	-	(2,378)	(81)	(2,498)
Contribution from minority interests	-	-	896	-
Other financing cash flow	147	1,597	(38)	7,365
Net cash (used in) / generated from financing activities	(227,226)	690	(237,324)	11,642
Net (decrease) / increase in cash and cash equivalents	(71,568)	66,499	192,147	23,689
Cash and cash equivalents at beginning of period	603,426	311,675	339,711	354,485
Cash and cash equivalents at end of period*	531,858	378,174	531,858	378,174

* 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 period were as follows:

	THE GROUP			
	Quarter ended 30 September		9 months ended 30 September	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
Property, plant and equipment	-	-	142,221	-
Associated companies	-	-	56,316	-
Long term investments	-	-	15	-
Long term receivables	-	-	673	-
Intangible assets	-	-	90	-
Deferred tax assets	-	-	2,388	-
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 written off	-	-	14,210	-
Translation reserve released upon disposal of subsidiaries	-	-	18,863	-
Gain / (loss) on disposal of subsidiaries	339	-	(13,586)	-
Total consideration, net of transaction costs	339	-	454,850	-
Consideration receivable at beginning of period	156,411	-	-	-
Cash and bank balances of the subsidiaries disposed	-	-	(45,388)	-
Transaction costs paid in previous year	-	-	1,329	-
Transaction costs payable at end of period	(2,989)	-	396	-
Net cash flow on disposal of subsidiaries	153,761	-	411,187	-

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 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	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	-	-	10,185	-	-	-	12,053	22,238	-	22,238
	186,779	6,881	755,746	(12,580)	15,533	3,115	36,866	992,340	50,863	1,043,203
Exchange differences arising on consolidation	-	-	-	594	-	-	-	594	483	1,077
Exchange differences released upon disposal and striking off of subsidiaries and associated companies	-	-	-	18,892	-	-	-	18,892	-	18,892
Reserves released upon disposal of subsidiaries and associated companies	-	-	3,306	-	2,460	(1,169)	(4,597)	-	-	-
Fair value losses on financial assets available-for-sale	-	-	-	-	-	-	(6,766)	(6,766)	-	(6,766)
Fair value reserve released upon										
- Disposal of financial assets available-for-sale	-	-	-	-	-	-	(550)	(550)	-	(550)
- Impairment of financial assets available-for-sale	-	-	-	-	-	-	589	589	-	589
Net gains / (losses) recognised directly in equity	-	-	3,306	19,486	2,460	(1,169)	(11,324)	12,759	483	13,242
Profit for the period	-	-	41,298	-	-	-	-	41,298	2,171	43,469
Total recognised gains / (losses) for the period	-	-	44,604	19,486	2,460	(1,169)	(11,324)	54,057	2,654	56,711
Dividend paid	-	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to minority interests of subsidiaries	-	-	-	-	-	-	-	-	(81)	(81)
Changes in group structure	-	-	-	-	-	-	-	-	(26,845)	(26,845)
Balance as at 30 June 2005	186,779	6,881	762,994	6,906	17,993	1,946	25,542	1,009,041	26,591	1,035,632
Exchange differences arising on consolidation	-	-	-	3,245	-	-	-	3,245	69	3,314
Fair value gain on financial assets available-for-sale	-	-	-	-	-	-	2,959	2,959	-	2,959
Fair value reserve released upon										
- Disposal of financial assets available-for-sale	-	-	-	-	-	-	(523)	(523)	-	(523)
- Impairment of financial assets available-for-sale	-	-	-	-	-	-	94	94	-	94
Net gains recognised directly in equity	-	-	-	3,245	-	-	2,530	5,775	69	5,844
Profit for the period	-	-	20,591	-	-	-	-	20,591	163	20,754
Total recognised gains for the period	-	-	20,591	3,245	-	-	2,530	26,366	232	26,598
Dividend paid	-	-	(224,135)	-	-	-	-	(224,135)	-	(224,135)
Balance as at 30 September 2005	186,779	6,881	559,450	10,151	17,993	1,946	28,072	811,272	26,823	838,095

	Attributable to equity holders of the Company							Minority	Total	
	Share	Share	Revenue	Translation	Capital	Revaluation	Other		Equity	
	Capital	Premium	Reserve	Reserve	Reserve	Reserve	Reserves	Total		
S\$'000	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 2004	186,779	6,881	653,676	(6,061)	15,666	3,115	22,627	882,683	28,014	910,697
Effect of adopting FRS 103	-	-	1,581	-	-	-	-	1,581	-	1,581
	186,779	6,881	655,257	(6,061)	15,666	3,115	22,627	884,264	28,014	912,278
Exchange differences arising on consolidation	-	-	-	1,714	-	-	-	1,714	(127)	1,587
Exchange differences released upon disposal of associated company	-	-	-	1,604	-	-	-	1,604	-	1,604
Exchange differences and capital reserve released upon striking off of subsidiary companies	-	-	-	203	(133)	-	-	70	-	70
Net gains / (losses) recognised directly in equity	-	-	-	3,521	(133)	-	-	3,388	(127)	3,261
Profit for the period	-	-	43,826	-	-	-	-	43,826	5,414	49,240
Total recognised gains / (losses) for the period	-	-	43,826	3,521	(133)	-	-	47,214	5,287	52,501
Conversion of bank loans to redeemable preference shares of a subsidiary	-	-	-	-	-	-	-	-	15,645	15,645
Dividend paid	-	-	(29,885)	-	-	-	-	(29,885)	-	(29,885)
Dividends paid to minority interest of subsidiaries	-	-	-	-	-	-	-	-	(120)	(120)
Changes in group structure	-	-	-	-	-	-	-	-	(7)	(7)
Balance as at 30 June 2004	186,779	6,881	669,198	(2,540)	15,533	3,115	22,627	901,593	48,819	950,412
Exchange differences arising on consolidation	-	-	-	(6,468)	-	-	-	(6,468)	(590)	(7,058)
Net losses recognised directly in equity	-	-	-	(6,468)	-	-	-	(6,468)	(590)	(7,058)
Profit for the period	-	-	38,330	-	-	-	-	38,330	2,468	40,798
Total recognised gains / (losses) for the period	-	-	38,330	(6,468)	-	-	-	31,862	1,878	33,740
Dividends paid to minority interest of subsidiaries	-	-	-	-	-	-	-	-	(2,378)	(2,378)
Balance as at 30 September 2004	186,779	6,881	707,528	(9,008)	15,533	3,115	22,627	933,455	48,319	981,774

	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 2005	186,779	6,881	698,233	13,466	905,359
Effect of adopting FRS 39	-	-	1,433	3,473	4,906
	186,779	6,881	699,666	16,939	910,265
Fair value loss on financial assets available-for-sale	-	-	-	(240)	(240)
Fair value reserve released upon impairment of financial assets available-for-sale	-	-	-	19	19
Net losses recognised directly in equity	-	-	-	(221)	(221)
Profit for the period	-	-	7,518	-	7,518
Total recognised gains / (losses) for the period	-	-	7,518	(221)	7,297
Dividend paid	-	-	(37,356)	-	(37,356)
Balance as at 30 June 2005	186,779	6,881	669,828	16,718	880,206
Fair value gain on financial assets available-for-sale	-	-	-	1,253	1,253
Net gain recognised directly in equity	-	-	-	1,253	1,253
Profit for the period	-	-	15,331	-	15,331
Total recognised gains for the period	-	-	15,331	1,253	16,584
Dividend paid	-	-	(224,135)	-	(224,135)
Balance as at 30 September 2005	186,779	6,881	461,024	17,971	672,655
Balance as at 1 January 2004	186,779	6,881	611,167	13,466	818,293
Loss and total recognised loss for the period	-	-	(12,219)	-	(12,219)
Dividend paid	-	-	(29,885)	-	(29,885)
Balance as at 30 June 2004	186,779	6,881	569,063	13,466	776,189
Gain and total recognised gain for the period	-	-	19,062	-	19,062
Balance as at 30 September 2004	186,779	6,881	588,125	13,466	795,251

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 30 June 2005.
There were no outstanding options as at 30 September 2005 (30 September 2004: 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 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

Except as disclosed in paragraph 5 below, 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 2004.

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 Group adopted new Financial Reporting Standards (FRS) which became effective on 1 January 2005. These new accounting standards include :

FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement
FRS 105 Non-current Assets Held for Sale and Discontinued Operations

The effect of the adoption of the FRS are as follows:

FRS 39

In accordance with the transitional provision for FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for periods prior to 1 January 2005, is not restated. Consequently, the comparative figures for 2004 have not been restated. On 1 January 2005, the following transitional adjustments were made.

Increase in	Retained earnings S\$'000	Fair value reserve S\$'000	Total S\$'000
Fair valuation of			
- Investments	9,293	12,053	21,346
- Foreign exchange contracts	892	-	892
	<u>10,185</u>	<u>12,053</u>	<u>22,238</u>

The adoption in FRS 39 has resulted in an increase in equity of S\$22,238,000 as at 1 January 2005. No restatement of 2004 income statement is required.

FRS 105

With the adoption of FRS 105, non-current assets held for sale or assets and liabilities included within a Disposal group held for sale are presented separately in the balance sheet. The comparative balance sheets for previous period are not re-presented. The sum of the post-tax profit or loss of the Discontinued operations and post-tax gain or loss recognised on the measurement to fair value less cost to sell or on the disposal of the assets or Disposal group should be shown in the income statement. The income statement for prior period should be re-presented.

The Group had earlier adopted FRS 103, revised FRS 36 and revised FRS 38 in year 2004. These standards were applied on a prospective basis effective 1 January 2004. Other than the above, the Group has adopted revisions in other FRSs and these have no material financial impact on the Group.

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)	Quarter ended 30 September		9 months ended 30 September	
	2005	2004	2005	2004
(a) Based on the weighted average number of ordinary shares in issue (cents)				
- Excluding exceptional items	4.89	7.76	10.86	17.43
- Including exceptional items	5.51	10.26	16.57	21.99
(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

	THE GROUP		THE COMPANY	
	30.09.05	31.12.04	30.09.05	31.12.04
Net asset* value per ordinary share (S\$)	2.17	2.60	1.80	2.42

* 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

	THE GROUP					
	Quarter ended 30 September			9 months ended 30 September		
	2005 S\$'000	2004 S\$'000	Change %	2005 S\$'000	2004 S\$'000	Change %
<u>CONTINUING OPERATIONS</u>						
Group Turnover	77,608	66,002	18	221,259	199,745	11
Group Profit Before Tax (excluding exceptional items)	23,587	13,035	81	55,459	30,097	84
Exceptional Items	2,003	9,120	(78)	34,899	16,716	109
Group Profit for the period attributable to equity holders of the Company	22,727	20,406	11	84,144	42,759	97
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	25,132	17,598	43	61,563	44,042	40

Group's turnover from continuing operations increased 18% to S\$77.6 mil in 3Q 2005 over the corresponding quarter last year. On a year-to-date basis, Group turnover increased 11% to S\$221.3 mil.

The Group achieved a pre-tax profit of S\$23.6 mil in 3Q 2005, an increase of 81% over 3Q 2004. For the nine months to 30 September 2005, Group pre-tax profit increased 84% to S\$55.5 mil. The strong performance in 3Q 2005 was mainly attributable to higher contributions from the Chemicals Division, particularly contribution from Bangkok Synthetics ("BST"), the Group's Thai petrochemical associate.

Turnover (S\$'mil)	Quarter ended 30 September			9 months ended 30 September		
	2005	2004	Change (%)	2005	2004	Change (%)
Chemicals Division	18.6	13.1	42	54.6	38.5	42
Construction Products Division	34.0	26.9	26	99.3	81.8	21
Engineering Division	15.6	16.0	(3)	44.1	41.5	6

Attributable profit before tax (S\$'mil)	Quarter ended 30 September			9 months ended 30 September		
	2005	2004	Change (%)	2005	2004	Change (%)
Operating PBT						
- Chemicals Division	14.7	12.0	23	43.2	27.7	56
- Construction Products Division	0.3	0.5	(40)	1.4	(0.3)	n/m
- Engineering Division	2.5	1.0	150	5.5	1.6	244
	17.5	13.5	30	50.1	29.0	73
Exceptional items						
- Chemicals Division	1.3	-	n/m	2.5	-	n/m
- Construction Products Division	-	-	-	(0.5)	(0.7)	(29)
- Engineering Division	-	1.5	n/m	-	1.1	n/m
	1.3	1.5	(13)	2	0.4	n/m
Total						
- Chemicals Division	16.0	12.0	33	45.7	27.7	65
- Construction Products Division	0.3	0.5	(40)	0.9	(1.0)	n/m
- Engineering Division	2.5	2.5	-	5.5	2.7	104
	18.8	15.0	25	52.1	29.4	77

Chemicals Division

The Chemicals Division achieved pre-tax profit of S\$14.7 mil and S\$43.2 mil respectively for the current quarter and for nine months ended 30 September 2005. BST contributed consistently about 86% of the Division's pre-tax profit.

The environmental services business benefitted from firmer prices for its recycled products and contributed substantially to higher turnover this quarter.

Construction Products Division

Turnover of the Construction Products Division increased 26% to S\$34 mil in the current quarter mainly as a result of higher project volumes delivered by its precast operation in Malaysia. However, profit before tax decreased from S\$0.5 mil to S\$0.3 mil due mainly to poor performances turned in by its Singapore and Hong Kong operations.

Engineering Division

Despite a 3% decline in turnover, profit before tax of the Engineering Division increased from S\$1.0 mil to S\$2.5 mil in 3Q 2005 due mainly to a gain of S\$0.8 mil from the disposal of crane assets.

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

(a) Competitive conditions of the industry

No material change to the competitive conditions of the industries in which the Group operate is expected in the next reporting period and the next 12 months.

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

The Scheme of Compromise and Arrangement (“SOA”) to restructure the Unsecured Notes of Raffles Marina Limited (“RML”), a 100% owned subsidiary of the Group, was approved by the Scheme Creditors on 28 September 2005 and sanctioned by the High Court of Singapore on 27 October 2005. The Scheme will be binding on Scheme Creditors if no appeals are brought up within 45 days from the court sanction date. Effective date of the SOA is expected to be in the first quarter of 2006 after all condition precedents are met. Pending the outcome of the appeal period and the compliance of all other condition precedents, RML continues to be consolidated as a 100% owned subsidiary company in the Group’s financial statements with a negative carrying value of S\$32.4 mil as at 30 September 2005.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim special
Dividend Type	Cash
Dividend amount per share	S\$1.07
Dividend Rate	214%
Par value of shares	S\$0.50
Tax Rate	Exempt – one tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

Name of Dividend	
Dividend Type	
Dividend amount per share	
Dividend Rate	
Par value of shares	
Tax Rate	

(c) Date payable

The interim special dividend will be paid on or about 8 December 2005 or such other date to be determined by the Directors.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed from 5.00 p.m. on 24 November 2005 to 5.00 p.m. on 1 December 2005 for the preparation of dividend warrants. Duly completed transfers received by the Company's share registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, up to the close of business at 5.00 p.m. on 24 November 2005 will be registered to determine shareholders' entitlement to the special dividend. In respect of the ordinary shares of the Company held in securities accounts with The Central Depository (Pte) Limited ("CDP"), the special dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to shareholders with shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on 24 November 2005.

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

Not applicable.

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

Not applicable.

15. A breakdown of sales

Not applicable.

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*) Not applicable.

	Latest Full Year (2005) S\$'000	Previous Full Year (2004) S\$'000
Ordinary		
Preference		
Total:		

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
9 November 2005

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; 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; 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.