NSL LTD

Annual Report 2018

Celebrating **30 years** of Corporate Research & Development

2018 marks an important milestone for NSL Group Corporate Research & Development (CRD) as it celebrates its 30th anniversary of effective research & development (R&D) efforts that yielded new products, services and processes. November 2018 also marks the 100th meeting of CRD Advisory Panel which was formed to guide CRD department since 1988.

In Singapore, there are not many companies with such a good and lengthy record in corporate R&D. NSL however continues to do that till today because evidences have shown that the additional revenue stemming from the R&D efforts outweighs the expenditure.

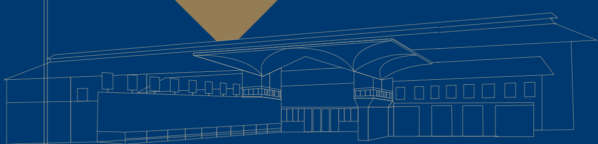
MILESTONES

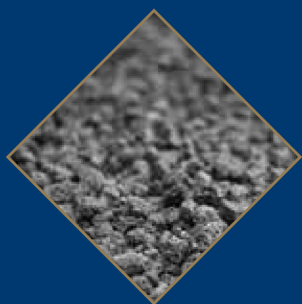
ESTABLISHMENT OF

CORPORATE APPLIED RESEARCH AND DEVELOPMENT CENTRE

1988

Formation





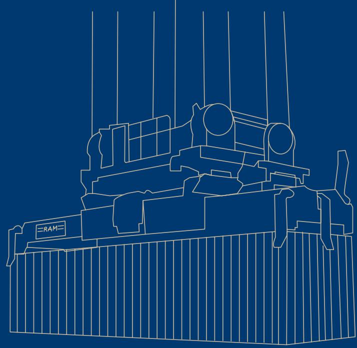
REUTILISATION OF

STEEL SLAG AS ROAD CONSTRUCTION MATERIAL

1994

RESEARCH ON DEVELOPMENT OF

RAM SINGFLEX, AN INDUSTRY-LEADING PRODUCT FOR HANDLING OF SHIPPING CONTAINERS



2005

Moving ahead, the CRD management and staff will continue to deploy innovative solutions which are in tandem with NSL's ventures in new businesses, while growing its prominence in the industry.

Prof Cham Tao Soon
Chairman of NSL and
Chairman of CRD Advisory Panel

50 Completed Projects

120mil Estimated Total Return

CELEBRATING

20TH ANNIVERSARY

2008

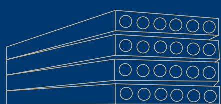
2015

PROCESS DESIGN FOR

WASTE AND WASTEWATER TREATMENT

DEVELOPMENT OF

GREEN CONCRETE MIXES FOR CONSTRUCTION PRODUCTS



2016

2017

DEPLOYMENT OF

DIGITAL TECHNOLOGY ON SLOP PLANT

CELEBRATING

30TH ANNIVERSARY AND 100TH MEETING

2018

Contents


NOC 7

Corporate **Profile**

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

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

The Environmental Services division is a key player in integrated environmental services in Singapore, covering the treatment and logistics services of oily and toxic waste for both land and marine sectors. It is also a major distributor of Automotive Diesel Oil, Marine Gas Oil and lubricant in Singapore, leveraging on its automated fuel dispensing technology.

In addition, NSL Group has a majority shareholding in Raffles Marina Ltd, Asia's Premier Marina Club in Tuas, Singapore, and an associate company in Germany, Salzgitter Maschinenbau AG, which is a worldwide market leader in the manufacturing of cutting equipment, process technology and special purpose machines.

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

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

Group Financial **Highlights**

	2017	2018	Change (%)
For the Year (S$'000)			
Turnover from continuing operations	356,150	376,584	6
Profit / (loss) before tax from continuing operations	5,092	(2,626)	n/m
Profit / (loss) attributable to shareholders			
- from continuing operations	4,363	(3,855)	n/m
- from discontinued operations	(450)	-	n/m
Total group profit / (loss) attributable to shareholders	3,913	(3,855)	n/m
At Year-end (S$'000)			
Shareholders' funds	585,246	561,754	(4)
Total assets	719,976	699,292	(3)
Per Share			
Basic earnings / (loss) per share (cents)	1.1	(1.0)	n/m
Dividends (exempt - one tier, cents per share)			
- Final	5	5	-
Others			
Number of employees	2,701	2,750	2

n/m : not meaningful

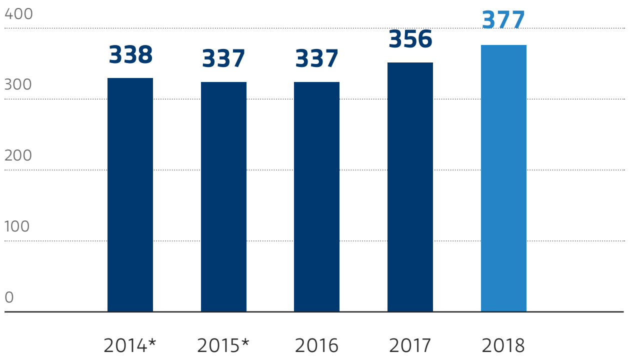
5-Year Financial **Summary**

Financial Profile (S$'000)	2014*	2015*	2016	2017	2018
Continuing Operations					
Turnover	337,996	337,364	336,968	356,150	376,584
Profit / (loss) before share of results of associated companies and joint venture	2,197	5,205	17,777	4,654	(2,633)
Share of results of associated companies and joint venture, net of tax	238	1,859	(291)	438	7
Profit / (loss) before tax	2,435	7,064	17,486	5,092	(2,626)
Taxation	(808)	758	(4,054)	(853)	(1,247)
Profit / (loss) after tax	1,627	7,822	13,432	4,239	(3,873)
Profit / (loss) attributable to shareholders					
- from continuing operations	(3,810)	8,272	13,885	4,363	(3,855)
- from discontinued operations	28,736	58,483	117,470	(450)	-
Total group profit attributable to shareholders	24,926	66,755	131,355	3,913	(3,855)
Dividends (exempt-one tier)					
- Final	18,678	18,678	18,678	18,678	18,678
- Special	-	11,207	74,712	-	-
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	332,811	366,598	479,959	391,407	367,915
Dividend cover	1.3x	2.2x	1.4x	0.2x	(0.2x)

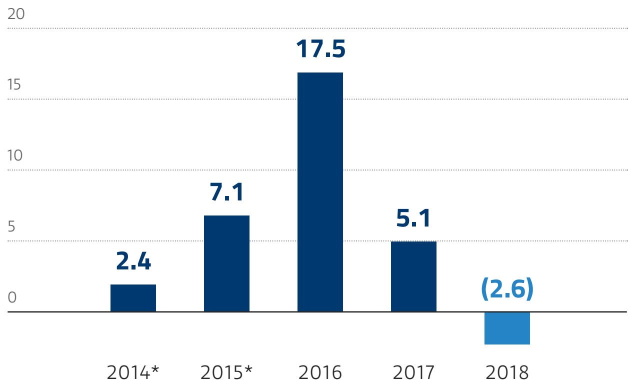
Financial Position (S$'000)	2014*	2015*	2016	2017	2018
What We Owned					
Property, plant and equipment	138,943	136,751	123,251	125,611	156,030
Associated companies & joint venture	6,107	52,692	50,529	6,520	51,265
Investment properties	8,648	8,376	-	-	-
Long term receivables, prepayments & investments	10,309	10,280	15,221	14,412	15,014
Intangible assets	9,439	9,306	10,351	11,584	11,187
Deferred tax assets	3,347	5,290	3,044	3,044	3,901
Current assets	556,511	504,326	612,435	558,805	461,895
	733,304	727,021	814,831	719,976	699,292
What We Owed and Equity					
Shareholders' funds	526,650	560,437	673,798	585,246	561,754
Non-controlling interests	13,817	11,007	4,577	4,803	4,572
Long term liabilities	18,936	17,394	25,846	18,281	31,472
Current liabilities	173,901	138,183	110,610	111,646	101,494
	733,304	727,021	814,831	719,976	699,292
Cash & Debt Position (S$'000)					
Group borrowings	31,423	28,249	31,522	12,701	22,170
Group net cash (cash less borrowings)	257,006	306,199	430,241	335,109	282,491
Per Share Data					
Basic earnings per share (cents)	6.7	17.9	35.2	1.1	(1.0)
Net tangible assets per share (S$)	1.38	1.48	1.78	1.54	1.47
Dividends					
Dividends (exempt - one tier, cents per share)					
- Final	5	5	5	5	5
- Special	-	3	20	-	-

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

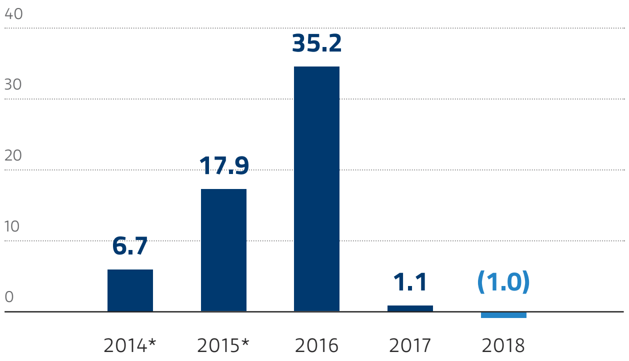
Group Turnover (continuing operations)
(S$million)



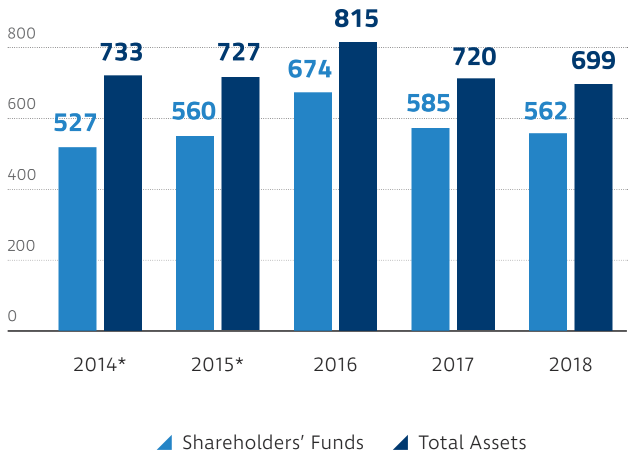
Group Profit / (Loss) Before Tax (continuing operations)
(S$million)



Basic Earnings / (Loss) Per Share
(cents)



Shareholders' Funds & Total Assets
(S$million)



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

Letter to **Shareholders**

Dear Shareholders

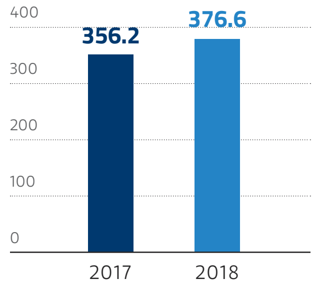
2018 was a challenging year for NSL Group's businesses.

NSL Group achieved a turnover of $376.6 million in FY2018, a 6% increase from $356.2 million in FY2017 contributed by both the Precast & Prefabricated Bathroom Unit (PBU) division and the Environmental Services division.

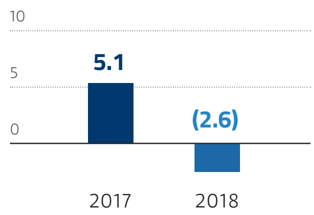
Despite the higher turnover, NSL recorded a loss before tax of $2.6 million in FY2018 compared to profit before tax of $5.1 million (which included a one-off gain of $3.5 million from disposal of an investment property) in FY2017 owing to the restructuring cost of $2.1 million for the Singapore precast plant closure in June 2018, unabsorbed overhead costs of about $1.4 million incurred prior to the plant closure, and weaker performance in the Malaysia and Dubai precast operations.

After taking into account income tax and non-controlling interests, the Group reported a loss attributable to shareholders of $3.9 million in FY2018, compared to a profit of $4.4 million in FY2017.

Group Turnover
(S$million)



Group Profit / (Loss) Before Tax
(S$million)



Significant Events

During the year, the Precast & PBU division clinched several notable projects that strengthened its market position in the respective operating regions. They included EXPO 2020 in Dubai, IKEA warehouse and Klang Valley Mass Rapid Transit Line 2 in Malaysia, Woodlands Health Campus and Raffles Girls' School in Singapore.

The Precast & PBU division successfully restructured its Singapore's operation and relocated its Sungei Kadut production plant to Seelong, Malaysia in 2Q2018.

Environmental Services division completed the reinstatement of its incineration and fixation plants, which was disrupted by a fire incident, and resumed full operations in September 2018. During the year, the division purchased two slop barges, NOC7 and NOC8, and successfully converted them to fully equipped slop tankers, expanding its marine slop collection business.

The construction of the division's organic wastewater treatment facility in Tuas was completed in early 2019 within the approved budget. The division targets to receive full operating permit by 2Q2019.

Committed to improve productivity and efficiency, NSL Group continued to step up its efforts in deploying technology as an enabler to work smarter and better. Efforts included leveraging Internet of Things (IoT) to streamline processes by digitalising the value chain for easier monitoring, control and better customer service.

For the year, the Group made new capital expenditures totaling $45.2 million including the construction of the organic wastewater treatment plant, a new fixation plant, acquisition of two additional slop barges and various plant automation projects.

These investments would strengthen the Group's business going forward.

Celebrating 30th Anniversary of Corporate Research & Development

I am pleased to announce that NSL Group Corporate Research & Development (CRD) celebrated its 30th anniversary in November 2018, which also marked the 100th meeting of CRD Advisory Panel comprising professionals from tertiary institutions and statutory boards.

Since its inception, CRD has implemented over 50 projects. The total direct manpower cost incurred was $30 million. Estimated total return from the completed projects, including new products sales and process improvement, amount to over $120 million.

I wish to put on record my gratitude to past and present CRD Advisory Panel and all the staff who have contributed to the success of NSL R&D efforts.

Looking Ahead

The precast business in Singapore and Malaysia is expected to improve, underpinned by a strong order book secured at higher prices as compared to the depressed price level in FY2018 and lower operating cost following the relocation of its Singapore operation to Malaysia. Comparatively, Dubai operation is likely to face more challenging market conditions with downward pressure on selling price. Business outlook for the division's PBU business in Finland is expected to remain stable.

In the Environmental Services division, improvements are expected from increased slop collection contributed by the two additional slop barges and the full reinstatement of all operating licenses of the waste treatment plant. However, the current weak demand would likely to continue to dampen selling price of the Recycled Fuel Oil (RFO) business. The division's organic wastewater treatment facility in Tuas is expected to contribute to the Group's profits from 2Q2019.

Dividend

Subject to the approval of shareholders at the annual general meeting of the Company to be held on 26 April 2019, the Board is recommending a final dividend of $0.05 per share for the financial year ended 31 December 2018 to be paid on or about 23 May 2019 or such other date to be determined by the Directors.

In Appreciation

On behalf of the Board of directors, I would like to express our gratitude to our shareholders, management, business partners, customers and employees for their continued support and contributions to the Group during the past year.

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

TS Cham

Prof Cham Tao Soon
Chairman
13 March 2019

Board of Directors

CHAIRMAN

Prof Cham Tao Soon
Chairman
- Soup Restaurant Group Ltd
- Singapore Rail Academy
- Singapore Quality Awards

EXECUTIVE DIRECTOR

Dr Low Chin Nam
Director
- Bangkok Cogeneration Company Limited
- Eastern Pretech Pte Ltd
- NSL OilChem Waste Management Pte Ltd
- Raffles Marina Holdings Ltd

DIRECTORS

Ban Song Long
Director
- Excel Partners Pte Ltd
- 98 Holdings Pte Ltd

David Fu Kuo Chen
Director
- Hotel Properties Ltd
- 98 Holdings Pte Ltd

John Koh Tiong Lu
Director
- Mapletree Industrial Trust Management Ltd
- Global Counsel Asia Pte Ltd
- KrisEnergy Ltd

Dr Tan Tat Wai
Director
- Maybank Philippines Inc.
- Maybank Trustees Berhad
- Southern Steel Berhad

Corporate Research & Development **Advisory Panel**

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

David Fu Kuo Chen

Lam Siew Wah
Managing Director
- Building and Construction Authority
  Built Environment Research and Innovation Institute

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

Lim Swee Cheang
Adjunct Professor
- National University of Singapore
  School of Continuing and Lifelong Learning

Director
- EZ-Link Pte Ltd

Dr Low Chin Nam

Prof Ng Wun Jern
Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

Principal Lead
- Nanyang Technological University
  Environmental Bio-innovations Group

Dr Robert Tiong
Deputy Director
- Nanyang Technological University
  Robotics Research Centre,
  College of Engineering

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

Key **Management**

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

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

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

Corporate **Information**

FINANCIAL CALENDAR

Announcement of Quarterly Results 2018

- 1st Quarter – 11 May 2018
- 2nd Quarter – 8 August 2018
- 3rd Quarter – 14 November 2018

Financial Year-end

- 31 December 2018

Announcement of Unaudited Results 2018

- 27 February 2019

2019 Annual General Meeting

- 26 April 2019

CORPORATE DATA

Registered Office

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

Company Secretary

Lim Su-Ling

Share Registrar

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

Auditors

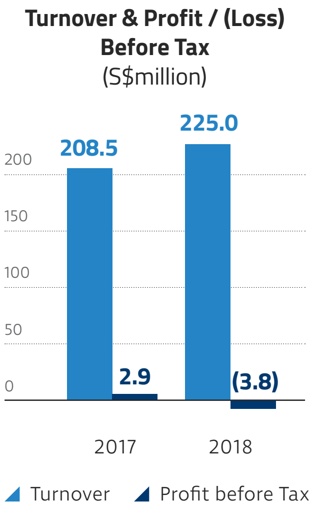
PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower Level 12
Singapore 018936
Certified Public Accountants
Audit Partner: Sim May Ling Theresa
(Appointed in year 2017)

Banks

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

Review of **Operations**

Precast & PBU



Performance

The Precast & Prefabricated Bathroom Unit (PBU) division's turnover improved 8% to $225.0 million in FY2018 compared to FY2017 on the back of revenue growth in Singapore and its overseas operations.

Despite the higher turnover, profit before tax fell significantly from $2.9 million in FY2017 to a loss of $3.8 million in FY2018 due to increased losses from the Singapore and Malaysia precast operations. Losses in the Singapore and Malaysia operations were due to low project margin amidst very competitive market conditions, and exacerbated by one-off restructuring cost of $2.1 million and unabsorbed overhead costs of about $1.4 million incurred prior to the Singapore plant closure. In Dubai, the precast operation reported weaker pre-tax performance due to lower operating margin, especially in the last quarter.

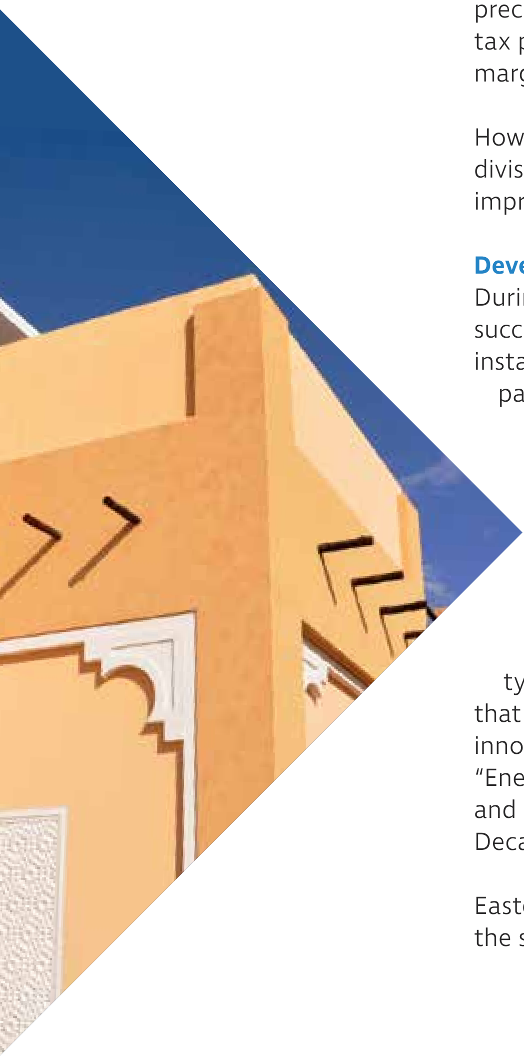
However, the performance of the division's PBU business in Finland improved for FY2018.

Development Highlights

During the year, Dubai Precast LLC successfully completed the supply and installation of precast coloured concrete panels for EXPO 2020 Thematic District as well as production and delivery of concrete tunnel segment project for Dubai Metro Route 2020.

Together with Aqua Green team from Ajman Academy, Dubai Precast developed a new type of insulated sandwich wall that enables passive cooling. The innovation was awarded first prize in "Energy Management" and "Engineering and Construction" in the Global Solar Decathlon competition.

Eastern Pretech Malaysia completed the supply and installation of precast



components for its fourth IKEA warehouse project in Penang and achieved the highest industrialised building system award from Malaysia's Construction Industry Development Board for its adoption of modern construction methods. Other notable projects clinched during the year were SP Setia Sky Seputeh, Klang Valley Mass Rapid Transit and Sunway Big Box Village. In addition, it has set up a dedicated PBU plant in Malaysia, which is scheduled to commence production in 1Q2019 under the Parmarine brand name, to supply to the Singapore, Malaysia and Oceania markets.

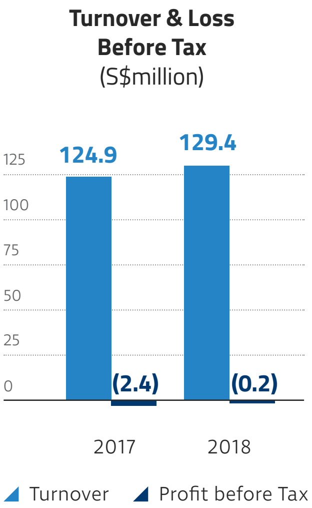
In 2Q2018, Eastern Pretech Singapore relocated its production operation to its plant in Seelong, Malaysia. The Singapore office continued to secure school, community club and healthcare projects such as Woodlands Health Campus and National Skin Centre.

Going Forward

The precast business in Singapore and Malaysia is expected to improve, underpinned by a strong order book secured at higher prices compared to the depressed price level in FY2018, and lower costs following the relocation of its Singapore operation to Malaysia. Dubai operation is expected to face more challenging market conditions with downward pressure on selling price. Business outlook for the division's PBU business in Finland is expected to remain stable.

Review of **Operations**

Environmental Services



Performance

Turnover of Environmental Services division increased 4% from $124.9 million in FY2017 to $129.4 million in FY2018 due mainly to higher revenue from slop collection, recycled fuel oil (RFO) and waste treatment services.

The division registered a lower loss before tax of $0.2 million in FY2018 as compared to a loss before tax of $2.4 million in FY2017. The better performance was partly attributable to the improved performance in the division's waste treatment business following the full resumption of its operation in September 2018 after 18 months of disruption, and the recognition of $3.4 million of insurance income for business interruption during the year. However, the division's RFO business reported weaker performance due to weak RFO price in the last quarter of the financial year.

Development Highlights

During the year, the Environmental Services division completed the reinstatement of the incineration and fixation plants, which was damaged by a fire incident in 2017, and resumed full operations.

The division's oily wastewater removal ("deslopping") service was expanded when it added two slop barges, which were converted to fully equipped Class A slop tankers, to its fleet. Named NOC 7 and NOC 8, these new additions to the fleet demonstrated the division's commitment to provide marine customers with better, more timely and reliable customer experience.

The construction of the division's new $40 million organic wastewater treatment facility in Tuas was completed in early 2019 and is scheduled to receive full operating permit by 2Q2019. The new plant is equipped with advanced treatment technologies that are capable of treating a wide range of industrial wastewater to support Singapore's high-value chemical industry sector.

Going Forward

In the Environmental Services division, improvements are expected from increased slop collection with the two additional slop barges and the full reinstatement of all operating licenses of the waste treatment plant. However, the current weak demand is likely to continue to dampen selling price of the RFO business. The division's organic wastewater treatment facility in Tuas is expected to contribute to the Group's profits from 2Q2019.

Corporate Social **Responsibility**

At NSL, striving for business excellence is important. This is also in tandem with the Group's commitment to give back to the community, environment and all stakeholders through targeted programmes and initiatives.

In 2018, NSL and its group of companies embarked on various activities to reach out to beneficiaries.

Caring for the Community, and the Local Arts and Cultural Scene

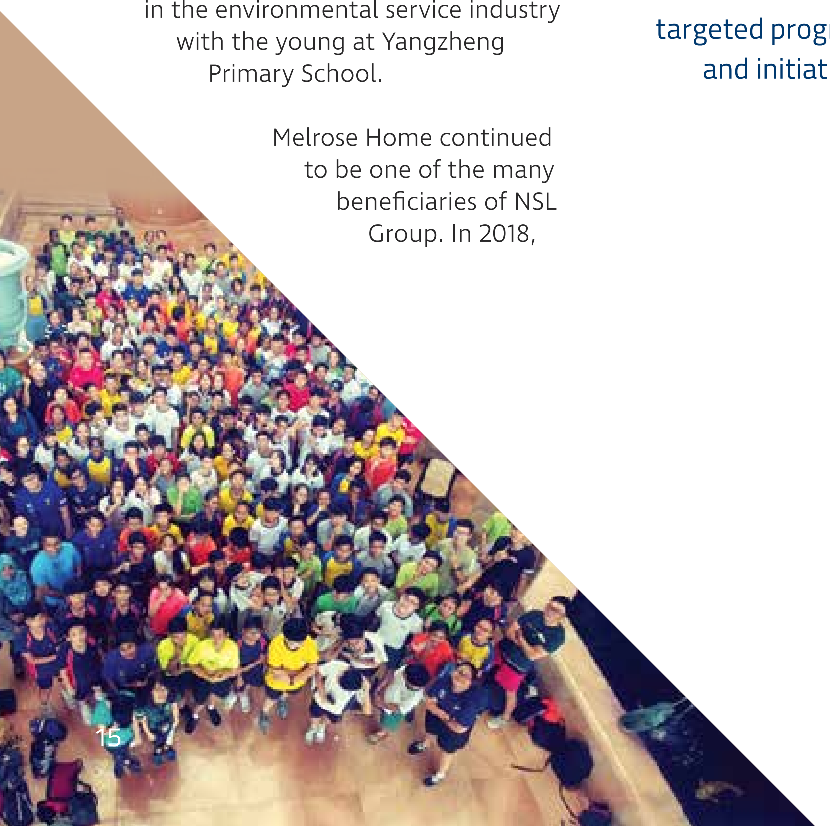
Through the Sailing and Sustainability Programme, NSL partners primary and secondary schools to inculcate values in students using real-life examples and out-of-classroom experiences. During Phase 1 of the four-day event – supported by Raffles Marina, 260 students learnt about the importance of teamwork. Subsequently, Phase 2 saw NSL Ltd's senior management engaging with 16 Guangyang Secondary school students in an interactive session about climbing the corporate ladder and career options.

Staff from NSL OilChem Waste Management also provided insights into a chemist's job, as well as shared experiences of working in the environmental service industry with the young at Yangzheng Primary School.

Melrose Home continued to be one of the many beneficiaries of NSL Group. In 2018, NSL raised $17,588 for the children's meals in the Home. Dubai Precast also visited Rashid Centre for the Disabled Children with monetary donations, gifts and education materials for infants and children of up to 18 years old. During the visit, staff sang songs and played games with the beneficiaries.

English literacy course for staff at NSL OilChem Waste Management

> Even as NSL strives for business excellence, the Group remains committed to give back to the community, environment and stakeholders through targeted programmes and initiatives.



During the year, NSL continued to contribute to the local arts and cultural scene through its support for the Singapore Symphony Orchestra.

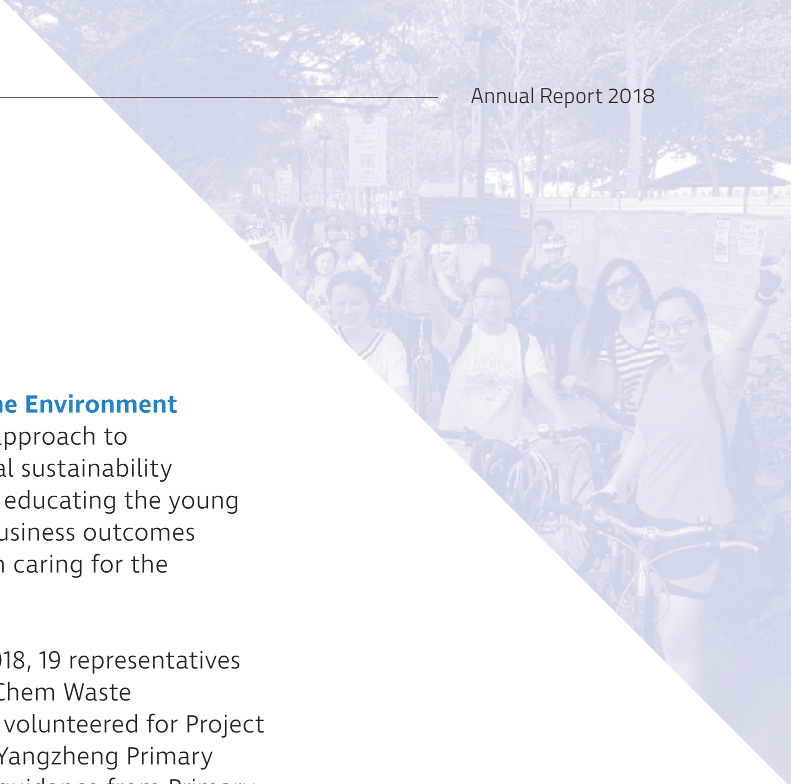
People – Employees as Assets

Employees are a valuable asset of the Company and they are at the heart of what NSL does. Other than trainings, NSL also ensures that its employees' health, safety and well-being are taken care of.

Robust training programmes have been tailored to ensure employees stay relevant in this fast-changing industry. In 2018, NSL OilChem Waste Management rolled out a series of trainings for staff of various levels. Sixteen managers attended "The Human Dimension of Leadership" workshop to enhance their emotional intelligence and supervising effectiveness. A customised English literacy course was also introduced to Chinese speaking staff to aid them in handling onsite and offsite client enquiries.

For Raffles Marina, different departments utilising the same system were brought together for an onboarding training session to ensure seamless operations.

Workplace Health and Safety is central to the welfare of our employees. During the year, staff were scheduled to attend compulsory safety trainings, such as Occupational First Aid Course with automated external defibrillator, handling of chemicals, lifting and forklift operations.



Conducting trainings for staff on workplace health and safety

In ensuring NSL's readiness for emergencies, staff attended mandatory safety trainings required for Company Emergency Response Team (CERT). In addition, an emergency preparedness talk on terrorists and fire response was also conducted for operators, laboratory technicians and supervisors during the year.

Through the years, NSL's Sports and Recreational Committee has been organising workshops and interactive activities to promote work-life balance for all. Besides workshops like cooking and terrarium making, a day trip to Legoland Malaysia had been organised for staff, family and friends.

Protecting the Environment

The Group's approach to environmental sustainability encompasses educating the young and having business outcomes coherent with caring for the environment.

In October 2018, 19 representatives from NSL OilChem Waste Management volunteered for Project SeedLinks at Yangzheng Primary School. With guidance from Primary Five student buddies, 127 preschoolers from My First Skool, PCF Sparkletots and Bethesda Kindergarten were given an opportunity to grow their own seedlings using recycled seed holders. Besides nurturing the young to care for the environment, this programme also aims to contribute to a sustainable environment for our future generations.

Eastern Pretech continues to offer 45 designs of green concrete mix to support sustainable construction in Singapore, and 35 types in Malaysia. The demand for green concrete continues to increase, now making up about a third of the volume of concrete projects in both countries. In 2018, 30% of the total projects volume are made from green concrete mix.

Hollow-core slabs made from green concrete mix

Educating the young on creating a sustainable environment

Corporate **Directory**

PRECAST & PBU

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ENVIRONMENTAL SERVICES

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NSL OilChem Green Energy Pte Ltd

NSL OilChem Marine Pte Ltd

NSL OilChem Specialties Pte Ltd
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www.nsloilchem.com.sg

NSL OilChem Logistics Pte Ltd
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F (65) 6861 1928

NSL Fuel Management Services Pte Ltd
(previously known as NSL OilChem Trading Pte Ltd)
23 Tanjong Kling Road
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T (65) 6861 3311
F (65) 6513 3993 / 6861 7033
www.nslfms.com.sg

NSL Marine Fuel Services Pte Ltd
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23 Tanjong Kling Road
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F (65) 6748 7720
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www.bkkcogen.com

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NSL Resorts International Pte Ltd

Raffles Marina Holdings Ltd
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F (65) 6536 1008

Financial Review

Director's Statement

For the financial year ended 31 December 2018

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 37 to 133 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Prof CHAM Tao Soon
John KOH Tiong Lu
Dr TAN Tat Wai
BAN Song Long
David FU Kuo Chen
Dr LOW Chin Nam

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company, for the purpose of Section 164 of the Companies Act, none of the Directors of the Company at the beginning and at the end of the financial year and as at 21 January 2019 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 21.01.2019**	**At 31.12.2018**	**At 01.01.2018**	**At 21.01.2019**	**At 31.12.2018**	**At 01.01.2018**
NSL Ltd						
Ordinary shares						
Prof Cham Tao Soon	30,000	30,000	30,000	10,000*	10,000*	10,000*
Related Corporation						
Raffles Marina Holdings Ltd						
Class B Ordinary Shares						
Dr Low Chin Nam	9,000	9,000	9,000	-	-	-

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

Director's Statement

For the financial year ended 31 December 2018

MATERIAL CONTRACTS

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

SHARE OPTIONS

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

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

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

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

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

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

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

AUDIT COMMITTEE

The Board of Directors has reviewed and is satisfied with the adequacy and effectiveness 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.

The Audit Committee has nominated PricewaterhouseCoopers LLP for re-appointment by the shareholders as independent auditor at the forthcoming Annual General Meeting.

Director's Statement

For the financial year ended 31 December 2018

INDEPENDENT AUDITOR

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

On behalf of the Directors

Prof CHAM Tao Soon	Dr LOW Chin Nam
Director	Director

Singapore
13 March 2019

Statement of Corporate Governance

For the financial year ended 31 December 2018

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

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

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

Board of Directors
(Principles 1 to 6)

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

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

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

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

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

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

Statement of Corporate Governance

For the financial year ended 31 December 2018

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

The Board has adopted an orientation programme for new directors.

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

Key information on the directors is set out on page 31.

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

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2018 to 31 December 2018

	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	3	3	n/a	n/a	1	1	3	3
Ban Song Long	4	4	4	4	n/a	n/a	n/a	n/a	9	9	1	1	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	1	1	3	3	9	9	1	1	3	2
John Koh Tiong Lu	4	4	4	4	1	1	3	3	n/a	n/a	1	1	n/a	n/a
Dr Low Chin Nam	4	4	n/a	n/a	n/a	n/a	n/a	n/a	9	9	1	1	3	3
Dr Tan Tat Wai	4	4	4	4	1	1	3	3	n/a	n/a	1	1	n/a	n/a

Statement of Corporate Governance

For the financial year ended 31 December 2018

Audit Committee
(Principle 12)

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

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

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 adequacy and 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.

The Audit Committee Guidance Committee issued the first edition of the Guidebook for Audit Committees in Singapore in October 2008 and the second edition in August 2014. Both editions were 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 reference 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 2018.

In carrying out its duties, the Audit Committee:

(a) Reviewed the independence, adequacy and 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

For the financial year ended 31 December 2018

(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 Audit Committee also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with management and the external auditors have been included as key audit matters (KAMs) in the audit report for the financial year ended 31 December 2018. Refer to pages 32 to 34 of this Annual Report.

In assessing each KAM, the Audit Committee took into consideration the approach and methodology applied in the valuation of assets. The Audit Committee concluded that management's accounting treatment in each of the KAMs were appropriate.

The Audit Committee has reviewed all non-audit services provided by the external auditors for the financial year ended 31 December 2018 as well as the fees paid and is satisfied that the independence and objectivity of the external auditors have not been impaired.

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

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

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
David FU Kuo Chen, Non-Executive
Dr LOW Chin Nam, Executive

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

Statement of Corporate Governance

For the financial year ended 31 December 2018

Nominating Committee
(Principles 2, 4 & 5)

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

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

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.

The Nominating Committee does not have a practice of appointing alternate directors. No alternate director was appointed in this financial year.

Statement of Corporate Governance

For the financial year ended 31 December 2018

**Remuneration Committee
(Principles 7 to 9)**

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

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

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

Remuneration Band & Name of Director	Base / Fixed Salary(1) S$'000	Variable or Performance-related Income / Bonuses(1) S$'000	Directors' Fees S$'000	Benefits-in-kind S$'000	Share Options Granted(2) S$'000	Total Compensation S$'000
Non-Executive Directors						
Prof CHAM Tao Soon	-	-	152	-	-	152
BAN Song Long	-	-	102	-	-	102
David FU Kuo Chen	-	-	96	-	-	96
John KOH Tiong Lu	-	-	120	-	-	120
Dr TAN Tat Wai	-	-	90	-	-	90
Executive Director						
Dr LOW Chin Nam	413	30	54	23	-	520

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

Statement of Corporate Governance

For the financial year ended 31 December 2018

(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$250,000 to S$499,999					
Matti MIKKOLA	83	3	14	-	100
TAN Meow Cheng	93	5	2	-	100
Henrik Bondrup JENSEN	67	5	28	-	100
Jussi RAUNIO	62	33	5	-	100
Jeffrey FUNG Tian Piow	94	6	-	-	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 FY2018 was S$1,859,000

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

Corporate Research and Development Advisory Panel

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

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

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

Statement of Corporate Governance

For the financial year ended 31 December 2018

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 39 to the Financial Statements.

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

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

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

(b) the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2018.

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 Board is of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2018.

The Audit Committee concurred with the Board's view that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2018.

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.

Overall, the Audit Committee is satisfied that the internal audit function is independent and effective and that internal audit department has adequate resources and appropriate standing within the Group to perform its function effectively.

Statement of Corporate Governance

For the financial year ended 31 December 2018

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

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

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

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

The Company's Constitution allows

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

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

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

Securities Transactions

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

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

The Directors and key employees are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods and to refrain from dealing in the securities on short-term considerations.

Interested Person Transactions

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

Statement of Corporate Governance

For the financial year ended 31 December 2018

PARTICULARS OF DIRECTORS AS AT 8 MARCH 2019

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 26 APRIL 2019
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 24 April 2018	Non-Executive / Independent	N/A
John Koh Tiong Lu	• LLM degree from Harvard Law School • BA and MA degree (Economics and Law) from Trinity College, University of Cambridge	*Chairman:* Audit Committee *Member:* Nominating Committee Remuneration Committee	30 January 2003 11 April 2017	Non-Executive / Independent	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 11 April 2017	Non-Executive / Independent	N/A
Ban Song Long	Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *Member:* Audit Committee	25 January 2003 24 April 2018	Non-Executive	N/A
David Fu Kuo Chen	Bachelor of Science degree in Engineering from University of Southern California	*Member:* Nominating Committee Remuneration Committee Executive Committee Corporate Research and Development Advisory Panel	25 January 2003 29 April 2016	Non-Executive	Re-election (Article 90)
Dr Low Chin Nam	• Bachelor of Science (First Class Honours) in Electronics Engineering from King's College, University of London • Master of Science in Management Science from Imperial College, University of London • Doctor of Philosophy degree in Econometrics from Monash University, Australia	*Member:* Executive Committee Corporate Research and Development Advisory Panel	1 August 2016 11 April 2017	Executive (Responsible for the overall Management of the NSL Group)	Re-election (Article 90)

Independent Auditor's Report

To the members of NSL LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter

Impairment assessment on loans and receivables

Refer to Note 3A, Note 18, Note 23 and Note 39b to the financial statements for the related disclosures.

As at 31 December 2018, the Group had outstanding trade receivables of S$86,221,000 (net of accumulated allowance for impairment of trade receivables of S$18,667,000).

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which required expected lifetime losses to be recognised from initial recognition of the receivables as set out in accounting policy stated in Note 2L.

In relation to trade receivables that are other than non-performing, they were grouped based on similar credit risk characteristics within each revenue segment and days past due; and a provision matrix was used to measure the lifetime expected credit loss.

In estimating the expected credit loss, management considered historical loss rates for each category of customers within each revenue segment, and adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

We focused on impairment of trade receivable as the estimation of the expected credit loss required significant management judgement in assessing the impairment of outstanding trade receivables.

How our audit addressed the Key Audit Matter

We obtained an understanding of the Group's process for estimating the expected credit loss and evaluated management's measurement of the lifetime expected credit losses. We also assessed management's judgement on whether these historical credit loss rates used by management were reflective of current market conditions for each category of customers within each revenue segment, and considered the impact of forward-looking information on expected credit losses. For forward-looking assumptions used by the Group, we held discussion with management and corroborated the expected credit loss rates using both internal and publicly available information.

We verified the mathematical accuracy of the impairment loss of trade receivables, calculated for the respective aging brackets of trade receivables based on days past due, in assessing the adequacy of impairment required.

We also considered the appropriateness and adequacy of the disclosures relating to credit risks of trade receivables. We found the judgement exercised by management in the determination of impairment of trade receivables and the impairment loss charged in the financial statements to be appropriate.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on property, plant and equipment ("PPE")	
Refer to Note 3B and Note 20d to the financial statements for the related disclosures. As at 31 December 2018, the Group's PPE was carried at net book value of S$156,030,000. For the PPE with indicators of impairment, management performed an impairment review to assess the recoverable amount of these PPE based on the higher of value-in-use ("VIU") and fair value less cost to sell ("FVLCS"). Management's assessment of the VIU of PPE specific to a CGU in Precast & PBU segment involved significant judgement about the projected average sales growth rates, particularly in relation to the future results of the business, and the discount rates applied to cash flow projections. Arising from management's assessment, no impairment charge was recognised as the recoverable amounts of these PPE exceeded their carrying amounts. We focused on impairment of PPE as the assessment of recoverable amounts using VIU models required management to exercise significant judgement in estimating the project average sales growth rate and discount rates applied to future cash flow projections.	We assessed management's identification of the CGUs which contained indicators of impairment at 31 December 2018. In respect of the CGU where indicators of impairment were present, we assessed management's basis of measuring the recoverable amount of the PPE based on the higher of VIU and FVLCS. We evaluated the process by which management's VIU computation was developed, including verifying the mathematical accuracy of the underlying calculations. We assessed the reasonableness of cash flow projections and compared projected average sales growth rate against the CGU's historical data and performance and latest financial budgets approved by management. We have independently verified and noted that the methodology and the discount rate used by management was appropriate. We also considered the appropriateness and adequacy of the disclosures relating to the assumptions. We found that the assumptions used in the cash flow projections and results of management's assessment were within a reasonable range and sensitivity analyses were adequately disclosed in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections") which are expected to be made available to us after that date.

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

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

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

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

Independent Auditor's Report

To the members of NSL LTD.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Independent Auditor's Report

To the members of NSL LTD.

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

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

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

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

Report on other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Sim May Ling Theresa.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants, Singapore
13 March 2019

Consolidated Income Statement

For the financial year ended 31 December 2018

	Note	The Group 2018 S$'000	2017 S$'000
Continuing operations			
Sales	4	**376,584**	356,150
Cost of sales		**(345,318)**	(320,587)
Gross profit		**31,266**	35,563
Other income			
- Interest	5	**4,403**	4,999
- Others	5	**8,771**	7,378
Other gains and losses	6	**(1,727)**	2,991
Distribution costs		**(12,250)**	(12,778)
Administrative expenses		**(31,537)**	(31,813)
Impairment loss on financial assets	39b	**(1,001)**	(866)
Finance costs	7	**(558)**	(820)
Share of results of associated companies, net of tax	22	**7**	438
(Loss) / profit before income tax	8	**(2,626)**	5,092
Income tax expense	10	**(1,247)**	(853)
(Loss) / profit from continuing operations		**(3,873)**	4,239
Discontinued operations			
Loss from discontinued operations	11	**-**	(450)
Total (loss) / profit for the financial year		**(3,873)**	3,789
(Loss) / profit attributable to equity holders of the Company:			
- from continuing operations		**(3,855)**	4,363
- from discontinued operations		**-**	(450)
		(3,855)	3,913
Loss attributable to non-controlling interest:			
- from continuing operations		**(18)**	(124)
- from discontinued operations		**-**	-
		(18)	(124)
Basic and fully diluted (loss) / earnings per share (cents)			
- from continuing operations	13	**(1.03)**	1.17
- from discontinued operations	13	**-**	(0.12)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	The Group 2018 S$'000	The Group 2017 S$'000
Total (loss) / profit for the financial year		**(3,873)**	3,789
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Gains arising during the year		**8**	1,303
Available-for-sale			
- Losses arising during the year		**-**	(488)
Income tax relating to components of other comprehensive income		**-**	6
Share of other comprehensive losses of associated companies		**(299)**	(1,239)
Items that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI*			
- Fair value losses-equity investments		**(20)**	-
Income tax relating to components of other comprehensive income	10	**56**	-
Other comprehensive losses for the year, net of tax		**(255)**	(418)
Total comprehensive (losses) / income for the year, net of tax		**(4,128)**	3,371
Total comprehensive (losses) / income attributable to:			
Equity holders of the Company		**(4,014)**	3,145
Non-controlling interests		**(114)**	226
		(4,128)	3,371

* Financial assets measured at fair value through other comprehensive income

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

Balance Sheets

As at 31 December 2018

		The Group			The Company		
		31 December		1 January	31 December		1 January
		2018	2017	2017	2018	2017	2017
	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Share capital	14	**193,839**	193,839	193,839	**193,839**	193,839	193,839
Reserves	15	**367,915**	391,407	479,959	**169,234**	184,652	269,968
Shareholders' equity		**561,754**	585,246	673,798	**363,073**	378,491	463,807
Non-controlling interests	21	**4,572**	4,803	4,577	**-**	-	-
TOTAL EQUITY		**566,326**	590,049	678,375	**363,073**	378,491	463,807
CURRENT ASSETS							
Inventories	17	**54,175**	50,119	36,552	**-**	-	-
Receivables, prepayments and other current assets	18	**101,435**	114,919	103,391	**40,758**	26,315	15,604
Tax recoverable		**1,624**	1,588	1,236	**-**	-	-
Cash and cash equivalents	19	**304,661**	347,810	461,763	**257,326**	283,904	376,871
		461,895	514,436	602,942	**298,084**	310,219	392,475
Investment properties classified as held-for-sale	16a	**-**	-	9,493	**-**	-	-
Investment in an associated company classified as held-for-sale	16b	**-**	44,369	-	**-**	-	-
		461,895	558,805	612,435	**298,084**	310,219	392,475
NON-CURRENT ASSETS							
Property, plant and equipment	20	**156,030**	125,611	123,251	**170**	283	166
Investments in subsidiaries	21	**-**	-	-	**85,232**	85,232	85,232
Investments in associated companies	22	**51,265**	6,520	50,529	**-**	-	-
Long term receivables and prepayments	23	**4,588**	3,945	5,216	**27,912**	32,298	32,425
Available-for-sale financial assets	24	**-**	7,805	8,387	**-**	7,476	7,930
Financial assets, at FVOCI	25	**7,785**	-	-	**7,494**	-	-
Held-to-maturity financial assets	26	**-**	2,551	1,523	**-**	2,551	1,523
Other investments at amortised cost	27	**2,536**	-	-	**2,536**	-	-
Intangible assets	28	**11,187**	11,584	10,351	**163**	248	77
Deferred tax assets	33	**3,901**	3,044	3,044	**-**	-	-
Other non-current assets		**105**	111	95	**-**	-	-
		237,397	161,171	202,396	**123,507**	128,088	127,353
TOTAL ASSETS		**699,292**	719,976	814,831	**421,591**	438,307	519,828

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

Balance Sheets

As at 31 December 2018

		The Group			The Company		
		31 December		1 January	31 December		1 January
		2018	2017	2017	2018	2017	2017
	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
CURRENT LIABILITIES							
Borrowings	29	**(2,109)**	(3,647)	(16,010)	**-**	-	-
Trade, other payables and other current liabilities	30	**(98,599)**	(107,259)	(93,178)	**(48,683)**	(49,906)	(55,705)
Current income tax liabilities		**(618)**	(496)	(999)	**-**	-	(316)
Deferred income	31	**(168)**	(244)	(423)	**-**	-	-
		(101,494)	(111,646)	(110,610)	**(48,683)**	(49,906)	(56,021)
NON-CURRENT LIABILITIES							
Provision for retirement benefits	32	**(3,473)**	(2,957)	(2,735)	**-**	-	-
Deferred tax liabilities	33	**(2,179)**	(2,623)	(3,718)	**(236)**	(280)	-
Borrowings	29	**(20,061)**	(9,054)	(15,512)	**-**	-	-
Deferred income	31	**(535)**	(668)	(834)	**-**	-	-
Other non-current liabilities	34	**(5,224)**	(2,979)	(3,047)	**(9,599)**	(9,630)	-
		(31,472)	(18,281)	(25,846)	**(9,835)**	(9,910)	-
TOTAL LIABILITIES		**(132,966)**	(129,927)	(136,456)	**(58,518)**	(59,816)	(56,021)
NET ASSETS		**566,326**	590,049	678,375	**363,073**	378,491	463,807

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2018

		Attributable to Equity Holders of the Company								
	Note	Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000	Capital Reserve S$'000	Fair Value Reserve S$'000	General Reserve S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
THE GROUP										
Balance as restated at 31 December 2017		193,839	391,170	(286)	(1,944)	1,520	947	585,246	4,803	590,049
Adoption of SFRS(I) 9	2B	-	(231)	-	-	-	-	(231)	(25)	(256)
Balance as restated at 1 January 2018		193,839	390,939	(286)	(1,944)	1,520	947	585,015	4,778	589,793
Loss for the year		-	(3,855)	-	-	-	-	(3,855)	(18)	(3,873)
Other comprehensive losses for the year		-	-	(195)	-	36	-	(159)	(96)	(255)
Total comprehensive income / (losses) for the year		-	(3,855)	(195)	-	36	-	(4,014)	(114)	(4,128)
Transfer of reserves		-	(34)	-	-	-	34	-	-	-
Dividends paid	12	-	(18,678)	-	-	-	-	(18,678)	-	(18,678)
Dividends paid to non-controlling interests of subsidiary		-	-	-	-	-	-	-	(92)	(92)
Total transactions with owners, recognised directly in equity		-	(18,678)	-	-	-	-	(18,678)	(92)	(18,770)
Disposal of an associated company	15b	-	-	(569)	-	-	-	(569)	-	(569)
Balance as at 31 December 2018		193,839	368,372	(1,050)	(1,944)	1,556	981	561,754	4,572	566,326
Balance as at 1 January 2017		193,839	493,689	(14,088)	(1,944)	2,002	300	673,798	4,577	678,375
Adoption of SFRS(I) 1	2B	-	(14,088)	14,088	-	-	-	-	-	-
Balance as restated at 1 January 2017		193,839	479,601	-	(1,944)	2,002	300	673,798	4,577	678,375
Profit / (loss) for the year		-	3,913	-	-	-	-	3,913	(124)	3,789
Other comprehensive losses for the year		-	-	(286)	-	(482)	-	(768)	350	(418)
Total comprehensive income / (losses) for the year		-	3,913	(286)	-	(482)	-	3,145	226	3,371
Transfer of reserves		-	(647)	-	-	-	647	-	-	-
Dividends paid	12	-	(93,390)	-	-	-	-	(93,390)	-	(93,390)
Write-back of long outstanding dividend payables		-	1,693	-	-	-	-	1,693	-	1,693
Total transactions with owners, recognised directly in equity		-	(91,697)	-	-	-	-	(91,697)	-	(91,697)
Balance as at 31 December 2017		193,839	391,170	(286)	(1,944)	1,520	947	585,246	4,803	590,049

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

		The Group	
	Note	2018 S$'000	2017 S$'000
Cash Flows from Operating Activities			
(Loss) / profit from continuing operations		**(3,873)**	4,239
(Loss) / profit from discontinued operations		**-**	(450)
(Loss) / profit for the financial year		**(3,873)**	3,789
Adjustments for:			
Taxation		**1,247**	853
Amortisation of intangible assets		**1,720**	916
Amortisation of deferred income		**(250)**	(370)
Depreciation of property, plant and equipment and investment properties		**13,588**	12,278
Interest expense		**558**	820
Interest income		**(4,403)**	(4,999)
Dividend income from financial assets, at FVOCI		**(2,620)**	(3,008)
Allowance for / (write-back) of impairment of property, plant and equipment		**253**	(365)
Loss on disposal including write-off of property, plant and equipment (net)		**194**	620
Plant closure and restructuring costs		**2,049**	-
Insurance compensation		**(3,406)**	(1,049)
Net gain on disposal of financial assets, at FVOCI/ available-for-sale		**-**	(10)
Provision for retirement benefits (net)		**598**	590
Share of results of associated companies, net of tax		**(7)**	(438)
Gain on disposal of investment property		**-**	(3,568)
Gain on disposal of an associated company		**(650)**	-
Loss on disposal of subsidiaries	11	**-**	450
Exchange differences and other adjustments		**118**	-
Operating cash flows before working capital changes		**5,116**	6,509
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		**(4,056)**	(13,665)
Receivables and prepayments		**14,533**	(15,544)
Deferred income		**41**	25
Trade and other payables		**(6,389)**	18,943
Cash generated from / (used in) operations		**9,245**	(3,732)
Income tax paid		**(2,438)**	(2,792)
Insurance compensation received		**1,500**	-
Plant closure and restructuring costs		**(2,049)**	-
Retirement benefits paid		**(154)**	(166)
Net cash generated from / (used in) operating activities		**6,104**	(6,690)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	The Group 2018 S$'000	The Group 2017 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**771**	389
Proceeds from disposal of financial assets, available-for-sale and other assets		**-**	104
Insurance compensation received		**-**	1,049
Net cash inflow from disposal of subsidiaries		**-**	802
Professional fees paid for disposal of an associated company		**(591)**	-
Net cash inflow from disposal of investment property		**-**	12,997
Purchases of property, plant and equipment		**(45,231)**	(16,006)
Purchases of intangible assets		**(1,323)**	(2,108)
Purchases of financial assets at amortised cost/ held-to-maturity		**-**	(1,036)
Interest received		**4,449**	6,108
Dividends received from financial assets, at FVOCI/ available-for-sale		**2,620**	3,008
Net cash (used in) / generated from investing activities		**(39,305)**	5,307
Cash Flows from Financing Activities			
Proceeds from borrowings		**22,559**	17,968
Repayment of borrowings		**(12,662)**	(35,529)
Hire purchase and finance lease liabilities		**(415)**	(1,260)
Interest paid		**(557)**	(826)
Bank deposits pledged		**-**	(2,401)
Dividends paid to shareholders	12	**(18,678)**	(93,390)
Dividends paid to non-controlling interests		**(92)**	-
Net cash used in financing activities		**(9,845)**	(115,438)
Net decrease in cash and cash equivalents		**(43,046)**	(116,821)
Cash and cash equivalents at beginning of the financial year		**341,310**	457,664
Effects of exchange rate changes on cash and cash equivalents		**(103)**	467
Cash and cash equivalents at end of the financial year	19	**298,161**	341,310

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

Reconciliation of liabilities arising from financing activities

	1 January 2018 S$'000	Proceeds S$'000	Principal repayments S$'000	Foreign exchange movement S$'000	31 December 2018 S$'000
Bank borrowings	12,226	22,559	(12,662)	(13)	22,110
Hire purchase and finance lease liabilities	475	-	(415)	-	60

	1 January 2017 S$'000	Proceeds S$'000	Principal repayments S$'000	31 December 2017 S$'000
Bank borrowings	29,787	17,968	(35,529)	12,226
Hire purchase and finance lease liabilities	1,735	-	(1,260)	475

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

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

The preparation of 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. 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. Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing their first set of financial statements in accordance with SFRS(I):

(i) Business combinations

SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(a) Optional exemptions applied (continued)

(i) Business combinations (continued)

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

(ii) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

(iii) Borrowing costs

The Group has elected to apply the requirements in the SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were accounted for previously under SFRS prior to date of transition are not restated.

(iv) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

(v) Practical expedients on adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

(vi) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a lease.*

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 January 2017	Note	Reported under SFRS S$'000	Effects of applying SFRS(I) 1 S$'000	Effects of applying SFRS(I) 15 S$'000	Reported under SFRS(I) S$'000
Share capital		193,839	-	-	193,839
Revenue reserve	2B	493,689	(14,088)	-	479,601
Other reserves	2B	(13,730)	14,088	-	358
Shareholders' equity		673,798	-	-	673,798
Non-controlling interests		4,577	-	-	4,577
TOTAL EQUITY		678,375	-	-	678,375
CURRENT ASSETS					
Inventories		36,552	-	-	36,552
Receivables, prepayments and other current assets	2B(2)(ii)	103,391	-	-	103,391
Tax recoverable		1,236	-	-	1,236
Cash and cash equivalents		461,763	-	-	461,763
		602,942	-	-	602,942
Investment properties classified as held-for-sale		9,493	-	-	9,493
Investment in an associated company classified as held-for-sale		-	-	-	-
		612,435	-	-	612,435
NON-CURRENT ASSETS					
Property, plant and equipment		123,251	-	-	123,251
Investments in subsidiaries		-	-	-	-
Investments in associated companies		50,529	-	-	50,529
Long term receivables and prepayments		5,216	-	-	5,216
Available-for-sale financial assets		8,387	-	-	8,387
Financial assets, at FVOCI		-	-	-	-
Held-to-maturity financial assets		1,523	-	-	1,523
Other investments at amortised cost		-	-	-	-
Intangible assets		10,351	-	-	10,351
Deferred tax assets		3,044	-	-	3,044
Other non-current assets		95	-	-	95
		202,396	-	-	202,396
TOTAL ASSETS		814,831	-	-	814,831

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

As at 1 January 2017	Note	Reported under SFRS S$'000	Effects of applying SFRS(I) 1 S$'000	Effects of applying SFRS(I) 15 S$'000	Reported under SFRS(I) S$'000
CURRENT LIABILITIES					
Borrowings		(16,010)	-	-	(16,010)
Trade, other payables and other current liabilities	2B(2)(ii)	(93,178)	-	-	(93,178)
Current income tax liabilities		(999)	-	-	(999)
Deferred income		(423)	-	-	(423)
		(110,610)	-	-	(110,610)
NON-CURRENT LIABILITIES					
Provision for retirement benefits		(2,735)	-	-	(2,735)
Deferred tax liabilities		(3,718)	-	-	(3,718)
Borrowings		(15,512)	-	-	(15,512)
Deferred income		(834)	-	-	(834)
Other non-current liabilities		(3,047)	-	-	(3,047)
		(25,846)	-	-	(25,846)
TOTAL LIABILITIES		(136,456)	-	-	(136,456)
NET ASSETS		678,375	-	-	678,375

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 Dec 2017 reported under SFRS S$'000	Effects of applying SFRS(I) 1 S$'000	Effects of applying SFRS(I) 15 S$'000	As at 31 Dec 2017 reported under SFRS(I) S$'000	Effects of applying SFRS(I) 9 S$'000	As at 1 Jan 2018 reported under SFRS(I) S$'000
Share capital		193,839	-	-	193,839	-	193,839
Revenue reserve		405,258	(14,088)	-	391,170	(231)	390,939
Other reserves		(13,851)	14,088	-	237	-	237
Shareholders' equity		585,246	-	-	585,246	(231)	585,015
Non-controlling interests		4,803	-	-	4,803	(25)	4,778
TOTAL EQUITY		590,049	-	-	590,049	(256)	589,793
CURRENT ASSETS							
Inventories	2B(2)(ii)	50,217	-	(98)	50,119	-	50,119
Receivables, prepayments and other current assets	2B(2)(ii)	114,821	-	98	114,919	(280)	114,639
Tax recoverable		1,588	-	-	1,588	-	1,588
Cash and cash equivalents		347,810	-	-	347,810	-	347,810
		514,436	-	-	514,436	(280)	514,156
Investment properties classified as held-for-sale		-	-	-	-	-	-
Investment in an associated company classified as held-for-sale		44,369	-	-	44,369	-	44,369
		558,805	-	-	558,805	(280)	558,525
NON-CURRENT ASSETS							
Property, plant and equipment		125,611	-	-	125,611	-	125,611
Investments in subsidiaries		-	-	-	-	-	-
Investments in associated companies		6,520	-	-	6,520	-	6,520
Long term receivables and prepayments		3,945	-	-	3,945	-	3,945
Available-for-sale financial assets		7,805	-	-	7,805	(7,805)	-
Financial assets, at FVOCI		-	-	-	-	7,805	7,805
Held-to-maturity financial assets		2,551	-	-	2,551	(2,551)	-
Other investments at amortised cost		-	-	-	-	2,551	2,551
Intangible assets		11,584	-	-	11,584	-	11,584
Deferred tax assets		3,044	-	-	3,044	24	3,068
Other non-current assets		111	-	-	111	-	111
		161,171	-	-	161,171	24	161,195
TOTAL ASSETS		719,976	-	-	719,976	(256)	719,720

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(b) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) (continued)

	Note	As at 31 Dec 2017 reported under SFRS S$'000	Effects of applying SFRS(I) 1 S$'000	Effects of applying SFRS(I) 15 S$'000	As at 31 Dec 2017 reported under SFRS(I) S$'000	Effects of applying SFRS(I) 9 S$'000	As at 1 Jan 2018 reported under SFRS(I) S$'000
CURRENT LIABILITIES							
Borrowings		(3,647)	-	-	(3,647)	-	(3,647)
Trade, other payables and other current liabilities	2B(2)(ii)	(107,259)	-	-	(107,259)	-	(107,259)
Current income tax liabilities		(496)	-	-	(496)	-	(496)
Deferred income		(244)	-	-	(244)	-	(244)
		(111,646)	-	-	(111,646)	-	(111,646)
NON-CURRENT LIABILITIES		-					
Provision for retirement benefits		(2,957)	-	-	(2,957)	-	(2,957)
Deferred tax liabilities		(2,623)	-	-	(2,623)	-	(2,623)
Borrowings		(9,054)	-	-	(9,054)	-	(9,054)
Deferred income		(668)	-	-	(668)	-	(668)
Other non-current liabilities		(2,979)	-	-	(2,979)	-	(2,979)
		(18,281)	-	-	(18,281)	-	(18,281)
TOTAL LIABILITIES		(129,927)	-	-	(129,927)	-	(129,927)
NET ASSETS		590,049	-	-	590,049	-	589,793

(c) There were no material adjustments to the Group's consolidated statement of comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I).

Explanatory notes to reconciliations:

The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

(1) Optional exemptions

As disclosed in Note 2B(a), the Group has applied certain exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

Cumulative translation differences

As disclosed in Note 2B(a)(ii), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 was increased/reduced by S$14,088,000 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(2) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. As disclosed in Note 2B(a)(v), the Group has also elected to apply the transition provisions under paragraph C5 of the SFRS(I) 15 at 1 January 2018.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

(i) Accounting for contracts with multiple performance obligations

The Group has assessed the accounting for contracts to identify multiple performance obligations under the requirements of SFRS(I) 15 and concluded that there is no significant impact under SFRS(I).

(ii) Presentation of other current assets and liabilities

The Group has also changed the presentation of certain amounts in the balance sheet as at 31 December 2017 on adopting SFRS(I) 15:

- Contract liabilities (Note 4b) in relation to production in Precast & PBU segment were previously presented as "advances received from customers" of S$9,999,000 (1 January 2017: S$7,537,000) under SFRS.

- Cost to fulfil contracts (Note 4c) in relation to cost of specific moulds used in production of building material in the Precast & PBU segment were previously presented as "trade receivable from non-related parties' and "inventories" of S$1,490,000 (1 January 2017: S$720,000) and S$98,000 (1 January 2017: S$nil) under SFRS.

(3) Adoption of SFRS(I) 9

As disclosed in Note 2B(a)(iv), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 F*inancial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2018.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2L.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(3) Adoption of SFRS(I) 9 (continued)

(i) Classification and measurement of financial assets

For financial assets held by the Group on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from management's assessment are disclosed below.

		Financial Assets						
	Note	AFS	HTM	Amortised cost*	FVOCI	Deferred tax assets	Revenue reserve	Non-controlling interest
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 31 December 2017 – before adoption of SFRS(I) 9		7,805	2,551	109,493	-	3,044	391,170	4,803
Reclassify investments from AFS to FVOCI	(a)	(7,805)	-	-	7,805	-	-	-
Reclassify unlisted debt securities from HTM to amortised cost	(b)	-	(2,551)	2,551	-	-	-	-
Provision for impairment of financial assets		-	-	(280)	-	-	(255)	(25)
Relating tax impact on the above		-	-	-	-	24	24	-
Balance as at 1 January 2018 – after adoption of SFRS(I) 9		-	-	111,764	7,805	3,068	390,939	4,778

** Includes financial assets measured at amortised costs except for cash and cash equivalents.*

(a) Equity investments reclassified from available-for-sale to FVOCI

The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of $7,805,000 were reclassified from "available-for-sale financial assets" to "financial assets, at FVOCI" on 1 January 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(3) Adoption of SFRS(I) 9 (continued)

(i) Classification and measurement of financial assets (continued)

(b) Reclassification from held-to-maturity to amortised cost

Listed corporate bonds amounting to S$2,551,000 previously classified as "held-to maturity" were reclassified to "amortised cost" at 1 January 2018. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 January 2018.

(c) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and other current assets recognised under SFRS(I) 15;
- debt investments measured at amortised cost; and
- loans to related parties and other receivables at amortised cost.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2L and Note 39(b).

(d) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)

The Company's opening balance sheet was prepared as at 1 January 2017, which was the Company's date of transition to SFRS(I). There were no material impact to the Company's balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 9, as follows.

(i) Classification and measurement of financial assets

For financial assets held by the Company on 1 January 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are as follows:

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Adoption of SFRS(I) (continued)

(d) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I) (continued)

(i) Classification and measurement of financial assets (continued)

	Note	Financial Assets AFS S$'000	HTM S$'000	Amortised cost* S$'000	FVOCI S$'000
Balance as at 31 December 2017 – before adoption of SFRS(I) 9		7,476	2,551	26,149	-
Reclassify investments from AFS to FVOCI	(a)	(7,476)	-	-	7,476
Reclassify listed corporate bonds from HTM to amortised cost	(b)	-	(2,551)	2,551	-
Balance as at 1 January 2018 – after adoption of SFRS(I) 9		-	-	28,700	7,476

** Includes financial assets measured at amortised costs except for cash and cash equivalents.*

(a) Reclassification from available-for-sale to FVOCI

The Company has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as available-for-sale, in other comprehensive income. As a result, assets with a fair value of S$7,476,000 were reclassified from "financial assets, available-for-sale" to "financial assets, at FVOCI" on 1 January 2018.

(b) Reclassification from held-to-maturity to amortised cost

Listed corporate bonds amounting to S$2,551,000 previously classified as "held-to maturity" were reclassified to "amortised cost" at 1 January 2018. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 January 2018.

(c) Impairment of financial assets

The Company has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables and other current assets recognised under SFRS(I) 15;
- debt investments measured at amortised cost; and
- loans to related parties and other receivables at amortised cost

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 2L and Note 39b.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Revenue recognition

(1) Sale of goods

The Group manufactures and sells a range of building materials and recycled oil and other petroleum related products ("oil and petroleum products"). Revenue from the sale of goods is recognised when the Group has delivered the goods to the locations specified by its customers and control of the goods has transferred, being when the customers have accepted the products in accordance with the sales contract.

The period between the transfer of the promised goods and payment by the customer may exceed one year (i.e. retention monies). For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(2) Services rendered

The Group provides environmental services which involves sludge and slop processing related services. Revenue from providing these services is recognised in the accounting period in which the services are rendered.

Subscription services for the membership in the Group's marina club is recognised in the accounting period in which the services are rendered. This includes entrance fees and membership transfer fees of membership clubs which are recognised in profit or loss on a straight-line basis over the term of membership. Unamortised entrance fees and membership transfer fees are recognised as deferred income in the balance sheet.

(3) Rental income

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

(4) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(5) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2018

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. 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 to direct the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Group accounting (continued)

(1) Subsidiaries (continued)

(iii) *Disposals*

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

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

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

(2) Transactions with non-controlling interests

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

(3) Associated companies

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

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

(i) *Acquisitions*

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

(ii) *Equity method of accounting*

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Group accounting (continued)

(3) Associated companies (continued)

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

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

(iii) *Disposals*

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

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

F. Property, plant and equipment

(1) Measurement

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

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

(2) Depreciation

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

Leasehold land	-	over the lease period of up to 98 years
Buildings	-	8 to 60 years
Leasehold improvements	-	4 to 15 years
Plant and machinery	-	3 to 15 years
Vessels	-	15 to 18 years
Other assets	-	3 to 15 years

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property, plant and equipment (continued)

(2) Depreciation (continued)

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

(3) Subsequent expenditure

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

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

G. Intangible assets

(1) Goodwill on acquisitions

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

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

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

(2) Acquired intangible assets

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Borrowing costs

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

I. Investment properties

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

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

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

J. Investments in subsidiaries and associated companies

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

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

K. Impairment of non-financial assets

(1) Goodwill

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Impairment of non-financial assets (continued)

(2) Other intangible assets

Property, plant and equipment
Investment properties
Investments in subsidiaries and associated companies

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

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

An impairment loss for an asset (other than goodwill) is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset (other than goodwill) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset (other than goodwill) is recognised in profit or loss.

L. Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(1) Classification

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

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial assets (continued)

(1) Classification (continued)

(ii) Loans and receivables

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

(iii) Held-to-maturity financial assets

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

(iv) Available-for-sale financial assets

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

2) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(3) Initial measurement

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

(4) Subsequent measurement

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial assets (continued)

(4) Subsequent measurement (continued)

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

(5) Impairment

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

(6) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial assets (continued)

(6) Classification and measurement (continued)

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and listed debt instruments.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(7) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which required expected lifetime losses to be recognised from initial recognition of the receivables.

(8) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Financial assets (continued)

(8) Recognition and derecognition (continued)

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

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(9) Offsetting of financial instruments

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

M. Cash and cash equivalents

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

N. Borrowings

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

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

O. Trade and other payables / liabilities

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

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

Included in other non-current liability is a redemption liability relating to a call and put option over the remaining non-controlling interest of a subsidiary. It is recognised at the present value of the redemption amount and all subsequent changes to the liability (other than cash settlement) is recognised in profit or loss. As significant risks and rewards of ownership relating to the call and put options remain with the non-controlling interest, the financial liability recognised reduces the equity of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, bonds and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of forward foreign exchange contracts are determined using actively quoted forward exchange 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 based on current market conditions that are existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and/or 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.

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. Financial guarantees

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

S. Inventories

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Leases

(1) When the Group is the lessee:

The Group leases certain property, plant and equipment under finance leases and land, buildings and others under operating leases from non-related parties.

Lessee - Finance leases

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

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

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

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

Lessee - Operating leases

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

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

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

(2) When the Group is the lessor:

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

Lessor - Operating leases

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from 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.

V. Provisions for other liabilities and charges

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Employee compensation

(1) Pension benefits

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

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 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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Retirement benefits are assessed annually using the projected unit credit method; the present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using a discount rate by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating to the terms of the related pension liability at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actual assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Changes in the defined benefit liability arising from service cost and net interest on the defined benefit obligation for the financial year are recognised in profit or loss.

(2) Employee leaves entitlement

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

X. Currency translation

(1) Functional and presentation currency

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

(2) Transaction and balances

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Currency translation (continued)

(2) Transaction and balances (continued)

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

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

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

(3) Translation of Group entities' financial statements

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

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

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

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

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

Y. Segment reporting

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

Z. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

A. Impairment of trade receivables

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which required expected lifetime losses to be recognised from initial recognition of the receivables as set out in accounting policy stated in Note 2L.

In relation to trade receivables that are other than non-performing, management has grouped the receivables based on similar credit risk characteristics and days past due and have used a provision matrix to measure the lifetime expected credit losses within each revenue segment. The loss allowance rates within the provision matrix to be applied on receivables with different risk characteristics are based on historical default rates and takes into consideration forward-looking information. The loss allowance rates are reviewed on a regular basis.

A loss allowance of S$1,001,000 for trade receivable was recognised as at 31 December 2018.

The Group's credit risk exposure for trade receivables by different revenue segment and days past due are set out in Note 39b.

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

B. Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is indication that the assets are impaired in accordance with the accounting policy stated in Note 2K. If any such indication exists, the recoverable amount (i.e. higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCS")) of the asset is estimated to determine the impairment loss.

Management's assessment of the VIU of PPE specific to a CGU in Precast & PBU segment involved significant judgement about the projected average sales growth rates, particularly in relation to the future results of the business, and the discount rates applied to cash flow projections. The VIU calculation used cash flow projections which were based on financial budgets approved by management covering a 5-year period. Arising from management's assessment, no impairment charge was recognised as the recoverable amounts of these PPE exceeded their carrying amounts. If management's projected average sale growth rate were to decrease by 10% or the weighted average costs of capital were to increase by 1%, and assuming that the other variables remain unchanged, there would be no change to management's assessment of impairment loss required for the financial year.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4a Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S$'000	Overtime S$'000	Total S$'000
The Group			
2018			
Manufacturing and sale of building materials			
- Singapore	**35,563**	**-**	**35,563**
- Malaysia	**31,164**	**-**	**31,164**
- United Arab Emirates	**52,187**	**-**	**52,187**
- Finland & other parts of Europe	**106,134**	**-**	**106,134**
	225,048	**-**	**225,048**
Provision of environmental services and sale of oil and petroleum products			
- Singapore	**99,247**	**20,903**	**120,150**
- Malaysia	**1,672**	**-**	**1,672**
- United Arab Emirates	**139**	**-**	**139**
- Others	**5,223**	**-**	**5,223**
	106,281	**20,903**	**127,184**
Others			
- Singapore	**10,692**	**2,608**	**13,300**
- Malaysia	**2,738**	**-**	**2,738**
- Others	**2,813**	**-**	**2,813**
	16,243	**2,608**	**18,851**
Rental income on operating lease	**-**	**-**	**5,501**
Total	**347,572**	**23,511**	**376,584**

Notes to the Financial Statements

For the financial year ended 31 December 2018

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

4a Disaggregation of revenue from contracts with customers (continued)

	At a point in time S$'000	Overtime S$'000	Total S$'000
The Group			
2017			
Manufacturing and sale of building materials			
- Singapore	29,099	-	29,099
- Malaysia	25,354	-	25,354
- United Arab Emirates	51,722	-	51,722
- Finland & other parts of Europe	102,285	-	102,285
	208,460	-	208,460
Provision of environmental services and sale of oil and petroleum products			
- Singapore	100,393	17,318	117,711
- Malaysia	1,848	-	1,848
- Others	4,055	-	4,055
	106,296	17,318	123,614
Others			
- Singapore	11,138	3,069	14,207
- Malaysia	2,551	-	2,551
- Others	2,483	-	2,483
	16,172	3,069	19,241
Rental income on operating lease	-	-	4,835
Total	330,928	20,387	356,150

Notes to the Financial Statements

For the financial year ended 31 December 2018

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

4b Contract liabilities

		The Group		
		31 December		1 January
		2018	2017	2017
	Note	S$'000	S$'000	S$'000
Contract liabilities				
- Manufacturing and sale of building materials	30	**13,783**	9,999	7,537
Total contract liabilities		**13,783**	9,999	7,537

Contract liabilities for manufacturing and sale of building material has increased due to more contracts in which the Group billed and received consideration ahead of the provision of services.

(i) *Revenue recognised in relation to contract liabilities*

	The Group	
	2018	2017
	S$'000	S$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Manufacturing and sale of building materials	**9,067**	5,237

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

Notes to the Financial Statements

For the financial year ended 31 December 2018

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

4c Assets recognised from costs to fulfil contracts

The Group has recognised assets in relation to costs of contract-specific moulds used in production in the Precast & PBU segment. These costs incurred to fulfill contracts are presented within other current assets in the balance sheet and amortised to the profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000
Other current assets			
Asset recognised from costs incurred to fulfill contracts as at 31 December	**1,406**	1,588	720
Amortisation recognised as cost of sales during the period	**3,820**	1,009	

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2018 S$'000	2017 S$'000
Interest income		
- Financial assets measured at amortised cost		
- Fixed deposits	**4,288**	4,947
- Others	**115**	52
	4,403	4,999
Dividend income from financial assets, at FVOCI/ available-for-sale	**2,620**	3,008
Sale of scrap	**1,124**	1,178
Insurance claim for business interruption due to fire incident of a subsidiary	**2,500**	-
Other income	**2,527**	3,192
	8,771	7,378
	13,174	12,377

Notes to the Financial Statements

For the financial year ended 31 December 2018

6. OTHER GAINS AND LOSSES

	The Group	
	2018 S$'000	**2017 S$'000**
Fair value gains / (losses)		
- Derivative financial instruments	**-**	7
Financial assets, at FVOCI / available-for-sale		
- Reclassification from other comprehensive income on disposal	**-**	10
Currency exchange losses - net	**(557)**	(1,169)
Investment properties		
- Gain on disposal (Note 16a)	**-**	3,568
Plant closure and restructuring costs of a subsidiary	**(2,049)**	-
Property, plant and equipment		
- Losses on disposal including write-off, net	**(194)**	(620)
- (Allowance for) / write-back of impairment loss, net	**(253)**	365
Gain on disposal of an associated company (Note 22d)	**650**	-
Insurance claim for damage of plant and equipment	**906**	1,049
Miscellaneous	**(230)**	(219)
	(1,727)	2,991

7. FINANCE COSTS

	The Group	
	2018 S$'000	**2017 S$'000**
Interest expense		
- Bank borrowings	**(147)**	(237)
- Hire purchase and finance lease liabilities	**(12)**	(52)
- Redemption liability (Note 34)	**(243)**	(260)
- Others	**(156)**	(271)
	(558)	(820)

Notes to the Financial Statements

For the financial year ended 31 December 2018

8. PROFIT BEFORE INCOME TAX

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

	Note	The Group 2018 S$'000	The Group 2017 S$'000
(Charged) / credited:			
Amortisation of intangible assets	28	**(1,720)**	(916)
Amortisation of deferred income	31	**250**	370
Depreciation of property, plant and equipment	20	**(13,588)**	(12,278)
Employee compensation	9	**(97,638)**	(96,997)
Cost of inventories as expense (included in 'Cost of sales')		**(180,649)**	(181,956)
Sub-contractor charges		**(20,492)**	(16,541)
Remuneration paid / payable to auditors of the Company[1]			
- for auditing the financial statements		**(527)**	(532)
- for other services		**(261)**	(278)
Remuneration paid / payable to other auditors			
- for auditing the financial statements[2]		**(218)**	(213)
- for other services		**(43)**	(170)
Rental expense - operating leases		**(9,498)**	(12,295)
Transportation expense		**(9,002)**	(7,899)
Allowance for impairment of trade receivables and bad debts written off, net	39b	**(1,001)**	(866)
Allowance for stocks obsolescence		**(225)**	(434)
Write-down of inventories to net realisable value, net		**(1,706)**	(1,599)

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$174,000 (2017: S$169,000) paid or payable to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$44,000 (2017: S$44,000) paid or payable to other firms of auditors in respect of the audit of subsidiaries.

9. EMPLOYEE COMPENSATION

	The Group 2018 S$'000	The Group 2017 S$'000
Wages and salaries	**84,910**	83,384
Employer's contribution to defined contribution plans, including Central Provident Fund	**2,904**	3,590
Retirement benefits (Note 32)	**598**	590
Other staff benefits	**9,226**	9,433
	97,638	96,997

Key management's remuneration is disclosed in Note 36b.

Notes to the Financial Statements

For the financial year ended 31 December 2018

10. INCOME TAX EXPENSE

	The Group 2018 S$'000	The Group 2017 S$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
From continuing operations		
Current income tax		
- Singapore	**41**	(227)
- Foreign	**2,517**	2,224
	2,558	1,997
Deferred income tax (Note 33)	**(1,046)**	(514)
	1,512	1,483
Total current taxation	**1,512**	1,483
Over provision in prior financial years:		
From continuing operations		
Current income tax	**(49)**	(64)
Deferred income tax (Note 33)	**(216)**	(566)
Total over provision in prior years	**(265)**	(630)
Total tax expense	**1,247**	853

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

	The Group 2018 Before Tax S$'000	2018 Tax credit S$'000	2018 After Tax S$'000	2017 Before Tax S$'000	2017 Tax credit S$'000	2017 After Tax S$'000
Fair value (loss) / gain of financial assets, at FVOCI/ available-for-sale	**(20)**	**56**	**36**	(488)	6	(482)
Other comprehensive (loss) / income	**(20)**	**56**	**36**	(488)	6	(482)

Notes to the Financial Statements

For the financial year ended 31 December 2018

10. INCOME TAX EXPENSE (CONTINUED)

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

	The Group	
	2018 S$'000	**2017 S$'000**
(Loss) / profit before tax from		
- continuing operations	**(2,626)**	5,092
- discontinued operations (Note 11)	**-**	(450)
	(2,626)	4,642
Share of results of associated companies, net of tax[1]	**7**	(438)
(Loss) / profit before tax and share of profit of associated companies	**(2,619)**	4,204
Tax calculated at a tax rate of 17% (2017: 17%)	**(445)**	715
Income not subject to tax	**(778)**	(1,153)
Expenses not deductible for tax purposes	**1,974**	1,121
Utilisation of previously unrecognised tax assets	**(162)**	(107)
Tax benefit from current year's tax losses not recognised	**1,026**	955
Effects of different tax rates in other countries	**304**	273
Tax incentives and rebates	**(388)**	(344)
Over provision of income tax	**(265)**	(630)
Others	**(19)**	23
Tax charge	**1,247**	853

(1) Share of results of associated companies is net of tax expense of S$102,000 (2017: tax expense of S$332,000).

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

The disposal of dry mix business in Singapore, Hong Kong, China and Malaysia was completed on 14 December 2016. The dry mix division was a separate major line of business of the Group. In accordance with SFRS(I) 5 Non-current Asset Held for Sale and Discontinued Operations, results of the dry mix business were disclosed as part of discontinued operations in financial year 2016.

The Group recognised and paid an indemnification liability of S$450,000 relating to the disposal during the financial year 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2018

12. DIVIDENDS

	The Group and Company	
	2018 S$'000	**2017 S$'000**
Ordinary dividends paid		
Final dividend of 5 cents in respect of the previous financial year (2017: Final dividend of 5 cents and special dividend of 20 cents in respect of the previous financial year)	**18,678**	93,390

Subsequent to the balance sheet date, the Directors proposed a final dividend of 5 cents for financial year ended 31 December 2018 (2017: a final dividend of 5 cents) amounting to S$18,678,000 (2017: S$18,678,000). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2019 (2017: 31 December 2018).

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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Net (loss) / profit attributable to equity holders of the Company (S$'000)	**(3,855)**	4,363	**-**	(450)	**(3,855)**	3,913
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**373,558**	373,558	**-**	373,558	**373,558**	373,558
Basic and diluted (loss) / earnings per share (cents per share)	**(1.03)**	1.17	**-**	(0.12)	**(1.03)**	1.05

Notes to the Financial Statements

For the financial year ended 31 December 2018

14. SHARE CAPITAL

The Group and Company	Issued ordinary shares No of shares '000	Issued ordinary shares Amount S$'000
2018 and 2017		
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

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000	2017 S$'000
Revenue reserve	**368,372**	391,170	479,601	**167,969**	183,405	268,266
Foreign currency translation reserve	**(1,050)**	(286)	-	**-**	-	-
Capital reserve	**(1,944)**	(1,944)	(1,944)	**-**	-	-
Fair value reserve	**1,556**	1,520	2,002	**1,265**	1,247	1,702
General reserve	**981**	947	300	**-**	-	-
	367,915	391,407	479,959	**169,234**	184,652	269,968

Revenue reserve of the Group is distributable except for share of accumulated losses of associated companies amounting to S$4,399,000 (2017: S$4,843,000, 1 January 2017: S$5,282,000).

General reserve is relating to funds appropriated from the net profits to statutory reserves of a subsidiary established in the United Arab Emirates. 10% of the annual net profits of the subsidiary are allocated to the statutory reserves until the reserves reach 50% of the paid up capital of the subsidiary. In accordance with the Commercial Companies Law in United Arab Emirates, S$34,000 (2017: S$647,000, 1 January 2017: S$nil) has been made to statutory reserve during the current financial year.

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

15. RESERVES (CONTINUED)

15b Reserves movements

	Group		Company	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
(i) Revenue reserve				
Beginning of financial year	**391,170**	493,689	**183,405**	268,266
- Adoption of SFRS(I) 1	**-**	(14,088)	**-**	-
- Adoption of SFRS(I) 9	**(231)**	-	**-**	-
Balance as at 1 January 2018	**390,939**	479,601	**183,405**	268,266
Net (loss) / profit for the year	**(3,855)**	3,913	**3,242**	6,836
Transfer of reserves	**(34)**	(647)	**-**	-
Dividends paid (Note 12)	**(18,678)**	(93,390)	**(18,678)**	(93,390)
Write-back of long outstanding dividend payables	**-**	1,693	**-**	1,693
End of financial year	**368,372**	391,170	**167,969**	183,405
(ii) Foreign currency translation reserve				
Beginning of financial year	**(286)**	(14,088)	**-**	-
- Adoption of SFRS(I) 1	**-**	14,088	**-**	-
Balance as at 1 January 2018	**(286)**	-	**-**	-
Other comprehensive losses for the year	**(195)**	(286)	**-**	-
Disposal of an associated company (Note 22)	**(569)**	-	**-**	-
End of financial year	**(1,050)**	(286)	**-**	-
(iii) Capital reserve				
Beginning and end of financial year	**(1,944)**	(1,944)	**-**	-
(iv) Fair value reserve				
Beginning of financial year	**1,520**	2,002	**1,247**	1,702
Other comprehensive income / (losses) for the year	**36**	(482)	**18**	(455)
End of financial year	**1,556**	1,520	**1,265**	1,247
(v) General reserve				
Beginning of financial year	**947**	300	**-**	-
Transfer of reserves	**34**	647	**-**	-
End of financial year	**981**	947	**-**	-

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. ASSETS HELD-FOR-SALE

16a Investment properties classified as held-for-sale

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Investment property classified as held-for-sale	-	-	9,493

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

16b Investment in an associated company classified as held-for-sale

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Investment in an associated company classified as held-for-sale (Note 22)	-	44,369	-

16b Share of other comprehensive income of associated company relating to disposal group classified as held-for-sale are as follows:

	Group	
	2018 S$'000	2017 S$'000
Share of other comprehensive losses of associated company (Note 22)	-	(1,239)

17. INVENTORIES

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
At lower of cost and net realisable value			
Raw materials	**18,758**	19,505	15,365
Finished goods	**30,443**	25,907	16,926
General stores and consumables	**4,974**	4,707	4,167
Work-in-progress	**-**	-	94
	54,175	50,119	36,552

As at 31 December 2018, inventories of S$2,858,000 (2017: S$9,597,000, 1 January 2017: S$2,669,000) were written down to net realisable value.

Notes to the Financial Statements

For the financial year ended 31 December 2018

18. RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group			The Company		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**	**31 December 2018 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Trade receivables						
- Associated companies	**99**	42	43	**-**	-	-
- Non-related parties	**100,330**	114,597	98,776	**-**	-	-
	100,429	114,639	98,819	**-**	-	-
Less: Allowance for impairment of trade receivables	**(18,323)**	(17,405)	(18,083)	**-**	-	-
Trade receivables – net	**82,106**	97,234	80,736	**-**	-	-
Non-trade amounts owing by subsidiaries(18a)	**-**	-	-	**39,183**	24,726	12,966
Non-trade amounts owing by associated company(18b)	**-**	33	-	**-**	-	-
Prepayments	**7,255**	7,321	7,558	**196**	166	135
Costs to fulfil contracts	**1,406**	1,588	720	**-**	-	-
Deposits	**2,524**	2,398	2,999	**11**	11	11
Interest receivables	**1,343**	1,389	2,499	**1,339**	1,377	2,480
Recoverable expenditure	**711**	806	386	**-**	-	1
Sundry receivables(18c)	**6,090**	4,150	8,493	**29**	35	11
	101,435	114,919	103,391	**40,758**	26,315	15,604

18a Non-trade amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$32,560,000 (2017: S$21,518,000, 1 January 2017: S$7,296,000) bears interest at average of 2.4% (2017: 2.4%, 1 January 2017: 3.0%) per annum.

18b Non-trade amounts owing by associated company were unsecured, repayable on demand and are interest free.

18c Sundry receivables are unsecured, interest free and are expected to be repaid within the next 12 months after the balance sheet date. Included in sundry receivables is an insurance claim receivable of S$1,906,000 (2017: S$ nil, 1 January 2017: S$ nil) which is expected to be recovered within the next 12 months after the balance sheet date. The insurance claim arises from business interruption and damage of plant and equipment subsequent to a fire incident at a subsidiary in prior year. During the financial year, insurance claims for business interruption of S$2,500,000 (2017: S$ nil) (Note 5) and insurance claim for damage of plant and equipment of S$906,000 (2017: S$1,049,000) (Note 6) had been recorded in the profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018

19. CASH AND CASH EQUIVALENTS

	The Group			The Company		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**	**31 December 2018 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Fixed deposits	**250,228**	272,630	364,706	**242,954**	259,886	346,506
Cash at bank and on hand	**54,433**	75,180	97,057	**14,372**	24,018	30,365
	304,661	347,810	461,763	**257,326**	283,904	376,871

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

	The Group			The Company		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**	**31 December 2018 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Cash and bank balances	**304,661**	347,810	461,763	**257,326**	283,904	376,871
Less: bank deposits pledged	**(6,500)**	(6,500)	(4,099)	**-**	-	-
Cash and cash equivalents per statement of cash flows	**298,161**	341,310	457,664	**257,326**	283,904	376,871

Bank deposits of S$6,500,000 (2017: S$6,500,000, 1 January 2017: S$4,099,000) are pledged to banks for banking facilities granted to subsidiaries (Note 29).

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20. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessels S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2018									
Cost									
At 1 January 2018	6,248	26,166	149,991	725	111,496	7,606	46,882	3,785	352,899
Currency realignment	(3)	4	66	-	(148)	-	282	261	462
Additions**	-	22	2,060	196	4,145	5,873	2,956	30,147	45,399
Disposals and write off	-	(300)	-	-	(16,113)	-	(2,276)	(61)	(18,750)
Reclassifications	-	-	504	-	1,998	-	307	(2,809)	-
At 31 December 2018	6,245	25,892	152,621	921	101,378	13,479	48,151	31,323	380,010
Accumulated Depreciation and Impairment Losses									
At 1 January 2018	-	7,569	106,531	159	79,122	988	32,919	-	227,288
Currency realignment	-	246	5	-	(78)	-	208	-	381
Charge for the year**	-	459	3,250	94	5,177	553	4,312	-	13,845
Disposals and write off	-	-	-	-	(15,656)	-	(2,131)	-	(17,787)
Reclassifications	-	-	-	-	63	-	(63)	-	-
Impairment charge	-	253	-	-	-	-	-	-	253
At 31 December 2018	-	8,527	109,786	253	68,628	1,541	35,245	-	223,980
Net Book Value									
At 31 December 2018	6,245	17,365	42,835	668	32,750	11,938	12,906	31,323	156,030

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

** During the year, depreciation amounting to S$256,000 (2017: S$Nil) of property, plant and equipment was capitalised as construction-in-progress.

Notes to the Financial Statements

For the financial year ended 31 December 2018

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessels S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2017									
Cost									
At 1 January 2017	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Currency realignment	70	76	(353)	-	251	-	(890)	(5)	(851)
Additions	-	-	2,599	24	5,385	106	4,537	3,196	15,847
Disposals and write off	-	-	(80)	-	(1,918)	-	(1,341)	(276)	(3,615)
Reclassifications	-	-	238	-	65	-	326	(629)	-
At 31 December 2017	6,248	26,166	149,991	725	111,496	7,606	46,882	3,785	352,899
Accumulated Depreciation and Impairment Losses									
At 1 January 2017	-	7,373	103,763	98	75,744	561	30,728	-	218,267
Currency realignment	-	20	(47)	-	316	-	(570)	-	(281)
Charge for the year	-	236	2,895	61	4,752	427	3,907	-	12,278
Disposals and write off	-	-	(80)	-	(1,281)	-	(1,250)	-	(2,611)
Reclassifications	-	-	-	-	(83)	-	83	-	-
(Write back) / impairment charge	-	(60)	-	-	(326)	-	21	-	(365)
At 31 December 2017	-	7,569	106,531	159	79,122	988	32,919	-	227,288
Net Book Value									
At 31 December 2017	6,248	18,597	43,460	566	32,374	6,618	13,963	3,785	125,611

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

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20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Other Assets* S$'000	Total S$'000
The Company – 2018		
Cost		
At 1 January 2018	**1,834**	**1,834**
Additions	**42**	**42**
Disposals and write off	**(100)**	**(100)**
At 31 December 2018	**1,776**	**1,776**
Accumulated Depreciation		
At 1 January 2018	**1,551**	**1,551**
Charge for the year	**139**	**139**
Disposals and write off	**(84)**	**(84)**
At 31 December 2018	**1,606**	**1,606**
Net Book Value		
At 31 December 2018	**170**	**170**
The Company – 2017		
Cost		
At 1 January 2017	1,622	1,622
Additions	217	217
Disposals and write off	(5)	(5)
At 31 December 2017	1,834	1,834
Accumulated Depreciation		
At 1 January 2017	1,456	1,456
Charge for the year	100	100
Disposals and write off	(5)	(5)
At 31 December 2017	1,551	1,551
Net Book Value		
At 31 December 2017	283	283

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

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For the financial year ended 31 December 2018

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

20a Included within additions in the consolidated financial statements are plant and equipment and other assets under hire purchase and finance leases amounting to S$ nil (2017: S$ nil, 1 January 2017: S$1,325,000).

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

	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
The Group			
Other assets	**239**	1,514	4,444

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

(i) Factory, land and buildings in Singapore, Malaysia and United Arab Emirates; and

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

20c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$53,038,000 (2017: S$24,661,000, 1 January 2017: S$31,528,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 29).

20d Following management's assessment of impairment of property, plant and equipment, the Group recorded net impairment loss of S$253,000 for the financial year ended 31 December 2018, based on recoverable amounts derived from the higher of VIU and FVLCS. The property, plant and equipment residing within the Group's Investment Holding and Others segment was impaired due to the cessation of operation on leasehold lands owned by a subsidiary. The net carrying amounts of these leasehold lands were insignificant as at balance sheet date.

For the Precast & PBU segment, an impairment review was performed. See Note 3B for further details.

In the previous financial year, the Group recorded a net write-back of S$365,000 which comprised mainly the following:

(i) A write-back of impairment loss of S$1,681,000 was recognised for certain plant and equipment within the Group's Environmental Services segment based on their recoverable amounts derived from its VIU calculation. The VIU calculation used cash flow projections which were based on financial budgets approved by management covering a 8-year period, average estimated annual sales growth rate of 13% and discount rate of 11.3%; and

(ii) An impairment loss of S$1,002,000 was recognised for certain plant and equipment within the Group's Precast & PBU segment due to the closure of a plant in Singapore. The recoverable amounts were derived mainly from VIU calculations and the net carrying amounts of the remaining property, plant and equipment was insignificant as at balance sheet date.

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For the financial year ended 31 December 2018

21. INVESTMENTS IN SUBSIDIARIES

	The Company		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Equity investments at cost			
Balance at 1 January and 31 December	**85,232**	85,232	85,232

Details regarding significant subsidiaries are set out in Note 42.

21a Carrying value of non-controlling interests

	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Dubai Precast LLC	**(4,474)**	(4,496)	(4,916)
NSL OilChem Waste Management Pte. Ltd.	**4,705**	4,724	5,030
Other subsidiaries with immaterial non-controlling interests	**4,341**	4,575	4,463
Total	**4,572**	4,803	4,577

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

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

There were no transactions with non-controlling interests for the financial year ended 31 December 2018 and 2017, except as disclosed in Note 34.

Summarised balance sheet

	Dubai Precast LLC			NSL OilChem Waste Management Pte. Ltd.		
	31 December		1 January	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2017 S$'000
Current						
Assets	**36,758**	42,210	36,185	**25,572**	18,963	17,072
Liabilities	**(18,148)**	(26,596)	(22,806)	**(44,465)**	(24,382)	(15,068)
Total current net assets / (liabilities)	**18,610**	15,614	13,379	**(18,893)**	(5,419)	2,004
Non-current						
Assets	**15,062**	16,483	18,649	**78,343**	52,561	49,873
Liabilities	**(55,603)**	(54,138)	(56,168)	**(21,167)**	(8,621)	(10,950)
Total non-current net (liabilities) / assets	**(40,541)**	(37,655)	(37,519)	**57,176**	43,940	38,923
Net (liabilities) / assets	**(21,931)**	(22,041)	(24,140)	**38,283**	38,521	40,927

Notes to the Financial Statements

For the financial year ended 31 December 2018

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised statement of comprehensive income

	Dubai Precast LLC		NSL OilChem Waste Management Pte. Ltd.	
	For the year ended 31 December		For the year ended 31 December	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Revenue	**52,187**	51,734	**31,993**	27,706
Profit / (loss) before income tax	**736**	305	**(612)**	(3,524)
Income tax credit	**-**	-	**374**	1,118
Post-tax profit	**736**	305	**(238)**	(2,406)
Other comprehensive income	**(494)**	1,796	**-**	-
Total comprehensive (loss) / income	**242**	2,101	**(238)**	(2,406)
Total comprehensive income allocated to non-controlling interests	**48**	420	**(29)**	(295)
Dividends paid to non-controlling interests	**-**	-	**-**	-

Summarised cash flows

	Dubai Precast LLC		NSL OilChem Waste Management Pte. Ltd.	
	For the year ended 31 December		For the year ended 31 December	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Net cash generated from operating activities	**3,369**	109	**4,143**	1,386
Net cash used in investing activities	**(857)**	(1,956)	**(30,212)**	(3,306)
Net cash (used in) / provided by financing activities	**(2,073)**	1,981	**25,673**	969

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For the financial year ended 31 December 2018

22. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Carrying value of Group's interest in associated companies	**51,265**	6,520	50,529

22a The Group has S$4,052,000 (2017: S$3,907,000, 1 January 2017: S$2,314,000) unrecognised losses of associated companies during the year. The accumulated losses of associated companies not recognised were S$26,043,000 (2017: S$21,446,000, 1 January 2017: S$19,072,000) at the balance sheet date.

22b There are no contingent liabilities relating to the Group's interest in the associated companies

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		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
- Assets	**573,305**	292,210	284,912
- Liabilities	**(442,187)**	(237,634)	(223,286)
- Revenue	**264,102**	210,137	232,222
- Net loss for the financial year	**(15,084)**	(8,397)	(6,159)

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For the financial year ended 31 December 2018

22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

22d The investment in associated companies comprised mainly of the following:

Name of entity	Place of business / country of incorporation	% of ownership interest		
		31 December		1 January
		2018	2017	2017
Salzgitter Maschinenbau AG ("SMAG")	Germany	**25.5**	-	-
PEINER SMAG Lifting Technologies GmbH ("PSLT")	Germany	**-**	33.33	33.33

22d In the financial year 2017, management approved the proposed transaction for the Company's direct wholly-owned subsidiary, NSL Engineering Holdings Pte. Ltd. ("NSL Engineering"), to enter into a contribution agreement (the "Contribution Agreement") with SMAG, whereby NSL Engineering contributes and assigns to SMAG its interest in the capital of PEINER SMAG Lifting Technologies GmbH ("PSLT") in consideration for the issue of 2,314,286 new shares in the issued share capital of SMAG.

Accordingly, as at 31 December 2017, the Group's investment in PSLT amounting to S$44,369,000 was classified as held-for-sale, in line with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* and measured at the lower of carrying amount and fair value less costs to sell prior to its disposal. In May 2018, upon completion of the transaction, a disposal gain of S$650,000 had been recognised in the profit or loss.

The non-controlling interest in SMAG has been accounted for as an investment in associate under SFRS (1) 1-28 *Investment in Associates and Joint Ventures*. The acquisition of assets and business of SMAG was reported based on provisional amounts in the Group financial statements for the year ended 31 December 2018. The fair values of these assets have been determined by management on provisional basis as the results of the valuations have not been fully ascertained by the date the financial statements were authorised for issue.

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22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below are the summarised financial information for SMAG (2017: PSLT).

Amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company and fair value adjustments made at the time of acquisition:

	2018 S$'000 SMAG	**2017 S$'000 PSLT**
Revenue	**198,624**	142,064
(Loss) / profit after tax	**(370)**	403
Other comprehensive (losses) / income	**(2,637)**	855
Total comprehensive (loss) / income	**(3,007)**	1,258
Attributable to:		
- Non-controlling interests	**1,476**	488
- Shareholders of associated company	**(4,483)**	770
Current assets	**213,761**	-
Non-current assets	**238,436**	-
Current liabilities	**(148,877)**	-
Non-current liabilities	**(120,631)**	-
Net assets	**182,689**	-
Attributable to:		
- Non-controlling interests	**8,616**	-
- Shareholders of associated company	**174,073**	-
Group's share of net assets at beginning of the year	**22,263**	27,800
Goodwill	**23,185**	16,312
Carrying value of interest in associated company at beginning of the year	**45,448**	44,112
Group's share of:		
(Loss) / profit after tax	**(442)**	95
Other comprehensive (losses) / income, which included currency translation differences	**(690)**	162
Total comprehensive (losses) / income	**(1,132)**	257
Dividends received from associated company	**-**	-
Carrying value of interest in associated company at end of the year	**44,316**	44,369
Less: Reclassified to asset held-for-sale (Note 16b)	**-**	(44,369)
	44,316	-
Add: Carrying value of individually immaterial associated companies, in aggregate	**6,949**	6,520
Carrying value of Group's interest in associated companies	**51,265**	6,520

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22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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

	2018 S$'000	2017 S$'000
Net profit and total comprehensive income	449	343

23. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group			The Company		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Amounts owing by subsidiaries - non-trade[23a]	**-**	-	-	**68,974**	73,341	73,487
Less: Allowance for impairment of receivables	**-**	-	-	**(41,062)**	(41,062)	(41,062)
	-	-	-	**27,912**	32,279	32,425
Amounts owing by associated companies - non-trade[23b]	**473**	462	500	**-**	-	-
Long-term trade receivables [23c]	**4,459**	3,483	4,716	**-**	-	-
Less: Allowance for impairment	**(344)**	-	-	**-**	-	-
	4,115	3,483	4,716	**-**	-	-
Others	**-**	-	-	**-**	19	-
	4,588	3,945	5,216	**27,912**	32,298	32,425

23a The amounts owing by subsidiaries are non-trade, interest free, unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. Settlements of the amounts owing by subsidiaries are neither planned nor likely to occur in the foreseeable future. As a result, such amounts are in substance part of the Company's net investments in subsidiaries. The amounts owing by subsidiaries are accounted for in accordance with Note 2J.

23b Non-trade amount owing by associated companies are unsecured and interest free and not expected to be repaid within the next 12 months after the balance sheet date.

23c The long-term trade receivables comprise retention monies and their carrying values approximate their fair values.

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24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	The Group		The Company	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
Beginning of financial year	**7,805**	8,387	**7,476**	7,930
Reclassification at 1 January 2018*	**(7,805)**	-	**(7,476)**	-
Fair value gains recognised in other comprehensive income	**-**	(478)	**-**	(454)
Disposals	**-**	(104)	**-**	-
End of financial year	**-**	7,805	**-**	7,476

*See Note 2B for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

	The Group		The Company	
	31 December 2017 S$'000	**1 January 2017 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Listed securities				
- Equity securities - Singapore	260	75	260	75
Unlisted securities				
- Equity securities	7,545	8,138	7,216	7,855
- Other investments	-	174	-	-
	7,805	8,387	7,476	7,930

25. FINANCIAL ASSETS, AT FVOCI

	The Group		The Company	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
Beginning of financial year	**-**	-	**-**	-
Reclassification at 1 January 2018*	**7,805**	-	**7,476**	-
Fair value losses	**(20)**	-	**18**	-
End of financial year	**7,785**	-	**7,494**	-

*See Note 2B for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

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25. FINANCIAL ASSETS, AT FVOCI (CONTINUED)

	The Group		The Company	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Unlisted securities				
- Bangkok Cogeneration Co., Ltd	7,243	-	7,243	-
Others (listed and unlisted securities)	542	-	251	-
Total	7,785	-	7,494	-

*See Note 2B for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

26. HELD-TO-MATURITY FINANCIAL ASSETS

	The Group and the Company	
	31 December 2017 S$'000	1 January 2017 S$'000
Quoted debt securities - Singapore		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020	500	500
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021	1,018	1,023
- Bonds with fixed interest of 3.85% and maturity date of 27 May 2021	1,033	-
	2,551	1,523
The fair values of the bonds at the balance sheet date are as follows:		
Quoted debt securities - Singapore		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020	509	494
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021	1,032	1,014
- Bonds with fixed interest of 3.85% and maturity date of 27 May 2021	1,035	-
	2,576	1,508

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

The above investments have been reclassified to "Other investments at amortised cost" (Note 27) on adoption of SFRS(I) 9. See Note 2B for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

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27. OTHER INVESTMENTS AT AMORTISED COST

	The Group and the Company	
	2018 S$'000	**2017 S$'000**
Beginning of financial year	**-**	-
Reclassification at 1 January 2018*	**2,551**	-
Accrued interest		
- At 1 January 2018*	**-**	-
- Recognised in profit and loss during the year	**(15)**	-
End of financial year	**2,536**	-

*See Note 2B for details of reclassification as at 1 January 2018 on adoption of SFRS(I) 9.

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

	The Group and the Company	
	Carrying amount S$'000	**Fair value S$'000**
As at 31 December 2018		
- Bonds with fixed interest of 3.1% and maturity date of 10 August 2020	**500**	502
- Bonds with fixed interest of 3.145% and maturity date of 04 August 2021	**1,013**	1,020
- Bonds with fixed interest of 3.85% and maturity date of 27 May 2021	**1,023**	1,032
	2,536	
Less: Loss allowance	**-**	
	2,536	

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

28. INTANGIBLE ASSETS

	The Group			The Company		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**	**31 December 2018 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Goodwill arising on consolidation(28a)	**8,678**	8,678	8,678	**-**	-	-
Acquired intangible assets(28b)	**2,509**	2,906	1,673	**163**	248	77
	11,187	11,584	10,351	**163**	248	77

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28. INTANGIBLE ASSETS (CONTINUED)

28a Goodwill arising on consolidation

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Cost and Net Book Value	**8,678**	8,678	8,678

Impairment tests for goodwill

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

	31 December 2018		
	Singapore S$'000	Finland S$'000	Total S$'000
Precast & PBU	**-**	**8,024**	**8,024**
Environmental Services	**654**	**-**	**654**
	654	**8,024**	**8,678**

	31 December 2017		
	Singapore S$'000	Finland S$'000	Total S$'000
Precast & PBU	-	8,024	8,024
Environmental Services	654	-	654
	654	8,024	8,678

	1 January 2017		
	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.

Notes to the Financial Statements

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28. INTANGIBLE ASSETS (CONTINUED)

28a Goodwill arising on consolidation (continued)

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

	31 December 2018		31 December 2017		1 January 2017	
	Growth rate [1]	Discount rate [2]	Growth rate [1]	Discount rate [2]	Growth rate [1]	Discount rate [2]
Precast & PBU	**1.9%**	**12.0%**	2.0%	12.0%	0%	12.0%
Environmental Services	**1.0%**	**11.3%**	1.0%	11.3%	3.0%	11.3%

[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.

28b Acquired intangible assets

	The Group		The Company	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Cost				
Balance at 1 January	**7,141**	4,837	**300**	92
Additions	**1,323**	2,107	**-**	208
Write off	**(1,168)**	-	**-**	-
Currency realignment	**(71)**	197	**22**	-
Balance at 31 December	**7,225**	7,141	**322**	300
Accumulated amortisation				
Balance at 1 January	**4,235**	3,164	**52**	15
Amortisation charge for the year	**1,720**	916	**102**	37
Write off	**(1,168)**	-	**-**	-
Currency realignment	**(71)**	155	**5**	-
Balance at 31 December	**4,716**	4,235	**159**	52
Net Book Value at 31 December	**2,509**	2,906	**163**	248

Amortisation expense included in the consolidated income statement is analysed as follows:

	The Group	
	2018 S$'000	2017 S$'000
Cost of sales	**187**	221
Administrative expenses	**1,533**	695
Total	**1,720**	916

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For the financial year ended 31 December 2018

29. BORROWINGS

29a Short-term borrowings

	The Group		
	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000
Short-term bank loans			
- Secured	**-**	-	4,800
Current portion of long term bank loans (Note 29b)			
- Secured	**1,801**	1,425	1,885
Hire purchase and finance lease payables – secured (Note 35)	**60**	415	1,249
Bills payable – secured	**248**	1,807	8,076
	2,109	3,647	16,010

29b Long-term borrowings

	The Group		
	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000
Bank loans			
- Secured	**21,862**	10,419	16,911
Less: Amounts due within 12 months (Note 29a)	**(1,801)**	(1,425)	(1,885)
Amounts due after 12 months	**20,061**	8,994	15,026
Hire purchase and finance lease payables – secured (Note 35)	**-**	60	486
	20,061	9,054	15,512

29c The carrying value of borrowings approximate their fair values.

29d The interest rates per annum of the long term bank loans during the financial year are as follows:

	The Group		
	31 December		1 January
	2018	2017	2017
Loans denominated in:			
- Singapore Dollars	**2.6% to 4.4%**	2.3% to 3.8%	2.1% to 3.9%
- Malaysian Ringgit	**-**	-	4.6% to 6.3%
- United Arab Emirates Dirhams	**6.6%**	6.6%	6.3%

29e The banking facilities are secured against fixed and floating charge over bank deposits (Note 19) and property, plant and equipment of certain subsidiaries (Note 20) of the Group.

Notes to the Financial Statements

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30. TRADE, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	The Group			The Company		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Trade payables – non-related parties	**44,630**	47,765	32,738	**-**	-	-
Accrued operating expenses, including staff compensation	**15,835**	22,135	25,842	**1,536**	1,825	5,981
Project related accruals	**13,732**	20,717	19,761	**-**	-	-
Accrued liability for capital expenditure	**3,110**	623	355	**-**	-	-
Contract liabilities	**13,783**	9,999	7,537			
Sundry payables[30a & 30b]	**6,725**	5,076	6,640	**1,326**	1,447	2,494
Derivative financial instruments	**-**	-	7	**-**	-	-
Others	**784**	944	298	**-**	-	-
Amounts owing to subsidiaries - Non-trade[30a]	**-**	-	-	**45,821**	46,634	47,230
	98,599	107,259	93,178	**48,683**	49,906	55,705

30a The non-trade amounts owing to subsidiaries and sundry payables are unsecured, interest free and repayable on demand.

30b Included in the Company's sundry payables as at 31 December 2018 is a consideration of S$736,000 (2017: S$761,000, 1 January 2017: S$ nil) that will be payable to a subsidiary when that subsidiary's tax losses are being utilised by the Company under the Group tax relief system.

30c Derivative financial instruments

	The Group		
	31 December 2018 Contract notional amount S$'000	31 December 2017 Contract notional Amount S$'000	1 January 2017 Contract notional Amount S$'000
Forward foreign exchange contracts - current	-	-	2,876

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For the financial year ended 31 December 2018

30. TRADE, OTHER PAYABLES AND OTHER CURRENT LIABILITIES (CONTINUED)

30c Derivative financial instruments (continued)

	The Group					
	31 December 2018 Fair value		31 December 2017 Fair value		1 January 2017 Fair value	
	Asset S$'000	Liability S$'000	Asset S$'000	Liability S$'000	Asset S$'000	Liability S$'000
Forward foreign exchange contracts - current	**-**	**-**	-	-	-	(7)

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		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Balance at 1 January	**912**	1,257	1,451
Additions	**41**	25	29
Amortisation charge (Note 8)	**(250)**	(370)	(223)
Balance at 31 December	**703**	912	1,257
Current portion	**168**	244	423
Non-current portion	**535**	668	834
	703	912	1,257

32. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Present value of unfunded obligations	**3,473**	2,957	2,735

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 2W.

Notes to the Financial Statements

For the financial year ended 31 December 2018

32. PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

Movement in the liability recognised in the balance sheets:

	The Group		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Non-current			
Balance at 1 January	**2,957**	2,735	2,519
Charge to profit or loss (Note 9)	**598**	590	509
Benefits paid	**(154)**	(166)	(327)
Disposal of subsidiaries	**-**	-	(32)
Currency realignment	**72**	(202)	66
Balance at 31 December	**3,473**	2,957	2,735

The principal actuarial assumptions used were as follows:

	The Group		
	31 December 2018 %	31 December 2017 %	1 January 2017 %
Discount rate	**4**	3	3
Salary increment rate	**2**	2	3

33. 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		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Deferred tax assets	**(3,901)**	(3,044)	(3,044)	**-**	-	-
Deferred tax liabilities	**2,179**	2,623	3,718	**236**	280	-
	(1,722)	(421)	674	**236**	280	-

Notes to the Financial Statements

For the financial year ended 31 December 2018

33. DEFERRED TAXATION (CONTINUED)

The movement in deferred taxes is as follows:

	The Group			The Company		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Balance at 1 January	**(421)**	674	(1,426)	**280**	-	-
Application of SFRS(I) 9 (Note 2B)	**(24)**	-	-	**-**	-	-
Balance at 1 January	**(445)**	674	(1,426)	**280**	-	-
(Credited) / charged to:						
- Profit or loss (Note 10)	**(1,262)**	(1,080)	1,871	**(26)**	280	-
- Other comprehensive income	**(56)**	(6)	(4)	**-**	-	-
Acquisition of subsidiary	**-**	-	252	**-**	-	-
Disposal of subsidiaries	**-**	-	(481)	**-**	-	-
Currency realignment	**41**	(9)	(28)	**-**	-	-
Reclassified from disposal group	**-**	-	490	**-**	-	-
Others	**-**	-	-	**(18)**	-	-
Balance at 31 December	**(1,722)**	(421)	674	**236**	280	-

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 2018, the Group has unutilised tax losses and capital allowances of S$15,261,000 (2017: S$11,214,000, 1 January 2017: S$13,922,000) and S$1,455,000 (2017: S$1,786,000, 1 January 2017: S$6,218,000) 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 an amount of S$2,671,000 unutilised tax losses (2017: S$ nil, 1 January 2017: S$ nil) which will expire within 7 years from balance sheet date.

Deferred income tax liabilities of S$ nil (2017: S$ nil, 1 January 2017: S$ nil) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amounting to S$ nil (2017: S$ nil, 1 January 2017: S$ nil) at the balance sheet date.

33a Movement in the Group's deferred tax assets and liabilities (prior to legally enforceable offsetting of balances within same tax authority) are as follows:

<u>The Group – Deferred tax liabilities</u>

	Accelerated tax depreciation		Fair value gains		Others*		Total	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Balance at 1 January	**2,226**	3,266	**452**	561	**1,495**	1,191	**4,173**	5,018
(Credited) / charged to:								
- Profit or loss	**(191)**	(1,051)	**(162)**	(107)	**132**	304	**(221)**	(854)
Other comprehensive income	**-**	-	**(56)**	(6)	**-**	-	**(56)**	(6)
Currency realignment	**1**	11	**-**	4	**-**	-	**1**	15
Balance at 31 December	**2,036**	2,226	**234**	452	**1,627**	1,495	**3,897**	4,173

* Includes deferred tax liability on unremitted income of S$1,310,000 (2017: S$1,187,000, 1 January 2017: S$1,117,000).

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33. DEFERRED TAXATION (CONTINUED)

The Group – Deferred tax assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2018 S$'000	2017 S$'000	**2018 S$'000**	2017 S$'000	**2018 S$'000**	2017 S$'000	**2018 S$'000**	2017 S$'000
Balance at 1 January	**(1,041)**	(712)	**(3,412)**	(3,430)	**(141)**	(202)	**(4,594)**	(4,344)
(Credited) / charged to:								
- Profit or loss	**313**	(316)	**(1,387)**	29	**33**	61	**(1,041)**	(226)
Currency realignment	**(4)**	(13)	**21**	(11)	**-**	-	**17**	(24)
Balance at 31 December	**(732)**	(1,041)	**(4,778)**	(3,412)	**(108)**	(141)	**(5,618)**	(4,594)

33b Movement in the Company's deferred tax liabilities are as follows:

The Company – Deferred tax liabilities

	Unremitted income		Total	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
Balance at 1 January	**280**	-	**280**	-
Charged to:				
- Profit or loss	**(26)**	280	**(26)**	280
Others	**(18)**	-	**(18)**	-
Balance at 31 December	**236**	280	**236**	280

34. OTHER NON-CURRENT LIABILITIES

	The Group			The Company		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**	**31 December 2018 S$'000**	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Contingent consideration payable (34a)	**914**	829	743	**-**	-	-
Redemption liability (34a)	**2,398**	2,150	2,304	**-**	-	-
Amounts owing to a subsidiary (34b)	**-**	-	-	**9,599**	9,630	-
Non-trade payable (34c)	**1,432**	-	-	**-**	-	-
Others	**480**	-	-	**-**	-	-
	5,224	2,979	3,047	**9,599**	9,630	-

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34. OTHER NON-CURRENT LIABILITIES (CONTINUED)

34a The non-current liabilities are related to the acquisition of a subsidiary of the Group. On 5th August 2016, the Company's subsidiary, NSL Fuel Management Services Pte Ltd ("NFMS") entered into an agreement with the shareholders of NSL Marine Fuel Services Pte. Ltd. ("NMFS") (formerly known as CNC Petroleum Pte Ltd ("CNC")) to acquire 100% of their equity stake in CNC in exchange for 17.25% equity stake in NFMS. The transaction was completed on 17 August 2016.

Related to the above transaction:

(i) The Group is required to issue additional ordinary shares of NFMS to the non-controlling shareholders (i.e. former shareholders of NMFS) if two customer contracts of ("NFMS Contracts") are profitable. The fair value of the contingent consideration derived based on an income approach is estimated at S$914,000 (2017: S$829,000, 1 January 2017: S$743,000). The fair value was determined on an estimated cumulative net profit of the two customer contracts capped at S$1,000,000 for the relevant period, discounted at 11.3% (2017: 11.3%, 1 January 2017: 11.3%) per annum. This is a Level 3 fair value measurement.

(ii) The Group recognises a redemption liability relating to the call and put option entered by NSL OilChem Waste Management Pte. Ltd. ("NOCWM"), the holding company of NFMS, with the non-controlling shareholders. NOCWM is granted an option to purchase the 17.25% equity stake in NFMS at a market value to be mutually agreed or determined by an independent valuer 5 years after the acquisition of CNC on 17 August 2016. The fair value was determined based on discounted cash flow analysis.

34b The non-trade amounts owing to a subsidiary are unsecured, interest-free and are not expected to be repaid within the next 12 months after the balance sheet date.

34c The non-trade payable relates to payable for asset under construction and due in February 2021.

35. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

Hire purchase and finance lease liabilities are analysed as follows:

	The Group		
	31 December 2018 S$'000	**31 December 2017 S$'000**	**1 January 2017 S$'000**
Minimum hire purchase and finance lease liabilities due:			
- Within 1 year	**62**	428	1,294
- Within 2 to 5 years	**-**	62	501
	62	490	1,795
Less: Future finance charges	**(2)**	(15)	(60)
Present value of hire purchase and finance lease liabilities	**60**	475	1,735
Present value of hire purchase and finance lease liabilities due:			
- Within 1 year	**60**	415	1,249
- Within 2 to 5 years	**-**	60	486
	60	475	1,735

35a 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 1.5% (2017: 2.7%, 1 January 2017: 2.7%) per annum.

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35. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (CONTINUED)

35b Property, plant and equipment acquired under hire purchase and finance leases liabilities are disclosed in Note 20a.

35c The carrying amounts of non-current hire purchase and finance lease liabilities approximate their fair values.

36. 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:

36a Sales and purchases of goods and services

	The Group	
	2018 S$'000	**2017 S$'000**
Sales to associated companies	**294**	1,064

36b Key management's remuneration

	The Group	
	2018 S$'000	**2017 S$'000**
Salary and other employee benefits	**5,326**	5,658
Employer's contribution to defined contribution plans, including Central Provident Fund	**239**	427
Retirement benefits	**20**	1
	5,585	6,086

Included in the above are Directors' fees and Directors' remuneration of S$614,000 (2017: S$614,000) and S$466,000 (2017: S$456,000) respectively payable / paid to the Directors of the Company.

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

37. FINANCIAL INFORMATION BY SEGMENTS

Operating segments

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

In determining the operating segments, the Group has considered primarily the 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, as well as the provision of environmental services and sale of related products. Accordingly, these activities are grouped into separate operating segments within the two main divisions Precast & Prefabricated Bathroom Unit ("PBU") and Environmental Services. Operating segment classified as "Investment Holding & Others" relates to the Group's remaining assets, comprising mainly of holding investments. It also includes the operation of a marina club, and operations in the manufacturing and sale of refractory materials and road stone products, which are not significant components of this segment.

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37. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

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

The information for the reportable segments for the year ended 31 December 2018 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Investment Holding & Others S$'000	Total for Continuing Operations S$'000
Revenue				
External sales	225,048	129,411	22,125	376,584
Inter-segment sales	-	347	1,690	2,037
Total revenue	225,048	129,758	23,815	378,621
Elimination	-	(347)	(1,690)	(2,037)
	225,048	129,411	22,125	376,584
(Loss) / Profit before Taxation	(3,765)	(188)	1,327	(2,626)
Interest income	286	6	4,111	4,403
Interest expense	(125)	(433)	-	(558)
Depreciation	(6,297)	(5,598)	(1,693)	(13,588)
Amortisation				
- Intangible assets	(839)	(779)	(102)	(1,720)
- Deferred income	-	-	250	250
(Loss) / gain on disposal and write-off of property, plant and equipment	(254)	(183)	243	(194)
Impairment of property, plant and equipment	-	-	(253)	(253)
Share of results of associated companies, net of tax				
- SMAG	-	-	(442)	(442)
- Others	-	-	449	449
Segment Assets	217,441	85,564	396,287	699,292
Segment assets includes:				
Investment in associated companies	-	-	51,265	51,265
Additions to:				
- Property, plant and equipment	6,019	38,011	1,369	45,399
- Intangible assets	1,163	155	5	1,323
Segment Liabilities	80,022	44,692	8,252	132,966

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37. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2017 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Investment Holding & Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue					
External sales	208,460	124,913	22,777	356,150	-
Inter-segment sales	2	616	1,632	2,250	-
Total revenue	208,462	125,529	24,409	358,400	-
Elimination	(2)	(616)	(1,632)	(2,250)	-
	208,460	124,913	22,777	356,150	-
Profit before Taxation and Exceptional Items	2,922	(2,449)	4,619	5,092	-
Exceptional items (Note 11)	-	-	-	-	(450)
Profit before taxation	2,922	(2,449)	4,619	5,092	(450)
Interest income	417	15	4,567	4,999	-
Interest expense	(179)	(641)	-	(820)	-
Depreciation	(5,487)	(4,969)	(1,822)	(12,278)	-
Amortisation					
- Intangible assets	(221)	(659)	(36)	(916)	-
- Deferred income	-	-	370	370	-
Gain on disposal of investment properties	-	-	3,568	3,568	-
Loss on disposal, including write-off of property, plant and equipment	(20)	(586)	(14)	(620)	-
Write-back of impairment / (impairment) of property, plant and equipment	(1,002)	1,681	(314)	365	-
Share of results of associated companies, net of tax					
- PSLT	-	-	95	95	-
- Others	-	-	343	343	-
Segment Assets	232,200	73,992	413,784	719,976	-
Segment assets includes:					
Investment in associated companies	-	-	6,520	6,520	-
Investment in an associated company classified as held-for-sale	-	-	44,369	44,369	-
Additions to:					
- Property, plant and equipment	7,936	7,330	581	15,847	-
- Intangible assets	1,232	667	209	2,108	-
Segment Liabilities	87,656	32,784	9,487	129,927	-

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37. 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, sale of oil & petroleum products, the provision of environmental services and investment holding;

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

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

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

(v) Germany – this relates to the Group's 25.5% interest in associated company SMAG (2017: PSLT), which is incorporated in Germany, and its principal activities are disclosed in Note 42.

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

	The Group			
	External sales for continuing operations(1)		Non-current assets for continuing operations(2)	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Singapore	**176,049**	167,060	**113,620**	81,788
Malaysia	**35,575**	29,752	**27,099**	28,781
United Arab Emirates	**52,326**	51,722	**11,618**	13,222
Finland & other parts of Europe	**106,134**	102,285	**17,812**	16,342
Germany	**-**	-	**44,316**	-
Others	**6,500**	5,331	**4,123**	3,693
	376,584	356,150	**218,588**	143,826

(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, associated companies, intangible assets and other non-current assets.

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38. COMMITMENTS

38a 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		
	31 December 2018 S$'000	31 December 2017 S$'000	1 January 2017 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	**6,906**	27,632	440
Commitments in respect of equity participation in an associated company	**7,198**	7,040	7,424
	14,104	34,672	7,864

38b 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		
	31 December		1 January	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2017 S$'000
Payable:						
Within 1 year	**3,771**	4,556	7,656	**540**	660	626
Within 2 to 5 years	**9,001**	9,692	11,892	**7**	546	1,139
After 5 years	**11,376**	8,471	9,794	**-**	-	-
	24,148	22,719	29,342	**547**	1,206	1,765

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For the financial year ended 31 December 2018

38. COMMITMENTS (CONTINUED)

38c 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		
	31 December		1 January
	2018 S$'000	2017 S$'000	2017 S$'000
Receivable:			
Within 1 year	**406**	582	724
Within 2 to 5 years	**144**	149	212
	550	731	936

39. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to 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.

39a Market risk

(i) Currency risk

The Group operates in various countries, which include Singapore, Malaysia, United Arab Emirates, Germany and Finland. Certain entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR") and United Arab Emirates Dirham ("AED"). Currency exposure to Thai Baht ("THB") mainly arose from its financial assets in the form of equity investments.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	USD S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2018								
Cash and bank balances	285,766	1,303	4,254	8,070	-	4,536	732	304,661
Receivables	40,633	1,102	15,489	12,192	-	26,742	1,204	97,362
Intra-group receivables	236,442	1,379	5,810	-	-	-	-	243,631
Financial assets, at FVOCI	543	-	-	-	7,242	-	-	7,785
Other investments at amortised cost	2,536	-	-	-	-	-	-	2,536
Short term borrowings	(1,535)	-	-	-	-	(574)	-	(2,109)
Intra-group payables	(236,442)	(1,379)	(5,810)	-	-	-	-	(243,631)
Trade and other payables	(23,743)	(106)	(23,117)	(19,641)	(15)	(16,392)	(1,018)	(84,032)
Long term borrowings	(19,736)	-	-	-	-	(325)	-	(20,061)
Other non-current liabilities	(5,224)	-	-	-	-	-	-	(5,224)
Net financial assets / (liabilities)	279,240	2,299	(3,374)	621	7,227	13,987	918	300,918
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(282,599)	(264)	762	(546)	-	(13,987)	(263)	
Currency exposure	(3,359)	2,035	(2,612)	75	7,227	-	655	

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2017								
Cash and bank balances	322,677	2,291	7,826	10,090	-	4,005	921	347,810
Receivables	46,297	1,893	13,821	14,405	-	32,200	877	109,493
Intra-group receivables	239,439	2,169	14,485	-	-	-	-	256,093
Available-for-sale financial assets	589	-	-	-	7,216	-	-	7,805
Held-to-maturity financial assets	2,551	-	-	-	-	-	-	2,551
Short term borrowings	(1,390)	-	-	-	-	(2,257)	-	(3,647)
Trade and other payables	(31,044)	(992)	(17,025)	(25,081)	-	(21,216)	(958)	(96,316)
Intra-group payables	(239,439)	(2,169)	(14,485)	-	-	-	-	(256,093)
Long term borrowings	(8,417)	-	-	-	-	(637)	-	(9,054)
Other non-current liabilities	(2,979)	-	-	-	-	-	-	(2,979)
Net financial assets / (liabilities)	328,284	3,192	4,622	(586)	7,216	12,095	840	355,663
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(324,275)	(505)	(4,605)	1,110	-	(12,545)	(330)	
Currency exposure	4,009	2,687	17	524	7,216	(450)	510	

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group								
As 1 January 2017								
Cash and bank balances	426,311	1,896	18,139	10,009	-	4,008	1,400	461,763
Receivables	42,552	745	15,508	12,407	-	27,946	671	99,829
Intra-group receivables	199,513	1,254	4,944	-	-	-	-	205,711
Available-for-sale financial assets	358	174	-	-	7,855	-	-	8,387
Held-to-maturity financial assets	1,523	-	-	-	-	-	-	1,523
Short term borrowings	(13,118)	-	(2,191)	-	-	(701)	-	(16,010)
Trade and other payables	(29,776)	(1,250)	(11,432)	(22,065)	-	(20,280)	(540)	(85,343)
Intra-group payables	(199,513)	(1,254)	(4,944)	-	-	-	-	(205,711)
Long term borrowings	(9,817)	-	(5,553)	-	-	(142)	-	(15,512)
Other non-current liabilities	(3,047)	-	-	-	-	-	-	(3,047)
Net financial assets	414,986	1,565	14,471	351	7,855	10,831	1,531	451,590
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(399,377)	(155)	(14,453)	2,627	-	(10,831)	(431)	
Add: currency forwards	-	-	-	(2,876)	-	-	-	
Currency exposure	15,609	1,410	18	102	7,855	-	1,100	

The Group does not have significant currency exposure arising from its inter-company balances, except for net SGD payables by certain subsidiaries with functional currency in MYR, amounting to S$2,976,000 (2017: S$533,000), net SGD payables by certain subsidiaries with functional currency in AED, amounting to S$1,494,000 (2017: net SGD payables of S$1,478,000) and net USD receivables by certain subsidiaries with functional currency in SGD, amounting to S$613,000 (2017: S$2,073,000).

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company						
At 31 December 2018						
Cash and bank balances	257,281	40	5	-	-	257,326
Receivables	40,562	-	-	-	-	40,562
Financial assets, at FVOCI	252	-	-	7,242	-	7,494
Other investments at amortised cost	2,536	-	-	-	-	2,536
Trade and other payables	(48,683)	-	-	-	-	(48,683)
Other non-current liabilities	(9,599)	-	-	-	-	(9,599)
Net financial assets / (liabilities)	242,349	40	5	7,242	-	249,636
Less: net financial assets denominated in the Company's functional currency	(242,349)					
Currency exposure	-	40	5	7,242	-	

	SGD S$'000	USD S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company						
At 31 December 2017						
Cash and bank balances	283,703	196	5	-	-	283,904
Receivables	26,030	119	-	-	-	26,149
Available-for-sale financial assets	260	-	-	7,216	-	7,476
Held-to-maturity financial assets	2,551	-	-	-	-	2,551
Trade and other payables	(49,904)	-	-	-	(2)	(49,906)
Other non-current liabilities	(9,630)	-	-	-	-	(9,630)
Net financial assets / (liabilities)	253,010	315	5	7,216	(2)	260,544
Less: net financial assets denominated in the Company's functional currency	(253,010)	-	-	-	-	
Currency exposure	-	315	5	7,216	(2)	

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company						
At 1 January 2017						
Cash and bank balances	376,753	110	8	-	-	376,871
Receivables	15,469	-	-	-	-	15,469
Available-for-sale financial assets	75	-	-	7,855	-	7,930
Held-to-maturity financial assets	1,523	-	-	-	-	1,523
Trade and other payables	(55,449)	(254)	-	-	(2)	(55,705)
Net financial assets / (liabilities)	338,371	(144)	8	7,855	(2)	346,088
Less: net financial assets denominated in the Company's functional currency	(338,371)	-	-	-	-	
Currency exposure	-	(144)	8	7,855	(2)	

The Group and Company have no other significant currency exposure, except to USD, THB and MYR.

If the USD, THB and MYR change against the SGD by 5%, 3% and 3% (2017: 5%, 3% and 3%, 1 January 2017: 5%, 3% 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:

	31 December 2018		31 December 2017 Increase / (decrease)		1 January 2017	
	Profit after tax S$'000	Other comprehensive income S$'000	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	**91**	**-**	198	-	107	7
- weakened	**(91)**	**-**	(198)	-	(107)	(7)
THB against SGD						
- strengthened	**-**	**217**	-	217	-	236
- weakened	**-**	**(217)**	-	(217)	-	(236)
MYR against SGD						
- strengthened	**(65)**	**-**	(13)	-	(95)	-
- weakened	**65**	**-**	13	-	95	-
The Company						
USD against SGD						
- strengthened	**2**	**-**	13	-	6	-
- weakened	**(2)**	**-**	(13)	-	(6)	-
THB against SGD						
- strengthened	**-**	**217**	-	217	-	236
- weakened	**-**	**(217)**	-	(217)	-	(236)

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39a Market risk (continued)

(ii) Equity 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 balance sheets as financial assets at FVOCI (Note 25).

If equity prices of financial assets at FVOCI held by the Company and subsidiaries of the Group increase / decrease by 5% (2017: 5%, 1 January 2017: 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$389,000 (2017: S$390,000, 1 January 2017: S$419,000) and S$375,000 (2017: S$374,000, 1 January 2017: S$397,000) respectively.

(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 borrowings 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 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% (2017: 0.5%, 1 January 2017: 0.5%) with all other variables being held constant, the net profit after tax will be lower / higher by S$88,000 (2017: S$39,000, 1 January 2017: S$63,000).

39b 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 trade receivables (Note 18) whereby the maximum exposure to credit risk is reduced by the amount the Group holds as collateral in form of banker guarantees of S$1,837,000 (2017: S$604,000, 1 January 2017: S$2,321,000) and letters of credit of S$1,938,000 (2017: S$735,000, 1 January 2017: S$4,899,000).

The Group's major classes of financial assets are cash and bank balances, and trade and other receivables. The Company's major classes of financial assets are cash and bank balances.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39b Credit risk (continued)

The movements in credit loss allowance are as follows:

	Allowances on trade receivables (a)		
	Non-performing S$'000	Others S$'000	Total S$'000
Group			
Balance at 1 January 2018 under SFRS	14,099	3,306	17,405
Application of SFRS(I) 9 (Note 2B)	-	280	280
Balance as at 1 January 2018 under SFRS(I) 9	14,099	3,586	17,685
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired / originated	453	2,012	2,465
- Reversal of unutilised amounts	-	(1,464)	(1,464)
	453	548	1,001
Receivables written off as uncollectible	(226)	-	(226)
Currency alignment	207	-	207
Balance as at 31 December 2018	14,533	4,134	18,667

(a) Loss allowance measured at lifetime expected credit loss

Cash and cash equivalents and other receivables are subject to immaterial credit loss.

(i) Trade receivables

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which required expected lifetime losses to be recognised from initial recognition of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default payments are considered evidence that the debtor is non-performing. Management measured expected credit loss on non-performing receivable at its maximum exposure to the Group at balance sheet date.

For other trade receivables, the Group uses a provision matrix to measure the lifetime expected credit loss allowance. In measuring the expected credit losses, these trade receivables are grouped based on similar credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 6 months when they fall due, and writes off the financial asset when it is deemed uncollectible. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39b Credit risk (continued)

(i) Trade receivables (continued)

The Group's credit risk exposure in relation to trade receivables that are other than non-performing under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current $'000	Past due up to 3 months $'000	Past due 3 to 6 months $'000	Past due over 6 months $'000	Total $'000
Group					
Precast and PBU					
Expected loss rate	0%	0%	14%	19%	
Trade receivables	43,040	10,095	4,596	13,440	71,171
Loss allowance	-	-	642	2,580	3,222
Provision of environmental services and sale of related products					
Expected loss rate	0%	0%	0%	11%	
Trade receivables	13,877	6,225	1,107	7,896	29,105
Loss allowance	-	-	2	897	899
Others					
Expected loss rate	0%	0%	0%	1%	
Trade receivables	1,948	931	12	1,721	4,612
Loss allowance	-	-	-	13	13

(ii) Long term trade receivables

As disclosed in Note 23, long term trade receivables comprise mainly retention monies and these balances share the same risk characteristics as current trade receivables for the same type of contracts and credit loss allowance is measured at lifetime expected credit loss. For trade receivables that are other than non-performing, the Group has determined that the expected loss rates for current trade receivables are a reasonable approximation of the credit loss rates for retention monies.

(iii) Other investments at amortised cost

As disclosed in Note 27, other investments at amortised cost comprise listed bonds. These are considered "low credit risk" as listed bonds are of investment grade credit rating with at least one major rating agency. The financial impact on expected credit loss allowance is insignificant.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39b Credit risk (continued)

(iii) Other investments at amortised cost (continued)

Credit risk exposure and significant credit risk concentration

The Group and Company uses the following categories of internal credit risk rating for its investment in listed bonds and intercompany loans. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Standard & Poor, Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

Category of internal credit rating	Performing	Under-performing	Non-performing	Write-off
Definition of category	Issuers have a low risk of default and a strong capacity to meet contractual cash flows.	Issuers for which there is a significant increase in credit risk; as significant credit risk is presumed if interest and/or principal repayment are 30 days past due	Interest and/ or principal payments are 90 days past due or the debtor has entered bankruptcy and default in payments.	Interest and/ or principal repayments are 120 days past due and there is no reasonable expectation of recovery
Basis of recognition of expected credit losses	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses	Asset is written off

The impact of the initial application of SFRS(I) 9 is set out in Note 2B. The expected credit loss of non-trade amounts owing by subsidiaries of $39,183,000 (Note 18) are not significant.

Previous accounting policy for impairment of trade receivables and long term receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 6 months overdue);

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39b Credit risk (continued)

Previous accounting policy for impairment of trade receivables and long term receivables (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and long-term receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out in the provision matrix as follows:

		Past due			
31 December 2017	**Current**	**Past due up to 3 months**	**Past due 3 to 6 months**	**Past due over 6 months**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
Trade receivables					
Gross carrying amount:					
- Not past due	70,685	-	-	-	70,685
- Past due but not impaired	-	19,082	4,702	6,575	30,359
- Past due and impaired	-	-	-	17,540	17,540
					118,584
Less: Allowance for impairment					(17,405)
Net carrying amount					101,179

		Past due			
1 January 2017	**Current**	**Past due up to 3 months**	**Past due 3 to 6 months**	**Past due over 6 months**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
Trade receivables and long-term receivables					
Gross carrying amount:					
- Not past due	55,245	-	-	-	55,245
- Past due but not impaired	-	18,204	2,996	6,611	27,811
- Past due and impaired	-	-	685	20,294	20,979
					104,035
Less: Allowance for impairment					(18,083)
Net carrying amount					85,952

(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 and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

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39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39c 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.

(i) 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 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 2018				
Trade and other payables	84,032	-	-	-
Short-term borrowings	2,953	-	-	-
Long-term borrowings	-	2,721	19,178	-
Other non-current liabilities	-	1,000	3,207	-
At 31 December 2017				
Trade and other payables	96,316	-	-	-
Short-term borrowings	3,969	-	-	-
Long-term borrowings	-	414	5,301	3,993
Other non-current liabilities	-	-	4,207	-
At 1 January 2017				
Trade and other payables	85,343	-	-	-
Short-term borrowings	16,417	-	-	-
Long-term borrowings	-	1,473	7,695	8,364
Other non-current liabilities	-	-	4,831	-
The Company				
At 31 December 2018				
Trade and other payables	48,683	-	-	-
Other non-current liabilities	-	9,599	-	-
At 31 December 2017				
Trade and other payables	49,906	-	-	-
Other non-current liabilities	-	9,630	-	-
At 1 January 2017				
Trade and other payables	55,705	-	-	-

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39c Liquidity risk (continued)

(ii) The table below 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.

	Less than 1 year S$'000
The Group	
At 1 January 2017	
Gross-settled currency forwards	
- Receipts	(2,870)
- Payments	2,877

39d 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 comprising borrowings and trade and other payables (Notes 29 and 30) and net cash position which is defined as cash (Note 19) less gross debt.

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

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017, except that one of the subsidiaries with bank borrowings (Note 29b) amounting to S$21,210,000 (2017: S$9,330,000, 1 January 2017: S$6,650,000) has not complied with the externally imposed capital requirements (i.e. debt service ratio, and tangible net debt/total liabilities to net worth ratio) during the financial years ended 31 December 2018 and 2017. Prior to the end of the financial year, the subsidiary has obtained waivers from its bankers to defer assessment of the compliance of the financial covenants as required by loan agreement to the subsequent financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39e 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).

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group				
At 31 December 2018				
Assets				
Financial assets, at FVOCI	251	-	7,534	7,785
Liabilities				
Contingent consideration payable	-	-	914	914
Redemption liability	-	-	2,398	2,398
Total liabilities	-	-	3,312	3,312
At 31 December 2017				
Assets				
Available-for-sale financial assets	260	-	7,545	7,805
Liabilities				
Contingent consideration payable	-	-	829	829
Redemption liability	-	-	2,150	2,150
Total liabilities	-	-	2,979	2,979
At 1 January 2017				
Assets				
Available-for-sale financial assets	75	-	8,312	8,387
Liabilities				
Contingent consideration payable	-	-	743	743
Redemption liability	-	-	2,304	2,304
Derivative financial instruments	-	7	-	7
Total liabilities	-	7	3,047	3,054

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39e Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Company				
At 31 December 2018				
Assets				
Financial assets, at FVOCI	251	-	7,243	7,494
At 31 December 2017				
Assets				
Available-for-sale financial assets	260	-	7,216	7,476
At 1 January 2017				
Assets				
Available-for-sale financial assets	75	-	7,855	7,930

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

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

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 or discounted cash flow analysis. The Group also estimates the fair value of the financial asset in form of unquoted equity investment by reference to its net assets which are mainly in form of monetary assets and liabilities. Such instruments are included in Level 3. The determination of the fair values of the contingent consideration payable and redemption liability is disclosed in Note 34.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39e Fair value measurements (continued)

The following tables present the changes in Level 3 instruments:

The Group	Financial assets, at FVOCI S$'000	Available-for-sale assets S$'000	Contingent consideration payable S$'000	Redemption liability S$'000	Total S$'000
2018					
Beginning of financial year	-	7,545	(829)	(2,150)	4,566
Reclassification as at 1 January 2018	7,545	(7,545)	-	-	-
Fair value (losses) / gains recognised in					
- other comprehensive income	(11)	-	-	-	(11)
- profit or loss	-	-	(85)	(248)	(333)
Disposals	-	-	-	-	-
End of the financial year	7,534	-	(914)	(2,398)	4,222
Total unrealised (losses) / gains for the period included in profit or loss for assets and liabilities held at the end of the financial year	-	-	(85)	(248)	(333)
2017					
Beginning of financial year	-	8,312	(743)	(2,304)	5,265
Fair value (losses) / gains recognised in					
- other comprehensive income	-	(673)	-	-	(673)
- profit or loss	-	-	(86)	154	68
Disposals	-	(94)	-	-	(94)
End of the financial year	-	7,545	(829)	(2,150)	4,566
Total unrealised (losses) / gains for the period included in profit or loss for assets and liabilities held at the end of the financial year	-	-	(86)	154	68

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39e Fair value measurements (continued)

The Company	Financial assets, at FVOCI S$'000	Available-for-sale assets S$'000
2018		
Beginning of financial year	-	7,216
Reclassification as at 1 January 2018	7,216	(7,216)
Fair value losses recognised in - other comprehensive income	27	-
End of financial year	7,243	-
2017		
Beginning of financial year	-	7,855
Fair value losses recognised in - other comprehensive income	-	(639)
End of financial year	-	7,216

The carrying amount less allowance for impairment of loans and receivables are assumed to approximate their fair values. The fair values of current borrowings and other financial liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current borrowings and other liabilities 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.

Notes to the Financial Statements

For the financial year ended 31 December 2018

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39f Financial Instruments by category

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

	The Group S$'000	The Company S$'000
31 December 2018		
Financial assets, at FVOCI (Note 25)	7,785	7,494
Financial assets, at amortised cost	404,559	297,889
Financial liabilities at amortised cost	(111,426)	(58,282)
31 December 2017		
Available-for-sale (Note 24)	7,805	7,476
Held-to-maturity (Note 26)	2,551	2,551
Loans and receivables*	457,765	310,053
Financial liabilities at amortised cost	(111,996)	(59,536)
1 January 2017		
Available-for-sale (Note 24)	8,387	7,930
Held-to-maturity (Note 26)	1,523	1,523
Derivatives (Note 30c)	(7)	-
Loans and receivables*	562,092	392,340
Financial liabilities at amortised cost	(119,912)	(55,705)

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

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors will not change significantly.

SFRS(I) 16 will take effect from financial years beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Notes to the Financial Statements

For the financial year ended 31 December 2018

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS (CONTINUED)

(a) SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019) (continued)

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitment of S$24,148,000 (Note 38b) that may result in the recognition of an asset and a liability for future payments. The Group is currently finalising the transition adjustments arising from the adoption of SFRS(I) 16.

(b) SFRS(I) INT 23 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 January 2019.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of NSL Ltd. on 13 March 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2018

42. SIGNIFICANT COMPANIES IN THE GROUP

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

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December		1 January	31 December		1 January
			2018 %	2017 %	2017 %	2018 %	2017 %	2017 %
Eastern Industries Private Limited (1)	Investment holding	Singapore	**100.0**	100.0	100.0	**-**	-	-
NSL Chemicals Ltd. (1)	Investment holding, manufacturing and sale of refractory materials and road stones	Singapore	**100.0**	100.0	100.0	**-**	-	-
NSL Properties Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	100.0	**-**	-	-
NSL Resorts International Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	100.0	**-**	-	-
Eastern Pretech Pte Ltd (1)	Manufacturing and sale of building materials	Singapore	**100.0**	100.0	100.0	**-**	-	-
Eastern Pretech (Malaysia) Sdn Bhd (2)	Manufacturing and sale of building materials	Malaysia	**100.0**	100.0	100.0	**-**	-	-
Dubai Precast L.L.C. (2),(3)	Manufacturing and sale of building materials	United Arab Emirates	**45.0**	45.0	45.0	**55.0**	55.0	55.0
Parmarine Ltd (2)	Manufacturing and sale of building materials	Finland	**100.0**	100.0	100.0	**-**	-	-
Eastech Steel Mill Services (M) Sdn Bhd (2)	Manufacturing and sale of refractory products	Malaysia	**100.0**	100.0	100.0	**-**	-	-
NSL OilChem Waste Management Pte. Ltd. (1)	Treatment and recovery of waste oil and oily slop and trading in diesel oil	Singapore	**87.7**	87.7	87.7	**12.3**	12.3	12.3
NSL OilChem Logistics Pte. Ltd. (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**87.7**	87.7	87.7	**12.3**	12.3	12.3
NSL Fuel Management Services Pte Ltd (formerly known as NSL OilChem Trading Pte. Ltd.) (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**72.6**	72.6	72.6	**27.4**	27.4	27.4

Note: Refer to Page 133 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2018

42. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interests		
			31 December		1 January	31 December		1 January
			2018 %	2017 %	2017 %	2018 %	2017 %	2017 %
NSL Marine Fuel Services Pte. Ltd. (formerly known as CNC Petroleum Pte Ltd) (1)	Trading in oil products	Singapore	**72.6**	72.6	72.6	**27.4**	27.4	27.4
NSL Engineering Holdings Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	100.0	**-**	-	-
Raffles Marina Holdings Ltd. (1)	Investment holding	Singapore	**72.1**	72.1	72.1	**27.9**	27.9	27.9
Raffles Marina Ltd (1)	Owning and managing Raffles Marina Club	Singapore	**72.1**	72.1	72.1	**27.9**	27.9	27.9

Significant Associated Company Held by a Subsidiary	Principal activities	Country of incorporation and place of business	Equity holding		
			31 December		1 January
Unquoted			2018 %	2017 %	2017 %
PEINER SMAG Lifting Technologies GmbH ("PSLT") (4)	Investment holding, manufacturing and sale of bulk handling equipment for bulk material handling	Germany	**-**	33.3	33.3
Salzgitter Maschinenbau AG ("SMAG") (4)	Investment holding, manufacturing and sale of bulk handling equipment for bulk material handling, process technology and special purpose machines	Germany	**25.5**	-	-

Legends

(1) Audited by PricewaterhouseCoopers LLP, Singapore

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

(3) 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.

(4) Audited by Deloitte Touche Tohmatsu, Germany.

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Analysis of Shareholdings

As at 8 March 2019

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

SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1 to 99	110	1.99	2,189	0.00
100 to 1,000	900	16.27	766,922	0.21
1,001 to 10,000	3,417	61.79	15,965,569	4.27
10,001 to 1,000,000	1,097	19.84	43,121,908	11.54
1,000,001 AND ABOVE	6	0.11	313,701,649	83.98
TOTAL	**5,530**	**100.00**	**373,558,237**	**100.00**

SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
Singapore	3,620	65.46	356,869,334	95.53
Malaysia	257	4.65	1,602,699	0.43
Others	1,653	29.89	15,086,204	4.04
TOTAL	**5,530**	**100.00**	**373,558,237**	**100.00**

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL ISSUED SHARES
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	CITIBANK NOMINEES SINGAPORE PTE LTD	2,868,625	0.77
3	DBS NOMINEES PTE LTD	2,618,839	0.70
4	GOH BENG HWA @ GHO BIN HOA	1,839,750	0.49
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,569,882	0.42
6	OCBC NOMINEES SINGAPORE PTE LTD	1,320,100	0.35
7	OCBC SECURITIES PRIVATE LTD	752,090	0.20
8	LO KAI LEONG @ LOH KAI LEONG	540,000	0.15
9	RAFFLES NOMINEES (PTE) LIMITED	530,226	0.14
10	SUM AH LAM	500,000	0.13
11	UOB KAY HIAN PTE LTD	459,750	0.12
12	AU SOO LUAN	459,600	0.12
13	TAY HWA LANG	450,000	0.12
14	HENG SIEW ENG	433,300	0.12
15	YANG SIEW HO	420,000	0.11
16	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
17	KOW THONG JEN @ KOW CHONG JIN	372,000	0.10
18	TUN KENG HING	367,600	0.10
19	NG CHUI HOON	364,000	0.10
20	CHONG SIONG LIM STEPHEN	360,000	0.10
	TOTAL	**320,109,839**	**85.69**

Analysis of Shareholdings

As at 8 March 2019

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 59th 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 26 April 2019 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1 To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon. **(Resolution 1)**

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

Mr David Fu Kuo Chen, will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and the Nominating Committee.

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

4 To approve the payment of Directors' fees of S$614,000.00 for the financial year ended 31 December 2018. (2017: S$614,000.00) **(Resolution 4)**

5 To declare a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2018. (2017: final dividend of S$0.05 per ordinary share (exempt one-tier)) **(Resolution 5)**

6 To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Independent Auditor and to authorise the Directors to fix its remuneration. **(Resolution 6)**

SPECIAL BUSINESS

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

Ordinary Resolutions

7 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,

Notice of Annual General Meeting

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 and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

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

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

(Resolution 7)

8 That:

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

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

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

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

Notice of Annual General Meeting

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

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

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

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

(c) in this Resolution:

   "**Maximum Limit**" means that number of Shares representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)) 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 treasury shares and subsidiary holdings) to be carried out as aforesaid, the Company shall ensure, pursuant to Rule 723 of the Listing Manual of the SGX-ST, that there will be a public float of not less than 10% in the issued Shares at all times; and

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

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

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

   where:

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

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

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

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

(Resolution 8)

Notice of Annual General Meeting

9 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to grant options in accordance with the provisions of the NSL Share Option Plan (the "**Plan**") and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be allotted and issued pursuant to the exercise of options under the Plan, provided that the aggregate number of new ordinary shares to be issued pursuant to the Plan shall not exceed 10% of the total number of issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited)) from time to time. **(Resolution 9)**

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
3 April 2019

Explanatory Notes

(i) In relation to items 2 and 3 above, further information on Mr David Fu Kuo Chen and Dr Low Chin Nam is set out in "Additional information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST". Please refer to pages 141 to 143 of the Annual Report 2018.

(ii) Ordinary Resolution 7 proposed in item 7 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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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. As at 8 March 2019, the Company did not have treasury shares or subsidiary holdings.

(iii) Ordinary Resolution 8 proposed in item 8 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 8 March 2019 representing 8% of the issued shares (excluding treasury shares and subsidiary holdings) 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 2018 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 3 April 2019 (the "**Letter**").

Please refer to the Letter for further details.

Notice of Annual General Meeting

(iv) Ordinary Resolution 9 proposed in item 9 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 of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Notes:

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

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

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

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

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

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

Personal Data Privacy:

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

Additional Information on Directors Seeking Re-election

Mr David Fu Kuo Chen and Dr Low Chin Nam are the Directors seeking re-election at the 59th Annual General Meeting of the Company to be held on 26 April 2019.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to Mr David Fu Kuo Chen and Dr Low Chin Nam as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	Mr David Fu Kuo Chen	Dr Low Chin Nam
Working experience and occupation(s) in the past 10 years	Director of the Kuo group of companies	2007 to 2011: Chief Executive Officer of Aretae Pte. Ltd
Familial relationship with any director and/or substantial shareholder of NSL Ltd or of any of its principal subsidiaries	Cousin of Ban Song Long and brother–in-law of Ong Beng Seng Ong Beng Seng is deemed to be a substantial shareholder of NSL Ltd through 98 Holdings Pte. Ltd., Excel Partners Pte Ltd, Excelfin Pte Ltd and Reef Investments Pte Ltd by virtue of the provisions under Section 7 of the Companies Act, Chapter 50.	NIL
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720 (1) has been submitted to NSL Ltd	Yes	Yes
Other Directorships (for the last 5 years)	Nil	EMIX Industry (S) Pte Ltd Eastern Pretech (HK) Limited Eastern Gotech (HK) Limited EMIX (China) Limited NSL OilChem (Timor) Lda
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Additional Information on Directors Seeking Re-election

		Mr David Fu Kuo Chen	Dr Low Chin Nam
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? If yes, please provide full details	No	Yes. Dr Low Chin Nam resigned as a director and Chief Executive Officer of Aretae Pte Ltd on 22 July 2011. The Notice of Winding-Up Order and Particulars of the Liquidators was lodged with the Accounting and Corporate Regulatory Authority on 4 May 2012. Aretae Pte Ltd was dissolved on 26 December 2013 on the ground of Compulsory Winding-Up (Insolvency).
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

Additional Information on Directors Seeking Re-election

		Mr David Fu Kuo Chen	Dr Low Chin Nam
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 April 2019.

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 26 April 2019 at 2.00 p.m. and at any adjournment thereof.

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

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Re-election of Mr David Fu Kuo Chen as a Director		
3	Re-election of Dr Low Chin Nam as a Director		
4	Approval of Directors' fees amounting to S$614,000.00		
5	Approval of a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2018		
6	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix its remuneration		
	Special Business		
7	Approval of the Share Issue Mandate		
8	Approval of the renewal of the Share Purchase Mandate		
9	Approval of the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		

Note: Voting will be conducted by poll

Dated this ____________ day of ______________________ 2019.

Total Number of Shares Held

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

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

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

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

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

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

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies 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 appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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