

NATSTEEL LTD

Company registration No. : 196100107C

Second 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

	Notes	THE GROUP					
		Quarter ended 30 June			Half year ended 30 June		
		2008	2007	Change	2008	2007	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>CONTINUING OPERATIONS</u>							
Sales		95,162	84,179	13	160,694	167,275	(4)
Cost of sales		(79,304)	(68,702)		(131,902)	(134,075)	
Gross profit		15,858	15,477	2	28,792	33,200	(13)
Other income		1,688	1,041		1,644	2,302	
Distribution costs		(4,103)	(3,746)		(7,642)	(7,144)	
Administrative expenses		(8,436)	(7,521)		(16,370)	(15,565)	
Other expenses		(1,052)	(1,000)		(1,940)	(1,997)	
Profit before investment income, interest income and finance costs	1	3,955	4,251	(7)	4,484	10,796	(58)
Investment income		-	12		1,230	12	
Interest income		439	1,203		1,103	2,472	
Finance costs		(427)	(843)		(925)	(1,974)	
Share of results of associated companies after taxation		16,579	7,734		24,422	15,551	
Profit before taxation and exceptional items		20,546	12,357	66	30,314	26,857	13
Exceptional items	2	2,110	5,942		3,247	7,185	
Profit before taxation		22,656	18,299	24	33,561	34,042	(1)
Taxation		61	(1,840)		(1,412)	(3,328)	
Profit after taxation from continuing operations		22,717	16,459	38	32,149	30,714	5
<u>DISCONTINUED OPERATIONS</u>							
Loss from discontinued operations	3	-	-		-	(984)	
Gain on disposal of discontinued operations						10,978	
- Exceptional items		-	-		-	9,994	
		-	-		-	9,994	
Total profit for the period		22,717	16,459	38	32,149	40,708	(21)
Attributable to :							
Equity holders of the Company		22,598	16,258	39	31,992	40,690	(21)
Minority interests		119	201		157	18	
		22,717	16,459		32,149	40,708	
Earnings per ordinary share attributable to the equity holders of the Company							
- from Continuing operations – Basic and fully diluted		6.05 cents	4.35 cents		8.56 cents	8.21 cents	
- from Discontinued operations – Basic and fully diluted		0.00 cent	0.00 cent		0.00 cent	2.68 cents	

Comments on Income Statement

Continuing Operations

- a) Distribution costs
The higher distribution costs in 2Q 2008 as compared to 2Q 2007 was mainly attributable to the increase in turnover.
- b) Administrative expenses
78% of the administrative expenses for 2Q 2008 was incurred by the operations of its subsidiaries. The higher administrative expenses in 2Q 2008 was mainly attributable to higher impairment of trade receivables and increased staff costs.
- c) Other income
The increase in other income in 2Q 2008 was due mainly to higher gain from sale of property, plant and equipment.
- d) Interest income
Interest income was lower in 2Q 2008 as compared to the corresponding period last year due mainly to lower interest rates and lower Group cash balance following the payment of FY2007 final dividend in May 2008.
- e) Finance costs
Finance costs was lower in 2Q 2008 as compared to 2Q 2007 due mainly to lower Group borrowings.
- f) Taxation
Taxation for 2Q 2008 differs from the amount that would arise by applying the Singapore corporate tax rate due mainly to:
i) A write back of S\$3.6 mil for overprovision of tax in respect of prior years.
ii) Certain income not being subject to tax or are subject to lower 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 2008	2007	Half year ended 30 June 2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of intangible assets	(148)	(118)	(263)	(221)
Depreciation of property, plant and equipment and investment properties	(3,583)	(3,741)	(7,186)	(7,671)
Property, plant and equipment written off	(6)	(1)	(14)	(41)
Net foreign exchange gain	661	531	63	276
Fair value (loss) / gain of derivative financial instruments	(129)	(215)	366	(345)
Net write down of inventories to net realisable value	(25)	(58)	(70)	(66)
Net (provision) / write back of impairment of trade receivables	(529)	(118)	(410)	236
Net gain / (loss) on sale of property, plant and equipment	665	(7)	657	1,028
Amortisation of deferred income	100	85	190	170

Note 2 – Exceptional items comprise the following:

	THE GROUP			
	Quarter ended 30 June 2008	2007	Half year ended 30 June 2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Insurance compensation	2,500	-	2,500	-
Write back of impairment of long term receivable	1,000	-	2,000	-
Write back of impairment / (impairment) of investment in associated companies	159	(1,795)	405	(1,795)
Impairment for property, plant and equipment	(1,432)	-	(1,432)	-
Net gain / (loss) on disposal of				
- subsidiaries	-	4,588	-	4,588
- available-for-sale financial assets	73	806	(12)	2,501
Gain on cessation of business of a subsidiary	-	1,194	-	668
Recognition of deferred income	-	723	-	723
Impairment of available-for-sale financial assets	(125)	(1)	(172)	(15)
Gain on liquidation of subsidiaries	-	-	395	-
Reversal of provision for claims	-	425	-	425
Others	(65)	2	(437)	90
Net gain	2,110	5,942	3,247	7,185

Note 3 – Discontinued Operations

(a) On 5 March 2007, the Company completed the sale of its entire stake in NSL China Investments Pte Ltd, (“NSL China”) for US\$36.5 mil (S\$55.7 mil) (“disposal”). The group recorded an exceptional gain of S\$11 mil from the disposal in 1Q 2007.

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

(b) 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	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	-	-	-	6,472
Net expenses	-	-	-	(7,238)
Loss before taxation of discontinued operations	-	-	-	(766)
Taxation	-	-	-	(218)
Loss after taxation from discontinued operations	-	-	-	(984)
Gain on disposal of discontinued operations	-	-	-	10,978

(c) 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	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Net cash generated from:				
Operating activities	-	-	-	4,493
Investing activities	-	-	-	48
Financing activities	-	-	-	-
Total cash flows	-	-	-	4,541

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	
	30.06.08 S\$'000	31.12.07 S\$'000	30.06.08 S\$'000	31.12.07 S\$'000
Share capital	193,839	193,839	193,839	193,839
Reserves	306,659	326,182	78,491	115,108
Shareholders' equity	500,498	520,021	272,330	308,947
Minority interests	14,692	14,016	-	-
Total equity	515,190	534,037	272,330	308,947
Current Assets				
Inventories	64,016	52,380	-	-
Receivables and prepayments	103,844	87,614	28,333	28,620
Tax recoverable	20,545	23,928	19,234	22,621
Cash and bank balances	154,416	198,834	16,339	49,866
	342,821	362,756	63,906	101,107
Non Current Assets				
Property, plant and equipment	140,460	138,484	144	349
Investment properties	4,202	4,296	-	-
Subsidiaries	-	-	73,402	73,402
Associated companies	147,442	147,852	-	-
Available-for-sale financial assets	28,745	30,649	15,963	18,274
Long term receivables	7,925	8,102	155,819	156,569
Intangible assets	10,660	9,654	-	-
Deferred tax assets	1,505	1,651	-	-
Other non current assets	597	618	-	-
	341,536	341,306	245,328	248,594
Total Assets	684,357	704,062	309,234	349,701
Current Liabilities				
Amounts due to bankers	(28,180)	(25,299)	-	-
Trade and other payables	(76,657)	(73,673)	(16,486)	(17,018)
Provision for other liabilities and charges	(2,583)	(2,519)	-	-
Taxation	(25,178)	(29,080)	(19,330)	(22,884)
Deferred income	(1,209)	(1,209)	-	-
	(133,807)	(131,780)	(35,816)	(39,902)
Non Current Liabilities				
Provision for retirement benefits	(341)	(326)	(279)	(265)
Deferred tax liabilities	(18,542)	(18,212)	(809)	(587)
Long term bank loans	(12,175)	(15,361)	-	-
Deferred income	(3,611)	(3,686)	-	-
Other non current liabilities	(691)	(660)	-	-
	(35,360)	(38,245)	(1,088)	(852)
Total Liabilities	(169,167)	(170,025)	(36,904)	(40,754)
	515,190	534,037	272,330	308,947

Comments on Balance Sheet

- a) The final dividend for financial year 2007 of 10 cents per share (exempt – one-tier) amounting to S\$37.4 mil paid on 21 May 2008 was deducted from the revenue reserve of the Company and of the Group as at 30 June 2008.

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 2008		As at 31 December 2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,766	20,615	3,949	21,498

Amount repayable after one year

As at 30 June 2008		As at 31 December 2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,644	5,820	9,307	6,320

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\$26,104,000 (31 December 2007: S\$29,356,000) 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	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit after tax for the period	22,717	16,459	32,149	40,708
Non-cash and reclassified items	(17,261)	(8,260)	(22,152)	(23,991)
Working capital changes	(12,599)	(2,933)	(23,791)	(17,030)
Income taxes refunded / (paid)	1,373	4,843	(970)	1,289
Dividends received from associated company	-	-	17,454	-
Net cash (used in) / generated from operating activities	(5,770)	10,109	2,690	976
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	2,052	1,953	2,086	6,726
Proceeds from sale of available-for-sale financial assets, investment properties and other non current assets	507	2,900	917	5,902
Proceeds from disposal of subsidiaries, net of cash disposed of	-	4,164	-	33,698
Purchases of property, plant and equipment	(7,031)	(3,276)	(13,499)	(9,765)
Purchases of available-for-sale financial assets	-	(116)	(74)	(116)
Acquisition of a new subsidiary, net of cash acquired	-	-	-	(845)
Acquisition of additional interest in an associated company	-	-	(2,760)	-
Interest received	413	1,366	1,391	2,630
Dividend received	-	-	1,230	-
Amount due from associated companies	197	(959)	-	(3,440)
Net cash (used in) / generated from investing activities	(3,862)	6,032	(10,709)	34,790
Cash flows from financing activities				
Net repayment of amounts due to bankers	647	(384)	(1,659)	(18,445)
Interest paid	(460)	(574)	(1,009)	(2,059)
Dividends paid to shareholders	(37,356)	(37,356)	(37,356)	(37,356)
Dividends paid to minority interests	-	(390)	-	(390)
Distribution to minority interest upon liquidation of a subsidiary	-	-	-	(161)
Other financing cash flow	2,576	1,902	2,624	1,837
Net cash used in financing activities	(34,593)	(36,802)	(37,400)	(56,574)
Net decrease in cash and cash equivalents	(44,225)	(20,661)	(45,419)	(20,808)
Cash and cash equivalents at beginning of period	196,501	204,500	197,841	204,690
Effects of exchange rate changes on cash and cash equivalents	(207)	204	(353)	161
Cash and cash equivalents at end of period*	152,069	184,043	152,069	184,043

* 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	
	2008	2007	2008	2007
	SS'000	SS'000	SS'000	SS'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	
	2008	2007	2008	2007
	SS'000	SS'000	SS'000	SS'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		
THE GROUP							
Balance as at 1 January 2008	193,839	299,521	(7,062)	6,853	1,946	24,924	520,021
Exchange differences arising on consolidation	-	-	816	-	-	-	816
Available-for-sale financial assets	-	-	-	-	-	-	-
- Fair value loss taken to equity, net of deferred tax	-	-	-	-	(909)	-	(909)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	47	-	47
- Share of fair value reserve movement of associated companies, net of deferred tax	-	-	-	-	(2,239)	-	(2,239)
Net gains / (losses) recognised directly in equity	-	-	816	-	(3,101)	(130)	(2,415)
Profit for the period	-	9,394	-	-	-	38	9,432
Balance as at 31 March 2008	193,839	308,915	(6,641)	6,853	1,946	21,823	526,735
Total recognised gains / (losses) for the period	-	9,394	816	-	(3,101)	(92)	7,017
Translation reserve released upon liquidation of a subsidiary	-	-	(395)	-	-	-	(395)
Balance as at 30 June 2008	193,839	308,915	(6,641)	6,853	1,946	21,823	526,735
Exchange differences arising on consolidation	-	-	(9,997)	-	-	(86)	(10,083)
Available-for-sale financial assets	-	-	-	-	-	-	-
- Fair value loss taken to equity, net of deferred tax	-	-	-	-	(396)	-	(396)
- Fair value reserve transferred to income statement on sale	-	-	-	-	(68)	-	(68)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	125	-	125
- Share of fair value reserve movement of associated companies, net of deferred tax	-	-	-	-	(1,143)	-	(1,143)
Net losses recognised directly in equity	-	-	(9,997)	-	(1,482)	(86)	(11,565)
Profit for the period	-	22,598	-	-	-	119	22,717
Total recognised gains / (losses) for the period	-	22,598	(9,997)	-	(1,482)	33	11,152
Dividends paid	-	(37,356)	-	-	-	-	(37,356)
Changes in group structure	-	-	-	-	-	735	735
Balance as at 30 June 2008	193,839	294,157	(16,638)	6,853	1,946	20,341	500,498
Balance as at 30 June 2008	193,839	294,157	(16,638)	6,853	1,946	20,341	500,498
Balance as at 30 June 2008	193,839	294,157	(16,638)	6,853	1,946	20,341	500,498
Balance as at 30 June 2008	193,839	294,157	(16,638)	6,853	1,946	20,341	500,498

	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		
THE GROUP								
Balance as at 1 January 2007	193,839	217,769	7,335	9,832	1,946	20,602	29,243	480,566
Exchange differences arising on consolidation	-	-	(306)	-	-	-	(21)	(327)
Available-for-sale financial assets	-	-	-	-	-	3,414	-	3,414
- Fair value gains taken to equity, net of deferred tax	-	-	-	-	-	(1,349)	-	(1,349)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	14	-	14
- Share of fair value reserve movement of associated companies, net of deferred tax	-	-	-	-	-	689	-	689
Net (losses) / gains recognised directly in equity	-	24,432	(306)	-	-	2,768	(21)	2,441
Profit / (loss) for the period	-	24,432	-	-	-	-	(183)	24,249
Total recognised gains / (losses) for the period	-	24,432	(306)	-	-	2,768	(204)	26,690
Reserves released / transferred upon disposal and liquidation of subsidiaries	-	6,750	(11,012)	-	-	(6,750)	(161)	(11,173)
Balance as at 31 March 2007	193,839	248,951	(3,983)	9,832	1,946	16,620	28,878	496,083
Exchange differences arising on consolidation	-	-	3,676	-	-	-	89	3,765
Available-for-sale financial assets	-	-	-	-	-	1,997	-	1,997
- Fair value gains taken to equity, net of deferred tax	-	-	-	-	-	(707)	-	(707)
- Fair value reserve transferred to income statement on sale	-	-	-	-	-	1	-	1
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	-	-	-
- Share of fair value reserve movement of associated companies, net of deferred tax	-	-	-	-	-	1,935	-	1,935
Net gains recognised directly in equity	-	16,258	3,676	-	-	3,226	89	6,991
Profit for the period	-	16,258	-	-	-	-	201	16,459
Total recognised gains for the period	-	16,258	3,676	-	-	3,226	290	23,450
Dividends paid	-	(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)
Balance as at 30 June 2007	193,839	227,853	(1,923)	9,832	1,946	19,846	28,778	481,171

	Share Capital S\$'000	Revenue Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
THE COMPANY				
Balance as at 1 January 2008	193,839	103,256	11,852	308,947
Available-for-sale financial assets				
- Fair value loss taken to equity	-	-	(1,102)	(1,102)
- Fair value reserve transferred to income statement on impairment	-	-	47	47
Net loss recognised directly in equity	-	-	(1,055)	(1,055)
Loss for the period	-	(1,018)	-	(1,018)
Total recognised losses for the period	-	(1,018)	(1,055)	(2,073)
Balance as at 31 March 2008	193,839	102,238	10,797	306,874
Available-for-sale financial assets				
- Fair value loss taken to equity	-	-	(873)	(873)
- Fair value reserve transferred to income statement on impairment	-	-	125	125
Net loss recognised directly in equity	-	-	(748)	(748)
Profit for the period	-	3,560	-	3,560
Total recognised gain / (loss) for the period	-	3,560	(748)	2,812
Dividend paid	-	(37,356)	-	(37,356)
Balance as at 30 June 2008	193,839	68,442	10,049	272,330

	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

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 2008.
There were no outstanding options as at 30 June 2008 (30 June 2007: nil).
The Company did not hold any treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year:-

	30 June 2008	31 December 2007
Number of issued shares excluding treasury shares	373,558,237	373,558,237

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2008 (31 December 2007: 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 recently audited financial statements.

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

Not applicable.

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	
	2008	2007	2008	2007
(a) Based on the weighted average number of ordinary shares in issue (cents)				
- Excluding exceptional items	5.47	2.81	7.69	6.06
- Including exceptional items	6.05	4.35	8.56	10.89
(b) On fully diluted basis (cents)				
- Excluding exceptional items	5.47	2.81	7.69	6.06
- Including exceptional items	6.05	4.35	8.56	10.89

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 the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	THE GROUP		THE COMPANY	
	30.06.08	31.12.07	30.06.08	31.12.07
	S\$	S\$	S\$	S\$
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period	1.34	1.39	0.73	0.83

The Company does not have any treasury shares.

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

<u>CONTINUING OPERATIONS</u>	THE GROUP					
	Quarter ended 30 June			Half year ended 30 June		
	2008 S\$'000	2007 S\$'000	Change %	2008 S\$'000	2007 S\$'000	Change %
Group Turnover	95,162	84,179	13	160,694	167,275	(4)
Group Profit Before Tax (excluding exceptional items)	20,546	12,357	66	30,314	26,857	13
Exceptional Items	2,110	5,942	(64)	3,247	7,185	(55)
Group Profit for the period attributable to equity holders of the Company	22,598	16,258	39	31,992	30,696	4
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	24,165	15,771	53	37,395	34,081	10

Group's turnover from continuing operations increased 13% to S\$95.2 mil in 2Q 2008 over the corresponding period last year due mainly to higher sales recorded by both the Chemicals and Engineering divisions. However Group's turnover for 1H 2008 decreased 4% to S\$160.7 mil due to weaker performance from the Construction Products division.

Group's pre-tax profit for 2Q 2008 increased 66% to S\$20.5 mil mainly as a result of higher profit contributions from both the Chemicals and Engineering division. For 1H 2008, pre-tax profit increased 13% to S\$30.3 mil against S\$26.9 mil in 1H 2007.

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		
	2008	2007	Change (%)	2008	2007	Change (%)
Chemicals Division	23.6	16.4	44	43.8	31.9	37
Construction Products Division	44.3	59.1	(25)	76.4	110.8	(31)
Engineering Division	23.3	5.6	316	33.0	18.4	79

Attributable profit before tax (S\$'mil)	Quarter ended 30 June			Half year ended 30 June		
	2008	2007	Change (%)	2008	2007	Change (%)
Operating PBT						
- Chemicals Division	16.2	9.1	78	25.2	17.8	42
- Construction Products Division	3.2	4.6	(30)	4.7	10.4	(55)
- Engineering Division	1.0	(0.6)	n/m	1.8	0.2	n/m
	20.4	13.1	56	31.7	28.4	12
Exceptional items						
- Chemicals Division	1.0	(1.8)	n/m	0.6	(1.8)	n/m
- Construction Products Division	-	4.6	n/m	-	4.6	n/m
- Engineering Division	-	0.4	n/m	-	0.4	n/m
	1.0	3.2	(69)	0.6	3.2	(81)
Total						
- Chemicals Division	17.2	7.3	136	25.8	16.0	61
- Construction Products Division	3.2	9.2	(65)	4.7	15.0	(69)
- Engineering Division	1.0	(0.2)	n/m	1.8	0.6	200
	21.4	16.3	31	32.3	31.6	2

n/m: not meaningful

Chemicals Division

Turnover of the Chemicals division increased 44% to S\$23.6 mil in 2Q 2008 from S\$16.4 mil previously due mainly to higher sales recorded by its environmental chemicals business.

As a result of high price volatility of its products, BST, our associate in Thailand, performed significantly better in this quarter. Consequently, pre-tax profit of the division increased 78% to S\$16.2 mil.

Construction Products Division

Turnover of the Construction Products division decreased 25% to S\$44.3 mil in the current quarter due mainly to lower project volumes delivered by its operations in Singapore and Finland. Pre-tax profit was down 30% to S\$3.2 mil, in tandem with lower turnover.

Engineering Division

Turnover of the Engineering division rose 316% to S\$23.3 mil in 2Q 2008 due mainly to increased delivery of its products out of additional capacity from the division's production plant in Changshu, China and against an unusually low delivery in 2Q 2007. On the back of higher turnover, pre-tax profit increased to S\$1 mil from a loss of S\$0.6 mil previously.

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 significant trends and 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 uncertain amidst rising raw material and construction costs.

The Group's chemicals business face increasing raw material and energy costs and its performance is sensitive to the price volatility of BST's petrochemical products.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend amount per share	S\$0.10 per ordinary share
Tax Rate	Exempt – one tier
Date paid	Refer to para 11 (c)

(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

The interim dividend will be paid on or about 30 September 2008.

(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. 15 September 2008 to 5.00 p.m. 22 September 2008 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 15 September 2008 will be registered to determine shareholders' entitlement to the interim dividend. In respect of the ordinary shares of the Company held in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to shareholders.

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 (2008)	Previous Full Year (2007)
	S\$'000	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 2008 to be false or misleading.

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
13 August 2008

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.