

NATSTEEL LTD

Company registration No. : 196100107C

Full Year 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

		THE GROUP					
	Notes	4Q 2005 S\$'000	4Q 2004 S\$'000	Change %	FY 2005 S\$'000	FY 2004 S\$'000	Change %
<u>CONTINUING OPERATIONS</u>							
Sales		82,355	71,881	15	303,614	271,626	12
Cost of sales		(64,919)	(58,341)		(244,309)	(220,671)	
Gross profit		17,436	13,540	29	59,305	50,955	16
Other income		462	559		6,578	3,486	
Distribution costs		(4,141)	(2,705)		(13,738)	(11,901)	
Administrative expenses		(10,242)	(8,206)		(34,429)	(28,302)	
Other expenses		(478)	(688)		(6,588)	(3,505)	
Profit before investment income, interest income and finance costs	1	3,037	2,500	21	11,128	10,733	4
Investment income		1,903	3,759		2,263	4,159	
Interest income		2,407	899		10,986	3,455	
Finance costs		(1,342)	(926)		(3,490)	(3,362)	
Share of results of associated companies		7,595	10,913		48,172	32,257	
Profit before taxation and exceptional items		13,600	17,145	(21)	69,059	47,242	46
Exceptional items	2	(1,366)	18,745	n/m	33,533	35,461	(5)
Profit before taxation		12,234	35,890	(66)	102,592	82,703	24
Taxation		1,368	(3,644)		(4,657)	(7,248)	
Profit after taxation from Continuing operations		13,602	32,246	(58)	97,935	75,455	30
<u>DISCONTINUED OPERATIONS</u>							
(Loss) / profit from Discontinued operations	3	(2,245)	10,120	n/m	(8,769)	56,949	n/m
Profit / (loss) on disposal of Discontinued operations							
- Exceptional items		1,396	-		(12,190)	-	
Loss on remeasurement of Disposal group							
- Exceptional item		(5,000)	-		(5,000)	-	
		(5,849)	10,120		(25,959)	56,949	
Profit for the period / year		7,753	42,366		71,976	132,404	
Attributable to :							
Equity holders of the Company		8,045	40,219	(80)	69,934	122,375	(43)
Minority interests		(292)	2,147		2,042	10,029	
		7,753	42,366		71,976	132,404	
Earnings / (loss) per share attributable to the equity holders of the Company							
- from Continuing operations – Basic and diluted		3.72 cents	8.69 cents		26.24 cents	20.13 cents	
- from Discontinued operations – Basic and diluted		(1.57) cents	2.08 cents		(7.52) cents	12.63 cents	

n/m: not meaningful

Comments on Income Statement

Continuing Operations

- a) Share of results of associated companies
The higher contributions from associated companies for year 2005 as compared to the previous year were mainly from the Group's Thai petrochemicals associate.
- b) Interest income
Interest income was higher in FY2005 as a result of higher cash balance from the proceeds of the sale of steel businesses. A total of S\$623.8 mil in dividend was subsequently paid out to shareholders on 13 September 2005 and 8 December 2005.
- c) Taxation
The taxation charge on profit for year 2005 was lower than the amount that would arise by applying the Singapore statutory tax rate. This was mainly due to certain income not being subject to tax or are subject to concessionary tax rate under tax incentives.

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			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of intangible assets	(85)	(211)	(433)	(496)
Depreciation of property, plant and equipment	(4,639)	(4,417)	(17,605)	(18,811)
Property, plant and equipment written off	(22)	(93)	(25)	(129)
Net foreign exchange (loss) / gain	(1,929)	(1,572)	60	(1,691)
Net (write-down) / reversal of write-down of inventories to net realisable value	(303)	17	(303)	(41)
Net write back / (allowance) for impairment of trade receivables	697	(1,117)	1,087	(4,514)
Net gain on sale of property, plant and equipment	344	294	1,816	909
Amortisation of deferred income	1,025	220	1,804	834

Note 2 – Exceptional items comprise the following:

	THE GROUP			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$'000	S\$'000	S\$'000	S\$'000
Recovery of promissory note	-	638	33,331	3,968
Net gain / (loss) on disposal of available-for-sale financial assets and associated companies	480	(779)	3,051	384
Loss on dilution of interest in a subsidiary	-	-	(505)	-
Net write back for impairment of receivables from associated companies	616	751	889	1,065
Net (provision) made / write back for diminution in value of investments and investment properties	(130)	1,084	(1,529)	5,559
Net reversal of impairment of property, plant and equipment	570	1,274	570	1,110
Share of associated company's				
- gain on debt restructuring	-	11,567	1,084	11,567
- negative goodwill recognised in income statement	-	8,942	-	8,942
Impairment in value of available-for-sale financial assets	(2,760)	(4,991)	(3,443)	2,697
Others	(142)	259	85	169
Net (loss) / gain	(1,366)	18,745	33,533	35,461

Note 3 – Discontinued Operations

During the financial year, the Group disposed of its entire steel businesses, save for its investment in Changzhou Wujin NSL Company Limited (“Wujin”) to Tata Iron and Steel Company Limited (“disposal”). The sale of Wujin was not effected due to the delay in the receipt of regulatory approval. Subsequently, the Group classified its investment in Wujin as Disposal group held for sale in accordance to FRS 105. The performance of the Group’s disposed steel businesses up to 15 February 2005, which was the completion date of the disposal, together with the full year performance of Wujin, are separately disclosed as Discontinued operations in the income statement.

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

	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$’000	S\$’000	S\$’000	S\$’000
Revenue	13,803	455,500	248,276	1,802,361
Net expenses	(15,938)	(442,954)	(257,960)	(1,740,198)
(Loss) / profit before taxation of Discontinued operations	(2,135)	12,546	(9,684)	62,163
Taxation	(110)	(2,426)	915	(5,214)
(Loss) / profit after taxation from Discontinued operations	(2,245)	10,120	(8,769)	56,949
Gain / (loss) on disposal of Discontinued operations	1,396	-	(12,190)	-
Loss on remeasurement of Disposal group	(5,000)	-	(5,000)	-

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

	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$’000	S\$’000	S\$’000	S\$’000
Net cash generated from / (used in):				
Operating activities	3,217	34,393	(34,075)	27,627
Investing activities	61	(2,340)	(369)	(4,185)
Financing activities	-	(60,513)	35,934	(1,583)
Total cash flows	3,278	(28,460)	1,490	21,859

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

	31.12.05
	S\$’000
Assets	
Property, plant and equipment	20,655
Deferred tax assets	687
Current assets	45,435
Total assets	66,777
Liabilities	
Trade and other payables	(2,991)
	63,786

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	
	31.12.05	31.12.04	31.12.05	31.12.04
	S\$'000	S\$'000	S\$'000	S\$'000
Share Capital	186,779	186,779	186,779	186,779
Share Premium	6,881	6,881	6,881	6,881
Reserves	231,232	776,442	112,164	711,699
Shareholders' Equity	424,892	970,102	305,824	905,359
Minority Interests	26,477	50,863	-	-
Total Equity	451,369	1,020,965	305,824	905,359
Current Assets				
Inventories	49,236	207,816	-	-
Receivables and prepayments	85,278	332,968	118,656	481,500
Available-for-sale financial assets	9,586	-	3,000	-
Cash and bank balances	158,939	341,390	90,024	254,035
Derivative financial instruments	277	-	119	-
	303,316	882,174	211,799	735,535
Assets directly associated with the Disposal group classified as held for sale	66,777	-	-	-
	370,093	882,174	211,799	735,535
Non Current Assets				
Property, plant and equipment	148,285	307,546	806	117
Investment properties	10,264	11,929	-	-
Subsidiaries	-	-	45,456	134,658
Associated companies	115,651	145,301	-	19,180
Available-for-sale financial assets	50,911	56,263	15,207	16,568
Long term receivables	8,797	14,963	86,370	90,938
Intangible assets	9,610	21,171	-	-
Deferred tax assets	2,505	7,975	-	-
Other non current assets	597	596	-	-
	346,620	565,744	147,839	261,461
Total Assets	716,713	1,447,918	359,638	996,996
Current Liabilities				
Amounts due to bankers	(71,737)	(131,036)	(37,000)	(1,545)
Trade and other payables	(88,657)	(167,298)	(8,321)	(56,972)
Taxation	(8,103)	(16,846)	(1,479)	(5,912)
	(168,497)	(315,180)	(46,800)	(64,429)
Liabilities directly associated with the Disposal group classified as held for sale	(2,991)	-	-	-
	(171,488)	(315,180)	(46,800)	(64,429)
Non Current Liabilities				
Provision for retirement benefits	(597)	(4,863)	(188)	(176)
Deferred tax liabilities	(25,614)	(28,336)	(6,826)	(8,656)
Other unsecured notes	(12,206)	(27,706)	-	-
Long term loans	(28,300)	(27,464)	-	-
Deferred Income	(22,303)	(12,692)	-	-
Other non current liabilities	(4,836)	(10,712)	-	(18,376)
	(93,856)	(111,773)	(7,014)	(27,208)
Total Liabilities	(265,344)	(426,953)	(53,814)	(91,637)
	451,369	1,020,965	305,824	905,359

Comments on Balance Sheet

- a) The interim special dividends for financial year 2005 of 60 cents per share (exempt – one-tier) and 107 cents per share (exempt – one tier) amounting to S\$623.8 mil were paid on 13 September 2005 and 8 December 2005 respectively.
- b) 31 December 2004 Comparatives
The balance sheet line items for 31 December 2004 included both the Discontinued operations and the Continuing non-steel operations of the Group.

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

Amount repayable in one year or less, or on demand

As at 31 December 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,146	68,715	25,659	105,664

Amount repayable after one year

As at 31 December 2005		As at 31 December 2004	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
28,436	12,206	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\$45,544,000 (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			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit after tax for the period / year	7,753	42,366	71,976	132,404
Non-cash and reclassified items	(2,111)	(18,047)	(46,590)	(32,968)
Working capital changes	4,148	(3,986)	(42,388)	(72,569)
Income taxes paid	(1,167)	(3,363)	(8,055)	(12,246)
Dividends received from associated companies	-	4,834	28,067	15,472
Other operating cash flow	-	712	(58)	(1,091)
Net cash generated from operating activities	8,623	22,516	2,952	29,002
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	391	1,809	2,212	3,903
Proceeds from sale / recovery of available-for-sale financial assets and other non current assets	6,036	2,393	41,259	20,603
Proceeds from sale of subsidiaries, net of cash disposed of	834	2,974	412,021	2,974
Proceeds from sale of associated company	-	432	-	432
Purchases of property, plant and equipment	(8,327)	(8,574)	(29,369)	(19,600)
Purchases of available-for-sale financial assets and investment properties	(329)	(955)	(3,035)	(6,937)
Acquisition of additional interest in subsidiary companies	-	(560)	(3,663)	(655)
Acquisition of new subsidiary	-	(719)	-	(719)
Acquisition of additional interest in associated companies	-	-	-	(1,088)
Interest received	2,304	1,393	11,700	7,283
Amount due from associated companies	2,279	2,212	7,205	(230)
Net cash generated from investing activities	3,188	405	438,330	5,966
Cash flows from financing activities				
Amounts due to bankers	32,587	(60,166)	58,761	(18,945)
Interest paid	(394)	(1,679)	(3,178)	(6,240)
Dividends paid to shareholders	(399,707)	-	(661,198)	(29,885)
Dividends and other distributions paid to minority interests	(470)	(54)	(551)	(2,552)
Contribution from minority interests	-	-	896	-
Other financing cash flow	(1,442)	515	(1,480)	7,880
Net cash used in financing activities	(369,426)	(61,384)	(606,750)	(49,742)
Net decrease in cash and cash equivalents	(357,615)	(38,463)	(165,468)	(14,774)
Cash and cash equivalents at beginning of period / year	531,858	378,174	339,711	354,485
Cash and cash equivalents at end of period / year*	174,243	339,711	174,243	339,711

* comprise cash and bank balances net of bank overdrafts

Acquisition of new subsidiary

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

	THE GROUP			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	-	2,871	-	2,871
Inventories	-	117	-	117
Receivables and prepayments	-	1,312	-	1,312
Cash and bank balances	-	231	-	231
Long term loan	-	(1,383)	-	(1,383)
Amount due to bankers	-	(752)	-	(752)
Trade and other payables	-	(1,356)	-	(1,356)
Taxation	-	(22)	-	(22)
Other non current liabilities	-	(90)	-	(90)
	-	928	-	928
Minority interests	-	(464)	-	(464)
	-	464	-	464
Goodwill on consolidation	-	486	-	486
Cost of shares purchase	-	950	-	950
Cash and bank balances of the subsidiary acquired	-	(231)	-	(231)
Net cash outflow on acquisition of subsidiary	-	719	-	719

Disposal of steel businesses

The attributable net assets and proceeds from disposal of the steel businesses during the period / year were as follows:

	THE GROUP			
	4Q 2005	4Q 2004	FY 2005	FY 2004
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	-	-	142,221	-
Associated companies	-	-	56,316	-
Long term receivables	-	-	673	-
Intangible assets	-	-	90	-
Deferred tax assets	-	-	2,388	-
Other non current assets	-	-	15	-
Inventories	-	-	182,720	-
Receivables and prepayments	-	-	252,779	-
Cash and bank balances	-	-	45,388	-
Amount due to bankers	-	-	(119,450)	-
Trade and other payables	-	-	(90,341)	-
Taxation	-	-	(4,110)	-
Provision for retirement benefits	-	-	(4,079)	-
Deferred tax liabilities	-	-	(1,462)	-
Other non current liabilities	-	-	(313)	-
	-	-	462,835	-
Minority interests	-	-	(27,472)	-
Attributable net assets disposed	-	-	435,363	-
Goodwill written off	-	-	14,210	-
Translation reserve released upon disposal of subsidiaries	-	-	18,863	-
Gain / (loss) on disposal of subsidiaries	1,396	-	(12,190)	-
Total consideration, net of transaction costs	1,396	-	456,246	-
Cash and bank balances of the subsidiaries disposed	-	-	(45,388)	-
Consideration receivable at end of period	(528)	-	(528)	-
Transaction costs paid in previous year	-	-	1,329	-
Transaction costs payable at end of period	(34)	-	362	-
Net cash flow on disposal of subsidiaries	834	-	412,021	-

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to equity holders of the Company								Minority Interests	Total Equity
	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Translation Reserve S\$'000	Capital Reserve S\$'000	Revaluation Reserve S\$'000	Other Reserves S\$'000	Total S\$'000	S\$'000	S\$'000
THE GROUP										
Balance as at 1 January 2005										
- As previously reported	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	-	-	14,916	-	-	-	12,053	26,969	-	26,969
- As restated	186,779	6,881	760,477	(12,580)	15,533	3,115	36,866	997,071	50,863	1,047,934
Exchange differences arising on consolidation	-	-	-	1,120	-	-	-	1,120	459	1,579
Revaluation reserve released upon disposal of subsidiaries and associated companies	-	-	1,169	-	-	(1,169)	-	-	-	-
Available-for-sale financial assets										
- Fair value losses taken to equity	-	-	-	-	-	-	(2,973)	(2,973)	-	(2,973)
- Fair value reserve transferred to income statement on sale	-	-	-	-	-	-	(1,397)	(1,397)	-	(1,397)
- Fair value reserve transferred to income statement on impairment	-	-	-	-	-	-	3,443	3,443	-	3,443
Net gains / (losses) recognised directly in equity	-	-	1,169	1,120	-	(1,169)	(927)	193	459	652
Profit for the year	-	-	69,934	-	-	-	-	69,934	2,042	71,976
Total recognised gains / (losses) for the year	-	-	71,103	1,120	-	(1,169)	(927)	70,127	2,501	72,628
Dividend paid	-	-	(661,198)	-	-	-	-	(661,198)	-	(661,198)
Dividends paid to minority interests of subsidiaries	-	-	-	-	-	-	-	-	(551)	(551)
Reserves released upon disposal and striking off of subsidiaries and associated companies	-	-	2,137	18,892	2,460	-	(4,597)	18,892	-	18,892
Changes in group structure	-	-	-	-	-	-	-	-	(26,336)	(26,336)
Balance as at 31 December 2005	186,779	6,881	172,519	7,432	17,993	1,946	31,342	424,892	26,477	451,369

	Attributable to equity holders of the Company								Minority Interests	Total Equity
	Share Capital	Share Premium	Revenue Reserve	Translation Reserve	Capital Reserve	Revaluation Reserve	Other Reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
THE GROUP										
Balance as at 1 January 2004										
- As previously reported	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
- As restated	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	-	-	-	(8,456)	-	-	-	(8,456)	(845)	(9,301)
Capital reserve released upon striking off of subsidiary companies	-	-	-	-	(133)	-	-	(133)	-	(133)
Net losses recognised directly in equity	-	-	-	(8,456)	(133)	-	-	(8,589)	(845)	(9,434)
Profit for the year	-	-	122,375	-	-	-	-	122,375	10,029	132,404
Total recognised gains / (losses) for the year	-	-	122,375	(8,456)	(133)	-	-	113,786	9,184	122,970
Conversion of bank loans to redeemable preference shares of a subsidiary	-	-	-	-	-	-	-	-	15,645	15,645
Transfer to other reserves	-	-	(2,186)	-	-	-	2,186	-	-	-
Dividend paid	-	-	(29,885)	-	-	-	-	(29,885)	-	(29,885)
Dividends paid to minority interest of subsidiaries	-	-	-	-	-	-	-	-	(2,552)	(2,552)
Exchange differences released upon striking off of subsidiary companies and disposal of associated company	-	-	-	1,937	-	-	-	1,937	-	1,937
Changes in group structure	-	-	-	-	-	-	-	-	572	572
Balance as at 31 December 2004	186,779	6,881	745,561	(12,580)	15,533	3,115	24,813	970,102	50,863	1,020,965

	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserve S\$'000	Other Reserves S\$'000	Total S\$'000
THE COMPANY					
Balance as at 1 January 2005					
- As previously reported	186,779	6,881	698,233	13,466	905,359
- Effect of adopting FRS 39	-	-	1,433	3,473	4,906
- As restated	186,779	6,881	699,666	16,939	910,265
Available-for-sale financial assets					
- Fair value gain taken to equity	-	-	-	2,157	2,157
- Fair value reserve transferred to income statement on impairment	-	-	-	319	319
Net gain recognised directly in equity	-	-	-	2,476	2,476
Profit for the year	-	-	54,281	-	54,281
Total recognised gains for the year	-	-	54,281	2,476	56,757
Dividend paid	-	-	(661,198)	-	(661,198)
Balance as at 31 December 2005	186,779	6,881	92,749	19,415	305,824
Balance as at 1 January 2004	186,779	6,881	611,167	13,466	818,293
Total recognised gain for the year	-	-	116,951	-	116,951
Dividend paid	-	-	(29,885)	-	(29,885)
Balance as at 31 December 2004	186,779	6,881	698,233	13,466	905,359

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 December 2005 (31 December 2004: nil).

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by the Group's 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

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 effects on 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	Revenue reserve S\$'000	Fair value reserve S\$'000	Total S\$'000
Fair valuation of			
- Investments	9,293	12,053	21,346
- Foreign exchange contracts	892	-	892
- Unsecured notes	4,731	-	4,731
	14,916	12,053	26,969

The adoption in FRS 39 has resulted in an increase in equity of S\$27.0 mil as at 1 January 2005. No restatement of 2004 income statement is required.

FRS 105

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

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

THE GROUP (Aggregate)	4Q 2005	4Q 2004	FY 2005	FY 2004
(a) Based on the weighted average number of ordinary shares in issue (cents)				
- Excluding exceptional items	3.48	5.57	14.35	23.00
- Including exceptional items	2.15	10.77	18.72	32.76
(b) On fully diluted basis (cents)				
- Excluding exceptional items	3.48	5.57	14.35	23.00
- Including exceptional items	2.15	10.77	18.72	32.76

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	
	31.12.05	31.12.04	31.12.05	31.12.04
Net asset* value per ordinary share (S\$)	1.14	2.60	0.82	2.42

* Net asset refers to shareholders' equity

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

<u>CONTINUING OPERATIONS</u>	THE GROUP					
	4Q 2005 S\$'000	4Q 2004 S\$'000	Change %	FY 2005 S\$'000	FY 2004 S\$'000	Change %
Group Turnover	82,355	71,881	15	303,614	271,626	12
Group Profit Before Tax (excluding exceptional items)	13,600	17,145	(21)	69,059	47,242	46
Exceptional Items	(1,366)	18,745	n/m	33,533	35,461	(5)
Group Profit for the period attributable to equity holders of the Company	13,894	32,444	(57)	98,038	75,203	30
Group Earnings Before Interest, Taxation, Depreciation and Amortisation (excluding exceptional items)	16,234	21,580	(25)	77,797	65,622	19

Group's turnover from continuing operations increased 12% to S\$303.6 mil in FY2005 as compared to S\$271.6 mil in FY2004. For 4Q 2005, turnover was S\$82.4 mil, up 15% from S\$71.9 mil recorded in 4Q 2004.

The Group achieved a pre-tax profit of S\$69.1 mil in FY2005, an increase of 46% over FY 2004. The strong full year performance was contributed by profit growth recorded by all the Group's three business divisions.

Pre-tax profit for 4Q 2005 was down to S\$13.6 mil compared with S\$17.1 mil achieved in 4Q 2004 due mainly to lower contributions from the Chemicals division.

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

Turnover (S\$'mil)

	4Q 2005	4Q 2004	Change (%)	FY 2005	FY 2004	Change (%)
Chemicals Division	19.0	16.9	12	74.3	63.1	18
Construction Products Division	39.3	32.4	21	147.9	123.6	20
Engineering Division	14.8	14.9	(1)	49.6	47.2	5

Attributable profit before tax (S\$'mil)

	4Q 2005	4Q 2004	Change (%)	FY 2005	FY 2004	Change (%)
Operating PBT						
- Chemicals Division	7.3	12.5	(42)	50.5	40.2	26
- Construction Products Division	3.2	(0.3)	n/m	6.0	(1.5)	n/m
- Engineering Division	1.5	2.2	(32)	5.6	4.7	19
	12.0	14.4	(17)	62.1	43.4	43
Exceptional items						
- Chemicals Division	0.5	21.2	(98)	3.0	21.2	(86)
- Construction Products Division	(0.1)	2.7	n/m	(0.6)	1.6	n/m
- Engineering Division	0.5	-	n/m	0.5	1.5	(67)
	0.9	23.9	(96)	2.9	24.3	(88)
Total						
- Chemicals Division	7.8	33.7	(77)	53.5	61.4	(13)
- Construction Products Division	3.1	2.4	29	5.4	0.1	n/m
- Engineering Division	2.0	2.2	(9)	6.1	6.2	(2)
	12.9	38.3	(66)	65.0	67.7	(4)

Note: The Group's crane leasing and servicing business has been reclassified from Engineering division to Construction products division during the year. The comparative figures have been adjusted to conform with changes in presentation in the current year.

Chemicals Division

Turnover of the Chemicals division increased 18% to S\$74.3 mil in FY2005 from S\$63.1 mil in FY2004 and increased 12% to S\$19 mil in 4Q 2005 compared with S\$16.9 mil in 4Q 2004. The increase was due mainly to higher turnover recorded by the environmental services business, which benefited from firmer prices for its recycled products.

Pre-tax profit grew 26% to S\$50.5 mil in FY2005 from S\$40.2 mil in FY 2004 mainly as a result of strong performance from its associate, Bangkok Synthetics Co (BST) in the first nine months of 2005. However, pre-tax profit for 4Q 2005 decreased 42% to S\$7.3 mil due mainly to lower profit contribution from BST and start up losses in the commissioning of the new lime kiln in Zhenjiang, China.

Construction Products Division

Turnover of the Construction Products division grew 20% to S\$147.9 mil in FY 2005 and 21% to S\$39.3 mil in 4Q 2005 mainly as a result of higher project volumes delivered by its precast operations.

On the back of the 20% growth in turnover and improved operating efficiency, this division has turnaround in FY 2005 with a pre-tax profit of S\$6 mil as compared to a loss of S\$1.5 mil in FY 2004.

Engineering Division

Turnover of the Engineering division reported a steady growth of 5% to S\$49.6 mil in FY2005. Pre-tax profit for FY2005 was S\$5.6 mil, 19% higher than the S\$4.7 mil achieved in FY2004 mainly due to recovery of doubtful debts in FY 2005.

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

While the operating performance of the Group's Chemicals, Construction Products and Engineering businesses are expected to remain satisfactory in FY2006, BST products are expected to face greater competition in both the domestic and international markets.

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

The Scheme of Compromise and Arrangement ("Scheme") to restructure the unsecured notes of Raffles Marina Limited ("RML"), a 100% owned subsidiary of the Group, was sanctioned by the High Court of Singapore on 27 October 2005 and became binding on all scheme creditors on 12 December 2005. The scheme is expected to be effective in 2Q 2006 after all condition precedents are met. Upon fulfillment of the condition precedents, there could be a reversal of the negative carrying amount of S\$26.5 mil in the Group financial statements.

Interest income in FY2006 is expected to be significantly lower following the return of S\$623.8 mil to shareholders as special dividends in FY2005.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim special	Interim special	Final
Dividend Type	Cash	Cash	n/a
Dividend amount per share	S\$0.60	S\$1.07	Nil
Dividend Rate	120% per ordinary share	214% per ordinary share	n/a
Par value of shares	S\$0.50	S\$0.50	n/a
Tax Rate	Exempt – one tier	Exempt – one tier	n/a
Date paid	13 September 2005	8 December 2005	n/a

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per share	S\$0.10
Dividend Rate	20% per ordinary share
Par value of shares	S\$0.50
Tax Rate	Exempt – one tier
Date paid	1 June 2005

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

The Directors do not propose a final dividend for financial year ended 31 December 2005.

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

Financial year ended 31 December 2005	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total for Continuing Operations S\$'000	Discontinued Operations S\$'000
REVENUE						
External sales	74,270	147,906	49,574	31,864	303,614	248,276
Inter-segment sales	17,643	542	6,184	400	24,769	87,308
Total revenue	91,913	148,448	55,758	32,264	328,383	335,584
Elimination					(24,769)	(87,308)
					303,614	248,276
RESULT						
Segment results	6,404	7,594	5,873	1,382	21,253	(9,803)
Unallocated corporate expenses					(10,125)	-
					11,128	(9,803)
Investment and interest income					13,249	591
Finance costs					(3,490)	(537)
Share of results of associated companies	44,659	-	-	3,513	48,172	65
Exceptional items	3,009	(612)	500	30,636	33,533	(17,190)
Profit / (loss) before taxation					102,592	(26,874)
Taxation					(4,657)	915
Profit / (loss) after taxation					97,935	(25,959)
OTHER INFORMATION						
Capital expenditure (property, plant and equipment)	18,726	4,608	3,697	915	27,946	1,819
Depreciation	(4,092)	(9,797)	(397)	(3,319)	(17,605)	(5,719)
Amortisation	330	(276)	(149)	1,466	1,371	(2)
Reversal of impairment charge / (impairment charge) of property, plant and equipment and investment properties	647	(77)	-	(1,400)	(830)	-
	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total Consolidated S\$'000	
Segment assets	71,063	122,703	39,636	70,629	304,031	
Investment in equity method associated companies	108,099	3	-	7,549	115,651	
Unallocated corporate assets					230,254	
					649,936	
Disposal group					66,777	
Total assets					716,713	
Segment liabilities	(14,622)	(29,491)	(21,735)	(22,809)	(88,657)	
Unallocated corporate liabilities					(173,696)	
					(262,353)	
Liabilities associated with Disposal group					(2,991)	
Total liabilities					(265,344)	
Net assets					451,369	

Financial year ended 31 December 2004	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total for Continuing Operations S\$'000	Discontinued Operations S\$'000
REVENUE						
External sales	63,089	123,641	47,216	37,680	271,626	1,802,361
Inter-segment sales	24,557	1,386	6,867	481	33,291	1,083,388
Sales to continuing operations						5,173
Total revenue	87,646	125,027	54,083	38,161	304,917	2,890,922
Elimination					(33,291)	(1,088,561)
					271,626	1,802,361
RESULT						
Segment results	8,896	(750)	4,900	(2,313)	10,733	55,322
Unallocated corporate expenses					-	(10,559)
					10,733	44,763
Investment and interest income					7,614	4,953
Finance costs					(3,362)	(3,459)
Share of results of associated companies	32,257	-	-	-	32,257	14,918
Exceptional items	21,187	1,576	1,500	11,198	35,461	988
Profit before taxation					82,703	62,163
Taxation					(7,248)	(5,214)
Profit after taxation					75,455	56,949
OTHER INFORMATION						
Capital expenditure (property, plant and equipment)	4,191	2,856	658	607	8,312	11,288
Depreciation	(3,372)	(11,168)	(318)	(3,953)	(18,811)	(21,512)
Amortisation	104	(329)	(138)	701	338	(16)
Reversal of impairment charge / (impairment charge) of property, plant and equipment and investment properties	2,074	(164)	-	(1,275)	635	-
	Chemicals S\$'000	Construction S\$'000	Engineering S\$'000	Others S\$'000	Total Consolidated S\$'000	
Segment assets	52,952	115,874	25,103	84,792	278,721	
Investment in equity method associated companies	82,581	3	-	6,374	88,958	
Unallocated corporate assets					382,697	
					750,376	
Disposal group					697,542	
Total assets					1,447,918	
Segment liabilities	(10,647)	(27,524)	(15,126)	(27,656)	(80,953)	
Unallocated corporate liabilities					(133,746)	
					(214,699)	
Liabilities associated with Disposal group					(212,254)	
Total liabilities					(426,953)	
Net assets					1,020,965	

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

For discussion of material changes, please refer to paragraph 8.

15. A breakdown of sales

<u>Continuing Operations</u>	THE GROUP		Change %
	2005 S\$'000	2004 S\$'000	
Sales reported for first half year	143,651	133,743	7
Operating profit after tax before deducting minority interests reported for first half year	61,443	22,812	169
Sales reported for second half year	159,963	137,883	16
Operating profit after tax before deducting minority interests reported for second half year	36,492	52,643	(31)

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*)

	Latest Full Year (2005) S\$'000	Previous Full Year (2004) S\$'000
Ordinary	623,842	37,356
Preference	-	-
Total:	623,842	37,356

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
22 February 2006

This release may contain forward-looking statements which may be identified by phrases that the Company or Management or Directors “expects”, “believes” “anticipates” “foresees” or “forecasts”. These forward-looking statements, if any, are based on current expectations and assumptions that are subject to risks and uncertainties. Actual performance, outcome or financial results post the date of this release may differ materially from those expressed in this release. Some factors that may affect the actual performance of the NATSTEEL Ltd and its group of companies may include, without limitation, political, economic, geographical, climatic and social conditions in the countries where the NATSTEEL Ltd and its group of companies, its customers or its suppliers operate; armed conflict or the effects of terrorist activities or war, acts of God, tsunami, earthquake, natural disasters, in any part of the world which may cause disruption in manufacture, supply (availability and costs) of raw or intermediate materials, power, water, fuel, crude oil, import, export, transportation network necessary for the acquisition and supply of goods and services or financial markets; currency fluctuations; volatility of financial markets; general industry conditions, interest rate trends, cost of borrowings and capital availability, intense competition from other companies and venues for the production, sale/distribution of goods and services of the NATSTEEL Ltd and its group of companies, changes in industry or market capacity or demands; obsolete inventory, market acceptance or rejection of new goods and services, continued market acceptance of existing goods and services of the NATSTEEL Ltd and its group of companies; risk of unanticipated increased costs of power, oil, fuel, crude oil or utilities to operate its various plants; continued ability of NATSTEEL Ltd and its group of companies to retain market size and competitiveness for its goods and services; the effect of changes to policies /regulations whether or not resulting in imposition or lifting of anti-dumping duties in countries which the NATSTEEL Ltd and its group of companies operate; unavailability of insurance, adverse results on litigation or debt recovery, implementation of operating cost structure that is aligned with revenue growth; SARS, bird flu, killer pig disease and their effects; civil unrest in Southern Thailand or any part of the world where NATSTEEL Ltd and its group of companies operate; any factor which may cause revenues and income to fall short of anticipated levels; ability to develop manufacture and market products and services in a rapidly changing environment; management retention and succession; changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. This statement only relates to information available as at the date of release and you are cautioned to seek professional advice from your stock broker, solicitor, accountant or other professional adviser if you are in any doubt as to the meaning of anything herein.