NSL

NSL LTD ANNUAL REPORT 2014

Operating in a fast evolving world, we are geared to not only adapt but to rise above challenges and realise possibilities. Likened to a tangram which has an ever-changing shape and a stable constitution, NSL realigns our actions while staying true to our vision. As we strengthen our capabilities, sharpen our focus and fortify our resilience, we continue forging ahead.

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CORPORATE PROFILE

NSL and its group of companies is a leading industrial group in the Asia Pacific. The Group has businesses in Precast and Prefabricated Bathroom Unit (PBU), Dry Mix, Environmental Services and Engineering.

The Precast & PBU Division is a market leader in manufacturing precast concrete components and PBU in the region. The Dry Mix Division is one of the largest and highly reputable regional producers of plaster and mortar. Environmental Services Division is a key player in Singapore that provides one stop integrated services for oil-and-chemical management. Engineering Division is one of the world's leaders in manufacturing container spreaders and bulk handling equipment.

NSL Group is widely recognised as an extensive user of technology to provide innovative solutions to industries. It partners eminent local industry and tertiary institutions to develop industrial best practices and leading technologies in its fields.

The Group has operations and joint ventures in 9 countries. The Company has been listed on the Singapore Exchange since 1964.

With sights firmly set on progress, we focus our efforts on ensuring a winning strategy.

GROUP FINANCIAL HIGHLIGHTS

	2013	2014	Change (%)
For the Year (S$'000)			
Turnover from continuing operations*	421,920	425,950	1
Profit before taxation from continuing operations*	14,110	14,477	3
Profit attributable to shareholders			
- from continuing operations	9,220	8,656	(6)
- from discontinued operations	139,414	16,270	(88)
Total group profit attributable to shareholders	148,634	24,926	(83)
At Year-end (S$'000)			
Shareholders' funds	689,710	526,650	(24)
Total assets	895,848	733,304	(18)
Per Share			
Basic earnings per share (cents)	39.8	6.7	(83)
Dividends (exempt - one tier, cents per share)			
- Final	10	5	(50)
- Special	40	–	n/m
Others			
No. of employees	3,455	3,344	(3)

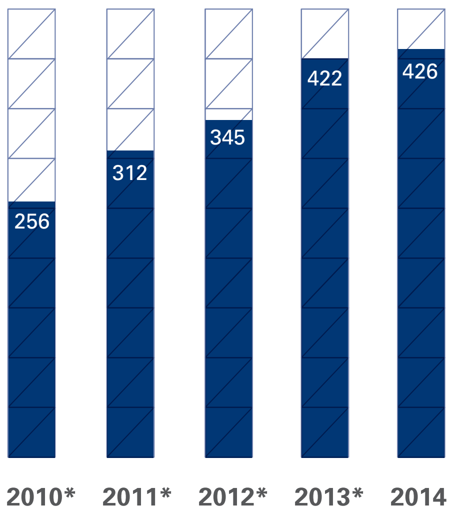
**Certain comparative figures have been re-presented to exclude financial results of an associate, Bangkok Synthetics Co., Ltd (disposed in December 2013), Lime and Engineering operations which have been classified as part of discontinued operations.*

5-YEAR FINANCIAL SUMMARY

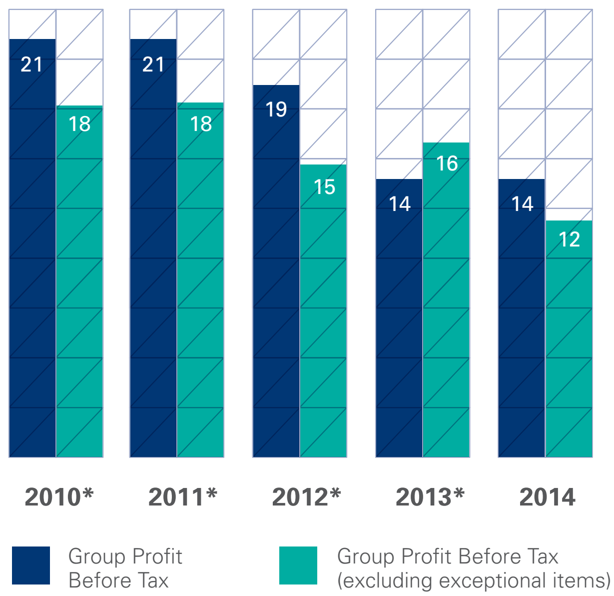
Financial Profile (S$'000)	2010*	2011*	2012*	2013*	2014
Turnover	256,410	312,050	345,443	421,920	425,950
Profit before share of results of associated companies and joint venture	19,163	20,297	15,232	16,130	11,834
Share of results of associated companies and joint venture, net of tax	(769)	(1,860)	(10)	(53)	238
Profit before tax and exceptional items	18,394	18,437	15,222	16,077	12,072
Exceptional items	2,177	2,675	3,748	(1,967)	2,405
Profit before tax	20,571	21,112	18,970	14,110	14,477
Taxation	(5,315)	(2,645)	(2,182)	(5,348)	(3,230)
Profit after tax	15,256	18,467	16,788	8,762	11,247
EBITDA before exceptional items	37,537	32,183	29,741	31,606	26,923
Profit attributable to shareholders					
- from continuing operations	13,369	16,013	16,914	9,220	8,656
- from discontinued operations	42,684	84,256	29,855	139,414	16,270
Total group profit attributable to shareholders	56,053	100,269	46,769	148,634	24,926
Dividends (exempt-one tier)					
- Final	37,356	37,356	37,356	37,356	18,678
- Special	-	-	-	149,423	-
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	333,474	382,433	381,567	495,871	332,811
Dividend cover	1.5x	2.7x	1.3x	0.8x	1.3x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	132,031	161,131	167,908	163,500	138,943
Associated companies & joint venture	216,400	229,416	231,978	5,795	6,107
Investment properties	3,633	3,460	3,288	8,420	8,648
Long term receivables, prepayments & investments	29,773	17,032	12,711	11,491	10,309
Intangible assets	9,690	9,573	9,419	9,672	9,439
Deferred tax assets	1,044	1,175	1,408	1,515	3,347
Current assets	280,155	312,197	326,083	695,455	556,511
	672,726	733,984	752,795	895,848	733,304
What we owed and Equity					
Shareholders' funds	527,313	576,272	575,406	689,710	526,650
Non-controlling interests	14,245	14,439	13,630	12,932	13,817
Long term liabilities	38,816	41,966	41,227	23,571	18,936
Current liabilities	92,352	101,307	122,532	169,635	173,901
	672,726	733,984	752,795	895,848	733,304
Cash & Debt Position (S$'000)					
Group borrowings	27,785	22,254	25,243	42,735	31,423
Group net cash (cash less borrowings)	117,499	114,480	110,717	416,666	257,006
Per Share Data					
Basic earnings per share (cents)	15.0	26.8	12.5	39.8	6.7
Net tangible assets per share (S$)	1.39	1.52	1.52	1.82	1.38
Dividends					
Dividends (exempt - one tier, cents per share)					
- Final	10	10	10	10	5
- Special	-	-	-	40	-

**Certain comparative figures have been re-presented to exclude financial results of an associate, Bangkok Synthetics Co., Ltd (disposed in December 2013), Lime and Engineering operations which have been classified as part of discontinued operations.*

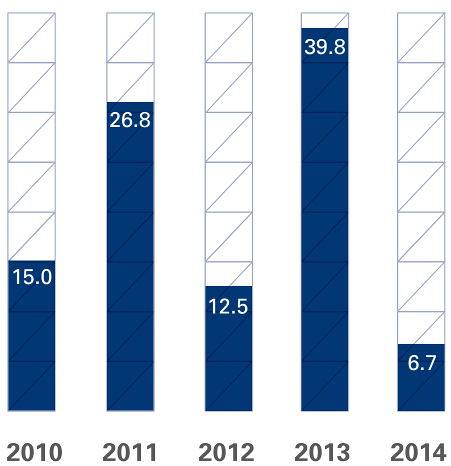
GROUP TURNOVER
(S$million)



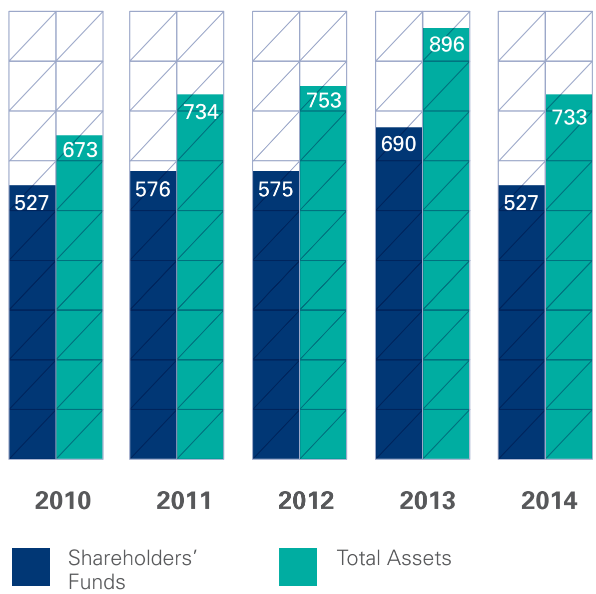
GROUP PROFIT BEFORE TAX
(S$million)



BASIC EARNINGS PER SHARE
(cents)



SHAREHOLDERS' FUNDS & TOTAL ASSETS
(S$million)



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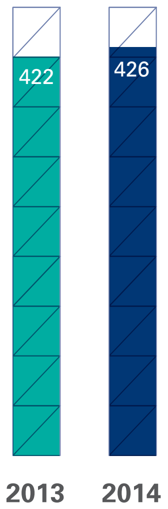
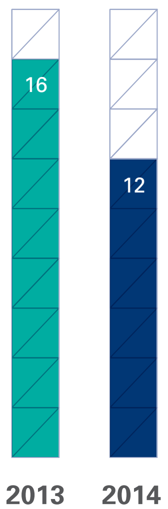
LETTER TO SHAREHOLDERS

GROUP TURNOVER
(S$million)



GROUP PROFIT BEFORE TAX
EXCLUDING EXCEPTIONAL ITEMS
(S$million)



DEAR SHAREHOLDERS

The overall global business environment remained uncertain in 2014 with the recovering US economy being the engine of growth. Oil and commodity prices weakened, particularly in the second half, adversely affecting the regional economies. The Singapore economy, affected by the tight labour market in its effort to restructure to boost productivity, was not spared with GDP growth slowing down to 2.9 per cent in 2014 from 4.4 per cent in the previous year. In the light of such difficult economic climate, 2014 was a challenging but yet eventful year for NSL Group.

There were two strategic developments at NSL Group with the view to optimise shareholders' value during the year.

On 21 August 2014, NSL Chemicals Ltd ("NSC"), a wholly-owned subsidiary of NSL Ltd, entered into binding termsheets with Lhoist Singapore Pte Ltd ("Lhoist") for the proposed sale by NSC's lime business and limestone assets in Singapore and Malaysia to Lhoist. The divestment of the lime business was completed on 17 February 2015 for a cash consideration of $46.4 million subject to working capital adjustments. This would result in a gain of approximately $25.5 million in FY 2015.

In December 2014, NSL and its subsidiary, NSL Engineering Holdings Pte. Ltd. ("NSEH") entered into agreement with Salzgitter Maschinenbau AG ("SMAG") to merge and thereby forming the world's leading independent lifting device group in both bulk cargo and container handling. Under the agreement, NSEH will inject its 97% equity interest in NSL Engineering Pte Ltd into SMAG's fully-owned subsidiary, PEINER SMAG Lifting Technologies GmbH ("PSLT") in exchange for 33.33% equity stake in PSLT with SMAG holding the remaining 66.67% equity stake ("Merger"). The completion of the Merger is expected to be by 2Q 2015.

Following an internal review to better position the Construction Products Group for growth, the Division was restructured into two separate divisions namely Precast & PBU and Dry Mix.

PERFORMANCE

Amidst the challenges witnessed in the year, NSL Group maintained an unwavering focus on mitigating the adverse impact and building the foundation for future growth. NSL Group achieved a turnover of $426 million in 2014, slightly higher than $422 million in 2013. The stable turnover was mainly the results of both the Dry Mix and Environmental Services Divisions which reported higher turnover in 2014. However, this was substantially offset by lower turnover by Precast & PBU Division.

> "Amidst the challenges witnessed in the year, NSL Group maintained an unwavering focus on mitigating the adverse impact and building the foundation for future growth."

NSL Group profit before tax and exceptional items declined to $12.1 million in 2014 owing to losses incurred by Precast & PBU Division. This was however mitigated by better performance by Dry Mix and Environmental Services Divisions.

After taking into account income tax and exceptional items, the Group reported a profit attributable to equity holders from continuing operations of $8.7 million in 2014 compared to $9.2 million in 2013.

OPERATIONAL HIGHLIGHTS

Committed to improving productivity and efficiency, Precast & PBU Division successfully commissioned an advance carousel system for the production of its tunnel segments in its Malaysian plant in Q4 2014 which enables its productivity to improve significantly.

During the year, Dry Mix Division expanded its product mix in response to the market needs and gained better market penetration in the residential market. The increase in the production capacity in Malaysia with the addition of two production lines contributed to its improved revenue in 2014.

In pursuit of delivering the best to its stakeholders, the Environmental Services Division embarked on the implementation of the Business Excellence framework and stepped up efforts on a myriad of work improvement projects to enhance its overall productivity.

LOOKING AHEAD

In the Dry Mix Division, demand for the Division's products across the region is expected to remain firm. The Division will continue to seek new opportunities to market higher value products throughout the region.

In the Precast & PBU Division, precast business will continue to face challenging operating conditions due to cost pressures and risks associated with project execution. Both the precast operations in Singapore and Malaysia are expected to deliver higher volume in 2015. Efforts focusing on cost management and productivity improvements will be stepped up.

In the PBU business, performance of Parmarine is expected to remain satisfactory. The Division will continue to promote PBU sales in Singapore and in the region.

In the Environmental Services Division, demand for Automotive Diesel Oil and Waste Management operation is expected to remain satisfactory. However, weak oil prices are expected to have a significant impact on the performance of its Recycled Fuel Oil business. The Division will continue to develop new markets for its proprietary range of products under its "Liquid Gold" brand and strengthen its distribution business.

Upon the completion of the Merger, the Group would consolidate its 33.33% interest in PSLT based on the equity method under FRS 28. PSLT will become one of the world's leading independent lifting device groups, offering a broader spectrum of bulk cargo and container lifting device solutions to port operators and crane manufacturers worldwide.

DIVIDEND

Subject to the approval of shareholders at the annual general meeting of the Company to be held on or about 28 April 2015, the Board is recommending a dividend of $0.05 per share for the financial year ended 31 December 2014 to be paid on or about 26 May 2015 or such other date to be determined by the Directors.

IN APPRECIATION

On behalf of the Board of Directors, I would like to thank our shareholders, management, business partners, customers and our employees for their support and contributions given to the Group during the past year.

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

PROF CHAM TAO SOON
Chairman
10 March 2015

BOARD OF DIRECTORS

Empowered by the same purpose, the team maintains a synchronised, steady forward momentum.

CHAIRMAN

Prof Cham Tao Soon
Chairman
- Fundedbyme Asia Pacific Pte Ltd
- Soup Restaurant Group Ltd

Special Advisor
- SIM Governing Council

EXECUTIVE DIRECTOR

Oo Soon Hee
Director
- ComfortDelGro Corporation Limited
- NatSteel Holdings Pte Ltd
- SIA Engineering Company Limited
- York Transport Equipment (Asia) Pte 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
- Singapore Arts School Ltd
- KrisEnergy Ltd

Dr Tan Tat Wai
Executive Director
- Southern Steel Berhad

Director
- Malayan Banking Berhad
- Shangri-La Hotels (Malaysia) Berhad

CORPORATE RESEARCH & DEVELOPMENT ADVISORY PANEL

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

Ang Kong Hua
Chairman
• Sembcorp Industries Ltd

Director
• Government of Singapore Investment Corporation Private Limited
• Southern Steel Berhad

David Fu Kuo Chen

Dr Kwa Lay Keng
Chairman
• Raffles Marina Holdings Ltd

Director
• Southern Steel Berhad

Board Member (Management Board)
• Energy Studies Institute

Lam Siew Wah
Deputy CEO (Industry Development)
• Building and Construction Authority

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

Lim Swee Cheang
Senior Advisor
• National University of Singapore Institute of Systems Science

Director
• EZ-Link Pte Ltd

Prof Ng Wun Jern
Executive Director & Professor
• Nanyang Environment and Water Research Institute

Dean
• Nanyang Technological University College of Engineering

Oo Soon Hee

KEY MANAGEMENT

Mr Oo Soon Hee was appointed Executive Director of NSL Ltd on 1 February 2011. He is responsible for the overall management of the NSL Group. Mr Oo had previously spent over 25 years at NSL Ltd in various positions, including Chief Operating Officer, President of NatSteel Group as well as a Director of the Company. Mr Oo holds a Bachelor of Science (Honors) in Applied Chemistry and a Diploma in Business Administration from the University of Singapore.

Dr Low Chin Nam joined NSL Ltd as Chief Strategy and Operations in 2011 and was promoted to Chief Operating Officer on 1 January 2015. He is responsible for the Group's strategic business development and oversees Group operations. 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 (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, Taxation and Corporate Communications functions of the Group. Prior to joining NSL Ltd in 2005, Mr Chia was an auditor with Pricewaterhouse and subsequently as 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 Accountant.

CORPORATE INFORMATION

FINANCIAL CALENDAR

Announcement of Quarterly Results 2014
1st Quarter - 6 May 2014
2nd Quarter - 12 August 2014
3rd Quarter - 6 November 2014

Financial Year-end
31 December 2014

Announcement of Unaudited Results 2014
24 February 2015

2015 Annual General Meeting
28 April 2015

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

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

Positioned to cover the distance, NSL is committed to advance with agility and fortitude.

REVIEW OF OPERATIONS
PRECAST & PBU

PERFORMANCE OVERVIEW

Previously classified as part of the Construction Products Division; Precast & Prefabricated Bathroom Unit (PBU) Division's turnover declined 4% to $219.5 million in 2014. This was largely due to significantly lower revenue reported by the precast operations in Singapore which was adversely affected by the absence of large-scale projects and slower progress of ongoing projects. However, this was partially offset by higher revenue from precast operations in Malaysia and Dubai on the back of higher project volume.

The Division reported a loss of $7.7 million in 2014 mainly as a result of losses incurred by its operations in Singapore and Malaysia. The performance of the Singapore operations was affected significantly by lower sales revenue, higher unabsorbed overhead costs due to low production volume and higher costs associated with construction delays at sites. Precast operation in Malaysia was affected by project delays and cost overruns attributable to a major project. However, the prefabricated bathroom operations in Finland (Parmarine) reported growth in pre-tax performance on the back of higher revenue.

DEVELOPMENT HIGHLIGHTS

To enhance productivity and efficiency, Eastern Pretech ("EP") commissioned a carousel system for the production of its tunnel segments in its operation in Johor, Malaysia in Q4 2014. Tunnel segment is one of its precast products range that is commonly used in the construction of underground tunnels such as those required by Mass Rapid Transit in Singapore and Malaysia.

During the year, EP Singapore launched a new brand, PARMA, for its ready-to-install Prefabricated Bathroom Unit, at the BuildTech Asia Exhibition 2014 which attracted more than 6,000 people from the region. To date, EP has delivered over 7,200 units of PARMA for private and public projects in Singapore and over 200,000 units in Europe under Parmarine.

GOING FORWARD

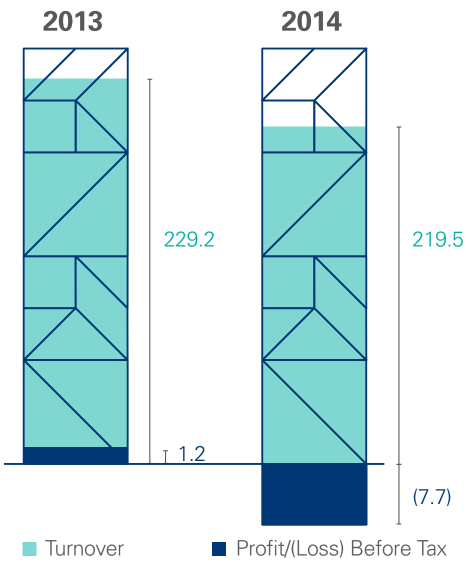
Precast business across the region will continue to face challenging operating conditions due to increased competition and risks associated with project execution. However, operating performance of the Division in 2015 is expected to show improvement as the cost overruns encountered by its Malaysian operation for a major project has been mostly accounted for in 2014. Both the precast operations in Singapore and Malaysia are expected to deliver higher volume in 2015. Efforts focusing on cost management and productivity improvements will be stepped up.

In the PBU business, performance of Parmarine is expected to remain satisfactory. The Division will continue to promote PBU sales in Singapore and in the region.

A new brand , PARMA, was launched for ready-to-install Prefabricated Bathroom Unit, at the BuildTech Asia Exhibition 2014.

PRECAST & PBU DIVISION

Turnover & Profit/(Loss) Before Tax
Excluding Exceptional Items
(S$million)



REVIEW OF OPERATIONS
DRY MIX

PERFORMANCE OVERVIEW
Previously reported as part of the Construction Products Division; Dry Mix Division's turnover increased 16% from $75.7 million in 2013 to $88.0 million in 2014. This was mainly attributable to higher revenue reported by all its operations underpinned by strong demand. The improved revenue was partly contributed by the expanded production facilities in Seelong, as its two newly added production lines commenced production in second half of 2014.


EMIX received better market penetration in the residential market.

On the back of its better turnover, the Dry Mix Division, which is one of the largest and branded dry mix producers in the region, improved its profit before tax by 23% to $13.0 million in 2014.

DEVELOPMENT HIGHLIGHTS
In 2014, Dry Mix Division successfully clinched many key projects in Singapore, Malaysia, China and Hong Kong such as Four Seasons Place at Kuala Lumpur City Centre and Dongguan Basketball Centre in China. The Division also introduced new products series namely spray render and skim coat in response to market needs in Singapore and Guangzhou to improve productivity on work sites.

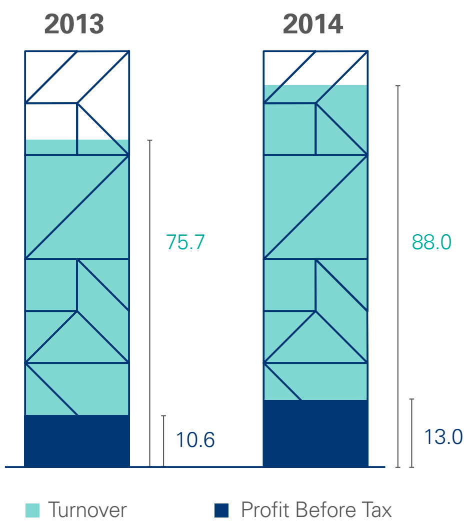
With the expansion of another two production lines in its Seelong plant in Malaysia during the second half of 2014, the Division is now one of the largest regional producers of dry mix products. Its total production volume is over 600,000 metric tons per annum.

Adding to its 29 years of track record and experience, EMIX has not only gained recognition in the market for its superior and consistent quality products but also received better market penetration in the residential market in the regions that it operates in. In addition to the widely established skim coats and renders product series, EMIX's specialty products such as tile fix, grouts, self-leveling and waterproofing series are equally well received by its customers.

GOING FORWARD
Demand for the Division's products across the region is expected to remain firm. The Division will seek new opportunities to develop and market higher value products in the region.

DRY MIX DIVISION

Turnover & Profit Before Tax
Excluding Exceptional Items
(S$million)



REVIEW OF OPERATIONS
ENVIRONMENTAL SERVICES

PERFORMANCE OVERVIEW

Turnover of Environmental Services Division improved 5% from $85.5 million in 2013 to $90.1 million in 2014. The improved performance was mainly driven by the sales volume growth of its Recycled Fuel Oil ("RFO"), Automotive Diesel Oil ("ADO") and Waste Management operations.

Profit before tax increased from $8.4 million in 2013 to $8.8 million in 2014. This was largely due to improved profit contribution from the ADO distribution business, and from RFO business particularly in 3Q 2014 against a weak 3Q 2013 performance affected by offtake-disruption.


The Division stepped up efforts on a number of work improvement projects, enhancing environmental control as well as safety and health performance.

DEVELOPMENT HIGHLIGHTS

Committed to delivering the best to its stakeholders, the Division stepped up efforts on a number of work improvement projects, enhancing environmental control as well as safety and health performance. The dry dock was reclaimed to prepare for capacity expansion. New IT system was implemented to its Waste Management operations to enhance productivity and customer service.

The continuous quality improvements made by the Division's distribution arm to its Liquid Gold brand of lubricants received the approval from Mercedes Benz and accreditation from the American Petroleum Institute ("API"). The Division increased its product range and made inroads into overseas markets through the export of Liquid Gold lubricants and other automotive specialties.

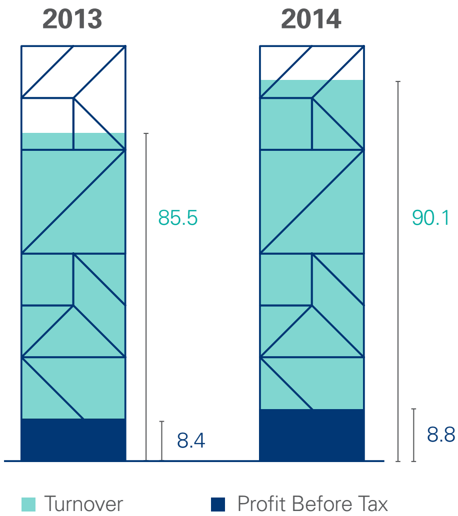
To further strengthen the Division's management systems and processes, the Division embarked on the implementation of the Business Excellence framework.

GOING FORWARD

In the Environmental Services Division, the overall demand for ADO and Waste Management Services is expected to remain satisfactory. However, weak oil prices would have a significant impact on the performance of its RFO business.

ENVIRONMENTAL SERVICES DIVISION

Turnover & Profit Before Tax
Excluding Exceptional Items
(S$million)



REVIEW OF OPERATIONS
ENGINEERING

PERFORMANCE OVERVIEW*

Engineering Division turnover declined 16% from $56.7 million in 2013 to $47.4 million in 2014 due to lower spreader deliveries. Profit before tax declined from $6.8 million in 2013 to $5.6 million in 2014 in line with the lower turnover.

RAM Spreaders won the Environment Protection Award at the prestigious International Bulk Journal awards ceremony.

DEVELOPMENT HIGHLIGHTS

In November 2014, together with Patrick Ports & Stevedoring, RAM Spreaders won the Environment Protection Award at the prestigious International Bulk Journal ("IBJ") Awards Ceremony held at the World Trade Center in Rotterdam in recognition for their dust free solution to cargo handling.

During the year, the Division further strengthened its RAM Revolver sale by marketing it to new territories which led to several units sold in South America.

Committed to innovation excellence, the Division developed various new product features such as anti-spill system and remote diagnostic panel which served to enhance the safety and operation of RAM Revolvers.

GOING FORWARD

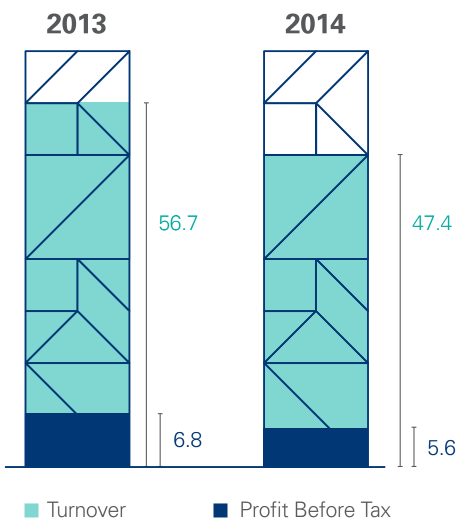
NSL Group announced that NSL Engineering Holdings Pte. Ltd. ("NSEH") entered into an agreement with Salzgitter Maschinenbau AG ("SMAG") to merge the Division's business with SMAG's grab business to form the world's leading independent lifting device group in both bulk cargo and container handling.

Upon completion of the merger, expected to be around second quarter of 2015, the Group would have a 33.33% equity enterest in PEINER SMAG Lifting Technologies GmbH ("PSLT"), the merged entity. PSLT will become one of the world's leading independent lifting device Group offering a broader spectrum of bulk cargo and container lifting device solutions to port operators and crane manufacturers worldwide.

**The financial results of Engineering operation has been included as part of discontinued operation.*

ENGINEERING DIVISION

Turnover & Profit Before Tax
Excluding Exceptional Items
(S$million)



CORPORATE SOCIAL RESPONSIBILITY

As a leading industrial group in Asia Pacific and with a workforce of over 3,000 employees, NSL never waivers on its sight on being a responsible corporate citizen while preoccupied with its day to day operations. With a heart for the community, people and environment around us, NSL continues to contribute in meaningful ways.


Contestants of Sailability, a not for profit organisation, at sea competing


NSL Management presented the donation to a representative from Melrose Home

SUPPORTING THE COMMUNITY, THE LOCAL ARTS AND CULTURAL SCENE

In the first quarter of 2015, NSL pledged a support of $500,000 to the George Edwin Bogaars Professorship in the History of Government and Politics at the Department of History, Faculty of Arts and Social Sciences in National University of Singapore (NUS). The late Mr George Bogaars was one of the pioneer groups of top civil servants as well as Chairman and Director of NSL, then known as National Iron and Steel Mills.

Apart from monetary contributions, employees have demonstrated their dedication by volunteering at the Melrose home which is run by the Children's Aid Society to provide a supportive environment for children who require care and protection in a residential setting. Last year, employees and NSL raised a donation of $22,000 which was presented to Melrose home during the visit.


Photography workshop was met with an enthusiastic response from NSL staff

NSL OilChem Group played a part in educating the future generation

Raffles Marina, one of NSL's subsidiaries, reaches out to Sailability, a not for profit, volunteer-based organisation that enriches the lives of people with any type of disability including the elderly, the financially and socially disadvantaged with the activity of Sailing. Since 1997, Raffles Marina has been hosting annual races for the disabled sailors in the Western Circuit Sailing Regatta ("WCSR"). The club has also arranged numerous activities to provide financial assistance for Sailability Singapore. The most recent was the open charity auction that took place during the gala dinner of the WCSR in August 2014.

During the year, NSL continued its contribution to the local arts and cultural scene through supporting Singapore Symphony Orchestra ("SSO").

CARING FOR THE ENVIRONMENT

During the year, NSL partnered two primary schools in 2014 for the Corporate and School Partnership Programme ("CASP") chaired by the National Environment Agency ("NEA"). The objective of the programme was to educate and inspire the young to protect environment through initiatives such as recycling campaigns, water and electricity conservation. NSL is proud to announce that Corporation Primary School, won the Merit Award at the Clean and Green Singapore Schools' Carnival 2014.

In September 2014, NSL OilChem Group too played a part in educating the future generation on the importance of preserving the environment by hosting a group of Environmental Club students from Corporation primary school. During the visit, the upper primary students were presented an overview of the waste oil collection business and provided a tour of the laboratory at the plant.

INVESTING IN PEOPLE

NSL values its employees and is committed to their well-being. With employees being a core asset, the Company continues to enhance the capabilities of the current pool of talent and attracting the right people.

Inculcating a holistic lifestyle, NSL has in place a Sports & Recreation Club (SRC) where the committee promotes healthy lifestyle and employee well-being through activities that strengthen bonding and work-life balance. Encouraging healthy competition through fun, games and teamwork, the SRC introduced Corporate Community Games (CCG) by the Ministry of Culture in the first quarter of 2014, which was met with an enthusiastic response as eight teams of participants from all strategic Business Units were formed to compete in six out of the ten CCG events.

In addition, during the year SRC organised activities that range from photography workshop, healthy cooking demonstrations and notably NSL Family Day 2014.

Beyond our day to day operations, we actively engage the community — fostering a symbiotic growth.

CORPORATE DIRECTORY

PRECAST & PBU

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

NSL OilChem Logistics Pte Ltd
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Fax : (65) 6861 1928

NSL OilChem Trading Pte Ltd
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FINANCIAL REVIEW

CONTENTS

DIRECTORS' REPORT

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

1. DIRECTORS OF THE COMPANY

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

Prof CHAM Tao Soon
BAN Song Long
John KOH Tiong Lu
David FU Kuo Chen
Dr TAN Tat Wai
OO Soon Hee

Pursuant to Article 86 of the Company's Articles of Association, Mr John Koh Tiong Lu retires and being eligible, offers himself for re-election.

Pursuant to Section 153 (6) of Companies Act, Chapter 50:

Prof Cham Tao Soon, who is over the age of 70 years, is required to retire but is eligible to stand for re-election, and offers himself for re-election.

Mr Ban Song Long, who is over the age of 70 years, is required to retire but is eligible to stand for re-election, and offers himself for re-election.

Mr Oo Soon Hee, who is over the age of 70 years, is required to retire but is eligible to stand for re-election, and offers himself for re-election.

2. 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 through the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. 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 2015 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 21.01.2015	At 31.12.2014	At 01.01.2014	At 21.01.2015	At 31.12.2014	At 01.01.2014
<u>NSL Ltd</u>						
Ordinary shares						
Prof Cham Tao Soon *	-	-	-	10,000	10,000	10,000

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

DIRECTORS' REPORT

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

	Interest held in the name of Director			Deemed interest of Director		
Name of directors and corporations in which interest held	**At 21.01.2015**	**At 31.12.2014**	**At 01.01.2014**	**At 21.01.2015**	**At 31.12.2014**	**At 01.01.2014**
Related Corporation						
Raffles Marina Holdings Ltd						
Class B Ordinary Shares						
Oo Soon Hee	6,000	6,000	6,000	-	-	-

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements, Statement of Corporate Governance and paragraph 5 below) which is required to be disclosed by Section 201(8) of the Companies Act, being a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that Mr Oo Soon Hee has an employment relationship with the Company and has received remuneration in that capacity.

5. 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.

6. 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)
Dr TAN Tat Wai
John KOH Tiong Lu
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.

DIRECTORS' REPORT

6. SHARE OPTIONS (continued)

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.

7. 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.

8. INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP, being eligible, has expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the Directors

Prof CHAM Tao Soon Director	OO Soon Hee Director

Singapore
10 March 2015

STATEMENT BY DIRECTORS

We do hereby state that, in the opinion of the Directors, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 37 to 116 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2014, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, and 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.

On behalf of the Directors

Prof CHAM Tao Soon
Director

OO Soon Hee
Director

Singapore
10 March 2015

STATEMENT OF CORPORATE GOVERNANCE

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 & PBU, Dry Mix, Environmental Services and Engineering businesses.

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

Prof CHAM Tao Soon	Non-Executive Chairman, Independent
OO Soon Hee	Executive
BAN Song Long	Non-Executive
John KOH Tiong Lu	Non-Executive, Independent
David FU Kuo Chen	Non-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 appointment 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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 Articles of Association 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, Nominating, Remuneration and Executive 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 35.

The Articles of Association 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 2014 to 31 December 2014

	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	4	4	4	4	1	1	2	2	n/a	n/a	2	2	2	2
Oo Soon Hee	4	4	n/a	n/a	n/a	n/a	n/a	n/a	8	8	2	2	2	2
Ban Song Long	4	4	4	4	n/a	n/a	n/a	n/a	8	8	2	2	n/a	n/a
John Koh Tiong Lu	4	4	4	4	1	1	2	2	n/a	n/a	2	2	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	1	1	2	2	8	8	2	2	2	1
Dr Tan Tat Wai	4	4	4	4	1	1	2	2	n/a	n/a	2	2	n/a	n/a

STATEMENT OF CORPORATE GOVERNANCE

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 report 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

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 2014.

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;

STATEMENT OF CORPORATE GOVERNANCE

(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 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.

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
OO Soon Hee, 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 NSL Ltd's Group Corporate Authorisation.

STATEMENT OF CORPORATE GOVERNANCE

Nominating Committee
(Principles 2, 4 & 5)

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

Prof CHAM Tao Soon (Chairman), Independent Director
Dr TAN Tat Wai, Independent Director
John KOH Tiong Lu, 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.

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.

STATEMENT OF CORPORATE GOVERNANCE

Remuneration Committee
(Principles 7 to 9)

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

Prof CHAM Tao Soon (Chairman), Independent Director
Dr TAN Tat Wai, Independent Director
John KOH Tiong Lu, 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.

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

Name of Director	Base / Fixed Salary[1] $'000	Variable or Performance-related Income / Bonuses[1] $'000	Directors' Fees $'000	Benefits-in-kind $'000	Share Options Granted[2] $'000	Total Compensation $'000
Executive Director						
OO Soon Hee	728	540	45	129	-	1,442
Non-executive Director						
Prof CHAM Tao Soon	-	-	126	-	-	126
BAN Song Long	-	-	85	-	-	85
David FU Kuo Chen	-	-	79	-	-	79
John KOH Tiong Lu	-	-	100	-	-	100
Dr TAN Tat Wai	-	-	75	-	-	75

(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

(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$500,000 to S$749,999					
Andy IP Kam Wa	66	34	-	-	100
S$250,000 to S$499,999					
TAN Meow Cheng	76	22	2	-	100
Dr LOW Chin Nam	73	26	1	-	100
Jeffrey FUNG Tian Piow	69	28	3	-	100
Matti MIKKOLA	59	7	34	-	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.

The annual aggregate remuneration paid to the top five key executives (excluding Executive Director) for FY2014 was S$2,249,000.

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.

STATEMENT OF CORPORATE GOVERNANCE

Corporate Research and Development Advisory Panel

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

Prof CHAM Tao Soon (Chairman)
OO Soon Hee
David FU Kuo Chen
ANG Kong Hua
Dr KWA Lay Keng
Prof NG Wun Jern
LAM Siew Wah
LIM Swee Cheang

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 37 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 Mr Oo Soon Hee, 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 as at 31 December 2014.

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 as at 31 December 2014.

STATEMENT OF CORPORATE GOVERNANCE

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 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 Articles of Association allows a member to appoint not more than 2 proxies to attend and vote instead of the 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.

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.

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

PARTICULARS OF DIRECTORS AS AT 10 MARCH 2015

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 28 APRIL 2015
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 16 April 2014	Non-Executive / Independent	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
Oo Soon Hee	• Bachelor of Science (Hons) from University of Singapore • Diploma in Business Administration from University of Singapore	*Member:* Executive Committee Corporate Research and Development Advisory Panel	1 February 2011 16 April 2014	Executive (Responsible for the overall Management of the NSL Group)	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
Ban Song Long	• Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *Member:* Audit Committee	25 January 2003 16 April 2014	Non-Executive	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
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 25 April 2012	Non-Executive / Independent	Retirement by Rotation (Article 86)
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 24 April 2013	Non-Executive	N/A
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	N/A

INDEPENDENT AUDITOR'S REPORT

To the members of NSL LTD

Report on the Financial Statements

We have audited the accompanying financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 116, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2014, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

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 subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 10 March 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

	Note	The Group 2014 S$'000	The Group 2013 S$'000 (restated)
Continuing operations			
Sales	4	425,950	421,920
Cost of sales		(359,514)	(356,221)
Gross profit		66,436	65,699
Other income	5	6,102	4,362
Distribution costs		(18,463)	(17,726)
Administrative expenses		(39,763)	(34,607)
Other expenses		(787)	(144)
Finance costs	6	(1,691)	(1,454)
Share of results of associated companies, net of tax	22	238	(53)
Profit before taxation and exceptional items	7	12,072	16,077
Exceptional items	9	2,405	(1,967)
Profit before taxation		14,477	14,110
Taxation	10	(3,230)	(5,348)
Profit from continuing operations		11,247	8,762
Discontinued operations			
Profit from discontinued operations	11	16,531	139,885
Total profit for the financial year		27,778	148,647
Profit attributable to equity holders of the Company			
- from continuing operations		8,656	9,220
- from discontinued operations		16,270	139,414
		24,926	148,634
Profit / (loss) attributable to non-controlling interest:			
- from continuing operations		2,591	(458)
- from discontinued operations		261	471
		2,852	13
Basic and fully diluted earnings per share (cents)			
- from continuing operations	13	2.32	2.47
- from discontinued operations	13	4.36	37.32

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	The Group 2014 S$'000	The Group 2013 S$'000 (restated)
Profit for the financial year		27,778	148,647
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Losses arising during the year		(901)	(4,199)
- Reclassification		-	2,594
- Gains included in profit or loss on disposal of a subsidiary		-	20,941
Available-for-sale financial assets			
- Losses arising during the year	10	(331)	(395)
- Reclassification	10	(251)	(229)
Share of other comprehensive income of associated companies			
- Fair value gains	10	-	584
- Exchange losses included in profit or loss on disposal of a subsidiary		-	(16,281)
Income tax relating to components of other comprehensive income	10	37	(182)
Other comprehensive (losses) / income for the year, net of tax		(1,446)	2,833
Total comprehensive income for the year, net of tax		26,332	151,480
Total comprehensive income attributable to:			
Equity holders of the Company		23,719	151,660
Non-controlling interests		2,613	(180)
		26,332	151,480

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

BALANCE SHEETS

As at 31 December 2014

		The Group		The Company	
		2014	2013	2014	2013
	Note	S$'000	S$'000	S$'000	S$'000
SHARE CAPITAL	14	193,839	193,839	193,839	193,839
RESERVES	15	332,811	495,871	225,785	376,302
SHAREHOLDERS' EQUITY		526,650	689,710	419,624	570,141
NON-CONTROLLING INTERESTS		13,817	12,932	-	-
TOTAL EQUITY		540,467	702,642	419,624	570,141
CURRENT ASSETS					
Inventories	16	59,121	92,840	-	-
Receivables and prepayments	17	132,665	141,571	35,268	34,740
Tax recoverable		1,127	1,643	-	-
Cash and bank balances	18	288,429	459,401	190,626	354,003
		481,342	695,455	225,894	388,743
Assets of disposal group classified as held-for-sale	11	75,169	-	-	-
		556,511	695,455	225,894	388,743
NON-CURRENT ASSETS					
Property, plant and equipment	19	138,943	163,500	256	269
Investment properties	20	8,648	8,420	-	-
Subsidiaries	21	-	-	85,232	70,390
Associated companies	22	6,107	5,795	-	-
Long term receivables and prepayments	23	1,328	1,907	118,652	120,200
Available-for-sale financial assets	24	8,882	9,465	8,317	8,925
Intangible assets	25	9,439	9,672	-	-
Deferred tax assets	30	3,347	1,515	-	-
Other non-current assets		99	119	-	-
		176,793	200,393	212,457	199,784
TOTAL ASSETS		733,304	895,848	438,351	588,527
CURRENT LIABILITIES					
Borrowings	26	(19,695)	(28,049)	-	-
Trade and other payables	27	(129,862)	(135,722)	(18,657)	(18,287)
Provision for other liabilities and charges	28	-	(2,349)	-	-
Current income tax liabilities		(3,157)	(3,257)	(33)	-
Deferred income	31	(337)	(258)	-	-
		(153,051)	(169,635)	(18,690)	(18,287)
Liabilities directly associated with disposal group classified as held-for-sale	11	(20,850)	-	-	-
		(173,901)	(169,635)	(18,690)	(18,287)
NON-CURRENT LIABILITIES					
Provision for retirement benefits	29	(1,994)	(1,691)	-	-
Deferred tax liabilities	30	(3,840)	(5,520)	(37)	(99)
Borrowings	26	(11,728)	(14,686)	-	-
Deferred income	31	(1,374)	(1,674)	-	-
		(18,936)	(23,571)	(37)	(99)
TOTAL LIABILITIES		(192,837)	(193,206)	(18,727)	(18,386)
NET ASSETS		540,467	702,642	419,624	570,141

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	Attributable to Equity Holders of the Company							Non-controlling Interests	Total Equity
		Share Capital	Revenue Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Fair Value Reserve	General Reserve	Total		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2014		193,839	501,658	(11,191)	1,946	3,024	434	689,710	12,932	702,642
Profit for the year		-	24,926	-	-	-	-	24,926	2,852	27,778
Other comprehensive losses for the year		-	-	(662)	-	(545)	-	(1,207)	(239)	(1,446)
Total comprehensive income / (losses) for the year		-	24,926	(662)	-	(545)	-	23,719	2,613	26,332
Transfer of reserves		-	1,681	-	(1,726)	-	45	-	-	-
Dividends paid	12	-	(186,779)	-	-	-	-	(186,779)	-	(186,779)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(1,728)	(1,728)
Total transactions with owners, recognised directly in equity		-	(186,779)	-	-	-	-	(186,779)	(1,728)	(188,507)
Balance as at 31 December 2014		193,839	341,486	(11,853)	220	2,479	479	526,650	13,817	540,467
Balance at 1 January 2013		193,839	390,484	(30,720)	1,946	19,527	330	575,406	13,630	589,036
Profit for the year		-	148,634	-	-	-	-	148,634	13	148,647
Other comprehensive income / (losses) for the year		-	-	19,529	-	(16,503)	-	3,026	(193)	2,833
Total comprehensive income / (losses) for the year		-	148,634	19,529	-	(16,503)	-	151,660	(180)	151,480
Transfer of reserves		-	(104)	-	-	-	104	-	-	-
Dividends paid	12	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(518)	(518)
Total transactions with owners, recognised directly in equity		-	(37,356)	-	-	-	-	(37,356)	(518)	(37,874)
Balance as at 31 December 2013		193,839	501,658	(11,191)	1,946	3,024	434	689,710	12,932	702,642

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	The Group 2014 S$'000	The Group 2013 S$'000
Cash Flows from Operating Activities			
Profit from continuing operations		11,247	8,762
Profit from discontinued operations		16,531	139,885
Profit for the financial year		27,778	148,647
Adjustments for:			
Taxation		3,825	7,477
Amortisation of intangible assets		423	420
Amortisation of deferred income		(255)	(397)
Depreciation of properties, plant and equipment and investment properties		19,028	18,638
Property, plant and equipment written off		221	48
Interest expense		1,877	1,538
Interest income		(2,597)	(818)
Dividend income from available-for-sale financial assets		(1,895)	(2,207)
Gain on disposal of property, plant and equipment (net)		(169)	(395)
Provision for retirement benefits (net)		398	391
Share of results of associated companies, net of tax	22	(238)	(9,145)
Exceptional items	9,11	(12,362)	(119,714)
Exchange differences and other adjustments		343	(168)
Operating cash flows before working capital changes		36,377	44,315
Changes in working capital, net of effects from disposal of a subsidiary company:			
Inventories		13,351	(26,314)
Receivables and prepayments		(5,976)	(17,238)
Deferred income		39	67
Trade and other payables		9,403	31,264
Cash generated from operations		53,194	32,094
Income tax paid		(6,073)	(6,071)
Retirement benefits paid		(165)	(165)
Net cash generated from operating activities		46,956	25,858

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

		The Group	
	Note	2014 S$'000	2013 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		543	3,784
Proceeds from disposal of available-for-sale financial assets and other assets		354	314
Net cash inflow from disposal of a subsidiary company	18a	10,170	324,364
Professional fees related to divestments of subsidiaries		(1,022)	-
Purchases of property, plant and equipment		(18,172)	(22,751)
Purchases of intangible assets		(671)	(648)
Interest received		1,863	769
Dividends received from associated companies	22	-	11,207
Dividends received from available-for-sale financial assets		1,895	2,207
Loan to an associated companies		-	(370)
Net cash (used in) / generated from investing activities		(5,040)	318,876
Cash Flows from Financing Activities			
Proceeds from borrowings		28,104	36,302
Repayment of borrowings		(37,380)	(18,792)
Finance leases and hire purchases		(1,754)	232
Interest paid		(1,797)	(1,465)
Bank deposits pledged		(548)	115
Dividends paid to shareholders	12	(186,779)	(37,356)
Dividends paid to non-controlling interests		(1,729)	(518)
Net cash used in financing activities		(201,883)	(21,482)
Net (decrease) / increase in cash and cash equivalents		(159,967)	323,252
Cash and cash equivalents at beginning of the financial year		455,666	131,860
Effects of exchange rate changes on cash and cash equivalents		(661)	554
Cash and cash equivalents at end of the financial year	18	295,038	455,666

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

1. GENERAL

NSL Ltd (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. 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, lime products, refractory materials and road stones, manufacturing, design and sale of container and bulk handling equipment, as well as, provision of environmental services and sale of related products (Note 40).

Following the announcement made on 21 August 2014 and 3 December 2014, details of which have been set out in Note 11, the engineering business segment which contains solely the spreader businesses as well as chemical business segment, substantially made up of lime business, have been presented separately on the balance sheet as disposal group held for sale in compliance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations. The corresponding operating results of the spreader and lime businesses were 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 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to 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 effect on the amounts reported for the current or prior financial years, except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Interpretations and amendments to published standards effective in 2014 (continued)

The Group has adopted FRS 112 Disclosures of Interests in Other Entities on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures. The adoption of FRS 112 does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

C. Revenue recognition

Revenue of the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and rental income, net of value-added tax, rebates and trade 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 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 parts to locations specified by its customers and the customers have accepted the parts in accordance with the sales contract.

(2) Rendering of services

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 and interest income

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

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or incidence that their disclosure is relevant to explain the performance of the Group.

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 but are considered an impairment indicator of the asset transferred. 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 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 the fair value of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(ii) *Acquisitions (continued)*

On an acquisition-by-acquistion 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) the fair value of the net identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Refer to Note 2H for the subsequent accounting policy on goodwill.

(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.

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 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 accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(3) Associated companies (continued)

(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 cost directly attributable to the acquisition. Investments in associated companies in the consolidated balance sheet include goodwill identified (net of accumulated impairment loss) on acquisition. Refer to Note 2H for the Group's accounting policy on goodwill.

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its investment in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has 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.

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 transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies 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 in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interests at the date when significant influence is lost and its fair value 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property, plant and equipment

(1) Measurement

Other than a leasehold building in Singapore, property, plant and equipment are initially recognised at cost, and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2L). The leasehold building in Singapore was initially recognised at cost and subsequently carried at revalued amount, less accumulated depreciation and impairment losses. The valuation of the leasehold building in Singapore was carried out in 1990 and the revaluation surplus was taken to revaluation reserve. The Group does not have a policy of periodic revaluation of the leasehold building. Accordingly, as the Group had performed a one-off revaluation on its property, plant and equipment between 1st January 1984 and 31st December 1996 (both dates inclusive), the Group is exempted from performing a regular revaluation.

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 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 85 years
Buildings	-	10 to 60 years
Leasehold improvements	-	4 years
Plant and machinery	-	3 to 15 years
Other assets	-	2 to 20 years

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

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 of the residual values and useful lives 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 can be reliably measured. All other repair and maintenance expense is recognised as an expense in profit or loss when incurred.

(4) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquired subsidiaries and the acquisition-date fair value of any previous equity interest in the acquired subsidiaries over (ii) the fair value of the net identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses (Note 2L). Goodwill on acquisition of associated companies is included in the carrying amount of investments in associated companies.

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against revenue reserve in the year of acquisition and was not recognised in profit or loss on disposal.

(2) Acquired intangible assets

Acquired intangible assets consist of rights to business names, trademarks, tradenames, technology and licences are recognised at cost less accumulated amortisation and accumulated impairment losses (Note 2L). The 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.

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.

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, as well as, general borrowings used for the purpose of obtaining the qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investment properties

Investment properties of the Group, principally comprising office and commercial buildings, are held for long term rental yields and 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 (Note 2L). 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 recognised in profit or loss when the changes arise.

On disposal of an investment property, the difference between the net 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 stated at cost less accumulated impairment losses (Note 2L) in the Company's balance sheet.

On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and carrying amount of the investment is recognised in profit or loss.

L. Impairment of non-financial assets

(1) Goodwill

Goodwill recognised separately as an intangible asset is tested annually for impairment, as well as, when there is any indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately. 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 in profit or loss 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 costs 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 in profit or loss and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 objective evidence or indication that the asset may be impaired.

For the purpose of impairment testing of these assets, 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 flows 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 to. 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 impairment loss is recognised 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 an 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. The reversal of impairment loss for the 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 in profit or loss, 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 and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every balance sheet date.

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

Financial assets at fair value through profit or loss consist of "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 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 performance are evaluated on a fair value basis, in accordance with a documented Group's 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 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in 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. These are presented as current assets, except those maturing more 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) 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 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 net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also 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 in profit or loss.

(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 are carried at amortised cost using the effective interest method.

Changes in fair value 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.

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 fair value reserve, together with related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(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

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delay in payments are considered objective evidence that the loans and receivables are impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss as administrative expenses. 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 allowance of impairment loss account 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 any evidence of impairment exists, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(6) Offsetting 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 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred 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.

O. 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). If not, 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.

P. Derivative financial instruments

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

Q. 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 held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

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

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. 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 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

R. 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 selling expenses.

S. Leases

(1) When the Group is the lessee:

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

Finance leases

Leases of property, plant and equipment 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 values of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance charges and the reduction of the outstanding lease liability. The finance charge is recognised in profit or loss and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Leases (continued)

(1) When the Group is the lessee: (continued)

Operating leases

Leases of property, plant and equipment where a significant portion of the 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. Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

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 the period in which termination takes place.

(2) When the Group is the lessor:

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

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. Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease 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.

T. Income taxes

Current income tax liabilities and recoverables for current and prior periods are recognised at the amounts 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 assets / liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from 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, it is not accounted for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Income taxes (continued)

Deferred income tax liabilities are 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.

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

Deferred income taxes are measured:

(i) at the tax rates that are deductible expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are 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.

U. 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 a reliable estimate of the amount can be made. 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.

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 interest expense.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

V. 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.

(2) Employee leave 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.

W. Foreign 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 consolidated financial statements are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Foreign currency translation (continued)

(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 prevailing at the dates of transaction. Currency translation gains and losses resulting from the settlement of foreign currency 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. The accumulated translation differences is reclassified to profit or loss when a foreign operation is disposed.

Currency translation differences on non-monetary items when the gain or loss is recognised directly in equity, such as available-for-sale financial assets, are included in the fair value reserve.

(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 other than Singapore Dollars are translated into Singapore Dollars as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(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 translation differences are recognised in the foreign 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.

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 date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition were used.

X. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. 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.

Z. 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.

AA. Dividends

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

AB. Government grants

Grants from the government are recognised as a receivable at their fair value 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.

AC. Disposal groups held-for-sale and discontinued operations

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

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 2014, the Group recorded goodwill arising on consolidation of S$8,678,000 (2013: S$8,865,000) (Note 25a). The key estimates, used in the assessment of the carrying value of goodwill in the 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 11%, the recoverable amount of the goodwill will equal to its carrying value respectively, 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. During the current financial year, property, plant and equipment of a CGU in the Precast 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 10-year period, annual sales growth rates ranging from 4% to 25% (2013: 5% to 52%) and discount rate of 12% (2013: 12%). As a result, an allowance for impairment of S$104,000 was recognised. If management's estimated average growth rate of the CGU beyond five years were to decrease by 5%, the carrying value of property, plant and equipment would have decreased by approximately S$1,144,000, assuming that the other variables remain unchanged.

(3) Fair value of unquoted available-for-sale financial assets

The available-for-sale financial assets of the Group and the Company comprise equity securities and other investments that are not traded in an active market. As at 31 December 2014, fair value of available-for-sale financial assets of the Group and the Company amounted to S$8,882,000 (2013: S$9,465,000) and S$8,317,000 (2013: S$8,925,000) respectively (Note 24). The Group's share of the fair value of available-for-sale financial assets of its associated companies is included in the carrying value of the associated companies (Note 22). The fair value of the unquoted available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques in accordance with Note 2Q. The Group and the Company estimate the fair values of these financial assets by reference to the net assets of these unquoted 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.

If the net assets of available-for-sale financial assets were to decrease by 10%, the carrying value of available-for-sale financial assets would have decreased by approximately S$888,200, assuming that the other variables remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

B. Critical judgements

(1) Income taxes

The Group and the Company are subject to income taxes in numerous jurisdictions. Significant judgement, including obtaining external tax advice where necessary, is required in determining the deductibility of certain expenses and taxability of certain income (including gain on disposal of subsidiaries and investments) during the estimation of the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expense in the period in which such determination is made.

As at 31 December 2014, the Group recorded current income tax liabilities of S$3,157,000, deferred tax assets of S$3,347,000 and deferred tax liabilities of $3,840,000. The Company recorded deferred tax liabilities of S$37,000.

(2) Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

During the financial year 2014, the Group recognised a deferred tax asset amounting to S$2,011,000 based on the anticipated future use of tax losses carried forward by those entities.

(3) 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 2014, the Group recorded allowance for impairment of receivables amounting to S$13,124,000, and the net allowance for impairment of receivables for the financial year ended 31 December 2014 is S$4,178,000. Further analysis of the Group's credit risk profile is set out in Note 37b.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. SALES

	The Group	
	2014 S$'000	2013 S$'000 (restated)
Sale of goods	397,342	393,035
Services rendered	23,785	24,360
Rental income	4,823	4,525
	425,950	421,920

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2014 S$'000	2013 S$'000 (restated)
Interest income		
- Fixed / call deposits	2,479	671
- Others	35	32
	2,514	703
Dividend income from available-for-sale financial assets	1,895	2,207
Sale of scrap	455	304

6. FINANCE COSTS

	The Group	
	2014 S$'000	2013 S$'000 (restated)
Interest expense		
- Bank borrowings	1,373	1,231
- Bank overdrafts	41	44
- Hire purchase and finance lease payables	44	49
- Others	233	130
	1,691	1,454

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

7. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

The following have been included in arriving at profit before taxation and exceptional items:

		The Group	
	Note	2014 S$'000	2013 S$'000 (restated)
(Charged) / credited:			
Amortisation of intangible assets	25b	(185)	(110)
Depreciation of property, plant and equipment	19	(15,415)	(14,816)
Depreciation of investment properties	20	(172)	(172)
Employee compensation	8	(89,437)	(89,154)
Cost of inventories as expense (included in 'Cost of sales')		(205,432)	(209,176)
Sub-contractor charges		(24,640)	(27,681)
Remuneration paid / payable to auditors of the Company[(1)]			
- for auditing the financial statements		(629)	(613)
- for other services		(571)	(171)
Remuneration paid / payable to other auditors			
- for auditing the financial statements[(2)]		(236)	(271)
- for other services		(50)	(24)
Rental expense - operating leases		(12,766)	(12,556)
Transportation expense		(18,489)	(19,776)
Gain on disposal of property, plant and equipment, net		169	458
Property, plant and equipment written off		(121)	(44)
Foreign exchange (loss) / gain, net		(297)	166
Fair value loss on derivative financial instruments		(15)	(13)
Allowance for impairment of trade receivables, net		(3,914)	(1,891)
Allowance for stocks obsolescence/(reversal of allowance)		(104)	464
Write-down of inventories to net realisable value, net		(2,425)	(990)
Amortisation of deferred income	31	255	397

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$122,000 (2013: S$131,000) paid or payable to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$114,000 (2013: S$140,000) paid or payable to other firms of auditors in respect of the audit of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

8. EMPLOYEE COMPENSATION

	The Group	
	2014 S$'000	**2013 S$'000 (restated)**
Wages and salaries	77,611	77,644
Employer's contribution to defined contribution plans, including Central Provident Fund	9,175	8,930
Retirement benefits (Note 29)	398	391
Other staff benefits	2,253	2,189
	89,437	89,154

Key management's remuneration is disclosed in Note 33b.

9. EXCEPTIONAL ITEMS

The following are the exceptional items, which represent other gains/(losses) of the Group:

	The Group	
	2014 S$'000	**2013 S$'000 (restated)**
Gain on disposal of property, plant and equipment following business cessation of a subsidiary	-	1,785
Gain on disposal of		
- available-for-sale financial assets and other assets	354	236
- other non-current assets	-	86
Write-back of allowance for impairment of investment in associated companies (Note 22a)	106	174
Insurance compensation	311	-
Write-back of allowance for impairment of an investment property (Note 20)	400	5,304
Write-back of allowance for impairment of property, plant and equipment	2,472	1,001
Total gains	3,643	8,586
Translation loss released to profit or loss upon liquidation of a subsidiary and repayment of quasi-equity loans from a subsidiary	-	(2,594)
Allowance for impairment of loans to associated companies	(20)	(68)
Allowance for impairment of property, plant and equipment	(196)	(7,891)
Professional fees related to divestment of subsidiaries	(1,022)	-
Total losses	(1,238)	(10,553)
Net gain / (loss)	2,405	(1,967)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. TAXATION

	The Group	
	2014 S$'000	2013 S$'000
Tax expense / (credit) attributable to profit is made up of:		
Current taxation:		
From continuing operations		
Current income tax		
- Singapore	3,007	1,435
- Foreign	2,690	2,730
	5,697	4,165
Deferred income tax (Note 30)	(2,707)	484
	2,990	4,649
From discontinued operations		
Current income tax		
- Singapore	297	518
- Foreign	516	2,317
	813	2,835
Deferred income tax (Note 30)	(99)	(465)
	714	2,370
Total current taxation	3,704	7,019
(Over) / under provision in respect of prior financial years:		
From continuing operations		
- Current income tax	92	(296)
- Deferred income tax (Note 30)	148	963
	240	667
From discontinued operations		
- Current income tax	(152)	(111)
- Deferred income tax (Note 30)	33	(98)
	(119)	(209)
Total under provision in respect of prior years	121	458
Total tax expense	3,825	7,477
Tax expense is attributable to:		
- Continuing operations	3,230	5,348
- Discontinued operations (Note 11)	595	2,129
	3,825	7,477

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. TAXATION (continued)

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

	The Group					
	2014			2013		
	Before Tax S$'000	Tax credit S$'000	After Tax S$'000	Before Tax S$'000	Tax (charge)/ credit S$'000	After Tax S$'000
Net fair value loss of available-for-sale of available-for-sale financial assets	(582)	37	(545)	(624)	34	(590)
Share of associated companies' net fair value gain of available-for-sale financial assets	-	-	-	584	(216)	368
Other comprehensive (loss) / income	(582)	37	(545)	(40)	(182)	(222)

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

	The Group	
	2014 S$'000	2013 S$'000
Profit before taxation		
- from continuing operations	14,477	14,110
- from discontinued operations (Note 11)	17,126	142,014
	31,603	156,124
Less: Share of results of associated companies, net of tax [(1)]		
- from continuing operations	238	(53)
- from discontinued operations	-	9,198
	238	9,145
Tax calculated at a tax rate of 17% (2013: 17%)	5,332	24,986
Income not subject to tax	(2,717)	(22,101)
Expenses not deductible for tax purposes	1,562	3,836
Utilisation of previously unrecognised tax assets	(1,834)	(489)
Tax benefit from current year's tax losses not recognised	1,669	66
Tax provision on unremitted income	173	1,050
Effects of different tax rates in other countries	410	737
Tax incentives and rebates	(903)	(1,015)
Under provision of income tax	121	458
Others	12	(51)
Tax charge	3,825	7,477

(1) Share of results of associated companies is net of tax expense of S$103,000 (2013: S$1,458,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Discontinued operations, disposal group classified as held-for-sale and non-current asset classified as held-for-sale

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 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 NSL Engineering Pte Ltd ("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 NSE Group represents a separate major line of business and is responsible for trading and management of spreader business. In accordance with FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, the NSE Group was disclosed as a discontinued operation and the carrying value of assets and liabilities of the NSE Group were classified as held for sale as at 31 December 2014 and measured at the lower of carrying amount and fair value less costs to sell prior to their disposal. Comparative operating results for the financial year ended 31 December 2013 have been restated accordingly.

Upon the completion of merger arrangement which is expected to be around 2Q-2015, the 33.33% non-controlling equity stake in PSLT, amounting to approximately S$47 million, will be accounted for as an investment in associate as the Group has significant influence over PSLT and the share of financial results of PSLT will be accounted for based on the equity method under FRS 28 *Investments in Associates and Joint Ventures*. The expected gain from merger arrangement is approximately S$14.9 million and will be recognised in the profit or loss upon completion of transaction.

11b On 21 August 2014, the Directors approved the divestment of the lime business in Singapore and Malaysia as well as limestone business and assets in Malaysia. Under the divestment arrangement, NSL Chemicals Ltd ("NSC"), a wholly-owned subsidiary of NSL Ltd (the "Company"), entered into binding termsheets (the "Termsheets") with Lhoist Singapore Pte Ltd ("Lhoist") on the principal terms for the such divestment to Lhoist or its subsidiary ("Lhoist Acquirer"). Subsequent to year end, the definitive agreements with Lhoist Acquirer were signed and the divestment of lime business in Singapore and Malaysia was completed on 17 February 2015 for an initial cash consideration of approximately S$46.4 million, subject to the completion account's adjustments. Following the completion of divestment of lime business, NSC has granted a call option to Lhoist Acquirer to acquire NSC's limestone business in Malaysia for an agreed consideration of S$4 million. The call option is exercisable by Lhoist Acquirer at any time before 30 June 2015.

Such lime and limestone business represents a major line of business in Chemical segment and is responsible with trading and management of lime and limestone business. In accordance with FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, the lime and limestone business in Chemical segment was disclosed as a discontinued operation and the carrying value of assets and liabilities of the lime and limestone business were classified as held for sale as at 31 December 2014 and measured at the lower of carrying amount and fair value less costs to sell prior to their disposal. Comparative operating results for the financial year ended 31 December 2013 have been restated accordingly. The gain on divestment of lime business in Singapore and Malaysia is approximately S$25.5 million, subject to completion account's adjustments, and will be recognised in the profit and loss in financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Discontinued operations, disposal group classified as held-for-sale and non-current asset classified as held-for-sale (continued)

11c In FY2013, the Group, through its wholly-owned subsidiary, NSL Chemicals Ltd ("NSC"), signed a share purchase agreement (the "Agreement") to dispose of the entire issued and paid-up share capital of NSL Chemicals (Thailand) Pte Ltd ("NSCT"), which holds a 22.83% shareholding in Bangkok Synthetics Co., Ltd ("BST") to SCG Chemicals Co., Ltd, ("SCG Chemicals") for an initial cash consideration of S$311.2 million and Contingent Consideration (as defined below).

In accordance with the Agreement, SCG Chemicals is obliged to pay NSC the insurance compensation (net of tax) received by BST and its subsidiaries during the period between 1 October 2013 and 31 December 2017 ("Insurance Claim Proceeds"), pursuant to insurance claims made in relation to the fire incident on 5 May 2012. SCG Chemicals shall pay NSC an amount equivalent to NSCT's previous proportionate share of BST ("Contingent Consideration"). Contingent Consideration totaling S$17.4 million was received and recognised in previous financial year upon completion of the disposal. During the year, NSC received the additional Contingent Consideration of approximately S$9.9 million (net of tax), based on the Group's share of insurance compensation (net of tax) received by BST and its subsidiaries. The amount constituted the final settlement of the Contingent Consideration under the Agreement.

Gains related to the disposal of NSCT and the share of operating performance of BST was presented separately on the income statement as part of "discontinued operations".

11d The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2014 S$'000	**2013 S$'000**
Sales	71,492	85,825
Net expenses	(64,323)	(74,690)
Share of results of associated companies, net of tax	-	9,198
Profit before taxation and exceptional items	7,169	20,333
Exceptional items (Note 18a)	9,957	121,681
Profit from discontinued operations before taxation	17,126	142,014
Taxation	(595)	(2,129)
Profit from discontinued operations*	16,531	139,885

* Breakdown of profit from discontinued operations	Group	
	2014 S$'000	**2013 S$'000**
Discontinued Operations		
Engineering segment:		
Engineering operations	5,130	6,188
Chemicals segment:		
Lime operations	1,444	3,738
Share of operating results of an associated company (net of tax)	-	8,278
Gain from disposal of a subsidiary*	9,957	121,681
	16,531	139,885

* This amount constituted the final settlement of the Contingent Consideration as disclosed in 11 (c).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Discontinued operations, disposal group classified as held-for-sale and non-current asset classified as held-for-sale (continued)

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

	Group	
	2014 S$'000	2013 S$'000
Operating cash inflows	10,953	7,711
Investing cash inflows	7,180	332,121
Financing cash (outflows) / inflows	(640)	2,836
Total cash inflows	17,493	342,668

11f Details of the assets in disposal group classified as held-for-sale are as follows:

	Note	Group 2014 S$'000
Inventories		20,368
Cash and bank balances	18	10,424
Receivables and prepayments		16,963
Property, plant and equipment	19	26,401
Intangible assets	25	423
Deferred tax assets	30	571
Associated company	22	1
Other non-current assets		18
		75,169

11g Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	Note	Group 2014 S$'000
Short term borrowings		1,887
Trade and other payables		14,775
Provision for other liabilities and charges	28	2,454
Other current liabilities		30
Long term borrowings		309
Deferred tax liabilities	30	1,395
		20,850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Discontinued operations, disposal group classified as held-for-sale and non-current asset classified as held-for-sale (continued)

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

	Group	
	2014 S$'000	2013 S$'000
Currency translation differences	264	(4,520)

12. DIVIDENDS

	The Company	
	2014 S$'000	2013 S$'000
Ordinary dividends paid		
Final dividend of 10 cents and special dividend of 40 cents per share (2013: final dividend of 10 cents) per share, exempt – one tier, in respect of the previous financial year	186,779	37,356

Subsequent to the balance sheet date, the Directors proposed a final dividend for financial year ended 31 December 2014 of 5 cents (2013: final dividend of 10 cents and special dividend of 40 cents) per share (exempt – one tier), amounting to a total of S$18,677,900 (2013: S$186,779,000). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2015.

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	
	2014	2013	2014	2013	2014	2013
Net profit attributable to equity holders of the Company ($'000)	8,656	9,220	16,270	139,414	24,926	148,634
Weighted average number of ordinary shares in issue used in computing basic and diluted earnings per share ('000)	373,558	373,558	373,558	373,558	373,558	373,558
Basic and fully diluted earnings per share (cents per share)	2.32	2.47	4.36	37.32	6.68	39.79

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. SHARE CAPITAL

The Company	Issued ordinary shares	
	No of shares '000	Amount S$'000
2014 and 2013		
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	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Revenue reserve	341,486	501,658	223,696	373,646
Foreign currency translation reserve	(11,853)	(11,191)	-	-
Revaluation reserve	220	1,946	-	-
Fair value reserve	2,479	3,024	2,089	2,656
General reserve	479	434	-	-
	332,811	495,871	225,785	376,302

Revenue reserve of the Group is distributable except for share of accumulated losses of associated companies amounting to S$7,514,000 (2013: S$10,746,000).

General reserve is relating to funds appropriated from the net profits to statutory reserves of certain subsidiaries established in the United Arab Emirates and People's Republic of China. 10 % of the annual net profits of these subsidiaries are allocated to the statutory reserves until the reserves reach 50% of the paid up capital of these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. RESERVES (continued)

15b Reserve 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 2014	373,646	2,656	376,302
Net profit for the year	36,829	-	36,829
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to other comprehensive income (Note 24)	-	(390)	(390)
- Fair value reserve transferred to profit or loss (Note 24)	-	(218)	(218)
- Tax on fair value gain taken to other comprehensive income (Note 30)	-	41	41
	-	(567)	(567)
Total comprehensive income / (loss) for the year	36,829	(567)	36,262
Dividends paid (Note 12)	(186,779)	-	(186,779)
Balance at 31 December 2014	223,696	2,089	225,785
Balance at 1 January 2013	66,184	3,346	69,530
Net profit for the year	344,818	-	344,818
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to other comprehensive income (Note 24)	-	(479)	(479)
- Fair value reserve transferred to profit or loss (Note 24)	-	(184)	(184)
- Tax on fair value gain taken to other comprehensive income (Note 30)	-	(27)	(27)
	-	(690)	(690)
Total comprehensive income / (loss) for the year	344,818	(690)	344,128
Dividends paid (Note 12)	(37,356)	-	(37,356)
Balance at 31 December 2013	373,646	2,656	376,302

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. INVENTORIES

	The Group	
	2014	2013
	S$'000	S$'000
At lower of cost and net realisable value		
Raw materials	18,839	34,260
Finished goods	36,025	45,964
General stores and consumables	4,168	5,180
Work-in-progress	89	7,436
	59,121	92,840

As at 31 December 2014, inventories of S$22,869,000 (2013: S$4,634,000) were written down to net realisable value.

The Group has recognised a reversal of write-down of inventories of S$190,000 (2013: S$75,000), 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.

Included in the Group's inventories is S$2,716,000 (2013: S$2,808,000) charged by way of debentures to banks for banking facilities granted to certain subsidiaries (Note 26).

17. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
- Associated companies	719	608	-	-
- Non-related parties	119,375	130,981	-	-
	120,094	131,589	-	-
Less: Allowance for impairment of trade receivables	(11,981)	(8,817)	-	-
	108,113	122,772	-	-
Non-trade amounts owing by subsidiaries[(a)]	-	-	34,186	34,391
Non-trade amounts owing by associated company[(b)]	1	-	-	-
Prepayments	7,247	9,120	133	144
Deposits	2,166	2,505	11	11
Interest receivables	935	191	935	191
Recoverable expenditure	512	773	1	1
Sundry receivables[(c)]	13,691	6,176	2	2
Derivative financial instruments[(d)]	-	34	-	-
	132,665	141,571	35,268	34,740

17a Amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$4,446,000 (2013: S$4,446,000) bears interest at 2.7% (2013: 2.7%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. RECEIVABLES AND PREPAYMENTS (continued)

17b Amounts owing by associated company are unsecured, repayable on demand and are interest-free.

17c Sundry receivables are interest free, unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

17d Derivative financial instruments

	The Group					
	2014			2013		
	Contract notional amount	Fair value		Contract notional amount	Fair value	
		Asset	Liability		Asset	Liability
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Forward foreign exchange contracts - current	11,112	29	(272)	21,077	34	(430)

The derivative financial instruments have been reclassified to disposal group (Note 11).

18. CASH AND BANK BALANCES

	The Group		The Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Fixed / call deposits	197,912	362,898	181,762	345,295
Cash at bank and on hand	90,517	96,503	8,864	8,708
	288,429	459,401	190,626	354,003

The fixed deposits with financial institutions mature on varying dates within 10 months (2013: 6 months) from the balance sheet date. The weighted average interest rate of these deposits as at 31 December 2014 was 1.1% (2013: 0.7%) per annum.

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

	The Group		The Company	
	2014	2013	2014	2013
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	288,429	459,401	190,626	354,003
Cash and bank balances of disposal group classified as held for sale (Note 11)	10,424	-	-	-
Less: bank deposits pledged	(2,903)	(2,355)	-	-
Less: bank overdrafts (Note 26)	(912)	(1,380)	-	-
Cash and cash equivalents per statement of cash flows	295,038	455,666	190,626	354,003

Bank deposits are pledged by way of debentures to banks for banking facilities granted to a subsidiary company (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. CASH AND BANK BALANCES (continued)

18a Disposal of a subsidiary

On 3 December 2013, the Group through its wholly-owned subsidiary, NSL Chemicals Ltd, completed the disposal of the entire issued and paid-up share capital of NSL Chemicals (Thailand) Pte. Ltd (NSCT), which holds a 22.83% shareholding in Bangkok Synthetics Co., Ltd ("BST") (collectively, the "NSCT Group") to SCG Chemicals Co., Ltd for a total cash consideration of S$338.5 million, of which S$328.6 million was received in previous financial year and the remaining S$9.9 million was received during the financial year. The effects of the disposal on the cash flows of the Group were:

	The Group	
	2014 S$'000	2013 S$'000
Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	-	275
Associated company	-	219,406
Other payables	-	(5)
Less: Deferred tax liability	-	(21,103)
Net assets disposed of	-	198,573
Add: Reclassification of exchange difference	-	4,660
	-	203,233
Gain on disposal (Note 11d)	9,957*	121,681
Total sale consideration, net of transaction costs	9,957	324,914
Less: Cash and cash equivalents in subsidiary disposed of	-	(275)
Add / (less): Sale consideration received / (receivable), net	213	(275)
Net cash inflow on disposal of a subsidiary company	10,170	324,364

* This relates to Additional Contingent Consideration received during the financial year based on the Group's share of insurance compensation (net of tax) received by BST and its subsidiaries. The amount constituted the final settlement of the Contingent Consideration under the Agreement This amount constituted the final settlement of the Contingent Consideration as disclosed in 11 (c).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2014								
Cost								
At 1 January 2014	7,759	21,992	200,631	754	177,880	41,740	3,572	454,328
Currency realignment	(145)	26	(99)	32	(1,427)	370	(22)	(1,265)
Additions	-	170	372	-	10,193	4,425	4,242	19,402
Disposals and write off	-	(1,295)	(16,502)	-	(3,038)	(1,753)	(141)	(22,729)
Reclassified to disposal group (Note 11)	(435)	(7,758)	(14,028)	-	(38,433)	(4,368)	(150)	(65,172)
Reclassifications	-	1,303	319	-	1,669	314	(3,605)	-
At 31 December 2014	7,179	14,438	170,693	786	146,844	40,728	3,896	384,564
Representing:								
Cost	7,179	14,438	170,693	786	146,844	40,728	3,896	384,564
Accumulated Depreciation and Impairment Losses								
At 1 January 2014	-	9,334	124,697	747	124,745	31,305	-	290,828
Currency realignment	-	6	(326)	32	(961)	367	-	(882)
Charge for the year								
- Continuing operations	-	161	5,245	3	7,144	2,862	-	15,415
- Discontinued operations	-	122	550	-	2,289	480	-	3,441
Disposals and write off	-	(1,284)	(16,464)	-	(2,886)	(1,500)	-	(22,134)
(Write-back of impairment loss)/Impairment loss	-	(2,472)	-	-	196	-	-	(2,276)
Reclassified to disposal group (Note 11)	-	(3,569)	(3,749)	-	(28,551)	(2,902)	-	(38,771)
Reclassifications	-	-	-	-	105	(105)	-	-
At 31 December 2014	-	2,298	109,953	782	102,081	30,507	-	245,621
Net Book Value								
At 31 December 2014	7,179	12,140	60,740	4	44,763	10,221	3,896	138,943

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

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For the financial year ended 31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2013								
Cost or Valuation								
At 1 January 2013	8,047	21,970	184,622	726	163,248	40,649	18,627	437,889
Currency realignment	(288)	22	970	28	(169)	219	369	1,151
Additions	-	-	3,173	-	7,154	4,514	6,782	21,623
Disposals and write off	-	-	-	-	(1,554)	(4,781)	-	(6,335)
Reclassifications	-	-	11,866	-	9,201	1,139	(22,206)	-
At 31 December 2013	7,759	21,992	200,631	754	177,880	41,740	3,572	454,328
Representing:								
Cost	7,759	21,992	191,981	754	177,880	41,740	3,572	445,678
Valuation	-	-	8,650	-	-	-	-	8,650
	7,759	21,992	200,631	754	177,880	41,740	3,572	454,328
Accumulated Depreciation and Impairment Losses								
At 1 January 2013	-	9,074	119,414	716	112,834	27,943	-	269,981
Currency realignment	-	(18)	369	27	(156)	109	-	331
Charge for the year								
- Continuing operations	-	156	4,390	4	6,884	3,382	-	14,816
- Discontinued operations	-	122	524	-	2,498	506	-	3,650
Disposals and write off	-	-	-	-	(979)	(3,916)	-	(4,895)
Impairment loss	-	-	-	-	3,698	3,247	-	6,945
Reclassifications	-	-	-	-	(34)	34	-	-
At 31 December 2013	-	9,334	124,697	747	124,745	31,305	-	290,828
Net Book Value								
At 31 December 2013	7,759	12,658	75,934	7	53,135	10,435	3,572	163,500

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Other Assets* S$'000	Total S$'000
The Company – 2014		
Cost		
At 1 January 2014	1,457	1,457
Additions	135	135
Disposals and write off	(81)	(81)
At 31 December 2014	1,511	1,511
Accumulated Depreciation		
At 1 January 2014	1,188	1,188
Charge for the year	148	148
Disposals and write off	(81)	(81)
At 31 December 2014	1,255	1,255
Net Book Value		
At 31 December 2014	256	256
The Company – 2013		
Cost		
At 1 January 2013	1,417	1,417
Additions	138	138
Disposals and write off	(98)	(98)
At 31 December 2013	1,457	1,457
Accumulated Depreciation		
At 1 January 2013	1,158	1,158
Charge for the year	127	127
Disposals and write off	(97)	(97)
At 31 December 2013	1,188	1,188
Net Book Value		
At 31 December 2013	269	269

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19a Included within additions in the consolidated financial statements are plant and equipment under finance leases amounting to S$2,204,000 (2013: S$2,414,000).

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

	2014 S$'000	2013 S$'000
The Group		
Plant and machinery	4,645	3,053
Other assets	498	627
	5,143	3,680

19b 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 People's Republic of China, Hong Kong and Malaysia; and

(iv) Factory and office buildings in United Arab Emirates

19c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$39,103,000 (2013: S$44,243,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 26).

19d The following are property, plant and equipment acquired under hire purchase and finance leases (Note 32):

The Group	Cost S$'000	Accumulated depreciation S$'000	Net book value S$'000
2014			
Plant and machinery	6,701	(2,056)	4,645
Other assets	892	(394)	498
	7,593	(2,450)	5,143
2013			
Plant and machinery	4,544	(1,491)	3,053
Other assets	969	(342)	627
	5,513	(1,833)	3,680

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For the financial year ended 31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19e The Group's net reversal of impairment loss of S$2,276,000 (2013: impairment charge of S$6,945,000) comprise:

(i) an impairment loss of S$104,000 (2013: S$7,891,000) was recognised for certain plant and equipment in Dubai to their recoverable amounts based on value-in-use calculation over their estimated useful lives as at 31 December 2014;

(ii) an impairment loss of $92,000 (2013: S$55,000) is recognised for certain idle plant and machinery, based on their recoverable amounts derived from fair value less cost of disposal; and

(iii) a write-back of allowance for impairment loss of S$2,472,000 is 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 2013, the write back of allowance for impairment loss, amounted to S$1,001,000 was recognised for certain plant and equipment in Singapore to their recoverable amounts based on value-in-use calculation over their estimated useful lives as at 31 December 2013.

19f Borrowing costs S$146,000, which arose on financing specifically entered into for the construction of property, plant and equipment of the Group, were capitalised in the previous financial year.

19g During the financial year, a leasehold building, with net carrying value of S$25,000, was returned to the authority upon the expiry of lease terms. The corresponding revaluation reserve of S$1,726,000 was released to retained profits upon the return of leasehold land and building.

20. INVESTMENT PROPERTIES

	The Group	
	2014 S$'000	**2013 S$'000**
Cost		
At 1 January and 31 December	11,214	11,214
Accumulated depreciation and impairment losses		
At 1 January	2,794	7,926
Depreciation charge for the year	172	172
Write-back of allowance for impairment loss	(400)	(5,304)
At 31 December	2,566	2,794
Net book value at 31 December	8,648	8,420
Fair value at 31 December	10,425	9,837

Investment properties of the Group comprise mainly:

Description	Location	Existing Use	Tenure
Office building	118 Joo Chiat Road Singapore 427407	Office	Freehold

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For the financial year ended 31 December 2014

20. INVESTMENT PROPERTIES (continued)

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 property, 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. Given the sustained recovery of fair value of its investment property, the Group has written back part of the allowance for impairment, amounting to S$400,000 (2013: S$5,304,000), during the financial year.

Investment properties are leased to non-related parties under operating leases (Note 35c).

The following amounts are recognised in the consolidated income statement:

	The Group	
	2014 S$'000	2013 S$'000
Rental income	372	367
Direct operating expenses arising from investment properties that generated rental income	325	314
Other direct operating expenses arising from investment properties that did not generate rental income	12	12

21. SUBSIDIARIES

	The Company	
	2014 S$'000	2013 S$'000
Unquoted equity shares at cost		
Balance at 1 January	90,901	90,901
Additions	50,000	-
Disposals	(47,669)	-
	93,232	90,901
Less: allowance for impairment	(8,000)	(20,511)
Balance at 31 December	85,232	70,390

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For the financial year ended 31 December 2014

21. SUBSIDIARIES (continued)

During the year, the Company transferred all its equity stakeholding in NSE Engineering Pte Ltd to a newly incorporated wholly-owned subsidiary, NSE Engineering Holdings Pte Ltd at the consideration of S$50,000,000. This has resulted the write-back of previously recognised impairment allowance, amounted to S$12,511,000, during the financial year.

In 2013, a reversal of allowance for impairment loss, amounted to S$3,378,000, was recognised based on its recoverable amounts. derived from its future cash flows expected from the investments.

Details regarding significant subsidiaries are set out in Note 40.

21a Carrying value of non-controlling interest

	2014 S$'000	2013 S$'000
Dubai Precast LLC	(6,088)	(4,905)
NSL OilChem Waste Management Pte Ltd	6,303	6,336
Raffles Marina Ltd	5,559	3,106
Other subsidiaries with immaterial non-controlling interests	8,043	8,395
Total	13,817	12,932

21b Summarised financial information on subsidiaries with material non-controlling interest

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.

Summarised balance sheet

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2014			
Assets			
- Current assets	24,387	28,994	2,940
- Non-current assets	9,009	36,208	33,852
	33,396	65,202	36,792
Liabilities			
- Current liabilities	19,245	9,773	3,558
- Non-current liabilities	1,717	4,140	22,097
	20,962	13,913	25,655
Net assets	12,434	51,289	11,137

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. SUBSIDIARIES (continued)

21b Summarised financial information on subsidiaries with material non-controlling interest (continued)

Summarised balance sheet (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2013			
Assets			
- Current assets	23,208	36,222	3,706
- Non-current assets	10,158	26,917	29,066
	33,366	63,139	32,772
Liabilities			
- Current liabilities	17,736	8,365	4,145
- Non-current liabilities	1,444	3,216	22,406
	19,180	11,581	26,551
Net assets	14,186	51,558	6,221

Summarised statement of comprehensive income

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2014			
Revenue	31,993	57,604	15,722
(Loss) / profit before income tax	(3,674)	10,177	3,235
Income tax (expense) / credit	-	(1,446)	1,681
(Loss) / profit after tax / total comprehensive (loss) / income	(3,674)	8,731	4,916
Total comprehensive income allocated to non-controlling interests	(734)	1,073	2,453
Dividends paid to non-controlling interests	-	1,106	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. SUBSIDIARIES (continued)

21b Summarised financial information on subsidiaries with material non-controlling interest (continued)

Summarised statement of comprehensive income (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2013			
Revenue	24,539	87,030	15,745
(Loss) / profit before income tax	(17,032)	8,594	178
Income tax (expense) / credit	-	(1,285)	53
(Loss) / profit after tax / total comprehensive (loss) / income	(17,032)	7,309	231
Total comprehensive income allocated to non-controlling interests	(3,405)	898	115
Dividends paid to non-controlling interests	-	430	-

Summarised statement of cash flows

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2014			
Cash flows from operating activities			
Cash generated from operations	(175)	15,742	1,318
Income tax paid, net	-	(851)	-
Net cash (used in) / provided by operating activities	(175)	14,891	1,318
Net cash used in investing activities	(170)	(12,124)	(1,724)
Net cash provided by / (used in) financing activities	661	(7,861)	(548)
Net increase / (decrease) in cash and cash equivalents	316	(5,094)	(954)
Cash and cash equivalents at beginning of year	123	11,004	2,254
Exchange gain on cash and cash equivalents	27	-	-
Cash and cash equivalents at end of year	466	5,910	1,300

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. SUBSIDIARIES (continued)

21b Summarised financial information on subsidiaries with material non-controlling interest (continued)

Summarised statement of cash flows (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte Ltd S$'000	Raffles Marina Ltd S$'000
2013			
Cash flows from operating activities			
Cash generated from operations	(5,442)	6,848	1,527
Income tax paid, net	-	(968)	-
Net cash (used in) / provided by operating activities	(5,442)	5,880	1,527
Net cash provided by / (used in) investing activities	271	(4,543)	(493)
Net cash provided by / (used in) financing activities	5,200	(2,691)	(497)
Net increase / (decrease) in cash and cash equivalents	29	(1,354)	537
Cash and cash equivalents at beginning of year	98	12,358	1,717
Exchange loss on cash and cash equivalents	(4)	-	-
Cash and cash equivalents at end of year	123	11,004	2,254

22. ASSOCIATED COMPANIES

	The Group	
	2014 S$'000	2013 S$'000
Unquoted equity shares, at cost	11,851	23,253
Balance at 1 January	5,795	231,978
Disposal	-	(219,406)
Dividends received	-	(11,207)
Share of results:		
- from continuing operations	238	(53)
- from discontinued operations	-	9,198
Share of movement in fair value reserves	-	584
Reclassified to disposal group (Note 11)	(1)	-
Currency realignment	(31)	(5,473)
Write-back of allowance of impairment	106	174
Balance at 31 December	6,107	5,795

NOTES TO THE FINANCIAL STATEMENTS

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22. ASSOCIATED COMPANIES (continued)

22a Write-back of allowance for impairment of S$106,000 (2013: S$174,000) relating to investments in associated companies was recognised during the financial year, based on the recoverable amounts derived from estimated future cash flows expected from the investments.

22b The Group has S$3,043,000 (2013: S$1,351,000) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$4,394,000 (2013: S$1,351,000) at the balance sheet date.

22c 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	
	2014	**2013**
	S$'000	**S$'000**
- Assets	134,927	136,128
- Liabilities	(131,425)	(121,885)
- Revenue	71,080	76,306
- Net loss for the financial year	(6,909)	(11,859)

Details regarding significant associated companies are set out in Note 40

23. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Loans receivable[b]	-	988	-	-
Less: Allowance for impairment of receivables	-	(988)	-	-
Amounts receivable after 12 months	-	-	-	-
Prepayments	1,608	2,157	-	-
Less: Current portion of long term prepayments	(649)	(621)	-	-
Non-current portion of long term prepayments	959	1,536	-	-
Amounts owing by subsidiaries				
- non-trade[a]	-	-	159,714	161,262
Less: Allowance for impairment of receivables	-	-	(41,062)	(41,062)
	-	-	118,652	120,200
Amounts owing by associated companies				
- non-trade[a]	457	800	-	-
Less: Allowance for impairment of receivables	(88)	(429)	-	-
	369	371	-	-
	1,328	1,907	118,652	120,200

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. LONG TERM RECEIVABLES AND PREPAYMENTS (continued)

23a 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 loans are in substance part of the Group's net investments in associated companies and the Company's net investments in subsidiaries. The loans are accounted for in accordance with Note 2K.

23b The carrying amounts of non-current loans receivable of the Group approximate their fair values.

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Non-current				
Balance at 1 January	9,465	10,089	8,925	9,588
Fair value losses recognised in other comprehensive income	(332)	(395)	(390)	(479)
Disposals	(251)	(229)	(218)	(184)
Balance at 31 December	8,882	9,465	8,317	8,925
Total losses reclassified from fair value reserve to profit or loss for available-for-sale financial assets held at the end of financial year	251	229	218	184

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

	The Group		The Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Unlisted securities				
- Equity securities	8,711	9,086	8,316	8,687
- Other investments	171	379	1	238
	8,882	9,465	8,317	8,925

25. INTANGIBLE ASSETS

	The Group	
	2014 S$'000	2013 S$'000
Goodwill arising on consolidation[(a)]	8,678	8,865
Acquired intangible assets[(b)]	761	807
	9,439	9,672

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25. INTANGIBLE ASSETS (continued)

25a Goodwill arising on consolidation

	The Group	
	2014 S$'000	2013 S$'000
Cost and Net Book Value		
Balance at 1 January	8,865	8,872
Currency realignment	(5)	(7)
Reclassified to disposal group (Note 11)	(182)	-
Balance at 31 December	8,678	8,865

Impairment tests for goodwill

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

A segment-level summary of the goodwill allocation is presented below:

	2014			2013		
	Singapore S$'000	Others S$'000	Total S$'000	Singapore S$'000	Others S$'000	Total S$'000
PBU	-	8,024	8,024	-	8,024	8,024
Chemicals	-	-	-	-	187	187
Environmental Services	654	-	654	654	-	654
	654	8,024	8,678	654	8,211	8,865

The recoverable amount of a CGU is determined based on value-in-use calculations. The calculations use cash flow projections 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 does 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:

	2014		2013	
	Growth rate [(1)]	Discount rate [(2)]	Growth rate [(1)]	Discount rate [(2)]
PBU	0%	12%	0%	12%
Environmental Services	3%	12%	3%	12%

(1) 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 average growth rates used are consistent with the industry forecast. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

NOTES TO THE FINANCIAL STATEMENTS

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25. INTANGIBLE ASSETS (continued)

25b Acquired intangible assets

	The Group	
	2014 S$'000	2013 S$'000
Cost		
Balance at 1 January	7,690	6,809
Additions	671	648
Write off	(44)	-
Currency realignment	(280)	233
Reclassified to disposal group (Note 11)	(4,509)	-
Balance at 31 December	3,528	7,690
Accumulated amortisation		
Balance at 1 January	6,883	6,262
Amortisation charge for the year:		
- Continuing operations	185	110
- Discontinued operations	238	310
Write off	(44)	-
Currency realignment	(227)	201
Reclassified to disposal group (Note 11)	(4,268)	-
Balance at 31 December	2,767	6,883
Net Book Value at 31 December	761	807

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

26. BORROWINGS

26a Short term borrowings

	The Group	
	2014 S$'000	2013 S$'000
Bank overdrafts – secured (Note 18)	912	1,380
Short term bank loans		
- Unsecured	-	1,739
- Secured	3,024	3,105
	3,024	4,844
Current portion of long term bank loans (Note 26(b))		
- Unsecured	738	2,169
- Secured	6,111	7,474
	6,849	9,643
Hire purchase and finance lease payables – secured (Note 32)	1,155	1,493
Bills payable – secured	7,755	10,689
	19,695	28,049

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. BORROWINGS (continued)

26b Long term borrowings

	The Group	
	2014 S$'000	2013 S$'000
Bank loans		
- Secured	16,595	21,414
- Unsecured	738	2,169
	17,333	23,583
Less: Amounts due within 12 months (Note 26(a))	(6,849)	(9,643)
Amounts due after 12 months	10,484	13,940
Hire purchase and finance lease payables – secured (Note 32)	1,244	746
Total long term borrowings	11,728	14,686

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

	The Group	
	2014	2013
Loans denominated in:		
- Malaysian Ringgit	4.4% to 6.8%	4.4% to 6.8%
- Hong Kong Dollars	2.6% to 6.3%	2.6% to 5.3%
- United Arab Emirates Dirhams	7%	4.8% to 7%

The banking facilities are secured against fixed and floating charge over the inventories, bank deposits and property, plant and equipment of certain subsidiaries (Notes 16, 18 and 19) of the Group.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Trade payables – non-related parties	45,487	53,794	-	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	23,934	26,498	2,592	2,660
- Project related accruals	27,578	16,094	-	-
- Accrued liability for capital expenditure	607	744	-	-
- Advances received from customers	25,963	31,696	-	-
- Sundry payables[(a)]	6,293	6,466	2,471	2,300
- Derivative financial instruments (Note 17d)	-	430	-	-
Amounts owing to subsidiaries				
- Non-trade[(a)]	-	-	13,594	13,327
	129,862	135,722	18,657	18,287

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. TRADE AND OTHER PAYABLES (continued)

27a Amounts owing to subsidiaries (non-trade) and sundry payables are unsecured, interest free and repayable on demand.

28. PROVISION FOR OTHER LIABILITIES AND CHARGES

The provision for other liabilities and charges are provision made for warranties for certain products. The Group gives two to five years warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns. The movement of the provision is as follows:

	The Group	
	2014 S$'000	**2013 S$'000**
Balance at 1 January	2,349	1,746
Provision made	351	994
Provision utilised	(243)	(399)
Currency realignment	(3)	8
Reclassified to disposal group (Note 11)	(2,454)	-
Balance at 31 December	-	2,349

29. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group	
	2014 S$'000	**2013 S$'000**
Present value of unfunded obligations	1,994	1,691
Liability in the balance sheet	1,994	1,691

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. PROVISION FOR RETIREMENT BENEFITS (continued)

Movement in the liability recognised in the balance sheets:

	The Group	
	2014 S$'000	2013 S$'000
Non-current		
Balance at 1 January	1,691	1,430
Net expense	398	391
Benefits paid	(165)	(165)
Currency realignment	70	35
Balance at 31 December	1,994	1,691

The principal actuarial assumptions used were as follows:

	The Group	
	2014 %	2013 %
Discount rate	5	5
Salary increment rate	5	5

30. 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	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Deferred tax assets				
To be recovered within one year	(404)	(44)	-	-
To be recovered after one year	(2,943)	(1,471)	-	-
	(3,347)	(1,515)	-	-
Deferred tax liabilities				
To be settled within one year	570	921	-	62
To be settled after one year	3,270	4,599	37	37
	3,840	5,520	37	99

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. DEFERRED TAXATION (continued)

The movement in deferred taxation is as follows:

	The Group		The Company	
	2014 S$'000	**2013 S$'000**	**2014 S$'000**	**2013 S$'000**
Balance at 1 January	4,005	24,084	99	41
(Credited) / charged to:				
- Profit or loss	(2,625)	884	(21)	31
- Other comprehensive income	(37)	182	(41)	27
Disposal of a subsidiary company	-	(21,103)	-	-
Currency realignment	(26)	(42)	-	-
Reclassified to disposal group (Note 11)	(824)	-	-	-
Balance at 31 December	493	4,005	37	99

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 2014, the Group has unutilised tax losses and capital allowances of S$17,485,000 (2013: S$17,737,000) and S$4,986,000 (2013: S$2,993,000) 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$1,976,000 (2013: S$858,000) that will expire in five years for offsetting against future taxable profits.

Deferred income tax liabilities of S$75,000 (2013: S$63,000) 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$1,527,000 (2013: S$1,230,000) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. DEFERRED TAXATION (continued)

30a 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	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Balance at 1 January	4,988	4,271	637	668	1,070	21,460	6,695	26,399
(Credited) / charged to:								
- Profit or loss	(422)	784	(17)	(18)	86	538	(353)	1,304
- Other comprehensive income	-	-	-	7	(37)	175	(37)	182
Disposal of a subsidiary company	-	-	-	-	-	(21,103)	-	(21,103)
Currency realignment	8	(67)	(10)	(20)	-	-	(2)	(87)
Reclassified to disposal group (Note 11)	(1,185)	-	(498)	-	-	-	(1,683)	-
Balance at 31 December	3,389	4,988	112	637	1,119	1,070	4,620	6,695

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Balance at 1 January	(2,029)	(1,623)	(333)	(308)	(328)	(384)	(2,690)	(2,315)
(Credited) / charged to:								
- Profit or loss	(702)	(448)	(1,610)	(28)	40	56	(2,272)	(420)
Currency realignment	44	42	(68)	3	-	-	(24)	45
Reclassified to disposal group (Note 11)	859	-	-	-	-	-	859	-
Balance at 31 December	(1,828)	(2,029)	(2,011)	(333)	(288)	(328)	(4,127)	(2,690)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. DEFERRED TAXATION (continued)

30b Movement in the Company's deferred tax liabilities are as follows:

The Company – Deferred Tax Liabilities

	Unremitted income		Total	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Balance at 1 January	99	41	99	41
(Credited) / charged to:				
- Profit or loss	(21)	31	(21)	31
- Other comprehensive income	(41)	27	(41)	27
Balance at 31 December	37	99	37	99

31. 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	
	2014 S$'000	2013 S$'000
Balance at 1 January	1,932	2,262
Additions	39	67
Reclassified to disposal group (Note 11)	(5)	-
Amortisation charge		
- Continuing operations	(255)	(397)
Balance at 31 December	1,711	1,932
Current portion	337	258
Non-current portion	1,374	1,674
	1,711	1,932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. HIRE PURCHASE AND FINANCE LEASE PAYABLES

Hire purchase and finance lease payables are analysed as follows:

	The Group	
	2014 S$'000	2013 S$'000
Minimum hire purchase and finance lease payables due:		
- Within 1 year	1,200	1,527
- Within 2 to 5 years	1,292	774
	2,492	2,301
Less: Future finance charges	(93)	(62)
Present value of hire purchase and finance lease payables	2,399	2,239
Present value of hire purchase and finance lease payables due:		
- Within 1 year	1,155	1,493
- Within 2 to 5 years	1,244	746
	2,399	2,239

32a 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 1.30% (2013: 1.26%) per annum.

32b Property, plant and equipment acquired under hire purchase and finance leases are disclosed in Note 19c.

32c The carrying amounts of non-current hire purchase and finance lease payables approximate their fair values.

33. 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:

33a Sales and purchases of goods and services

	The Group	
	2014 S$'000	2013 S$'000
Sales to associated companies	1,186	4,932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. RELATED PARTY TRANSACTIONS (continued)

33b Key management's remuneration

	The Group	
	2014	**2013**
	S$'000	**S$'000**
Salary and other employee benefits	7,099	6,858
Employer's contribution to defined contribution plans, including Central Provident Fund	221	269
Retirement benefits	103	18
	7,423	7,145

Included in the above are Directors' fees and Directors' remuneration of S$510,000 (2013: S$510,000) and S$1,397,000 (2013: S$1,259,000) respectively payable / paid to the Directors of the Company.

The banding of Directors' remuneration is disclosed in the Statement of Corporate Governance.

34. 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.

The Group operates mainly in the manufacturing of and sale of building materials, lime products, refractory materials, road stones and container and bulk handling equipment, and the provision of environmental services and sale of related products. Previously, these activities were grouped into separate operating segments within the four main divisions of Construction Products, Chemicals, Environmental Services and Engineering.

During the year, it has been regrouped into the following:

a. Dry mix and Precast & Prefabricated Bathroom Unit ("PBU") segment have been presented as separate reportable segments, previously both were included within construction products segment.

b. Environmental Services.

c. Engineering segment was included in the discontinued operations following the plan to merge its RAM container business in Engineering segment with SMAG and subsequent acquisition of 33.33% non-controlling equity stake in PSLT immediately after the completion of the merger as disclosed in Note 11, the engineering segment was included in discontinued operations.

d. Following the divestment of the lime business in Chemicals segment to Lhoist acquirer as disclosed in Note 11, the results, assets and liabilities of the lime and limestone business, were included in discontinued operations. The remaining activities, including sale of refractory materials and road stones, previously included as part of the Chemicals segment, have been reclassified to "Others" during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Operating segments (continued)

Operating segment classified as "Others" relates mainly to operations of a marina club, property and investment holding as well as sale of refractory materials and road stones reclassified from Chemical segment as mentioned above.

Accordingly, comparative figures have been restated to be in line with the current year's presentation.

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 2014 is as follows:

	Dry Mix S$'000	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue						
External sales	87,972	219,462	90,083	28,433	425,950	71,492
Inter-segment sales	1	2,042	1,480	1,457	4,980	378
Total revenue	87,973	221,504	91,563	29,890	430,930	71,870
Elimination	(1)	(2,042)	(1,480)	(1,457)	(4,980)	(378)
	87,972	219,462	90,083	28,433	425,950	71,492
Profit before Taxation and Exceptional Items	13,013	(7,757)	8,788	(1,972)	12,072	7,169
Exceptional items	-	(198)	-	2,603	2,405	9,957
Profit before taxation	13,013	(7,955)	8,788	631	14,477	17,126
Interest income	27	176	51	2,260	2,514	83
Interest expense	(175)	(1,475)	(39)	(2)	(1,691)	(186)
Depreciation	(2,199)	(8,496)	(3,178)	(1,715)	(15,588)	(3,441)
Amortisation	-	(185)	-	255	70	(238)
(Impairment) / reversal of impairment of property, plant and equipment	-	(196)	-	2,472	2,276	-
Share of results of associated companies, net of tax	(1)	(3)	-	242	238	-
Total Assets	64,498	227,529	70,505	295,603	658,135	75,169
Total Liabilities	20,175	122,107	16,135	13,570	171,987	20,850
Investment in associated companies	-	1	-	6,106	6,107	1
Additions to:						
- Property, plant and equipment	4,239	4,073	6,320	2,010	16,642	2,760
- Intangible assets	-	399	-	-	399	272

* Including unallocated corporate expenses

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2013 is as follows:

	Dry Mix S$'000	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue						
External sales	75,688	229,189	85,529	31,514	421,920	85,825
Inter-segment sales	1	1,935	1,580	1,263	4,779	492
Total revenue	75,689	231,124	87,109	32,777	426,699	86,317
Elimination	(1)	(1,935)	(1,580)	(1,263)	(4,779)	(492)
	75,688	229,189	85,529	31,514	421,920	85,825
Profit before Taxation and Exceptional Items	10,617	1,199	8,369	(4,108)	16,077	20,333
Exceptional items	5	(9,236)	1,001	6,263	(1,967)	121,681
Profit before taxation	10,622	(8,037)	9,370	2,155	14,110	142,014
Interest income	12	144	48	499	703	115
Interest expense	(71)	(1,308)	(27)	(48)	(1,454)	(84)
Depreciation	(1,368)	(9,121)	(2,953)	(1,546)	(14,988)	(3,650)
Amortisation	-	(110)	-	397	287	(310)
(Impairment) / reversal of impairment of property, plant and equipment	-	(7,891)	1,001	-	(6,890)	-
Share of results of associated companies, net of tax	-	-	-	(53)	(53)	9,198
Total Assets	54,562	230,471	68,217	454,749	807,999	87,849
Total Liabilities	19,924	116,867	11,552	16,134	164,477	28,729
Investment in associated companies	-	3	-	5,791	5,794	1
Additions to:						
- Property, plant and equipment	3,125	9,362	4,825	953	18,265	3,358
- Intangible assets	-	469	-	-	469	179

* Including unallocated corporate expenses

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. 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, lime products, refractory materials and road stones, the manufacturing, design and sale of container and bulk handling equipment, 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, lime products and refractory materials;

(iii) China and Hong Kong – the operations in China and Hong Kong include the manufacturing and sale of building materials and container and bulk handling equipment;

(iv) Other countries – the operations in other countries such as Finland, United Kingdom, United Arab Emirates and Indonesia include the manufacturing and sale of building materials, lime products and refractory materials, and sale of container and bulk handling equipment.

	The Group			
	External sales for continuing operations(1)		Non-current assets for continuing operations(2)	
	2014 S$'000	2013 S$'000 (restated)	2014 S$'000	2013 S$'000 (restated)
Singapore	188,918	246,493	75,177	68,533
Malaysia	97,708	59,001	45,023	47,753
China (including Hong Kong)	31,735	26,420	18,172	17,499
All other countries	107,589	90,006	24,864	26,144
	425,950	421,920	163,236	159,929

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. COMMITMENTS

35a 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 22) are as follows:

	The Group		The Company	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	1,297	2,184	-	-
Commitments in respect of equity participation in an associated company	6,662	6,662	-	-
	7,959	8,846	-	-

35b 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	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Payable:				
Within 1 year	7,610	6,095	784	784
Within 2 to 5 years	14,945	13,980	620	1,405
After 5 years	12,206	12,547	-	-
	34,761	32,622	1,404	2,189

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. COMMITMENTS (continued)

35c 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	
	2014 S$'000	2013 S$'000
Receivable:		
Within 1 year	506	829
Within 2 to 5 years	300	528
	806	1,357

36. CONTINGENCIES

Contingent liability of a subsidiary

The Group has a contingent liability in connection with a tax dispute of S$216,000 (2013: S$nil). The negotiation with the tax authority is ongoing, management is of the view that this is still in early discussion stage and it is premature to foretell the likely outcome.

37. 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.

37a Market risk

(i) Currency risk

The Group operates in various countries, which include Singapore, Malaysia, People's Republic of China (including Hong Kong), Indonesia, Thailand, United Arab Emirates, United Kingdom 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

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 2014									
Cash and bank balances	265,853	5,010	4,019	11,014	7,214	-	468	5,275	298,853
Receivables	57,050	9,442	1,061	40,952	7,714	-	19,222	3,794	139,235
Available-for-sale financial assets	464	171	-	-	-	8,247	-	-	8,882
Short term borrowings	(1,155)	-	(1,729)	(13,330)	-	-	(1,283)	(4,086)	(21,583)
Trade and other payables	(41,871)	(3,671)	(5,503)	(31,228)	(15,076)	-	(17,014)	(3,944)	(118,307)
Long term borrowings	(1,244)	-	-	(10,793)	-	-	-	-	(12,037)
Net financial assets / (liabilities)	279,097	10,952	(2,152)	(3,385)	(148)	8,247	1,393	1,039	295,043
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(278,237)	-	3,020	3,417	510	-	(1,393)	826	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	7,237	-	-	1,413	-	-	-	
Less: currency forwards	-	(9,485)	-	-	(1,627)	-	-	-	
Currency exposure	860	8,704	868	32	148	8,247	-	1,865	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37a 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 2013									
Cash and bank balances	420,463	7,779	4,152	14,592	6,859	-	123	5,433	459,401
Receivables	65,729	12,945	1,215	22,825	7,486	-	18,402	3,849	132,451
Available-for-sale financial assets	478	379	-	-	-	8,608	-	-	9,465
Short term borrowings	(1,725)	-	(739)	(15,921)	(747)	-	(2,363)	(6,554)	(28,049)
Trade and other payables	(39,149)	(4,208)	(4,241)	(23,534)	(13,963)	-	(14,969)	(3,962)	(104,026)
Long term borrowings	(746)	-	-	(13,895)	-	-	(45)	-	(14,686)
Net financial assets / (liabilities)	445,050	16,895	387	(15,933)	(365)	8,608	1,148	(1,234)	454,556
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(444,875)	(4)	602	16,215	2,150	-	(1,148)	4,441	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	12,523	-	-	-	-	-	-	
Less: currency forwards	-	(18,608)	-	-	(678)	-	-	-	
Currency exposure	175	10,806	989	282	1,107	8,608	-	3,207	

The Group does not have significant currency exposure arising from its inter-company balances, except for net MYR payables by certain subsidiaries with functional currency in SGD, amounting to S$513,000 (2013: S$2,469,000), net AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,264,000 (2013: S$1,209,000) and net SGD payables by certain subsidiaries with functional currency in RMB and MYR, amounting to S$1,836,000 (2013: S$12,969,000) and S$2,918,000 (2013: receivables of S$3,860,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company							
At 31 December 2014							
Cash and bank balances	190,527	91	-	8	-	-	190,626
Receivables	35,135	-	-	-	-	-	35,135
Available-for-sale financial assets	69	1	-	-	8,247	-	8,317
Trade and other payables	(18,423)	(232)	(2)	-	-	-	(18,657)
Net financial assets / (liabilities)	207,308	(140)	(2)	8	8,247	-	215,421
Less: net financial assets denominated in the Company's functional currency	(207,308)	-	-	-	-	-	
Currency exposure	-	(140)	(2)	8	(8,247)	-	

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company							
At 31 December 2013							
Cash and bank balances	353,724	271	-	8	-	-	354,003
Receivables	34,596	-	-	-	-	-	34,596
Available-for-sale financial assets	79	238	-	-	8,608	-	8,925
Trade and other payables	(18,041)	(222)	(2)	-	-	(22)	(18,287)
Net financial assets / (liabilities)	370,358	287	(2)	8	8,608	(22)	379,237
Less: net financial assets denominated in the Company's functional currency	(370,358)	-	-	-	-	-	
Currency exposure	-	287	(2)	8	8,608	(22)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

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.

If the USD and THB change against the SGD by 5% and 3% (2013: 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:

	2014		2013	
	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	339	7	398	16
- weakened	(339)	(7)	(398)	(16)
THB against SGD				
- strengthened	-	247	-	258
- weakened	-	(247)	-	(258)
The Company				
USD against SGD				
- strengthened	6	-	2	10
- weakened	(6)	-	(2)	(10)
THB against SGD				
- strengthened	-	247	-	258
- weakened	-	(247)	-	(258)

(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 24).

If equity prices of available-for-sale financial assets held by the Company and subsidiaries of the Group increase / decrease by 5% (2013: 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$439,000 (2013: S$467,000) and S$416,000 (2013: S$444,000) respectively.

If equity prices of available-for-sale financial assets held by the associated companies increase / decrease by 5% (2013: 5%) with all other variables including tax rate being held constant, other comprehensive income of the Group will be higher or lower by S$nil (2013: S$1,189,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37a 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% (2013: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$1,020,000 (2013: S$254,000).

37b 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$1,018,000 (2013: S$2,331,000) and letters of credit of S$3,287,000 (2013: S$6,529,000) 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 and subsidiaries) by type of customers is as follows:

	The Group	
	2014	**2013**
	S$'000	**S$'000**
Associated companies	719	608
Non-related parties:		
Government-link companies and Statutory Boards	157	339
Multinational companies	14,690	16,282
Other companies	103,836	103,939
Sole proprietors and individuals	1,384	1,604
	120,786	122,772

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37b 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	
	2014 S$'000	2013 S$'000
Past due up to 3 months	20,268	28,001
Past due 3 to 6 months	2,961	3,441
Past due over 6 months	12,514	5,092
	35,743	36,534

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	
	2014 S$'000	2013 S$'000
Gross amount	14,736	11,530
Less: allowance for impairment	(13,124)	(9,805)
	1,612	1,725
Allowance for impairment		
Balance at 1 January	9,805	8,662
Allowance made	4,865	2,583
Allowance written back	(687)	(645)
Amount written off against allowance	(1,130)	(861)
Currency translation differences	271	66
Balance at 31 December	13,124	9,805

Allowance for impairment of S$687,000 (2013: S$645,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37c 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 2014				
Trade and other payables	118,038	-	-	-
Short term borrowings	22,427	-	-	-
Long term borrowings	-	3,628	4,695	6,104
At 31 December 2013				
Trade and other payables	103,596	-	-	-
Short term borrowings	29,137	-	-	-
Long term borrowings	-	4,133	5,982	7,445
The Company				
At 31 December 2014				
Trade and other payables	18,657	-	-	-
At 31 December 2013				
Trade and other payables	18,287	-	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2014	
Gross-settled currency forwards	
- Receipts	(10,869)
- Payments	11,112
At 31 December 2013	
Gross-settled currency forwards	
- Receipts	(20,681)
- Payments	21,077

37d 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 26 and 27) and net cash position which is defined as cash (Note 18) 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 cashflows 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 2013 and 2014.

37e 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

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group			
At 31 December 2014			
Assets			
Derivative financial instruments	29	-	29
Available-for-sale financial assets	-	8,882	8,882
Total assets	29	8,882	8,911
Liabilities			
Derivative financial instruments	(272)	-	(272)
At 31 December 2013			
Assets			
Derivative financial instruments	34	-	34
Available-for-sale financial assets	-	9,465	9,465
Total assets	34	9,465	9,499
Liabilities			
Derivative financial instruments	(430)	-	(430)
The Company			
At 31 December 2014			
Assets			
Available-for-sale financial assets	-	8,317	8,317
At 31 December 2013			
Assets			
Available-for-sale financial assets	-	8,925	8,925

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.

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 comparables and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

The carrying values (net) 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.

37f Financial Instruments by category

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

	The Group		The Company	
	2014 S$'000	**2013 S$'000**	**2014 S$'000**	**2013 S$'000**
Available-for-sale	8,882	9,465	8,317	8,925
Derivatives (Note 17d)	(243)	(396)	-	-
Loans and receivables*	438,056	591,818	225,761	388,599
Financial liabilities at amortised cost	(151,657)	(146,331)	(18,657)	(18,287)

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

38. 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 2015 and which the Group has not early adopted:

- FRS 103 *Business Combinations* (effective for annual periods beginning on or after 1 July 2014).

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 *Financial instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

39. 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 10 March 2015.

40. 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	
			2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
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 lime products, refractory materials and road stones	Singapore	100.0	100.0	100.0	100.0	-	-
NSL Engineering Pte Ltd (1)	Investment holding, manufacturing, design and sale of container and bulk handling equipment	Singapore	-	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	100.0	-	-
Emix Industry (M) Sdn Bhd (2)	Manufacturing and sale of plastering materials and the provision of plastering services	Malaysia	-	-	100.0	100.0	-	-
Emix Industry (HK) Limited (formerly known as Eastern Pretech (HK) Ltd) (3)	Manufacturing and sale of plastering materials	Hong Kong	-	-	80.0	80.0	20.0	20.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

40. SIGNIFICANT COMPANIES IN THE GROUP

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	
			2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Eastern Pretech (Guangzhou) Ltd [(3)]	Manufacturing and sale of plastering materials	People's Republic of China	-	-	80.0	80.0	20.0	20.0
Dubai Precast L.L.C. [(3),(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	-	-
NSL Chemicals (M) Sdn Bhd [(2)]	Manufacturing and sale of lime products	Malaysia	-	-	80.0	80.0	20.0	20.0
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 *(formerly known as NSL OilChem Services 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 *(formerly known as Hup Eng Tat Enterprises Pte Ltd)* [(1)]	Trading in oil products and disposal of oil and chemical wastes	Singapore	-	-	87.7	87.7	12.3	12.3
NSL Engineering (UK) Limited [(2)]	Sale of container and bulk handling equipment	United Kingdom	-	-	100.0	100.0	-	-
ChangShu RAM Engineering Co., Ltd [(2)]	Manufacturing of container and bulk handling equipment	People's Republic of China	-	-	100.0	100.0	-	-
Raffles Marina Holdings Ltd [(1)]	Investment holding	Singapore	-	-	50.1	50.1	49.9	49.9
Raffles Marina Ltd [(1)]	Owning and managing Raffles Marina Club	Singapore	-	-	50.1	50.1	49.9	49.9

Note: Refer to Page 116 for legends

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

40. SIGNIFICANT COMPANIES IN THE GROUP (continued)

Significant Associated Company Held by a Subsidiary	Principal activities	Country of incorporation and place of business	Equity holding 2014 %	Equity holding 2013 %
Unquoted				
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 13 March 2015

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 ISSUED SHARE CAPITAL
1 to 99	108	1.83	2,182	0.00
100 to 1,000	967	16.35	840,709	0.23
1,001 to 10,000	3,777	63.88	17,584,424	4.71
10,001 to 1,000,000	1,054	17.82	41,476,817	11.10
1,000,001 AND ABOVE	7	0.12	313,654,105	83.96
TOTAL	**5,913**	**100**	**373,558,237**	**100**

SHAREHOLDERS BY RESIDENCE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,570	94.20	371,074,613	99.33
MALAYSIA	271	4.58	2,004,540	0.54
OTHERS	72	1.22	479,084	0.13
TOTAL	**5,913**	**100**	**373,558,237**	**100**

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	DBS NOMINEES PTE LTD	2,473,630	0.66
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,207,472	0.59
4	CITIBANK NOMINEES SINGAPORE PTE LTD	2,114,700	0.57
5	OCBC NOMINEES SINGAPORE PTE LTD	1,288,850	0.34
6	JUNO INDRIADI MUALIM	1,060,000	0.28
7	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
8	ONG SWEE HEOH	903,750	0.24
9	G PANNIR SELVAM	599,000	0.16
10	SUM AH LAM	500,000	0.13
11	LOY HWEE CHOW	455,000	0.12
12	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
13	TAY HWA LANG	430,000	0.12
14	RAFFLES NOMINEES (PTE) LTD	400,502	0.11
15	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
16	AU SOO LUAN	392,400	0.10
17	KOW THONG JEN @ KOW CHONG JIN	366,000	0.10
18	EWA BAH @ NG CHAI BOO	364,000	0.10
19	CHONG SIONG LIM STEPHEN	360,000	0.10
20	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	355,400	0.10
	TOTAL	**319,619,781**	**85.56**

ANALYSIS OF SHAREHOLDINGS

As at 13 March 2015

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 55th 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 28 April 2015 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1 To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2014 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 86 of the Company's Articles of Association 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 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-appoint Prof Cham Tao Soon, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 3)**

Prof Cham Tao Soon, will, upon re-appointment as a Director of the Company, remain as the Chairman of the Board of Directors, Chairman of Remuneration Committee, Chairman of Nominating Committee and a member of the Audit 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 Mr Ban Song Long, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 4)**

Mr Ban Song Long, will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5 To re-appoint Mr Oo Soon Hee, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 5)**

6 To approve the payment of Directors' fees of S$510,000.00 for the financial year ended 31 December 2014. (2013: S$510,000.00) **(Resolution 6)**

7 To declare a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2014. (2013: final dividend of S$0.10 per ordinary share (exempt one-tier) and special dividend of S$0.40 per ordinary share (exempt one-tier)). **(Resolution 7)**

8 To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Independent Auditor and to authorise the Directors to fix their remuneration. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

9 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

(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 Articles of Association 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 9)**

NOTICE OF ANNUAL GENERAL MEETING

10 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**");

(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;

"**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,

NOTICE OF ANNUAL GENERAL MEETING

where:

"**Average Closing Price**" is 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 10)

11 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 in the capital 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) in the capital of the Company from time to time.

(Resolution 11)

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
6 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(i) In relation to items 2, 3, 4 and 5 above, for further information on Mr John Koh Tiong Lu, Prof Cham Tao Soon, Mr Ban Song Long and Mr Oo Soon Hee, please refer to pages 8 and 35 of the Annual Report 2014.

(ii) Ordinary Resolution 9 proposed in item 9 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) in the capital 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 10 proposed in item 10 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 13 March 2015 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 2014 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 6 April 2015.

(iv) Ordinary Resolution 11 proposed in item 11 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) in the capital of the Company from time to time.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

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 must be deposited at the registered office of the Company at 77 Robinson Road #27-00, Robinson 77, Singapore 068896, not less than 48 hours before the time set for holding the Annual General Meeting.

NOTICE OF 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) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any applicable laws, listing 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), 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) 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.

NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT

CPF Investors

1. For investors who have used their Central Provident Fund ("**CPF**") moneys to buy shares in the capital of NSL LTD., the Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers should register with their respective CPF Agent Banks who must submit their requests to the Company not later than 48 hours before the time set for the Meeting.

Personal Data Privacy

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 6 April 2015.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of NSL LTD. (the "**Company**"), hereby appoint the Chairman of the Meeting (Note 2)

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, 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 28 April 2015 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' Report and Audited Financial Statements for the financial year ended 31 December 2014		
2	Re-election of Mr John Koh Tiong Lu as a Director		
3	Re-appointment of Prof Cham Tao Soon as a Director		
4	Re-appointment of Mr Ban Song Long as a Director		
5	Re-appointment of Mr Oo Soon Hee as a Director		
6	Approval of Directors' fees amounting to S$510,000.00		
7	Approval of a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2014		
8	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix their remuneration		
	Special Business		
9	To approve the Share Issue Mandate		
10	To approve the renewal of the Share Purchase Mandate		
11	To approve the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		

Dated this ________ day of ____________ 2015.

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 (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members 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 member of NSL LTD. (the "**Company**") entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company. If any other proxy is to be appointed, please strike out "Chairman of the Meeting" and insert the name(s) and particulars of the proxy or proxies to be appointed in the box provided.

3. If the Chairman of the Meeting is appointed as proxy, this instrument appointing a proxy or proxies shall be deemed to confer on him the right to nominate a person to vote on his behalf on a show of hands.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

5. Completion and return of this instrument appointing a proxy 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.

6. 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 48 hours before the time set for holding the Meeting.

7. 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.

8. 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.

9. 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. 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 48 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]