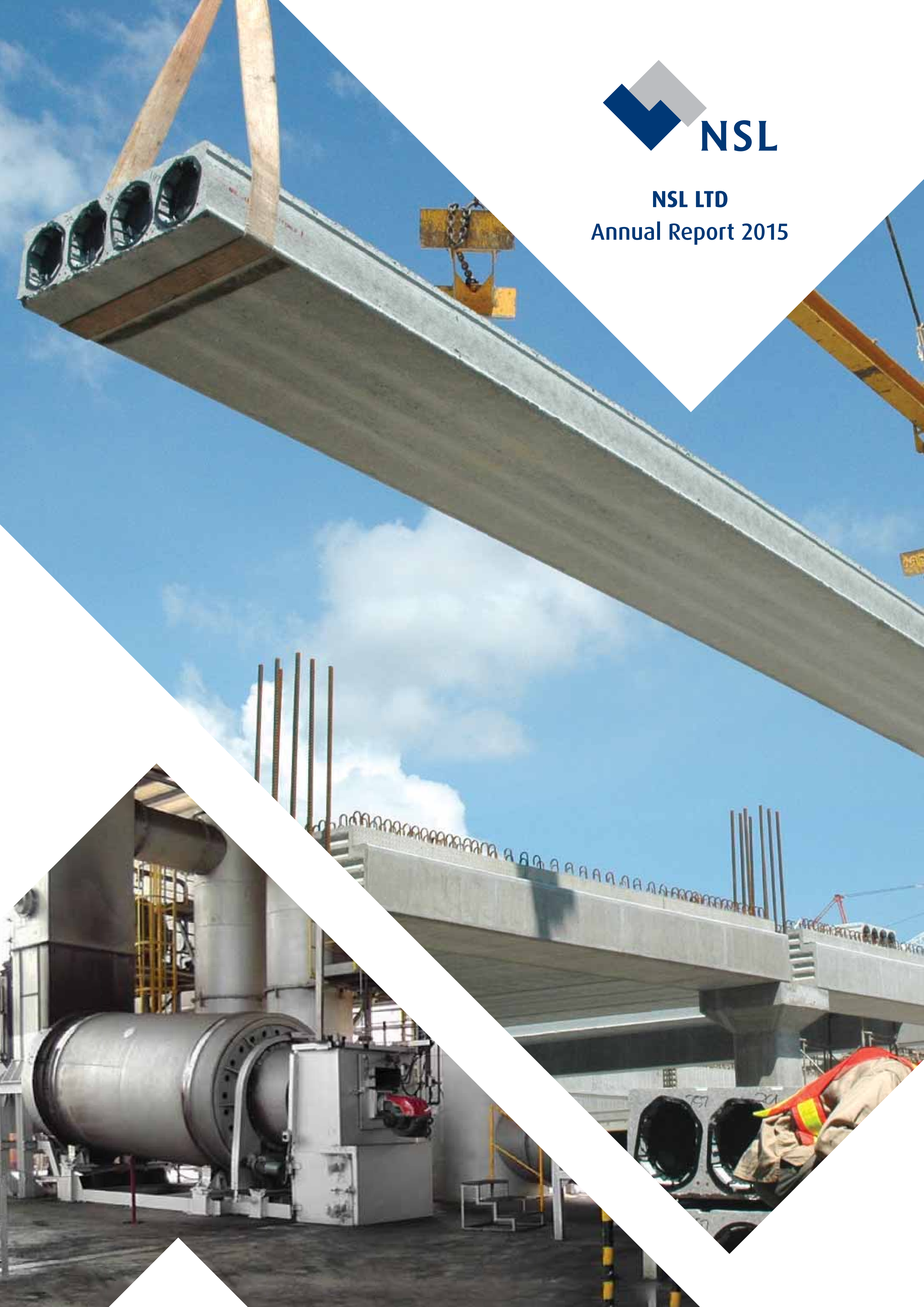

NSL LTD

Annual Report 2015

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At NSL, we adopt a holistic and proactive strategy, which enables us to be ready to embrace arising opportunities as well as navigate through emerging challenges. Our actions are aligned for the future.

Corporate Profile

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

The Precast & PBU division is a market leader in manufacturing precast concrete components and Prefabricated Bathroom Unit in the region. The Dry Mix division is one of the largest and most reputable regional producers of dry mix plaster and mortar. Environmental Services division, a key player in integrated environmental services in Singapore, has businesses in integrated waste management and re-refining of used lubricant. NSL's investment in Engineering specialises in bulk cargo and container lifting devices.

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

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

Operations and joint ventures in

9

Countries

Underpinning our strategy is our commitment to hold firm to our core values.

Group Financial Highlights

	2014*	2015	Change (%)
FOR THE YEAR (S$'000)			
Turnover from continuing operations	425,950	446,452	5
Profit before taxation from continuing operations	15,499	30,898	99
Profit attributable to shareholders			
- from continuing operations	9,678	26,715	176
- from discontinued operations	15,248	40,040	163
Total group profit attributable to shareholders	24,926	66,755	168
AT YEAR-END (S$'000)			
Shareholders' funds	526,650	560,437	6
Total assets	733,304	727,021	(1)
PER SHARE			
Basic earnings per share (cents)	6.7	17.9	168
Dividends (exempt - one tier, cents per share)			
- Final	5	5	-
- Special	–	3	n/m
OTHERS			
No. of employees	3,344	3,078	(8)

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

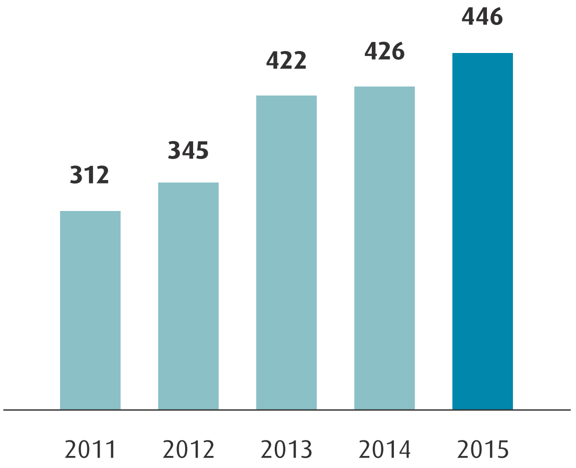
5-Year Financial Summary

FINANCIAL PROFILE (S$'000)	2011*	2012*	2013*	2014*	2015
Turnover	312,050	345,443	421,920	425,950	446,452
Profit before share of results of associated companies and joint venture	22,972	18,980	14,163	15,261	29,175
Share of results of associated companies and joint venture, net of tax	(1,860)	(10)	(53)	238	1,723
Profit before tax	21,112	18,970	14,110	15,499	30,898
Taxation	(2,645)	(2,182)	(5,348)	(3,230)	(3,185)
Profit after tax	18,467	16,788	8,762	12,269	27,713
EBITDA	34,858	33,489	29,639	30,194	43,328
Profit attributable to shareholders					
- from continuing operations	16,013	16,914	9,220	9,678	26,715
- from discontinued operations	84,256	29,855	139,414	15,248	40,040
Total group profit attributable to shareholders	100,269	46,769	148,634	24,926	66,755
Dividends (exempt-one tier)					
- Final	37,356	37,356	37,356	18,678	18,678
- Special	-	-	149,423	-	11,207
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	382,433	381,567	495,871	332,811	366,598
Dividend cover	2.7x	1.3x	0.8x	1.3x	2.2x

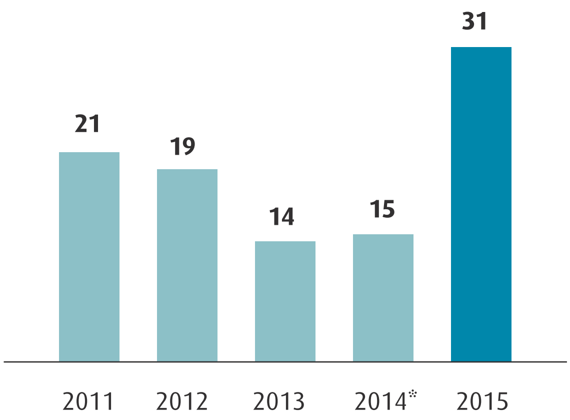
FINANCIAL POSITION (S$'000)					
WHAT WE OWNED					
Property, plant and equipment	161,131	167,908	163,500	138,943	136,751
Associated companies & joint venture	229,416	231,978	5,795	6,107	52,692
Investment properties	3,460	3,288	8,420	8,648	8,376
Long term receivables, prepayments & investments	17,032	12,711	11,491	10,309	10,280
Intangible assets	9,573	9,419	9,672	9,439	9,306
Deferred tax assets	1,175	1,408	1,515	3,347	5,290
Current assets	312,197	326,083	695,455	556,511	504,326
	733,984	752,795	895,848	733,304	727,021
WHAT WE OWED AND EQUITY					
Shareholders' funds	576,272	575,406	689,710	526,650	560,437
Non-controlling interests	14,439	13,630	12,932	13,817	11,007
Long term liabilities	41,966	41,227	23,571	18,936	17,394
Current liabilities	101,307	122,532	169,635	173,901	138,183
	733,984	752,795	895,848	733,304	727,021
CASH & DEBT POSITION (S$'000)					
Group borrowings	22,254	25,243	42,735	31,423	28,249
Group net cash (cash less borrowings)	114,480	110,717	416,666	257,006	306,199
PER SHARE DATA					
Basic earnings per share (cents)	26.8	12.5	39.8	6.7	17.9
Net tangible assets per share (S$)	1.52	1.52	1.82	1.38	1.48
DIVIDENDS					
Dividends (exempt - one tier, cents per share)					
- Final	10	10	10	5	5
- Special	-	-	40	-	3

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

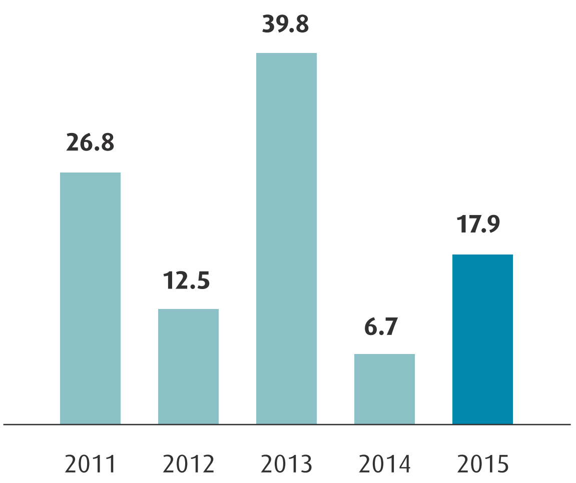
Group Turnover
(S$million)



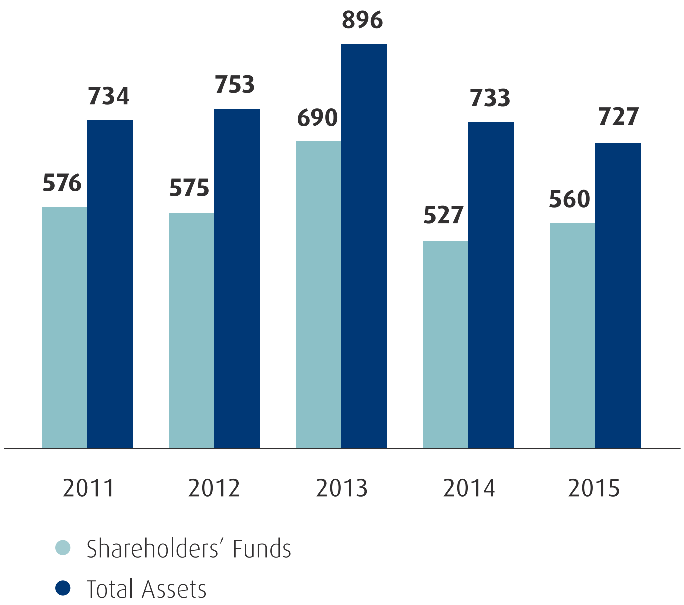
Group Profit Before Tax
(S$million)



Basic Earnings Per Share
(cents)



Shareholders' Funds & Total Assets
(S$million)



* Comparative figure has been re-presented to be in line with current financial year presentation.

Letter to Shareholders

Dear Shareholders

In 2015, the world economy encountered strong headwinds from the weakening Chinese economy and plummeting oil and commodity prices. The emerging and regional economies were adversely affected by these negative developments. Growth in Europe and Japan also remained tepid prompting Central banks to cut interest rates to negative to provide further stimulant. The US economy was the only bright spark in the developed world that continued to expand moderately. Singapore, a bellwether of the world economy also slowed down, growing at 2% last year.

Against this economic backdrop, NSL Group did well in 2015 with a better turnover and doubling of Profit before tax. Turnover increased slightly from $426.0 million in 2014 to $446.5 million in 2015. Profit before tax rose to $30.9 million in 2015 from $15.5 million in 2014 owing to stronger performance by both the Precast and Prefabricated Bathroom Unit ("PBU") and Dry Mix divisions.

Environmental Services division whose performance depended strongly on oil price was however not spared. The division suffered a loss in 2015, the first in five years. Weakening demand for Recycled Fuel Oil ("RFO") and a squeezed operating margin of Automotive Diesel Oil businesses due to oil price were contributing factors. In addition, the division recognised various impairments.

After taking into account income tax, the Group reported a profit attributable to equity holders from continuing operations of $26.7 million in 2015 compared to $9.7 million in 2014.

TRANSFORMATION HIGHLIGHTS

The divestment of lime business in Singapore and Malaysia was completed on 17 February 2015 for a cash consideration of approximately $42.9 million.

The joint venture of NSL Engineering Holdings Pte. Ltd. with Salzgitter Maschinenbau AG to form one of the world's leading independent lifting device groups in both bulk cargo and container handling was completed on 29 April 2015. Following the completion, the Group had consolidated the result of the merged entity, PEINER SMAG Lifting Technologies GmbH ("PSLT") as a 33.33% associate.

On 25 January 2016, NSL announced that the Company received indications of interest from several parties to purchase its dry mix business in Hong Kong, China, Singapore and Malaysia. The discussions are ongoing.

LOOKING AHEAD

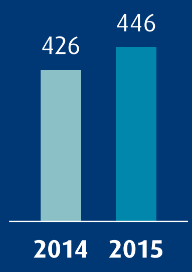
Going forward, the oil price is expected to remain lacklustre in the light of the uncertain world economic outlook. The operating environment in 2016 will continue to be difficult and challenging.

In the Precast & PBU division, the Precast businesses particularly in Singapore and Malaysia are likely to face stiffer competition within a more subdued market, while performance of its operation in Dubai would remain satisfactory underpinned by a healthy order book. In the PBU business, Parmarine is anticipated to continue to contribute positively to the division's overall results.

In the Dry Mix division, demand for its products across the region is expected to remain satisfactory supported by firm demand.

In the Environmental Services division, the RFO business will continue to face very difficult market conditions amidst the steep decline in oil price. The distribution business and waste management services are expected to remain subdued. The division will actively develop its new organic wastewater treatment facility in Tuas with the aim of becoming a leading

Group Turnover
(S$million)



Group Profit Before Tax
(S$million)

"

Against this economic backdrop, NSL Group did well in 2015 with a better turnover and doubling of Profit before tax." – **PROF CHAM TAO SOON**

waste management service provider in Singapore.

Whilst the order book for PSLT remains satisfactory at the moment, the management will monitor market changes closely.

DIVIDEND

Subject to the approval of shareholders at the annual general meeting of the Company to be held on 29 April 2016, the Board is recommending a dividend of $0.05 per share for the financial year ended 31 December 2015 to be paid on or about 27 May 2016 or such other date to be determined by the Directors.

Together with the special interim dividend of $0.03 per share that was paid on 26 May 2015, the total dividend for this financial year amounts to $0.08 per share.

IN APPRECIATION

Finally, I would like to thank all of you - our shareholders, management, business partners, customers and employees - for your support and contributions given to the Group during the past year.

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

TS Cham

PROF CHAM TAO SOON
Chairman
9 March 2016

Board of Directors

Driving the momentum of our progress is our team of visionary and experienced leaders.

Chairman

PROF CHAM TAO SOON
Chairman
- Fundedbyme Asia Pacific Pte Ltd
- Soup Restaurant Group Ltd

Special Advisor
- SIM Governing Council

Executive Director

OO SOON HEE
Director
- Bangkok Cogeneration Company Limited
- ComfortDelGro Corporation Limited
- Eastern Pretech Pte Ltd
- NatSteel Holdings Pte Ltd
- SIA Engineering Company Limited
- York Transport Equipment (Asia) Pte Ltd

Directors

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

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

JOHN KOH TIONG LU
Director
- Mapletree Industrial Trust Management Ltd
- Singapore Arts School Ltd
- KrisEnergy Ltd

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

* Dr Tan is a Non-Independent, Non-Executive Director with effect from 1 January 2016.

Corporate Research & Development Advisory Panel

Chairman

PROF CHAM TAO SOON

Members

DAVID FU KUO CHEN

LAM SIEW WAH
Deputy CEO (Industry Development)
- Building and Construction Authority

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

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

Director
- EZ-Link Pte Ltd

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

Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

OO SOON HEE

DR ROBERT TIONG
Deputy Director
- Nanyang Techonological University
  Centre of Infrastructure Systems

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

Ang Kong Hua and Dr Josephine Kwa retired from the Corporate Research & Development Advisory Panel in May and June 2015 respectively.

Key Management

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

DR LOW CHIN NAM joined NSL Ltd as Chief Strategy and Operations in 2011 and was promoted to Chief Operating Officer on 1 January 2015. He is responsible for the Group's strategic business development and oversees Group operations. Dr Low started his career in the elite Administrative Service of the Singapore Government before leaving for the commercial sector. He was previously the Chief Operating Officer of M1 Ltd, subsequently, Director of Business Operations of Smartone Telecom Ltd, Hong Kong, and Managing Director of Digiland Pty Ltd., Australia. He holds a Bachelor of Science (Honours) in Electronics Engineering from King's College, University of London, a Master of Science in Management Science from Imperial College, University of London as well as a Ph.D in Econometrics from Monash University in Australia.

MR CHIA TONG HEE is presently Senior Vice-President (Finance and Corporate Services) of NSL Ltd. He is responsible for the Finance & Accounting, Treasury, Taxation and Corporate Communications functions of the Group. Prior to joining NSL Ltd in 2005, Mr Chia was an auditor with Pricewaterhouse and subsequently 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.

Review of Operations

PRECAST & PBU

A significant project in Singapore using Precast concrete components

PERFORMANCE

Precast & Prefabricated Bathroom Unit (PBU) division's turnover improved 11% to $244.1 million in 2015. This was largely due to higher revenue reported by the precast operation in Singapore.

The division turned profitable last year, reversing a loss before tax of $8.0 million in 2014 to a Profit before tax of $15.0 million in 2015. The improvement was driven by higher demand for precast components in major projects in Singapore and Dubai that were successfully implemented. Malaysia precast operation was however affected by weak market conditions.

DEVELOPMENT HIGHLIGHTS

During the year, the Singapore operation successfully contributed to the completion of a tight schedule major clean room project with its productivity-enhancing engineering design and new labour-saving casting methodology. The project which entailed careful planning and coordination among various production centres in Singapore and Malaysia was completed within six months with precast concrete volume equivalent to building 2,000 dwelling units of public housing.

Known for delivering innovative precast solutions to its customer, its operation in Dubai successfully executed a key contract to supply three-dimensional breakwater units that require special mould fabrication and production to withstand the seafront conditions for the iconic Burj Al Arab Hotel.

In 4Q2015, Eastern Pretech Pte Ltd ("EP") was awarded Singapore Green Label certifications by Singapore Environment Council for its key products such as hollow-core slab, reinforced concrete products and pre-stressed planks. These awards recognise EP's efforts in using a byproduct of the steelmaking process to replace cement during its production and thereby reducing its carbon footprint. They reaffirm EP's commitment in caring for the environment and support for the Building and Construction Authority's sustainability construction movement.

To further strengthen EP's technological capabilities and enhance its productivity and customer service, the division leveraged on 3D software technology, Building Information Modeling.

GOING FORWARD

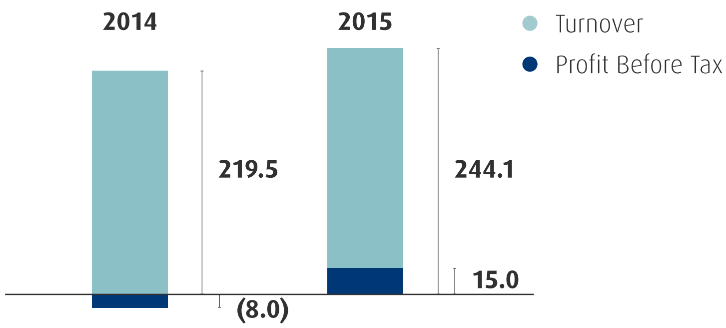
The Precast businesses, particularly in Singapore and Malaysia, are expected to face increased competition within a more subdued market while performance of Dubai Precast is expected to remain satisfactory underpinned by a healthy order book.

In the PBU business, Parmarine is expected to continue to contribute positively to the division's overall results. The Singapore PBU operation will leverage on its European experience to actively market its product which is promoted for construction productivity.

The division will continue to work on improving its productivity and offer appropriate off-site solutions that enhance construction markets.

Precast & PBU Division

Turnover & Profit Before Tax
(S$million)



Review of Operations

DRY MIX

PERFORMANCE

Dry Mix division's turnover increased 24% to $109.2 million in 2015 on the back of improved revenue from all its operations. This is following the division's greater market penetration for its higher value added plaster and mortar products, as well as positive market conditions.

Compared to 2014, Profit before tax jumped 78% to $23.2 million in 2015. The significant improved performance was mainly attributable to the division's initiatives in better product mix and reduction in unit production cost from higher production volume and cost savings.

DEVELOPMENT HIGHLIGHTS

The division marked its significant milestone of 30 years of operation and excellence on 5 October 2015 by celebrating with its valued customers, suppliers, community, colleagues and directors. The division was honoured to have Dr John Keung, Chief Executive Officer, Building and Construction Authority, as the Guest of Honour for the event.

During the year, its Singapore operation, Emix Industry (S) Pte Ltd, was awarded another eight Singapore Green Label certifications by Singapore Environment Council for its environmental friendly products.

In July 2015, its Malaysia operation achieved international accreditations such as ISO 9001, ISO 14001 and OHSAS 18001 for their commitment in delivering high-quality products and services that meet the best practices of the industry.

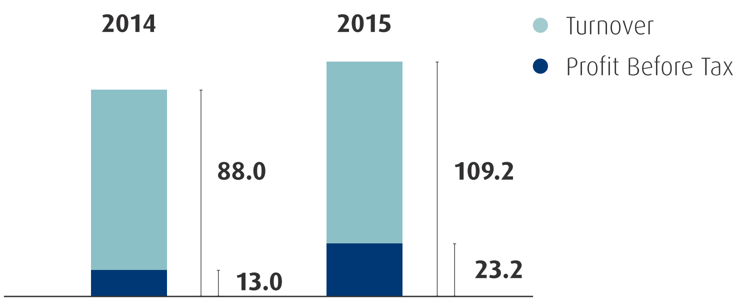
GOING FORWARD

Going forward, demand for the division's products across the region is expected to remain satisfactory supported by firm demand. The division would continue to broaden its product offerings in its key markets.

E.MIX Group celebrated its 30th Anniversary

Dry Mix Division

Turnover & Profit Before Tax
(S$million)



Review of Operations

ENVIRONMENTAL SERVICES

PERFORMANCE OVERVIEW

Turnover of Environmental Services division declined 24% to $68.3 million in 2015 mainly due to a significant drop in average selling prices and sales volume for Recycled Fuel Oil ("RFO"). The decline in revenue was also attributed to lower sales of Automotive Diesel Oil ("ADO") owing to lower average selling prices, despite reporting healthy year-on-year volume growth.

The division recorded a loss of $5.8 million in 2015. The significant decline in operating performance was a result of lower sales of RFO given the prolonged decline in oil price. Further, the division also recognised various impairments totalling $6.2 million. Both the ADO and waste management services continued to be major profit contributors to the division.

DEVELOPMENT HIGHLIGHTS

During the year, the division expanded its waste management services to include treatment of hydrocarbon contaminated soil and inorganic wastewater. Its technical capabilities were strengthened with the upgrading of the laboratory to a more advanced analysis so that treatment methods for various waste streams could be determined more quickly for better efficiency and customer service.

To strengthen its market position, the division broadened its customer base for Liquid Gold and other automotive specialties through making inroads to new markets such as Myanmar and Timor Leste.

The division further enhanced its competitiveness in the slop market by commissioning new tanks to enable operational flexibility in the management of storage and recovery of RFO.

Committed to conserving the environment, the division created a newly formulated range of Cheston products that are environmentally-friendly and biodegradable, meeting the standards of Maritime and Port Authority of Singapore and International Maritime Organization.

GOING FORWARD

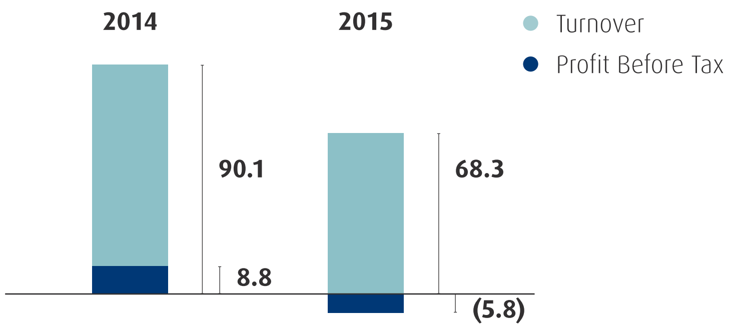
In the Environmental Services division, the RFO business will continue to face very difficult market conditions amidst the steep decline in oil price. The distribution business and waste management services are expected to remain subdued.

The division will actively develop its new organic wastewater treatment facility in Tuas with the aim of becoming a leading waste management service provider in Singapore. In addition, it will broaden its business service to better position the division to meet the future industrial needs of Singapore.

The division strengthened its technological capabilities with an advanced laboratory analysis system for improved efficiency and customer service

Environmental Services Division

Turnover & Profit Before Tax
(S$million)



Corporate Social Responsibility

At the heart of NSL's business is its commitment to Corporate Social Responsibility. While achieving its business goals are important, its actions must also have a positive impact on the community, environment and all stakeholders.

SUPPORTING THE COMMUNITY, THE LOCAL ARTS AND CULTURAL SCENE

In October 2015, NSL's subsidiary Emix Industry (S) Pte Ltd celebrated its 30th Anniversary with great fanfare, but also with a thought for the less fortunate. A cheque of $30,000 donation was presented to the Community Chest during the dinner celebration to help three beneficiaries; Rainbow Centre – Yishun Park School, Singapore Association of the Visually Handicapped and REACH Family Service Centre.

Apart from the annual donations from Company and employees to Melrose Home, NSL's Sports and Recreation Committee ("NSL SRC") organised a memorable day out with the children, bringing them to a farm visit in May.

During the year, NSL OilChem Waste Management ("NOC") continued its efforts to reach out to the future generations by hosting a visit from Hua Yi Secondary School and giving a career talk to Yang Zheng Primary School. The aim of the outreach was to inspire and prepare them for their future.

Raffles Marina's annual Western Circuit Sailing Regatta event raised $8,404 in a charity auction to Sailability Singapore. The race, which is held annually, put the skills of the disabled sailors to test in a competitive environment.

NSL is a long standing sponsor of Singapore Symphony Orchestra. The Group has been instrumental in helping the Orchestra to engage with their members, reaching out to community-at-large bringing music to the masses for more than 30 years. NSL was awarded Friend of the Arts in 2015, by Patron of the Arts awards.

CARING FOR THE ENVIRONMENT

NSL is a strong advocate for environmental sustainability. Recycling for sustainability is an important aspect of NSL businesses. NSL Chemicals recycles the byproduct from steelmaking into roadstone aggregates which is a more durable substitute for natural aggregates used in road pavement. NOC also recycles waste oil from its waste management services. It recovers the heat generated from its industrial waste incineration plant by conversion into steam and electricity for its internal consumption.

During the year, NOC launched new products with environmental protection in mind. The newly formulated Cheston range of products consists of cement removers, lime cleaners, descalers, mould release agents and degreasers that are non-toxic, low odour and biodegradable, which satisfies

A cheque of $30,000 donation was presented to the Community Chest

Emix Industry achieved Singapore Green Label certifications by Singapore Environment Council for their products, endorsing NSL's drive for more environmentally-friendly construction practices

Participants of the badminton tournament at NSL Games

the standards of Maritime and Port Authority of Singapore and International Maritime Organization.

A part of NSL's ongoing efforts to care for the environment is to educate and engage the young in building a sustainable future. NSL partnered Clementi Primary School and Yang Zheng Primary School in the Corporate and School Partnership ("CASP") programme which was conducted by the National Environment Agency to brainstorm and support innovative ways to conserve the environment.

During the year, both Emix Industry (S) Pte Ltd and Eastern Pretech Singapore achieved Singapore Green Label certifications by Singapore Environment Council for their products, an endorsement of NSL's drive for more environmentally-friendly construction practices. Emix Group's commitment to the environment was further recognised when prime time news on Channel NewsAsia and Channel 8 featured their Singapore Green Label products in their news coverage.

NOC's eco-friendly Cheston range of products

INVESTING IN PEOPLE

NSL recognises that its employees are the greatest asset who drives its competitive advantage. A vital part of the Group's performance is its employee engagement initiatives which is led by the NSL SRC. An important activity organised by NSL SRC was the year-long tournament, the NSL Games 2014/2015, which consists of 10 different sports and games to promote inter-company bonding and engagement.

In a bid to encourage staff to lead healthier lifestyles, NSL partnered with Health Promotion Board ("HPB") for their 'Go Healthy, My Life, My Choice' campaign. HPB hosted a roadshow at NSL to promote its 'iQuit 28 Days' and 'Million Kg Challenge' campaigns. During these campaigns, packed fruits were distributed to staff to remind and encourage them to eat healthily with at least two servings of fruit daily.

Over a hundred NSL Group employees and family members went on a weekend trip to Kukup, Malaysia. The idyllic yet interesting setting allowed participants to enhance their friendship and camaraderie. During the year, NSL SRC also organised workshops ranging from mooncake and soap making to vocal lessons for staff enrichment.

Safety is paramount to NSL's business. NSL is committed to organising regular safety trainings and seminars to upgrade workers' safety skills and promote safety awareness for all its operations. NSL also started regular safety tests for its operating staff to reinforce safety practices at the factory.

Corporate Directory

Precast & PBU

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Fax : (65) 6368 2256
www.easternpretech.com

EASTERN PRETECH (MALAYSIA) SDN BHD

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57100 Kuala Lumpur, Malaysia
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Fax : (60-3) 7980 5662
www.epmsb.com.my

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

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Fax : (020) 3821 0873

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Guangzhou, China
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Fax : 020-2623 1168
www.emixgroup.com

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Emix (China) Limited
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Fax : (852) 2865 0321
www.emixgroup.com

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22-1, Jalan 7/108C
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57100 Kuala Lumpur, Malaysia
Tel : (60-3) 7988 0238
Fax : (60-3) 7988 0239
www.emixgroup.com

Environmental Services

NSL OILCHEM WASTE MANAGEMENT PTE LTD

NSL OILCHEM GREEN ENERGY PTE LTD

23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6513 3999
Fax : (65) 6513 3998
www.nsloilchem.com.sg

NSL OILCHEM LOGISTICS PTE LTD

23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6863 5270 / 6863 5272
Fax : (65) 6861 1928

NSL OILCHEM TRADING PTE LTD

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

Engineering

PEINER SMAG LIFTING TECHNOLOGIES GMBH

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

Others

EASTECH STEEL MILL SERVICES (M) SDN BHD

Lot 38046, Mukim Sg. Raia,
Batu 5, Jalan Gopeng,
31300 Kg. Kepayang,
Perak Darul Ridzuan, Malaysia
Tel : (60-5) 3189 333 / 3189 339
Fax : (60-5) 3188 332

NSL CHEMICALS LTD

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

NSL PROPERTIES PTE LTD

NSL RESORTS INTERNATIONAL PTE LTD

RAFFLES MARINA HOLDINGS LTD

TIMARU PTE LTD

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

PT EASTECH INDONESIA

Kd. Kedep RT. 02/RW. 17
Ds. Tlajung Udik,
Kecamatan Gunung Putri,
Kabupaten Dati II
Bogor 16962, Indonesia
Tel : (62-21) 867 3482 / 867 3483
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RAFFLES MARINA LTD

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

RST TEKNOLOGI SDN BHD

2723, Lorong Perusahaan 12
Prai Industrial Estate
13600, Pulau Pinang Malaysia
Tel : (60-4) 380 5080
Fax : (60-4) 380 5082

Corporate Information

Financial Calendar

ANNOUNCEMENT OF QUARTERLY RESULTS 2015

- 1st Quarter – 7 May 2015
- 2nd Quarter – 14 August 2015
- 3rd Quarter – 12 November 2015

FINANCIAL YEAR-END

- 31 December 2015

ANNOUNCEMENT OF UNAUDITED RESULTS 2015

- 25 February 2016

2016 ANNUAL GENERAL MEETING

- 29 April 2016

Corporate Data

REGISTERED OFFICE

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

COMPANY SECRETARY

Lim Su-Ling

SHARE REGISTRAR

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

AUDITORS

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

BANKS

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

Underpinning our unwavering commitment to perform are our stakeholders and the community.

Financial Review

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Directors' Statement

For the financial year ended 31 December 2015

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

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 33 to 111 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 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

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

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 2016 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 21.01.2016**	**At 31.12.2015**	**At 01.01.2015**	**At 21.01.2016**	**At 31.12.2015**	**At 01.01.2015**
NSL Ltd.						
Ordinary shares						
Prof Cham Tao Soon *	–	–	–	10,000	10,000	10,000
Related Corporation						
Raffles Marina Holdings Ltd						
Class B Ordinary Shares						
Oo Soon Hee	6,000	6,000	6,000	–	–	–

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

Directors' Statement

For the financial year ended 31 December 2015

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)
Dr TAN Tat Wai
John KOH Tiong Lu
David FU Kuo Chen

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

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

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

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

AUDIT COMMITTEE

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

Directors' Statement

For the financial year ended 31 December 2015

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment.

On behalf of the Directors

Prof CHAM Tao Soon
Director

OO Soon Hee
Director

Singapore
9 March 2016

Statement of Corporate Governance

For the financial year ended 31 December 2015

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"), Dry Mix and Environmental Services businesses.

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

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

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

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

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 2015

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 2015 to 31 December 2015

	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	2	2	4	4	n/a	n/a	2	2	3	3
Oo Soon Hee	4	4	n/a	n/a	n/a	n/a	n/a	n/a	9	8	2	2	3	3
Ban Song Long	4	3	4	3	n/a	n/a	n/a	n/a	9	9	2	2	n/a	n/a
John Koh Tiong Lu	4	4	4	4	2	2	4	4	n/a	n/a	2	2	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	2	2	4	4	9	9	2	2	3	3
Dr Tan Tat Wai	4	4	4	4	2	2	4	4	n/a	n/a	2	2	n/a	n/a

Audit Committee
(Principle 12)

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

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

Statement of Corporate Governance

For the financial year ended 31 December 2015

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

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

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

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

The Audit Committee held four meetings for the financial year ended 31 December 2015.

In carrying out its duties, the Audit Committee:

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

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

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

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

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

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

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

The Audit Committee and Board of Directors confirmed that they are satisfied that the appointment of different auditors for its subsidiaries 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.

Statement of Corporate Governance

For the financial year ended 31 December 2015

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

Executive Committee

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

BAN Song Long (Chairman), Non-Executive Director
David FU Kuo Chen, Non-Executive Director
OO Soon Hee, Executive Director

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

Nominating Committee
(Principles 2, 4 & 5)

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

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

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

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

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

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

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

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

Statement of Corporate Governance

For the financial year ended 31 December 2015

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

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

Remuneration Committee
(Principles 7 to 9)

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

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

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

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

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

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

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

Statement of Corporate Governance

For the financial year ended 31 December 2015

Remuneration and Benefits of Directors and Key Executives

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

(a) Directors

Name of Director	Base / Fixed Salary(1) $'000	Variable or Performance-related Income / Bonuses(1) $'000	Directors' Fees $'000	Benefits-in-kind $'000	Share Options Granted(2) $'000	Total Compensation $'000
Executive Director						
OO Soon Hee	768	567	54	129	–	1,518
Non-executive Directors						
Prof CHAM Tao Soon	–	–	152	–	–	152
BAN Song Long	–	–	102	–	–	102
David FU Kuo Chen	–	–	96	–	–	96
John KOH Tiong Lu	–	–	120	–	–	120
Dr TAN Tat Wai	–	–	90	–	–	90

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

(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$750,000 to S$999,999					
Andy IP Kam Wa	71	29	–	–	100
S$250,000 to S$499,999					
LOKE Chee Choong	58	42	–	–	100
Dr LOW Chin Nam	70	29	1	–	100
Matti MIKKOLA	56	13	31	–	100
TAN Meow Cheng	80	18	2	–	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 FY2015 was S$2,622,000.

Statement of Corporate Governance

For the financial year ended 31 December 2015

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)
OO Soon Hee
David FU Kuo Chen
Prof NG Wun Jern
LAM Siew Wah
LIM Swee Cheang
Dr TIONG Lee Kong, Robert (appointed on 8 June 2015)

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

Risk Management and Internal Controls
(Principle 11)

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

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

The nature and management of financial risks are discussed in Note 36 to the Financial Statements.

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

The Board has obtained assurance from Mr Oo Soon Hee, Executive Director and Mr Chia Tong Hee, Senior Vice-President, Finance and Corporate Services, that:

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

(b) the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate as at 31 December 2015.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate as at 31 December 2015.

Statement of Corporate Governance

For the financial year ended 31 December 2015

Internal Audit Function
(Principle 13)

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

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

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

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

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

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

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

The Company's Constitution allows a member to appoint not more than 2 proxies to attend and vote instead of the member.

On 3 January 2016, the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") was amended to, *inter alia*, introduce a multiple proxies regime to enfranchise indirect investors and CPF investors and allow certain members who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the CPF Board to appoint more than two proxies to attend, speak and vote at general meetings.

The Company is also proposing to adopt a new constitution which includes new provisions which cater to such multiple proxies regime at the forthcoming Annual General Meeting. Please refer to the Letter to Shareholders accompanying the 2015 Annual Report for more details.

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

Securities Transactions

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

Interested Person Transactions

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

Statement of Corporate Governance

For the financial year ended 31 December 2015

Particulars of Directors as at 9 March 2016

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 29 APRIL 2016
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 28 April 2015	Non-Executive / Independent	Re-appointment
Oo Soon Hee	• Bachelor of Science (Hons) from University of Singapore • Diploma in Business Administration from University of Singapore	Member: Executive Committee Corporate Research and Development Advisory Panel	1 February 2011 28 April 2015	Executive (Responsible for the overall Management of the NSL Group)	Re-appointment
Ban Song Long	• Associate of the Institute of Bankers, London	Chairman: Executive Committee Member: Audit Committee	25 January 2003 28 April 2015	Non-Executive	Re-appointment
John Koh Tiong Lu	• LLM degree from Harvard Law School • BA and MA degree (Economics and Law) from Trinity College, University of Cambridge	Chairman: Audit Committee Member: Nominating Committee Remuneration Committee	30 January 2003 28 April 2015	Non-Executive / Independent	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 24 April 2013	Non-Executive	Retirement by Rotation (Article 86)
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from University of Harvard	Member: Audit Committee Nominating Committee Remuneration Committee	15 February 1993 16 April 2014	Non-Executive / Independent	N/A

Independent Auditor's Report

To the members of NSL LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of NSL Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 111, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 9 March 2016

Consolidated Income Statement

For the financial year ended 31 December 2015

	Note	The Group 2015 S$'000	The Group 2014 S$'000 (restated)
Continuing operations			
Sales	4	**446,452**	425,950
Cost of sales		**(352,211)**	(359,514)
Gross profit		**94,241**	66,436
Other income	5	**6,102**	6,181
Other gains and losses	6	**(6,166)**	2,581
Distribution costs		**(19,004)**	(18,463)
Administrative expenses		**(44,507)**	(39,783)
Finance costs	7	**(1,491)**	(1,691)
Share of results of associated companies, net of tax	22	**1,723**	238
Profit before income tax	8	**30,898**	15,499
Income tax expense	10	**(3,185)**	(3,230)
Profit from continuing operations		**27,713**	12,269
Discontinued operations			
Profit from discontinued operations	11	**40,012**	15,509
Total profit for the financial year		**67,725**	27,778
Profit attributable to equity holders of the Company:			
- from continuing operations		**26,715**	9,678
- from discontinued operations		**40,040**	15,248
		66,755	24,926
Profit / (loss) attributable to non-controlling interest:			
- from continuing operations		**998**	2,591
- from discontinued operations		**(28)**	261
		970	2,852
Basic and fully diluted earnings per share (cents)			
- from continuing operations	13	**7.15**	2.59
- from discontinued operations	13	**10.72**	4.08

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

		The Group	
	Note	**2015 S$'000**	2014 S$'000
Total profit for the financial year		**67,725**	27,778
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Losses arising during the year		**(5,342)**	(868)
Available-for-sale financial assets			
- Gains / (losses) arising during the year	10	**532**	(331)
- Reclassification	10	**(96)**	(251)
Share of other comprehensive income of associated companies	22	**353**	(33)
Income tax relating to components of other comprehensive income	10	**14**	37
Other comprehensive losses for the year, net of tax		**(4,539)**	(1,446)
Total comprehensive income for the year, net of tax		**63,186**	26,332
Total comprehensive income attributable to:			
Equity holders of the Company		**62,600**	23,719
Non-controlling interests		**586**	2,613
		63,186	26,332

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

Balance Sheets

As at 31 December 2015

		The Group		The Company	
		2015	2014	**2015**	2014
	Note	**S$'000**	S$'000	**S$'000**	S$'000
SHARE CAPITAL	14	**193,839**	193,839	**193,839**	193,839
RESERVES	15	**366,598**	332,811	**267,715**	225,785
SHAREHOLDERS' EQUITY		**560,437**	526,650	**461,554**	419,624
NON-CONTROLLING INTERESTS	21	**11,007**	13,817	**–**	–
TOTAL EQUITY		**571,444**	540,467	**461,554**	419,624
CURRENT ASSETS					
Inventories	16	**48,138**	59,121	**–**	–
Receivables and prepayments	17	**116,387**	132,665	**36,846**	35,268
Tax recoverable		**1,124**	1,127	**–**	–
Cash and cash equivalents	18	**334,448**	288,429	**227,033**	190,626
		500,097	481,342	**263,879**	225,894
Assets of disposal group classified as held-for-sale	11	**4,229**	75,169	**–**	–
		504,326	556,511	**263,879**	225,894
NON-CURRENT ASSETS					
Property, plant and equipment	19	**136,751**	138,943	**144**	256
Investment properties	20	**8,376**	8,648	**–**	–
Investments in subsidiaries	21	**–**	–	**85,232**	85,232
Investments in associated companies	22	**52,692**	6,107	**–**	–
Long term receivables and prepayments	23	**822**	1,328	**121,354**	118,652
Available-for-sale financial assets	24	**9,318**	8,882	**8,836**	8,317
Intangible assets	25	**9,306**	9,439	**–**	–
Deferred tax assets	30	**5,290**	3,347	**–**	–
Other non-current assets		**140**	99	**–**	–
		222,695	176,793	**215,566**	212,457
TOTAL ASSETS		**727,021**	733,304	**479,445**	438,351
CURRENT LIABILITIES					
Borrowings	26	**(18,407)**	(19,695)	**–**	–
Trade and other payables	27	**(116,058)**	(129,862)	**(17,803)**	(18,657)
Current income tax liabilities		**(2,429)**	(3,157)	**(88)**	(33)
Deferred income	31	**(282)**	(337)	**–**	–
		(137,176)	(153,051)	**(17,891)**	(18,690)
Liabilities directly associated with disposal group classified as held-for-sale	11	**(1,007)**	(20,850)	**–**	–
		(138,183)	(173,901)	**(17,891)**	(18,690)
NON-CURRENT LIABILITIES					
Provision for retirement benefits	29	**(2,519)**	(1,994)	**–**	–
Deferred tax liabilities	30	**(3,864)**	(3,840)	**–**	(37)
Borrowings	26	**(9,842)**	(11,728)	**–**	–
Deferred income	31	**(1,169)**	(1,374)	**–**	–
		(17,394)	(18,936)	**–**	(37)
TOTAL LIABILITIES		**(155,577)**	(192,837)	**(17,891)**	(18,727)
NET ASSETS		**571,444**	540,467	**461,554**	419,624

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

	Note	Attributable to Equity Holders of the Company								
		Share Capital	Revenue Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Fair Value Reserve	General Reserve	Total	Non-controlling Interests	Total Equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
THE GROUP										
Balance at 1 January 2015		193,839	341,486	(11,853)	220	2,479	479	526,650	13,817	540,467
Profit for the year		–	66,755	–	–	–	–	66,755	970	67,725
Other comprehensive (losses) / income for the year		–	–	(4,605)	–	450	–	(4,155)	(384)	(4,539)
Total comprehensive income / (losses) for the year		–	66,755	(4,605)	–	450	–	62,600	586	63,186
Dividends paid	12	–	(29,885)	–	–	–	–	(29,885)	–	(29,885)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	(741)	(741)
Total transactions with owners, recognised directly in equity		–	(29,885)	–	–	–	–	(29,885)	(741)	(30,626)
Disposal of subsidiaries		–	179	1,292	(220)	–	(179)	1,072	(2,655)	(1,583)
Balance as at 31 December 2015		193,839	378,535	(15,166)	–	2,929	300	560,437	11,007	571,444
Balance at 1 January 2014		193,839	501,658	(11,191)	1,946	3,024	434	689,710	12,932	702,642
Profit for the year		–	24,926	–	–	–	–	24,926	2,852	27,778
Other comprehensive losses for the year		–	–	(662)	–	(545)	–	(1,207)	(239)	(1,446)
Total comprehensive income / (losses) for the year		–	24,926	(662)	–	(545)	–	23,719	2,613	26,332
Transfer of reserves		–	1,681	–	(1,726)	–	45	–	–	–
Dividends paid	12	–	(186,779)	–	–	–	–	(186,779)	–	(186,779)
Dividends paid to non-controlling interests of subsidiaries		–	–	–	–	–	–	–	(1,728)	(1,728)
Total transactions with owners, recognised directly in equity		–	(186,779)	–	–	–	–	(186,779)	(1,728)	(188,507)
Balance as at 31 December 2014		193,839	341,486	(11,853)	220	2,479	479	526,650	13,817	540,467

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Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	The Group 2015 S$'000	2014 S$'000 (restated)
Cash Flows from Operating Activities			
Profit from continuing operations		**27,713**	12,269
Profit from discontinued operations		**40,012**	15,509
Profit for the financial year		**67,725**	27,778
Adjustments for:			
Taxation		**3,312**	3,825
Amortisation of intangible assets		**246**	423
Amortisation of deferred income		**(354)**	(255)
Depreciation of property, plant and equipment and investment properties		**15,518**	19,029
Property, plant and equipment written off		**38**	221
Interest expense		**1,526**	1,877
Interest income		**(3,525)**	(2,597)
Dividend income from available–for–sale financial assets		**(758)**	(1,895)
Allowance for impairment of loans to associated companies		**–**	20
Allowance / (write–back of allowance) for impairment of property, plant and equipment		**5,664**	(2,276)
Allowance for impairment of intangible assets		**170**	–
Write–back of allowance for impairment of investments in associated companies		**–**	(106)
Allowance / (write–back of allowance) for impairment of an investment property		**100**	(400)
Gain on disposal of property, plant and equipment (net)		**(18)**	(169)
Insurance compensation		**–**	(311)
Net gain on disposal of available–for–sale financial assets		**–**	(354)
Provision for retirement benefits (net)		**557**	398
Share of results of associated companies, net of tax	22	**(1,723)**	(238)
Professional fees related to divestments of subsidiaries		**–**	1,022
Gain on disposal of subsidiaries	11	**(41,145)**	(9,957)
Exchange differences and other adjustments		**4**	342
Operating cash flows before working capital changes		**47,337**	36,377
Changes in working capital, net of effects from disposal of subsidiaries:			
Inventories		**9,562**	13,351
Receivables and prepayments		**15,759**	(5,976)
Deferred income		**107**	39
Trade and other payables		**(14,130)**	9,403
Cash generated from operations		**58,635**	53,194
Income tax paid		**(6,421)**	(6,073)
Retirement benefits paid		**(124)**	(165)
Net cash generated from operating activities		**52,090**	46,956

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Note	The Group 2015 S$'000	The Group 2014 S$'000 (restated)
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**226**	543
Proceeds from disposal of available-for-sale financial assets and other assets		**–**	354
Net cash inflow from disposal of subsidiaries	18a	**34,668**	10,170
Professional fees related to divestment of subsidiaries		**–**	(1,022)
Purchases of property, plant and equipment		**(21,786)**	(18,172)
Purchases of intangible assets		**(144)**	(671)
Interest received		**3,062**	1,863
Dividends received from associated companies		**1,629**	–
Dividends received from available-for-sale financial assets		**758**	1,895
Net cash generated / (used in) from investing activities		**18,413**	(5,040)
Cash Flows from Financing Activities			
Proceeds from borrowings		**26,979**	28,104
Repayment of borrowings		**(26,878)**	(37,380)
Hire purchase and finance lease liabilities		**(223)**	(1,754)
Interest paid		**(1,735)**	(1,797)
Bank deposits pledged		**(371)**	(548)
Dividends paid to shareholders	12	**(29,885)**	(186,779)
Dividends paid to non-controlling interests		**(741)**	(1,729)
Net cash used in financing activities		**(32,854)**	(201,883)
Net increase / (decrease) in cash and cash equivalents		**37,649**	(159,967)
Cash and cash equivalents at beginning of the financial year		**295,038**	455,666
Effects of exchange rate changes on cash and cash equivalents		**(1,416)**	(661)
Cash and cash equivalents at end of the financial year	18	**331,271**	295,038

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

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 Securities Trading Limited. The Company's registered office is at 77 Robinson Road, #27-00 Robinson 77, Singapore 068896.

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiaries are mainly manufacturing and sale of building materials, refractory materials, road stones and provision of environmental services and sale of related products (Note 41).

As set out in Note 11, the engineering business segment which contains solely the spreader businesses as well as chemical business segment, substantially made up of lime business, have been disposed during the year and the limestone business has been presented separately on the balance sheet as disposal group held for sale in compliance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations. The corresponding operating results of the spreader, lime and limestone businesses were presented separately on the income statement as part of "discontinued operations" (Note 11).

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

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

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

These financial statements are expressed in thousands of Singapore Dollars.

B. Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

FRS 108 Operating segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 34 of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Revenue recognition

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

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

(1) Sale of goods

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

(2) Services rendered

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

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

(3) Rental income

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

(4) Dividend income

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

(5) Interest income

Interest income is recognised using the effective interest method.

D. Cost of sales

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

E. Exceptional items

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting

(1) Subsidiaries

(i) *Consolidation*

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

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

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

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations 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-acquistion basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(iii) Disposals

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

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

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

(2) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the 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 cost 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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(3) Associated companies (continued)

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its 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.

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

(iii) *Disposals*

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

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

G. Property, plant and equipment

(1) Measurement

Property, plant and equipment are initially recognised at cost, and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2L).

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, plant and equipment (continued)

(2) Depreciation

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

Leasehold land	-	over the remaining lease period up to 84 years
Buildings	-	10 to 60 years
Leasehold improvements	-	4 years
Plant and machinery	-	3 to 15 years
Vessel	-	18 years
Other assets	-	3 to 20 years

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

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

(3) Subsequent expenditure

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

(4) Disposal

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

H. Intangible assets

(1) Goodwill on acquisitions

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Intangible assets (continued)

(1) Goodwill on acquisitions (continued)

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

(2) Acquired intangible assets

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

I. Borrowing costs

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

J. Investment properties

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

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

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

K. Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses (Note 2L) in the Company's balance sheet.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Impairment of non-financial assets

(1) Goodwill

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets

(1) Classification

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

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

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 performance 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.

(ii) Loans and receivables

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

(iii) 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 expense.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(4) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are 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.

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 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

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

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

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

(ii) Available-for-sale financial assets

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

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. The impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(6) Offsetting financial instruments

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

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

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.

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

R. Inventories

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

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

S. Leases

(1) When the Group is the lessee:

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

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 values of the leased assets and the present values of the minimum lease payments.

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

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

Lessee - Operating leases

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Leases (continued)

(2) When the Group is the lessor:

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

Lessor - Operating leases

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

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

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

T. 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 initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Provisions for other liabilities and charges

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

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

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.

V. Employee compensation

(1) Pension benefits

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

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

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

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

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

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

Past service costs are recognised immediately in profit or loss.

(2) Employee leave entitlement

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Currency translation

(1) Functional and presentation currency

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

(2) Transaction and balances

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

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

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.

X. Segment reporting

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. 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.

Z. Share capital

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

AA. Dividends

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

AB. Government grants

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

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

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

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

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

(a) represents a separate major line of business or geographical area of operations;
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

A. Critical accounting estimates and assumptions

(1) Impairment of goodwill

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

As at 31 December 2015, the Group recorded goodwill arising on consolidation of S$8,678,000 (2014: S$8,678,000) (Note 25a). The key estimates, used in the assessment of the carrying value of goodwill in the Precast & PBU segment, relate to the budgeted average sales growth rate used to extrapolate cash flows of the CGUs beyond the 5-year budget period. If management's estimated growth rate of a CGU in Precast & PBU segment were to decrease by 9%, the recoverable amount of the goodwill will equal to its carrying value, assuming the other variables remain unchanged.

(2) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the impairment loss. These calculations require the use of estimates. During the current financial year, property, plant and equipment of a CGU in the Precast & PBU segment were reviewed for impairment assessment based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a 5-year period, annual sales growth rates ranging from 1% to 20% (2014: 4% to 25%) and discount rate of 12% (2014: 12%). Key estimates related to average sales growth rate were used to extrapolate cash flows of the CGU beyond the 5-year budget period. As a result, there was no allowance for impairment recognised (2014: S$104,000). If management's estimated average growth rate of the CGU beyond five years were to decrease by 5%, the carrying value of property, plant and equipment would have decreased by approximately S$719,000, assuming that the other variables remain unchanged.

Certain idle plant and equipment of a CGU in the Environmental Services segment were reviewed for impairment based on value-in-use calculations. The calculations used cash flow projections based on financial budgets approved by management covering a 5-year period. Operation is expected to re-commence in Year 3 with 10% and 14% sales growth in Year 4 and Year 5, respectively. Discount rate of 12% was used. The calculations show a net cash outflow. As a result, an impairment loss of S$2,134,000 was recognised (Note 19d).

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

A. Critical accounting estimates and assumptions (continued)

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

The available-for-sale financial assets of the Group and the Company comprise equity securities and other investments that are not traded in an active market. As at 31 December 2015, fair value of available-for-sale financial assets of the Group and the Company that are not traded in an active market amounted to S$9,268,000 (2014: S$8,814,000) and S$8,786,000 (2014: S$8,249,000) respectively (Note 24). The Group's share of the fair value of available-for-sale financial assets of its associated companies is included in the carrying value of the associated companies (Note 22). The fair value of the unquoted available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques in accordance with Note 2Q. The Group and the Company estimate the fair values of these financial assets by reference to the net assets of these unquoted equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions.

If the net assets of available-for-sale financial assets were to decrease by 10%, the carrying value of available-for-sale financial assets of the Group and the Company would have decreased by approximately S$932,000 and S$884,000 respectively, assuming that the other variables remain unchanged.

B. Critical judgements

(1) Impairment of loans and receivables

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

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management used estimates based on historical loss experience for asset with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. As at 31 December 2015, the Group recorded allowance for impairment of receivables amounting to S$17,855,000 (2014: S$13,124,000), and the net allowance for impairment of receivables for the financial year ended 31 December 2015 is S$5,702,000 (2014: S$4,178,000). Further analysis of the Group's credit risk profile is set out in Note 36b.

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. SALES

	The Group	
	2015	2014
	S$'000	S$'000
Sale of goods	**414,990**	397,342
Services rendered	**26,593**	23,785
Rental income	**4,869**	4,823
	446,452	425,950

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2015	2014
	S$'000	S$'000
		(restated)
Interest income		
- Fixed deposits	**3,415**	2,479
- Others	**106**	35
	3,521	2,514
Dividend income from available-for-sale financial assets	**758**	1,895
Sale of scrap	**611**	455

Notes to the Financial Statements

For the financial year ended 31 December 2015

6. OTHER GAINS AND LOSSES

	The Group	
	2015 S$'000	2014 S$'000 (restated)
Available-for-sale financial assets		
- Gain on disposal	**96**	354
Fair value gains / (losses) on derivative financial instruments	**57**	(16)
Currency exchange loss - net	**(691)**	(297)
Investment properties		
- (Allowance for) / write-back of allowance for impairment	**(100)**	400
Property, plant and equipment		
- (Loss) / gain on disposal and write-off, net	**(23)**	44
- (Allowance for) / write-back of allowance for impairment, net	**(5,460)**	2,276
Write-back of allowance for impairment of investment in associated companies	**–**	106
Others	**(45)**	(286)
	(6,166)	2,581

7. FINANCE COSTS

	The Group	
	2015 S$'000	2014 S$'000
Interest expense		
- Bank borrowings	**1,213**	1,373
- Bank overdrafts	**8**	41
- Hire purchase and finance lease liabilities	**55**	44
- Others	**215**	233
	1,491	1,691

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. PROFIT BEFORE INCOME TAX

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

	Note	The Group 2015 S$'000	The Group 2014 S$'000
(Charged) / credited:			
Amortisation of intangible assets	25b	**(190)**	(185)
Depreciation of property, plant and equipment	19	**(14,451)**	(15,415)
Depreciation of investment properties	20	**(172)**	(172)
Employee compensation	9	**(95,574)**	(89,437)
Cost of inventories as expense (included in 'Cost of sales')		**(204,301)**	(211,071)
Sub-contractor charges		**(24,965)**	(24,640)
Remuneration paid / payable to auditors of the Company[1]			
- for auditing the financial statements		**(555)**	(629)
- for other services		**(162)**	(571)
Remuneration paid / payable to other auditors			
- for auditing the financial statements[2]		**(247)**	(236)
- for other services		**(3)**	(50)
Rental expense - operating leases		**(12,424)**	(13,162)
Transportation expense		**(23,025)**	(19,005)
Allowance for impairment of trade receivables and bad debts written off, net		**(5,854)**	(3,914)
Allowance for stocks obsolescence		**(470)**	(104)
Write-down of inventories to net realisable value, net		**(518)**	(2,425)
Amortisation of deferred income	31	**354**	255

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$109,000 (2014: S$122,000) paid or payable to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$138,000 (2014: S$114,000) paid or payable to other firms of auditors in respect of the audit of subsidiaries.

9. EMPLOYEE COMPENSATION

	The Group 2015 S$'000	The Group 2014 S$'000
Wages and salaries	**83,402**	77,611
Employer's contribution to defined contribution plans, including Central Provident Fund	**7,764**	7,750
Retirement benefits (Note 29)	**517**	398
Other staff benefits	**3,891**	3,678
	95,574	89,437

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. INCOME TAX EXPENSE

	The Group	
	2015 **S$'000**	2014 S$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
From continuing operations		
Current income tax		
- Singapore	**2,685**	3,007
- Foreign	**2,764**	2,690
	5,449	5,697
Deferred income tax (Note 30)	**(2,158)**	(2,707)
	3,291	2,990
From discontinued operations		
Current income tax		
- Singapore	**5**	297
- Foreign	**100**	516
	105	813
Deferred income tax	**22**	(99)
	127	714
Total current taxation	**3,418**	3,704
(Over) / under provision in prior financial years:		
From continuing operations		
Current income tax	**(107)**	92
Deferred income tax (Note 30)	**1**	148
	(106)	240
From discontinued operations		
Current income tax	**–**	(152)
Deferred income tax (Note 30)	**–**	33
	–	(119)
Total (over) / under provision in prior years	**(106)**	121
Total tax expense	**3,312**	3,825
Tax expense is attributable to:		
- Continuing operations	**3,185**	3,230
- Discontinued operations (Note 11)	**127**	595
	3,312	3,825

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. INCOME TAX EXPENSE (CONTINUED)

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

	The Group					
	<---- 2015		---->	<---- 2014		---->
	Before Tax S$'000	**Tax credit S$'000**	**After Tax S$'000**	Before Tax S$'000	Tax credit S$'000	After Tax S$'000
Fair value gain / (loss) of available-for-sale financial assets	**532**	**14**	**546**	(331)	37	(294)
Disposals	**(96)**	**-**	**(96)**	(251)	-	(251)
Other comprehensive income / (loss)	**436**	**14**	**450**	(582)	37	(545)

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	
	2015 S$'000	2014 S$'000 (restated)
Profit before tax from		
- continuing operations	**30,898**	15,499
- discontinued operations (Note 11)	**40,139**	16,104
	71,037	31,603
Share of profit of associated companies, net of tax from continuing operations[(1)]	**(1,723)**	(238)
Profit before tax and share of profit of associated companies	**69,314**	31,365
Tax calculated at a tax rate of 17% (2014: 17%)	**11,783**	5,332
Income not subject to tax	**(7,812)**	(2,717)
Expenses not deductible for tax purposes	**800**	1,562
Utilisation of previously unrecognised tax assets	**(1,334)**	(1,834)
Tax benefit from current year's tax losses not recognised	**698**	1,669
Tax provision on unremitted income	**278**	173
Effects of different tax rates in other countries	**(526)**	410
Tax incentives and rebates	**(617)**	(903)
(Over) / under provision of income tax	**(106)**	121
Others	**148**	12
Tax charge	**3,312**	3,825

(1) Share of results of associated companies is net of tax expense of S$897,000 (2014: S$103,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

	Group	
	2015	2014
	S$'000	S$'000
		(restated)
Sales	**10,684**	71,492
Net expenses	**(11,486)**	(65,345)
(Loss) / profit before tax from discontinued operations	**(802)**	6,147
Income tax expense (Note 10)	**(176)**	(595)
(Loss) / profit after tax from discontinued operations	**(978)**	5,552
Exceptional items:		
- Gain on disposal of subsidiaries	**41,145**	9,957
Profit after tax from discontinued operations	**40,167**	15,509
Pre-tax loss recognised on the re-measurement of disposal group to fair value less cost to sell	**(204)**	–
Income tax expense (Note 10)	**49**	–
After tax loss recognised on the re-measurement of disposal group to fair value less cost to sell	**(155)**	–
Profit for the year from discontinued operations*	**40,012**	15,509

*Breakdown of profit from discontinued operations

	Group	
	2015	2014
	S$'000	S$'000
Discontinued Operations		(restated)
Engineering operations	**(1,066)**	4,283
Lime and limestones operations	**(67)**	1,269
Exceptional gain on disposal		
- Lime business	**27,250**	–
- NSL Chemicals (Thailand) Pte Ltd ("NSCT")	**–**	9,957
- Engineering business	**13,895**	–
	41,145	9,957
	40,012	15,509

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

The NSE Group was a separate major line of business and was responsible for trading and management of spreader business. In accordance with FRS 105, *Non-current Assets Held for Sale and Discontinued Operations*, the NSE Group was disclosed as a discontinued operation and the carrying value of assets and liabilities of the NSE Group were classified as held for sale from 4Q-2014 and measured at the lower of carrying amount and fair value less costs to sell prior to their disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

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

11bi The divestment of lime business in Singapore and Malaysia was completed on 17 February 2015 for a cash consideration of approximately S$42.9 million. The gain on divestment of lime business in Singapore and Malaysia recognised during the financial year was approximately S$26.8 million, subject to finalisation of the completion account's adjustments.

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

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

Such lime and limestone business was a major line of business in Chemicals segment and was responsible with trading and management of lime and limestone business. In accordance with FRS 105, ***Non-current Assets Held for Sale and Discontinued Operations***, the lime and limestone business in Chemicals segment was disclosed as a discontinued operation.

11bii During 3Q-2015, the Group disposed of its wholly-owned dormant subsidiary in the People's Republic of China ("PRC"), Chizhou NSL Minerals Co. Ltd ("CNM"), to a third party for net proceeds of approximately S$0.7 million. The gain on divestment recognised during the financial year was about S$0.4 million. CNM holds quarry assets in the PRC.

11c In 2013, the Group, through its wholly-owned subsidiary, NSL Chemicals Ltd ("NSC"), signed a share purchase agreement (the "Agreement") to dispose of the entire issued and paid-up share capital of NSL Chemicals (Thailand) Pte Ltd ("NSCT"), which holds a 22.83% shareholding in Bangkok Synthetics Co., Ltd ("BST") to SCG Chemicals Co., Ltd, ("SCG Chemicals") for an initial cash consideration of S$311.2 million and Contingent Consideration (as defined below).

In accordance with the Agreement, SCG Chemicals is obliged to pay NSC the insurance compensation (net of tax) received by BST and its subsidiaries during the period between 1 October 2013 and 31 December 2017 ("Insurance Claim Proceeds"), pursuant to insurance claims made in relation to the fire incident on 5 May 2012. SCG Chemicals shall pay NSC an amount equivalent to NSCT's previous proportionate share of BST ("Contingent Consideration"). Contingent Consideration totaling S$17.4 million was received and recognised in financial year ended 31 December 2013 upon completion of the disposal. During the first quarter of 2014, NSC recognised an additional Contingent Consideration of approximately S$10.0 million (net of tax), based on the Group's share of insurance compensation (net of tax) received by BST and its subsidiaries (Note 18a). The amount constituted the final settlement of the Contingent Consideration under the Agreement.

Gains related to the disposal of NSCT was presented separately on the income statement as part of "discontinued operations".

Notes to the Financial Statements

For the financial year ended 31 December 2015

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

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

	Note	Group 2015 S$'000	Group 2014 S$'000
Assets			
Inventories		**9**	20,368
Cash and bank balances	18	**97**	10,424
Receivables and prepayments		**97**	16,963
Property, plant and equipment		**4,026**	26,401
Intangible assets		**–**	423
Deferred tax assets		**–**	571
Associated company		**–**	1
Other non-current assets		**–**	18
		4,229	75,169
Liabilities			
Short term borrowings		**–**	1,887
Trade and other payables		**517**	14,775
Provision for other liabilities and charges		**–**	2,454
Other current liabilities		**–**	30
Long term borrowings		**–**	309
Deferred tax liabilities		**490**	1,395
		1,007	20,850

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

	Group 2015 S$'000	Group 2014 S$'000
Operating cash inflows	**962**	10,953
Investing cash inflows	**32,201**	7,180
Financing cash inflows / (outflows)	**3,036**	(640)
Total cash inflows	**36,199**	17,493

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

	Group 2015 S$'000	Group 2014 S$'000
Currency translation differences	**(70)**	264

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. DIVIDENDS

	The Company	
	2015 **S$'000**	2014 S$'000
Ordinary dividends paid		
Final dividend of 5 cents (2014: Final dividend of 10 cents and special dividend of 40 cents) per share (exempt – one tier), in respect of the previous financial year and special interim dividend of 3 cents per share in respect of the current financial year	**29,885**	186,779

Subsequent to the balance sheet date, the Directors proposed a final dividend for financial year ended 31 December 2015 of 5 cents (2014: final dividend of 5 cents) per share (exempt – one tier), amounting to S$18,677,900 (2014: S$18,677,900). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2016.

13. EARNINGS PER SHARE

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

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

	Continuing operations		Discontinued operations		Total	
	2015	2014 (restated)	**2015**	2014 (restated)	**2015**	2014 (restated)
Net profit attributable to equity holders of the Company ($'000)	**26,715**	9,678	**40,040**	15,248	**66,755**	24,926
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**373,558**	373,558	**373,558**	373,558	**373,558**	373,558
Basic and diluted earnings per share (cents per share)	**7.15**	2.59	**10.72**	4.08	**17.87**	6.67

Notes to the Financial Statements

For the financial year ended 31 December 2015

14. SHARE CAPITAL

The Company	Issued ordinary shares	
	No of shares	**Amount**
	'000	**S$'000**
2015 and 2014		
Balance at 1 January and 31 December	373,558	193,839

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

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

15. RESERVES

15a Composition

	The Group		The Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Revenue reserve	**378,535**	341,486	**265,107**	223,696
Foreign currency translation reserve	**(15,166)**	(11,853)	**–**	–
Revaluation reserve	**–**	220	**–**	–
Fair value reserve	**2,929**	2,479	**2,608**	2,089
General reserve	**300**	479	**–**	–
	366,598	332,811	**267,715**	225,785

Revenue reserve of the Group is distributable except for share of accumulated losses of associated companies amounting to S$5,128,000 (2014: S$7,514,000).

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. RESERVES (CONTINUED)

15b Reserves movements

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

Movements in reserves of the Company are as follows:

	The Company		
	Revenue Reserve S$'000	**Fair Value Reserve S$'000**	**Total S$'000**
Balance at 1 January 2015	223,696	2,089	225,785
Net profit for the year	71,296	–	71,296
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value gain taken to other comprehensive income (Note 24)	–	615	615
- Disposals (Note 24)	–	(96)	(96)
	–	519	519
Total comprehensive income for the year	71,296	519	71,815
Dividends paid (Note 12)	(29,885)	–	(29,885)
Balance at 31 December 2015	265,107	2,608	267,715
Balance at 1 January 2014	373,646	2,656	376,302
Net profit for the year	36,829	–	36,829
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to other comprehensive income (Note 24)	–	(390)	(390)
- Disposals (Note 24)	–	(218)	(218)
- Tax on fair value gain taken to other comprehensive income (Note 30)	–	41	41
	–	(567)	(567)
Total comprehensive income / (loss) for the year	36,829	(567)	36,262
Dividends paid (Note 12)	(186,779)	–	(186,779)
Balance at 31 December 2014	223,696	2,089	225,785

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. INVENTORIES

	The Group	
	2015 S$'000	2014 S$'000
At lower of cost and net realisable value		
Raw materials	**19,888**	18,839
Finished goods	**23,760**	36,025
General stores and consumables	**4,435**	4,168
Work-in-progress	**55**	89
	48,138	59,121

As at 31 December 2015, inventories of S$2,875,000 (2014: S$22,869,000) were written down to net realisable value.

The Group has recognised a reversal of write-down of inventories of S$64,000 (2014: S$190,000), as the inventories were sold above the carrying values during the financial year. The reversal has been included in "cost of sales" in the consolidated income statement.

17. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Trade receivables				
- Associated companies	**944**	719	**–**	–
- Non-related parties	**111,790**	119,375	**–**	–
	112,734	120,094	**–**	–
Less: Allowance for impairment of trade receivables	**(17,855)**	(11,981)	**–**	–
Trade receivables – net	**94,879**	108,113	**–**	–
Non-trade amounts owing by subsidiaries[(a)]	**–**	–	**35,223**	34,186
Non-trade amounts owing by associated company[(b)]	**–**	1	**–**	–
Prepayments	**12,360**	7,247	**145**	133
Deposits	**2,308**	2,166	**11**	11
Interest receivables	**1,362**	935	**1,362**	935
Recoverable expenditure	**491**	512	**1**	1
Sundry receivables[(c)]	**4,930**	13,691	**104**	2
Derivative financial instruments[(d)]	**57**	–	**–**	–
	116,387	132,665	**36,846**	35,268

17a Amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$4,446,000 (2014: S$4,446,000) bears interest at 2.7% (2014: 2.7%) per annum.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

17. RECEIVABLES AND PREPAYMENTS (CONTINUED)

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

17d Derivative financial instruments

	The Group					
	2015			2014		
	Contract notional amount S$'000	Fair value Asset S$'000	Fair value Liability S$'000	Contract notional Amount S$'000	Fair value Asset S$'000	Fair value Liability S$'000
Forward foreign exchange contracts - current	1,451	57	-	11,112	29	(272)

The derivative financial instruments in 2014 were related to disposal group and had been reclassified to disposal group.

18. CASH AND CASH EQUIVALENTS

	The Group 2015 S$'000	The Group 2014 S$'000	The Company 2015 S$'000	The Company 2014 S$'000
Fixed deposits	**230,419**	197,912	**202,146**	181,762
Cash at bank and on hand	**104,029**	90,517	**24,887**	8,864
	334,448	288,429	**227,033**	190,626

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

	The Group 2015 S$'000	The Group 2014 S$'000	The Company 2015 S$'000	The Company 2014 S$'000
Cash and cash equivalents	**334,448**	288,429	**227,033**	190,626
Cash and cash equivalents of disposal group classified as held for sale (Note 11)	**97**	10,424	**–**	–
Less: bank deposits pledged	**(3,274)**	(2,903)	**–**	–
Less: bank overdrafts (Note 26)	**–**	(912)	**–**	–
Cash and cash equivalents per statement of cash flows	**331,271**	295,038	**227,033**	190,626

Bank deposits are pledged to banks for banking facilities granted to subsidiaries (Note 26).

18a Disposal of subsidiaries

During the financial year 2015, the Group completed:

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

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

(iii) the disposal of CNM to a third party for net proceeds of approximately S$0.7 million.

Notes to the Financial Statements

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18. CASH AND CASH EQUIVALENTS (CONTINUED)

18a Disposal of subsidiaries (continued)

Whereas, on 3 December 2013, the Group through its wholly-owned subsidiary NSC, completed the disposal of the entire issued and paid-up share capital of NSCT, which holds a 22.83% shareholding in BST to SCG Chemicals Co., Ltd for a total cash consideration of S$338.5 million, of which S$328.5 million was received in 2013 and the remaining S$10.0 million was received in 2014.

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

	The Group	
	2015	2014
	S$'000	S$'000
Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	**8,237**	–
Trade and other receivables	**16,199**	–
Other current asset	**22,265**	–
Property, plant and equipment	**23,188**	–
Other non-current assets	**770**	–
Total assets	**70,659**	–
Trade and other payables	**(21,255)**	–
Deferred income tax liabilities	**(794)**	–
Other non-current liabilities	**(7)**	–
Total liabilities	**(22,056)**	–
Net assets derecognised	**48,603**	–
Less: Non-controlling interests	**(2,655)**	–
Net assets disposed of	**45,948**	–

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

	The Group	
	2015	2014
	S$'000	S$'000
Net assets disposed of	**45,948**	–
- Reclassification of currency translation reserve	**1,292**	–
- Reclassification of revaluation reserve	**(220)**	–
	47,020	–
Gain on disposal (Note 11)	**41,145**	9,957*
Total sale consideration, net of transaction costs	**88,165**	9,957
Less: Investment in associated companies	**(45,338)**	–
Less: Cash and cash equivalents in subsidiaries disposed of	**(8,237)**	–
(Less) / add: sale consideration (receivable) / received, net	**(107)**	213
Add: Professional fees payable, net	**185**	–
Net cash inflow on disposal of subsidiaries	**34,668**	10,170

* This relates to Additional Contingent Consideration received in 2014 based on the Group's share of insurance compensation (net of tax) received by BST and its subsidiaries. The amount constituted the final settlement of the Contingent Consideration under the Agreement, as disclosed in Note 11c.

Notes to the Financial Statements

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19. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessel S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2015									
Cost									
At 1 January 2015	7,179	14,438	170,693	786	146,844	–	40,728	3,896	384,564
Currency realignment	(913)	(211)	(2,494)	51	(4,450)	–	(165)	(130)	(8,312)
Additions	–	2	2,284	17	8,455	7,500	4,605	(793)	22,070
Disposals and write off	–	–	(114)	–	(245)	–	(1,889)	–	(2,248)
Reclassifications	–	–	580	–	99	–	149	(828)	–
At 31 December 2015	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Representing:									
Cost	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Accumulated Depreciation and Impairment Losses									
At 1 January 2015	–	2,298	109,953	782	102,081	–	30,507	–	245,621
Currency realignment		4	(1,527)	51	(2,621)	–	(114)	–	(4,207)
Charge for the year									
– Continuing operations	–	264	4,682	6	6,127	144	3,228	–	14,451
Disposals and write off	–	–	–	–	(170)	–	(1,832)	–	(2,002)
Impairment loss	–	–	1,436	–	3,757	–	267	–	5,460
At 31 December 2015	–	2,566	114,544	839	109,174	144	32,056	–	259,323
Net Book Value									
At 31 December 2015	6,266	11,663	56,405	15	41,529	7,356	11,372	2,145	136,751

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

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19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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For the financial year ended 31 December 2015

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Other Assets* S$'000	Total S$'000
The Company – 2015		
Cost		
At 1 January 2015	1,511	1,511
Additions	58	58
Disposals and write off	(8)	(8)
At 31 December 2015	1,561	1,561
Accumulated Depreciation		
At 1 January 2015	1,255	1,255
Charge for the year	169	169
Disposals and write off	(7)	(7)
At 31 December 2015	1,417	1,417
Net Book Value		
At 31 December 2015	144	144
The Company – 2014		
Cost		
At 1 January 2014	1,457	1,457
Additions	135	135
Disposals and write off	(81)	(81)
At 31 December 2014	1,511	1,511
Accumulated Depreciation		
At 1 January 2014	1,188	1,188
Charge for the year	148	148
Disposals and write off	(81)	(81)
At 31 December 2014	1,255	1,255
Net Book Value		
At 31 December 2014	256	256

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

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For the financial year ended 31 December 2015

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

19a Included within additions in the consolidated financial statements are plant and equipment and other assets under hire purchase and finance leases amounting to S$1,001,000 (2014: S$2,204,000).

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

	2015 S$'000	2014 S$'000
The Group		
Plant and machinery	**–**	4,645
Other assets	**4,074**	498
	4,074	5,143

19b The Group's major properties comprise freehold land in Malaysia and the following leasehold land and buildings:

(i) Factory and office buildings in Jurong, Singapore;
(ii) Land and building in Jurong, Singapore, leased for the operation of a resort-style marina;
(iii) Land and buildings in People's Republic of China, Hong Kong and Malaysia; and
(iv) Factory and office buildings in United Arab Emirates

19c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$20,716,000 (2014: S$32,511,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 26).

19d The Group's net impairment loss of S$5,460,000 (2014: net write-back of S$2,276,000) comprises:

(i) an impairment loss of S$2,134,000 (2014: S$104,000) is recognised for certain plant and equipment, based on value-in-use calculations;

(ii) an impairment loss of S$3,337,000 (2014: S$92,000) is recognised for certain idle plant and machinery, based on their recoverable amounts derived from fair value less cost of disposal; and

(iii) a write-back of allowance for impairment loss of S$11,000 for Chemicals division in Singapore. In 2014, a write-back of allowance for impairment loss of S$2,472,000 was recognised for its leasehold land in Singapore based on its fair value, as determined by an independent professional valuer using discounted cash flow approach over a 10-year period, discounted to arrive at the present value.

19e In 2014, a leasehold building with net carrying value of S$25,000, was returned to the authority upon the expiry of lease terms. The corresponding revaluation reserve of S$1,726,000 was released to revenue reserve upon the return of leasehold land and building.

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. INVESTMENT PROPERTIES

	Note	The Group 2015 S$'000	2014 S$'000
Cost			
At 1 January and 31 December		**11,214**	11,214
Accumulated depreciation and impairment losses			
At 1 January		**2,566**	2,794
Depreciation charge for the year	8	**172**	172
Impairment charge for the year	6	**100**	–
Write-back of allowance for impairment loss	6	**–**	(400)
At 31 December		**2,838**	2,566
Net book value at 31 December		**8,376**	8,648
Fair value at 31 December		**10,213**	10,425

Investment properties of the Group comprise mainly:

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

Valuation techniques and processes

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

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

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

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For the financial year ended 31 December 2015

20. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques and processes (continued)

The following amounts are recognised in the consolidated income statement:

	The Group	
	2015 S$'000	2014 S$'000
Rental income	**374**	372
Direct operating expenses arising from investment properties that generated rental income	**281**	325
Other direct operating expenses arising from investment properties that did not generate rental income	**12**	12

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 S$'000	2014 S$'000
Equity investments at cost		
Balance at 1 January	**93,232**	90,901
Additions	**–**	50,000
Disposals	**–**	(47,669)
	93,232	93,232
Less: allowance for impairment	**(8,000)**	(8,000)
Balance at 31 December	**85,232**	85,232

In 2014, the Company transferred all its equity stakeholding in NSL Engineering Pte Ltd to a newly incorporated wholly-owned subsidiary, NSL Engineering Holdings Pte Ltd at the consideration of S$50,000,000. This has resulted the write-back of previously recognised impairment allowance, amounted to S$12,511,000 in the previous financial year.

Details regarding significant subsidiaries are set out in Note 41.

21a Carrying value of non-controlling interests

	2015 S$'000	2014 S$'000
Emix (HK) Limited	**3,474**	2,256
Dubai Precast LLC	**(6,223)**	(6,088)
NSL OilChem Waste Management Pte. Ltd.	**5,507**	6,303
Raffles Marina Ltd	**5,653**	5,559
Other subsidiaries with immaterial non-controlling interests	**2,596**	5,787
Total	**11,007**	13,817

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21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 2015 and 2014.

Summarised balance sheet

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2015				
Assets				
– Current assets	12,726	29,032	9,644	2,393
– Non-current assets	7,468	9,771	49,226	33,232
	20,194	38,803	58,870	35,625
Liabilities				
– Current liabilities	2,824	20,784	11,183	2,400
– Non-current liabilities	–	54,555	2,879	21,897
	2,824	75,339	14,062	24,297
Net assets / (liabilities)	17,370	(36,536)	44,808	11,328
2014				
Assets				
– Current assets	6,920	24,387	28,994	2,940
– Non-current assets	6,888	9,056	36,208	33,852
	13,808	33,443	65,202	36,792
Liabilities				
– Current liabilities	2,526	19,245	9,773	3,558
– Non-current liabilities	–	50,940	4,140	22,097
	2,526	70,185	13,913	25,655
Net assets / (liabilities)	11,282	(36,742)	51,289	11,137

Notes to the Financial Statements

For the financial year ended 31 December 2015

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised statement of comprehensive income

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2015				
Revenue	40,723	42,843	31,238	13,888
Profit / (loss) before income tax	7,969	2,727	(7,502)	480
Income tax (expense) / credit	(1,319)	–	1,027	(292)
Profit / (loss) after tax	6,650	2,727	(6,475)	188
Other comprehensive income / (loss)	860	(2,115)	–	–
Total comprehensive income / (loss)	7,510	612	(6,475)	188
Total comprehensive income / (loss) allocated to non-controlling interests	1,502	122	(796)	94
Dividends paid to non-controlling interests	(284)	–	–	–
2014				
Revenue	32,564	31,993	57,604	15,722
Profit / (loss) before income tax	4,835	(3,674)	10,177	3,235
Income tax (expense) / credit	(801)	–	(1,446)	1,681
Profit / (loss) after tax	4,034	(3,674)	8,731	4,916
Other comprehensive income / (loss)	468	(1,325)	–	–
Total comprehensive income / (loss)	4,502	(4,999)	8,731	4,916
Total comprehensive income / (loss) allocated to non-controlling interests	900	(1,000)	1,073	2,453
Dividends paid to non-controlling interests	–	–	(627)	–

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For the financial year ended 31 December 2015

21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Summarised statement of cash flows

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

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21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Emix (HK) Limited S$'000	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000	Raffles Marina Ltd S$'000
2014				
Cash flows from operating activities				
Cash generated from / (used in) operations	1,477	(175)	15,742	1,318
Income tax paid, net	(387)	–	(851)	–
Interest paid	(24)	–	–	–
Net cash provided by / (used in) operating activities	1,066	(175)	14,891	1,318
Net cash generated from / (used in) investing activities	2	(170)	(12,124)	(1,724)
Net cash (used in) / provided by financing activities	(1,144)	661	(7,861)	(548)
Includes:				
- Interest paid	–	(120)	(49)	(548)
Net (decrease) / increase in cash and cash equivalents	(76)	316	(5,094)	(954)
Cash and cash equivalents at beginning of year	3,074	123	11,004	2,254
Exchange gain on cash and cash equivalents	(263)	27	–	–
Cash and cash equivalents at end of year	2,735	466	5,910	1,300

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22. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2015 **S$'000**	2014 S$'000
Carrying value of Group's interest in associated companies	**52,692**	6,107

22a In 2014, write-back of allowance for impairment S$106,000 relating to investments in associated companies was recognised, based on the recoverable amounts derived from estimated future cash flows expected from the investments.

22b The Group has S$6,926,000 (2014: S$3,043,000) unrecognised losses of associated companies during the year. The accumulated losses of associated companies not recognised were S$11,320,000 (2014: S$4,394,000) at the balance sheet date.

22c The summarised financial information (not adjusted for the proportionate of effective ownership interest held by the Group) of associated companies as at balance sheet date is as follows:

	The Group	
	2015 **S$'000**	2014 S$'000
- Assets	**299,264**	134,927
- Liabilities	**(218,595)**	(131,425)
- Revenue	**204,329**	71,080
- Net loss for the financial year	**(500)**	(6,909)

Details regarding significant associated companies are set out in Note 41.

Set out below are the associated companies of the Group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

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

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

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

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22. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

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

	2015 S$'000	2014 S$'000
Revenue	133,850	
Profit after tax	6,240	–
Other comprehensive income	2,199	–
Total comprehensive income	8,439	–
Attributable to:		
- Non-controlling interests	1,086	–
- Shareholders of associated company	7,353	–
Current assets	121,811	–
Non-current assets	56,969	–
Current liabilities	(76,768)	–
Non-current liabilities	(2,187)	–
Net assets	99,825	–
Attributable to:		
- Non-controlling interests	9,834	–
- Shareholders of associated company	89,991	–
Share of net assets at acquisition date	29,026	–
Goodwill	16,312	–
Carrying value of interest in associated company at acquisition date	45,338	–
Group's share of:		
Profit after tax	1,805	–
Other comprehensive income	646	–
Total comprehensive income	2,451	–
Dividends received during the year	(1,547)	–
Carrying value of interest in associated company at end of the year	46,242	–
Add: Carrying value of individually immaterial associated companies, in aggregate	6,450	6,107
Carrying value of Group's interest in associated companies	52,692	6,107

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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:

	2015 S$'000	2014 S$'000
Net (loss) / profit	(82)	238
Other comprehensive loss	(293)	(33)
Total comprehensive (loss) / income	(375)	205

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

23. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Prepayments	1,026	1,608	–	–
Less: Current portion of long term prepayments	(693)	(649)	–	–
Non-current portion of long term prepayments	333	959	–	–
Amounts owing by subsidiaries - non-trade[a]	–	–	162,416	159,714
Less: Allowance for impairment of receivables	–	–	(41,062)	(41,062)
	–	–	121,354	118,652
Amounts owing by associated companies - non-trade[a]	489	457	–	–
Less: Allowance for impairment of receivables	–	(88)	–	–
	489	369	–	–
	822	1,328	121,354	118,652

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

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24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Non-current				
Balance at 1 January	**8,882**	9,465	**8,317**	8,925
Fair value gains / (losses) recognised in other comprehensive income	**532**	(332)	**615**	(390)
Disposals	**(96)**	(251)	**(96)**	(218)
Balance at 31 December	**9,318**	8,882	**8,836**	8,317
Total losses reclassified from fair value reserve to profit or loss for available-for-sale financial assets held at the end of financial year	**96**	251	**96**	218

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

	The Group		The Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Listed securities				
- Equity securities - Singapore	**50**	68	**50**	68
Unlisted securities				
- Equity securities	**9,089**	8,643	**8,786**	8,249
- Other investments	**179**	171	**–**	–
	9,318	8,882	**8,836**	8,317

25. INTANGIBLE ASSETS

	The Group	
	2015 S$'000	2014 S$'000
Goodwill arising on consolidation[a]	**8,678**	8,678
Acquired intangible assets[b]	**628**	761
	9,306	9,439

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25. INTANGIBLE ASSETS (CONTINUED)

25a Goodwill arising on consolidation

	The Group	
	2015	2014
	S$'000	S$'000
Cost and Net Book Value		
Balance at 1 January	**8,678**	8,865
Currency realignment	**–**	(5)
Reclassified to disposal group (Note 11)	**–**	(182)
Balance at 31 December	**8,678**	8,678

Impairment tests for goodwill

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

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

Group

	2015			2014		
	Singapore	**Others**	**Total**	Singapore	Others	Total
	S$'000	**S$'000**	**S$'000**	S$'000	S$'000	S$'000
Precast & PBU	**–**	**8,024**	**8,024**	–	8,024	8,024
Environmental Services	**654**	**–**	**654**	654	–	654
	654	**8,024**	**8,678**	654	8,024	8,678

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

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

	2015		2014	
	Growth rate [1]	**Discount rate [2]**	Growth rate [1]	Discount rate [2]
Precast & PBU	**0%**	**12%**	0%	12%
Environmental Services	**3%**	**12%**	3%	12%

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

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

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25. INTANGIBLE ASSETS (CONTINUED)

25b Acquired intangible assets

	The Group 2015 S$'000	The Group 2014 S$'000
Cost		
Balance at 1 January	**3,528**	7,690
Additions	**90**	671
Write off	**–**	(44)
Currency realignment	**(97)**	(280)
Reclassified to disposal group	**–**	(4,509)
Balance at 31 December	**3,521**	3,528
Accumulated amortisation		
Balance at 1 January	**2,767**	6,883
Amortisation charge for the year:		
- Continuing operations (Note 8)	**190**	185
- Discontinued operations	**–**	238
Write off	**–**	(44)
Currency realignment	**(64)**	(227)
Reclassified to disposal group	**–**	(4,268)
Balance at 31 December	**2,893**	2,767
Net Book Value at 31 December	**628**	761

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

26. BORROWINGS

26a Short term borrowings

	The Group 2015 S$'000	The Group 2014 S$'000
Bank overdrafts – secured (Note 18)	**–**	912
Short term bank loans		
- Secured	**2,000**	3,024
	2,000	3,936
Current portion of long term bank loans (Note 26(b))		
- Unsecured	**466**	738
- Secured	**10,529**	6,111
	10,995	6,849
Hire purchase and finance lease payables – secured (Note 32)	**1,199**	1,155
Bills payable – secured	**4,213**	7,755
	18,407	19,695

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26. BORROWINGS (CONTINUED)

26b Long term borrowings

	The Group	
	2015 **S$'000**	2014 S$'000
Bank loans		
- Secured	**19,394**	16,595
- Unsecured	**466**	738
	19,860	17,333
Less: Amounts due within 12 months (Note 26(a))	**(10,995)**	(6,849)
Amounts due after 12 months	**8,865**	10,484
Hire purchase and finance lease payables – secured (Note 32)	**977**	1,244
	9,842	11,728

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

	The Group	
	2015	2014
Loans denominated in:		
- Malaysian Ringgit	**4.4% to 6.8%**	4.4% to 6.8%
- Hong Kong Dollars	**2.3% to 6.3%**	2.6% to 6.3%
- United Arab Emirates Dirhams	**6.3%**	7%

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

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

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

Subsequent to the financial year on 3 March 2016, the subsidiary has obtained the waiver from the bank to defer assessment of the compliance of the financial covenant to financial year ending 2016.

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27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Trade payables – non-related parties	**46,666**	45,487	**–**	–
Other payables and accruals				
- Accrued operating expenses, including staff compensation	**24,137**	23,934	**2,636**	2,592
- Project related accruals	**19,183**	27,578	**–**	–
- Accrued liability for capital expenditure	**331**	607	**–**	–
- Advances received from customers	**20,357**	25,963	**–**	–
- Sundry payables[(a)]	**5,384**	6,293	**2,730**	2,471
Amounts owing to subsidiaries				
- Non-trade[(a)]	**–**	–	**12,437**	13,594
	116,058	129,862	**17,803**	18,657

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

28. PROVISION FOR OTHER LIABILITIES AND CHARGES

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

	The Group	
	2015	2014
	S$'000	S$'000
Balance at 1 January	**–**	2,349
Provision made	**–**	351
Provision utilised	**–**	(243)
Currency realignment	**–**	(3)
Reclassified to disposal group (Note 11)	**–**	(2,454)
Balance at 31 December	**–**	–

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29. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group	
	2015	2014
	S$'000	S$'000
Present value of unfunded obligations	**2,519**	1,994

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

Movement in the liability recognised in the balance sheets:

	The Group	
	2015	2014
	S$'000	S$'000
Non-current		
Balance at 1 January	**1,994**	1,691
Net expense (Note 9)	**517**	398
Benefits paid	**(84)**	(165)
Currency realignment	**92**	70
Balance at 31 December	**2,519**	1,994

The principal actuarial assumptions used were as follows:

	The Group	
	2015	2014
	%	%
Discount rate	**5**	5
Salary increment rate	**5**	5

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30. DEFERRED TAXATION

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

	The Group		The Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Deferred tax assets				
To be recovered within one year	**(205)**	(404)	**–**	–
To be recovered after one year	**(5,085)**	(2,943)	**–**	–
	(5,290)	(3,347)	**–**	–
Deferred tax liabilities				
To be settled within one year	**1,215**	570	**–**	–
To be settled after one year	**2,649**	3,270	**–**	37
	3,864	3,840	**–**	37

The movement in deferred taxes is as follows:

	The Group		The Company	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Balance at 1 January	**493**	4,005	**37**	99
Credited to:				
- Profit or loss (Note 10)	**(2,157)**	(2,625)	**(37)**	(21)
- Other comprehensive income	**(14)**	(37)	**–**	(41)
Currency realignment	**252**	(26)	**–**	–
Reclassified to disposal group	**–**	(824)	**–**	–
Balance at 31 December	**(1,426)**	493	**–**	37

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 2015, the Group has unutilised tax losses and capital allowances of S$12,691,000 (2014: S$17,485,000) and S$4,021,000 (2014: S$4,986,000) respectively for which deferred tax benefits have not been recognised in the financial statements. These are available for set-off against future taxable profits subject to meeting certain statutory requirements in their respective countries of incorporation by those companies with unrecognised tax losses and capital allowances. These unutilised tax losses and capital allowances do not have expiry dates, except for unutilised tax losses of S$2,514,000 (2014: S$1,976,000) that will expire in five years for offsetting against future taxable profits.

Deferred income tax liabilities of S$33,000 (2014: S$75,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amounting to S$329,000 (2014: S$1,527,000) at the balance sheet date.

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30. DEFERRED TAXATION (CONTINUED)

30a Movement in the Group's deferred tax assets and liabilities (prior to legally enforceable offsetting of balances within same tax authority) are as follows:

The Group – Deferred Tax Liabilities

	Accelerated tax depreciation		Fair value gains		Unremitted income		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Balance at 1 January	**3,389**	4,988	**112**	637	**1,119**	1,070	**4,620**	6,695
(Credited) / charged to:								
- Profit or loss	**(928)**	(422)	**(36)**	(17)	**117**	86	**(847)**	(353)
- Other comprehensive income	**–**	–	**(14)**	–	**–**	(37)	**(14)**	(37)
Currency realignment	**49**	8	**–**	(10)	**(3)**	–	**46**	(2)
Reclassified to disposal group	**–**	(1,185)	**–**	(498)	**–**	–	**–**	(1,683)
Balance at 31 December	**2,510**	3,389	**62**	112	**1,233**	1,119	**3,805**	4,620

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Balance at 1 January	**(1,828)**	(2,029)	**(2,011)**	(333)	**(288)**	(328)	**(4,127)**	(2,690)
Charged / (credited) to:								
- Profit or loss	**313**	(702)	**(1,677)**	(1,610)	**54**	40	**(1,310)**	(2,272)
Currency realignment	**164**	44	**42**	(68)	**–**	–	**206**	(24)
Reclassified to disposal group	**–**	859	**–**	–	**–**	–	**–**	859
Balance at 31 December	**(1,351)**	(1,828)	**(3,646)**	(2,011)	**(234)**	(288)	**(5,231)**	(4,127)

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

The Company – Deferred Tax Liabilities

	Unremitted income		Total	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**37**	99	**37**	99
Credited to:				
- Profit or loss	**(37)**	(21)	**(37)**	(21)
- Other comprehensive income	**–**	(41)	**–**	(41)
Balance at 31 December	**–**	37	**–**	37

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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	
	2015 **S$'000**	2014 S$'000
Balance at 1 January	**1,711**	1,932
Additions	**107**	39
Reclassified to disposal group (Note 11)	**–**	(5)
Amortisation charge		
- Continuing operations (Note 8)	**(354)**	(255)
Currency realignment	**(13)**	–
Balance at 31 December	**1,451**	1,711
Current portion	**282**	337
Non-current portion	**1,169**	1,374
	1,451	1,711

32. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

Hire purchase and finance lease liabilities are analysed as follows:

	The Group	
	2015 **S$'000**	2014 S$'000
Minimum hire purchase and finance lease liabilities due:		
- Within 1 year	**1,246**	1,200
- Within 2 to 5 years	**1,015**	1,292
	2,261	2,492
Less: Future finance charges	**(85)**	(93)
Present value of hire purchase and finance lease liabilities	**2,176**	2,399
Present value of hire purchase and finance lease liabilities due:		
- Within 1 year	**1,199**	1,155
- Within 2 to 5 years	**977**	1,244
	2,176	2,399

32a The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 2.6% (2014: 2.6%) per annum.

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

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

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33. RELATED PARTY TRANSACTIONS

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

33a Sales and purchases of goods and services

	The Group	
	2015 **S$'000**	2014 S$'000
Sales to associated companies	**2,254**	1,186
Purchases of goods from associated companies	**54**	–

33b Key management's remuneration

	The Group	
	2015 **S$'000**	2014 S$'000
Salary and other employee benefits	**7,963**	7,099
Employer's contribution to defined contribution plans, including Central Provident Fund	**319**	221
Retirement benefits	**99**	103
	8,381	7,423

Included in the above are Directors' fees and Directors' remuneration of S$614,000 (2014: S$510,000) and S$1,464,000 (2014: S$1,397,000) respectively payable / paid to the Directors of the Company.

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

34. FINANCIAL INFORMATION BY SEGMENTS

Operating segments

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

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

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

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

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34. FINANCIAL INFORMATION BY SEGMENTS

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 2015 is as follows:

	Dry Mix S$'000	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue						
External sales	109,171	244,103	68,266	24,912	446,452	10,684
Inter-segment sales	150	2,774	1,380	1,930	6,234	558
Total revenue	109,321	246,877	69,646	26,842	452,686	11,242
Elimination	(150)	(2,774)	(1,380)	(1,930)	(6,234)	(558)
	109,171	244,103	68,266	24,912	446,452	10,684
Profit before Taxation and Exceptional Items	23,163	14,932	(5,799)	(1,398)	30,898	(1,006)
Exceptional items	–	–	–	–	–	41,145
Profit before taxation	23,163	14,932	(5,799)	(1,398)	30,898	40,139
Interest income	117	265	119	3,020	3,521	4
Interest expense	(218)	(1,085)	(230)	42	(1,491)	(35)
Depreciation	(2,331)	(6,328)	(4,133)	(1,831)	(14,623)	(895)
Amortisation	–	(190)	–	354	164	(56)
(Impairment) / reversal of impairment of property, plant and equipment	–	(3,336)	(2,135)	11	(5,460)	(204)
Share of results of associated companies, net of tax						
- PSLT	–	–	–	1,805	1,805	–
- Others	(136)	–	–	54	(82)	–
Total Assets	84,123	221,475	64,931	352,263	722,792	4,229
Total Liabilities	22,563	103,282	16,482	12,243	154,570	1,007
Investment in associated companies	645	1	–	52,046	52,692	–
Additions to:						
- Property, plant and equipment	840	3,128	16,855	1,247	22,070	2,413
- Intangible assets	–	90	–	–	90	54

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34. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2014 is as follows:

	Dry Mix S$'000	Precast & PBU S$'000	Environmental Services S$'000	Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue						
External sales	87,972	219,462	90,083	28,433	425,950	71,492
Inter-segment sales	1	2,042	1,480	1,457	4,980	378
Total revenue	87,973	221,504	91,563	29,890	430,930	71,870
Elimination	(1)	(2,042)	(1,480)	(1,457)	(4,980)	(378)
	87,972	219,462	90,083	28,433	425,950	71,492
Profit before Taxation and Exceptional Items	13,013	(7,953)	8,788	1,651	15,499	6,147
Exceptional items	–	–	–	–	–	9,957
Profit before taxation	13,013	(7,953)	8,788	1,651	15,499	16,104
Interest income	27	176	51	2,260	2,514	83
Interest expense	(175)	(1,475)	(39)	(2)	(1,691)	(186)
Depreciation	(2,199)	(8,496)	(3,178)	(1,715)	(15,588)	(3,441)
Amortisation	–	(185)	–	255	70	(238)
(Impairment) / reversal of impairment of property, plant and equipment	–	(196)	–	2,472	2,276	–
Share of results of associated companies, net of tax	(1)	(3)	–	242	238	–
Total Assets	64,498	227,529	70,505	295,603	658,135	75,169
Total Liabilities	20,175	122,107	16,135	13,570	171,987	20,850
Investment in associated companies	–	1	–	6,106	6,107	1
Additions to:						
- Property, plant and equipment	4,239	4,073	6,320	2,010	16,642	2,760
- Intangible assets	–	399	–	–	399	272

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34. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Geographical information

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

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

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

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

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

(v) Other countries – the operations in other countries such as Finland, United Arab Emirates and Indonesia include the manufacturing and sale of building materials and refractory materials.

	The Group			
	External sales for continuing operations[(1)]		Non–current assets for continuing operations[(2)]	
	2015 **S$'000**	2014 S$'000	**2015** **S$'000**	2014 S$'000
Singapore	**224,072**	188,918	**84,833**	75,177
Malaysia	**64,629**	97,708	**32,677**	45,023
China (including Hong Kong)	**45,347**	31,735	**18,227**	18,172
Germany[(3)]	**–**	–	**46,242**	–
Others	**112,404**	107,589	**25,286**	24,864
	446,452	425,950	**207,265**	163,236

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

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35. COMMITMENTS

35a Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 22) are as follows:

	The Group	
	2015	2014
	S$'000	S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	**853**	1,297
Commitments in respect of equity participation in an associated company	**7,424**	6,662
	8,277	7,959

35b Operating lease commitments - where the Group or Company is a lessee

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

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

	The Group		The Company	
	2015	2014	**2015**	2014
	S$'000	S$'000	**S$'000**	S$'000
Payable:				
Within 1 year	**7,814**	7,610	**621**	784
Within 2 to 5 years	**12,838**	14,945	**22**	620
After 5 years	**13,753**	12,206	**–**	–
	34,405	34,761	**643**	1,404

35c Operating lease commitments - where the Group is a lessor

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

	The Group	
	2015	2014
	S$'000	S$'000
Receivable:		
Within 1 year	**1,011**	506
Within 2 to 5 years	**408**	300
	1,419	806

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36. FINANCIAL RISK MANAGEMENT

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

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

36a Market risk

(i) Currency risk

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

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

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

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

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

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2014									
Cash and bank balances	265,853	5,010	4,019	11,014	7,214	–	468	5,275	298,853
Receivables	57,050	9,442	1,061	40,952	7,714	–	19,222	3,794	139,235
Available-for-sale financial assets	464	171	–	–	–	8,247	–	–	8,882
Short term borrowings	(1,155)	–	(1,729)	(13,330)	–	–	(1,283)	(4,086)	(21,583)
Trade and other payables	(41,871)	(3,671)	(5,503)	(31,228)	(15,076)	–	(17,014)	(3,944)	(118,307)
Long term borrowings	(1,244)	–	–	(10,793)	–	–	–	–	(12,037)
Net financial assets / (liabilities)	279,097	10,952	(2,152)	(3,385)	(148)	8,247	1,393	1,039	295,043
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(278,237)	–	3,020	3,417	510	–	(1,393)	826	
Add: firm commitments and highly probable forecast transactions in foreign currencies	–	7,237	–	–	1,413	–	–	–	
Less: currency forwards	–	(9,485)	–	–	(1,627)	–	–	–	
Currency exposure	860	8,704	868	32	148	8,247	–	1,865	

The Group does not have significant currency exposure arising from its inter-company balances, except for net MYR payables by certain subsidiaries with functional currency in SGD, amounting to S$4,671,000 (2014: S$513,000), net AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,352,000 (2014: S$1,264,000) and net SGD payables by certain subsidiaries with functional currency in AED, amounting to S$1,117,000 (2014: S$809,000).

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36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Total S$'000
The Company						
At 31 December 2015						
Cash and bank balances	226,871	155	–	7	–	227,033
Receivables	36,701	–	–	–	–	36,701
Available-for-sale financial assets	50	–	–	–	8,786	8,836
Trade and other payables	(17,554)	(247)	(2)	–	–	(17,803)
Net financial assets / (liabilities)	246,068	(92)	(2)	7	8,786	254,767
Less: net financial assets denominated in the Company's functional currency	(246,068)	–	–	–	–	
Currency exposure	–	(92)	(2)	7	8,786	
The Company						
At 31 December 2014						
Cash and bank balances	190,527	91	–	8	–	190,626
Receivables	35,135	–	–	–	–	35,135
Available-for-sale financial assets	69	1	–	–	8,247	8,317
Trade and other payables	(18,423)	(232)	(2)	–	–	(18,657)
Net financial assets / (liabilities)	207,308	(140)	(2)	8	8,247	215,421
Less: net financial assets denominated in the Company's functional currency	(207,308)	–	–	–	–	
Currency exposure	–	(140)	(2)	8	8,247	

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36a Market risk (continued)

(i) Currency risk (continued)

If the USD and THB change against the SGD by 5% and 3% (2014: 5% and 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset / liability position will be as follows:

	2015		2014	
	Increase / (decrease)			
	Profit after tax S$'000	**Other comprehensive income S$'000**	Profit after tax S$'000	Other comprehensive income S$'000
The Group				
USD against SGD				
- strengthened	**55**	**7**	339	7
- weakened	**(55)**	**(7)**	(339)	(7)
THB against SGD				
- strengthened	**–**	**264**	–	247
- weakened	**–**	**(264)**	–	(247)
The Company				
USD against SGD				
- strengthened	**(4)**	**–**	6	–
- weakened	**4**	**–**	(6)	–
THB against SGD				
- strengthened	**–**	**264**	–	247
- weakened	**–**	**(264)**	–	(247)

(ii) Price risk

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the consolidated balance sheet as available-for-sale financial assets (Note 24).

If equity prices of available-for-sale financial assets held by the Company and subsidiaries of the Group increase / decrease by 5% (2014: 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$462,000 (2014: S$439,000) and S$442,000 (2014: S$416,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36a Market risk (continued)

(iii) Cash Flow and Fair Value Interest Rate Risk

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

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

The Group's borrowings and cash and bank balances at variable rates (i.e. cash flow interest rate risk) on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rate increases / decreases by 0.5% (2014: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$934,000 (2014: S$1,020,000).

36b Credit risk

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

The maximum exposure to credit risk for each class of financial assets is the carrying amount of the class of financial assets presented on the balance sheet, except for banker guarantees of S$848,000 (2014: S$1,018,000) and letters of credit of S$1,934,000 (2014: S$3,287,000) obtained for certain trade receivables of the Group.

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

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

	The Group	
	2015	2014
	S$'000	S$'000
Associated companies	**943**	719
Non-related parties:		
Government-link companies and Statutory Boards	**208**	157
Multinational companies	**19,121**	14,690
Other companies	**73,345**	103,836
Sole proprietors and individuals	**1,262**	1,384
	94,879	120,786

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36b Credit risk (continued)

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

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

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

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

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

	The Group	
	2015	2014
	S$'000	S$'000
Past due up to 3 months	**21,883**	18,290
Past due 3 to 6 months	**5,484**	3,200
Past due over 6 months	**4,284**	10,350
	31,651	31,840

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

	The Group	
	2015	2014
	S$'000	S$'000
Gross amount	**19,577**	14,736
Less: allowance for impairment	**(17,855)**	(13,124)
	1,722	1,612
Allowance for impairment		
Balance at 1 January	**13,124**	9,805
Allowance made	**6,189**	4,865
Allowance written back	**(487)**	(687)
Amount written off against allowance	**(54)**	(1,130)
Disposal of subsidiaries	**(1,105)**	–
Currency translation differences	**188**	271
Balance at 31 December	**17,855**	13,124

Allowance for impairment of S$487,000 (2014: S$687,000) was written back during the financial year based on amount recoverable.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36c Liquidity risk

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

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

	Less than 1 year(i) S$'000	Between 1 to 2 years S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
The Group				
At 31 December 2015				
Trade and other payables	101,692	–	–	–
Short term borrowings	19,520	–	–	–
Long term borrowings	–	2,757	4,555	4,325
At 31 December 2014				
Trade and other payables	118,038	–	–	–
Short term borrowings	22,427	–	–	–
Long term borrowings	–	3,628	4,695	6,104
The Company				
At 31 December 2015				
Trade and other payables	17,803	–	–	–
At 31 December 2014				
Trade and other payables	18,657	–	–	–

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2015	
Gross-settled currency forwards	
- Receipts	(1,508)
- Payments	1,451
At 31 December 2014	
Gross-settled currency forwards	
- Receipts	(10,869)
- Payments	11,112

36d Capital risk

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

The total capital of the Group and the Company as at balance sheet dates is represented by the respective "Total equity" as presented on the balance sheets. The Group and the Company monitor capital based on gross debt (Notes 26 and 27) and net cash position which is defined as cash (Note 18) less gross debt.

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

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015, except that one of the subsidiaries has not complied with the externally imposed capital requirements for financial year ended 31 December 2015 (Note 26b).

36e Fair value measurements

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36e Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group				
At 31 December 2015				
Assets				
Derivative financial instruments	–	57	–	57
Available-for-sale financial assets	50	–	9,268	9,318
Total assets	50	57	9,268	9,375
Liabilities				
Derivative financial instruments	–	–	–	–
At 31 December 2014				
Assets				
Derivative financial instruments	–	29	–	29
Available-for-sale financial assets	68	–	8,814	8,882
Total assets	68	29	8,814	8,911
Liabilities				
Derivative financial instruments	–	(272)	–	(272)
The Company				
At 31 December 2015				
Assets				
Available-for-sale financial assets	50	–	8,836	8,886
At 31 December 2014				
Assets				
Available-for-sale financial assets	68	–	8,317	8,385

The fair values of available-for-sale financial instruments 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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

36e Fair value measurements (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. Such instruments are included in Level 3. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 24.

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

36f Financial Instruments by category

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

	The Group		**The Company**	
	2015 S$'000	2014 S$'000	**2015 S$'000**	2014 S$'000
Available-for-sale (Note 24)	**9,318**	8,882	**8,836**	8,317
Derivatives (Note 17d)	**57**	(243)	**–**	–
Loans and receivables*	**438,555**	438,056		225,761
Financial liabilities at amortised cost	**(124,463)**	(151,657)	**(17,803)**	(18,657)

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

37. RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

The Group's exceptional items have been reclassified to other income, administrative expenses, other expenses and other gains and losses. There is no impact to the Group's total profit for the prior financial year. The table below summarised the adjustment made to comparative financial information.

Group	Previously reported S$'000	Reclassification S$'000	Restated S$'000
2014			
Statement of comprehensive income			
Continuing operations			
Other income	6,102	79	6,181
Administrative expenses	(39,763)	(20)	(39,783)
Other expenses	(787)	787	–
Other gains and losses	–	2,581	2,581
Exceptional items	2,405	(2,405)	–
Discontinued operations			
Profit from discontinued operations	16,531	(1,022)	15,509

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

As announced on 25 January 2016, the Company has received indications of interest from several parties to purchase its Dry Mix business in Hong Kong, China, Singapore and Malaysia. Discussion is ongoing and there is no assurance that definitive agreements will be signed. The Company will make the relevant disclosures at the appropriate time when there are further developments.

39. 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 2016 and which the Group has not early adopted:

- FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2016).

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

- FRS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016).

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoptions of the above revised FRS amendment are not expected to have any significant impact on the financial statements of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2015

40. 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 9 March 2016.

41. SIGNIFICANT COMPANIES IN THE GROUP

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

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non–controlling interests	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Eastern Industries Private Limited (1)	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**–**	–
NSL Chemicals Ltd. (1)	Investment holding, manufacturing and sale of lime products, refractory materials and road stones	Singapore	**100.0**	100.0	**100.0**	100.0	**–**	–
NSL Engineering Pte Ltd (1)	Investment holding, manufacturing, design and sale of container and bulk handling equipment	Singapore	**–**	–	**–**	100.0	**–**	–
NSL Properties Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**–**	–
NSL Resorts International Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**–**	–
Eastern Pretech Pte Ltd (1)	Manufacturing and sale of building materials	Singapore	**–**	–	**100.0**	100.0	**–**	–
Eastern Pretech (Malaysia) Sdn Bhd (2)	Manufacturing and sale of building materials	Malaysia	**–**	–	**100.0**	100.0	**–**	–
Emix Industry (S) Pte. Ltd. (1)	Trading of plastering materials	Singapore	**–**	–	**100.0**	100.0	**–**	–
Emix Industry (M) Sdn Bhd (2)	Manufacturing and sale of plastering materials and the provision of plastering services	Malaysia	**–**	–	**100.0**	100.0	**–**	–
Emix Industry (HK) Limited (3)	Manufacturing and sale of plastering materials	Hong Kong	**–**	–	**80.0**	80.0	**20.0**	20.0

Note: Refer to Page 111 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2015

41. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non–controlling interests	
			2015	2014	**2015**	2014	**2015**	2014
			%	%	**%**	%	**%**	%
Emix Industry (Guangzhou) Ltd [3]	Manufacturing and sale of plastering materials	People's Republic of China	**–**	–	**80.0**	80.0	**20.0**	20.0
Dubai Precast L.L.C. [3],[4]	Manufacturing and sale of building materials	United Arab Emirates	**–**	–	**45.0**	45.0	**55.0**	55.0
Parmarine Ltd [2]	Manufacturing and sale of building materials	Finland	**–**	–	**100.0**	100.0	**–**	–
NSL Chemicals (M) Sdn Bhd [2]	Manufacturing and sale of lime products	Malaysia	**–**	–	**–**	80.0	**–**	20.0
Eastech Steel Mill Services (M) Sdn Bhd [2]	Manufacturing and sale of refractory products	Malaysia	**–**	–	**100.0**	100.0	**–**	–
NSL OilChem Waste Management Pte Ltd [1]	Treatment and recovery of waste oil and oily slop and trading in diesel oil	Singapore	**–**	–	**87.7**	87.7	**12.3**	12.3
NSL OilChem Logistics Pte. Ltd. [1]	Trading in oil products and disposal of oil and chemical wastes	Singapore	**–**	–	**87.7**	87.7	**12.3**	12.3
NSL OilChem Trading Pte. Ltd. [1]	Trading in oil products and disposal of oil and chemical wastes	Singapore	**–**	–	**87.7**	87.7	**12.3**	12.3
NSL Engineering (UK) Limited [2]	Sale of container and bulk handling equipment	United Kingdom	**–**	–	**–**	100.0	**–**	–
ChangShu RAM Engineering Co., Ltd [2]	Manufacturing of container and bulk handling equipment	People's Republic of China	**–**	–	**–**	100.0	**–**	–
NSL Engineering Holdings Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**–**	–
Raffles Marina Holdings Ltd. [1]	Investment holding	Singapore	**–**	–	**50.1**	50.1	**49.9**	49.9
Raffles Marina Ltd [1]	Owning and managing Raffles Marina Club	Singapore	**–**	–	**50.1**	50.1	**49.9**	49.9

Note: Refer to Page 111 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2015

41. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Significant Associated Company Held by a Subsidiary	Principal activities	Country of incorporation and place of business	Equity holding	
			2015	2014
Unquoted			**%**	%
PEINER SMAG Lifting Technologies GmbH ("PSLT") (2)	Investment holding, manufacturing, design and sale of container and bulk handling equipment	Germany	**33.3**	–
Southern Rubber Works Sdn. Bhd. (5)	Manufacturing and sale of industrial gloves and retailer of shoes	Malaysia	**28.6**	28.6
Planergo (Pte) Limited (6)	Hotel investment	Singapore/ Vietnam	**25.0**	25.0

Legends

(1) Audited by PricewaterhouseCoopers LLP, Singapore
(2) Audited by the network of member firms of PricewaterhouseCoopers International Limited outside Singapore
(3) Audited by Ernst & Young
(4) The percentage of shareholding held by the Group in Dubai Precast L.L.C. ("DP") is 45%. However, the Group has assessed DP to be a subsidiary as a result of the Group's entitlement of 80% share of dividends declared by or profits of DP post acquisition in 2011 and the ability to appoint a majority of the directors of DP.
(5) Audited by S.THILLAIMUTHU & CO.
(6) Audited by Foo Koo Tan Grant Thornton LLP

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Analysis of Shareholdings

As at 10 March 2016

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

SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	108	1.86	2,213	0.00
100 to 1,000	952	16.39	824,244	0.22
1,001 to 10,000	3,675	63.26	17,059,948	4.57
10,001 to 1,000,000	1,067	18.37	42,546,418	11.39
1,000,001 AND ABOVE	7	0.12	313,125,414	83.82
TOTAL	5,809	100	373,558,237	100

SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,475	94.25	370,349,663	99.14
MALAYSIA	263	4.53	1,815,490	0.49
OTHERS	71	1.22	1,393,084	0.37
TOTAL	5,809	100	373,558,237	100

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	DBS NOMINEES PTE LTD	2,485,139	0.67
3	CITIBANK NOMINEES SINGAPORE PTE LTD	1,899,100	0.51
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,870,722	0.50
5	OCBC NOMINEES SINGAPORE PTE LTD	1,301,000	0.35
6	JUNO INDRIADI MUALIM	1,060,000	0.28
7	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
8	ONG SWEE HEOH	903,750	0.24
9	G PANNIR SELVAM	800,000	0.21
10	SUM AH LAM	500,000	0.13
11	LOY HWEE CHOW	455,000	0.12
12	PHILLIP SECURITIES PTE LTD	449,250	0.12
13	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
14	TAY HWA LANG	430,000	0.12
15	AU SOO LUAN	428,500	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	UOB KAY HIAN PTE LTD	368,774	0.10
19	EWA BAH @ NG CHAI BOO	364,000	0.10
20	CHONG SIONG LIM STEPHEN	360,000	0.10
	TOTAL	319,396,312	85.50

Analysis of Shareholdings

As at 10 March 2016

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 56th 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 29 April 2016 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 2015 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 86 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-appoint Prof Cham Tao Soon who is retiring under the resolution passed at the Annual General Meeting of the Company held on 28 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force) as a Director of the Company, to hold office from the date of this Annual General Meeting. **(Resolution 3)**

Prof Cham Tao Soon, will, upon re-appointment as a Director of the Company, remain as the Chairman of the Board of Directors, Chairman of the Remuneration Committee, Chairman of the Nominating Committee and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4 To re-appoint Mr Ban Song Long who is retiring under the resolution passed at the Annual General Meeting of the Company held on 28 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force) as a Director of the Company, to hold office from the date of this Annual General Meeting. **(Resolution 4)**

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

5 To re-appoint Mr Oo Soon Hee who is retiring under the resolution passed at the Annual General Meeting of the Company held on 28 April 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (which was then in force) as a Director of the Company, to hold office from the date of this Annual General Meeting. **(Resolution 5)**

6 To approve the payment of Directors' fees of S$614,000.00 for the financial year ended 31 December 2015. (2014: S$510,000.00) **(Resolution 6)**

7 To declare a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2015. (2014: final dividend of S$0.05 per ordinary share (exempt one-tier)) **(Resolution 7)**

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

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 9, 10 and 11 will be proposed as Ordinary Resolutions and Resolution 12 will be proposed as a Special Resolution, with or without any modifications:

Notice of Annual General Meeting

ORDINARY RESOLUTIONS

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

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

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

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

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

provided that:

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

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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 9)

10 That:

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

Notice of Annual General Meeting

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

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

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

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

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

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

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

(c) in this Resolution:

"**Maximum Limit**" means that number of Shares representing 10% of the issued Shares (excluding any Shares held as treasury shares) as at the date of the passing of this Resolution provided however that notwithstanding the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding any Shares held as treasury shares) to be carried out as aforesaid, the Company shall ensure, pursuant to Rule 723 of the Listing Manual of the SGX-ST, that there will be a public float of not less than 10% in the issued Shares at all times; 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**" is the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to an off-market purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

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

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

Notice of Annual General Meeting

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

(Resolution 10)

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

(Resolution 11)

SPECIAL RESOLUTION

12 That the regulations contained in the new Constitution submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the new Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

(Resolution 12)

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
7 April 2016

Notice of Annual General Meeting

Explanatory Notes

(i) In relation to items 2 3, 4 and 5 above, for further information on Mr David Fu Kuo Chen, Prof Cham Tao Soon, Mr Ban Song Long and Mr Oo Soon Hee, please refer to pages 8 and 31 of the Annual Report 2015. Ordinary Resolutions 3, 4 and 5 proposed in items 3, 4 and 5 above respectively are to re-appoint Directors who are above 70 years old and who are retiring under the respective resolutions passed at the Annual General Meeting held on 28 April 2015 as pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") which was then in force, such resolutions could only permit the re-appointment of the Directors to hold office until this Annual General Meeting. If passed, Ordinary Resolutions 3, 4 and 5 will approve and authorise the continuation of the Directors in office from the date of this Annual General Meeting onwards without limitation in tenure, save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution.

(ii) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments, up to the limits specified therein, until the date of the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, ***inter alia***, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 29,884,658 shares on 10 March 2016 representing 8% of the issued shares (excluding treasury shares) as at that date, at a purchase price equivalent to the Maximum Price per share, in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 7 April 2016 (the "**Letter**").

Please refer to the Letter for further details.

(iv) Ordinary Resolution 11 proposed in item 11 above, if passed, will empower the Directors to grant options under the Plan, and to allot and issue shares pursuant to the exercise of such options provided that the aggregate number of shares to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company from time to time.

(v) Special Resolution 12 proposed in item 12 above is to adopt a new Constitution following the wide-ranging changes to the Companies Act, introduced pursuant to the Companies (Amendment) Act 2014 (the "**Amendment Act**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016, and incorporate amendments to, ***inter alia,*** take into account the changes to the Companies Act introduced pursuant to the Amendment Act.

Please refer to the Letter for further details.

Notice of Annual General Meeting

Notes:

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

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

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

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 48 hours before the time set for holding the Annual General Meeting.

Personal Data Privacy:

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

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NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

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 29 April 2016 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 (of which Resolution Nos. 1 to 11 will be proposed as Ordinary Resolutions and Resolution No. 12 will be proposed as a Special Resolution). 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 2015		
2	Re-election of Mr David Fu Kuo Chen as a Director		
3	Re-appointment of Prof Cham Tao Soon as a Director		
4	Re-appointment of Mr Ban Song Long as a Director		
5	Re-appointment of Mr Oo Soon Hee as a Director		
6	Approval of Directors' fees amounting to S$614,000.00		
7	Approval of a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2015		
8	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix their remuneration		
	Special Business		
9	To approve the Share Issue Mandate		
10	To approve the renewal of the Share Purchase Mandate		
11	To approve the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		
12	To approve the adoption of the new Constitution of the Company		

Note: Voting will be conducted by poll

Dated this ____________ day of ____________________ 2016.

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

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

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

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

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

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **77 Robinson Road #27-00, Robinson 77, Singapore 068896** not less than 48 hours before the time set for holding the Meeting.

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

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

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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www.nsl.com.sg

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