NSL LTD
(Reg. no.: 196100107C)

Half Year Financial Statements Announcement

The Company announces the condensed interim consolidated financial statements for the 6 months ended 30 June 2023.

A(i) Condensed Interim Consolidated Income Statement for the 6 months ended 30 June 2023

	Note	THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000	Change %
Sales	4	170,809	174,914	(2)
Cost of sales		(140,844)	(152,493)	(8)
Gross profit	(i)	29,965	22,421	34
Other income				
- Interest	5.1,(ii)	4,122	697	n/m
- Others	5.1,(ii)	833	1,591	(48)
Other gains and losses	5.2	(551)	733	n/m
Impairment charge on investment in an associated company	5.2,(iii)	(3,417)	-	n/m
Distribution costs		(4,001)	(3,662)	9
Administrative expenses	(iv)	(15,071)	(13,582)	11
Loss allowance on trade receivables, net	6.1	(12)	(825)	(99)
Finance costs	6.2	(1,083)	(711)	52
Share of results of associated companies, net of tax	(v)	(544)	1,300	n/m
Profit before income tax	6	10,241	7,962	29
Income tax expense	7,(vi)	(2,855)	(2,078)	37
Total profit for the financial period		7,386	5,884	26
Profit attributable to:				
Equity holders of the Company		7,063	5,846	21
Profit attributable to non-controlling interest		323	38	n/m
		7,386	5,884	26
Basic and fully diluted earnings per share (cents)		1.89	1.56	21

n/m: not meaningful

A(ii) Condensed Interim Consolidated Statement of Comprehensive Income for the 6 months ended 30 June 2023

	THE GROUP		
	6 months ended 30 June		
	2023 S$'000	2022 S$'000	Change %
Total profit for the financial period	7,386	5,884	26
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Losses arising during the period	(782)	(3,492)	(78)
Share of other comprehensive loss of associated companies	(483)	(351)	38
	(1,265)	(3,843)	(67)
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) arising from financial assets at FVOCI*	66	(277)	n/m
Exchange differences on translating foreign operations			
- Gains/(losses) arising during the period	3	(92)	n/m
Other comprehensive loss for the period, net of tax	(1,196)	(4,212)	(72)
Total comprehensive income for the period, net of tax	6,190	1,672	n/m
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	5,864	1,726	n/m
Non-controlling interests	326	(54)	n/m
	6,190	1,672	n/m

*Financial assets measured at fair value through other comprehensive income

Notes to the Group's Income Statement:

(i) Gross profit

The increase in gross profit was mainly attributed to improved gross profit margin from the precast & PBU division and Environmental Services division.

(ii) Other income

The increase in interest income was due to higher interest rate on fixed deposits in 1H-2023 as compared to 1H-2022. The decrease in other income ("Others") was mainly due to lower government support grants received by the Singapore entities in 1H-2023 and compensation for faulty tiles received by the Finland operation in 1H-2022.

(iii) Impairment charge on investment in an associated company

Impairment charge on investment in an associated company was mainly attributable to the write down of goodwill included in the carrying value of the Group's investment in associated company, Salzgitter Maschinenbau AG ("SMAG").

(iv) Administrative expenses

The increase in administrative expenses was mainly due to higher staff costs and IT related expenses.

(v) Share of results of associated companies, net of tax

Share of associates' losses in 1H-2023 was mainly attributable to associate company, SMAG, of which the Group owns 24.4% non-controlling equity stake.

(vi) Income tax expense

The Group incurred a higher net tax charge in 1H-2023 due mainly to higher profit earned by the Group as compared to 1H-2022.

B Condensed Interim Statements of Financial Position as at 30 June 2023

	Note	THE GROUP As at 30.06.23 S$'000	THE GROUP As at 31.12.22 S$'000	THE COMPANY As at 30.06.23 S$'000	THE COMPANY As at 31.12.22 S$'000
Equity					
Share capital	15	193,839	193,839	193,839	193,839
Reserves		257,910	270,724	66,178	86,762
Shareholders' equity		451,749	464,563	260,017	280,601
Non-controlling interests		(5,170)	(5,496)	-	-
Total equity		446,579	459,067	260,017	280,601
Current Assets					
Inventories	(i)	41,086	52,776	-	-
Receivables, prepayments and other current assets		102,747	96,142	55,423	67,629
Other investments at amortised cost	(ii)	-	2,000	-	2,000
Tax recoverable		875	918	-	-
Cash and bank balances		254,389	268,102	165,742	168,602
		399,097	419,938	221,165	238,231
Non-Current Assets					
Property, plant and equipment	11	104,484	108,496	410	186
Right-of-use assets		28,192	28,635	401	549
Investments in subsidiaries		-	-	56,124	60,338
Investments in associated companies	(iii)	30,379	34,231	-	-
Long term receivables and prepayments		467	465	28,262	28,108
Financial assets, at FVOCI*	10	1,261	1,195	970	904
Other investments at amortised cost		2,251	2,254	2,251	2,254
Intangible assets	12	9,314	9,420	-	-
Deferred tax assets		2,403	2,482	-	-
Other non-current assets		234	235	-	-
		178,985	187,413	88,418	92,339
Total Assets		578,082	607,351	309,583	330,570
Current Liabilities					
Borrowings	13,(iv)	(3,930)	(26,499)	-	-
Trade, other payables and other current liabilities		(84,639)	(93,209)	(38,501)	(39,227)
Lease liabilities	13,(v)	(1,469)	(2,655)	(288)	(285)
Current income tax liabilities	(vi)	(844)	(4,019)	(681)	(382)
Deferred income		(26)	(26)	-	-
		(90,908)	(126,408)	(39,470)	(39,894)
Non-Current Liabilities					
Provision for retirement benefits		(3,872)	(3,587)	-	-
Deferred tax liabilities		(2,420)	(2,203)	(333)	(147)
Borrowings	13,(iv)	(19,170)	(2,304)	-	-
Deferred income		(425)	(402)	-	-
Other non-current liabilities		(2,582)	(2,583)	(9,659)	(9,679)
Lease liabilities	13,(v)	(12,126)	(10,797)	(104)	(249)
		(40,595)	(21,876)	(10,096)	(10,075)
Total Liabilities		(131,503)	(148,284)	(49,566)	(49,969)
Net Assets		446,579	459,067	260,017	280,601

*Financial assets measured at fair value through other comprehensive income

Explanatory notes on consolidated statement of financial position

(i) Inventories

The decrease in inventories was mainly due to delivery of finished goods and lower production volume in the precast division in Malaysia and Dubai as compared to 1H-2022.

(ii) Other investments at amortised cost

The decrease in other investments at amortised cost was due to the maturity of treasury bill held by the Company in 1H-2023.

(iii) Investments in associated companies

The decrease in investments in associated companies was mainly due to the impairment of investment in SMAG.

(iv) Borrowings

The decrease was mainly due to repayment of bank borrowings in 1H-2023. Reclassification of borrowings from current to non-current was due to the extension of loan in the Environmental Services division.

(v) Lease liabilities

The decrease in current lease liabilities was attributable to lease payment in 1H-2023. The increase in non-current lease liabilities was due to rental revision in the PBU operation in Finland.

(vi) Current income tax liabilities

The decrease in current income tax liabilities was mainly due to income tax paid in 1H-2023.

C Condensed Interim Statement of Changes in Equity

THE GROUP	Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000	Fair Value Reserve S$'000	General and other Reserves S$'000	Total S$'000	Non-controlling interests S$'000	Total Equity S$'000
	Attributable to Equity Holders of the Company							
6 months ended 30 June 2023								
Balance as at 1 January 2023	193,839	275,323	(8,894)	4,381	(86)	464,563	(5,496)	459,067
Profit for the period	-	7,063	-	-	-	7,063	323	7,386
Other comprehensive (losses)/income for the period	-	-	(1,265)	66	-	(1,199)	3	(1,196)
Total comprehensive income/(losses) for the period	-	7,063	(1,265)	66	-	5,864	326	6,190
Dividends paid	-	(18,678)	-	-	-	(18,678)	-	(18,678)
Total transactions with owners, recognised directly in equity	-	(18,678)	-	-	-	(18,678)	-	(18,678)
Balance as at 30 June 2023	193,839	263,708	(10,159)	4,447	(86)	451,749	(5,170)	446,579

	Attributable to Equity Holders of the Company							
THE GROUP	**Share Capital S$'000**	**Revenue Reserve S$'000**	**Foreign Currency Translation Reserve S$'000**	**Fair Value Reserve S$'000**	**General and other Reserves S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total Equity S$'000**
6 months ended 30 June 2022								
Balance as at 1 January 2022	193,839	283,304	(1,715)	5,703	(89)	481,042	(4,357)	476,685
Profit for the period	-	5,846	-	-	-	5,846	38	5,884
Other comprehensive losses for the period	-	-	(3,843)	(277)	-	(4,120)	(92)	(4,212)
Total comprehensive income/(losses) for the period	-	5,846	(3,843)	(277)	-	1,726	(54)	1,672
Dividends paid	-	(18,678)	-	-	-	(18,678)	-	(18,678)
Total transactions with owners, recognised directly in equity	-	(18,678)	-	-	-	(18,678)	-	(18,678)
Disposal of subsidiaries	-	-	-	-	-	-	(93)	(93)
Balance as at 30 June 2022	193,839	270,472	(5,558)	5,426	(89)	464,090	(4,504)	459,586

THE COMPANY	Share Capital S$'000	Revenue Reserve S$'000	Fair Value Reserve S$'000	Total S$'000
<u>6 months ended 30 June 2023</u>				
Balance as at 1 January 2023	193,839	85,869	893	280,601
Total comprehensive (loss)/income for the period	-	(1,972)	66	(1,906)
Dividends paid	-	(18,678)	-	(18,678)
Balance as at 30 June 2023	193,839	65,219	959	260,017
<u>6 months ended 30 June 2022</u>				
Balance as at 1 January 2022	193,839	129,829	1,337	325,005
Total comprehensive losses for the period	-	(697)	(277)	(974)
Dividends paid	-	(18,678)	-	(18,678)
Balance as at 30 June 2022	193,839	110,454	1,060	305,353

D Condensed Interim Consolidated Statement of Cash Flows

	The Group 6 months ended 30 June	
	2023 S$'000	2022 S$'000
Cash Flows from Operating Activities		
Profit for the financial period	7,386	5,884
Adjustments for:		
Tax expense	2,855	2,078
Amortisation of intangible assets	167	164
Amortisation of deferred income	(13)	(13)
Depreciation of properties, plant and equipment	6,423	6,649
Depreciation of right-of-use assets	1,822	1,410
Interest expense	1,083	711
Interest income	(4,122)	(697)
Dividend income from financial assets, at FVOCI	(9)	(12)
Impairment charge on investment in an associated company	3,417	-
Gain on disposal including write-off of property, plant and equipment (net)	(87)	(62)
Gain on disposal of subsidiary companies	-	(1,380)
Provision for retirement benefits (net)	333	228
Share of results of associated companies, net of tax	544	(1,300)
Exchange differences and other adjustments	810	(1,687)
Operating cash flows before working capital changes	20,609	11,973
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:		
Inventories	11,690	(8,177)
Receivables and prepayments	(6,293)	(34,390)
Deferred income	36	28
Trade and other payables	(7,893)	31,967
Cash generated from operations	18,149	1,401
Income tax paid	(5,697)	(863)
Retirement benefits paid	(44)	(125)
Net cash provided by operating activities	12,408	413
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	301	117
Net cash inflow from disposal of subsidiaries	-	2,457
Additions of property, plant and equipment	(3,387)	(7,856)
Additions of right-of-use assets	-	(163)
Additions of intangible assets	(52)	(143)
Purchases of financial assets, held-to-maturity	-	(1,238)
Interest received	4,045	665
Dividends received from financial assets, at FVOCI	9	12
Proceeds from maturity of investments at amortised cost	2,000	-
Net cash provided by/(used in) investing activities	2,916	(6,149)

	The Group 6 months ended 30 June 2023 S$'000	The Group 6 months ended 30 June 2022 S$'000
Cash Flows from Financing Activities		
Proceeds from borrowings	4,082	4,434
Repayment of borrowings	(9,676)	(10,752)
Principal payment of lease liabilities	(1,686)	(3,142)
Interest paid	(1,083)	(711)
Bank deposits pledged	-	(8,100)
Dividends paid to shareholders	(18,678)	(18,678)
Net cash used in financing activities	(27,041)	(36,949)
Net decrease in cash and cash equivalents	(11,717)	(42,685)
Cash and cash equivalents at beginning of the period	242,602	257,111
Effects of exchange rate changes on cash and cash equivalents	(1,996)	(587)
Cash and cash equivalents at end of the period	228,889	213,839
Cash and cash equivalents at end of the financial period comprise:		
- Cash and bank balances	254,389	239,339
- Less: bank deposits pledged	(25,500)	(25,500)
	228,889	213,839

Analysis of consolidated statement of cash flows

The Group recorded a positive operating cash flow of S$12.4 mil in 1H-2023 compared to S$0.4mil in 1H-2022, mainly attributable to higher operating profits during the period.

Net cash provided by investing activities in 1H-2023 was S$2.9 mil compared to net cash used in investing activities of S$6.1 mil in 1H-2022. This was mainly attributable to higher interest received and reduced additions of property, plant and equipment in 1H-2023.

A total of S$27.0 mil (1H-2022: S$36.9 mil) was used in financing activities in 1H-2023.

Overall, the Group recorded a net cash outflow of S$11.7 mil for 1H-2023 as compared to S$42.7 mil in 1H-2022. Group cash and cash equivalents stood at S$228.9 mil as of 30 June 2023.

E Notes to the Condensed Interim Financial Statements

1 Corporate information

NSL Ltd. (the “Company”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

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, oil and petroleum related products and provision of environmental services.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) *1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore Dollar which is the Company’s functional currency.

2.1 Use of judgements and estimates

The preparation of condensed interim financial statements in conformity with SFRS(I) 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. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2022.

3 Seasonal operations

The Group’s businesses are not affected by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

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

In determining the operating segments, the Group has considered primarily the industries the Group's companies are operating in and their contribution to the Group.

The Group operates mainly in the manufacturing and sale of building materials, provision of environmental services and sale of related products, as well as operations in the manufacturing and sale of refractory materials and roadstone products. Accordingly, these activities are grouped into separate operating segments within the three main divisions: Precast & Prefabricated Bathroom Unit ("PBU"), Environmental Services and Chemicals. Operating segment classified as "Investment Holding & Others" relates to the Group's remaining assets, comprising mainly of holding investments and the operation of a marina club, which is not a significant component of this segment.

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 Group executive management assesses the performance of the operating segments based on a measure of profit / (loss) before taxation before exceptional items for continuing operations. Exceptional items comprise of one-off items from disposal of subsidiaries and impairment charge on investment in associated company that are not expected to recur regularly in every reporting period, are separately analysed. Set out below is the analysis of the segment information.

4.1 Reportable segments

The information for the reportable segments for the six months ended 30 June 2023 as follows:

The Group **6 months ended 30 June 2023**	**Precast & PBU** **S$'000**	**Environmental Services** **S$'000**	**Chemicals** **S$'000**	**Investment Holding and Others** **S$'000**	**Total** **S$'000**
Revenue					
External sales	130,914	30,642	3,265	5,988	170,809
Inter-segment sales	-	-	498	22	520
Total revenue	130,914	30,642	3,763	6,010	171,329
Elimination	-	-	(498)	(22)	(520)
	130,914	30,642	3,265	5,988	170,809
Profit/(loss) before taxation before exceptional items	12,162	1,022	608	(134)	13,658
Impairment charge on investment in an associated company	-	-	-	(3,417)	(3,417)
Proft/(loss) before taxation	12,162	1,022	608	(3,551)	10,241
Interest income	966	1	3	3,152	4,122
Interest expense	(276)	(682)	(115)	(10)	(1,083)
Write back of/(loss) allowance on trade receivables, net	15	-	(22)	(5)	(12)
Depreciation of property, plant & equipment	(1,659)	(4,126)	(91)	(547)	(6,423)
Depreciation of right-of-use assets	(320)	(796)	(520)	(186)	(1,822)
Amortisation					
- Intangible assets	(141)	(26)	-	-	(167)
- Deferred income	-	-	-	13	13
Share of results of associated companies, net of tax					
- SMAG	-	-	-	(1,077)	(1,077)
- Others	-	-	331	202	533
Segment assets	230,276	51,978	32,164	263,664	578,082
Segment assets includes:					
Investments in associated companies	-	-	3,335	27,044	30,379
Additions to:					
- Property, plant and equipment	1,810	815	72	452	3,149
- Right-of-use assets	1,385	-	173	-	1,558
- Intangible assets	52	-	-	-	52
Segment liabilities	83,163	35,669	6,985	5,686	131,503

The information for the reportable segments for the six months ended 30 June 2022 as follows:

The Group	**Precast & PBU**	**Environmental Services**	**Chemicals**	**Investment Holding and Others**	**Total**
6 months ended 30 June 2022	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Revenue					
External sales	137,518	28,451	3,703	5,242	174,914
Inter-segment sales	-	-	533	7	540
Total revenue	137,518	28,451	4,236	5,249	175,454
Elimination	-	-	(533)	(7)	(540)
	137,518	28,451	3,703	5,242	174,914
Profit/(loss) before taxation before exceptional items	8,414	(1,065)	1,328	(2,096)	6,581
Exceptional items*	-	(6)	1,387	-	1,381
Proft/(loss) before taxation	8,414	(1,071)	2,715	(2,096)	7,962
Interest income	119	-	2	576	697
Interest expense	(218)	(352)	(128)	(13)	(711)
Loss allowance on trade receivables	(821)	-	-	(4)	(825)
Depreciation of property, plant & equipment	(1,670)	(4,338)	(98)	(543)	(6,649)
Depreciation of right-of-use assets	(329)	(446)	(448)	(187)	(1,410)
Amortisation					
- Intangible assets	(134)	(30)	-	-	(164)
- Deferred income	-	-	-	13	13
Share of results of associated companies, net of tax					
- SMAG	-	-	-	749	749
- Others	-	-	654	(103)	551
Segment assets	222,799	60,509	34,465	294,792	612,565
Segment assets includes:					
Investments in associated companies	-	-	3,190	42,412	45,602
Additions to:					
- Property, plant and equipment	4,767	2,550	232	222	7,771
- Right-of-use assets	163	-	-	-	163
- Intangible assets	90	53	-	-	143
Segment liabilities	97,436	43,219	8,068	4,398	153,121

**Comprise mainly of gain on disposal of subsidiary companies.*

4.2 Disaggregation of revenue

	At a point in time S$'000	Over time S$'000	Total S$'000
The Group			
Six months ended 30 June 2023			
Manufacturing and sale of building materials			
- Singapore	8,895	42	8,937
- Malaysia	36,199	-	36,199
- United Arab Emirates	34,135	-	34,135
- Finland	28,616	-	28,616
- Norway	17,712	-	17,712
- Other parts of Europe	5,315	-	5,315
	130,872	42	130,914
Provision of environmental services and sale of related products			
- Singapore	5,976	24,046	30,022
- Malaysia	59	-	59
- United Arab Emirates	25	-	25
- Others	536	-	536
	6,596	24,046	30,642
Manufacturing and sale of refractory materials and roadstone			
- Singapore	2,204	-	2,204
- Malaysia	864	-	864
- Others	197	-	197
	3,265	-	3,265
Others			
- Singapore	3,056	985	4,041
	143,789	**25,073**	**168,862**
Rental income on operating leases			1,947
Total			**170,809**

The Group	At a point in time S$'000	Over time S$'000	Total S$'000
Six months ended 30 June 2022			
Manufacturing and sale of building materials			
- Singapore	11,925	162	12,087
- Malaysia	47,808	-	47,808
- United Arab Emirates	26,798	-	26,798
- Finland	26,029	-	26,029
- Norway	14,551	-	14,551
- Other parts of Europe	10,245	-	10,245
	137,356	162	137,518
Provision of environmental services and sale of related products			
- Singapore	6,175	19,890	26,065
- Malaysia	854	-	854
- Others	1,532	-	1,532
	8,561	19,890	28,451
Manufacturing and sale of refractory materials and roadstone products			
- Singapore	2,236	-	2,236
- Malaysia	1,088	-	1,088
- Others	379	-	379
	3,703	-	3,703
Others			
- Singapore	2,656	907	3,563
	152,276	**20,959**	**173,235**
Rental income on operating leases			1,679
Total			**174,914**

5 Other Income and Other Gains and Losses

5.1 Other Income

		THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000	Change %
Interest income				
Financial assets measured at amortised cost				
- Fixed deposits	(i)	4,045	674	n/m
- Others investments		77	23	n/m
		4,122	697	n/m
Dividend income from financial assets, at FVOCI		9	12	(25)
Sale of scrap		494	526	(6)
Government grants		49	192	(74)
Other income		281	861	(67)
		833	1,591	(48)
		4,955	2,288	117

(i) Increase in interest income was due to higher interest rate on fixed deposits in 1H-2023 as compared to 1H-2022.

5.2 Other Gains and Losses

		THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000
Currency exchange losses - net	(i)	(574)	(725)
Gain on disposal of property, plant and equipment		87	62
Gain on disposal of subsidiary companies (Note 14)	(ii)	-	1,380
Miscellaneous		(64)	16
		(551)	733
Impairment charge on investment in an associated company	(iii)	(3,417)	-
		(3,968)	733

(i) Currency exchange loss was mainly from the Precast division in Malaysia and PBU operations in Finland, as a result of the weakening of Malaysian Ringgit and Euro against Singapore Dollar.

(ii) Gain on disposal of subsidiary companies for the previous year was attributable to the disposal of subsidiaries Kemboja Sejahtera Sdn Bhd and Kuari Atrah Sdn Bhd.

(iii) Impairment charge on investment in an associated company was mainly attributable to the write down of goodwill included in the carrying value of the Group's investment in SMAG.

In performing the impairment assessment, the recoverable amount of the cash generating unit was determined using the value-in-use calculation, with cash flows discounted at a pre-tax discount rate of 13.4%.

6 Profit before income tax

6.1 Significant items

	Note	THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000	Change %
Amortisation of deferred income		13	13	-
Amortisation of intangible assets		(167)	(164)	2
Depreciation of property, plant and equipment		(6,423)	(6,649)	(3)
Depreciation of right-of-use assets	(i)	(1,822)	(1,410)	29
(Allowance)/write-back for stock obsolescence, net	(ii)	(135)	18	n/m
Loss allowance on trade receivables	(iii)	(12)	(825)	(99)

(i) Higher depreciation of right-of-use assets for the current period was mainly due to additions in right-of-use assets in the PBU operations in Finland.

(ii) Allowance for stock obsolescence for the current period was mainly attributable to the Chemicals division.

(iii) Lower loss allowance on trade receivables was mainly due to write-back of doubtful debts for the precast operations in Dubai.

6.2 Finance Costs

	Note	THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000	Change %
Interest expense				
- Bank borrowings	(i)	(711)	(335)	112
- Lease liabilities		(339)	(316)	7
- Others		(33)	(60)	(45)
		(1,083)	(711)	52

(i) Increase in interest expense mainly due to higher interest rate on bank borrowings for the period.

7 Taxation

	THE GROUP 6 months ended 30 June 2023 S$'000	2022 S$'000	Change %
Taxation charge for the financial period comprises:			
- Current period taxation	(2,903)	(2,105)	38
- Over provision in respect of prior years	48	27	78
	(2,855)	(2,078)	37

8 Dividends

	THE GROUP AND COMPANY	
	6 months ended 30 June	
	2023	2022
	S$'000	S$'000
Ordinary dividends paid		
Tax-exempt final ordinary dividend of 5.0 cents per share in respect of the financial year ended 31 December 2022 (31 December 2021: 5.0 cents per share)	18,678	18,678

No dividend has been declared or recommended for the six months ended 30 June 2023 as it is not the Company's practice to distribute interim dividend.

9 Net asset value

	THE GROUP		THE COMPANY	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	S$	S$	S$	S$
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	1.21	1.24	0.71	0.75

The Company does not have any treasury shares.

10 Financial assets at FVOCI

	The Group		The Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	S$'000	S$'000	S$'000	S$'000
Listed equity securities - Singapore	970	904	970	904
Unlisted equity securities	291	291	-	-
	1,261	1,195	970	904

10.1 Fair value measurement

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

(a) quoted price in active markets for identical assets and liabilities (Level 1);

(b) 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

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

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group				
30 June 2023				
Assets				
Financial assets, at FVOCI	970	-	291	1,261
31 December 2022				
Assets				
Financial assets, at FVOCI	904	-	291	1,195

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Company				
30 June 2023				
Assets				
Financial assets, at FVOCI	970	-	-	970
31 December 2022				
Assets				
Financial assets, at FVOCI	904	-	-	904

11 Property, plant and equipment

	The Group 6 months ended 30 June	
	2023 S$'000	2022 S$'000
Additions	3,149	7,771
Disposals and write off	(971)	(1,168)

12 Intangible assets

	The Group		The Company	
	30.06.2023 S$'000	31.12.2022 S$'000	30.06.2023 S$'000	31.12.2022 S$'000
Goodwill arising on consolidation	8,678	8,678	-	-
Acquired intangible assets	636	742	-	-
	9,314	9,420	-	-

12.1 Goodwill arising on consolidation

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

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

Group

	2023 and 2022		
	Singapore S$'000	Finland S$'000	Total S$'000
Precast & PBU	-	8,024	8,024
Environmental Services	654	-	654
	654	8,024	8,678

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management. Cash flows cover at least a five-year period and the growth rate used to extrapolate the cash flows beyond the budget period did not exceed the long-term average growth rate for the business in which the CGU operates.

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

	30.06.23		31.12.22	
	Growth rate (1)	Discount rate (2)	Growth rate (1)	Discount rate (2)
Precast & PBU	2.0%	14.3%	2.0%	14.3%
Environmental Services	1.5%	11.8%	1.5%	11.8%

(1) Projected average sales growth rate covering at least five-year period cash flow projections.
(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 projected average sales growth rates used are consistent with the industry forecast. The discount rates used are pre-tax and reflected specific risks relating to the relevant segments.

12.2 Acquired intangible assets

	The Group		The Company	
	30.06.2023 S$'000	31.12.2022 S$'000	30.06.2023 S$'000	31.12.2022 S$'000
Cost				
Balance at 1 January 2023/2022	7,507	7,614	322	322
Additions	52	167	-	-
Reclassification from property, plant and equipment	-	127	-	-
Currency realignment	67	(401)	-	-
Balance at 30 June 2023/31 December 2022	7,626	7,507	322	322
Accumulated amortisation				
Balance at 1 January 2023/2022	6,765	6,789	322	322
Amortisation charge for the year	167	329	-	-
Currency realignment	58	(353)	-	-
Balance at 30 June 2023/31 December 2022	6,990	6,765	322	322
Net Book Value at 30 June 2023/ 31 December 2022	636	742	-	-

13 Borrowings

Amount repayable in one year or less, or on demand

As at 30.06.23		As at 31.12.22	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
5,399	-	25,154	4,000

Amount repayable after one year

As at 30.06.23		As at 31.12.22	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
31,296	-	13,101	-

Details of any collateral

Included in the Group's property, plant and equipment, right-of-use assets and cash and bank balances are property, plant and equipment and right-of-use assets of subsidiaries of net book value of S$55,148,000 (31 December 2022: S$55,849,000), and deposits of S$25,500,000 (31 December 2022: S$25,500,000) charged by way of debentures to banks for overdraft and term loan facilities granted. Included in secured borrowings are current lease liabilities of S$1,469,000 (31 December 2022: S$2,655,000) and non-current lease liabilities of S$12,126,000 (31 December 2022: S$10,797,000) which are secured over the right-of-use assets of S$8,180,000 (31 December 2022: S$8,324,000).

14 Disposal of subsidiaries

On 19 May 2022, the Group disposed of its 80%-owned subsidiary, Kemboja Sejahtera Sdn Bhd and 56%-owned subsidiary, Kuari Atrah Sdn Bhd. The effects of the disposal on the cash flows of the Group were:

	The Group At 19 May 2022 $'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Assets of disposal group classified as held-for-sale:	
Right-of-use assets	1,256
Liabilities of disposal group classified as held-for-sale:	
Deferred tax liabilities	(86)
Net assets derecognised	1,170
Less: Non-controlling interests	(93)
Net assets disposed of	1,077
Cash inflows arising from disposal:	
Net assets disposed of (as above)	1,077
Gain on disposal	1,380
Cash proceeds on disposal	2,457

15 Share capital

(a)

	Group and Company			
	30.06.23		31.12.22	
	Number of shares $'000	Amount $'000	Number of shares $'000	Amount $'000
Balance at beginning and end of financial year	373,558	193,839	373,558	193,839

As at 30 June 2023, the Company's issued share capital (excluding treasury shares) comprises 373,558,237 (31 December 2022: 373,558,237). The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2023 (31 December 2022: Nil).

(b) Since 31 December 2022, no shares were issued pursuant to the exercise of share options. There were no outstanding options and convertibles as of 30 June 2023 and 30 June 2022.

16 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

F Other Information

1 Audit

The figures have neither been audited nor reviewed by auditors.

2 Review

The condensed statements of financial position of NSL Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

3. A review of the performance of the group

Group Overview

	THE GROUP		
	6 months ended 30 June		
	2023 S$'000	**2022 S$'000**	**Better / (worse) %**
Group Turnover	170,809	174,914	(2)
Group Profit Before Tax (Excluding share of results of associated companies and impairment charge on investment in an associated company)	14,202	6,662	113
Impairment charge on investment in an associated company	(3,417)	-	n/m
Share of results of associated companies, net of tax	(544)	1,300	n/m
Group Profit Before Tax	10,241	7,962	29
Group Profit attributable to equity holders of the Company	7,063	5,846	21

n/m: not meaningful

Group turnover in 1H-23 was S$170.8 mil, a 2% decrease from S$174.9 mil in 1H-2022, mainly attributable to lower revenue in the precast operations in Malaysia.

The Group reported a higher profit before tax of S$10.2 mil in 1H-2023, compared to S$8.0 mil in 1H-2022. Excluding share of associates' results and the impairment charge on the carrying value of SMAG, Group profit before tax was S$14.2 mil in 1H-2023, compared to $6.7mil in 1H-2022. The significant improvement was attributable to Precast & PBU division and Environmental division.

Impairment charge on investment in an associated company of S$3.4 mil 1H-2023 was mainly attributable to the write down of goodwill included in the carrying value of the Group's investment in SMAG.

Share of associates' losses was S$0.5 mil in 1H-2023, compared to share of profit of S$1.3 mil in 1H-2022. This was mainly due to loss of profit contribution from SMAG's divested business units since 2H-2022 and lower share of profit from Malaysian associate Southern Rubber Works Sdn. Bhd. ("SRW") as a result of lower sales in its shoe division.

After taking into account income tax and non-controlling interests, the Group reported a profit attributable to equity holders of S$7.1 mil in 1H-2023 as compared to S$5.8 mil in 1H-2022.

Below is a summary of the performance of the Group by business divisions:

Turnover

Turnover	THE GROUP		
	6 months ended 30 June		
	2023 S$'mil	2022 S$'mil	Better / (worse) (%)
Precast & PBU	130.9	137.5	(5)
Environmental Services	30.6	28.5	7
Chemicals	3.3	3.7	(11)
Others	6.0	5.2	15
	170.8	174.9	(2)

Precast & Prefabricated Bathroom Unit ("PBU")
Turnover of the Precast & PBU division declined by 5% to S$130.9 mil in 1H-2023. The precast operations in Singapore & Malaysia reported a 25% decline in revenue owing to lower delivery volume as compared to 1H-2022. However, precast operation in Dubai reported a 27% increase in revenue on the back of higher delivery volume and average selling price.

Environmental Services
Turnover of the Environmental Services division increased by 7% to S$30.6 mil in 1H-2023 from S$28.5mil in 1H-2022. This was mainly contributed by healthy revenue growth in the division's industrial wastewater treatment business.

Chemicals
Turnover of the Chemicals division declined by 11% to S$3.3 mil in 1H-2023 from S$3.7 mil in 1H-2022 as a result of lower sales of refractory and roadstone products in Singapore and Malaysia.

Others
Higher turnover was mainly contributed by improved sales from Raffles Marina in 1H-2023, as compared to 1H-2022 when the operation was partially affected by Covid-19 restrictions.

Attributable profit/(loss) before tax

Attributable profit/(loss) before tax	THE GROUP		
	6 months ended 30 June		
	2023 S$'mil	2022 S$'mil	Better / (worse) (%)
Precast & PBU	12.2	8.4	45
Environmental Services	1.0	(1.1)	n/m
Chemicals	0.3	2.1	(86)
Associate performance and related impairment	(3.9)	1.3	n/m
Others	0.6	(2.7)	n/m
	10.2	8.0	28

n/m: not meaningful

Precast & Prefabricated Bathroom Unit ("PBU")
The Precast & PBU division reported a 45% increase in profit to S$12.2 mil in 1H-2023 from S$8.4 mil in 1H-2022. The precast operations in Dubai reported a four-fold increase in profit driven by strong revenue growth and improved margin from increased factory loading and better product mix. The division's PBU business in Finland turned around with a profit of S$1.4mil in 1H-2023 as compared to a loss of S$0.2mil in 1H-2022 mainly contributed by improved margin from domestic sales following price revision. Despite a 25% drop in revenue, pre-tax profit of the precast operations in Malaysia and Singapore was relatively unchanged due to improved project margin from lower raw material price and smooth project execution.

Environmental Services
The Environmental Services division reported a profit of S$1.0 mil in 1H-2023 as compared to a loss of S$1.1 mil in 1H-2022. This was mainly due to the turnaround of the industrial wastewater treatment business on the back of higher revenue. However, the division's slop and recycled fuel oil business reported a lower profit due to a 5% decline in selling price in 1H-2023.

Chemicals
The Chemicals division recorded a lower profit of S$0.3 mil in 1H-2023 as compared to S$0.7 mil (excluding gain from divestment of subsidiaries of S$1.4mil) in 1H-2022, as a result of lower sales of refractory and roadstone products.

Associate performance and related impairment
The Group recognised an impairment charge on investment in SMAG of S$3.4 mil in 1H-2023 mainly attributable to the write down of goodwill included in the carrying value of its investment. Excluding the impairment charge, share of associates' losses was S$0.5 mil in 1H-2023, compared to share of profit of S$1.3 mil in 1H-2022. This was mainly due to loss of profit contribution from SMAG's divested business units since 2H-2022 and lower profit contribution from Malaysian associate Southern Rubber Works Sdn. Bhd. ("SRW") as a result of lower sales in its shoe division.

Others
Other divisions reported a profit of S$0.6 mil in 1H-2023 as compared to a loss of S$2.7 mil in 1H-2022, mainly attributable to higher interest income from short term bank deposits as a result of higher interest rates.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

In the precast business, good order book across Singapore, Malaysia and Dubai is expected to continue to underpin its business performance barring unforeseen project delays. However, business outlook for the PBU business in Finland is expected to weaken amidst the current downturn in the Finnish housing market.

In the Environmental Services division, the performance of the slop and RFO business is expected to remain satisfactory. However, the performance of the industrial wastewater business is expected to weaken in the second half as key customers have developed in-house treatment capabilities. The division will step up its efforts to replace and grow its customer base.

6. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the six months period ended 30 June 2023.

7. Interested Person Transactions ("IPTs")

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920.

8. Confirmation pursuant to the Rule 705(5) in accordance with Appendix 7.2

We confirm on behalf of the Directors of the Company, that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial results from 1 January 2023 to 30 June 2023 to be false or misleading, in any material aspect.

9. Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

10. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

For discussion of material changes, please refer to paragraph 3.

11. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Not applicable.

CONFIRMATION BY THE BOARD

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results for the six months period ended 30 June 2023 to be false or misleading.

BY ORDER OF THE BOARD

LIM Su-Ling
Company Secretary
8 August 2023

This release may contain forward-looking statements which may be identified by phrases that the Company or Management or Directors “expects”, “believes” “anticipates” “foresees” or “forecasts”. These forward-looking statements, if any, are based on current expectations and assumptions that are subject to risks and uncertainties. Actual performance, outcome or financial results post the date of this release may differ materially from those expressed in this release. Some factors that may affect the actual performance of the NSL Ltd and its group of companies may include, without limitation, political, economic, geographical, climatic, social and health conditions in the countries where the NSL Ltd and its group of companies, its customers or its suppliers operate; armed conflict or the effects of terrorist activities or war, acts of God, tsunami, earthquake, natural disasters, diseases, floods, effects of global climatic change in any part of the world which may cause disruption in manufacture, supply (availability and costs) of raw or intermediate materials, power, water, fuel, crude oil, import, export, transportation network necessary for the acquisition and supply of goods and services or financial markets; currency fluctuations; fluctuations in the price of raw materials, power, water, fuel, crude oil or demand for natural rubber; volatility of financial markets; general industry conditions, interest rate trends, cost of borrowings and capital availability, intense competition from other companies and venues for the production, sale/distribution of goods and services of the NSL Ltd and its group of companies, changes in industry or market capacity or demands; obsolete inventory, market acceptance or rejection of new goods and services, continued market acceptance of existing goods and services of the NSL Ltd and its group of companies; risk of unanticipated increased costs of power, oil, fuel, crude oil or utilities to operate its various plants; continued ability of NSL Ltd and its group of companies to retain market size and competitiveness for its goods and services; the effect of changes to policies /regulations whether or not resulting in imposition or lifting of anti-dumping duties in countries which the NSL Ltd and its group of companies operate, industrial accident(s) in any facility(ies) of NSL Ltd and its group of companies and their effects; unavailability of insurance, adverse results on litigation or debt recovery, implementation of operating cost structure that is aligned with revenue growth; avian flu, swine flu, monkeypox, coronaviruses (including but not limited to MERS-CoV, SARS-CoV, SARS-CoV-2 and 2019-nCoV) and their effects; coup d’etat, civil unrest, civil uprisings, revolutions, demonstrations, protests in any part of the world where NSL Ltd and its group of companies operate; any factor which may cause revenues and income to fall short of anticipated levels; ability to develop manufacture and market products and services in a rapidly changing environment; management retention and succession; changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. This statement only relates to information available as at the date of release and you are cautioned to seek professional advice from your stock broker, solicitor, accountant or other professional adviser if you are in any doubt as to the meaning of anything herein.