

NATSTEEL LTD

Company registration No. : 196100107C

Second Quarter Financial Statements 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

| | Notes | THE GROUP | | | | | |
|---|-------|-----------------------|---------------|--------|-------------------------|----------------|--------|
| | | Quarter ended 30 June | | | Half year ended 30 June | | |
| | | 2007 | 2006 | Change | 2007 | 2006 | Change |
| | | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| <u>CONTINUING OPERATIONS</u> | | | | | | | |
| Sales | | 84,179 | 88,405 | (5) | 167,275 | 155,668 | 7 |
| Cost of sales | | (68,702) | (73,445) | | (134,075) | (129,919) | |
| Gross profit | | 15,477 | 14,960 | 3 | 33,200 | 25,749 | 29 |
| Other income | | 758 | 993 | | 2,520 | 2,612 | |
| Distribution costs | | (3,746) | (3,357) | | (7,144) | (6,478) | |
| Administrative expenses | | (7,521) | (7,208) | | (15,565) | (15,131) | |
| Other expenses | | (717) | (2,023) | | (2,215) | (5,163) | |
| Profit before investment income, interest income and finance costs | 1 | 4,251 | 3,365 | 26 | 10,796 | 1,589 | 579 |
| Investment income | | 12 | - | | 12 | - | |
| Interest income | | 1,203 | 1,354 | | 2,472 | 2,349 | |
| Finance costs | | (843) | (1,101) | | (1,974) | (2,216) | |
| Share of results of associated companies after taxation | | 7,734 | 16,256 | | 15,551 | 24,107 | |
| Profit before taxation and exceptional items | | 12,357 | 19,874 | (38) | 26,857 | 25,829 | 4 |
| Exceptional items | 2 | 5,942 | 65,862 | | 7,185 | 67,588 | |
| Profit before taxation | | 18,299 | 85,736 | (79) | 34,042 | 93,417 | (64) |
| Taxation | | (1,840) | (3,756) | | (3,328) | (2,084) | |
| Profit after taxation from continuing operations | | 16,459 | 81,980 | | 30,714 | 91,333 | |
| <u>DISCONTINUED OPERATIONS</u> | | | | | | | |
| Profit / (loss) from discontinued operations | 3 | - | 202 | | (984) | (1,333) | |
| Gain on disposal of discontinued operations | | - | - | | 10,978 | - | |
| - Exceptional items | | - | - | | - | - | |
| | | - | 202 | | 9,994 | (1,333) | |
| Total profit for the period | | 16,459 | 82,182 | (80) | 40,708 | 90,000 | (55) |
| Attributable to : | | | | | | | |
| Equity holders of the Company | | 16,258 | 83,027 | | 40,690 | 91,142 | |
| Minority interests | | 201 | (845) | | 18 | (1,142) | |
| | | 16,459 | 82,182 | | 40,708 | 90,000 | |
| Earnings / (loss) per ordinary share attributable to the equity holders of the Company | | | | | | | |
| - from Continuing operations – Basic and fully diluted | | 4.35 cents | 22.17 cents | | 8.21 cents | 24.76 cents | |
| - from Discontinued operations – Basic and fully diluted | | 0.00 cent | 0.06 cent | | 2.68 cents | (0.36) cent | |

Comments on Income Statement

Continuing Operations

- a) Administrative expenses
78% of the administrative expenses for 2Q 2007 was incurred by the operations of its subsidiaries.
- b) Other expenses
The decrease in other expenses was due mainly to foreign exchange gain recorded in 2Q 2007 as compared to foreign exchange loss in 2Q 2006.
- c) Taxation
The taxation charge in 2Q 2007 was lower than the amount that would arise by applying the Singapore corporate tax rate mainly due to certain income not subject to tax or are subject to lower foreign withholding tax rate.

Note 1 – Profit before investment income, interest income and finance costs from Continuing operations is arrived at after (charging) / crediting the following items:

| | THE GROUP | | | |
|---|------------------------------|----------------|--------------------------------|----------------|
| | Quarter ended 30 June | | Half year ended 30 June | |
| | 2007 | 2006 | 2007 | 2006 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Amortisation of intangible assets | (118) | (120) | (221) | (234) |
| Depreciation of property, plant and equipment and investment properties | (3,741) | (4,715) | (7,671) | (9,432) |
| Property, plant and equipment written off | (1) | (4) | (41) | (4) |
| Net foreign exchange gain / (loss) | 531 | (758) | 276 | (2,488) |
| Net write down of inventories to net realisable value | (58) | (58) | (66) | (10) |
| Net (provision) / write back of impairment of trade receivables | (118) | 258 | 236 | 584 |
| Net (loss) / gain on sale of property, plant and equipment | (7) | 706 | 1,028 | 1,266 |
| Amortisation of deferred income | 85 | 377 | 170 | 810 |

Note 2 – Exceptional items comprise the following:

| | THE GROUP | | | |
|---|------------------------------|----------------|--------------------------------|----------------|
| | Quarter ended 30 June | | Half year ended 30 June | |
| | 2007 | 2006 | 2007 | 2006 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Net gain on disposal of | | | | |
| - subsidiaries | 4,588 | - | 4,588 | - |
| - associated companies | - | 2,031 | - | 2,448 |
| - investment properties | - | 362 | - | 362 |
| - available-for-sale financial assets | 806 | 41,171* | 2,501 | 41,473 |
| Gain on cessation of business of a subsidiary | 1,194 | - | 668 | - |
| Gain on debt restructuring of a subsidiary | - | 27,230 | - | 27,230 |
| Recognition of deferred income | 723 | - | 723 | - |
| Impairment of investment in associated companies | (1,795) | - | (1,795) | - |
| Net write back of provision for impairment of receivables from associated companies | - | 6 | - | 412 |
| Impairment of property, plant and equipment | - | (5,800) | - | (5,800) |
| Impairment of available-for-sale financial assets | (1) | (28) | (15) | (33) |
| Reversal of provision for claims | 425 | - | 425 | - |
| Write back of provision for losses no longer required | - | - | - | 597 |
| Gain from transfer of land lease | - | 967 | - | 967 |
| Others | 2 | (77) | 90 | (68) |
| Net gain | 5,942 | 65,862 | 7,185 | 67,588 |

* Mainly in respect of gains from the divestment of Banyan Tree Holdings Ltd.

Note 3 – Discontinued Operations and Assets Held for Sale

(a) The Group’s investment in Changzhou Wujin NSL Company Limited (“Wujin”) has been classified as disposal group held for sale since 1Q 2005 following the completion of the disposal of the Group’s steel businesses. Accordingly, the assets and liabilities related to Wujin have been presented separately on the balance sheet as disposal group held for sale in accordance to FRS 105.

On 5 March 2007, the Company completed the sale of its entire stake in NSL China Investments Pte Ltd, the immediate holding company of Wujin for US\$36.5 mil (S\$55.7 mil) (“disposal”). The group recorded an exceptional gain of S\$11.0 mil from the disposal.

The operating performance of Wujin up to 5 March 2007 was presented separately on the income statement as “discontinued operations”.

(b) The Group has ceased its precision machining business in FY 2006. The remaining property, plant and equipment of the ceased operation have been classified as assets held for sale since 31 December 2006.

(c) An analysis of the results of discontinued operations (disposal group held for sale) is as follows:

| | Quarter ended 30 June | | Half year ended 30 June | |
|--|-----------------------|------------|-------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| | S\$’000 | S\$’000 | S\$’000 | S\$’000 |
| Revenue | - | 31,747 | 6,472 | 36,811 |
| Net expenses | - | (31,164) | (7,238) | (37,805) |
| Profit / (loss) before taxation of discontinued operations | - | 583 | (766) | (994) |
| Taxation | - | (381) | (218) | (339) |
| Profit / (loss) after taxation from discontinued operations | - | 202 | (984) | (1,333) |
| Gain on disposal of discontinued operations | - | - | 10,978 | - |

(d) The impact of the discontinued operations on the cash flows of the Group is as follows:

| | Quarter ended 30 June | | Half year ended 30 June | |
|---|-----------------------|--------------|-------------------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| | S\$’000 | S\$’000 | S\$’000 | S\$’000 |
| Net cash generated from / (used in): | | | | |
| Operating activities | - | 7,193 | 4,493 | 2,537 |
| Investing activities | - | (5) | 48 | (131) |
| Financing activities | - | - | - | (6) |
| Total cash flows | - | 7,188 | 4,541 | 2,400 |

(e) The details of assets and liabilities of the disposal group classified as held for sale and non-current assets held for sale are as follows:

| | 30.06.07 | 31.12.06 |
|-------------------------------|------------|---------------|
| | S\$’000 | S\$’000 |
| Assets | | |
| Property, plant and equipment | 495 | 20,573 |
| Deferred tax assets | - | 542 |
| Current assets | - | 39,042 |
| Total assets | 495 | 60,157 |
| Liabilities | | |
| Trade and other payables | - | (760) |
| | 495 | 59,397 |

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 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30.06.07 S\$'000 | 31.12.06 S\$'000 | 30.06.07 S\$'000 | 31.12.06 S\$'000 |
| Share capital | 193,839 | 193,839 | 193,839 | 193,839 |
| Reserves | 257,554 | 257,484 | 48,110 | 51,523 |
| Shareholders' equity | 451,393 | 451,323 | 241,949 | 245,362 |
| Minority interests | 28,778 | 29,243 | - | - |
| Total equity | 480,171 | 480,566 | 241,949 | 245,362 |
| Current Assets | | | | |
| Inventories | 60,126 | 50,611 | - | - |
| Receivables and prepayments | 88,425 | 79,860 | 26,202 | 89,888 |
| Tax recoverable | 13,018 | 12,639 | 12,537 | 11,128 |
| Cash and bank balances | 189,721 | 186,481 | 42,528 | 5,235 |
| Derivative financial instruments | - | 147 | - | - |
| | 351,290 | 329,738 | 81,267 | 106,251 |
| Disposal group and non current assets classified as held for sale | 495 | 60,157 | - | - |
| | 351,785 | 389,895 | 81,267 | 106,251 |
| Non Current Assets | | | | |
| Property, plant and equipment | 138,005 | 136,584 | 490 | 624 |
| Investment properties | 4,390 | 4,483 | - | - |
| Subsidiaries | - | - | 55,786 | 55,786 |
| Associated companies | 128,200 | 109,465 | - | - |
| Available-for-sale financial assets | 30,054 | 30,003 | 16,856 | 13,716 |
| Long term receivables | 10,620 | 9,359 | 108,011 | 109,038 |
| Intangible assets | 9,733 | 9,678 | - | - |
| Deferred tax assets | 1,150 | 1,415 | - | - |
| Other non current assets | 627 | 617 | - | - |
| | 322,779 | 301,604 | 181,143 | 179,164 |
| Total Assets | 674,564 | 691,499 | 262,410 | 285,415 |
| Current Liabilities | | | | |
| Amounts due to bankers | (32,795) | (49,442) | - | (20,600) |
| Trade and other payables | (74,466) | (79,072) | (6,260) | (9,412) |
| Provision for other liabilities and charges | (11,903) | (11,923) | - | - |
| Taxation | (18,812) | (14,763) | (13,178) | (8,916) |
| Derivative financial instruments | (200) | (2) | - | (2) |
| | (138,176) | (155,202) | (19,438) | (38,930) |
| Liabilities directly associated with the disposal group classified as held for sale | - | (760) | - | - |
| | (138,176) | (155,962) | (19,438) | (38,930) |
| Non Current Liabilities | | | | |
| Provision for retirement benefits | (530) | (511) | (230) | (218) |
| Deferred tax liabilities | (15,978) | (15,025) | (793) | (905) |
| Long term bank loans | (33,255) | (31,997) | - | - |
| Deferred income | (5,717) | (6,538) | - | - |
| Other non current liabilities | (737) | (900) | - | - |
| | (56,217) | (54,971) | (1,023) | (1,123) |
| Total Liabilities | (194,393) | (210,933) | (20,461) | (40,053) |
| | 480,171 | 480,566 | 241,949 | 245,362 |

Comments on Balance Sheet

- a) The final dividend for financial year 2006 of 10 cents per share (exempt – one-tier) amounting to S\$37.4 mil paid on 28 May 2007 was deducted from the revenue reserve of the Company and of the Group as at 30 June 2007.

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 June 2007 | | As at 31 December 2006 | |
|----------------------------|------------------------------|-------------------------------|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 8,975 | 23,946 | 7,270 | 42,726 |

Amount repayable after one year

| As at 30 June 2007 | | As at 31 December 2006 | |
|----------------------------|------------------------------|-------------------------------|------------------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 27,594 | 5,996 | 29,344 | 3,161 |

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\$56,335,000 (31 December 2006: S\$57,445,000) 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 30 June | | Half year ended 30 June | |
| | 2007 | 2006 | 2007 | 2006 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from operating activities | | | | |
| Profit after tax for the period | 16,459 | 82,182 | 40,708 | 90,000 |
| Non-cash and reclassified items | (8,260) | (73,882) | (23,991) | (80,241) |
| Working capital changes | (2,933) | (525) | (17,361) | (1,746) |
| Income taxes refunded / (paid) | 4,843 | (193) | 1,289 | (1,337) |
| Dividends received from associated company | - | - | - | 33,396 |
| Net cash generated from operating activities | 10,109 | 7,582 | 645 | 40,072 |
| Cash flows from investing activities | | | | |
| Proceeds from disposal of property, plant and equipment | 1,953 | 1,912 | 6,726 | 2,743 |
| Proceeds from sale of available-for-sale financial assets, investment properties and other non current assets | 2,900 | 75,404 | 5,902 | 83,325 |
| Proceeds from disposal of subsidiaries, net of cash disposed of | 4,164 | - | 33,698 | - |
| Proceeds from liquidation of a subsidiary company | - | - | 170 | - |
| Proceeds from disposal of associated companies | - | 736 | - | 1,201 |
| Purchases of property, plant and equipment | (3,276) | (5,289) | (9,765) | (9,239) |
| Purchases of available-for-sale financial assets | (116) | (1,114) | (116) | (2,391) |
| Acquisition of a new subsidiary, net of cash acquired | - | - | (845) | - |
| Acquisition of additional interest in an associated company | - | - | - | (5,147) |
| Acquisition of new interest in an associated company | - | (3,918) | - | (3,918) |
| Interest received | 1,366 | 1,350 | 2,630 | 2,646 |
| Amount due from associated companies | (959) | - | (3,440) | 406 |
| Net cash generated from investing activities | 6,032 | 69,081 | 34,960 | 69,626 |
| Cash flows from financing activities | | | | |
| Net repayment of amounts due to bankers | (384) | (8,114) | (18,445) | (21,804) |
| Interest paid | (574) | (788) | (2,059) | (1,910) |
| Dividends paid to shareholders | (37,356) | - | (37,356) | - |
| Dividends paid to minority interests | (390) | - | (390) | - |
| Other financing cash flow | 1,902 | (867) | 1,837 | (818) |
| Net cash used in financing activities | (36,802) | (9,769) | (56,413) | (24,532) |
| Net (decrease) / increase in cash and cash equivalents | (20,661) | 66,894 | (20,808) | 85,166 |
| Cash and cash equivalents at beginning of period | 204,500 | 192,036 | 204,690 | 174,243 |
| Effects of exchange rate changes on cash and cash equivalents | 204 | (264) | 161 | (743) |
| Cash and cash equivalents at end of period* | 184,043 | 258,666 | 184,043 | 258,666 |

* comprise cash and bank balances net of bank overdrafts

Disposal of subsidiaries

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

| | THE GROUP | | | |
|--|------------------------------|----------------|--------------------------------|----------------|
| | Quarter ended 30 June | | Half year ended 30 June | |
| | 2007 | 2006 | 2007 | 2006 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Property, plant and equipment | 1,650 | - | 18,358 | - |
| Deferred tax assets | - | - | 324 | - |
| Inventories | 1,223 | - | 5,568 | - |
| Receivables and prepayments | 3,192 | - | 11,514 | - |
| Cash and bank balances | 848 | - | 26,220 | - |
| Trade and other payables | (7,554) | - | (7,869) | - |
| Taxation | (71) | - | (71) | - |
| Other non current liabilities | (108) | - | (108) | - |
| Attributable net assets disposed | (820) | - | 53,936 | - |
| Translation reserve released upon disposal of subsidiaries | (1,616) | - | (12,540) | - |
| Gain on disposal of subsidiaries | 4,588 | - | 15,566 | - |
| Total consideration, net of transaction costs | 2,152 | - | 56,962 | - |
| Cash and bank balances of the subsidiaries disposed | (848) | - | (26,220) | - |
| Transaction costs paid during the period | (96) | - | - | - |
| Repayment of loan due from disposed subsidiary | 2,956 | - | 2,956 | - |
| Net cash inflow on disposal of subsidiaries | 4,164 | - | 33,698 | - |

Acquisition of a new subsidiary

The attributable net assets and purchase consideration of the subsidiary acquired during the period were as follows:

| | THE GROUP | | | |
|---|------------------------------|----------------|--------------------------------|----------------|
| | Quarter ended 30 June | | Half year ended 30 June | |
| | 2007 | 2006 | 2007 | 2006 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Property, plant and equipment | - | - | 799 | - |
| Trade and other payables | - | - | (1) | - |
| Attributable net assets acquired | - | - | 798 | - |
| Goodwill on consolidation | - | - | 47 | - |
| Net cash outflow on acquisition of a subsidiary | - | - | 845 | - |

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 | Revenue Reserve S\$'000 | Translation Reserve S\$'000 | Capital Reserve S\$'000 | Revaluation Reserve S\$'000 | Other Reserves S\$'000 | | | Total S\$'000 |
| THE GROUP | | | | | | | | | |
| Balance as at 1 January 2007 | 193,839 | 217,769 | 7,335 | 9,832 | 1,946 | 20,602 | 451,323 | 29,243 | 480,566 |
| Exchange differences arising on consolidation | - | - | (306) | - | - | - | (306) | (21) | (327) |
| Available-for-sale financial assets | | | | | | | | | |
| - Fair value gains taken to equity, net of deferred tax | - | - | - | - | - | 3,414 | 3,414 | - | 3,414 |
| - Fair value reserve transferred to income statement on sale | - | - | - | - | - | (1,349) | (1,349) | - | (1,349) |
| - Fair value reserve transferred to income statement on impairment | - | - | - | - | - | 14 | 14 | - | 14 |
| - Share of fair value reserve movement of associated companies | - | - | - | - | - | 689 | 689 | - | 689 |
| Net (losses) / gains recognised directly in equity | - | - | (306) | - | - | 2,768 | 2,462 | (21) | 2,441 |
| Profit / (loss) for the period | - | 24,432 | - | - | - | - | 24,432 | (183) | 24,249 |
| Total recognised gains / (losses) for the period | - | 24,432 | (306) | - | - | 2,768 | 26,894 | (204) | 26,690 |
| Reserves released / transferred upon disposal and liquidation of subsidiaries | - | 6,750 | (11,012) | - | - | (6,750) | (11,012) | (161) | (11,173) |
| Balance as at 31 March 2007 | 193,839 | 248,951 | (3,983) | 9,832 | 1,946 | 16,620 | 467,205 | 28,878 | 496,083 |
| Exchange differences arising on consolidation | - | - | 3,676 | - | - | - | 3,676 | 89 | 3,765 |
| Available-for-sale financial assets | | | | | | | | | |
| - Fair value gains taken to equity, net of deferred tax | - | - | - | - | - | 1,997 | 1,997 | - | 1,997 |
| - Fair value reserve transferred to income statement on sale | - | - | - | - | - | (707) | (707) | - | (707) |
| - Fair value reserve transferred to income statement on impairment | - | - | - | - | - | 1 | 1 | - | 1 |
| - Share of fair value reserve movement of associated companies | - | - | - | - | - | 1,935 | 1,935 | - | 1,935 |
| Net gains recognised directly in equity | - | - | 3,676 | - | - | 3,226 | 6,902 | 89 | 6,991 |
| Profit for the period | - | 16,258 | - | - | - | - | 16,258 | 201 | 16,459 |
| Total recognised gains for the period | - | 16,258 | 3,676 | - | - | 3,226 | 23,160 | 290 | 23,450 |
| Dividends paid | - | (37,356) | - | - | - | - | (37,356) | - | (37,356) |
| Dividend paid to minority interest of a subsidiary | - | - | - | - | - | - | - | (390) | (390) |
| Translation reserve released upon disposal of subsidiaries | - | - | (1,616) | - | - | - | (1,616) | - | (1,616) |
| Balance as at 30 June 2007 | 193,839 | 227,853 | (1,923) | 9,832 | 1,946 | 19,846 | 451,393 | 28,778 | 480,171 |

| | Attributable to equity holders of the Company | | | | | | | Minority | 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 2006 | 186,779 | 6,881 | 172,519 | 7,432 | 17,993 | 1,946 | 31,342 | 424,892 | 26,477 | 451,369 |
| Exchange differences arising on consolidation | - | - | - | (124) | - | - | - | (124) | (72) | (196) |
| Available-for-sale financial assets | | | | | | | | | | |
| - Fair value gains taken to equity | - | - | - | - | - | - | 1,626 | 1,626 | - | 1,626 |
| - Fair value reserve transferred to income statement on sale | - | - | - | - | - | - | (227) | (227) | - | (227) |
| - Fair value reserve transferred to income statement on impairment | - | - | - | - | - | - | 5 | 5 | - | 5 |
| - Share of fair value reserve movement of associated companies | - | - | - | - | - | - | 1,787 | 1,787 | - | 1,787 |
| Net (losses) / gains recognised directly in equity | - | - | - | (124) | - | - | 3,191 | 3,067 | (72) | 2,995 |
| Profit / (loss) for the period | - | - | 8,115 | - | - | - | - | 8,115 | (297) | 7,818 |
| Total recognised gains / (losses) for the period | - | - | 8,115 | (124) | - | - | 3,191 | 11,182 | (369) | 10,813 |
| Transfer of share premium and capital redemption reserve to share capital | 7,060 | (6,881) | - | - | - | - | (179) | - | - | - |
| Reserve released upon disposal of an associated company | - | - | - | 48 | - | - | - | 48 | - | 48 |
| Balance as at 31 March 2006 | 193,839 | - | 180,634 | 7,356 | 17,993 | 1,946 | 34,354 | 436,122 | 26,108 | 462,230 |
| Exchange differences arising on consolidation | - | - | - | (1,059) | - | - | - | (1,059) | (113) | (1,172) |
| Available-for-sale financial assets | | | | | | | | | | |
| - Fair value gains taken to equity | - | - | - | - | - | - | 5,713 | 5,713 | - | 5,713 |
| - Fair value reserve transferred to income statement on sale | - | - | - | - | - | - | 2,210 | 2,210 | - | 2,210 |
| - Fair value reserve transferred to income statement on impairment | - | - | - | - | - | - | 28 | 28 | - | 28 |
| - Share of fair value reserve movement of associated companies | - | - | - | - | - | - | (597) | (597) | - | (597) |
| Net (losses) / gains recognised directly in equity | - | - | - | (1,059) | - | - | 7,354 | 6,295 | (113) | 6,182 |
| Profit / (loss) for the period | - | - | 83,027 | - | - | - | - | 83,027 | (845) | 82,182 |
| Total recognised gains / (losses) for the period | - | - | 83,027 | (1,059) | - | - | 7,354 | 89,322 | (958) | 88,364 |
| Translation reserve released upon striking off of a subsidiary | - | - | - | (189) | - | - | - | (189) | - | (189) |
| Balance as at 30 June 2006 | 193,839 | - | 263,661 | 6,108 | 17,993 | 1,946 | 41,708 | 525,255 | 25,150 | 550,405 |

| | Share Capital S\$'000 | Revenue Reserve S\$'000 | Other Reserves S\$'000 | Total S\$'000 |
|---------------------------------------|-----------------------------|-------------------------------|------------------------------|------------------|
| THE COMPANY | | | | |
| Balance as at 1 January 2007 | 193,839 | 45,065 | 6,458 | 245,362 |
| Available-for-sale financial assets | | | | |
| - Fair value gain taken to equity | - | - | 2,434 | 2,434 |
| Profit for the period | - | 28,510 | - | 28,510 |
| Total recognised gains for the period | - | 28,510 | 2,434 | 30,944 |
| Balance as at 31 March 2007 | 193,839 | 73,575 | 8,892 | 276,306 |
| Available-for-sale financial assets | | | | |
| - Fair value gain taken to equity | - | - | 841 | 841 |
| Profit for the period | - | 2,158 | - | 2,158 |
| Total recognised gains for the period | - | 2,158 | 841 | 2,999 |
| Dividend paid | - | (37,356) | - | (37,356) |
| Balance as at 30 June 2007 | 193,839 | 38,377 | 9,733 | 241,949 |

| | 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 2006 | 186,779 | 6,881 | 92,749 | 19,415 | 305,824 |
| Available-for-sale financial assets | | | | | |
| - Fair value loss taken to equity | - | - | - | (1,062) | (1,062) |
| - Fair value reserve transferred to income statement on impairment | - | - | - | 5 | 5 |
| Net losses recognised directly in equity | - | - | - | (1,057) | (1,057) |
| Loss for the period | - | - | (1,590) | - | (1,590) |
| Total recognised losses for the period | - | - | (1,590) | (1,057) | (2,647) |
| Transfer of share premium and capital redemption reserve to share capital | 7,060 | (6,881) | - | (179) | - |
| Balance as at 31 March 2006 | 193,839 | - | 91,159 | 18,179 | 303,177 |
| Available-for-sale financial assets | | | | | |
| - Fair value loss taken to equity | - | - | - | (214) | (214) |
| Loss for the period | - | - | (1,573) | - | (1,573) |
| Total recognised losses for the period | - | - | (1,573) | (214) | (1,787) |
| Balance as at 30 June 2006 | 193,839 | - | 89,586 | 17,965 | 301,390 |

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 March 2007.
There were no outstanding options as at 30 June 2007 (30 June 2006: 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 or reviewed by the Group's external 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

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements except for changes made to comply with FRS 40 Investment Property, which became effective for financial year commencing 1 January 2007.

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 adoption of FRS 40 does not have a material impact on the Group's financial statements.

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 June | | Half year ended 30 June | |
|--|-----------------------|-------|-------------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| (a) Based on the weighted average number of ordinary shares in issue (cents) | | | | |
| - Excluding exceptional items | 2.81 | 4.43 | 6.06 | 6.14 |
| - Including exceptional items | 4.35 | 22.23 | 10.89 | 24.40 |
| (b) On fully diluted basis (cents) | | | | |
| - Excluding exceptional items | 2.81 | 4.43 | 6.06 | 6.14 |
| - Including exceptional items | 4.35 | 22.23 | 10.89 | 24.40 |

The Group's earning per share from continuing and discontinued operations are disclosed separately in the income statement on page 1.

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 | |
|---|-----------|----------|-------------|----------|
| | 30.06.07 | 31.12.06 | 30.06.07 | 31.12.06 |
| Net asset* value per ordinary share (S\$) | 1.21 | 1.21 | 0.65 | 0.66 |

* 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 June | | | Half year ended 30 June | | |
| | 2007 S\$'000 | 2006 S\$'000 | Change % | 2007 S\$'000 | 2006 S\$'000 | Change % |
| CONTINUING OPERATIONS | | | | | | |
| Group Turnover | 84,179 | 88,405 | (5) | 167,275 | 155,668 | 7 |
| Group Profit Before Tax (excluding exceptional items) | 12,357 | 19,874 | (38) | 26,857 | 25,829 | 4 |
| Exceptional Items | 5,942 | 65,862 | (91) | 7,185 | 67,588 | (89) |
| Group Profit for the period attributable to equity holders of the Company | 16,258 | 82,825 | (80) | 30,696 | 92,475 | (67) |
| Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items) | 15,771 | 24,079 | (35) | 34,081 | 34,552 | (1) |

Group's turnover from continuing operations decreased 5% to S\$84.2 mil in 2Q 2007 over the corresponding period last year due mainly to lower sales recorded by the Engineering division. Notwithstanding this, the Group's turnover for 1H 2007 increased 7% to S\$167.3 mil due to strong performance from the Construction Products division. Group's pre-tax profit for 2Q 2007 decreased 38% to S\$12.4 mil mainly as a result of lower profit contributions from the Chemicals and Engineering division. Pre-tax profit for 1H 2007 however increased marginally to S\$26.9 mil from S\$25.8 mil previously due to the earlier reported stronger 1Q 2007 profit of S\$14.5 mil.

Below is the summary of the performance of the Group's three business divisions:

| Turnover (S\$'mil) | Quarter ended 30 June | | | Half year ended 30 June | | |
|--------------------------------|-----------------------|------|------------|-------------------------|------|------------|
| | 2007 | 2006 | Change (%) | 2007 | 2006 | Change (%) |
| Chemicals Division | 16.4 | 17.2 | (5) | 31.9 | 32.0 | - |
| Construction Products Division | 59.1 | 48.0 | 23 | 110.8 | 80.5 | 38 |
| Engineering Division | 5.6 | 17.0 | (67) | 18.4 | 29.0 | (37) |

| Attributable profit before tax (S\$'mil) | Quarter ended 30 June | | | Half year ended 30 June | | |
|--|-----------------------|------|------------|-------------------------|------|------------|
| | 2007 | 2006 | Change (%) | 2007 | 2006 | Change (%) |
| Operating PBT | | | | | | |
| - Chemicals Division | 9.1 | 13.3 | (32) | 17.8 | 21.2 | (16) |
| - Construction Products Division | 4.6 | 2.8 | 64 | 10.4 | 2.5 | 316 |
| - Engineering Division | (0.6) | 2.0 | n/m | 0.2 | 3.8 | (95) |
| | 13.1 | 18.1 | (28) | 28.4 | 27.5 | 3 |
| Exceptional items | | | | | | |
| - Chemicals Division | (1.8) | 1.0 | n/m | (1.8) | 1.0 | n/m |
| - Construction Products Division | 4.6 | - | n/m | 4.6 | - | n/m |
| - Engineering Division | 0.4 | 2.0 | (80) | 0.4 | 2.0 | (80) |
| | 3.2 | 3.0 | 7 | 3.2 | 3.0 | 7 |
| Total | | | | | | |
| - Chemicals Division | 7.3 | 14.3 | (49) | 16.0 | 22.2 | (28) |
| - Construction Products Division | 9.2 | 2.8 | 229 | 15.0 | 2.5 | 500 |
| - Engineering Division | (0.2) | 4.0 | n/m | 0.6 | 5.8 | (90) |
| | 16.3 | 21.1 | (23) | 31.6 | 30.5 | 4 |

n/m: not meaningful

Chemicals Division

Turnover of the Chemicals division decreased 5% to S\$16.4 mil in 2Q 2007 from S\$17.2 mil previously due mainly to lower sales from its environmental services business following an accident at a subsidiary's facility in May 2007 which disrupted its operations. Pre-tax profit decreased 32% to S\$9.1 mil due mainly to lower profit contribution from its Thai petrochemical associate, Bangkok Synthetic Co ("BST") and the environmental services business.

Construction Products Division

Turnover of the Construction Products division grew 23% to S\$59.1 mil in the current quarter mainly as a result of higher project volumes delivered by its operations in Singapore and Finland. On the back of higher turnover, pre-tax profit increased 64% to S\$4.6 mil in 2Q 2007.

Engineering Division

Turnover of the Engineering division decreased 67% to S\$5.6 mil due to product delivery delays. The lower turnover coupled with some currency revaluation adjustments resulted in a pre-tax loss of S\$0.6 mil for this division in 2Q 2007.

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

Business conditions for the Group's Construction Products division are expected to remain favourable.

The Group's environmental chemicals business continues to face competitive market conditions in both its Singapore and overseas operations.

BST is expected to face strong competition and pricing pressures for its products in both the domestic and international markets.

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
Tax Rate
Date paid

(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
Tax Rate
Date paid

(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 (2007) S\$'000 | Previous Full Year (2006) S\$'000 |
|------------|------------------------------------|--------------------------------------|
| Ordinary | | |
| Preference | | |
| Total: | | |

CONFIRMATION BY THE BOARD

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results for the six months ended 30 June 2007 to be false or misleading.

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
10 August 2007

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, floods, effects of global climatic change 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; fluctuations in the price of raw materials, power, water, fuel, crude oil or demand for natural rubber; 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; coup d’etat, 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.