

NATSTEEL LTD

Company registration No. : 196100107C

First Quarter Financial Statement 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		
		3 months ended 31 March		
	Notes	2005 S\$'000	2004 S\$'000	Change %
CONTINUING OPERATIONS				
Sales		66,758	67,170	(1)
Cost of sales		(53,450)	(54,594)	
Gross profit		13,308	12,576	6
Other operating income		1,933	533	
Distribution costs		(3,034)	(2,901)	
Administrative expenses		(9,274)	(6,940)	
Other operating expenses		(2,340)	(1,041)	
Profit from operations	1	593	2,227	(73)
Interest income		2,794	1,281	
Finance costs		(703)	(872)	
Share of results of associated companies		9,972	5,016	
Profit before taxation and exceptional items		12,656	7,652	65
Exceptional items	2	34,111	7,415	
Profit before taxation		46,767	15,067	n/m
Taxation		(2,208)	(209)	
Profit after taxation from Continuing operations		44,559	14,858	n/m
DISCONTINUED OPERATIONS				
	3			
Profit for the period from Discontinued operations		105	19,754	
Preliminary loss on disposal of Discontinued operations		(5,034)	-	
Profit for the period		39,630	34,612	14
Attributable to :				
Equity holders of the Company		37,537	32,069	17
Minority interests		2,093	2,543	
		39,630	34,612	
Earnings per share attributable to the equity holders of the Company				
- from Continuing operations - Basic / diluted		11.94 cents	3.90 cents	
- from Discontinued operations - Basic / diluted		(1.89) cents	4.69 cents	

n/m: not meaningful

Comments on Income Statement

Continuing Operations

- a) Administrative expenses
Administrative expenses were higher due to the payout of a one-off special bonus.
- b) Share of results of associated companies
The higher contribution from associated companies for 1st quarter 2005 was mainly from the Group's Thai petrochemical associate.
- c) Taxation
The taxation charge on 1st quarter 2005 profits 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 rates 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 also included. Domestic demand and steel prices in certain overseas market, especially China have weakened as compared to the same period last year. In addition, a one-off special bonus was paid.

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

	THE GROUP	
	3 months ended 31 March	
	2005	2004
	S\$'000	S\$'000
Amortisation of intangible assets	(135)	(110)
Depreciation of property, plant and equipment	(4,470)	(4,758)
Property, plant and equipment written off	(3)	(3)
Net foreign exchange loss	(186)	(512)
Net (provision) made / writeback for		
- stock obsolescence	-	(58)
- doubtful debts	255	(1,133)
Net gain on sale of property, plant and equipment	430	104
Amortisation of deferred income	192	203

Note 2 – Exceptional items comprise the following:

	THE GROUP	
	3 months ended 31 March	
	2005	2004
	S\$'000	S\$'000
Recovery of promissory note	33,331	-
Net (loss) / gain on disposal of investments	(342)	1,251
Exchange differences released upon disposal of associated company	-	(1,604)
Net write back of allowance for doubtful receivables from associated companies	249	7,698
Share of associated company's exceptional gain	1,084	-
Impairment in value of financial assets available-for-sale	(435)	-
Others	224	70
Net gain	34,111	7,415

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 (“TISCO”) (“Discontinued operations”). The proposed sale was approved by NatSteel’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 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 (“Wuxi”) and its 5.91% interest in Southern NatSteel (Xiamen) Limited (“SNXL”) to NatSteel Asia Pte Ltd. (“NSA Group”).

Based on (i) the Negotiated Enterprise Value of \$486.4 mil, (ii) \$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. However certain working capital items amounting to \$15.2 mil are currently being subject to final determination by an independent firm of accountants as provided for under the Share Subscription Agreement (“SSA”).

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

	3 months ended 31 March	
	2005	2004
	S\$’000	S\$’000
Revenue	203,808	447,248
Net expenses	(204,277)	(423,919)
Profit before taxation of Discontinued operations	(469)	23,329
Taxation	574	(3,575)
Profit after taxation of Discontinued operations	105	19,754
Preliminary Equity Value/Cash Consideration	470,102	
Estimated transaction costs	(6,700)	
	463,402	
Net assets disposed	(435,363)	
Preliminary gain on disposal	28,039	
Goodwill written off	(14,210)	
Exchange differences released upon disposal	(18,863)	
Preliminary loss on disposal of Discontinued operations	(5,034)	

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

	3 months ended 31 March	
	2005	2004
	S\$’000	S\$’000
Operating cash flows	(40,866)	(5,649)
Investing cash flows	(432)	(1,396)
Financing cash flows	36,064	(6,544)
Total cash flows	(5,234)	(13,589)

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

	31.03.05
	S\$’000
Assets	
Property, plant and equipment	26,856
Deferred tax assets	324
Current assets	68,540 *
Total assets	95,720
Liabilities	
Trade and other payables	(4,950)
	90,770

* Include an amount of \$13.1 mil, being receivable for the sale of Wujin NSL’s minority stakes in Wuxi and SNXL.

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	
	31.03.05 S\$'000	31.12.04 S\$'000 (Restated)	31.03.05 S\$'000	31.12.04 S\$'000 (Restated)
Share Capital	186,779	186,779	186,779	186,779
Share Premium	6,881	6,881	6,881	6,881
Reserves	855,490	798,680	732,467	716,605
Shareholders' Equity	1,049,150	992,340	926,127	910,265
Minority Interests	26,445	50,863	-	-
Total Equity	1,075,595	1,043,203	926,127	910,265
Deferred Income	12,207	12,692	-	-
	1,087,802	1,055,895	926,127	910,265
Current Assets				
Inventories	41,088	207,816	-	-
Receivables and prepayments	204,035	333,860	187,815	481,536
Cash and bank balances	628,566	341,390	575,976	254,035
	873,689	883,066	763,791	735,571
Assets directly associated with the Disposal group classified as held for sale	95,720	-	52,596	-
	969,409	883,066	816,387	735,571
Non Current Assets				
Property, plant and equipment	137,245	307,546	116	117
Investment properties	11,973	11,929	-	-
Subsidiaries	-	-	-	134,658
Associated companies	112,614	156,968	45,456	19,180
Long term investments	67,072	66,538	21,738	21,438
Long term receivables	9,029	14,963	71,759	90,938
Intangible assets	9,661	21,171	-	-
Deferred tax assets	3,677	7,975	-	-
	351,271	587,090	139,069	266,331
Total Assets	1,320,680	1,470,156	955,456	1,001,902
Current Liabilities				
Amounts due to bankers	(46,537)	(131,036)	-	(1,545)
Trade and other payables	(75,193)	(167,298)	(14,584)	(56,972)
Taxation	(14,733)	(16,846)	(5,912)	(5,912)
	(136,463)	(315,180)	(20,496)	(64,429)
Liabilities directly associated with the Disposal group classified as held for sale	(4,950)	-	-	-
	(141,413)	(315,180)	(20,496)	(64,429)
Non Current Liabilities				
Provision for retirement benefits	(936)	(4,863)	(177)	(176)
Deferred tax liabilities	(25,010)	(28,336)	(8,656)	(8,656)
Other unsecured notes	(27,706)	(27,706)	-	-
Long term loans	(27,404)	(27,464)	-	-
Other non current liabilities	(10,409)	(10,712)	-	(18,376)
	(91,465)	(99,081)	(8,833)	(27,208)
Total Liabilities	(232,878)	(414,261)	(29,329)	(91,637)
	1,087,802	1,055,895	926,127	910,265

Comments on Balance sheet

a) Dividend

The final dividend for financial year ended 31 December 2004 of 10 cents per share (exempt – one tier) amounting to S\$37,356,000 has been approved by shareholders of the Company at the Annual General Meeting held on 28 April 2005. Accordingly, this dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in second quarter ending 30 June 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. The balance sheets as at 31 December 2004 have been restated for FRS 39.

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 March 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
10,224	36,429	25,659	105,664

Amount repayable after one year

As at 31 March 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
27,495	27,729	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\$54,960,000 (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	
	3 months ended 31 March	
	2005	2004
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	41,264	38,396
Non-cash and reclassified items	(33,534)	(12,428)
Working capital changes	(28,203)	(26,340)
Income taxes paid	(126)	(1,823)
Other operating cash flow	(58)	(270)
Net cash used in operating activities	(20,657)	(2,465)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	584	535
Proceeds from recovery of long term investments	33,420	12,076
Purchase of property, plant and equipment	(5,905)	(3,386)
Purchase of long term investments and investment properties	(2,152)	(1,809)
Acquisition of additional interest in a subsidiary	(3,663)	-
Proceeds from disposal of steel businesses	258,864	-
Proceeds from transfer of land lease	151	-
Interest received	3,724	2,414
Decrease in amount due from associated companies	3,947	329
Other investing cash flow	(33)	-
Net cash generated from investing activities	288,937	10,159
Cash flows from financing activities		
Increase / (decrease) in amounts due to bankers	34,712	(18,205)
Interest paid	(1,247)	(1,563)
Dividends paid to minority interests	(62)	-
Contribution from minority interests	938	-
Other financing cash flow	(244)	806
Net cash generated from / (used in) financing activities	34,097	(18,962)
Net increase / (decrease) in cash and cash equivalents	302,377	(11,268)
Cash and cash equivalents at beginning of period	339,711	354,485
Cash and cash equivalents at end of period*	642,088	343,217

* comprise cash and bank balances net of bank overdrafts

Disposal of subsidiaries

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

	THE GROUP	
	3 months ended 31 March	
	2005	2004
	S\$'000	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)	-
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	462,835	-
Minority interests	(27,472)	-
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Attributable net assets disposed	435,363	-
Goodwill written off	14,210	-
Translation reserve released upon disposal of subsidiaries	18,863	-
Preliminary loss on disposal of subsidiaries	(5,034)	-
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Preliminary total consideration, net of transaction costs	463,402	-
Preliminary consideration receivable at end of period	(165,302)	-
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	4,823	-
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Net cash flow on disposal of subsidiaries	258,864	-

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	Total	
	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	Interests S\$'000	Equity 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	-	-	-	868	-	-	-	868	354	1,222
Exchange differences released upon disposal of subsidiaries and associated companies	-	-	-	18,863	-	-	-	18,863	-	18,863
Reserves released upon disposal of a subsidiaries and associated companies	-	-	3,306	-	2,460	(1,169)	(4,597)	-	-	-
Fair value losses on financial assets available-for-sale	-	-	-	-	-	-	(893)	(893)	-	(893)
Fair value reserve released upon impairment of financial assets available-for-sale	-	-	-	-	-	-	435	435	-	435
Net gains / (losses) recognised directly in equity	-	-	3,306	19,731	2,460	(1,169)	(5,055)	19,273	354	19,627
Profit for the period	-	-	37,537	-	-	-	-	37,537	2,093	39,630
Total recognised gains / (losses) for the period	-	-	40,843	19,731	2,460	(1,169)	(5,055)	56,810	2,447	59,257
Dividends paid to minority interests of a subsidiary	-	-	-	-	-	-	-	-	(62)	(62)
Changes in group structure	-	-	-	-	-	-	-	-	(26,803)	(26,803)
Balance as at 31 March 2005	186,779	6,881	796,589	7,151	17,993	1,946	31,811	1,049,150	26,445	1,075,595

	Attributable to equity holders of the Company							Minority	Total	
	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	Interests S\$'000	Equity 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	-	-	-	(3,965)	-	-	-	(3,965)	(272)	(4,237)
Exchange differences released upon disposal of associated company	-	-	-	1,604	-	-	-	1,604	-	1,604
Capital reserve released upon striking off of a subsidiary	-	-	-	-	(133)	-	-	(133)	-	(133)
Net losses recognised directly in equity	-	-	-	(2,361)	(133)	-	-	(2,494)	(272)	(2,766)
Profit for the period	-	-	32,069	-	-	-	-	32,069	2,543	34,612
Total recognised gains / (losses) for the period	-	-	32,069	(2,361)	(133)	-	-	29,575	2,271	31,846
Conversion of bank loans to redeemable preference shares of a subsidiary	-	-	-	-	-	-	-	-	15,645	15,645
Balance as at 31 March 2004	186,779	6,881	687,326	(8,422)	15,533	3,115	22,627	913,839	45,930	959,769

THE COMPANY	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
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
	<u>186,779</u>	<u>6,881</u>	<u>699,666</u>	<u>16,939</u>	<u>910,265</u>
Profit for the period	-	-	15,562	-	15,562
Fair value gain on financial assets available-for-sale	-	-	-	300	300
Total recognised gains for the period	-	-	15,562	300	15,862
	<u>186,779</u>	<u>6,881</u>	<u>715,228</u>	<u>17,239</u>	<u>926,127</u>
Balance as at 31 March 2005	<u>186,779</u>	<u>6,881</u>	<u>715,228</u>	<u>17,239</u>	<u>926,127</u>
Balance as at 1 January 2004	186,779	6,881	611,167	13,466	818,293
Loss and total recognised loss for the period	-	-	(3,304)	-	(3,304)
Balance as at 31 March 2004	<u>186,779</u>	<u>6,881</u>	<u>607,863</u>	<u>13,466</u>	<u>814,989</u>

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 2004.

There were no outstanding options as at 31 March 2005.

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
- Derivative instruments	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. There is no restatement of 1Q 2004 income statement 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 costs 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

THE GROUP (Aggregate)	3 months ended 31 March	
	2005	2004
(a) Based on the weighted average number of ordinary shares in issue (cents)		
- Excluding exceptional items	2.26	6.60
- Including exceptional items	10.05	8.58
(b) On fully diluted basis (cents)		
- Excluding exceptional items	n/a	n/a
- Including exceptional items	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	
	31.03.05	31.12.04 (restated)	31.03.05	31.12.04 (restated)
Net asset* value per ordinary share (S\$)	2.81	2.66	2.48	2.44

* 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

CONTINUING OPERATIONS	THE GROUP		Change %
	1Q 2005 S\$'000	1Q 2004 S\$'000	
Group Turnover	66,758	67,170	(1)
Group Profit Before Tax (excluding exceptional items)	12,656	7,652	65
Exceptional Items	34,111	7,415	n/m
Group Profit for the period attributable to equity holders of the Company	44,611	14,555	n/m
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	14,978	11,908	26

n/m: not meaningful

For 1st quarter 2005, the Continuing Operations of the Group, which comprised mainly its Chemicals, Construction Products and Engineering businesses doubled its pre-tax profits from \$7.7 mil to \$12.7 mil as compared to the same period last year. The substantial increase in profits came mainly from Bangkok Synthetics (“BST”), the Group’s Thai petrochemical associate and its crane spreader business. Group turnover remained steady at \$67 mil.

The Exceptional Gain of \$34.1 mil was mainly from the receipt of US\$20.62 mil as a result of a settlement of the US\$22.95 mil promissory note from Thai Wah Plaza Ltd. An amount of US\$2.33 mil was received in 2004.

Turnover (\$'mil)	1Q 2005	1Q 2004	Change	
Chemicals Division	16.5	12.3	4.2	34%
Construction Products Division	25.5	26.4	(0.9)	(3%)
Engineering Division	17.3	14.2	3.1	22%

Attributable profit before tax (\$'mil)	1Q 2005			1Q 2004			Change
	Operating PBT	Exceptional items	Total	Operating PBT	Exceptional items	Total	
Chemicals Division	11.9	1.2	13.1	6.8	-	6.8	93%
Construction Products Division	0.2	(0.4)	(0.2)	(0.4)	(0.6)	(1.0)	80%
Engineering Division	3.2	-	3.2	0.5	(0.2)	0.3	n/m

Chemicals Division

BST contributed \$10.1 mil or 85% of the division’s profits. Overall, the other businesses within the Chemical division maintained its profitability.

Construction Products Division

The Construction Products division recorded a modest operating profit. This was because of improved contract volume for both the division’s precast business in Malaysia and its marine prefab operations based in Finland.

Engineering Division

The division’s crane spreader business continues to benefit from steady demand from port operators based in China, India and this region. Its tower crane rental business recorded a modest profit as compared to a loss for the same period last year. There was also a writeback of \$ 1.1 mil in doubtful debt and other provisions.

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

The Group's remaining businesses comprise mainly the Chemicals, Construction Products and Engineering businesses.

Business outlook for the BST's petrochemical business remain positive. Demand and price levels for BST products are expected to stay firm.

For Construction Products, the division expects to see an improving order book for its operations in Malaysia and Finland. However, demand conditions for building materials is expected to stay soft in Singapore and very competitive for its Hong Kong operations.

The Group's crane spreader business continues to enjoy strong demand for its products in India, China and the region.

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

(i) The Group's wholly owned subsidiary, Raffles Marina Limited ("RML") is working with a financial advisor on various options in relation to a proposed restructuring exercise.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

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

(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

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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
13 May 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 Group may include, without limitation, political, economic, geographical, climatic 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, 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 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, Bird flu and their effects; unrest in Southern Thailand; 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.