Annual Report 2016

NSL Ltd

Despite the volatile and challenging environment, NSL remains resilient through proactively seeking out opportunities and championing innovations. As a result, we have a portfolio of innovations that not only keeps us ahead of competition, but also ensures our future-readiness.

Contents

Did you know?

Our R&D colleagues have in collaboration with various government agencies developed a process to transform marine clay into land reclamation material – an example of how NSL demonstrates care for the environment by reusing natural resources creatively.

Did you know?

Our lightweight plastic double hull fuel station fitted with 3G ultrasonic sensor offers real-time tracking of fuel supply – increasing productivity and accuracy for many of our customers.

Corporate **Profile**

NSL and its group of companies is a leading industrial group in Asia Pacific. The Group's core businesses are Precast & Prefabricated Bathroom Unit (PBU) and Environmental Services.

The Precast & PBU division is a market leader in manufacturing precast concrete components in Singapore, Malaysia and Dubai while the PBU business is a dominant producer in Scandinavia.

The Environmental Services division is a key player in integrated environmental services in Singapore, covering the treatment and logistics services of oily and toxic waste for both land and marine sectors. It is also a major distributor of Automotive Diesel Oil and other petroleum products in Singapore.

In addition, NSL Group has a majority shareholding in Raffles Marina Ltd, Asia's Premier Marina Club in Tuas, Singapore, and an associate company in Germany, PEINER SMAG Lifting Technologies GmbH, which is one of the world's largest producers of lifting accessories for bulk cargo and shipping containers.

NSL Group has an active Research and Development programme that leverages on technology to develop innovative products and process improvements for productivity. It also partners local government agencies and tertiary institutions to develop new and sustainable solutions for industrial applications.

The Group has operations and joint ventures in eight countries and has been listed on the Singapore Exchange since 1964.

Operations and joint ventures in

8

countries

Did you know?

The low noise asphalt concrete that is designed in collaboration with National University of Singapore and the Land Transport Authority is now used on the roads in Singapore.

Group Financial **Highlights**

	2015*	2016	Change (%)
FOR THE YEAR (S$'000)			
Turnover from continuing operations	337,364	**336,968**	(0)
Profit before tax from continuing operations	7,064	**17,486**	148
Profit attributable to shareholders			
- from continuing operations	8,272	**13,885**	68
- from discontinued operations	58,483	**117,470**	101
Total group profit attributable to shareholders	66,755	**131,355**	97
AT YEAR-END (S$'000)			
Shareholders' funds	560,437	**673,798**	20
Total assets	727,021	**814,831**	12
PER SHARE			
Basic earnings per share (cents)	17.9	**35.2**	97
Dividends (exempt - one tier, cents per share)			
- Final	5	**5**	-
- Special	3	**20**	567
OTHERS			
Number of employees	3,078	**2,589**	(16)

* Certain comparative figures have been reclassified to be in line with current financial year presentation.

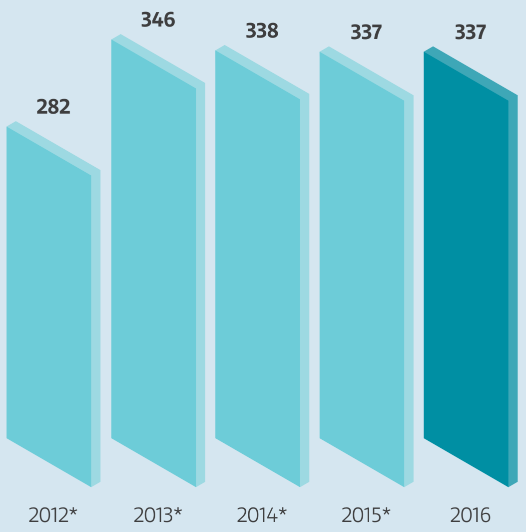
5-*Year* Financial Summary

FINANCIAL PROFILE (S$'000)	2012*	2013*	2014*	2015*	2016
CONTINUING OPERATIONS					
Turnover	281,623	346,232	337,996	337,364	336,968
Profit before share of results of associated companies and joint venture	12,758	3,546	2,197	5,205	17,777
Share of results of associated companies and joint venture, net of tax	(10)	(53)	238	1,859	(291)
Profit before tax	12,748	3,493	2,435	7,064	17,486
Taxation	(1,372)	(3,148)	(808)	758	(4,054)
Profit after tax	11,376	345	1,627	7,822	13,432
Profit attributable to shareholders					
- from continuing operations	11,630	790	(3,810)	8,272	13,885
- from discontinued operations	35,139	147,844	28,736	58,483	117,470
Total group profit attributable to shareholders	46,769	148,634	24,926	66,755	131,355
Dividends (exempt-one tier)					
- Final	37,356	37,356	18,678	18,678	18,678
- Special	-	149,423	-	11,207	74,712
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	381,567	495,871	332,811	366,598	479,959
Dividend cover	1.3x	0.8x	1.3x	2.2x	1.4x

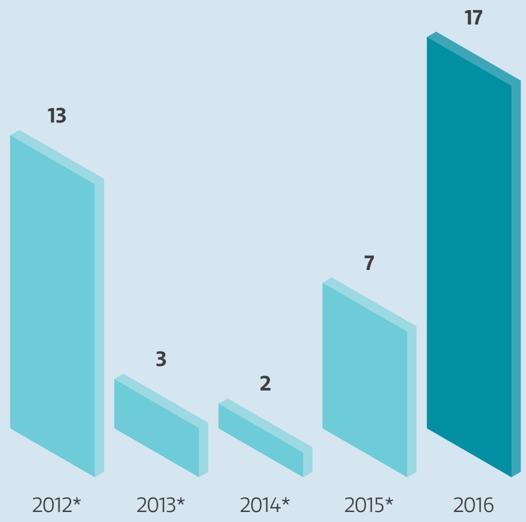
FINANCIAL POSITION (S$'000)	2012*	2013*	2014*	2015*	2016
WHAT WE OWNED					
Property, plant and equipment	167,908	163,500	138,943	136,751	123,251
Associated companies & joint venture	231,978	5,795	6,107	52,692	50,529
Investment properties	3,288	8,420	8,648	8,376	-
Long term receivables, prepayments & investments	12,711	11,491	10,309	10,280	15,221
Intangible assets	9,419	9,672	9,439	9,306	10,351
Deferred tax assets	1,408	1,515	3,347	5,290	3,044
Current assets	326,083	695,455	556,511	504,326	612,435
	752,795	895,848	733,304	727,021	814,831
WHAT WE OWED AND EQUITY					
Shareholders' funds	575,406	689,710	526,650	560,437	673,798
Non-controlling interests	13,630	12,932	13,817	11,007	4,577
Long term liabilities	41,227	23,571	18,936	17,394	25,846
Current liabilities	122,532	169,635	173,901	138,183	110,610
	752,795	895,848	733,304	727,021	814,831
CASH & DEBT POSITION (S$'000)					
Group borrowings	25,243	42,735	31,423	28,249	31,522
Group net cash (cash less borrowings)	110,717	416,666	257,006	306,199	430,241
PER SHARE DATA					
Basic earnings per share (cents)	12.5	39.8	6.7	17.9	35.2
Net tangible assets per share (S$)	1.52	1.82	1.38	1.48	1.78
DIVIDENDS					
Dividends (exempt - one tier, cents per share)					
- Final	10	10	5	5	5
- Special	-	40	-	3	20

* Certain comparative figures have been reclassified to be in line with current financial year presentation.

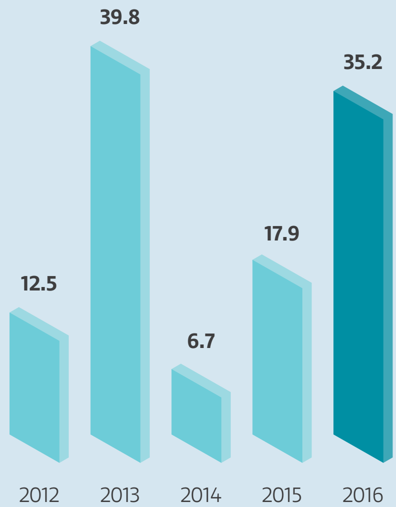
Group Turnover
(S$million)



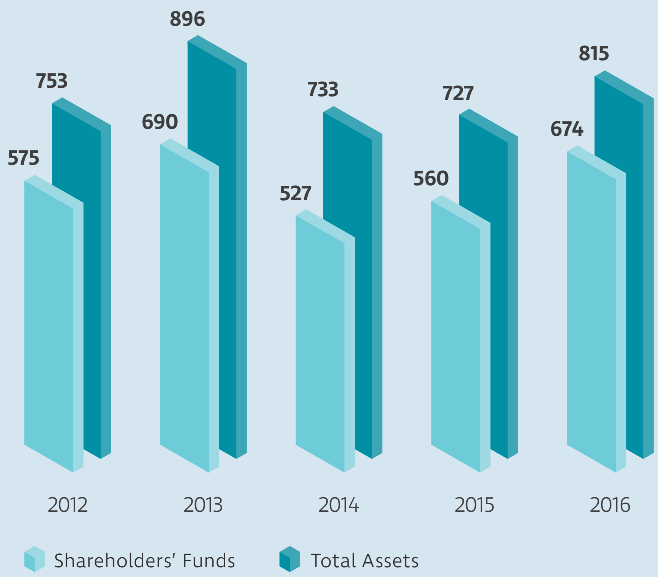
Group Profit Before Tax
(S$million)



Basic Earnings Per Share
(cents)



Shareholders' Funds & Total Assets
(S$million)



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Letter to **Shareholders**

Dear Shareholders

Although 2016 had been a tumultuous year fraught with unexpected political outcomes, the world economy improved 3.1% driven by the US and most of the developed economies. However, the performance of emerging markets and developing economies was lacklustre. Against this backdrop, the Singapore economy grew by 2%, marginally higher than 1.9% in 2015. The performance across business sectors was uneven. Weighed down by sluggish private sector construction, the growth was stagnant in Singapore construction sector.

NSL Group achieved a turnover of $337.0 million in FY2016 comparable to the $337.4 million in FY2015. Precast & Prefabricated Bathroom Unit (PBU) division reported lower revenue in FY2016. However, this was compensated by higher revenue from Environmental Services division.

Profit before tax rose 148% to $17.5 million in FY2016 from $7.1 million in FY2015 due mainly to better performance by the overseas operations of Precast & PBU division in Dubai, Malaysia and Finland as well as lower losses incurred by Environmental Services division.

After taking into account income tax and non-controlling interests, the Group reported a profit attributable to shareholders from continuing operations of $13.9 million in FY2016 compared to $8.3 million in FY2015.

SIGNIFICANT EVENTS

During the year, the Environmental Services division restructured its business by offering deslopping services directly to its customers, thus strengthening its Recycled Fuel Oil (RFO) supply chain in the marine sector. The capacity of the division's existing inorganic wastewater treatment plant in Tuas was also increased by 50% in response to increasing demand.

In August 2016, NSL OilChem Trading Pte. Ltd., the distribution arm of Environmental Services division, merged with CNC Petroleum Pte Ltd. The merger enabled the company to strengthen its business by broadening into the provision of fuel management services.

In December 2016, NSL divested its Dry Mix business for a cash consideration of $155.3 million. This transaction allowed NSL to unlock substantial value in the Dry Mix Business, resulting in a one-off divestment gain classified under discontinued operations of approximately $101.6 million, lifting the Group total attributable profit to $131.4 million in FY2016.

INNOVATION AND LEVERAGING ON TECHNOLOGY

The Group continued to leverage on its strength in technology and research and development to bring about higher productivity in its operations, and to create better and more innovative products and services.

For the Precast & PBU division, the development of various green concrete materials from recyclable materials gained recognition and certification from the Singapore Environment Council. The division also embarked on a project to revamp its Enterprise Resource Planning system using cloud-based computing solutions to improve its productivity.

The Environmental Services division further optimised its logistic operation by deploying a cloud-based Internet of things solution. The division is now able to update and issue documents offsite, monitor and control embedded sensors in vehicles, tanks and other equipment. This has greatly enhanced operational efficiency and customer service.

During the year, NSL Research and Development (R&D) department partnered local government agencies and tertiary institutions to study and find viable solutions to environment-related issues. The use of steel slag aggregates for low noise asphalt for roads in Singapore was an outcome of such collaborative study with National University of Singapore and Land Transport Authority.

LOOKING AHEAD

For the coming year, the world economy is expected to sustain moderate growth. However, uncertainties from geopolitical tensions and growing trade protectionism would remain a concern.

NSL will continue to deepen its core strength of developing innovative products and services and deploying technologies for productivity and cost competitiveness. This is to ensure that the Group sustains its competitive edge in an increasingly disruptive business environment.

NSL will proactively seek organic growth where opportunity allows. Following the acquisition of the industrial land in Tuas, development of the organic wastewater treatment facility commenced, and is on track for completion in 2018. This will be an advanced industrial wastewater plant that will service the stringent water treatment needs of the chemical cluster in Singapore. In addition, the capacity of PBU operation in Finland will also be increased to meet growing demand in Scandinavian countries.

In the Precast & PBU division, the precast business in Singapore and Malaysia remains very competitive with downward pressure on project margins. However, both the precast operation in Dubai and the PBU business in Finland are expected to perform satisfactorily underpinned by healthy order book.

In the Environmental Services division, the waste management services business is likely to remain stable in light of the recovery of the manufacturing sector. The strategic restructuring of the RFO business has put the division in a better position to deal with the challenges and opportunities ahead. The distribution business is expected to be boosted by the synergy with its newly acquired subsidiary.

Associate PEINER SMAG Lifting Technologies GmbH is well placed to improve amid the challenging market conditions following the restructuring of its operations last year.

DIVIDEND

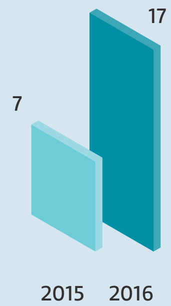
Subject to the approval of shareholders at the annual general meeting of the Company to be held on 11 April 2017, the Board is recommending a total dividend of $0.25 per share for the financial year ended 31 December 2016, comprising a final dividend of $0.05 per share and a special dividend of $0.20 per share to be paid on or about 12 May 2017 or such other date to be determined by the Directors.

CORPORATE CHANGES AND ACKNOWLEDGEMENTS

Mr Oo Soon Hee retired as Executive Director on 31 July 2016. However, he continues to serve as the Adviser of the Group. On behalf of the Board, I would like to place on record our appreciation to Mr Oo for his invaluable contributions to NSL Group and wish him success in his future endeavours. We would also like to congratulate Dr Low Chin Nam on his promotion to Executive Director with effect from 1 August 2016.

Group Turnover
(S$million)

Group Profit Before Tax
(S$million)



Finally, I thank our shareholders, management, business partners, customers and employees for your unwavering support and contributions throughout the past year.

We look forward to your continued support in the years ahead.

PROF CHAM TAO SOON
Chairman
28 February 2017

Board of **Directors**

Chairman

PROF CHAM TAO SOON
Chairman
- Soup Restaurant Group Ltd
- Singapore Rail Academy
- Singapore Quality Awards

Executive Director

DR LOW CHIN NAM
Director
- Bangkok Cogeneration Company Limited
- Eastern Pretech Pte Ltd
- NSL OilChem Waste Management Pte Ltd
- Raffles Marina Holdings Ltd

Directors

BAN SONG LONG
Director
- Excel Partners Pte Ltd
- 98 Holdings Pte Ltd

DAVID FU KUO CHEN
Director
- Hotel Properties Ltd
- 98 Holdings Pte Ltd

JOHN KOH TIONG LU
Director
- Mapletree Industrial Trust Management Ltd
- Global Counsel Asia Pte Ltd
- KrisEnergy Ltd

DR TAN TAT WAI
Director
- Malayan Banking Berhad
- Shangri-La Hotels (Malaysia) Berhad
- Southern Steel Berhad

Mr Oo Soon Hee retired as Executive Director on 31 July 2016.

Corporate Research & Development **Advisory Panel**

Chairman

PROF CHAM TAO SOON

Members

DAVID FU KUO CHEN

LAM SIEW WAH
Managing Director
- Building and Construction Authority
  Built Environment Research and Innovation Institute

Adjunct Associate Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

LIM SWEE CHEANG
Vice-Dean
- National University of Singapore
  School of Continuing and Lifelong Learning

Director
- EZ-Link Pte Ltd

DR LOW CHIN NAM

PROF NG WUN JERN
Executive Director
- Nanyang Technological University
  Nanyang Environment and Water Research Institute

Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

DR ROBERT TIONG
Deputy Director
- Nanyang Technological University
  Centre of Infrastructure Systems & Robotics Research Centre

Associate Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

Key Management

DR LOW CHIN NAM was promoted to Executive Director in August 2016. Prior to this present appointment, he was the Chief Operating Officer. Dr Low joined NSL Ltd as Chief Strategy and Operations in 2011. He is responsible for the overall management of the NSL Group. Dr Low started his career in the elite Administrative Service of the Singapore Government before leaving for the commercial sector. He was previously the Chief Operating Officer of M1 Ltd, subsequently, Director of Business Operations of Smartone Telecom Ltd, Hong Kong, and Managing Director of Digiland Pty Ltd., Australia. He holds a Bachelor of Science (1st Class Honours) in Electronics Engineering from King's College, University of London, a Master of Science in Management Science from Imperial College, University of London as well as a Ph.D in Econometrics from Monash University in Australia.

MR CHIA TONG HEE is presently Senior Vice-President (Finance and Corporate Services) of NSL Ltd. He is responsible for the Finance & Accounting, Treasury and Taxation functions of the Group. Prior to joining NSL Ltd in 2005, Mr Chia was an auditor with Pricewaterhouse and subsequently was the financial controller of Wearnes International (1994) Ltd. Mr Chia holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

DR SEE SOO LOI joined NSL Ltd in 1991 as research engineer and she is now heading the Corporate Research and Development Department in NSL Ltd. Dr See works closely with government agencies and tertiary institutions and is a member of Hazardous substances and Toxic Wastes advisory committee at National Environmental Agency and Chemical Technology advisory committee at Nanyang Polytechnic. In addition, she is also a committee member of Energy and Chemicals Industry Group at Singapore Manufacturing Federation. Dr See holds a Bachelor of Engineering (Honours) in Chemical Engineering and a Ph.D from the University of New South Wales, Australia.

Did you know?

Our Hollow-core, Reinforced Concrete and Prestressed Plank are Green Label certified.

Review of Operations

Precast & PBU

PERFORMANCE

The Precast & Prefabricated Bathroom Unit (PBU) division achieved a slightly lower turnover compared to FY2015. This was mainly due to lower sales reported by its Singapore and Malaysia operations. The higher turnover from operations in Dubai and Finland was not able to offset this decline.

Despite the lower turnover, the division's Profit before tax increased 70% to $25.4 million. The stronger performance was largely attributable to an increase in profit contribution from its Dubai, Malaysia and Finland operations. These overseas operations did well on the back of higher revenue and/or improved operating margins. However, the slowdown in the domestic building construction market and declining project margins adversely affected the performance in Singapore Precast.

DEVELOPMENT HIGHLIGHTS

In FY2016, Parmarine and Dubai Precast achieved a record year in delivering the highest number of PARMA PBUs and precast concrete volume respectively.

Eastern Pretech Malaysia secured the contract to design, supply and install precast components for IKEA store in Johor Bahru, Malaysia, following the successful completion in Kuala Lumpur, Malaysia.

Eastern Pretech Singapore supplied precast components to several prominent industrial buildings, such as JTC Corporation's four-storey Nanospace and a nine-storey Multiple Users Building at Tampines. It also delivered more than 1,000 units of PBUs for nine blocks of Executive Condominium at Anchorvale Crescent, Singapore last year.

During the year, its Singapore operation completed the production of tunnel segments along the upcoming Thomson-East Coast Line near Springleaf Station. It also secured a similar project for Katong Park Station on the same line. In addition, its Malaysia operation clinched a tunnel segment project for line 2 of Klang Valley Mass Rapid Transit.

Another significant accomplishment in FY2016 was the achievement by its Research and Development Department efforts in the development of various green concrete materials from recyclable materials which had been recognised and certified by the Singapore Environment Council's Green Labelling Scheme. The other milestone during the year was the development of lightweight concrete PBU to meet market demand in Singapore.

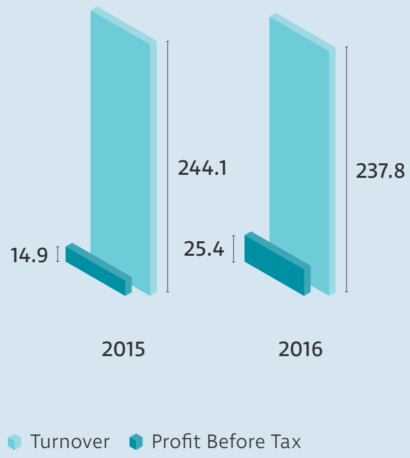
In FY2016, two productivity improvement projects were implemented in the Singapore plant by a team of Eastern Pretech Singapore staff after they went through a six-month Productivity & Innovation Manager course.

GOING FORWARD

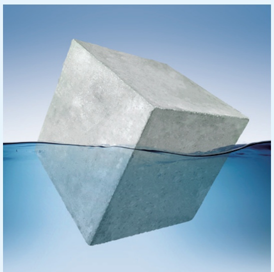
For the Precast & PBU division, the precast business in Singapore and Malaysia remains very competitive with downward pressure on project margins. However, both the precast operation in Dubai and the PBU business in Finland are expected to perform satisfactorily underpinned by healthy order book.

PRECAST & PBU DIVISION

Turnover & Profit Before Tax
(S$million)



The PBU plant in Finland will be undergoing expansion to increase production capacity by 30% to meet the increasing demand from the Scandinavian countries.



Review of Operations

Environmental Services

PERFORMANCE

Turnover of Environmental Services division improved 11% to $75.9 million in FY2016 on the back of a higher sales volume and with contribution from its newly acquired subsidiary in the distribution business.

As compared to FY2015, the division's loss reduced to $5.2 million in FY2016. The loss was mainly attributable to weak demand for Recycled Fuel Oil (RFO), depressed RFO price and lower contribution from its waste management services business. A one-off impairment for plant and trade receivables totaling $2.7 million was also recorded as part of the division's effort to restructure its RFO business.

DEVELOPMENT HIGHLIGHTS

During the year, the division took a significant step to restructure its RFO business by offering deslopping services directly to its customers, using its own barge, thus strengthening its RFO supply chain in the marine sector.

Following the acquisition of the industrial land in Tuas, development of the division's organic wastewater treatment facility commenced, and is on track for completion in 2018. This will be an advanced industrial wastewater treatment plant that services stringent waste treatment needs of the chemical cluster in Singapore. In addition, the capacity of its existing inorganic wastewater treatment plant in Tuas was also expanded by 50% in response to increasing demand.

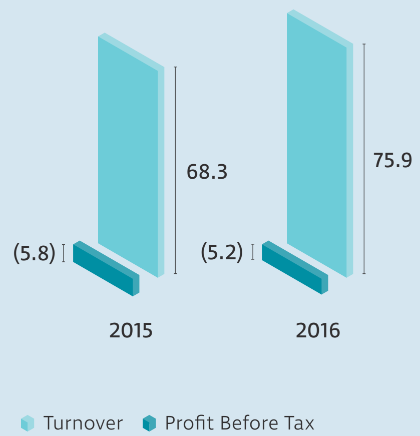
The merger of NSL OilChem Trading Pte. Ltd., the distribution arm of the Environmental Services division, with CNC Petroleum Pte Ltd in August 2016 had resulted in a stronger company with broader offerings that includes the provision of fuel management services.

The fuel management service utilised new technologies to improve productivity for both its customer and itself. The newly introduced lightweight double hull fuel station enable customers to monitor the consumption of fuel real-time online. At the same time, the division can initiate tank top-up when low inventory is remotely detected, enhancing its customer service. This new product was launched at the Tank Storage Asia Exhibition 2016 held in September and garnered positive feedback from visitors and guests.

The distributorship for the prestigious Shell lubricants in Singapore was secured during the year. The division also expanded its market to coastal marine sector with the signing of a three-year contract to manage and operate the Penjuru Jetty.

ENVIRONMENTAL SERVICES DIVISION

Turnover & Profit Before Tax
(S$million)



GOING FORWARD

For the Environmental Services division, the waste management services business is likely to remain stable in light of the recovery of the manufacturing sector. The strategic restructuring of the RFO business has put the division in a better position to deal with the challenges and opportunities ahead. The distribution business is expected to be boosted by the synergy with its newly acquired subsidiary.

Review of Operations

Dry Mix

In December 2016, NSL divested its Dry Mix business for a cash consideration of $155.3 million. This transaction has allowed NSL to unlock substantial value in the Dry Mix business with a one-off divestment gain of approximately $101.6 million.

PERFORMANCE

Dry Mix division recorded a lower turnover and profit before tax in FY2016.

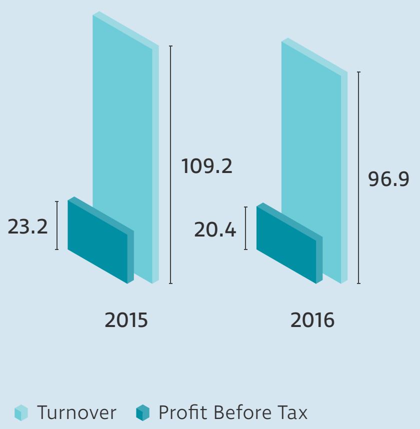
Turnover declined 11% from $109.2 million in FY2015 to $96.9 million in FY2016 on the back of lower sales volume from all of its operations. Correspondingly, Profit before tax decreased 12% to $20.4 million in FY2016. The weaker performance was mainly due to lower contribution from its Singapore operation.

DEVELOPMENT HIGHLIGHTS

During the year, its Hong Kong operation, Emix Industry (HK) Limited, upgraded its Yuen Long plant and increased its design capacity from 90,000 to 160,000 tons.

DRY MIX DIVISION

Turnover & Profit Before Tax
(S$million)



Corporate Social Responsibility

NSL will continue to support social and environmental causes that benefit the community at large.

SUPPORTING THE COMMUNITY, THE LOCAL ARTS AND CULTURAL SCENE

NSL was proud to have been awarded the Singapore Symphony Orchestra's (SSO) Benefactor Award for contributing more than $1 million to SSO over the years. The Award was presented to Chairman, Prof Cham Tao Soon, by Ms Grace Fu, the Minister for Culture, Community and Youth at the Singapore Symphony Orchestra Benefit Dinner in April 2016. NSL has been a staunch supporter of SSO for over 30 years and is currently the Official Postage Sponsor of the orchestra.

NSL Group was awarded the SSO Benefactor Award by Minister Grace Fu.

Melrose Home continued to be one of the many beneficiaries of the Group. In 2016, NSL raised $20,000 for the children's meals in the Home. The staff also actively engaged the children in programmes during the year.

NSL was happy to have hosted the Muscular Dystrophy Association Singapore's (MDAS) Duchenne Awareness Day event in September 2016. Members from MDAS visited NSL offices in Singapore to spread awareness of the rare and chronic condition. Staff took the opportunity to interact and offer encouragement to volunteers and members from the Association. NSL continued to support MDAS by engaging its services through Bizpower, a programme which empowers MDAS members through employment.

NSL OilChem Waste Management (NOC) partnered Hua Yi Secondary School and Yang Zheng Primary School (YZPS) in its community outreach efforts for the second year. The learning journey provided Hua Yi Secondary School students insights on future learning and employment opportunities while the career talk held at Yang Zheng Primary inspired young minds to consider their future career paths.

Raffles Marina raised a total of $8,189.70 for Sailability Singapore, an organisation that promotes sailing for everyone regardless of age or ability and emphasis on opportunities for people with disabilities, during the annual Western Circuit Sailing Regatta in 2016.

CARING FOR THE ENVIRONMENT

NOC worked with YZPS for National Environment Agency's (NEA) Environment Challenge for Schools, sponsoring a self-sustaining aqua system to be placed in the school. The project, brainstormed by students from the Science Club, focused on environmental sustainability with a practical approach. The project was later showcased in the biennial Singapore Garden Festival at Gardens by the Bay.

Under the same NEA programme, NSL partnered Clementi Primary School to conduct an upcycling project which involved students converting waste to art. These art pieces were later sold at a school

Members from MDAS met with colleagues from NSL OilChem to have a chat.

Yang Zheng Primary School showcased gardening projects, including the self-sustaining aqua system, at the Singapore Garden Festival 2016.

auction to raise funds for the President's Challenge 2016. Although the amount raised was modest, the project helped to cultivate students' creativity, appreciation for nature and the notion of giving to the needy.

Committed to sustainable future development, NSL Research and Development team together with National University of Singapore and Land Transport Authority developed an environmentally-friendly low noise asphalt concrete design for roads in Singapore using steel slag aggregates, a by-product from the steel manufacturing process.

Raffles Marina supported the Biosphere Foundation, a non-profit organisation which promotes marine conservation efforts, by providing the Foundation a vessel berthing space for *MIR*. *MIR*, a refurbished 107-year old sailing ship, is actively involved in marine conservation projects worldwide.

INVESTING IN PEOPLE

During the year, the Group's senior management conducted a series of town hall meetings with each division to enhance communication and engagement with staff. There was even one town hall meeting specially organised for Generation Y colleagues, the future leaders of the Group. The effort is consistent with the Group's core values of caring and respect for its employees.

In 2016, the Sports and Recreation Club Committee continued to encourage teamwork and bonding across the divisions by organising fun workshops and new sporting activities such as rock climbing and Ultimate Frisbee. In addition, apart from Movie Days, staff were treated to a concert by SSO.

Safety is the top priority in NSL Group. Towards this end, the Safety Committee kept up its efforts to reinforce a robust safety culture in the Group through comprehensive trainings and toolbox meetings. These efforts paid off as some divisions saw a reduction in incident rates and two companies even achieved 500 accident-free workdays.


A town hall session being conducted by the senior management.

Sailability Singapore at Raffles Marina.

Corporate **Directory**

Precast & PBU

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Fax : (971) 4 8802159
www.dubaiprecast.ae

Environmental Services

NSL OILCHEM WASTE MANAGEMENT PTE LTD

NSL OILCHEM GREEN ENERGY PTE LTD

NSL OILCHEM MARINE PTE LTD

NSL OILCHEM SPECIALTIES PTE LTD

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Fax : (65) 6513 3998
www.nsloilchem.com.sg

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Singapore 628049
Tel : (65) 6863 5270 / 6863 5272
Fax : (65) 6861 1928

NSL OILCHEM TRADING PTE LTD

23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6861 3311 / 6513 3995
Fax : (65) 6513 3993 / 6861 7033

CNC PETROLEUM PTE LTD

23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6748 7752
Fax : (65) 6748 7720
www.cncpetroleum.com

Others

NSL CHEMICALS LTD

26 Tanjong Kling Road
Singapore 628051
Tel : (65) 6513 6900
Fax : (65) 6268 7592
www.nslchemicals.com.sg

RAFFLES MARINA LTD

10 Tuas West Drive
Singapore 638404
Tel : (65) 6861 8000
Fax : (65) 6861 1020
www.rafflesmarina.com.sg

PEINER SMAG LIFTING TECHNOLOGIES GMBH

Windmühlenbergstraße 20-22
38259 Salzgitter, Germany
Tel : (49) 5341 302 0
Fax : (49) 5341 302 424
www.peiner-smag.com

BANGKOK COGENERATION CO LTD

183 Rajanakarn Building
11th Fl., South Sathorn,
Yannawa, Sathorn
Bangkok 10120, Thailand
Tel : (662) 685 6700
Fax : (662) 685 6715
www.bkkcogen.com

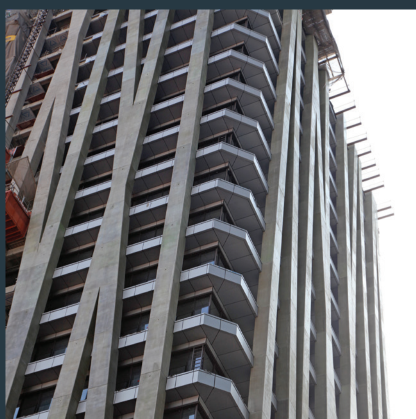
NSL PROPERTIES PTE LTD

NSL RESORTS INTERNATIONAL PTE LTD

RAFFLES MARINA HOLDINGS LTD

TIMARU PTE LTD

77 Robinson Road
#27-00 Robinson 77
Singapore 068896
Tel : (65) 6536 1000
Fax : (65) 6536 1008



Corporate Information

Financial Calendar

ANNOUNCEMENT OF QUARTERLY RESULTS 2016

- 1st Quarter – 11 May 2016
- 2nd Quarter – 12 August 2016
- 3rd Quarter – 11 November 2016

FINANCIAL YEAR-END

- 31 December 2016

ANNOUNCEMENT OF UNAUDITED RESULTS 2016

- 24 February 2017

2017 ANNUAL GENERAL MEETING

- 11 April 2017

Corporate Data

REGISTERED OFFICE

77 Robinson Road, #27-00 Robinson 77
Singapore 068896
Tel: 6536 1000 | Fax: 6536 1008
www.nsl.com.sg

COMPANY SECRETARY

Lim Su-Ling

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road, #05-01
Singapore 068902
Tel: 6227 6660 | Fax: 6225 1452

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street, #17-00 PWC Building
Singapore 048424
Certified Public Accountants
Audit Partner: Lam Hock Choon
(Appointed in year 2012)

BANKS

DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

Did you know?

Our coloured concrete, which is suitable for use in both building interiors and exteriors, is very popular among our customers in the Middle East.

Financial **Review**

Directors' Statement

For the financial year ended 31 December 2016

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 38 to 122 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

Prof CHAM Tao Soon
BAN Song Long
David FU Kuo Chen
John KOH Tiong Lu
Dr LOW Chin Nam (appointed on 1 August 2016)
Dr TAN Tat Wai

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company, for the purpose of Section 164 of the Companies Act, none of the Directors of the Company at the beginning and at the end of the financial year and as at 21 January 2017 had any interest in the shares and debentures of the Company and its related corporations except, as follows:

	Interest held in the name of Director			Deemed interest of Director		
Name of directors and corporations in which interest held	**At 21.01.2017**	**At 31.12.2016**	**At 01.01.2016**	**At 21.01.2017**	**At 31.12.2016**	**At 01.01.2016**
NSL Ltd						
Ordinary shares						
Prof Cham Tao Soon *	-	-	-	10,000	10,000	10,000
Related Corporation						
Raffles Marina Holdings Ltd						
Class B Ordinary Shares						
Dr Low Chin Nam	9,000	9,000	9,000	-	-	-

* Prof Cham Tao Soon is deemed to have an interest in the NSL Ltd shares held by his spouse.

Directors' Statement

For the financial year ended 31 December 2016

MATERIAL CONTRACTS

Except as disclosed in the Statement of Corporate Governance and the financial statements, no material contract (including loans) of the Company or its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholders subsisted at the end of the financial year or has been entered into since the end of the financial year or has been entered into since the end of the previous financial year.

SHARE OPTIONS

The Company has a share option scheme, known as NSL Share Option Plan (the "**Plan**"), which was approved by the shareholders at an Extraordinary General Meeting on 25 April 2012.

The Plan is administered by the Remuneration Committee whose members are:

Prof CHAM Tao Soon (Chairman)
John KOH Tiong Lu
Dr TAN Tat Wai
David FU Kuo Chen

The aggregate number of new shares which may be issued pursuant to options granted under the Plan on any date shall not exceed 10% of the total number of issued shares (excluding treasury shares) on the day preceding that date.

Under the Plan, options to subscribe for the ordinary shares of the Company are to be granted to (i) Group Employees who hold such rank as may be designated by the Remuneration Committee from time to time; (ii) Non-Executive Directors who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group; and (iii) Associated Company Employees who hold such rank as may be designated by the Remuneration Committee from time to time and who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group. Controlling shareholders of the Company or an associate of such controlling shareholder(s) are not eligible to participate in the Plan.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at a price equal to the average of the last dealt prices of the Company's ordinary share, as determined by reference to the daily official list or any other publication published by SGX-ST, for the three (3) consecutive trading days immediately preceding the grant date of that option. No option is to be granted at a discount to the prevailing market price of the shares.

No option has been granted since the commencement of the Plan.

AUDIT COMMITTEE

The Board of Directors has reviewed and is satisfied with the adequacy of internal controls which comes under the supervision of the Audit Committee. The details and function of the Audit Committee are set out in the Statement of Corporate Governance.

Directors' Statement

For the financial year ended 31 December 2016

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, being eligible, has expressed their willingness to accept re-appointment.

On behalf of the Directors

Prof CHAM Tao Soon
Director

Dr LOW Chin Nam
Director

Singapore
28 February 2017

Statement of Corporate Governance

For the financial year ended 31 December 2016

The Board recognises that it is the focal point of corporate governance of NSL Ltd. and its group of companies and believes that good corporate governance will, in the long term enhance return on capital through increased accountability.

The Group had in 1998 adopted an internal Corporate Governance Guide which has been updated from time to time to reflect, as far as practicable, the changes to the Code of Corporate Governance issued by the Monetary Authority of Singapore ("**2012 Code**"), the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Singapore Companies Act. NSL Ltd's Corporate Governance Guide (2012) contains, *inter alia*, matters relating to code of conduct for employees, whistle-blower provisions, terms of reference for Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee and reporting procedures for interested person transactions, disclosure of directors' interest and dealings in the Company's securities.

The following describes the Company's corporate governance practices with specific reference to the 2012 Code.

Board of Directors
(Principles 1 to 6)

The Board charts the strategic course for NSL Ltd. and its group of companies in its Precast & Prefabricated Bathroom Unit ("PBU") and Environmental Services businesses.

The Board comprises the following members as at the date of this statement:

Prof CHAM Tao Soon	Non-Executive Chairman, Independent
BAN Song Long	Non-Executive
David FU Kuo Chen	Non-Executive
John KOH Tiong Lu	Non-Executive, Independent
Dr LOW Chin Nam	Executive
Dr TAN Tat Wai	Non-Executive, Independent

The Board, half of which comprise independent non-executive directors, is able to exercise its powers objectively and independently from Management. All non-executive directors, except for Mr Ban Song Long and Mr David Fu Kuo Chen, who are also directors of 98 Holdings Pte Ltd, the ultimate holding company of the Group, are independent i.e. they have no relationship with the Company, its related companies, its substantial shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from management and its substantial shareholders.

All directors are required to disclose any relationship or appointments which would impair their independence to the Board. Based on an internal evaluation conducted by the Nominating Committee, the Board views all the non-executive directors of the Company, except for Mr Ban Song Long and Mr David Fu Kuo Chen, as independent in character, judgement and that there are no relationships which are likely to affect or could appear to affect the director's judgement.

The Board meets regularly to oversee the business affairs of the Group, approves financial objectives, annual budgets, investment and divestment proposals, business strategies and monitors standards of performance of the Group. Board members are provided with adequate and timely information prior to board meetings and on an ongoing basis; and have separate and independent access to the Company's senior management.

Statement of Corporate Governance

For the financial year ended 31 December 2016

All directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Executive Committee, Nominating Committee and Remuneration Committee. Under the direction of the Chairman, the Company Secretary ensures information flow within the Board and its committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as and when required. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Board has adopted an orientation programme for new directors.

The Board objectively takes decisions in the interests of the Group. The Board has delegated specific responsibilities to four Committees, namely the Audit, Executive, Nominating and Remuneration Committees. Information on each of the four Committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. Matters requiring the Board's decision and endorsement are defined in the NSL Ltd's Group Corporate Authorisation.

Key information on the directors is set out on page 32.

The Constitution of the Company allows directors to participate in a Board meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the directors' physical presence at the meeting. The number of Board and Board Committee meetings held in the current financial year and the attendance of directors during these meetings is as follows:

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2016 to 31 December 2016

	BOARD		AUDIT		NOMINATING		REMUNERATION		EXECUTIVE COMMITTEE		GENERAL MEETING		CORPORATE RESEARCH	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Prof Cham Tao Soon	6	5	4	4	2	2	7	7	n/a	n/a	1	1	3	3
Ban Song Long	6	6	4	4	n/a	n/a	n/a	n/a	9	8	1	1	n/a	n/a
David Fu Kuo Chen	6	6	n/a	n/a	2	2	7	7	9	9	1	1	3	2
John Koh Tiong Lu	6	6	4	4	2	2	7	7	n/a	n/a	1	1	n/a	n/a
Dr Low Chin Nam *	6	3	n/a	n/a	n/a	n/a	n/a	n/a	9	3	1	0	3	1
Dr Tan Tat Wai	6	6	4	4	2	2	7	7	n/a	n/a	1	1	n/a	n/a

* Dr Low Chin Nam was appointed as Executive Director with effect from 1 August 2016.

Audit Committee
(Principle 12)

The Audit Committee comprises the following members, the majority of whom, including the Chairman, are independent directors. The members of the Audit Committee at the date of this statement are:

John KOH Tiong Lu (Chairman), Independent Director
Prof CHAM Tao Soon, Independent Director
Dr TAN Tat Wai, Independent Director
BAN Song Long, Non-Executive Director

Statement of Corporate Governance

For the financial year ended 31 December 2016

The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities. None of the members nor the Chairman of the Audit Committee are former partners or directors of the Group's auditing firm.

The Audit Committee performs duties as specified in the Companies Act, Cap 50 and the 2012 Code. Its duties include overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group, and its exposure to risks. It also keeps under review the effectiveness of the Company's systems of accounting and internal controls for which the Directors are responsible. The Committee is empowered to investigate any matter relating to its functions that are brought to its attention and in this regard will have full access to records, resources and personnel to enable it to discharge its functions properly.

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. The Guidebook was distributed to all members of the Audit Committee. Where appropriate, the Audit Committee will adopt relevant best practices set out in the Guidebook; which will be used as references to assist the Audit Committee in performing its functions.

The Audit Committee has full access and co-operation of Management, including internal auditors and has full discretion to invite any director or executive officer to attend its meetings. The internal and external auditors have unrestricted access to the Audit Committee.

The Audit Committee held four meetings for the financial year ended 31 December 2016.

In carrying out its duties, the Audit Committee:

(a) Reviewed the effectiveness of the Group's internal audit function and the scope and results of the external audits;

(b) Met with the auditors to discuss the results of their audits, significant financial reporting issues and judgements, to enquire if there are material weaknesses and control deficiencies over the Group's financial reporting process and the corresponding effects of the financial statements. As a good practice, the Committee also met the auditors separately in the absence of Management;

(c) Reviewed at least annually the adequacy of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls;

(d) Reviewed the quarterly and annual financial statements, SGXNET announcements and all related disclosures before submission to the Board for approval;

(e) Reviewed, on an annual basis, non-audit services rendered to the Group by the external auditors to ascertain that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors; and

(f) Being satisfied with the independence and objectivity of the external auditors, recommended to the Board of Directors the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company at the forthcoming annual general meeting. The Committee also reviewed and approved the remuneration and terms of engagement of the external auditors.

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST in relation to its auditors.

The Audit Committee and Board of Directors confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rule 1207 (6) (c) of the Listing Manual of the SGX-ST.

Statement of Corporate Governance

For the financial year ended 31 December 2016

The Audit Committee undertakes to investigate complaints of suspected fraud, unlawful business practices and unsafe working conditions in an objective manner and the Company has put in place a whistle-blower policy and procedures which provide employees with direct access to the Audit Committee Chairman.

Whistle-blowing posters, outlining confidential channels for whistle-blowing directly to the Audit Committee Chairman (cellphone, e-mail and P.O. Box) have been prominently displayed in high traffic areas, in all offices and plants of the Group world-wide. The Company has made available (vide its website as well as the websites of each of its main business units) to its vendors, suppliers and customers the same confidential channels for whistle-blowing directly to the Audit Committee Chairman. In addition, the poster has been translated into 12 languages and disseminated as a pamphlet to most non-English speaking employees of the Group.

Executive Committee

The Executive Committee ("**EC**") comprises the following members:

BAN Song Long (Chairman), Non-Executive Director
David FU Kuo Chen, Non-Executive Director
Dr LOW Chin Nam, Executive Director

Under its terms of reference, the EC is authorized to approve and execute such transactions as are authorized and delegated by the Board as set out in the NSL Ltd's Group Corporate Authorisation.

Nominating Committee
(Principles 2, 4 & 5)

The Nominating Committee ("**NC**") comprises the following members:

Prof CHAM Tao Soon (Chairman), Independent Director
John KOH Tiong Lu, Independent Director
Dr TAN Tat Wai, Independent Director
David FU Kuo Chen, Non-Executive Director

Under its terms of reference, the principal duties of the NC are:

- To make recommendations to the Board on all Board appointments and re-nominations.
- To propose objective performance criteria to evaluate the Board's performance.
- To assess and determine annually the independence of the directors.

The Company has in place a process for assessing the effectiveness of the Board as a whole.

The Nominating Committee is also responsible for determining annually, the independence of directors.

In conducting its assessment on the independence of non-shareholder related non-executive directors, the Nominating Committee was guided by the 2012 Code and a set of specific criteria. The Nominating Committee noted that only one guideline out of eight in Principle 2 dealt with the tenure of directorship. The Committee was of the view that an individual's independence cannot be arbitrarily determined merely on the basis of a set period of time. On the contrary, these directors continued to provide stability to the Board and the Company had benefited greatly from the presence of individuals who were specialists in their own field and they had, over time, not only gained valuable insight into the Group, its business, markets and industry but have brought their breadth and depth of business experience to the Company.

Statement of Corporate Governance

For the financial year ended 31 December 2016

The Nominating Committee considered specifically whether their length of service had compromised their independence and having regard to all the other relevant circumstances, concluded that these non-executive directors i.e. Prof Cham Tao Soon, Mr John Koh Tiong Lu and Dr Tan Tat Wai remained independent from Management and provided a strong independent element on the Board, being free from any business or other relationship which could materially interfere with the exercise of their judgement.

The Nominating Committee noted the 2012 Code requirement for the Board of Directors to decide on the issue of multiple board representations of directors and was of the view that the onus was placed on individual directors to ensure he could discharge all his duties and responsibilities as a director. Therefore, the Nominating Committee did not recommend the setting of the maximum number of listed company board representations which a director may hold and would leave this issue to be determined by individual directors. The Nominating Committee is satisfied that sufficient time and attention was given by the directors to the affairs of the Group, taking into consideration the director's number of listed company board representations and other principal commitments.

The Board, through the Nominating Committee, reviews the size and composition of the Board and is of the opinion that, given the scope and nature of the Group's operations, the size of the Board is appropriate in facilitating effective decision-making.

Remuneration Committee
(Principles 7 to 9)

The Remuneration Committee ("**RC**") comprises the following members:

Prof CHAM Tao Soon (Chairman), Independent Director
John KOH Tiong Lu, Independent Director
Dr TAN Tat Wai, Independent Director
David FU Kuo Chen, Non-Executive Director

Under its terms of reference, the principal duties of the RC include:

- To recommend executive and non-executive directors' remuneration to the Board in accordance with the approved remuneration policies and processes of the Company.

- To review and approve Chief Executive Officer and senior management's remuneration.

- To review all benefits and long-term incentive schemes (including share option schemes) and compensation packages for the Board and senior management.

In reviewing and determining the remuneration packages of the executive director and senior executives, the RC shall consider, amongst other things, their responsibilities, skills, expertise and contribution to the Group's performance and if the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent.

Statement of Corporate Governance

For the financial year ended 31 December 2016

Remuneration and Benefits of Directors and Key Executives

The level and mix of each of the Directors' remuneration, and that of each of the top 5 key executives (who are not directors), are set out below:

(a) Directors

Remuneration Band & Name of Director	Base / Fixed Salary[(1)] S$'000	Variable or Performance-related Income / Bonuses[(1)] S$'000	Directors' Fees S$'000	Benefits-in-kind S$'000	Share Options Granted[(2)] S$'000	Total Compensation S$'000
Executive Directors						
OO Soon Hee[(3)]	453	1,000	31	39	-	1,523
Dr LOW Chin Nam[(4)]	357	163	23	13	-	556
Non-Executive Directors						
Prof CHAM Tao Soon	-	-	152	-	-	152
BAN Song Long	-	-	102	-	-	102
David FU Kuo Chen	-	-	96	-	-	96
John KOH Tiong Lu	-	-	120	-	-	120
Dr TAN Tat Wai	-	-	90	-	-	90

(1) The salary and performance bonus amounts shown are inclusive of allowances, ex-gratia payment, leave pay and CPF.
(2) No options were granted during the financial year.
(3) Mr Oo Soon Hee retired as Executive Director of the Company with effect from 31 July 2016.
(4) Dr Low Chin Nam was appointed as Executive Director of the Company with effect from 1 August 2016.

(b) Key Executives

The table below shows the level and mix of gross remuneration received by the top 5 executives (excluding Executive Director) of the Group in bands of S$250,000:

Remuneration Band & Name of Key Executive	Base / Fixed Salary[(1)] %	Variable or Performance-related Income / Bonuses[(1)] %	Benefits-in-kind %	Share Options Granted[(2)] %	Total Compensation %
S$3,250,000 to S$3,499,999					
Andy IP Kam Wa	14	86	-	-	100
S$500,000 to S$749,999					
TAN Meow Cheng	69	30	1	-	100
S$250,000 to S$499,999					
Henrik Bondrup JENSEN	60	12	28	-	100
LIM Su-Ling	72	27	1	-	100
Matti MIKKOLA	60	15	25	-	100

(1) The salary and performance bonus amounts shown are inclusive of allowances, leave pay and CPF.
(2) No options were granted during the financial year.

Statement of Corporate Governance

For the financial year ended 31 December 2016

The annual aggregate remuneration paid to the top five key executives (excluding Executive Director) for FY2016 was S$5,571,000.

There is no employee whose remuneration exceeds S$50,000 during the financial year who is an immediate family member of a director or the CEO of NSL Ltd.

Corporate Research and Development Advisory Panel

The Corporate Research and Development Advisory Panel ("**CRD**") as at the date of this statement comprises the following members:

Prof CHAM Tao Soon (Chairman)
David FU Kuo Chen
LAM Siew Wah
LIM Swee Cheang
Dr LOW Chin Nam (appointed on 1 August 2016)
Prof NG Wun Jern
Dr TIONG Lee Kong, Robert

The CRD serves as a forum for open discussion between the academic circle, government bodies and the Group. Members comprise senior management, scientists and academicians from Universities and Government bodies. Committee usually meets 2 to 3 times a year.

Risk Management and Internal Controls
(Principle 11)

The Board of Directors, with the assistance of the Audit Committee, ensures that the Management maintains adequate risk management and internal control systems to safeguard shareholders' investment and the Group's assets.

Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as implement appropriate measures to control and mitigate these risks. These measures provide reasonable, but not absolute, assurance against material misstatements or loss, as well as ensure the safeguarding of assets, maintenance of proper accounting records and reliable financial information, and compliance with applicable law and regulations.

The nature and management of financial risks are discussed in Note 38 to the Financial Statements.

Review and tests of internal control procedures are carried out by the Company's internal auditors based on approved internal audit plan. Significant internal control weaknesses noted by the internal auditors (if any) together with their recommendations, are included in their reports which are submitted to the Audit Committee.

The Board has obtained assurance from Dr Low Chin Nam, Executive Director and Mr Chia Tong Hee, Senior Vice-President, Finance and Corporate Services, that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

(b) the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2016.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2016.

Statement of Corporate Governance

For the financial year ended 31 December 2016

Internal Audit Function
(Principle 13)

The Company has an in-house internal audit department with a round-the-year internal audit program for the Group. The role of the internal auditors is to assist the Audit Committee to ensure that the Group maintains a sound system of internal controls and may undertake investigations as directed by the Audit Committee.

Internal Audit prepares an annual audit plan. The Audit Committee reviews and approves the annual internal audit plan, which complements that of the external auditors, so as to review the adequacy and effectiveness of the system of internal controls of the Group. The external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations raised by the internal and external auditors are reported to the Audit Committee. Internal Audit follows up on all recommendations by internal and external auditors to ensure management has implemented these in a timely and appropriate manner and reports the results to the Audit Committee every quarter.

Staffed by suitably qualified executives, Internal Audit has unrestricted direct access to the Audit Committee. The Head of Internal Audit's primary line of reporting is to the Chairman of the Audit Committee.

Communication with Shareholders
(Principles 10, 14, 15 & 16)

The Company makes all necessary disclosures to the public via SGXNET. When material information is disseminated to the SGX-ST, such information is simultaneously posted on the Company's website at www.nsl.com.sg.

The Board, endeavours, by the release of quarterly and full year results, to provide shareholders with a balanced and understandable assessment of the Group's performance and prospects.

Shareholders of the Company receive the notice of the Annual General Meeting. The notice is also advertised in the newspapers. At annual general meetings, shareholders are given the opportunity to seek clarification from directors and management on the financial affairs of the Company. External auditors will be present to assist the directors in addressing relevant queries by shareholders.

The Company's Constitution allows

(a) a member of the Company who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting; and

(b) a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

The Company had put all resolutions to vote by poll at shareholders meetings since December 2002 and announced detailed results showing the number of votes cast for and against each resolution and the respective percentages since 2012.

Statement of Corporate Governance

For the financial year ended 31 December 2016

Securities Transactions

The Company has issued a policy on dealings in the securities of the Company to its Directors, employees and directors of its subsidiaries, setting out the implications of insider trading and guidance on such dealings. Accordingly, the Company has complied with Rule 1207 (19) of the Listing Manual of the SGX-ST since 1998.

The Company and its officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the company financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements.

Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual of the SGX-ST, no interested person transaction was entered into during the financial year.

Statement of Corporate Governance

For the financial year ended 31 December 2016

PARTICULARS OF DIRECTORS AS AT 28 FEBRUARY 2017

NAME OF DIRECTOR	ACADEMIC & PROFESSIONAL QUALIFICATIONS	BOARD COMMITTEE AS CHAIRMAN OR MEMBER	DIRECTORSHIP DATE FIRST APPOINTED DATE LAST RE-ELECTED	BOARD APPOINTMENT WHETHER EXECUTIVE OR NON-EXECUTIVE	DUE FOR RE-ELECTION AT AGM ON 11 APRIL 2017
Prof Cham Tao Soon	• Bachelor of Engineering degree from Malaya University • Bachelor of Science degree from University of London • Doctorate of Philosophy degree from University of Cambridge • Fellow of the Institution of Engineers, Singapore • Fellow of the Institution of Mechanical Engineers, UK	*Chairman:* Nominating Committee Remuneration Committee Corporate Research and Development Advisory Panel *Member:* Audit Committee	26 May 1988 29 April 2016	Non-Executive / Independent	N/A
Ban Song Long	Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *Member:* Audit Committee	25 January 2003 29 April 2016	Non-Executive	N/A
David Fu Kuo Chen	Bachelor of Science degree in Engineering from University of Southern California	*Member:* Nominating Committee Remuneration Committee Executive Committee Corporate Research and Development Advisory Panel	25 January 2003 29 April 2016	Non-Executive	N/A
John Koh Tiong Lu	• LLM degree from Harvard Law School • BA and MA degree (Economics and Law) from Trinity College, University of Cambridge	*Chairman:* Audit Committee *Member:* Nominating Committee Remuneration Committee	30 January 2003 28 April 2015	Non-Executive / Independent	Re-election (Article 90)
Dr Low Chin Nam	• Bachelor of Science (First Class Honours) in Electronics Engineering from King's College, University of London • Master of Science in Management Science from Imperial College, University of London • Doctor of Philosophy degree in Econometrics from Monash University, Australia	*Member:* Executive Committee Corporate Research and Development Advisory Panel	1 August 2016	Executive (Responsible for the overall Management of the NSL Group)	Re-election (Article 97)
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from University of Harvard	*Member:* Audit Committee Nominating Committee Remuneration Committee	15 February 1993 16 April 2014	Non-Executive / Independent	Re-election (Article 90)

Independent Auditor's Report

To the members of NSL LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the balance sheet of the Group as at 31 December 2016;
- the balance sheet of the Company as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans and receivables	
Refer to Note 3B, Note 18 and Note 38b to the financial statements for the related disclosures. As at 31 December 2016, the Group has outstanding trade receivables of S$80.7 million, 34% of which were past due but not impaired. The net allowance for impairment of receivables amounted to S$1.3 million in the current financial year. The business of a certain operating segment is project-based and the final settlement of related receivables usually takes place well beyond project completion. Management exercises significant judgement in evaluating the credit risk associated with the Group's outstanding trade receivables so as to determine whether to record an impairment loss and in determining the amount of impairment.	We analysed the aging profile of the debtors and focused on past due trade receivables for which no impairment allowance had been made. We reviewed debtors correspondences relating to upcoming settlements, debtor financial information, past payment trends or subsequent payments received to form our independent view regarding the credit worthiness of the debtors to challenge management on the judgement it had exercised. We found the judgement exercised by management in the determination of the extent of impairment loss charged in the financial statements to be appropriate.
Impairment of property, plant and equipment	
Refer to Note 2L, Note 3A and Note 20 to the financial statements for the related disclosures. As at 31 December 2016, the Group's property, plant and equipment is carried at net book value of S$123.3 million. In the current financial year, management assessed that there was objective evidence or indication that the property, plant and equipment of certain cash-generating units ("CGU") in the Environmental Services segment and the Precast & PBU segment may be impaired. The property, plant and equipment in the Environmental Services segment and the Precast & PBU segment contributed to 39% and 35% of the Group's total property, plant and equipment respectively. The operations of a marina club contributes to 22% of the Group's total property, plant and equipment. Arising from the impairment assessment based on value-in-use calculations, impairment charges of S$1.8 million and S$2.7 million were recognised respectively in the Environmental Services segment and the operation of a marina club, and a write-back of impairment of S$5.2 million was recognised arising from the Precast & PBU segment. Management's assessment of the value-in-use of the Group's CGUs involves significant judgement about the sales growth rates used in cash flow projections beyond the 5-year budget period, particularly in relation to future results of the business of the CGU in the Precast & PBU segment in Dubai, the CGU in the Environmental Services segment in Singapore, and the CGU operating the Group's marina club in Singapore, and the discount rates applied to future cash flow projections.	We evaluated the process by which management's cash flow projections were developed, including verifying the mathematical accuracy of the underlying calculations. We assessed the reasonableness of cash flow projections and compared key inputs (the sales growth rates used in cash flow projections beyond the budget period and the discount rate) against the Group's historical data and performance and latest divisional financial budgets approved by management. In our evaluation of the discount rates, we also involved our valuation specialists. We also considered the appropriateness and adequacy of the disclosures relating to the assumptions. We found that the assumptions used in the cash flow projections and results of management's assessment were within a reasonable range and uncertainties were adequately disclosed in the financial statements.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to Note 2L, Note 3A and Note 27a to the financial statements for the related disclosures. As at 31 December 2016, the Group has goodwill of S$8.7 million at 31 December 2016, with 92% of it relating to the Precast & PBU segment. Management's assessment of the value-in-use of the Group's CGU within the Precast & PBU segment involves significant judgement about the sales growth rates used in cash flow projections beyond the 5-year budget period, particularly in relation to the business in Finland and Europe, and the discount rate applied to future cash flow projections.	We evaluated the process by which management's cash flow projections were developed, including verifying the mathematical accuracy of the underlying calculations. We assessed the reasonableness of cash flow projections and compared key inputs (the sales growth rates used in cash flow projections beyond the budget period and the discount rate) against the Group's historical data and performance and latest divisional financial budgets approved by management. In our evaluation of the discount rate, we also involved our valuation specialists. We also considered the appropriateness and adequacy of the disclosures relating to the assumptions. We found that the assumptions used in the cash flow projections and results of management's assessment were within a reasonable range and uncertainties were adequately disclosed in the financial statements.

Other Information

Management is responsible for the other information. The other information refers to the "Directors' Statement" section on pages 20 to 22 of the annual report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditor's Report

To the members of NSL LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the members of NSL LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lam Hock Choon.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 February 2017

Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	The Group 2016 S$'000	The Group 2015 S$'000 (restated)
Continuing operations			
Sales	4	**336,968**	337,364
Cost of sales		**(280,294)**	(278,095)
Gross profit		**56,674**	59,269
Other income	5	**11,163**	5,615
Other gains and losses	6	**1,695**	(6,066)
Distribution costs		**(16,074)**	(14,497)
Administrative expenses		**(34,047)**	(37,842)
Finance costs	7	**(1,634)**	(1,274)
Share of results of associated companies, net of tax	23	**(291)**	1,859
Profit before income tax	8	**17,486**	7,064
Income tax (expense) / credit	10	**(4,054)**	758
Profit from continuing operations		**13,432**	7,822
Discontinued operations			
Profit from discontinued operations	11	**118,754**	59,903
Total profit for the financial year		**132,186**	67,725
Profit attributable to equity holders of the Company:			
- from continuing operations		**13,885**	8,272
- from discontinued operations		**117,470**	58,483
		131,355	66,755
Profit / (loss) attributable to non-controlling interest:			
- from continuing operations		**(453)**	(450)
- from discontinued operations		**1,284**	1,420
		831	970
Basic and fully diluted earnings per share (cents)			
- from continuing operations	13	**3.72**	2.21
- from discontinued operations	13	**31.45**	15.66

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Note	The Group 2016 S$'000	The Group 2015 S$'000
Total profit for the financial year		**132,186**	67,725
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Losses arising during the year		**(247)**	(5,342)
Available-for-sale financial assets			
- (Losses) / gains arising during the year	26	**(931)**	532
- Reclassification	26	**-**	(96)
Share of other comprehensive (losses) / income of associated companies	23	**(1,306)**	353
Income tax relating to components of other comprehensive income	10	**4**	14
Other comprehensive losses for the year, net of tax		**(2,480)**	(4,539)
Total comprehensive income for the year, net of tax		**129,706**	63,186
Total comprehensive income attributable to:			
Equity holders of the Company		**129,104**	62,600
Non-controlling interests		**602**	586
		129,706	63,186

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2016

		The Group		The Company	
		2016	2015	**2016**	2015
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Share capital	14	**193,839**	193,839	**193,839**	193,839
Reserves	15	**479,959**	366,598	**269,968**	267,715
Shareholders' equity		**673,798**	560,437	**463,807**	461,554
Non-controlling interests	22	**4,577**	11,007	**-**	-
TOTAL EQUITY		**678,375**	571,444	**463,807**	461,554
CURRENT ASSETS					
Inventories	17	**36,552**	48,138	**-**	-
Receivables and prepayments	18	**103,391**	116,387	**15,604**	36,846
Tax recoverable		**1,236**	1,124	**-**	-
Cash and cash equivalents	19	**461,763**	334,448	**376,871**	227,033
		602,942	500,097	**392,475**	263,879
Investment properties classified as held-for-sale	16	**9,493**	-	**-**	-
Assets of disposal group classified as held-for-sale	11	**-**	4,229	**-**	-
		612,435	504,326	**392,475**	263,879
NON-CURRENT ASSETS					
Property, plant and equipment	20	**123,251**	136,751	**166**	144
Investment properties	21	**-**	8,376	**-**	-
Investments in subsidiaries	22	**-**	-	**85,232**	85,232
Investments in associated companies	23	**50,529**	52,692	**-**	-
Long term receivables and prepayments	24	**5,216**	822	**32,425**	121,354
Available-for-sale financial assets	26	**8,387**	9,318	**7,930**	8,836
Held-to-maturity financial assets	25	**1,523**	-	**1,523**	-
Intangible assets	27	**10,351**	9,306	**77**	-
Deferred tax assets	32	**3,044**	5,290	**-**	-
Other non-current assets		**95**	140	**-**	-
		202,396	222,695	**127,353**	215,566
TOTAL ASSETS		**814,831**	727,021	**519,828**	479,445
CURRENT LIABILITIES					
Borrowings	28	**(16,010)**	(18,407)	**-**	-
Trade and other payables	29	**(93,178)**	(116,058)	**(55,705)**	(17,803)
Current income tax liabilities		**(999)**	(2,429)	**(316)**	(88)
Deferred income	33	**(423)**	(282)	**-**	-
		(110,610)	(137,176)	**(56,021)**	(17,891)
Liabilities directly associated with disposal group classified as held-for-sale	11	**-**	(1,007)	**-**	-
		(110,610)	(138,183)	**(56,021)**	(17,891)
NON-CURRENT LIABILITIES					
Provision for retirement benefits	31	**(2,735)**	(2,519)	**-**	-
Deferred tax liabilities	32	**(3,718)**	(3,864)	**-**	-
Borrowings	28	**(15,512)**	(9,842)	**-**	-
Deferred income	33	**(834)**	(1,169)	**-**	-
Other non-current liabilities	30	**(3,047)**	-	**-**	-
		(25,846)	(17,394)	**-**	-
TOTAL LIABILITIES		**(136,456)**	(155,577)	**(56,021)**	(17,891)
NET ASSETS		**678,375**	571,444	**463,807**	461,554

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2016

	Note	Attributable to Equity Holders of the Company									
		Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000	Revaluation Reserve S$'000	Capital Reserve S$'000	Fair Value Reserve S$'000	General Reserve S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
THE GROUP											
Balance at 1 January 2016		193,839	378,535	(15,166)	-	-	2,929	300	560,437	11,007	571,444
Profit for the year		-	131,355	-	-	-	-	-	131,355	831	132,186
Other comprehensive losses for the year		-	-	(1,324)	-	-	(927)	-	(2,251)	(229)	(2,480)
Total comprehensive income / (losses) for the year		-	131,355	(1,324)	-	-	(927)	-	129,104	602	129,706
Dividends paid	12	-	(18,678)	-	-	-	-	-	(18,678)	-	(18,678)
Total transactions with owners, recognised directly in equity		-	(18,678)	-	-	-	-	-	(18,678)	-	(18,678)
Conversion of preference shares		-	2,477	-	-	-	-	-	2,477	(2,477)	-
Acquisition of a subsidiary		-	-	-	-	(1,944)	-	-	(1,944)	1,661	(283)
Disposal of subsidiaries		-	-	2,402	-	-	-	-	2,402	(6,216)	(3,814)
Balance as at 31 December 2016		193,839	493,689	(14,088)	-	(1,944)	2,002	300	673,798	4,577	678,375
Balance at 1 January 2015		193,839	341,486	(11,853)	220	-	2,479	479	526,650	13,817	540,467
Profit for the year		-	66,755	-	-	-	-	-	66,755	970	67,725
Other comprehensive (losses) / income for the year		-	-	(4,605)	-	-	450	-	(4,155)	(384)	(4,539)
Total comprehensive income / (losses) for the year		-	66,755	(4,605)	-	-	450	-	62,600	586	63,186
Dividends paid	12	-	(29,885)	-	-	-	-	-	(29,885)	-	(29,885)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(741)	(741)
Total transactions with owners, recognised directly in equity		-	(29,885)	-	-	-	-	-	(29,885)	(741)	(30,626)
Disposal of subsidiaries		-	179	1,292	(220)	-	-	(179)	1,072	(2,655)	(1,583)
Balance as at 31 December 2015		193,839	378,535	(15,166)	-	-	2,929	300	560,437	11,007	571,444

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	The Group 2016 S$'000	2015 S$'000 (restated)
Cash Flows from Operating Activities			
Profit from continuing operations		**13,432**	7,822
Profit from discontinued operations		**118,754**	59,903
Profit for the financial year		**132,186**	67,725
Adjustments for:			
Taxation		**7,277**	3,312
Amortisation of intangible assets		**328**	246
Amortisation of deferred income		**(223)**	(354)
Depreciation of property, plant and equipment and investment properties		**13,659**	15,518
Property, plant and equipment written off		**481**	38
Interest expense		**1,811**	1,526
Interest income		**(4,536)**	(3,525)
Dividend income from available-for-sale financial assets		**(3,759)**	(758)
(Write-back of allowance) / allowance for impairment of property, plant and equipment		**(719)**	5,664
Allowance for impairment of intangible assets		**-**	170
(Write-back of allowance) / allowance for impairment of an investment property		**(1,277)**	100
Gain on disposal of property, plant and equipment (net)		**(886)**	(18)
Bargain purchase on acquisition of a subsidiary		**(364)**	-
Provision for retirement benefits (net)		**509**	557
Share of results of associated companies, net of tax	23	**308**	(1,723)
Gain on disposal of subsidiaries	11	**(101,594)**	(41,145)
Exchange differences and other adjustments		**417**	4
Operating cash flows before working capital changes		**43,618**	47,337
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		**4,711**	9,562
Receivables and prepayments		**4,206**	15,759
Deferred income		**29**	107
Trade and other payables		**(16,786)**	(14,130)
Cash generated from operations		**35,778**	58,635
Income tax paid		**(6,509)**	(6,421)
Retirement benefits paid		**(327)**	(124)
Net cash generated from operating activities		**28,942**	52,090

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2016

	Note	The Group 2016 S$'000	2015 S$'000
Cash Flows from Investing Activities			
Cash acquired on acquisition of a subsidiary		**1,570**	-
Proceeds from disposal of property, plant and equipment		**2,145**	226
Net cash inflow from disposal of subsidiaries	19a	**134,598**	34,668
Purchases of property, plant and equipment		**(26,499)**	(21,786)
Purchases of intangible assets		**(217)**	(144)
Purchases of financial assets, held-to-maturity		**(1,523)**	-
Interest received		**3,442**	3,062
Dividends received from associated companies		**-**	1,629
Dividends received from available-for-sale financial assets		**3,759**	758
Net cash generated from investing activities		**117,275**	18,413
Cash Flows from Financing Activities			
Proceeds from borrowings		**20,881**	26,979
Repayment of borrowings		**(18,086)**	(26,878)
Hire purchase and finance lease liabilities		**(1,057)**	(223)
Interest paid		**(1,899)**	(1,735)
Bank deposits pledged		**(825)**	(371)
Dividends paid to shareholders	12	**(18,678)**	(29,885)
Dividends paid to non-controlling interests		**-**	(741)
Net cash used in financing activities		**(19,664)**	(32,854)
Net increase in cash and cash equivalents		**126,553**	37,649
Cash and cash equivalents at beginning of the financial year		**331,271**	295,038
Effects of exchange rate changes on cash and cash equivalents		**(160)**	(1,416)
Cash and cash equivalents at end of the financial year	19	**457,664**	331,271

Reconciliation of liabilities arising from financing activities

	2015	Cash Flows	Non-cash changes		2016
			Acquisition of a subsidiary	Disposal of subsidiaries	
Bank borrowings	26,073	2,795	4,836	(3,917)	29,787
Lease liabilities	2,176	(1,057)	616	-	1,735

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

NSL Ltd. (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The Company's registered office is at 77 Robinson Road, #27-00 Robinson 77, Singapore 068896.

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiaries are mainly manufacturing and sale of building materials, refractory materials, road stones and provision of environmental services and sale of related products (Note 42).

As set out in Note 11, the dry mix business segment has been disposed during the year. In the financial year ended 31 December 2015 ("FY2015"), the engineering business segment which contains solely the spreader businesses as well as chemical business segment, substantially made up of lime business, have been disposed during the year (Note 11(a) and Note 11 (b)). The corresponding operating results of the dry mix business was presented separately on the income statement as part of "discontinued operations" (Note 11).

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are expressed in thousands of Singapore Dollars.

B. Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The Group has early adopted the amendments to FRS 7 Statement of cash flows (Disclosure initiative) on 1 January 2016. The amendment is applicable for annual periods beginning on or after 1 January 2017. It sets out the required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods, rendering of services and rental income in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivable is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(1) Sale of goods

Revenue from the sale of goods is recognised when the Group has delivered the goods to the locations specified by its customers, and the customers have accepted the products in accordance with the sales contract.

(2) Services rendered

Revenue from rendering of services is recognised when the services are rendered.

This includes entrance fees and membership transfer fees of membership clubs which are recognised in profit or loss on a straight-line basis over the term of membership. Unamortised entrance fees and membership transfer fees are recognised as deferred income in the balance sheet.

(3) Rental income

Rental income from operating lease (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

(4) Dividend income

Dividend income is recognised when the right to receive payment is established.

(5) Interest income

Interest income is recognised using the effective interest method.

D. Cost of sales

Cost of sales comprises cost of purchased and manufactured goods sold, other relevant costs attributable to goods sold and costs of rendering services.

E. Exceptional items

Exceptional items are items of income and expense which are of such nature, size or incidence that their disclosure is relevant to explain the performance of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting

(1) Subsidiaries

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2H for the subsequent accounting policy on goodwill.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to revenue reserve if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2K for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(2) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(3) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(3) Associated companies (continued)

(ii) *Equity method of accounting* (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Refer to Note 2K for the accounting policy on investments in associated companies in the separate financial statements of the Company.

G. Property, plant and equipment

(1) Measurement

Property, plant and equipment are initially recognised at cost, and subsequently carried at cost less accumulated depreciation and impairment losses. (refer to Note 2L for accounting policy on impairment of property, plant and equipment).

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2I for accounting policy on borrowing costs).

(2) Depreciation

Freehold land and capital work-in-progress ("WIP") are not depreciated. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land	-	over the remaining lease period up to 83 years
Buildings	-	10 to 60 years
Leasehold improvements	-	4 years
Plant and machinery	-	3 to 15 years
Vessel	-	18 years
Other assets	-	3 to 20 years

Other assets comprise furniture and fittings, office appliances and equipment, tooling equipment and motor vehicles.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, plant and equipment (continued)

(2) Depreciation (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised as an expense in profit or loss when incurred.

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses". Any amount in revaluation reserve relating to that asset is transferred to revenue reserve directly.

H. Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(2) Acquired intangible assets

Acquired intangible assets consist of rights to business names, trademarks, trade names, technology and licences are recognised at cost less accumulated amortisation and accumulated impairment losses (refer to Note 2L for accounting policy for impairment of other intangible assets). These costs are amortised to profit or loss using the straight-line method over their expected useful lives ranging from 3 to 5 years, which is the shorter of their estimated useful lives and period of contractual rights. Costs associated with maintaining the acquired intangible assets are expensed off when incurred.

The amortisation period and amortisation method of intangible assets (other than goodwill) are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the acquisition, construction and production of a qualifying asset which are capitalised into the cost of the qualifying asset. This includes those costs on borrowings acquired specifically for the acquisition, construction and production of a qualifying asset as well as those in relation to general borrowings used for the purpose of obtaining the qualifying assets.

J. Investment properties

Investment properties of the Group, principally comprising office buildings that are held for long term rental yields and/or capital appreciation and are not occupied by the Group.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (refer to Note 2L for accounting policy on impairment of investment properties). Depreciation of investment properties is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives ranging from 10 to 20 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

K. Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses (refer to Note 2L for accounting policy on impairment of investment in subsidiaries and associated companies) in the Company's balance sheet.

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

L. Impairment of non-financial assets

(1) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-unit ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Impairment of non-financial assets (continued)

(2) Other intangible assets
Property, plant and equipment
Investment properties
Investments in subsidiaries and associated companies

Other intangible assets, property, plant and equipment, investment properties, investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset (other than goodwill) is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset (other than goodwill) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset (other than goodwill) is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

M. Financial assets

(1) Classification

The Group classified its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(1) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as cash and bank balances, trade receivables and long term receivables except for non-current interest-free receivables from subsidiaries and associated companies on the balance sheet which have been accounted for in accordance with Note 2K.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(2) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(3) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(4) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(4) Subsequent measurement (continued)

Changes in the fair values of the financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in other income. Changes in the fair value of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(5) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables / Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the assets previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2M (5) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

(6) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Properties held for sale

Properties held for sale are carried at the lower of cost (specific identification method) and net realisable value. Cost includes costs of construction and interests incurred during the period of construction. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

O. Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

P. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Q. Derivative financial instruments

Forward foreign exchange contracts are classified as derivative financial instruments in the financial statement. Derivative financial instruments are initially recognised at their fair values on the date the contracts are entered into and subsequently carried at their fair values. The Group does not adopt hedge accounting. Accordingly, changes in fair value of derivative financial instruments are recognised immediately in profit or loss.

R. Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions based on current market conditions that are existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fair value estimation of financial assets and liabilities (continued)

The fair values of forward foreign exchange contracts are determined using actively quoted forward exchange rates at the balance sheet date.

The fair value of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

S. Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

T. Leases

(1) When the Group is the lessee:

The Group leases certain property, plant and equipment from non-related parties.

Lessee - Finance leases

Leases where the Group assumes substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding leased liabilities (net of finance charges) under finance lease are recognised on the balance sheet as property, plant and equipment and borrowings respectively at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance charge is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Lessee - Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in profit or loss in the period in which termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Leases (continued)

(2) When the Group is the lessor:

The Group leases certain property, plant and equipment and investment properties to non-related parties.

Lessor - Operating leases

Leases of assets where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. The property, plant and equipment and investment properties are depreciated over the useful lives of the assets as set out in Notes 2G and 2J. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

U. Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax assets is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Income taxes (continued)

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

V. Provisions for other liabilities and charges

Provisions for warranty and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the levels of repairs and replacements.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

W. Employee compensation

(1) Pension benefits

The Group operates both defined benefit and defined contribution post-employment benefit plans.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

Certain subsidiaries of the Group operate separate defined retirement benefit schemes for certain employees. Such benefits are unfunded.

Retirement benefits are assessed annually using the projected unit credit method; the cost of providing retirement benefits is charged to profit or loss so as to spread the regular cost over the service lives of employees. The liability recognised in the balance sheet in respect of a defined benefit pension plan is measured as the present value of the estimated future cash outflows discounted using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Employee compensation (continued)

(2) Employee leaves entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

X. Currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(2) Transaction and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transaction. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investments in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

(3) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Currency translation (continued)

(3) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2005, the goodwill and fair value adjustments are translated at the exchange rates at the dates of acquisition.

Y. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

Z. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

AA. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

AB. Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

AC. Government grants

Grants from the government are recognised as a receivable at their fair values when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to income are deducted in reporting the related expense. Government grants related to assets are presented by deducting the grant in arriving at the carrying value of the asset.

AD. Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AD. Non-current assets (or disposal groups) held-for-sale and discontinued operations (continued)

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

A. Critical accounting estimates and assumptions

(1) Impairment of goodwill

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2L. The recoverable amounts of cash-generating-units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates.

As at 31 December 2016, the Group recorded goodwill arising on consolidation of S$8,678,000 (2015: S$8,678,000) (Note 27a). The key estimates, used in the assessment of the carrying value of goodwill in the Precast & PBU segment, relate to the budgeted average sales growth rate used to extrapolate cash flows of the CGUs beyond the 5-year budget period. If management's estimated growth rate of a CGU in Precast & PBU segment were to decrease by 28%, the recoverable amount of the goodwill will equal to its carrying value, assuming the other variables remain unchanged.

(2) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the impairment loss. These calculations require the use of estimates. Certain plant and equipment of a cash generating unit ("CGU") in the Environmental Services segment were reviewed for impairment based on value-in-use calculations. The calculations used cash flow projection based on financial budgets approved by management covering a 9-year period, average estimated annual sales growth rates of 10% and discount rate of 11.3%. As a result, an allowance of impairment of S$1,811,000 was recognised. If management's estimated sales volume growth rate were decreased from 10% to 9.5% the carrying value of property, plant and equipment would have decreased by approximately S$177,000, assuming that the other variables remain unchanged.

Notes to the Financial Statements

For the financial year ended 31 December 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

A. Critical accounting estimates and assumptions (continued)

(2) Impairment of property, plant and equipment (continued)

The leasehold land and building used in the Group's operation of a marina club was reviewed for impairment. An independent valuer was engaged to determine the value-in-use of the leasehold land and building. The calculations used cash flow projection based on financial budgets approved by management covering a 10-year period, annual sales growth rates ranging from 1 - 2% per annum, and a discount rate of 7.5%. As a result, an allowance for impairment of S$2,700,000 was recognised. If management's estimated sales volume growth rates were decreased from 1.5% to 1.43%, the carrying value of the leasehold land and building would have decreased by approximately S$100,000, assuming all the other variables remain unchanged.

During the current financial year, certain plant and equipment of a CGU in the Precast & PBU segment were reviewed for impairment assessment based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, annual sales growth rates ranging from 0% to 8% (2015: 0% to 20%) and discount rate of 12% (2015: 12%). An estimated sales growth rate of 0% (2015: 0%) was used to extrapolate cash flows of the CGU beyond the 5-year budget period. As a result, a reversal of prior year's allowance for impairment of S$5,200,000 was recognised in the current year. If management's estimated growth rate of the CGU beyond five years were to decrease from 0% to -5% (2015: 0% to -5%) the carrying value of property, plant and equipment remains unchanged (2015: decreased by approximately S$719,000), assuming that the other variables remain unchanged. No impairment charge would have to be recognised for the year ended 31 December 2016.

B. Critical judgements

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly in accordance with the accounting policy stated in Note 2M. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there have been significant changes in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management used estimates based on historical loss experience for asset with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. As at 31 December 2016, the Group recorded allowance for impairment of receivables amounting to S$18,083,000 (2015: S$17,855,000), and the net allowance for impairment of receivables for the financial year ended 31 December 2016 is S$1,284,000 (2015: S$5,702,000). Further analysis of the Group's credit risk profile is set out in Note 38b.

Notes to the Financial Statements

For the financial year ended 31 December 2016

4. SALES

	The Group	
	2016	2015
	S$'000	S$'000
		(restated)
Sale of goods	**305,760**	305,902
Services rendered	**25,747**	26,593
Rental income	**5,461**	4,869
	336,968	337,364

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2016	2015
	S$'000	S$'000
		(restated)
Interest income		
- Fixed deposits	**4,446**	3,298
- Others	**18**	106
	4,464	3,404
Dividend income from available-for-sale financial assets	**3,759**	758
Sale of scrap	**1,024**	523

Notes to the Financial Statements

For the financial year ended 31 December 2016

6. OTHER GAINS AND LOSSES

	The Group	
	2016	2015
	S$'000	S$'000
		(restated)
Available-for-sale financial assets		
- Gain on disposal	**-**	96
Fair value losses on derivative financial instruments	**(7)**	-
Currency exchange losses - net	**(724)**	(480)
Investment properties		
- Write-back / (allowance) for impairment	**1,277**	(100)
Property, plant and equipment		
- Gains / (losses) on disposal and write-off, net	**402**	(16)
- Write-back / (allowance) for impairment, net	**719**	(5,664)
Intangible assets		
-Impairment loss	**-**	(170)
Bargain purchase on acquisition of a subsidiary	**364**	-
Miscellaneous	**(336)**	268
	1,695	(6,066)

7. FINANCE COSTS

	The Group	
	2016	2015
	S$'000	S$'000
		(restated)
Interest expense		
- Bank borrowings	**(867)**	(996)
- Bank overdrafts	**-**	(8)
- Hire purchase and finance lease liabilities	**(75)**	(55)
- Others	**(692)**	(215)
	(1,634)	(1,274)

Notes to the Financial Statements

For the financial year ended 31 December 2016

8. PROFIT BEFORE INCOME TAX

The following have been included in arriving at profit before income tax:

	Note	The Group 2016 S$'000	The Group 2015 S$'000 (restated)
(Charged) / credited:			
Amortisation of intangible assets	27b	**(328)**	(190)
Depreciation of property, plant and equipment	20	**(11,093)**	(12,335)
Depreciation of investment properties	21	**(158)**	(172)
Employee compensation	9	**(95,266)**	(83,762)
Cost of inventories as expense (included in 'Cost of sales')		**(147,151)**	(138,470)
Sub-contractor charges		**(19,725)**	(23,185)
Remuneration paid / payable to auditors of the Company[(1)]			
- for auditing the financial statements		**(557)**	(516)
- for other services		**(179)**	(162)
Remuneration paid / payable to other auditors			
- for auditing the financial statements[(2)]		**(162)**	(125)
- for other services		**(11)**	(3)
Rental expense - operating leases		**(10,665)**	(10,557)
Transportation expense		**(12,200)**	(14,181)
Allowance for impairment of trade receivables and bad debts written off, net		**(1,364)**	(5,954)
Allowance for stocks obsolescence		**(311)**	(387)
Write-down of inventories to net realisable value, net		**(253)**	(518)
Amortisation of deferred income	33	**223**	354

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$162,000 (2015: S$88,000) paid or payable to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$NIL (2015: S$37,000) paid or payable to other firms of auditors in respect of the audit of subsidiaries.

9. EMPLOYEE COMPENSATION

	The Group 2016 S$'000	The Group 2015 S$'000 (restated)
Wages and salaries	**81,859**	72,441
Employer's contribution to defined contribution plans, including Central Provident Fund	**3,178**	3,158
Retirement benefits (Note 31)	**506**	515
Other staff benefits	**9,723**	7,648
	95,266	83,762

Key management's remuneration is disclosed in Note 35b.

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. INCOME TAX EXPENSE

	The Group	
	2016	2015
	S$'000	S$'000
		(restated)
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
From continuing operations		
Current income tax		
- Singapore	**800**	510
- Foreign	**1,608**	1,107
	2,408	1,617
Deferred income tax (Note 32)	**966**	(2,263)
	3,374	(646)
From discontinued operations		
Current income tax		
- Singapore	**1,604**	2,180
- Foreign	**1,428**	1,757
	3,032	3,937
Deferred income tax (Note 32)	**174**	127
	3,206	4,064
Total current taxation	**6,580**	3,418
(Over) / under provision in prior financial years:		
From continuing operations		
Current income tax	**(51)**	(14)
Deferred income tax (Note 32)	**731**	(98)
	680	(112)
From discontinued operations		
Current income tax	**17**	(93)
Deferred income tax (Note 32)	**-**	99
	17	6
Total under / (over) provision in prior years	**697**	(106)
Total tax expense	**7,277**	3,312
Tax expense is attributable to:		
- Continuing operations	**4,054**	(758)
- Discontinued operations (Note 11)	**3,223**	4,070
	7,277	3,312

Notes to the Financial Statements

For the financial year ended 31 December 2016

10. INCOME TAX EXPENSE (CONTINUED)

The deferred tax credit relating to each component of other comprehensive income is as follows:

	The Group					
	2016			2015		
	Before Tax S$'000	**Tax credit S$'000**	**After Tax S$'000**	Before Tax S$'000	Tax credit S$'000	After Tax S$'000
Fair value (loss) / gain of available-for-sale financial assets	**(931)**	**4**	**(927)**	532	14	546
Disposals	**-**	**-**	**-**	(96)	-	(96)
Other comprehensive (loss) / income	**(931)**	**4**	**(927)**	436	14	450

The tax expense on the Group's profit before tax differs from the amount that would arise using the Singapore corporate income tax rate as explained below:

	The Group	
	2016 S$'000	2015 S$'000 (restated)
Profit before tax from		
- continuing operations	**17,486**	7,064
- discontinued operations (Note 11)	**121,994**	64,109
	139,480	71,173
Share of results of associated companies, net of tax from continuing operations[(1)]	**291**	(1,859)
Profit before tax and share of profit of associated companies	**139,771**	69,314
Tax calculated at a tax rate of 17% (2015: 17%)	**23,761**	11,783
Income not subject to tax	**(20,659)**	(7,812)
Expenses not deductible for tax purposes	**1,736**	800
Utilisation of previously unrecognised tax assets	**(203)**	(1,334)
Tax benefit from current year's tax losses not recognised	**1,019**	698
Tax provision on unremitted income	**255**	278
Effects of different tax rates in other countries	**856**	(526)
Tax incentives and rebates	**(300)**	(617)
Under / (over) provision of income tax	**697**	(106)
Others	**115**	148
Tax charge	**7,277**	3,312

(1) Share of results of associated companies is net of tax credit of S$182,000 (2015: tax expense of S$897,000).

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

	Group	
	2016	2015
	S$'000	S$'000
		(restated)
Sales	**96,861**	119,772
Net expenses	**(76,461)**	(96,808)
Share of results of associated companies, net of tax	**(17)**	(136)
Profit before tax from discontinued operations	**20,383**	22,828
Income tax expense (Note 10)	**(3,223)**	(4,070)
Profit after tax from discontinued operations	**17,160**	18,758
Exceptional gains on disposal of subsidiaries	**101,594**	41,145
Profit after tax from discontinued operations	**118,754**	59,903

*Breakdown of profit from discontinued operations

	Group	
	2016	2015
	S$'000	S$'000
		(restated)
Engineering operations	**-**	(1,066)
Lime and limestones operations	**-**	574
Dry-mix operations	**17,160**	19,250
Exceptional gain on disposal		
- Lime business	**8**	27,250
- Engineering business	**-**	13,895
- Dry-mix business	**101,586**	-
	101,594	41,145
	118,754	59,903

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

11a On 5 December 2014, the Company and its direct wholly-owned subsidiary, NSL Engineering Holdings Pte. Ltd. ("NSEH") entered into agreement with Salzgitter Maschinenbau AG ("SMAG") in relation to the merger of NSL Engineering Pte Ltd ("NSE")'s RAM container spreader business with SMAG's grab business as the world's leading independent lifting device group in both bulk cargo and container handling. Under the agreement, NSEH will inject NSE into SMAG's wholly-owned subsidiary, PEINER SMAG Lifting Technologies GmbH ("PSLT") in exchange for 33.33% equity stake in PSLT, the new holding company of NSE Group, with SMAG holding the remaining 66.67% equity stake (the "Merger").

The NSE Group was a separate major line of business and was responsible for trading and management of spreader business. In accordance with FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, results of the NSE Group were disclosed as part of discontinued operations in FY2015.

Following the completion of the Merger on 29 April 2015, the 33.33% non-controlling equity stake in PSLT has been accounted for as an investment in associated company as the Group has significant influence over PSLT and the share of financial results of PSLT has been accounted for based on the equity method under FRS 28 *Investments in Associates and Joint Ventures*.

11b The divestment of lime business in Singapore and Malaysia was completed on 17 February 2015 for a cash consideration of approximately S$42.9 million. The gain on divestment of lime business in Singapore and Malaysia recognised in FY2015 was approximately S$26.8 million. A final gain of S$8,000 was recognised upon finalisation of the completion account adjustments in the financial year ended 31 December 2016 ("FY2016").

Pursuant to the completion of divestment of lime business, the Group's wholly-owned subsidiary, NSL Chemicals Ltd ("NSC"), granted a call option to the acquirer of the lime business, Lhoist Singapore Pte Ltd ("Lhoist") or its subsidiary ("Lhoist Acquirer"), to acquire NSC's limestone business in Malaysia for an agreed consideration of S$4 million. The call option was exercisable by Lhoist Acquirer at any time before 30 June 2015 ("Call Option"). The Call Option has since expired without Lhoist Acquirer exercising its rights under the option.

Following the lapse of the Call Option, management continued to explore alternatives to realise the Group's carrying value in the limestone business via a disposal. Accordingly, the carrying value of the assets and liabilities of the limestone business were classified as held for sale as at 31 December 2015 and disclosed as a discontinued operation.

However, in FY2016, as the limestone business had yet to be disposed of and there was no firm purchase commitment, its operating results and the carrying value of its assets and liabilities had to be restated as business under continuing operations in the income statement and balance sheet for the financial year ended 31 December 2016. Operating results for FY2015 have been restated accordingly. Net loss after tax related to the limestone business was S$187,000 in FY2016 (FY2015: S$671,000).

11c The disposal of dry mix business in Singapore, Hong Kong, China and Malaysia was completed on 14 December 2016 for a cash consideration of S$155.3 million, including closing statement adjustments. The total gain on divestment of dry mix business recognised was S$101.6 million.

The dry mix division was a separate major line of business of the Group. In accordance with FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, results of the dry mix business were disclosed as part of discontinued operations in FY2016.

Notes to the Financial Statements

For the financial year ended 31 December 2016

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

11d The details of assets and liabilities of the disposal group classified as held for sale for the Group are as follows:

		Group	
	Note	**2016** **S$'000**	2015 S$'000
Assets			
Inventories		-	9
Cash and cash equivalents	19	-	97
Receivables and prepayments		-	97
Property, plant and equipment		-	4,026
		-	4,229
Liabilities			
Trade and other payables		-	517
Deferred tax liabilities		-	490
		-	1,007

11e The impact of the discontinued operations on the cash flows of the Group is as follows:

	The Group	
	2016 **S$'000**	2015 S$'000 (restated)
Operating cash inflows	**10,069**	20,615
Investing cash outflows	**(10,301)**	(3,270)
Financing cash (outflows) / inflows	**(1,720)**	3,174
Total cash (outflows) / inflows	**(1,952)**	20,519

11f Cumulative expense recognised in other comprehensive income relating to disposal group classified as held-for-sale are as follows:

	Group	
	2016 **S$'000**	2015 S$'000
Currency translation differences	-	(70)

Notes to the Financial Statements

For the financial year ended 31 December 2016

12. DIVIDENDS

	The Company	
	2016 **S$'000**	2015 S$'000
Ordinary dividends paid		
Final dividends of 5 cents in respect of the previous financial year (2015: 5 cents with respect to FY2014 and special interim dividend of 3 cents with respect to FY2015) per share (exempt one-tier)	**18,678**	29,885

Subsequent to the balance sheet date, the Directors proposed a final dividend and a special dividend of 5 cents and 20 cents respectively for financial year ended 31 December 2016 (2015: final dividend of 5 cents) amounting to S$93,390,000 (2015: S$18,677,900). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2016.

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for effects of all dilutive potential ordinary shares. The Company does not have any potential ordinary shares with dilutive potential.

	Continuing operations		Discontinued operations		Total	
	2016	2015 (restated)	**2016**	2015 (restated)	**2016**	2015 (restated)
Net profit attributable to equity holders of the Company (S$'000)	**13,885**	8,272	**117,470**	58,483	**131,355**	66,755
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**373,558**	373,558	**373,558**	373,558	**373,558**	373,558
Basic and diluted earnings per share (cents per share)	**3.72**	2.21	**31.45**	15.66	**35.17**	17.87

Notes to the Financial Statements

For the financial year ended 31 December 2016

14. SHARE CAPITAL

The Company	Issued ordinary shares	
	No of shares	Amount
	'000	S$'000
2016 and 2015		
Balance at 1 January and 31 December	373,558	193,839

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The Company's immediate and ultimate holding corporations are 98 Holdings Pte. Ltd. and Excel Partners Pte. Ltd. respectively, both incorporated in Singapore.

15. RESERVES

15a Composition

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Revenue reserve	**493,689**	378,535	**268,266**	265,107
Foreign currency translation reserve	**(14,088)**	(15,166)	**-**	-
Capital reserve	**(1,944)**	-	**-**	-
Fair value reserve	**2,002**	2,929	**1,702**	2,608
General reserve	**300**	300	**-**	-
	479,959	366,598	**269,968**	267,715

Revenue reserve of the Group is distributable except for share of accumulated losses of associated companies amounting to S$5,282,000 (2015: S$5,128,000).

General reserve is relating to funds appropriated from the net profits to statutory reserves of a certain subsidiary established in the United Arab Emirates. 10% of the annual net profits of the subsidiary are allocated to the statutory reserves until the reserves reach 50% of the paid up capital of the subsidiary. In accordance with the Commercial Companies Law in United Arab Emirates, no transfer has been made to statutory reserve during the current financial year, since previously incurred losses have not been fully recovered.

Capital reserve relates to adjustments to non-controlling interests arising from transactions that do not involve the loss of control.

Notes to the Financial Statements

For the financial year ended 31 December 2016

15. RESERVES (CONTINUED)

15b Reserves movements

Movements in reserves of the Group are set out in the Consolidated Statement of Changes in Equity.

Movements in reserves of the Company are as follows:

	The Company		
	Revenue Reserve S$'000	Fair Value Reserve S$'000	Total S$'000
Balance at 1 January 2016	265,107	2,608	267,715
Net profit for the year	21,837	-	21,837
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value losses taken to other comprehensive income (Note 26)	-	(906)	(906)
- Disposals (Note 26)	-	-	-
	-	(906)	(906)
Total comprehensive income / (loss) for the year	21,837	(906)	20,931
Dividends paid (Note 12)	(18,678)	-	(18,678)
Balance at 31 December 2016	268,266	1,702	269,968
Balance at 1 January 2015	223,696	2,089	225,785
Net profit for the year	71,296	-	71,296
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value gains taken to other comprehensive income (Note 26)	-	615	615
- Disposals (Note 26)	-	(96)	(96)
	-	519	519
Total comprehensive income for the year	71,296	519	71,815
Dividends paid (Note 12)	(29,885)	-	(29,885)
Balance at 31 December 2015	265,107	2,608	267,715

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For the financial year ended 31 December 2016

16. INVESTMENT PROPERTIES CLASSIFIED AS HELD-FOR-SALE

	The Group	
	2016	2015
	S$'000	S$'000
Investment property classified as held-for-sale	**9,493**	-

A wholly-owned subsidiary in Singapore has entered into an agreement to sell the investment property to a third party in 2016. The transaction is expected to be completed in March 2017.

17. INVENTORIES

	The Group	
	2016	2015
	S$'000	S$'000
At lower of cost and net realisable value		
Raw materials	**15,365**	19,888
Finished goods	**16,926**	23,760
General stores and consumables	**4,167**	4,435
Work-in-progress	**94**	55
	36,552	48,138

As at 31 December 2016, inventories of S$2,669,000 (2015: S$2,875,000) were written down to net realisable value.

The Group has recognised a reversal of write-down of inventories of S$5,000 (2015: S$64,000), as the inventories were sold above the carrying values during the financial year. The reversal has been included in "cost of sales" in the consolidated income statement.

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For the financial year ended 31 December 2016

18. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
- Associated companies	**43**	944	**-**	-
- Non-related parties	**98,776**	111,790	**-**	-
	98,819	112,734	**-**	-
Less: Allowance for impairment of trade receivables	**(18,083)**	(17,855)	**-**	-
Trade receivables – net	**80,736**	94,879	**-**	-
Non-trade amounts owing by subsidiaries[a]	**-**	-	**12,966**	35,223
Prepayments	**8,278**	12,360	**135**	145
Deposits	**2,999**	2,308	**11**	11
Interest receivables	**2,499**	1,362	**2,480**	1,362
Recoverable expenditure	**386**	491	**1**	1
Sundry receivables[b]	**8,493**	4,930	**11**	104
Derivative financial instruments[c]	**-**	57	**-**	-
	103,391	116,387	**15,604**	36,846

18a Amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$7,296,000 (2015: S$4,446,000) bears interest at 3.0% (2015: 2.7%) per annum.

18b Sundry receivables are unsecured, interest free and are expected to be repaid within the next 12 months after the balance sheet date.

18c Derivative financial instruments

	The Group					
	2016			2015		
	Contract notional amount	**Fair value Asset**	**Fair value Liability**	Contract notional Amount	Fair value Asset	Fair value Liability
	S$'000	**S$'000**	**S$'000**	S$'000	S$'000	S$'000
Forward foreign exchange contracts - current	**2,876**	**-**	**(7)**	1,451	57	-

The derivative financial instruments in 2015 were related to disposal group and had been reclassified to disposal group.

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19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**364,706**	230,419	**346,506**	202,146
Cash at bank and on hand	**97,057**	104,029	**30,365**	24,887
	461,763	334,448	**376,871**	227,033

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Cash and cash equivalents	**461,763**	334,448	**376,871**	227,033
Cash and cash equivalents of disposal group classified as held for sale (Note 11d)	**-**	97	**-**	-
Less: bank deposits pledged	**(4,099)**	(3,274)	**-**	-
Cash and cash equivalents per statement of cash flows	**457,664**	331,271	**376,871**	227,033

Bank deposits are pledged to banks for banking facilities granted to subsidiaries (Note 28).

19a <u>Acquisition and disposal of subsidiaries</u>

Please refer to Note 39 for the effects of acquisition of a subsidiary on the cash flows of the group.

On 14 December 2016, the Group completed:

(i) the disposal of its dry mix business in Singapore, Malaysia, Hong Kong and China for a cash consideration of approximately S$155.3 million;

Whereas, during the financial year 2015, the Group completed:

(i) the disposal of its lime business in Singapore and Malaysia for a cash consideration of approximately S$42.9 million;

(ii) the Merger where NSEH injected NSE into SMAG's wholly-owned subsidiary PSLT in exchange for 33.33% equity stake in PSLT, the new holding company of NSE Group, with SMAG holding the remaining 66.67% equity stake; and

(iii) the disposal of Chizhou NSL Minerals Co. Ltd., a wholly-owned subsidiary in the People's Republic of China, to a third party for net proceeds of approximately S$0.7 million.

Notes to the Financial Statements

For the financial year ended 31 December 2016

19. CASH AND CASH EQUIVALENTS (CONTINUED)

19a Disposal of subsidiaries (continued)

Please refer to Note 11 for further details. The effects of the disposal of subsidiaries on the cash flows of the Group were:

	The Group	
	2016	2015
	S$'000	S$'000
Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	**13,964**	8,237
Trade and other receivables	**16,638**	16,199
Other current assets	**6,311**	22,265
Property, plant and equipment	**31,183**	23,188
Investment in associated company	**510**	-
Other non-current assets	**66**	770
Total assets	**68,672**	70,659
Trade and other payables	**(15,861)**	(21,255)
Other non-current liabilities	**(1,326)**	(7)
Total liabilities	**(17,187)**	(21,262)
Net assets derecognised	**51,485**	48,603
Less: Non-controlling interests	**(6,216)**	(2,655)
Net assets disposed of	**45,269**	45,948

The aggregate cash inflows arising from the disposal of subsidiaries were:

	The Group	
	2016	2015
	S$'000	S$'000
Net assets disposed of	**45,269**	45,948
- Reclassification of currency translation reserve	**2,402**	1,292
- Reclassification of revaluation reserve	**-**	(220)
	47,671	47,020
Gain on disposal (Note 11)	**101,594**	41,145
Total sale consideration, net of transaction costs	**149,265**	88,165
Less: Investment in associated company	**-**	(45,338)
Less: Cash and cash equivalents in subsidiaries disposed of	**(13,964)**	(8,237)
Less: Sale consideration receivable, net	**(4,494)**	(107)
Add: Professional fees payable, net	**3,791**	185
Net cash inflow on disposal of subsidiaries	**134,598**	34,668

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20. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessel S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2016									
Cost									
At 1 January 2016	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Currency realignment	(88)	(202)	(492)	(18)	(699)	-	225	7	(1,267)
Additions	-	9,792	5,993	-	6,478	-	2,410	2,208	26,881
Disposals and write off	-	-	(4,204)	-	(13,259)	-	(1,219)	(1,000)	(19,682)
Reclassified from disposal group	-	4,467	-	-	1,965	-	113	-	6,545
Acquisition of subsidiary	-	-	-	47	301	-	2,482	-	2,830
Disposal of subsidiaries	-	(4,040)	(23,445)	(835)	(38,212)	-	(3,311)	(20)	(69,863)
Reclassifications	-	1,844	(1,214)	653	436	-	122	(1,841)	-
At 31 December 2016	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Representing:									
Cost	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Accumulated Depreciation and Impairment Losses									
At 1 January 2016	-	2,566	114,544	839	109,174	144	32,056	-	259,323
Currency realignment	-	(45)	(136)	(18)	(536)	-	70	-	(665)
Charge for the year									
- Continuing operations	-	555	2,868	43	4,131	417	3,079	-	11,093
- Discontinued operations	-	80	890	4	1,108	-	327	-	2,409
Disposals and write off	-	-	(4,204)	-	(12,576)	-	(1,162)	-	(17,942)
Reclassified from disposal group	-	951	-	-	1,484	-	84	-	2,519
Acquisition of subsidiary	-	-	-	36	81	-	975	-	1,092
Disposal of subsidiaries	-	(1,104)	(8,510)	(825)	(25,726)	-	(2,678)	-	(38,843)
Reclassification	-	1,670	(1,689)	19	(19)	-	19	-	-
Impairment charge / (write back)	-	2,700	-	-	(1,377)	-	(2,042)	-	(719)
At 31 December 2016	-	7,373	103,763	98	75,744	561	30,728	-	218,267
Net Book Value									
At 31 December 2016	6,178	18,717	43,824	603	31,969	6,939	13,522	1,499	123,251

* Other assets comprise furniture & fittings, office appliances & equipment, tooling equipment and motor vehicles.

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20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessel S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2015									
Cost									
At 1 January 2015	7,179	14,438	170,693	786	146,844	-	40,728	3,896	384,564
Currency realignment	(913)	(211)	(2,494)	51	(4,450)	-	(165)	(130)	(8,312)
Additions	-	2	2,284	17	8,455	7,500	4,605	(793)	22,070
Disposals and write off	-	-	(114)	-	(245)	-	(1,889)	-	(2,248)
Reclassifications	-	-	580	-	99	-	149	(828)	-
At 31 December 2015	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Representing:									
Cost	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Accumulated Depreciation and Impairment Losses									
At 1 January 2015	-	2,298	109,953	782	102,081	-	30,507	-	245,621
Currency realignment		4	(1,527)	51	(2,621)	-	(114)	-	(4,207)
Charge for the year									
- Continuing operations	-	186	3,792	-	5,098	144	2,927	-	12,147
- Discontinued operations	-	78	890	6	1,029	-	301	-	2,304
Disposals and write off	-	-	-	-	(170)	-	(1,832)	-	(2,002)
Impairment loss	-	-	1,436	-	3,757	-	267	-	5,460
At 31 December 2015	-	2,566	114,544	839	109,174	144	32,056	-	259,323
Net Book Value									
At 31 December 2015	6,266	11,663	56,405	15	41,529	7,356	11,372	2,145	136,751

* Other assets comprise furniture & fittings, office appliances & equipment, tooling equipment and motor vehicles.

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For the financial year ended 31 December 2016

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Other Assets* S$'000	Total S$'000
The Company – 2016		
Cost		
At 1 January 2016	1,561	1,561
Additions	158	158
Disposals and write off	(97)	(97)
At 31 December 2016	1,622	1,622
Accumulated Depreciation		
At 1 January 2016	1,417	1,417
Charge for the year	136	136
Disposals and write off	(97)	(97)
At 31 December 2016	1,456	1,456
Net Book Value		
At 31 December 2016	166	166
The Company – 2015		
Cost		
At 1 January 2015	1,511	1,511
Additions	58	58
Disposals and write off	(8)	(8)
At 31 December 2015	1,561	1,561
Accumulated Depreciation		
At 1 January 2015	1,255	1,255
Charge for the year	169	169
Disposals and write off	(7)	(7)
At 31 December 2015	1,417	1,417
Net Book Value		
At 31 December 2015	144	144

* Other assets comprise furniture & fittings, office appliances & equipment and motor vehicles.

Notes to the Financial Statements

For the financial year ended 31 December 2016

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

20a Included within additions in the consolidated financial statements are plant and equipment and other assets under hire purchase and finance leases amounting to S$1,325,000 (2015: S$1,001,000).

The carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	2016 S$'000	2015 S$'000
The Group		
Other assets	**4,444**	4,074

20b The Group's major properties comprise freehold land in Malaysia and the following leasehold land and buildings:

(i) Factory and office buildings in Jurong, Singapore;

(ii) Land and building in Jurong, Singapore, leased for the operation of a resort-style marina;

(iii) Land and buildings in Malaysia; and

(iv) Factory and office buildings in United Arab Emirates

20c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$31,528,000 (2015: S$20,716,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 28).

20d The Group's net impairment write-back of S$719,000 (2015: net impairment loss of S$5,460,000) comprises:

(i) net write-back of allowance for impairment loss of S$5,230,000 (2015: impairment loss of S$2,134,000) is recognised for certain plant and equipment, based on value-in-use calculations;

(ii) an impairment loss of S$1,811,000 is recognised for certain plant and machinery as a result of change in the business operations and lower future cash flow projections of a CGU in the Group's Environmental Services segment, based on their recoverable amounts derived from its value in use estimations. In 2015, an impairment loss of S$3,337,000 was recognised for certain idle plant and machinery, based on the recoverable amounts derived from fair value less cost of disposal; and

(iii) an impairment loss of S$2,700,000 was recognised for its leasehold land in Singapore based on its fair value, as determined by an independent professional valuer using discounted cash flow approach over a 10-year period, discounted to arrive at the present value. In 2015, a write-back of allowance for impairment loss of S$11,000 was recognised for Chemicals division in Singapore.

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For the financial year ended 31 December 2016

21. INVESTMENT PROPERTIES

		The Group	
	Note	**2016 S$'000**	2015 S$'000
Cost			
At 1 January		**11,214**	11,214
Reclassification to properties held-for-sale		**(11,214)**	-
At 31 December		**-**	11,214
Accumulated depreciation and impairment losses			
At 1 January		**2,838**	2,566
Depreciation charge for the year	8	**158**	172
Impairment charge for the year	6	**-**	100
Write-back of allowance for impairment loss	6	**(1,277)**	-
Currency realignment		**2**	-
Reclassified to properties held-for-sale		**(1,721)**	-
At 31 December		**-**	2,838
Net book value at 31 December		**-**	8,376
Fair value at 31 December		**-**	10,213

As at 31 December 2016, the investment property held by a wholly-owned subsidiary is reclassified to investment property held-for-sale upon entering into an agreement to sell the property to a third party in 2016.

Valuation techniques and processes

The Group engages an external, independent and qualified valuer (the "valuer") to determine the fair value of the property on an annual basis based on the property's highest and best use.

The fair value of the Group's investment properties, classified as Level 3 fair value, has been generally derived using the direct sale comparison approach. In arriving at its fair value, the valuer considered selling price per square foot of shops and offices in the vicinity. Adjustments have been made to reflect the differences in size, location, condition, tenure, prevailing market conditions and other relevant factors affecting its fair value. The Group has recognised write-back of allowance for impairment loss on the investment properties amounting to S$1,277,000 (2015: impairment loss of S$100,000) during the financial year.

Investment properties are leased to non-related parties under operating leases (Note 37c).

Notes to the Financial Statements

For the financial year ended 31 December 2016

21. INVESTMENT PROPERTIES (CONTINUED)

The following amounts are recognised in the consolidated income statement:

	The Group	
	2016 S$'000	2015 S$'000
Rental income	**377**	374
Direct operating expenses arising from investment properties that generated rental income	**(262)**	(281)
Other direct operating expenses arising from investment properties that did not generate rental income	**(12)**	(12)

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016 S$'000	2015 S$'000
Equity investments at cost		
Balance at 1 January	**85,232**	93,232
Less: allowance for impairment	**-**	(8,000)
Balance at 31 December	**85,232**	85,232

Details regarding significant subsidiaries are set out in Note 42.

22a Carrying value of non-controlling interests

	2016 S$'000	2015 S$'000
Emix (HK) Limited	**-**	3,474
Dubai Precast LLC	**(4,916)**	(6,223)
NSL OilChem Waste Management Pte. Ltd.	**5,030**	5,507
Raffles Marina Ltd	**2,056**	5,658
Other subsidiaries with immaterial non-controlling interests	**2,407**	2,591
Total	**4,577**	11,007

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 December 2016 and 2015.

Summarised balance sheet

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2016			
Assets			
- Current assets	36,185	17,072	2,454
- Non-current assets	18,649	49,873	29,264
	54,834	66,945	31,718
Liabilities			
- Current liabilities	22,806	15,068	2,777
- Non-current liabilities	56,168	10,950	21,565
	78,974	26,018	24,342
Net assets / (liabilities)	(24,140)	40,927	7,376

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2015				
Assets				
- Current assets	12,726	29,032	9,644	2,711
- Non-current assets	7,468	9,771	49,226	33,232
	20,194	38,803	58,870	35,943
Liabilities				
- Current liabilities	2,824	20,784	11,183	2,717
- Non-current liabilities	-	54,555	2,879	21,901
	2,824	75,339	14,062	24,618
Net assets / (liabilities)	17,370	(36,536)	44,808	11,325

Notes to the Financial Statements

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2016			
Revenue	66,947	23,772	12,924
Profit / (loss) before income tax	12,694	(4,592)	(3,592)
Income tax credit / (expense)	-	712	(357)
Profit / (loss) after tax	12,694	(3,880)	(3,949)
Other comprehensive loss	(295)	-	-
Total comprehensive income / (loss)	12,399	(3,880)	(3,949)
Total comprehensive income / (loss) allocated to non-controlling interests	2,480	(661)	(1,101)
Dividends paid to non-controlling interests	-	-	-

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2015				
Revenue	40,723	42,843	31,238	13,888
Profit / (loss) before income tax	7,969	2,727	(7,502)	480
Income tax (expense) / credit	(1,319)	-	1,027	(292)
Profit / (loss) after tax	6,650	2,727	(6,475)	188
Other comprehensive income / (loss)	860	(2,115)	-	-
Total comprehensive income / (loss)	7,510	612	(6,475)	188
Total comprehensive income / (loss) allocated to non-controlling interests	1,502	122	(796)	94
Dividends paid to non-controlling interests	(284)	-	-	-

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of cash flows

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2016			
Cash flows from operating activities			
Cash generated from operations	1,183	1,526	1,472
Interest received	-	-	9
Net cash generated from operating activities	1,183	1,526	1,481
Net cash used in investing activities	(1,223)	(9,254)	(712)
Net cash generated from / (used in) financing activities	588	10,020	(590)
Includes:			
- Interest paid	(510)	(491)	(590)
Net increase in cash and cash equivalents	548	2,292	179
Cash and cash equivalents at beginning of year	3,096	518	1,188
Exchange differences on cash and cash equivalents	527	-	-
Cash and cash equivalents at end of year	4,171	2,810	1,367

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2015				
Cash flows from operating activities				
Cash generated from / (used in) operations	8,360	4,375	5,353	1,420
Income tax paid, net	(1,281)	-	(1,041)	-
Interest (paid) / received	(23)	-	-	10
Net cash generated from operating activities	7,056	4,375	4,312	1,430
Net cash generated from / (used in) investing activities	36	(1,754)	(14,889)	(957)
Net cash (used in) / generated from financing activities	(1,763)	(151)	5,185	(585)
Includes:				
- Interest paid	-	(144)	(132)	(585)
Net increase / (decrease) in cash and cash equivalents	5,329	2,470	(5,392)	(112)
Cash and cash equivalents at beginning of year	2,735	466	5,910	1,300
Exchange differences on cash and cash equivalents	736	160	-	-
Cash and cash equivalents at end of year	8,800	3,096	518	1,188

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23. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2016	2015
	S$'000	S$'000
Carrying value of Group's interest in associated companies	**50,529**	52,692

23a The Group has S$2,772,000 (2015: S$6,926,000) unrecognised losses of associated companies during the year. The accumulated losses of associated companies not recognised were S$14,092,000 (2015: S$11,320,000) at the balance sheet date.

23b The summarised financial information (not adjusted for the proportionate of effective ownership interest held by the Group) of associated companies as at balance sheet date is as follows:

	The Group	
	2016	2015
	S$'000	S$'000
- Assets	**284,912**	299,264
- Liabilities	**(223,286)**	(218,595)
- Revenue	**232,222**	204,329
- Net loss for the financial year	**(6,159)**	(500)

Details regarding significant associated companies are set out in Note 42.

Set out below are the associated companies of the Group as at 31 December 2016, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**
PEINER SMAG Lifting Technologies GmbH	Germany	33.33

PEINER SMAG Lifting Technologies GmbH's principal activities are investment holding and manufacturing, design and sale of container and bulk handling equipment.

There are no contingent liabilities relating to the Group's interest in the associated companies.

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23. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below are the summarised financial information for PEINER SMAG Lifting Technologies GmbH.

	2016 S$'000	2015 S$'000
Revenue	**159,480**	133,850
(Loss) / Profit after tax	**(1,930)**	6,240
Other comprehensive income	**(3,944)**	2,199
Total comprehensive income	**(5,874)**	8,439
Attributable to:		
- Non-controlling interests	**515**	1,086
- Shareholders of associated company	**(6,389)**	7,353
Current assets	**103,605**	121,811
Non-current assets	**54,284**	56,969
Current liabilities	**(63,030)**	(76,768)
Non-current liabilities	**(1,958)**	(2,187)
Net assets	**92,901**	99,825
Attributable to:		
- Non-controlling interests	**9,301**	9,834
- Shareholders of associated company	**83,600**	89,991
Share of net assets at beginning of the year / at acquisition date	**29,930**	29,026
Goodwill	**16,312**	16,312
Carrying value of interest in associated company at beginning of the year /at acquisition date	**46,242**	45,338
Group's share of:		
(Loss) / Profit after tax	**(878)**	1,805
Other comprehensive (losses) / income	**(1,252)**	646
Total comprehensive (losses) / income	**(2,130)**	2,451
Dividends received during the year	**-**	(1,547)
Carrying value of interest in associated company at end of the year	**44,112**	46,242
Add: Carrying value of individually immaterial associated companies, in aggregate	**6,417**	6,450
Carrying value of Group's interest in associated companies	**50,529**	52,692

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23. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associated companies accounted for using the equity method:

	2016 S$'000	2015 S$'000
Net profit / (loss)	**570**	(82)
Other comprehensive loss	**(54)**	(293)
Total comprehensive income / (loss)	**516**	(375)

The information above reflects the amounts included in the financial statements of the associated companies (and not the Group's share of those amounts), where necessary, adjusted to reflect adjustments made by the Group when applying the equity method of accounting.

24. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		**The Company**	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Prepayments	**-**	1,026	**-**	-
Less: Current portion of long term prepayments	**-**	(693)	**-**	-
Non-current portion of long term prepayments	**-**	333	**-**	-
Amounts owing by subsidiaries				
- non-trade[(a)]	**-**	-	**73,487**	162,416
Less: Allowance for impairment of receivables	**-**	-	**(41,062)**	(41,062)
	-	-	**32,425**	121,354
Amounts owing by associated companies				
- non-trade[(a)]	**500**	489	**-**	-
Add: Retentions	**4,716**	-	**-**	-
	5,216	822	**32,425**	121,354

24a The amounts owing by subsidiaries and associated companies are non-trade, interest free, unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. Settlement of the amounts owing by subsidiaries and associated companies are neither planned nor likely to occur in the foreseeable future. As a result, such amounts are in substance part of the Group's net investments in associated companies and the Company's net investments in subsidiaries. The amounts owing by subsidiaries are accounted for in accordance with Note 2K.

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25. HELD-TO-MATURITY FINANCIAL ASSETS

	The Group	The Company
	2016	**2016**
	S$'000	**S$'000**
Quoted debt securities		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020 - Singapore	**500**	**500**
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021 - Singapore	**1,023**	**1,023**
	1,523	**1,523**

The fair values of the bonds at the balance sheet date are as follows:

	The Group	The Company
	2016	**2016**
	S$'000	**S$'000**
Quoted debt securities		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020 - Singapore	**494**	**494**
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021 - Singapore	**1,014**	**1,014**
	1,508	**1,508**

The fair values are within level 1 of the fair value hierarchy.

26. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
Balance at 1 January	**9,318**	8,882	**8,836**	8,317
Fair value (losses) / gains recognised in other comprehensive income	**(931)**	532	**(906)**	615
Disposals	**-**	(96)	**-**	(96)
Balance at 31 December	**8,387**	9,318	**7,930**	8,836
Total losses reclassified from fair value reserve to profit or loss for available-for-sale financial assets held at the end of financial year	**-**	96	**-**	96

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26. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Available-for-sale financial assets are analysed as follows:

	The Group		The Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
Listed securities				
- Equity securities - Singapore	**75**	50	**75**	50
Unlisted securities				
- Equity securities	**8,138**	9,089	**7,855**	8,786
- Other investments	**174**	179	**-**	-
	8,387	9,318	**7,930**	8,836

27. INTANGIBLE ASSETS

	The Group		The Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
Goodwill arising on consolidation[a]	**8,678**	8,678	**-**	-
Acquired intangible assets[b]	**1,673**	628	**77**	-
	10,351	9,306	**77**	-

27a Goodwill arising on consolidation

	The Group	
	2016 **S$'000**	2015 S$'000
Cost and Net Book Value at 31 December	**8,678**	8,678

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For the financial year ended 31 December 2016

27. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating-units ("CGUs") identified according to countries of operation and business segments.

A segment-level summary of the goodwill allocation is as follows:

Group

	2016			2015		
	Singapore S$'000	**Finland S$'000**	**Total S$'000**	Singapore S$'000	Finland S$'000	Total S$'000
Precast & PBU	**-**	**8,024**	**8,024**	-	8,024	8,024
Environmental Services	**654**	**-**	**654**	654	-	654
	654	**8,024**	**8,678**	654	8,024	8,678

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond five-year period are extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations are as follows:

	2016		2015	
	Growth rate [1]	**Discount rate [2]**	Growth rate [1]	Discount rate [2]
Precast & PBU	**0%**	**12.0%**	0%	12.0%
Environmental Services	**3.0%**	**11.3%**	3.0%	12.0%

(1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(2) Pre-tax discount rate applied to cash flow projections.

These assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used are consistent with the industry forecast. The discount rates used are pre-tax and reflected specific risks relating to the relevant segments.

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27. INTANGIBLE ASSETS (CONTINUED)

27b Acquired intangible assets

	The Group		The Company	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Cost				
Balance at 1 January	**3,521**	3,528	**-**	-
Additions	**217**	90	**92**	-
Currency realignment	**(69)**	(97)	**-**	-
Acquisition of subsidiary (Note 39)	**1,168**	-	**-**	-
Balance at 31 December	**4,837**	3,521	**92**	-
Accumulated amortisation				
Balance at 1 January	**2,893**	2,767	**-**	-
Amortisation charge for the year	**328**	190	**15**	-
Currency realignment	**(57)**	(64)	**-**	-
Balance at 31 December	**3,164**	2,893	**15**	-
Net Book Value at 31 December	**1,673**	628	**77**	-

Amortisation expense is included in the consolidated income statement as cost of sales.

28. BORROWINGS

28a Short term borrowings

	The Group	
	2016 S$'000	2015 S$'000
Short term bank loans		
- Secured	**4,800**	2,000
Current portion of long term bank loans (Note 28b)		
- Unsecured	**-**	466
- Secured	**1,885**	10,529
	1,885	10,995
Hire purchase and finance lease payables – secured (Note 34)	**1,249**	1,199
Bills payable – secured	**8,076**	4,213
	16,010	18,407

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28. BORROWINGS (CONTINUED)

28b Long term borrowings

	The Group	
	2016	2015
	S$'000	S$'000
Bank loans		
- Secured	**16,911**	19,394
- Unsecured	**-**	466
	16,911	19,860
Less: Amounts due within 12 months (Note 28a)	**(1,885)**	(10,995)
Amounts due after 12 months	**15,026**	8,865
Hire purchase and finance lease payables – secured (Note 34)	**486**	977
	15,512	9,842

The interest rates per annum of the long term bank loans during the financial year are as follows:

	The Group	
	2016	**2015**
Loans denominated in:		
- Singapore Dollars	**2.1% to 3.9%**	3.7%
- Malaysian Ringgit	**4.6% to 6.3%**	4.4% to 6.8%
- Hong Kong Dollars	**-**	2.3% to 6.3%
- United Arab Emirates Dirhams	**6.3%**	6.3%

The banking facilities are secured against fixed and floating charge over bank deposits and property, plant and equipment of certain subsidiaries (Notes 19 and 20) of the Group.

As at 31 December 2015, included in bank borrowings are balances amounting to S$4,631,000 of a subsidiary of the Group. These bank borrowings are to be repaid with a principal amount of S$244,000 per quarter until August 2020. The subsidiary's loan agreement (classified as non-current as at 31 December 2016) is subjected to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. The subsidiary did not fulfil the cashflow / debt service ratio as required in the contract.

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount. The outstanding balance is presented as a current portion of long term bank loans as at 31 December 2015.

As at 31 December 2016, the subsidiary has outstanding bank borrowings amounting to S$10,306,250. In December 2016, the subsidiary has obtained the waiver from the bank to defer assessment of the compliance of the financial covenant to financial year ending 2017.

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29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016 **S$'000**	2015 S$'000	**2016** **S$'000**	2015 S$'000
Trade payables – non-related parties	**32,738**	46,666	**-**	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	**25,842**	24,137	**5,981**	2,636
- Project related accruals	**19,761**	19,183	**-**	-
- Accrued liability for capital expenditure	**355**	331	**-**	-
- Advances received from customers	**7,835**	20,357	**-**	-
- Sundry payables[(a)]	**6,640**	5,384	**2,494**	2,730
- Derivative financial instruments(Note 18d)	**7**	-	**-**	-
Amounts owing to subsidiaries				
- Non-trade[(a)]	**-**	-	**47,230**	12,437
	93,178	116,058	**55,705**	17,803

29a The non-trade amounts owing to subsidiaries and sundry payables are unsecured, interest free and repayable on demand.

30. OTHER NON-CURRENT LIABILITIES

	The Group	
	2016 **S$'000**	2015 S$'000
Contingent consideration for acquisition of a subsidiary	**743**	-
Redemption liability	**2,304**	-
	3,047	-

Redemption liability relates to the call and put option entered by a subsidiary of the Group with the non-controlling shareholders. The subsidiary is granted an option to purchase its remaining shareholdings in a subsidiary at an agreed market price 5 years after the acquisition of the subsidiary on 17 August 2016 (Note 39).

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31. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group	
	2016	2015
	S$'000	S$'000
Present value of unfunded obligations	**2,735**	2,519

Certain subsidiaries of the Group operate separate unfunded defined retirement benefit schemes for certain employees. Benefits are payable based on the last drawn salaries of the respective employees and the number of years of service with the subsidiaries of the Group. Provision is made using the projected unit credit method described in Note 2V.

Movement in the liability recognised in the balance sheets:

	The Group	
	2016	2015
	S$'000	S$'000
Non-current		
Balance at 1 January	**2,519**	1,994
Net expense (Note 9)	**509**	517
Benefits paid	**(327)**	(84)
Disposal of subsidiaries	**(32)**	-
Currency realignment	**66**	92
Balance at 31 December	**2,735**	2,519

The principal actuarial assumptions used were as follows:

	The Group	
	2016	2015
	%	%
Discount rate	**5**	5
Salary increment rate	**5**	5

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32. DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Deferred tax assets				
To be recovered within one year	**(90)**	(205)	**-**	-
To be recovered after one year	**(2,954)**	(5,085)	**-**	-
	(3,044)	(5,290)	**-**	-
Deferred tax liabilities				
To be settled within one year	**992**	1,215	**-**	-
To be settled after one year	**2,726**	2,649	**-**	-
	3,718	3,864	**-**	-

The movement in deferred taxes is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**(1,426)**	493	**-**	37
Charged / (Credited) to:				
- Profit or loss (Note 10)	**1,871**	(2,157)	**-**	(37)
- Other comprehensive income	**(4)**	(14)	**-**	-
Acquisition of a subsidiary company	**252**	-	**-**	-
Disposal of subsidiary companies	**(481)**	-	**-**	-
Currency realignment	**(28)**	252	**-**	-
Reclassified from disposal group	**490**	-	**-**	-
Balance at 31 December	**674**	(1,426)	**-**	-

Deferred income tax assets are recognised for tax losses carried forward and unutilised capital allowances to the extent that realisation of the related tax benefits through future taxable profits is probable. At 31 December 2016, the Group has unutilised tax losses and capital allowances of S$15,238,000 (2015: S$12,691,000) and S$6,218,000 (2015: S$4,021,000) respectively for which deferred tax benefits have not been recognised in the financial statements. These are available for set-off against future taxable profits subject to meeting certain statutory requirements in their respective countries of incorporation by those companies with unrecognised tax losses and capital allowances. These unutilised tax losses and capital allowances do not have expiry dates, except for unutilised tax losses of S$NIL (2015: S$2,514,000) that will expire in five years for offsetting against future taxable profits.

Deferred income tax liabilities of S$NIL (2015: S$33,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amounting to S$NIL (2015: S$329,000) at the balance sheet date.

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32. DEFERRED TAXATION (CONTINUED)

32a Movement in the Group's deferred tax assets and liabilities (prior to legally enforceable offsetting of balances within same tax authority) are as follows:

The Group – Deferred Tax Liabilities

	Accelerated tax depreciation		Fair value gains		Unremitted income		Total	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000	**2016 S$'000**	2015 S$'000	**2016 S$'000**	2015 S$'000
Balance at 1 January	**2,510**	3,389	**62**	112	**1,233**	1,119	**3,805**	4,620
(Credited) / charged to:								
- Profit or loss	**2,173**	(928)	**(34)**	(36)	**(42)**	117	**2,097**	(847)
Other comprehensive income	**-**	-	**(4)**	(14)	**-**	-	**(4)**	(14)
Acquisition of a subsidiary company	**-**	-	**199**	-	**-**	-	**199**	-
Disposal of subsidiary companies	**(1,534)**	-	**-**	-	**-**	-	**(1,534)**	-
Currency realignment	**(31)**	49	**(5)**	-	**-**	(3)	**(36)**	46
Reclassified from disposal group	**148**	-	**343**	-	**-**	-	**491**	-
Balance at 31 December	**3,266**	2,510	**561**	62	**1,191**	1,233	**5,018**	3,805

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000	**2016 S$'000**	2015 S$'000	**2016 S$'000**	2015 S$'000
Balance at 1 January	**(1,351)**	(1,828)	**(3,646)**	(2,011)	**(234)**	(288)	**(5,231)**	(4,127)
Charged / (credited) to:								
- Profit or loss	**367**	313	**(625)**	(1,677)	**32**	54	**(226)**	(1,310)
Acquisition of a subsidiary company	**53**	-	**-**	-	**-**	-	**53**	-
Disposal of subsidiary companies	**223**	-	**830**	-	**-**	-	**1,053**	-
Currency realignment	**(3)**	164	**11**	42	**-**	-	**8**	206
Reclassified from disposal group	**(1)**	-	**-**	-	**-**	-	**(1)**	-
Balance at 31 December	**(712)**	(1,351)	**(3,430)**	(3,646)	**(202)**	(234)	**(4,344)**	(5,231)

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32. DEFERRED TAXATION (CONTINUED)

32b Movement in the Company's deferred tax liabilities are as follows:

The Company – Deferred Tax Liabilities

	Unremitted income		Total	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Balance at 1 January	**-**	37	**-**	37
Credited to:				
- Profit or loss	**-**	(37)	**-**	(37)
- Other comprehensive income	**-**	-	**-**	-
Balance at 31 December	**-**	-	**-**	-

33. DEFERRED INCOME

Deferred income relates mainly to unearned entrance fees received in respect of club memberships sold. The deferred income is amortised over the remaining membership period.

	The Group	
	2016 S$'000	2015 S$'000
Balance at 1 January	**1,451**	1,711
Additions	**29**	107
Amortisation charge		
- Continuing operations (Note 8)	**(223)**	(354)
Currency realignment	**-**	(13)
Balance at 31 December	**1,257**	1,451
Current portion	**423**	282
Non-current portion	**834**	1,169
	1,257	1,451

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34. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

Hire purchase and finance lease liabilities are analysed as follows:

	The Group	
	2016	2015
	S$'000	S$'000
Minimum hire purchase and finance lease liabilities due:		
- Within 1 year	**1,294**	1,246
- Within 2 to 5 years	**501**	1,015
	1,795	2,261
Less: Future finance charges	**(60)**	(85)
Present value of hire purchase and finance lease liabilities	**1,735**	2,176
Present value of hire purchase and finance lease liabilities due:		
- Within 1 year	**1,249**	1,199
- Within 2 to 5 years	**486**	977
	1,735	2,176

34a The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 2.7% (2015: 2.6%) per annum.

34b Property, plant and equipment acquired under hire purchase and finance leases liabilities are disclosed in Note 20a.

34c The carrying amounts of non-current hire purchase and finance lease liabilities approximate their fair values.

35. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with related parties on terms agreed between the parties:

35a Sales and purchases of goods and services

	The Group	
	2016	2015
	S$'000	S$'000
Sales to associated companies	**2,368**	2,254
Purchases of goods from associated companies	**846**	54

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35. RELATED PARTY TRANSACTIONS (CONTINUED)

35b Key management's remuneration

	The Group	
	2016 **S$'000**	2015 S$'000
Salary and other employee benefits	**11,280**	7,963
Employer's contribution to defined contribution plans, including Central Provident Fund	**443**	319
Retirement benefits	**153**	99
	11,876	8,381

Included in the above are Directors' fees and Directors' remuneration of S$614,000 (2015: S$614,000) and S$2,025,000 (2015: S$1,464,000) respectively payable / paid to the Directors of the Company.

The details of Directors' remuneration are disclosed in the Statement of Corporate Governance.

36. FINANCIAL INFORMATION BY SEGMENTS

Operating segments

Operating segments of the Group are determined based on the Group's internal reporting structure. Segment information is presented on the same basis as the internal management reports used by the senior management of the Group in making strategic decisions.

In determining the operating segments, the Group has considered primarily the types of products and services offered, and the industry Group companies are operating in and their contribution to the Group.

Following the divestment of the Dry Mix division on 14 December 2016, the Group operates mainly in the manufacturing and sale of building materials, including Precast & Prefabricated Bathroom Unit ("PBU"), as well as the provision of environmental services and sale of related products. Accordingly, these activities are grouped into separate operating segments within the two main divisions of Precast & PBU and Environmental Services.

Operating segment classified as "Others" relates to the Group's remaining assets, comprising mainly of investment in an associated company which specialises in bulk cargo and container lifting devices, operation of a marina club, and operations in the manufacturing and sale of refractory materials and road stone products.

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36. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

Inter-segment transactions are determined on an arm's length basis. The performance of the segments is measured in a manner consistent with that in the consolidated income statement.

The information for the reportable segments for the year ended 31 December 2016 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue					
External sales	237,830	75,865	23,273	336,968	96,861
Inter-segment sales	2,013	527	1,785	4,325	51
Total revenue	239,843	76,392	25,058	341,293	96,912
Elimination	(2,013)	(527)	(1,785)	(4,325)	(51)
	237,830	75,865	23,273	336,968	96,861
Profit before Taxation and Exceptional Items	25,420	(5,184)	(2,750)	17,486	20,383
Exceptional items	-	-	-	-	101,594
Profit before taxation	25,420	(5,184)	(2,750)	17,486	121,977
Interest income	265	12	4,188	4,465	73
Interest expense	(986)	(549)	(99)	(1,634)	(178)
Depreciation	(4,150)	(4,950)	(2,151)	(11,251)	(2,408)
Amortisation	(196)	(117)	208	(105)	-
Write-back of impairment / (Impairment) of property, plant and equipment	5,230	(1,811)	(2,700)	719	-
Write-back of impairment of an investment property	-	-	1,277	1,277	-
Share of results of associated companies, net of tax					
- PSLT	-	-	(878)	(878)	-
- Others	-	-	587	587	(17)
Total Assets	227,878	79,932	507,021	814,831	-
Total Liabilities	82,997	36,922	16,537	136,456	-
Investment in associated companies	-	-	50,529	50,529	-
Additions to:					
- Property, plant and equipment	2,772	12,486	1,233	16,491	10,390
- Intangible assets	125	-	92	217	-
Acquisition of subsidiary -Intangible assets	-	1,168	-	1,168	-

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36. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2015 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue					
External sales	244,103	68,266	24,995	337,364	119,772
Inter-segment sales	2,774	1,380	1,930	6,084	708
Total revenue	246,877	69,646	26,925	343,448	120,480
Elimination	(2,774)	(1,380)	(1,930)	(6,084)	(708)
	244,103	68,266	24,995	337,364	119,772
Profit before Taxation and Exceptional Items	14,932	(5,799)	(2,069)	7,064	22,828
Exceptional items	-	-	-	-	41,145
Profit before taxation	14,932	(5,799)	(2,069)	7,064	63,973
Interest income	265	119	3,020	3,404	121
Interest expense	(1,085)	(230)	41	(1,274)	(252)
Depreciation	(6,328)	(4,133)	(2,046)	(12,507)	(3,011)
Amortisation	(190)	-	354	164	(56)
(Impairment) / write-back of impairment of property, plant and equipment	(3,336)	(2,135)	(193)	(5,664)	-
Impairment of an investment property	-	-	(100)	(100)	-
Share of results of associated companies, net of tax					
- PSLT	-	-	1,805	1,805	-
- Others	-	-	54	54	(136)
Total Assets	221,475	64,931	356,492	642,898	84,123
Total Liabilities	103,282	16,482	13,250	133,014	22,563
Investment in associated companies	1	-	52,046	52,047	645
Additions to:					
- Property, plant and equipment	3,128	16,855	3,416	23,399	1,084
- Intangible assets	90	-	-	90	54

Notes to the Financial Statements

For the financial year ended 31 December 2016

36. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Geographical information

The Group's business segments operate mainly in the following geographical areas:

(i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacturing and sale of building materials, refractory materials and road stones, the provision of environmental services and sale of related products, and investment holding;

(ii) Malaysia – the operations in Malaysia are principally the manufacturing and sale of building materials and refractory materials;

(iii) United Arab Emirates – the operations in United Arab Emirates are principally the manufacturing and sale of building materials;

(iv) Finland – the operations in Finland are principally the manufacturing and sale of building materials;

(v) Germany – PEINER SMAG Lifting Technologies GmbH's principal activities are investment holding and manufacturing, design and sale of container and bulk handling equipment.

(vi) Other countries – the operations in other countries such as Indonesia include the manufacturing and sale of building materials and refractory materials.

	The Group			
	External sales for continuing operations[1]		Non-current assets for continuing operations[2]	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Singapore	**137,125**	179,803	**80,139**	83,940
Malaysia	**36,623**	44,859	**28,527**	36,703
United Arab Emirates	**66,813**	42,999	**15,075**	9,438
Finland	**50,562**	32,695	**12,676**	12,798
Germany[3]	**-**	-	**44,112**	46,242
Others	**45,845**	37,008	**3,696**	3,384
	336,968	337,364	**184,225**	192,505

(1) External sales by geographical segment are determined based on locations of the respective customers.
(2) Non-current assets by geographical segment are based on locations of the respective assets. Non-current assets include property, plant and equipment, investment properties, associated companies, intangible assets and other non-current assets.
(3) This relates to our 33.33% interest in associated company PSLT which is incorporated in Germany.

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For the financial year ended 31 December 2016

37. COMMITMENTS

37a Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 23) are as follows:

	The Group	
	2016	2015
	S$'000	S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	**440**	853
Commitments in respect of equity participation in an associated company	**7,424**	7,424
	7,864	8,277

37b Operating lease commitments - where the Group or Company is a lessee

The Group and Company lease various parcels of land, office space, office equipment and motor vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Payable:				
Within 1 year	**7,656**	7,814	**626**	621
Within 2 to 5 years	**11,892**	12,838	**1,139**	22
After 5 years	**9,794**	13,753	**-**	-
	29,342	34,405	**1,765**	643

37c Operating lease commitments - where the Group is a lessor

The Group leases out certain property, plant and equipment and investment properties to non-related parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	The Group	
	2016	2015
	S$'000	S$'000
Receivable:		
Within 1 year	**724**	1,011
Within 2 to 5 years	**212**	408
	936	1,419

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For the financial year ended 31 December 2016

38. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

Financial risk management is carried out and monitored by a central treasury department in accordance with established policies and guidelines, set by the Board of Directors.

38a Market risk

(i) Currency risk

The Group operates in various countries, which include Singapore, Malaysia, Indonesia, Thailand, United Arab Emirates, Germany and Finland. Certain entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as United States Dollar ("USD"), Malaysian Ringgit ("MYR") and Euro ("EUR").

Currency risk arises when transactions are denominated in foreign currencies. The Group manages its currency risk through natural hedge and foreign exchange forward contracts. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations including foreign currency loans to associated companies which are part of the net investments in foreign operations and deferred in equity until disposal of the foreign operations. Where appropriate, this exposure is managed through borrowings denominated in the relevant foreign currencies.

The Group's currency exposure (net of currency forwards) is as follows:

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2016									
Cash and bank balances	426,311	1,896	-	18,139	10,009	-	4,008	1,400	461,763
Receivables	42,552	745	-	15,508	12,407	-	27,946	671	99,829
Available-for-sale financial assets	358	174	-	-	-	7,855	-	-	8,387
Held-to-maturity financial assets	1,523	-	-	-	-	-	-	-	1,523
Short term borrowings	(13,118)	-	-	(2,191)	-	-	(701)	-	(16,010)
Trade and other payables	(29,776)	(1,250)	(2)	(11,432)	(22,065)	-	(20,280)	(538)	(85,343)
Long term borrowings	(9,817)	-	-	(5,553)	-	-	(142)	-	(15,512)
Other non-current liabilities	(3,047)	-	-	-	-	-	-	-	(3,047)
Net financial assets / (liabilities)	414,986	1,565	(2)	14,471	351	7,855	10,831	1,533	451,590
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(399,377)	(155)	-	(14,453)	2,627	-	(10,831)	(431)	
Add: currency forwards	-	-	-	-	(2,876)	-	-	-	
Currency exposure	15,609	1,410	(2)	18	102	7,855	-	1,102	

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For the financial year ended 31 December 2016

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2015									
Cash and bank balances	300,770	1,654	3,127	11,025	4,173	-	3,098	10,698	334,545
Receivables	49,788	416	722	18,524	11,884	-	18,243	4,482	104,059
Available-for-sale financial assets	354	178	-	-	-	8,786	-	-	9,318
Short term borrowings	(7,830)	-	(509)	(5,895)	-	-	(661)	(3,512)	(18,407)
Trade and other payables	(29,961)	(3,093)	(1,963)	(22,252)	(18,476)		(15,891)	(4,577)	(96,213)
Long term borrowings	(977)	-	-	(8,450)	-	-	(415)	-	(9,842)
Net financial assets / (liabilities)	312,144	(845)	1,377	(7,048)	(2,419)	8,786	4,374	7,091	323,460
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(310,603)	(44)	(83)	6,434	2,636	-	(4,374)	(4,551)	
Less: currency forwards	-	818	-	633	-	-	-	-	
Currency exposure	1,541	(71)	1,294	19	217	8,786	-	2,540	

The Group does not have significant currency exposure arising from its inter-company balances, except for net SGD payables by certain subsidiaries with functional currency in MYR, amounting to S$3,853,000 (2015: S$NIL), net AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,385,000 (2015: S$1,352,000) and net USD receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,237,000 (2015: S$888,000).

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Total S$'000
The Company						
At 31 December 2016						
Cash and bank balances	376,753	110	-	8	-	376,871
Receivables	15,469	-	-	-	-	15,469
Available-for-sale financial assets	75	-	-	-	7,855	7,930
Held-to-maturity financial assets	1,523	-	-	-	-	1,523
Trade and other payables	(25,113)	(254)	(2)	-	-	(25,369)
Net financial assets / (liabilities)	368,707	(144)	(2)	8	7,855	376,424
Less: net financial assets denominated in the Company's functional currency	(368,707)	-	-	-	-	
Currency exposure	-	(144)	(2)	8	7,855	

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Total S$'000
The Company						
At 31 December 2015						
Cash and bank balances	226,871	155	-	7	-	227,033
Receivables	36,701	-	-	-	-	36,701
Available-for-sale financial assets	50	-	-	-	8,786	8,836
Trade and other payables	(17,554)	(247)	(2)	-	-	(17,803)
Net financial assets / (liabilities)	246,068	(92)	(2)	7	8,786	254,767
Less: net financial assets denominated in the Company's functional currency	(246,068)	-	-	-	-	
Currency exposure	-	(92)	(2)	7	8,786	

The Group and Company have no other significant currency exposure, except to USD and THB. Currency exposure to THB mainly arose from its available-for-sale financial assets in the form of equity investments.

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

If the USD and THB change against the SGD by 5% and 3% (2015: 5% and 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset / liability position will be as follows:

	2016		2015	
	Increase / (decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
The Group				
USD against SGD				
- strengthened	**107**	**7**	55	7
- weakened	**(107)**	**(7)**	(55)	(7)
THB against SGD				
- strengthened	**-**	**236**	-	264
- weakened	**-**	**(236)**	-	(264)
The Company				
USD against SGD				
- strengthened	**(6)**	**-**	(4)	-
- weakened	**6**	**-**	4	-
THB against SGD				
- strengthened	**-**	**236**	-	264
- weakened	**-**	**(236)**	-	(264)

(ii) Price risk

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the consolidated balance sheet as available-for-sale financial assets (Note 26).

If equity prices of available-for-sale financial assets held by the Company and subsidiaries of the Group increase / decrease by 5% (2015: 5%) with all other variables including tax rate being held constant, other comprehensive income of the Group and the Company will be higher or lower by S$419,000 (2015: S$462,000) and S$397,000 (2015: S$442,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2016

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates relates mainly to debt obligations with financial institutions and cash and bank balances. Bank loans are contracted on both fixed and variable terms with the objectives of minimising interest burden whilst maintaining an acceptable debt maturity profile. As the Group does not have significant fixed-interest borrowings, it does not have significant exposure to fair value interest rate risk.

The Group's borrowings and cash and bank balances at variable rates (i.e. cash flow interest rate risk) on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rate increases / decreases by 0.5% (2015: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$934,000 (2015: S$934,000).

38b Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the Group. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has no significant concentration of credit risk.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of the class of financial assets presented on the balance sheet, except for banker guarantees of S$2,321,000 (2015: S$848,000) and letters of credit of S$4,899,000 (2015: S$1,934,000) obtained for certain trade receivables of the Group.

The Group's major classes of financial assets are cash and bank balances, trade receivables and long term receivables. The Company's major classes of financial assets are cash and bank balances and receivables from subsidiaries.

The credit risk of trade receivables and long term receivables (excluding loans which are in substance part of the Group's net investments in associated companies) by type of customers is as follows:

	The Group	
	2016 S$'000	2015 S$'000
Associated companies	**43**	943
Non-related parties:		
Government-link companies and Statutory Boards	**260**	208
Multinational companies	**16,451**	19,121
Other companies	**66,684**	73,345
Sole proprietors and individuals	**867**	1,262
	84,305	94,879

Notes to the Financial Statements

For the financial year ended 31 December 2016

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38b Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks with high credit ratings.

Trade receivables and long term loan receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and / or impaired

The age analysis of financial assets that are past due but not impaired relating to trade receivables is as follows:

	The Group	
	2016 **S$'000**	2015 S$'000
Past due up to 3 months	**18,204**	21,883
Past due 3 to 6 months	**2,996**	5,484
Past due over 6 months	**6,611**	4,284
	27,811	31,651

The carrying amount of trade receivables and long term loan receivables (excluding loans which are in substance part of the Group's net investments in associated companies and subsidiaries) individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group	
	2016 **S$'000**	2015 S$'000
Gross amount	**20,979**	22,436
Less: allowance for impairment	**(18,083)**	(17,855)
	2,896	4,581
Allowance for impairment		
Balance at 1 January	**17,855**	13,124
Allowance made	**3,030**	6,189
Allowance written back	**(1,746)**	(487)
Amount written off against allowance	**(1,224)**	(54)
Disposal of subsidiaries	**(98)**	(1,105)
Currency translation differences	**266**	188
Balance at 31 December	**18,083**	17,855

Allowance for impairment of S$1,746,000 (2015: S$487,000) was written back during the financial year based on amount recoverable.

The impaired receivables arise mainly from debtors with significant financial difficulties, default or delay in payments.

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38c Liquidity risk

In managing liquidity risk, the Group's policy is to maintain sufficient cash resources and ensure the availability of funding through adequate amounts of committed credit facilities.

The table below analyses the maturity profile of the Group's and Company's non-derivative financial liabilities based on contractual undiscounted cash flows from the remaining period from the balance sheet date to the contractual maturity date.

	Less than 1 year(i) S$'000	Between 1 to 2 years S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
The Group				
At 31 December 2016				
Trade and other payables	93,171	-	-	-
Short term borrowings	16,417	-	-	-
Long term borrowings	-	1,473	7,695	8,364
At 31 December 2015				
Trade and other payables	101,692	-	-	-
Short term borrowings	19,520	-	-	-
Long term borrowings	-	2,757	4,555	4,325
The Company				
At 31 December 2016				
Trade and other payables	55,705	-	-	-
At 31 December 2015				
Trade and other payables	17,803	-	-	-

(i) Included in the table are term loans which contain repayment on demand clauses, exercisable at the banks' sole discretion. The analysis above shows the cash outflows based on the earliest period in which the Group and the Company can be required to pay, i.e. as if the lenders were to invoke their unconditional right to call the loans at the balance sheet date.

(ii) The table on the following page shows the analysis of maturity profile of the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows. The maturity profile is based on contractual undiscounted cash flows from the remaining period from the balance sheet date to the contractual maturity date.

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2016	
Gross-settled currency forwards	
- Receipts	(2,870)
- Payments	2,877
At 31 December 2015	
Gross-settled currency forwards	
- Receipts	(1,508)
- Payments	1,451

38d Capital risk

The Group's objectives when managing capital are to ensure the Group's ability to continue as a going concern and to maintain an efficient capital structure so as to enhance shareholders value. In order to maintain or achieve a prudent and efficient capital structure, the Group may adjust the amount of dividend payment, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The total capital of the Group and the Company as at balance sheet dates is represented by the respective "Total equity" as presented on the balance sheets. The Group and the Company monitor capital based on gross debt (Notes 28 and 29) and net cash position which is defined as cash (Note 19) less gross debt.

As part of the monitoring process of the Group's borrowings, management performs specific review of the need of individual entities within the Group to obtain external financing, taking into consideration the operating cash flows and gearing ratio of each entity as well as the prevailing market interest rates.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016, except that one of the subsidiaries has not complied with the externally imposed capital requirements for financial year ended 31 December 2015 and 2016 (Note 28b).

38e Fair value measurements

The table below presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted price in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38e Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group				
At 31 December 2016				
Assets				
Derivative financial instruments	-	-	-	-
Available-for-sale financial assets	75	-	8,312	8,387
Held-to-maturity financial assets	1,508	-	-	1,508
Total assets	1,583	-	8,312	9,895
Liabilities				
Contingent consideration payable	-	-	714	714
Derivative financial instruments	-	7	-	7
Total liabilities	-	7	714	721
At 31 December 2015				
Assets				
Derivative financial instruments	-	57	-	57
Available-for-sale financial assets	50	-	9,268	9,318
Total assets	50	57	9,268	9,375
Liabilities				
Derivative financial instruments	-	-	-	-
The Company				
At 31 December 2016				
Assets				
Available-for-sale financial assets	75	-	7,855	7,930
Held-to-maturity financial assets	1,508	-	-	1,508
Total assets	1,583	-	7,855	9,438
At 31 December 2015				
Assets				
Available-for-sale financial assets	50	-	8,786	8,836

The fair values of available-for-sale financial instruments and held-to-maturity financial assets are traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair values of derivatives comprising forward foreign exchange contracts are determined using forward currency rates at the balance sheet date obtained from external sources. These instruments are included in Level 2.

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38e Fair value measurements (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. Such instruments are included in Level 3. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparable and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 26.

The carrying amount less allowance for impairment of loans and receivables are assumed to approximate their fair values. The fair values of current borrowings and other financial liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current borrowings of the Group are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

38f Financial Instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	The Group		The Company	
	2016 S$'000	2015 S$'000	**2016 S$'000**	2015 S$'000
Available-for-sale (Note 26)	**8,387**	9,318	**7,930**	8,836
Held-to-maturity (Note 25)	**1,523**	-	**1,523**	-
Derivatives (Note 18d)	**(7)**	57	**-**	-
Loans and receivables*	**556,875**	438,555	**392,340**	263,734
Financial liabilities at amortised cost	**(116,857)**	(124,463)	**(55,705)**	(17,803)

* Refer to Note 2M (1) (ii) for the accounting policy on classification of loans and receivables.

39. BUSINESS COMBINATIONS

On 5 August 2016, the Company's subsidiary, NSL OilChem Trading Pte. Ltd. ("NOCT") entered into an agreement with the shareholders of CNC Petroleum Pte. Ltd. ("CNC"). Under the agreement, the shareholders of CNC ("the Vendors") will sell 100% of their equity stake comprising 1,000,000 ordinary shares in exchange for 17.25% equity stake in NOCT, comprising 1,251,184 new shares to be issued by NOCT. The transaction was completed on 17 August 2016.

The consideration is subject to upward adjustment in FY2019 if two material contracts entered by CNC are profitable ("Contingent Consideration"), in accordance with an agreed formula. The contingent consideration shall be satisfied by allotment of additional NOCT shares to the Vendors.

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39. BUSINESS COMBINATIONS (CONTINUED)

Provisional details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		S$'000
(a)	Purchase consideration	
	Equity instruments issued (1,251,184 ordinary shares of NSL Oilchem Trading Pte. Ltd.)	1,935
	Contingent consideration (Note (e) below)	714
	Consideration transferred for the business	2,649
(b)	Effect on cash flows of the Group	
	Consideration transferred for the business	2,649
	Less: non-cash consideration	(2,649)
	Consideration settled in cash	-
	Add: cash and cash equivalents in subsidiary acquired	(1,570)
	Cash inflow on acquisition	(1,570)

		At fair value S$'000
(c)	Provisional fair value of identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	1,570
	Property, plant and equipment (Note 20)	1,738
	Intangible assets	1,168
	Inventories	138
	Receivable and prepayments	6,889
	Total assets	11,503
	Trade and other payables	(2,774)
	Current income tax liabilities	(12)
	Deferred tax liabilities (Note 32)	(252)
	Borrowings	(5,452)
	Total liabilities	(8,490)
	Total identifiable net assets	3,013
	Less: Bargain purchase on acquisition of a subsidiary (Note (h) below)	(364)
	Consideration transferred for the business	2,649

Notes to the Financial Statements

For the financial year ended 31 December 2016

39. BUSINESS COMBINATIONS (CONTINUED)

(d) Acquisition-related costs

Acquisition-related costs of S$175,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The Group is required to issue additional ordinary shares of NSL Oilchem Trading Pte. Ltd. to the former owners of CNC if certain contracts of CNC are profitable.

The fair value of the contingent consideration as at the acquisition date was estimated to approximately S$714,000 based on an income approach. This fair value was based on an estimated cumulative net profit of the CNC contracts capped at S$1,000,000 for the relevant period, discounted at 11.3% per annum. This is a Level 3 fair value measurement.

(f) Acquired receivables

The fair value of trade and other receivables is S$6,889,000 and includes trade receivables with a fair value of S$5,075,000. The gross contractual amount for trade receivables due is S$5,180,000, of which S$105,000 is expected to be uncollectible.

(g) Provisional fair values

The fair value of the acquired identifiable intangible assets of S$1,168,000 has been provisionally determined pending finalisation of valuation of assets.

(h) Bargain purchase on acquisition of a subsidiary

Bargain purchase of S$364,000 is included in "other gains and losses" in the consolidated statement of comprehensive income, attributable mainly to fair value of CNC contracts recognised.

(i) Revenue and profit contribution

The acquired business contributed revenue of S$16,143,000 and net loss of S$102,000 to the Group from the period from 17 August 2016 to 31 December 2016.

Had CNC Petroleum Pte Ltd been consolidated from 1 January 2016, consolidated revenue and consolidated profit from continuing operations for the year ended 31 December 2016 would have been S$355,162,000 and S$13,701,000 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2016

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the Group has not early adopted:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  (i) Rights of return – FRS 115 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation; and

  (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

Notes to the Financial Statements

For the financial year ended 31 December 2016

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which fair value through OCI election is available;
- equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109; and
- debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Group currently does not apply hedge accounting. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$29,342,000 (Note 37b). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

Notes to the Financial Statements

For the financial year ended 31 December 2016

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of NSL Ltd. on 28 February 2017.

42. SIGNIFICANT COMPANIES IN THE GROUP

The principal activities of the significant companies in the Group, their countries of incorporation and places of business, and the extent of NSL Ltd.'s equity interest in significant subsidiaries and associated companies are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %
Eastern Industries Private Limited [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Chemicals Ltd. [1]	Investment holding, manufacturing and sale of refractory materials and road stones	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Properties Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Resorts International Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
Eastern Pretech Pte Ltd [1]	Manufacturing and sale of building materials	Singapore	**-**	-	**100.0**	100.0	**-**	-
Eastern Pretech (Malaysia) Sdn Bhd [2]	Manufacturing and sale of building materials	Malaysia	**-**	-	**100.0**	100.0	**-**	-
Emix Industry (S) Pte. Ltd. [1]	Trading of plastering materials	Singapore	**-**	-	**-**	100.0	**-**	-
Emix Industry (M) Sdn Bhd [2]	Manufacturing and sale of plastering materials and the provision of plastering services	Malaysia	**-**	-	**-**	100.0	**-**	-
Emix Industry (HK) Limited [3]	Manufacturing and sale of plastering materials	Hong Kong	**-**	-	**-**	80.0	**-**	20.0

Note: Refer to Page 122 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2016

42. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	**2016 %**	2015 %	**2016 %**	2015 %
Emix Industry (Guangzhou) Ltd (3)	Manufacturing and sale of plastering materials	People's Republic of China	**-**	-	**-**	80.0	**-**	20.0
Dubai Precast L.L.C. (2),(4)	Manufacturing and sale of building materials	United Arab Emirates	**-**	-	**45.0**	45.0	**55.0**	55.0
Parmarine Ltd (2)	Manufacturing and sale of building materials	Finland	**-**	-	**100.0**	100.0	**-**	-
Eastech Steel Mill Services (M) Sdn Bhd (2)	Manufacturing and sale of refractory products	Malaysia	**-**	-	**100.0**	100.0	**-**	-
NSL OilChem Waste Management Pte. Ltd. (1)	Treatment and recovery of waste oil and oily slop and trading in diesel oil	Singapore	**-**	-	**87.7**	87.7	**12.3**	12.3
NSL OilChem Logistics Pte. Ltd. (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**-**	-	**87.7**	87.7	**12.3**	12.3
NSL OilChem Trading Pte. Ltd. (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**-**	-	**72.6**	87.7	**27.4**	12.3
CNC Petroleum Pte. Ltd. (1)	Trading in oil products	Singapore	**-**	-	**72.6**	-	**27.4**	-
NSL Engineering Holdings Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
Raffles Marina Holdings Ltd. (1)	Investment holding	Singapore	**-**	-	**72.1**	50.1	**27.9**	49.9
Raffles Marina Ltd (1)	Owning and managing Raffles Marina Club	Singapore	**-**	-	**72.1**	50.1	**27.9**	49.9

Note: Refer to Page 122 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2016

42. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Significant Associated Company Held by a Subsidiary	Principal activities	Country of incorporation and place of business	Equity holding	
			2016	2015
Unquoted			**%**	%
PEINER SMAG Lifting Technologies GmbH ("PSLT") (2)	Investment holding, manufacturing, design and sale of container and bulk handling equipment	Germany	**33.3**	33.3
Southern Rubber Works Sdn. Bhd. (5)	Manufacturing and sale of industrial gloves and retailer of shoes	Malaysia	**28.6**	28.6
Planergo (Pte) Limited (6)	Hotel investment	Singapore/ Vietnam	**25.0**	25.0

Legends

(1) Audited by PricewaterhouseCoopers LLP, Singapore

(2) Audited by the network of member firms of PricewaterhouseCoopers International Limited outside Singapore

(3) Audited by Ernst & Young

(4) The percentage of shareholding held by the Group in Dubai Precast L.L.C. ("DP") is 45%. However, the Group has assessed DP to be a subsidiary as a result of the Group's entitlement of 80% share of dividends declared by or profits of DP post acquisition in 2011 and the ability to appoint a majority of the directors of DP.

(5) Audited by S.THILLAIMUTHU & CO.

(6) Audited by Foo Koo Tan Grant Thornton LLP

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Analysis of Shareholdings

As at 28 February 2017

ISSUED AND FULLY PAID CAPITAL	: S$193,838,796.00
CLASS OF SHARES	: ORDINARY SHARES
VOTING RIGHTS	: ONE VOTE PER SHARE
ORDINARY SHARES HELD AS TREASURY SHARES	: NIL

SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1 to 99	108	1.91	2,074	0.00
100 to 1,000	932	16.52	804,625	0.22
1,001 to 10,000	3,551	62.93	16,513,021	4.42
10,001 to 1,000,000	1,044	18.50	41,588,673	11.13
1,000,001 AND ABOVE	8	0.14	314,649,844	84.23
TOTAL	**5,643**	**100**	**373,558,237**	**100**

SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
SINGAPORE	5,318	94.24	370,451,424	99.17
MALAYSIA	254	4.50	1,667,946	0.45
OTHERS	71	1.26	1,438,867	0.38
TOTAL	**5,643**	**100**	**373,558,237**	**100**

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL ISSUED SHARES
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	DBS NOMINEES PTE LTD	2,700,739	0.72
3	CITIBANK NOMINEES SINGAPORE PTE LTD	1,998,230	0.54
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,690,072	0.45
5	PHILLIP SECURITIES PTE LTD	1,360,950	0.36
6	OCBC NOMINEES SINGAPORE PTE LTD	1,330,400	0.36
7	JUNO INDRIADI MUALIM	1,060,000	0.28
8	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
9	ONG SWEE HEOH	814,750	0.22
10	LO KAI LEONG @ LOH KAI LEONG	540,000	0.15
11	SUM AH LAM	500,000	0.13
12	LOY HWEE CHOW	481,000	0.13
13	TAY HWA LANG	430,000	0.12
14	AU SOO LUAN	426,200	0.11
15	UOB KAY HIAN PTE LTD	418,874	0.11
16	FELICIA SURJA MUALIM	400,000	0.11
17	MARY ANNE JANSEN	400,000	0.11
18	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
19	DB NOMINEES (SINGAPORE) PTE LTD	372,400	0.10
20	KOW THONG JEN @ KOW CHONG JIN	372,000	0.10
	TOTAL	**320,204,692**	**85.72**

Analysis of Shareholdings

As at 28 February 2017

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

18.76% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
98 Holdings Pte. Ltd.	303,484,453	81.24	-	-
Mr Ong Beng Seng [1]	-	-	303,484,453	81.24
Excel Partners Pte. Ltd. [1]	-	-	303,484,453	81.24
Excelfin Pte Ltd [1]	-	-	303,484,453	81.24
Y.S. Fu Holdings (2002) Pte. Ltd. [2]	-	-	303,484,453	81.24
Reef Holdings Pte Ltd [1]	-	-	303,484,453	81.24
Reef Investments Pte Ltd [1]	-	-	303,484,453	81.24

Notes:

1. Mr Ong Beng Seng is deemed to have an interest through Reef Holdings Pte Ltd, which is deemed to have an interest through Reef Investments Pte Ltd, which is deemed to have an interest through Excelfin Pte Ltd and Excel Partners Pte. Ltd. Excelfin Pte Ltd is deemed to have an interest through Excel Partners Pte. Ltd., which is deemed to have an interest through its interest in 98 Holdings Pte. Ltd.

2. Y.S. Fu Holdings (2002) Pte. Ltd. is deemed to have an interest through Excel Partners Pte. Ltd., which is deemed to have an interest through its interest in 98 Holdings Pte. Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 57th Annual General Meeting of NSL LTD. (the "**Company**") will be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 11 April 2017 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1 To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2016 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2 To re-elect Mr John Koh Tiong Lu, a Director retiring pursuant to article 90 of the Company's Constitution and, being eligible, offers himself for re-election. **(Resolution 2)**

Mr John Koh Tiong Lu, will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, a member of each of the Nominating Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3 To re-elect Dr Tan Tat Wai, a Director retiring pursuant to article 90 of the Company's Constitution and, being eligible, offers himself for re-election. **(Resolution 3)**

Dr Tan Tat Wai, will, upon re-election as a Director of the Company, remain as a member of each of the Audit Committee, the Nominating Committee and the Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4 To re-appoint Dr Low Chin Nam, a Director retiring pursuant to article 97 of the Company's Constitution and, being eligible, offers himself for re-election. **(Resolution 4)**

5 To approve the payment of Directors' fees of S$614,000.00 for the financial year ended 31 December 2016. (2015: S$614,000.00) **(Resolution 5)**

6 To declare a final dividend of S$0.05 per ordinary share (exempt one-tier) and a special dividend of S$0.20 per ordinary share (exempt one-tier) for the financial year ended 31 December 2016. (2015: final dividend of S$0.05 per ordinary share (exempt one-tier) and a special interim dividend of S$0.03 per ordinary share (exempt one-tier)) **(Resolution 6)**

7 To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Independent Auditor and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

Ordinary Resolutions

8 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 8)

9 That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

Notice of Annual General Meeting

(b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing 10% of the issued Shares (excluding any Shares held as treasury shares) as at the date of the passing of this Resolution provided however that notwithstanding the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding any Shares held as treasury shares) to be carried out as aforesaid, the Company shall ensure, pursuant to Rule 723 of the Listing Manual of the SGX-ST, that there will be a public float of not less than 10% in the issued Shares at all times; and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price; and

(ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to an off-market purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(Resolution 9)

Notice of Annual General Meeting

10 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to grant options in accordance with the provisions of the NSL Share Option Plan (the "**Plan**") and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be allotted and issued pursuant to the exercise of options under the Plan, provided that the aggregate number of new ordinary shares to be issued pursuant to the Plan shall not exceed 10% of the total number of issued ordinary shares (excluding treasury shares) of the Company from time to time.

(Resolution 10)

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
23 March 2017

Explanatory Notes

(i) In relation to items 2, 3 and 4 above, for further information on Mr John Koh Tiong Lu, Dr Tan Tat Wai and Dr Low Chin Nam, please refer to pages 8 and 32 of the Annual Report 2016.

(ii) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments, up to the limits specified therein, until the date of the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 29,884,658 shares on 28 February 2017 representing 8% of the issued shares (excluding treasury shares) as at that date, at a purchase price equivalent to the Maximum Price per share, in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2016 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 23 March 2017 (the "**Letter**").

Please refer to the Letter for further details.

Notice of Annual General Meeting

(iv) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors to grant options under the Plan, and to allot and issue shares pursuant to the exercise of such options provided that the aggregate number of shares to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 77 Robinson Road #27-00, Robinson 77, Singapore 068896, not less than 72 hours before the time set for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting. .
2. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 23 March 2017.

I/We ____ (Name)

of ____ (Address)
being a member/members of NSL LTD. (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 11 April 2017 at 2.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Re-election of Mr John Koh Tiong Lu as a Director		
3	Re-election of Dr Tan Tat Wai as a Director		
4	Re-election of Dr Low Chin Nam as a Director		
5	Approval of Directors' fees amounting to S$614,000.00		
6	Approval of a final dividend of S$0.05 per ordinary share (exempt one-tier) and a special dividend of S$0.20 per ordinary share (exempt one-tier) for the financial year ended 31 December 2016		
7	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix their remuneration		
	Special Business		
8	To approve the Share Issue Mandate		
9	To approve the renewal of the Share Purchase Mandate		
10	To approve the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		

Note: Voting will be conducted by poll

Dated this ____________ day of ____________________ 2017.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. A proxy need not be a member of the Company.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at [the Company's registered office at 77 Robinson Road #27-00, Robinson 77, Singapore 068896 not less than 72 hours before the time set for holding the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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NSL

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Co.Reg.No: 196100107C

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