



ANNOUNCEMENTS

12 Aug 2005



STRATEGY REVIEW AND SPECIAL DIVIDEND

STRATEGY REVIEW, FINAL SALE ADJUSTMENTS AND SPECIAL DIVIDEND

Strategy Review

The Board of Directors of NATSTEEL LTD is pleased to announce that the Strategy Review Committee has completed its review, with the assistance of Goldman Sachs (Singapore) Pte and submitted its report to the Board.

The Board has deliberated and adopted the recommendations of the Committee on the future strategic direction for the Company.

Going forward, NATSTEEL LTD will continue to seek growth opportunities through two avenues:

- acquisition of new core businesses; and
- expansion of existing businesses through organic and inorganic growth.

The capital resources required to pursue these growth strategies may be substantial although the actual amount required will depend on the opportunities that may arise. The Board of Directors will update shareholders of developments at the appropriate time.

Sale of Steel Business

On the sale of the steel business to The Tata Iron and Steel Company ("Tata Steel"), the final purchase price consideration has been determined by KPMG, an independent firm of accountants, jointly appointed by Tata Steel and NATSTEEL LTD.

Taking into account the additional provision for doubtful debts, the consideration is reduced from the preliminary S\$470.1 million announced on 13 May 2005 in the Company's first quarter release to S\$468.4 million.

This revised amount of S\$468.4 million includes S\$7.2 million, which will be paid by Tata Steel to NATSTEEL LTD only when the underlying debts have been collected by Tata Steel. This amount would only be recognized in the accounts when recovered by the Company. Excluding this S\$7.2 million, the total sales consideration amount to S\$461.2 million, of which S\$304.8 million has been received. The balance of S\$156.4 million is payable by Tata Steel to NATSTEEL LTD.

Based on the consideration of S\$461.2 million, the net loss on disposal of the steel business for NATSTEEL LTD will be increased from S\$5.0 million to S\$13.9 million.

Special Dividend

Taking into account the cash requirements of the Company to pursue growth

strategies, the Board of Directors recommends that a special dividend of S\$0.60 per ordinary share (tax exempt - one tier) be declared.

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 29 August 2005 to 5.00 p.m. on 5 September 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 29 August 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 29 August 2005.

The payment of the special dividend will be made on or about 13 September 2005 or such other date to be determined by the Directors.

By Order of the Board

Lim Su-Ling
Company Secretary
12 August 2005

[↑ Top](#)

[Back](#)

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