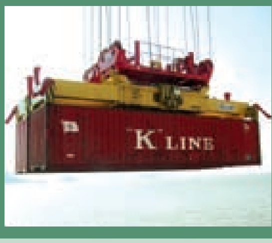
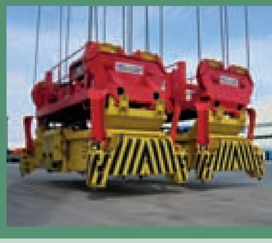
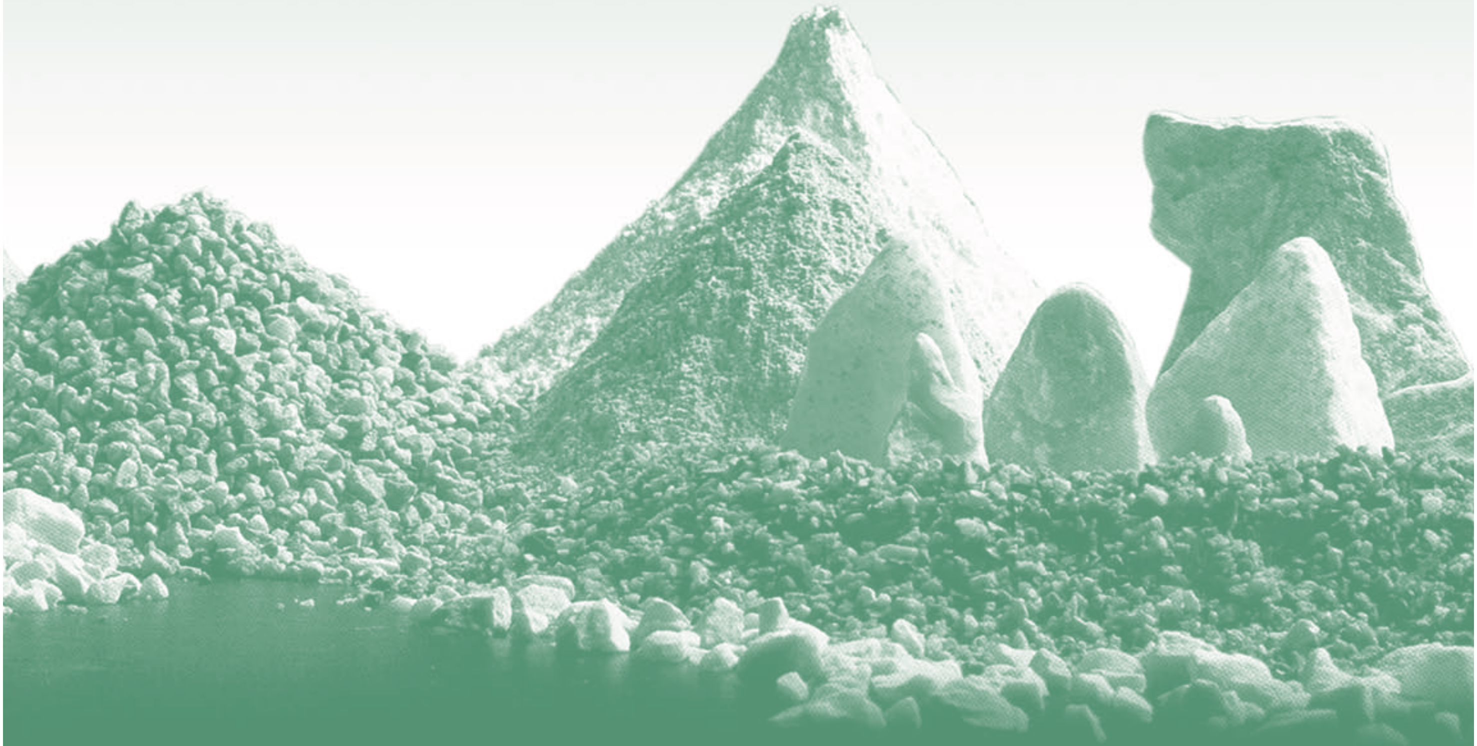



NSL LTD

Annual Report 2008



Contents

Corporate Profile

NSL LTD and its group of companies is a leading industrial group in the Asia Pacific. The Group has three main businesses: Chemicals, Engineering and Construction Products.

The Chemicals group is a regional leader in lime manufacturing with specialised refractory products and environmental services. The Engineering group is one of the world's leading manufacturers of container spreaders. The Construction Products group is a key player in precast concrete, premix mortar and building-related products in the region.

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

The Group has operations and joint ventures in 8 countries. The Company has been listed on the Singapore Exchange since 1964.

CHEMICALS

CONSTRUCTION PRODUCTS

ENGINEERING

Corporate Information

FINANCIAL CALENDAR

Announcement of Quarterly Results 2008
1st Quarter - 7 May 2008
2nd Quarter - 13 August 2008
3rd Quarter - 5 November 2008

Financial Year-end
31 December 2008

Announcement of Unaudited Results 2008
18 February 2009

2008 Extraordinary General Meeting
16 April 2008
15 October 2008

2009 Annual General Meeting
22 April 2009

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
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Auditors
PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424
Certified Public Accountants
Audit Partner: Sim May Ling Theresa
(Appointed in: Year 2007)

Bankers
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
The Development Bank of Singapore Limited
United Overseas Bank Limited

Group Financial Highlights

	2004+	2005	2006	2007	2008
For the Year (S$'000)					
Turnover from continuing operations	271,626	303,614	319,786	345,570	357,834
Profit before taxation from continuing operations	82,703	102,592	137,264	106,942	79,778
Total group profit attributable to shareholders	122,375	69,934	132,134	109,379	76,745
At Year-end (S$'000)					
Shareholders' funds	970,102	424,892	451,323	520,021	500,315
Total assets	1,447,918	717,393	692,850	707,908	706,177
Per Share					
Basic earnings per share (cents)	32.8	18.7	35.3	29.3	20.5
Dividends (exempt - one tier, cents per share)					
• interim & final	10	-	10	10	20
• special	-	167	29	-	10
Others					
No. of employees	5,730	4,366	2,685	2,026	2,230

+ Certain comparative figures have been re-presented to exclude financial results of steel business segment (disposed in February 2005) and remaining steel business classified as held for sale.

Letter to Shareholders

Dear Shareholders

2008 marked a significant milestone for the Company.

On 15 October 2008, the Company received approval by shareholders at its Extraordinary General Meeting to change its name from NATSTEEL Ltd to NSL Ltd.

National Iron and Steel Mills started operations 45 years ago, to support Singapore's nation-building efforts in infrastructural and residential development. Through the 1980s, the Company diversified its products, regionalized its operations and expanded its business into other sectors such as electronics and industrial businesses. To better reflect its businesses then, the Company's name was changed to NatSteel Ltd in 1989.

With its exit from the steel business in 2005, the new name will better represent its current business interests whilst remembering its 45 years of history.

Performance

2008 saw the start of the global economic downturn. Despite the difficult environment, the Group achieved a higher operating profit before tax and turnover in 2008.

Profit before tax from continuing operations grew 46% from \$51.6m in 2007 to \$75.3m in 2008. All divisions achieved a higher profit before tax in 2008.

Compared to the previous year, the Group's turnover increased 4% to \$357.8m in 2008. Higher turnover were achieved by the Chemicals and Engineering Divisions.

Chemicals Division, a regional leader in lime manufacturing with specialized refractory products and environmental services, registered higher sales from its lime and environmental services business. Higher profit contributions from its petrochemical associate in Thailand, Bangkok Synthetics Co. Ltd (BST) resulted from significantly higher product prices during the year.

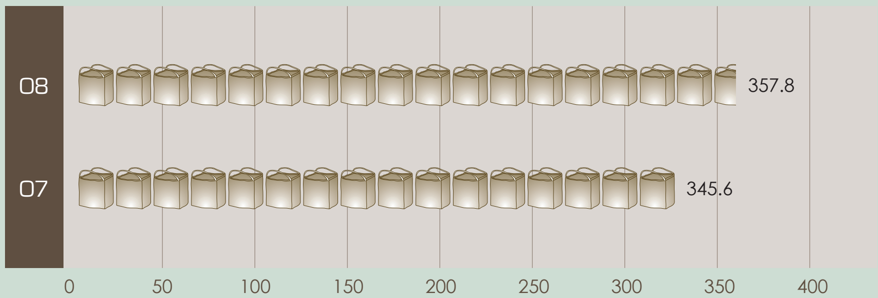
Engineering Division recorded higher sales and profit before tax through higher spreader deliveries.

Construction Products Division registered improved margin from its Singapore and Malaysia operations in 2008.

Looking Ahead

Looking forward, business conditions for the three operating Divisions will be affected by the worsening global economic downturn.

Group Turnover (S$million)



Construction Products and Engineering Divisions will receive a healthy order book for 2009 but any unexpected project delays and order cancellation may have an impact on their performance.

For Chemicals Division, BST anticipates a sharp decline in profitability for this year as a result of lower product prices in 2009 amidst the depressed market environment. Its lime business expects to face a more competitive environment and weaker customer demand.

With the worsening global economic conditions, the Group expects its overall profit before tax in 2009 to be significantly lower than that of 2008.

Moving forward, the Group will focus on cost management and strengthen its competitiveness to better weather the uncertain 2009.

Dividend

Subject to the approval of shareholders at the annual general meeting of the Company, the Board is recommending a dividend of $0.20 per share comprising of $0.10 final and $0.10 special to be paid on or about 26 May 2009 or such other date to be determined by the Directors for the financial year ended 31 December 2008.

Together with the interim dividend that was paid on 30 September 2008, the total dividend for this financial year amounts to $0.30 per share.

A note of thanks

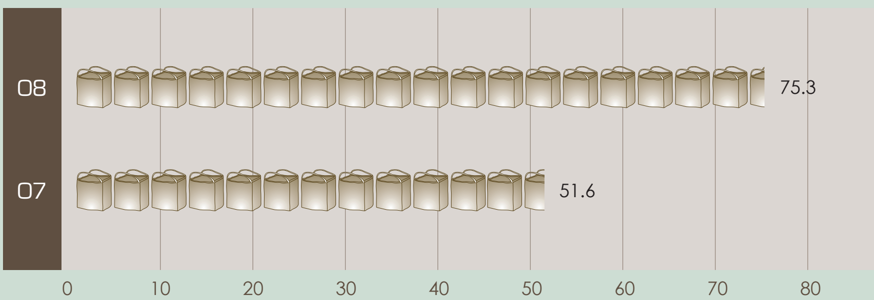
In September 2008, Mr Tan Teck Huat, Executive Vice-President (Corporate Development Division) resigned from the Company. On behalf of the Board, I would like to thank Teck Huat for his contributions to the Group and wish him success in his future endeavors.

In December 2008, Professor Fong Hock Sun retired from the Corporate Research & Development Advisory Panel after 20 years. On behalf of the Panel, I would like to express our deep appreciation for his dedicated service and valuable contribution.

Finally, I thank all of you – our shareholders, customers, business partners and staff – for your unwavering support and contributions all these years.

Prof Cham Tao Soon
Chairman
6 March 2009

Group Profit Before Tax (Excluding Exceptional Items) (S$million)



Board of Directors

CHAIRMAN

Prof Cham Tao Soon
Chancellor & Chairman
- SIM University

Director
- Land Transport Authority
- United Overseas Bank Ltd
- WBL Corporation Limited
- Singapore Press Holdings Limited
- MFS Technology Ltd
- Soup Restaurant Group Ltd

Chairman
- Singapore Symphonia Co Ltd

EXECUTIVE DIRECTOR

Ang Kong Hua
Director
- DBS Group Holdings Ltd
- Government of Singapore Investment Corporation Private Limited
- Yantai Raffles Shipyard Limited

DIRECTORS

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

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

John Koh Tiong Lu
Director
- Mapletree Industrial Fund Ltd
- Singapore Arts School Ltd
- Mandra Forestry Finance Limited

Dr Tan Tat Wai
Group Managing Director
- Southern Steel Berhad

Director
- Shangri-La Hotels (Malaysia) Berhad
- Titan Chemicals Corp. Bhd

Corporate Research & Development Advisory Panel

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

Ang Kong Hua

David Fu Kuo Chen

Lam Siew Wah
Deputy CEO
(Industry & Corporate Development)
- Building and Construction Authority (BCA)

Director
- BCA International Pte Ltd

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

Lim Swee Cheang
Director / CEO
- National University of Singapore
  Institute of Systems Science

Board Member
- Land Transport Authority

Dr Tan Tat Wai

Prof Tay Joo Hwa
Director
- Nanyang Technological University
  Institute of Environmental Science & Engineering Pte Ltd

Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

Prof Fong Hock Sun retired as a member of CRD in December 2008.

Profile of COO and Key Business Managers

CHIEF OPERATING OFFICER

Dr Josephine Kwa Lay Keng

KEY BUSINESS MANAGERS

Chong Wai Siak
Richard Sia Kim Siong

Dr Josephine Kwa Lay Keng was appointed Chief Operating Officer of the Company on 1 July 2005. She is responsible for the operational matters in the NSL Group. Prior to this, she was in charge of NSL Group's Technology Division and NSL Chemicals Ltd. Dr Kwa joined NSL Ltd in 1988 and holds a Bachelor of Science (Honours) in Mechanical Engineering and a Ph.D from the University of Leeds, United Kingdom. Prior to joining the NSL Group, she was with the Singapore Economic Development Board.

Mr Chong Wai Siak is currently the President of the Company's construction subsidiary, Eastern Industries Group of Companies. He joined the Group as Chief Executive Officer of Eastern Industries Pte Ltd in 1989 and then as Deputy President of NSL Ltd from December 1998 to 2005. Prior to joining the NSL Group, he was the General Manager of a construction-related technology company and also a Senior Principal Engineer in HDB. He is a Chartered Engineer (United Kingdom) and a registered Professional Engineer with both the Singapore and Malaysia Engineers Boards. Mr Chong holds a Bachelor of Science (Honours) in Civil Engineering as well as a Master of Science in Structural Engineering from University of Manchester, Institute of Science and Technology, United Kingdom.

Mr Richard Sia Kim Siong is concurrently the Chief Executive Officer of NSL Chemicals Ltd and NSL Engineering Pte Ltd. Prior to heading the Chemicals and Engineering businesses, he was with the Group's Corporate Development Division spearheading the Group's investments. He joined NSL Ltd in 1987 and holds a Bachelor of Science (Honours) in Mechanical Engineering from the University of Leeds and Master in Business Administration from University of Sheffield, United Kingdom. Before joining the NSL Group, he was with the Singapore Economic Development Board.

Significant Events in 2008

FEBRUARY
NSL Engineering Pte Ltd, a wholly-owned subsidiary of NSL Ltd, injected additional US$2.2m into ChangShu RAM Engineering Co., Ltd.

MAY
Payment of final dividend of $0.10 per share.

JUNE
Wholly-owned subsidiary, Kilby Associates Limited, acquired a further 9.19% stake in Tropical Resorts Limited for US$1.9m.

NSL Ltd restructured its waste handling and water recycling business to position its environmental services business for further growth. Hup Eng Tat Enterprises Pte Ltd became a wholly-owned subsidiary of NSL OilChem Services Pte Ltd.

NSL Engineering Pte Ltd launched its innovative product, RAM PinSmart Machine. This new machine automates the task of manually removing twist locks at the bottom of shipping containers and brings greater safety and productivity to the industry.

JULY
Sanion Enterprises Limited and Oei Hong Leong Foundation Pte Ltd disposed its entire 30.0151% stake in NSL Ltd.

98 Holdings Pte Ltd increased its stake in NSL Ltd from 51.23% to 81.24%.

AUGUST
Eastern Pretech (Malaysia) Sdn Bhd acquired a piece of freehold land in Johor for its new precast plant.

SEPTEMBER
NSL OilChem Services Pte Ltd commissioned its rebuilt Category 1 facilities for waste oil and slop.

Payment of interim dividend of $0.10 per share.

Limetreat Trading Co Sdn Bhd and Limetreat (M) Sdn Bhd subsidiaries of NSL Ltd, acquired shares in Bold Hill Trading Sdn Bhd (BHT). As a result, BHT, an investment holding company in the lime business, became a subsidiary of NSL Ltd.

OCTOBER
Shareholders approved the company's name to be changed from NATSTEEL Ltd to NSL Ltd.

Review of Operations

CHEMICALS DIVISION

Performance

The Chemicals Division's turnover grew to $91.5m, up 31% from $70.1m in 2007, due mainly to the higher sales registered by its lime and environmental services business.

Profit before tax increased a healthy 53% to $52.9m in 2008. The better performance was attributable to higher profit contributions from Bangkok Synthetics Co. Ltd (BST), its petrochemical associate in Thailand, which benefited from exceptionally high product prices last year.

During the year, the Division's refractory business also improved its operating performance and profit contribution. Its environmental chemicals business in Singapore performed better and turned around its operations in 2008. China operations however continued to face severe pricing and demand weakness.

Highlights

In the first quarter of 2008, the Malaysian lime operation commissioned a new crusher line in Ipoh quarry.

During the year, NSL OilChem Services Pte Ltd (NOCS), its environmental services business, restarted its slop recovery operations.

In September 2008, NOCS commissioned its rebuilt Category 1 facilities for waste oil and slop.

In the second half of 2008, NOCS commissioned its lubricant re-refining plant which recovers high quality base oil from used oil. The new plant further adds value to the suite of environmental services and strengthens its position as the leading integrated waste management company in Singapore.

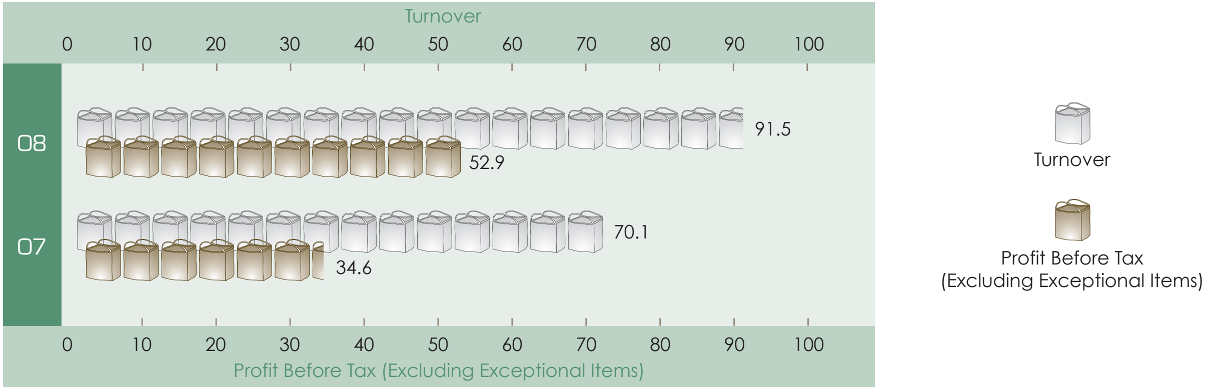
Review of Operations

Going Forward

In the year ahead, the Chemicals Division expects lower contribution from BST, which is likely to see a sharp decline in its profitability as a result of exceptionally high product prices in 2008 and the depressed market environment.

The environmental chemicals business is expecting a weaker demand on the back of a projected slow down of customer's production in the coming year.

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



Review of Operations

CONSTRUCTION PRODUCTS DIVISION

Performance

The Construction Products Division's turnover slipped 10% from $200.2m in 2007 to $179.8m in 2008. This was attributed primarily to lower project volumes in pre-fabricated bathroom units of its Finnish plant as it faced severe slowdown in its markets.

Despite lower turnover, the Division closed the year with a higher profit before tax. Profit before tax increased 21% from $11.2m in 2007 to $13.6m in 2008. The improved performance was largely due to the improved margin from its Singapore and Malaysia operations as a result of higher project deliveries.

During the year, its associate company, Dubai Precast LLC, achieved a significantly higher turnover and also contributed to the Division's increased profit before tax.

Highlights

In the second half of 2008, Eastern Pretech (Malaysia) Sdn Bhd acquired a piece of freehold land in Johor for its new precast plant. The development will be in phases and construction of Phase 1 of the project is expected to commence this year.

Going Forward

With the worsening global economic downturn, the business outlook for the construction industry is expected to be challenging.

Whilst the Division's current year order book is strong, any unexpected project delays and order cancellation may have an impact on its performance.

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

Review of Operations

ENGINEERING DIVISION

Performance

The Engineering Division recorded a higher turnover and profit before tax in 2008.

Turnover grew to $70.9m, up 15% from $61.7m in 2007. The better performance was largely attributable to the higher spreader deliveries.

Profit before tax increased only 5% to $4.1m in 2008 as the Division was affected by the weakness of the USD and higher provision of doubtful debts.

Highlights

During the year, the Engineering Division maintained its position as one of the world's leading manufacturers of container spreader and broadened its range of products under the RAM brand name.

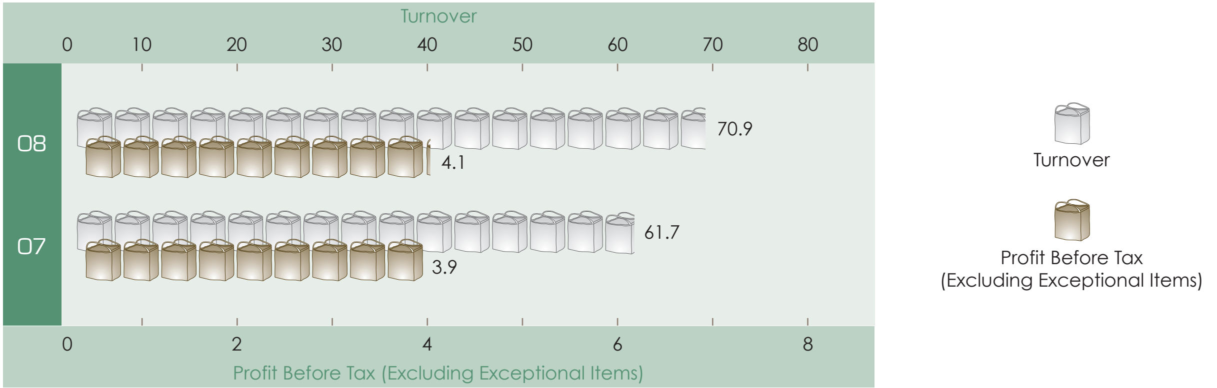
In June 2008, NSL Engineering Pte Ltd launched its innovative product, RAM PinSmart Machine. This new machine automates the task of manually removing twist locks at the bottom of the shipping containers and brings greater safety and productivity to the industry.

In the first half of 2008, ChangShu Ram Engineering Co., Ltd, a wholly-owned subsidiary of NSL Engineering Pte Ltd, commissioned its Phase 2 Plant expansion.

Going Forward

The Engineering Division expects outlook for the spreader business to be challenging in the coming year compared with 2008.

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



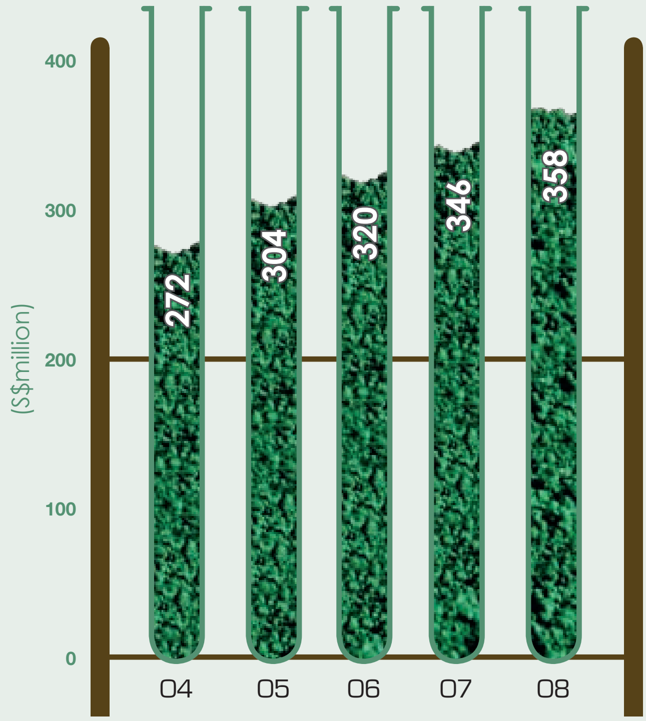
5-year Financial Summary

Financial Profile (S$'000)	2004+	2005	2006	2007	2008
Continuing Operations					
Turnover	271,626	303,614	319,786	345,570	357,834
Profit before investment income, interest income and finance costs	10,733	11,128	3,138	18,903	17,219
Investment & interest income	7,614	13,249	6,809	4,657	6,848
Share of results of associated companies after tax	52,766	49,256	48,445	31,402	53,010
Finance costs	(3,362)	(3,490)	(4,125)	(3,371)	(1,816)
Profit before tax and exceptional items	67,751	70,143	54,267	51,591	75,261
Exceptional items	14,952	32,449	82,997	55,351	4,517
Profit before tax	82,703	102,592	137,264	106,942	79,778
Profit after tax	75,455	97,935	140,524	100,472	75,385
Profit / (Loss) after tax from discontinued operations	56,949	(25,959)	(5,126)	9,733	-
Total group profit attributable to shareholders	122,375	69,934	132,134	109,379	76,745
Dividends (exempt - one tier)					
- Interim & final	37,356	-	37,356	37,356	74,712
- Special	-	623,842	108,332	-	37,356
Share capital	186,779	186,779	193,839	193,839	193,839
Share premium and reserves	783,323	238,113	257,484	326,182	306,476
Dividend cover	3.3x	0.1x	0.9x	2.9x	0.7x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	307,546	148,285	136,584	138,484	138,944
Associated companies	145,301	115,651	109,465	147,852	144,853
Investment properties	11,929	10,264	4,483	4,296	4,109
Long-term receivables & investments	71,822	60,985	41,330	43,215	23,076
Intangible assets	21,171	9,610	9,678	9,654	9,760
Deferred tax assets	7,975	2,505	1,415	1,651	1,195
Current assets	882,174	370,093	389,895	362,756	384,240
	1,447,918	717,393	692,850	707,908	706,177
What we owed and Equity					
Shareholders' funds	970,102	424,892	451,323	520,021	500,315
Minority interests	50,863	26,477	29,243	14,016	13,184
Long term liabilities	111,773	93,856	53,328	38,245	42,514
Current liabilities	315,180	172,168	158,956	135,626	150,164
	1,447,918	717,393	692,850	707,908	706,177
Debt Position					
Group borrowings (S$'000)	186,864	112,503	82,501	41,074	47,636
Group net cash (cash less borrowings) (S$'000)	154,526	46,436	103,980	157,760	123,816
Per Share Data					
Basic earnings per share (cents)	32.8	18.7	35.3	29.3	20.5
Net tangible assets per share (S$)	2.54	1.11	1.18	1.37	1.31
Dividends					
Dividends (exempt - one tier, cents per share)					
- Interim & final	10	-	10	10	20
- Special	-	167	29	-	10

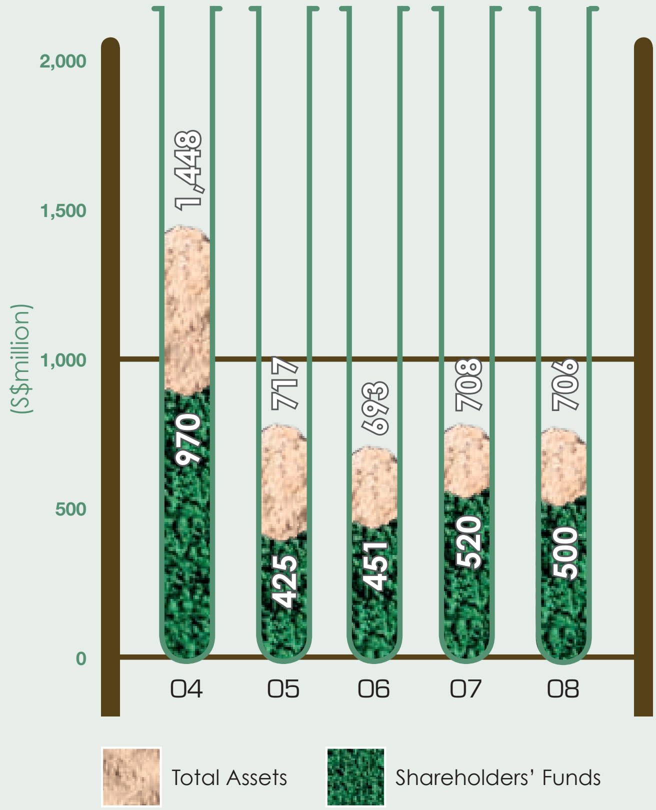
+ Certain comparative figures have been re-presented to exclude financial results of steel business segment (disposed in February 2005) and remaining steel business classified as held for sale.

5-year Financial Summary

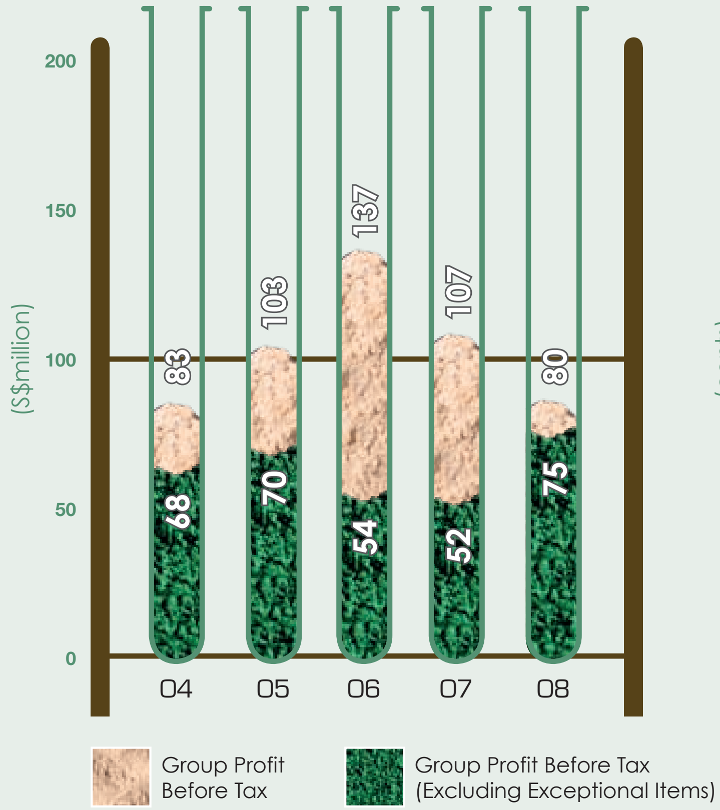
Group Turnover (From Continuing Operations)



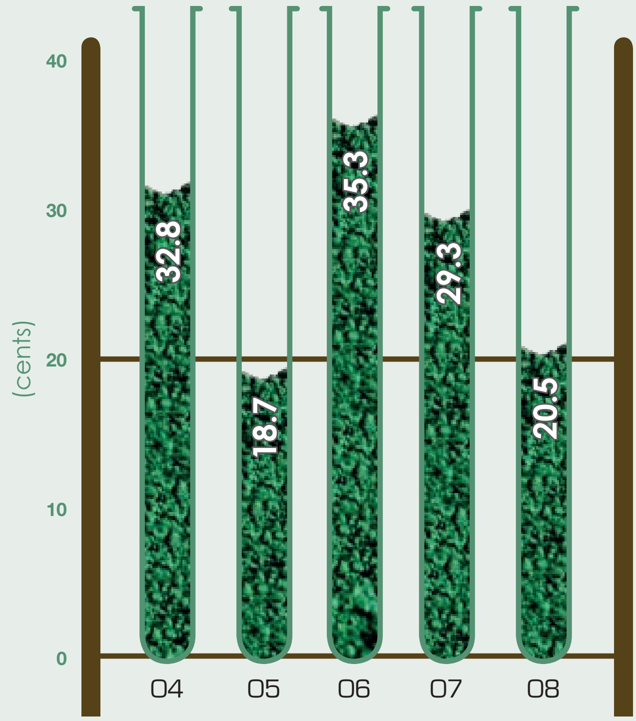
Shareholders' Funds & Total Assets



Group Profit Before Tax (From Continuing Operations)



Basic Earnings Per share



Corporate Directory

Chemicals

NSL Chemicals Ltd
26 Tanjong Kling Road
Singapore 628051
Tel : (65) 6265 0200
Fax : (65) 6265 9942
www.nslchemicals.com.sg

NSL Chemicals (M) Sdn Bhd
Lot 38046, Mukim Sg. Raia,
Batu 5, Jalan Gopeng,
31300 Kg. Kepayang,
Perak Darul Ridzuan
Malaysia
Tel : (60-5) 357 2351
Fax : (60-5) 357 2397

NSL OilChem Services Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6513 3999
Fax : (65) 6265 8900
www.nsloilchem.com.sg

ChangShu NSL Calcific Products Co Ltd
Meli Town East, ChangShu City,
Jiangsu Province, China
Postal Code : 215511
Tel : (86-512) 522 61885
Fax : (86-512) 526 69979

ZhenJiang ZhongDa Calcific Products Co Ltd
6, Heng Shan Road,
Mechanical and Electrical
Industrial Park, Dagang Town,
Zhenjiang City,
Jiangsu Province, China
Postal Code : 212132
Tel : (86-511) 3377 488
Fax : (86-511) 3377 848

Bangkok Synthetics Co Ltd
Office:
22nd Floor, Sathorn City Tower
175 South Sathorn Road
Tungmahamek, Sathorn,
Bangkok 10120, Thailand
Tel : (66-2) 679 5120
Fax : (66-2) 679 5119
www.bst.co.th

Plant:
Map Ta Phut Industrial Estate
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Rayong 21150, Thailand
Tel : (038) 683 314
Fax : (038) 683 315

Eastech Steel Mill Services (M) Sdn Bhd
Lot 38046, Mukim Sg. Raia,
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31300 Kg. Kepayang,
Perak Darul Ridzuan
Malaysia
Tel : (60-5) 357 6872
Fax : (60-5) 357 6977

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
Fax : (62-21) 867 3480

Engineering

NSL Engineering Pte Ltd
26 Tanjong Kling Road
Singapore 628051
Tel : (65) 6265 2877
Fax : (65) 6261 1300

NSL Engineering (UK) Limited
6, Selby Place, Stanley
Skelmersdale
Lancs WN8 8EF
England
Tel : (44-1695) 556 355
Fax : (44-1695) 556 356

ChangShu RAM Engineering Co. Ltd
Jiangsu ChangShu Economic
Development Zone
Riverside Industrial Park
Postal Code : 215513
ChangShu, China
Tel : (86-512) 522 97222
Fax : (86-512) 522 97223

Corporate Directory

Construction Products

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15 Sungei Kadut Street 2
Singapore 729234
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Fax : (65) 6368 2256
www.easternpretech.com.sg

Eastern Pretech (Malaysia) Sdn Bhd
28 Jalan 7/108C
Taman Sungai Besi
Salak South
Off Jalan Sungai Besi
57100 Kuala Lumpur
Malaysia
Tel : (60-3) 7980 2728
Fax : (60-3) 7980 5663
www.epmsb.com.my

EI Resources Sdn Bhd
6A Jalan Kebudayaan 1A
Taman Universiti
81300 Skudai, Johor
Malaysia
Tel : (60-7) 520 5066
Fax : (60-7) 521 5625

Emix Services Pte Ltd
15 Sungei Kadut Street 2
Singapore 729234
Tel : (65) 6368 1366
Fax : (65) 6365 3520

Eastern Pretech (HK) Ltd
Eastern Gotech (HK) Ltd
Eastern Gotech (China) Limited
Room 804-5 AXA Centre
151 Gloucester Road
Wanchai
Hong Kong
Tel : (852) 2866 9199
Fax : (852) 2865 0321
www.emix.com.hk

Eastern Gotech (Guangzhou) Limited
Room 318, 3/F, Zone 20,
Guangbao Road
Maoyi Street, Baoshui District
Guangzhou
China
Tel : (20) 8208 6701

Parmarine Ltd
Murronite 8
FIN - 30101 Forssa
Finland
Tel : (358) 341 271
Fax : (358) 341 27395
www.parmarine.fi

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Post Box 61055
Jebel Ali
Industrial Area No. 3
Dubai, UAE
Tel : (971) 4 8802671
Fax : (971) 4 8802159
www.dubaiprecast.ae

Properties & Investments

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

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

Financial Review

Directors' Report

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company at 31 December 2008.

1. DIRECTORS OF THE COMPANY

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

Prof CHAM Tao Soon
ANG Kong Hua
BAN Song Long
John KOH Tiong Lu
David FU Kuo Chen
Dr TAN Tat Wai

Pursuant to Article 86 of the Company's Articles of Association,

(a) Mr John Koh Tiong Lu retires and being eligible, offers himself for re-election; and

(b) Dr Tan Tat Wai retires and being eligible, offers himself for re-election.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the Directors of the Company at the beginning and at the end of the financial year and as at 21 January 2009 had any interest in the shares and debentures of the Company and its related corporations.

4. DIRECTORS' CONTRACTUAL BENEFITS

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

5. MATERIAL CONTRACTS

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

6. SHARE OPTIONS

The NATSTEEL LTD Share Option Scheme expired on 19 September 2008.

7. AUDIT COMMITTEE

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

8. INDEPENDENT AUDITORS

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

On behalf of the Directors

Prof CHAM Tao Soon
Director

ANG Kong Hua
Director

Singapore
6 March 2009

Statement by Directors

We do hereby state that, in the opinion of the Directors, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2008, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Prof CHAM Tao Soon
Director

ANG Kong Hua
Director

Singapore
6 March 2009

Statement of Corporate Governance

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

The Group had in 1998 adopted an internal Corporate Governance Guide which has been updated from time to time to reflect, as far as practicable, the changes to the Code of Corporate Governance issued by the Ministry of Finance ("2005 Code") and the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). NSL Ltd's Corporate Governance Guide (2009) contains, inter alia, matters relating to code of conduct for employees, whistle blower provisions, terms of reference for 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 2005 Code.

Board of Directors
(Principles 1 to 6)

The Board charts the strategic course for NSL Ltd and its group of companies in its Chemicals, Engineering and Construction Products businesses.

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

Prof CHAM Tao Soon	Non-Executive Chairman, Independent
ANG Kong Hua	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, of which half comprise independent non-executive directors, is able to exercise its powers objectively and independently from Management.

The Board meets regularly to oversee the business affairs of the Group, approves the financial objectives and 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.

The Board has adopted an orientation programme for new directors.

Key information on the directors is set out on page 29.

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2008 to 31 December 2008

	BOARD		AUDIT		NOMINATING		REMUNERATION		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
Prof Cham Tao Soon	4	4	4	4	2	2	2	2	3	3	3	3
Ang Kong Hua	4	4	n/a	n/a	n/a	n/a	n/a	n/a	3	3	3	2
Ban Song Long	4	3	4	3	n/a	n/a	n/a	n/a	3	3	n/a	n/a
John Koh Tiong Lu	4	4	4	4	2	2	2	2	3	3	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	2	2	2	2	3	3	3	2
Dr Tan Tat Wai	4	4	4	4	2	2	2	2	3	0	3	2

Audit Committee
(Principle 11)

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

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

The members of the Audit Committee, collectively, have expertise or experience in financial management and are qualified to discharge the Audit Committee's responsibilities.

The Audit Committee performs duties as specified in the Companies Act, Cap 50 and the 2005 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.

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 2008.

In carrying out its duties, the Audit Committee:

(a) Reviewed the overall scope and effectiveness of the internal and external audits;

(b) Met with the auditors to discuss the results of their audits and their evaluation of the Company's system of internal controls during the course of their audit. As a good practice, the Committee also met the auditors separately in the absence of Management;

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

(d) Reviewed, on an annual basis, non-audit services rendered to the Company 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

(e) 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.

Nominating Committee
(Principles 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.

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

Remuneration and Benefits of Directors and Key Executives

The level and mix of each of the directors' remuneration, and that of each of the Key Executives (who are not also Directors), in bands of S$250,000 are set out below:

(a) Directors

Remuneration Band & Name of Director	Base / Fixed Salary(1) %	Variable or Performance-related Income / Bonuses(1) %	Directors' Fees %	Benefits-in-kind %	Share Options Granted(2) %	Total Compensation %
S$750,000 to S$999,999						
ANG Kong Hua	38.6	53.7	5.7	2.0	–	100
Below S$250,000						
Prof CHAM Tao Soon	–	–	100	–	–	100
BAN Song Long	–	–	100	–	–	100
David FU Kuo Chen	–	–	100	–	–	100
John KOH Tiong Lu	–	–	100	–	–	100
Dr TAN Tat Wai	–	–	100	–	–	100

(1) The salary and performance bonus amounts shown are inclusive of allowances, leave pay and CPF.

(2) No options were granted in 2008. The NATSTEEL LTD Share Option Scheme expired on 19 September 2008.

(b) Key Executives

The table below shows the level and mix of gross remuneration received by the top 5 executives (excluding executive directors) of the Group:

Remuneration Band & Name of Key Executive	Base / Fixed Salary(1) %	Variable or Performance-related Income / Bonuses(1) %	Benefits-in-kind %	Share Options Granted(2) %	Total Compensation %
S$500,000 to S$749,999					
Dr Josephine KWA Lay Keng	65.0	34.3	0.7	–	100
CHONG Wai Siak	73.2	25.4	1.4	–	100
S$250,000 to S$499,999					
Andy IP Kam Wa	77.9	22.1	–	–	100
Robert Arthur MILLS	51.3	48.7	–	–	100
Richard SIA Kim Siong	76.0	23.7	0.3	–	100

(1) The salary and performance bonus amounts shown are inclusive of allowances, leave pay and CPF.

(2) No options were granted in 2008. The NATSTEEL LTD Share Option Scheme expired on 19 September 2008.

There is no employee whose remuneration exceeds $150,000 during the financial year who is an immediate family member of any Director or the major shareholder of the Company.

Corporate Research and Development Advisory Panel

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

Prof CHAM Tao Soon (Chairman)
ANG Kong Hua
David FU Kuo Chen
Dr TAN Tat Wai
Prof FONG Hock Sun (retired in December 2008)
Prof TAY Joo Hwa
LAM Siew Wah
LIM Swee Cheang

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

Internal Controls
(Principle 12)

The Board of Directors, with the assistance of the Audit Committee, ensures that the Management maintains an adequate system of internal controls to safeguard shareholders' investment and the Company's assets.

Review and tests of internal control procedures were carried out by the Company's internal auditors. 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.

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. An annual audit plan is reviewed and approved by the Audit Committee which also reviews the results of the audits.

Communication with Shareholders
(Principles 10,14 & 15)

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

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

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

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 guidance on such dealings and the implications of insider trading.

Particulars of Directors as at 6 March 2009

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 22 APRIL 2009
Prof Cham Tao Soon	• Bachelor of Engineering degree from Malaya University • Bachelor of Science degree from University of London • Doctorate of Philosophy degree from University of Cambridge • Fellow of the Institution of Engineers, Singapore • Fellow of the Institution of Mechanical Engineers, UK	Chairman: Nominating Committee Remuneration Committee Corporate Research and Development Advisory Panel Member: Audit Committee	26 May 1988 16 April 2007	Non-Executive / Independent	N/A
Ang Kong Hua	Bachelor of Science (Economics) (Honors) degree from University of Hull, United Kingdom	Member: Corporate Research and Development Advisory Panel	1 January 1981 16 April 2007	Executive (policy and strategy)	N/A
Ban Song Long	Associate of the Institute of Bankers, London	Member: Audit Committee	25 January 2003 16 April 2008	Non-Executive	N/A
John Koh Tiong Lu	• LLM degree from Harvard Law School • BA and MA degree (Economics and Law) from Trinity College, University of Cambridge	Chairman: Audit Committee Member: Nominating Committee Remuneration Committee	30 January 2003 26 April 2006	Non-Executive / Independent	Retirement by Rotation (Article 86)
David Fu Kuo Chen	Bachelor of Science degree in Engineering from University of Southern California	Member: Nominating Committee Remuneration Committee Corporate Research and Development Advisory Panel	25 January 2003 16 April 2008	Non-Executive	N/A
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from Harvard University	Member: Audit Committee Nominating Committee Remuneration Committee Corporate Research and Development Advisory Panel	15 February 1993 26 April 2006	Non-Executive / Independent	Retirement by Rotation (Article 86)

Independent Auditor's Report

TO THE MEMBERS OF NSL LTD (formerly known as NATSTEEL LTD) (Incorporated in Singapore)

We have audited the accompanying financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 101, which comprise the balance sheets of the Company and of the Group as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

b) selecting and applying appropriate accounting policies; and

c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

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 as to 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 and fair presentation of the financial statements 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,

(a) the balance sheet of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Pricewaterhousecoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 6 March 2009

Consolidated Income Statement

For the financial year ended 31 December 2008

	Note	The Group 2008 S$'000	The Group 2007 S$'000
CONTINUING OPERATIONS			
Sales	4	357,834	345,570
Cost of sales		(286,685)	(278,449)
Gross profit		71,149	67,121
Other income		2,681	3,793
Distribution costs		(14,361)	(14,872)
Administrative expenses		(36,469)	(31,261)
Other expenses		(5,781)	(5,878)
Profit before investment and interest income and finance costs	5	17,219	18,903
Investment and interest income	6	6,848	4,657
Finance costs	7	(1,816)	(3,371)
Share of results of associated companies after taxation		53,010	31,402
Profit before taxation and exceptional items		75,261	51,591
Exceptional items	9	4,517	55,351
Profit before taxation		79,778	106,942
Taxation	10	(4,393)	(6,470)
Profit after taxation from continuing operations		75,385	100,472
DISCONTINUED OPERATIONS	11		
Loss from discontinued operations		–	(984)
Gain on disposal of discontinued operations		–	10,717
		–	9,733
Total profit for the financial year		75,385	110,205
Attributable to :			
Equity holders of the Company		76,745	109,379
Minority interests		(1,360)	826
		75,385	110,205
Earnings per ordinary share attributable to the equity holders of the Company			
– from Continuing operations – Basic and fully diluted (cents)	13	20.5	26.7
– from Discontinued operations – Basic and fully diluted (cents)	13	–	2.6

The Notes on pages 39 to 101 form an integral part of the financial statements.

Balance Sheets

As at 31 December 2008

	Note	The Group 2008 S$'000	The Group 2007 S$'000	The Company 2008 S$'000	The Company 2007 S$'000
SHARE CAPITAL	14	193,839	193,839	193,839	193,839
RESERVES	15	306,476	326,182	130,826	115,108
SHAREHOLDERS' EQUITY		500,315	520,021	324,665	308,947
MINORITY INTERESTS		13,184	14,016	–	–
TOTAL EQUITY		513,499	534,037	324,665	308,947
CURRENT ASSETS					
Inventories	16	69,730	52,380	–	–
Receivables and prepayments	17	107,198	87,614	74,355	28,620
Tax recoverable		20,151	23,928	19,234	22,621
Available-for-sale financial assets	18	15,709	–	–	–
Cash and bank balances	19	171,452	198,834	88,882	49,866
		384,240	362,756	182,471	101,107
NON CURRENT ASSETS					
Property, plant and equipment	20	138,944	138,484	67	349
Investment properties	21	4,109	4,296	–	–
Subsidiaries	22	–	–	73,402	73,402
Associated companies	23	144,853	147,852	–	–
Long term receivables	24	6,629	8,102	93,440	156,569
Available-for-sale financial assets	18	15,852	34,495	14,814	18,274
Intangible assets	25	9,760	9,654	–	–
Deferred tax assets	30	1,195	1,651	–	–
Other non current assets		595	618	–	–
		321,937	345,152	181,723	248,594
TOTAL ASSETS		706,177	707,908	364,194	349,701
CURRENT LIABILITIES					
Amounts due to bankers	26	26,604	25,299	–	–
Trade and other payables	27	96,757	77,519	18,048	17,018
Provision for other liabilities and charges	28	1,792	2,519	–	–
Current income tax liabilities		24,670	29,080	20,674	22,884
Deferred income	32	341	1,209	–	–
		150,164	135,626	38,722	39,902
NON CURRENT LIABILITIES					
Provision for retirement benefits	29	293	326	293	265
Deferred tax liabilities	30	17,471	18,212	514	587
Long term bank loans	31	20,591	15,361	–	–
Deferred income	32	3,458	3,686	–	–
Other non current liabilities	33	701	660	–	–
		42,514	38,245	807	852
TOTAL LIABILITIES		192,678	173,871	39,529	40,754
NET ASSETS		513,499	534,037	324,665	308,947

The Notes on pages 39 to 101 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2008

	Note	Attributable to equity holders of the Company							Minority Interests	Total Equity
		Share Capital	Revenue Reserve	Foreign Currency Translation Reserve	Capital Reserve	Revaluation Reserve	Fair Value Reserve	Total		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2008		193,839	299,521	(7,062)	6,853	1,946	24,924	520,021	14,016	534,037
Exchange differences arising on consolidation		–	–	(10,167)	–	–	–	(10,167)	(88)	(10,255)
Available-for-sale financial assets										
– Fair value loss taken to equity, net of deferred tax		–	–	–	–	–	(2,480)	(2,480)	–	(2,480)
– Fair value reserve transferred to income statement on impairment		–	–	–	–	–	1,595	1,595	–	1,595
Share of fair value reserve movement of associated companies, net of deferred tax		–	–	–	–	–	(12,711)	(12,711)	–	(12,711)
Net losses recognised directly in equity		–	–	(10,167)	–	–	(13,596)	(23,763)	(88)	(23,851)
Net profit / (loss) for the financial year		–	76,745	–	–	–	–	76,745	(1,360)	75,385
Total recognised income for the financial year		–	76,745	(10,167)	–	–	(13,596)	52,982	(1,448)	51,534
Dividends	12	–	(74,712)	–	–	–	–	(74,712)	–	(74,712)
Dividends paid to minority interest of subsidiaries		–	–	–	–	–	–	–	(128)	(128)
Reserves released upon disposal of subsidiary / associated company		–	–	2,024	–	–	–	2,024	–	2,024
Changes in group structure		–	–	–	–	–	–	–	744	744
Balance as at 31 December 2008		193,839	301,554	(15,205)	6,853	1,946	11,328	500,315	13,184	513,499

The Notes on pages 39 to 101 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2008

		Attributable to equity holders of the Company								Minority Interests	Total Equity
	Note	Share Capital	Revenue Reserve	Foreign Currency Translation Reserve	Capital Reserve	Revaluation Reserve	General Reserves	Fair Value Reserve	Total		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2007		193,839	217,769	7,335	9,832	1,946	6,750	13,852	451,323	29,243	480,566
Exchange differences arising on consolidation		–	–	(1,769)	–	–	–	–	(1,769)	(112)	(1,881)
Available-for-sale financial assets											
– Fair value gains taken to equity, net of deferred tax		–	–	–	–	–	–	8,922	8,922	–	8,922
– Fair value reserve transferred to income statement on sale		–	–	–	–	–	–	(4,149)	(4,149)	–	(4,149)
– Fair value reserve transferred to income statement on impairment		–	–	–	–	–	–	14	14	–	14
Share of fair value reserve movement of associated companies, net of deferred tax		–	–	–	–	–	–	6,285	6,285	–	6,285
Net (losses) / gains recognised directly in equity		–	–	(1,769)	–	–	–	11,072	9,303	(112)	9,191
Net profit for the financial year		–	109,379	–	–	–	–	–	109,379	826	110,205
Total recognised income for the financial year		–	109,379	(1,769)	–	–	–	11,072	118,682	714	119,396
Transfer of capital reserve to revenue reserve		–	2,979	–	(2,979)	–		–	–	–	–
Dividends	12	–	(37,356)	–	–	–	–	–	(37,356)	–	(37,356)
Dividends paid to minority interest of subsidiaries		–	–	–	–	–	–	–	–	(135)	(135)
Reserves released upon disposal and liquidation of subsidiary companies		–	6,750	(12,628)	–	–	(6,750)	–	(12,628)	–	(12,628)
Changes in group structure		–	–	–	–	–	–	–	–	(15,806)	(15,806)
Balance as at 31 December 2007		193,839	299,521	(7,062)	6,853	1,946	–	24,924	520,021	14,016	534,037

The Notes on pages 39 to 101 form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

	Note	2008 S$'000	2007 S$'000
Cash Flows from Operating Activities			
Profit after tax for the financial year		75,385	110,205
Adjustments for:			
Tax		4,393	6,688
Amortisation of intangible assets		594	502
Amortisation of deferred income		(343)	(341)
Depreciation of property, plant and equipment and investment properties		14,811	15,171
Property, plant and equipment written off		425	140
Interest expense		1,816	3,371
Interest income		(1,867)	(4,723)
Dividend income		(4,981)	(12)
Profit on sale of property, plant and equipment (net)		(644)	(1,064)
Provision for retirement benefits (net)		49	(193)
Share of results of associated companies		(53,010)	(31,402)
Exceptional items			
– continuing operations	9	(4,517)	(55,351)
– discontinued operations	11(b)	–	(10,717)
Exchange differences		(1,561)	887
Operating cash flow before working capital changes		30,550	33,161
Inventories		(17,705)	4,742
Receivables and prepayments		(22,524)	(10,965)
Intangible assets		(726)	(512)
Deferred income		115	–
Trade and other payables		14,518	(656)
Cash generated from operations		4,228	25,770
Income tax paid		(3,851)	(1,196)
Insurance compensation received		5,000	500
Net cash from operating activities		5,377	25,074

The Notes on pages 39 to 101 form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

	Note	2008 S$'000	2007 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		2,027	7,857
Proceeds from sale of available-for-sale financial assets and other non current assets		1,066	7,105
Cash advances received from investment		3,509	2,718
Proceeds from disposal of the subsidiaries, net of cash disposed of		–	33,437
Proceeds from capital reduction of an associated company		6,884	–
Acquisition of a new subsidiary company		–	(845)
Acquisition of additional interest in an associated company		(2,760)	–
Purchases of property, plant and equipment		(22,466)	(22,760)
Purchases of available-for-sale financial assets		(74)	(116)
Interest received		2,115	4,531
Dividends received from associated companies		34,249	46
Dividend received from available-for-sale financial assets		4,981	12
Amounts due from associated companies		–	(2,785)
Long term receivables		8,848	3,962
Net cash generated from investing activities		38,379	33,162
Cash Flows from Financing Activities			
Amounts due to bankers		7,286	(16,564)
Interest paid		(1,940)	(3,670)
Dividends paid to shareholders	12	(74,712)	(37,356)
Dividends paid to minority interests		(128)	(135)
Capital contribution by minority interests in subsidiaries		32	–
Distribution to minority interests upon liquidation of a subsidiary		–	(161)
Acquisition of long term bank loan of a subsidiary		–	(6,696)
Other non current liabilities		41	(132)
Net cash used in financing activities		(69,421)	(64,714)
Net decrease in cash and cash equivalents		(25,665)	(6,478)
Cash and cash equivalents at beginning of the financial year		197,841	204,690
Effects of exchange rate changes on cash and cash equivalents		(966)	(371)
Cash and cash equivalents at end of the financial year	19	171,210	197,841

The Notes on pages 39 to 101 form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

Acquisition of a New Subsidiary

The fair value / carrying value of attributable net assets and purchase consideration of the subsidiary acquired during the year were as follows:

	Note	2008 S$'000	2007 S$'000
Property, plant and equipment		–	799
Receivables and prepayments		–	11
Deferred tax liabilities	30	–	(176)
Attributable net assets acquired		–	634
Goodwill on consolidation	25a	–	211
Net cash outflow on acquisition		–	845

Disposal of subsidiaries

The attributable net assets and proceeds from disposal of subsidiaries, net of cash disposed of during the year were as follows:

	2008 S$'000	2007 S$'000
Property, plant and equipment	–	18,358
Deferred tax assets	–	324
Inventories	–	5,568
Receivables and prepayments	–	11,514
Cash and bank balances	–	26,220
Trade and other payables	–	(7,869)
Taxation	–	(71)
Other non current liabilities	–	(108)
Attributable net assets disposed	–	53,936
Translation reserve released upon disposal of subsidiaries	–	(12,540)
Gain on disposal of subsidiaries	–	15,305
Total consideration, net of transaction costs	–	56,701
Cash and bank balances of the subsidiaries disposed	–	(26,220)
Repayment of loan due from disposed subsidiary	–	2,956
Net cash inflow on disposal of subsidiaries	–	33,437

The Notes on pages 39 to 101 form an integral part of the financial statements.

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

1. GENERAL

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 manufacturing and trading in lime and industrial chemicals, environmental and engineering services, building products and services, properties and investments.

The name of the Company has been changed from NATSTEEL LTD to NSL LTD with effect from 15 October 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. There is no new or amended FRS and interpretations to FRS that affect the Group's accounting policies during the financial year.

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. Revenue recognition

Revenue of the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and rental income, net of value-added tax, rebates and trade discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(1) Sale of goods

Revenue from the sale of goods is recognised upon shipment to customers when significant risk and rewards of ownership of the goods are transferred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Revenue recognition (continued)

(2) Rendering of services

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

This includes entrance fees and membership transfer fees of membership clubs which are recognised in the income statement when the amounts are due. For entrance fees which are fully due upon the sale of the memberships, a portion of entrance fee is set aside for any possible excess of operating costs including depreciation over operating revenues for the remaining membership period. The amounts set aside are taken to deferred income and amortised over the remaining membership period. Other entrance fees are recognised on a straight-line basis over the term of membership.

(3) Rental income

Rental income from operating lease on investment properties and property, plant and equipment are recognised on a straight-line basis over the lease term.

(4) Contract revenue

Contract revenue are recognised using the percentage of completion method (Note 2R).

(5) Dividend and interest income

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

Interest income is recognised on a time apportionment basis using the effective interest method.

C. 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.

D. Exceptional items

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Group accounting

(1) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interests. Refer to Note 2G for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Refer to Note 2J for the Company's accounting policy on investments in subsidiaries.

(2) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transaction with parties external to the Group. Disposal to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Group accounting (continued)

(3) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill identified (net of accumulated impairment loss) on acquisition. Refer to Note 2G for the Group's accounting policy on goodwill.

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.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profit or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency with the accounting policies adopted by the Group.

Refer to Note 2J for the Company's accounting policy on investments in associated companies.

F. Property, plant and equipment

(1) Property, plant and equipment

Other than a leasehold building in Singapore, property, plant and equipment are initially recorded at cost, and subsequently carried at cost, less accumulated depreciation and impairment losses (Note 2K). The leasehold building in Singapore was initially stated at cost and subsequently carried at fair value, less accumulated depreciation and impairment losses (Note 2K). The valuation of the leasehold building in Singapore was carried out in 1990 and the revaluation surplus was taken to revaluation reserve. The Group does not have a policy of periodic revaluation of the leasehold building.

The cost of an item of property, plant and equipment 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 91 years
Buildings	–	10 to 50 years
Leasehold improvements	–	4 to 15 years
Plant and machinery	–	3 to 20 years
Other assets	–	2 to 15 years

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which 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 the income statement when incurred.

(4) Disposal

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement; any amount in revaluation reserve relating to that asset is transferred to revenue reserve directly.

G. Intangible assets

(1) Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition of subsidiaries or associated companies over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired subsidiaries or associated companies at the date of acquisition.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Intangible assets (continued)

(1) Goodwill on acquisitions (continued)

Goodwill on acquisition that occurred prior to 1 January 2001 was adjusted against revenue reserve in the year of acquisition. The Group also had acquisitions where the cost of acquisitions were less than fair value of the identifiable net assets acquired. Such differences ("negative goodwill") were adjusted against revenue reserve in the year of acquisition. On disposal of the subsidiaries or associated companies, such goodwill and negative goodwill previously adjusted against revenue reserve are not recognised in the income statement.

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold, but exclude those goodwill previously taken to revenue reserve (pre-January 2001 acquisition).

(2) Acquired intangible assets

Acquired intangible assets consist of rights to business names, trademarks, tradenames, technology and licences are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2K). The costs are amortised to the income statement using the straight-line method over their expected useful life up to a maximum of 20 years, which is the shorter of their estimated useful lives and period of contractual rights.

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

H. Borrowing costs

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest rate method.

I. Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2K). Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives of up 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 the income statement when the changes arise.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investments in subsidiaries and associated companies

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

On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and carrying amount of the investment is taken to the income statement.

K. Impairment of non-financial assets

(1) Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-unit (CGU) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised in the income statement when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less costs to sell and value in use.

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

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

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

Other intangible assets, property, plant and equipment, investment properties, investment in subsidiaries and associated companies are reviewed for impairment whenever there is objective evidence or indication that the asset may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to. If the recoverable amount of the assets (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Impairment of non-financial assets (continued)

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

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

L. Investments in financial assets

(1) Classification

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Investments in financial assets (continued)

(1) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are classified within cash and cash equivalents, and receivables and prepayments on the balance sheet.

(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 included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(2) Recognition and derecognition

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

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(3) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the income statement.

(4) Subsequent measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Investments in financial assets (continued)

(4) Subsequent measurement (continued)

Realised and unrealised gains and losses arising from changes in fair value of the "financial assets at fair value through profit or loss" including the effects of currency translation, interest and dividends, are recognised in the income statement in the period in which the changes in fair value arise.
Changes in the fair value of assets, comprising of equity securities, classified as available-for-sale are recognised in the fair value reserve within equity, together with the related currency translation differences. Dividend and interest income on available-for-sale equity securities are recognised separately in the income statement when the Group's right to receive payment is established. When investments classified as available-for-sale are sold, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement as gains and losses from available-for-sale financial assets.

(5) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation technique which is most appropriate in light of the nature, facts and circumstances of the investment (Note 2P).

(6) 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 recognise an allowance for impairment when such evidence exists.

(i) Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement as administrative expenses. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line in the income statement.

The allowance of impairment loss account is reduced through the income statement 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 extend that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Investments in financial assets (continued)

(6) Impairment (continued)

(ii) Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost and the disappearance of an active trading market for the security are considered in determining whether the securities are impaired. When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is transferred from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

M. Borrowings

Borrowings, including non interest bearing unsecured notes are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are presented as non-current borrowings in the balance sheet.

N. Trade and other payables

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

O. Derivative financial instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices. The fair values of forward foreign exchange contracts are determined using actively quoted forward currency rates at the balance sheet date.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities.

The fair value of 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.

Q. 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 cost of completion and selling expenses.

R. Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Construction contracts (continued)

The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract or by survey of work done, whichever is relevant to the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is included within trade receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is included within trade and other payables.

Progress billings not yet paid by customers and retentions are included within trade receivables. Advances received are included within trade and other payables.

S. Leases

(1) When a group company is the lessee:

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

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership 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 lease at the lower of the fair values of the leased assets and the present values of the minimum lease payments.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Leases (continued)

(1) When a group company is the lessee: (continued)

Operating leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of 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 taken to the income statement on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

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

(2) When a group company is the lessor:

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

Operating leases

Leases of assets where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in certain property, plant and equipment and investment properties. The property, plant and equipment and investment properties are depreciated over the useful lives of the assets as set out in Note 2F. Rental income from operating leases (net of any incentives given to lessees) is recognised in the income statement on a straight-line basis over the lease term. Contingent rents are recognised as income in the income statement in the financial year in which they are earned.

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

T. Income taxes

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Income taxes (continued)

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

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

Deferred income taxes are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

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

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

U. Provisions for other liabilities and charges

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

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past 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 the income statement as interest expense.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Employee compensation

(1) Defined contribution plans

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

(2) Provision for retirement benefits

The Company and a subsidiary operate separate unfunded defined retirement benefit schemes for certain employees, including executive directors.

Retirement benefits for employees are assessed using the projected unit credit method: the cost of providing retirement benefits is charged to the income statements so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carried out a full valuation of the plan at 31 December 2007. Valuations by actuaries are carried out on a triennial basis. The provision for retirement benefit is measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised over the average remaining service lives of employees. Such benefits are unfunded.

(3) Employee leave entitlement

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

W. Foreign currency translation

(1) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Foreign currency translation (continued)

(2) Transaction and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Currency translation gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, except for currency translation differences on the net investment in foreign operations which are included in the currency translation reserve within equity in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Currency translation differences on non-monetary items when the gain or loss is recognised in the income statement, such as equity investments held at fair value through profit or loss, are reported as part of fair value gain or loss. Currency translation differences on non-monetary items when the gain or loss is recognised directly in equity, such as equity instruments classified as available-for-sale financial assets, are included in the fair value reserve within equity.

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

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than Singapore Dollars are translated into Singapore Dollars as follows:

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

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

(iii) All resulting translation differences are taken to the foreign currency translation reserve within equity.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Foreign currency translation (continued)

(4) Consolidation adjustments

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations, borrowings in foreign currencies and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve within equity. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

X. Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

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

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

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

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

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

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

Results and cash flows attributable to a discontinued operation (including comparative figures) are presented or disclosed separately from the continuing operations.

Z. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are included in current borrowings on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

AA. Share capital

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

AB. Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

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. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2K. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

As at 31 December 2008, the Group recorded goodwill arising on consolidation of S$8,878,000 (Note 25a). The key estimates used in the assessment of the carrying value of goodwill relates to the budgeted sales growth and gross margin used. If management's estimated sales growth rate were zero or if management's estimated gross profit margin relating to Construction Products segment were to decrease by 5%, the recoverable amount of the goodwill will equal to its carrying value respectively, assuming the other variables remain unchanged.

(2) Income taxes

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

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

3) 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. For the current financial year, the Group recorded impairment charge of S$4,548,000 to reduce certain property, plant and equipment to its recoverable amount of S$36,041,000 (based on value-in-use calculations).

4) 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 2L. 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.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in the income statement. In determining this, management uses estimates based on historical loss experience for asset with similar risk characteristics. As at 31 December 2008, the Group recorded allowance for impairment of trade receivables amounting to S$8,989,000. Please refer to Note 38 for further analysis of the Group's credit risk profile.

5) Impairment of inventories

The Group carries its inventories at lower of cost and net realisable value. Valuation of inventories is reviewed on a regular basis and the Group will record an allowance for impairment based on historical trend and estimates of expected and future product demand. As at 31 December 2008, the Group recorded allowance for inventory write-down amounting to S$1,399,000 (Note 16) and the charge for the financial year then ended is S$298,000.

6) Fair value of available-for-sale financial assets

The available-for-sale financial assets of the Group and the Company comprised unlisted equity securities and other investments. The fair value of available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques in accordance with Note 2P. The Group and the Company estimates 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 and other prevailing market conditions. As at 31 December 2008, fair value of available-for-sale financial assets of the Group and the Company amounted to S$31,561,000 and S$14,814,000 respectively (Note 18).

4. SALES

	The Group	
	2008	2007
	S$'000	S$'000
Sale of goods	334,858	324,880
Services rendered	19,493	13,392
Rental income	3,390	4,501
Contract revenue	93	2,797
	357,834	345,570

Rental income includes income from operating leases from certain property, plant and equipment and investment properties of S$52,000 (2007: S$1,956,000) and S$344,000 (2007: S$300,000) respectively.

5. PROFIT BEFORE INVESTMENT AND INTEREST INCOME AND FINANCE COSTS

The following has been included in arriving at profit before investment and interest income and finance costs:

	The Group	
	2008	2007
	S$'000	S$'000
Income / expenses by nature		
Expenses:		
Amortisation of intangible assets (Note 25b)	594	502
Depreciation of property, plant and equipment (Note 20)	14,624	14,984
Depreciation of investment properties (Note 21)	187	187
Employee compensation (Note 8)	64,757	67,700
Cost of inventories as expense (included in 'Cost of sales')	191,386	186,470
Remuneration paid / payable to auditors of the Company[1]		
– for auditing the financial statements	529	506
– for other services	251	107
Remuneration paid / payable to other auditors		
– for auditing the financial statements[2]	312	343
– for other services	39	65
Rental expense – operating leases	4,140	2,644
Loss on sale of property, plant and equipment	3	16
Property, plant and equipment written off	425	140
Foreign exchange loss – net	–	596
Fair value loss on derivative financial instruments	539	144
Income:		
Amortisation of deferred income (Note 32)	343	341
Profit on sale of property, plant and equipment	647	1,080
Foreign exchange gain – net	610	–
Fair value gain on derivative financial instruments	–	2

(1) PricewaterhouseCoopers LLP, Singapore
(2) Comprises S$213,000 (2007: S$236,000) paid to other PricewaterhouseCoopers firms outside Singapore and S$99,000 (2007: S$107,000) paid to other firms of auditors in respect of the audit of subsidiaries.

6. INVESTMENT AND INTEREST INCOME

	The Group	
	2008	2007
	S$'000	S$'000
Gross dividends from equity shares		
– Quoted corporations	–	12
– Unquoted corporations	4,981	–
	4,981	12
Interest income		
– Fixed / call deposits	1,785	4,196
– Others	82	449
	1,867	4,645
	6,848	4,657

7. FINANCE COSTS

	The Group	
	2008	2007
	S$'000	S$'000
Interest on bank borrowings	1,423	2,681
Interest on bank overdrafts	65	217
Other interest expense	328	473
	1,816	3,371

8. EMPLOYEE COMPENSATION

	The Group	
	2008	2007
	S$'000	S$'000
Wages and salaries	56,045	58,206
Employer's contribution to defined contribution plans, including Central Provident Fund	5,828	6,233
Retirement benefits	49	(193)
Termination benefits	–	72
Other costs	2,835	3,382
	64,757	67,700

Key management's remuneration is disclosed in Note 34b.

9. EXCEPTIONAL ITEMS

9a Exceptional items of the Group comprise:

	The Group	
	2008	2007
	S$'000	S$'000
Gain on disposal of		
– subsidiary company	395	4,588
– available-for-sale financial assets	519	5,205
Reversal of impairment of investment in associated company	1,281	3,672
Reversal of impairment of property, plant and equipment (Note 20)	–	716
Gain on debt restructuring of a subsidiary	–	15,810
Gain on redemption of redeemable preference share of a subsidiary	–	15,645
Gain on disposal of the non current assets held for sale	–	824
Write back of provision for loss on capital commitment of an associated company	–	9,324
Write back of provision of claims from customers	–	1,245
Insurance compensation (Note 9b)	2,500	3,570
Reversal of impairment of long term receivables	7,000	–
Recognition of deferred income upon expiry of options	868	1,302
Others	97	655
Total gains	12,660	62,556
Loss on disposal of subsidiary	(712)	–
Loss on disposal of associated company	(288)	–
Impairment of investment in associated companies	(68)	(1,795)
Impairment of property, plant and equipment (Note 20)	(4,548)	(4,002)
Impairment of long term receivables	–	(1,000)
Impairment of available-for-sale financial assets	(1,595)	(14)
Loss on disposal of available-for-sale financial assets	(98)	–
Loss on cessation of business of a subsidiary	(21)	–
Others	(813)	(394)
Total losses	(8,143)	(7,205)
Net gains	4,517	55,351

9b Insurance compensation

A subsidiary of the Group is currently pursuing insurance compensation for both material damages from physical loss of assets and consequential loss of income arising from business interruption following a fire accident at its premises in prior year. As at the balance sheet date, interim insurance payout approved by its insurers ("approved payout") has been recognised as exceptional gain in the consolidated income statements. The subsidiary has not recognised any contingent asset in excess of the approved payout as the inflow and amount of this economic benefit is not virtually certain given that these claims are still under review by the insurers.

10. TAXATION

Taxation charge for the year comprises:	The Group 2008 S$'000	The Group 2007 S$'000
From continuing operations		
Current taxation		
– Singapore	3,945	2,792
– Foreign	4,430	1,740
Deferred taxation (Note 30)	1,617	2,605
	9,992	7,137
From discontinued operations		
Deferred taxation [Note 11(b)]	–	218
	–	218
	9,992	7,355
Over provision in respect of prior years:		
From continuing operations		
– Current taxation	(5,154)	(253)
– Deferred taxation (Note 30)	(445)	(414)
	(5,599)	(667)
Taxation for the year	4,393	6,688

The tax expense on profit differs from the amount that would arise using the Singapore corporate income tax rate is as explained below.

	The Group 2008 S$'000	The Group 2007 S$'000
Profit before taxation (before share of results of associated companies[(1)])		
– Continuing operations	26,768	75,540
– Discontinued operations	–	9,951
	26,768	85,491
Tax calculated at a tax rate of 18% (2007: 18%)	4,818	15,388
Income not subject to tax	(2,605)	(13,158)
Expenses not deductible for tax purposes	2,891	2,517
Effect of changes in tax rates	(90)	(339)
Utilisation of previously unrecognised tax assets	(1,096)	(1,084)
Tax benefit from current year's tax losses not recognised	717	270
Tax provision on unremitted income of an associated company	5,129	3,412
Others	228	349
Tax charge	9,992	7,355

(1) Share of results of associated companies is net of tax expense of S$8,638,000 (2007: S$4,524,000).

11. DISCONTINUED OPERATIONS

11a The Group has completed the sale of its investment in Changzhou Wujin NSL Company Limited ("Wujin"), which has been classified as disposal group held for sale since first quarter of year 2005 following the completion of the disposal of the Group's steel businesses, for S$54,549,000, net of transaction costs in March 2007. The results of Wujin and the gain on the disposal are presented separately in the Group's income statement as "Discontinued operations".

11b An analysis of the results of discontinued operations is as follows:

	The Group	
	2008 S$'000	2007 S$'000
Revenue	–	6,472
Net expenses	–	(7,238)
Loss before taxation and exceptional items	–	(766)
Exceptional gain		
– Disposal of discontinued operations	–	10,717
Gain before taxation	–	9,951
Taxation (Note 10)	–	(218)
Gain from discontinued operations	–	9,733

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

	The Group	
Net cash generated from:	2008 S$'000	2007 S$'000
Operating activities	–	4,493
Investing activities	–	48
Financing activities	–	–
Total cash flows	–	4,541

11d The aggregate effects of the sale of disposal group classified as held for sale were as follows:

	The Group	
	2008 S$'000	2007 S$'000
Property, plant and equipment	–	16,708
Deferred tax assets	–	324
Inventories	–	4,345
Receivables and prepayments	–	8,322
Cash and bank balances	–	25,372
Trade and other payables	–	(315)
Attributable net assets disposed	–	54,756
Translation reserve released upon disposal of subsidiaries	–	(10,924)
Gain on disposal of subsidiaries	–	10,717
Total consideration, net of transaction costs	–	54,549
Cash and bank balances of the subsidiaries disposed	–	(25,372)
Net cash inflow on disposal of subsidiaries	–	29,177

12. DIVIDENDS

	The Group and Company	
	2008	2007
	S$'000	S$'000
Ordinary dividends paid		
Final dividend of 10 cents (2007: 10 cents) per share, exempt – one tier, in respect of the previous financial year	37,356	37,356
Interim dividend of 10 cents per share, exempt – one tier, in respect of current financial year ended 31 December 2008	37,356	–
	74,712	37,356

Subsequent to the year end, the Directors proposed a final dividend for financial year ended 31 December 2008 of 10 cents (2007: 10 cents) per share (exempt – one tier) and a special dividend of 10 cents (2007: nil) per share (exempt – one tier) amounting to a total of S$74,712,000 (2007: S$37,356,000). These dividends will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

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 in issue 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	
	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Net profit attributable to equity holders of the Company	76,745	99,646	–	9,733	76,745	109,379
	Shares '000	Shares '000	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares in issue used in computing basic earnings per share	373,558	373,558	373,558	373,558	373,558	373,558
Basic and fully diluted earnings per share	20.5 cents	26.7 cents	0.0 cent	2.6 cents	20.5 cents	29.3 cents

14. SHARE CAPITAL

The Group and Company	Issued ordinary share No of shares '000	Issued ordinary share Amount S$'000
2008		
Balance at 1 January and 31 December	373,558	193,839
2007		
Balance at 1 January and 31 December	373,558	193,839

All issued ordinary shares are fully paid.

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	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Revenue reserve	301,554	299,521	121,695	103,256
Foreign currency translation reserve	(15,205)	(7,062)	–	–
Capital reserve	6,853	6,853	–	–
Revaluation reserve	1,946	1,946	–	–
Fair value reserve	11,328	24,924	9,131	11,852
	306,476	326,182	130,826	115,108

15. RESERVES (continued)

15b Movements

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

Movements in reserves for the Company are as follows:

	Revenue Reserve S$'000	Fair Value Reserve S$'000	Total S$'000
Balance at 1 January 2008	103,256	11,852	115,108
Available-for-sale financial assets			
– Fair value loss taken to equity	–	(2,913)	(2,913)
– Fair value reserve transferred to income statement on impairment	–	192	192
Net loss recognised directly in equity	–	(2,721)	(2,721)
Profit for the year	93,151	–	93,151
Total gains / (losses) recognised for the year	93,151	(2,721)	90,430
Dividends paid (Note 12)	(74,712)	–	(74,712)
Balance at 31 December 2008	121,695	9,131	130,826
Balance at 1 January 2007	45,065	6,458	51,523
Available-for-sale financial assets			
– Fair value gain taken to equity / net gain recognised directly in equity	–	5,394	5,394
Profit for the year	95,547	–	95,547
Total gains recognised for the year	95,547	5,394	100,941
Dividends paid (Note 12)	(37,356)	–	(37,356)
Balance at 31 December 2007	103,256	11,852	115,108

16. INVENTORIES

	The Group 2008 S$'000	The Group 2007 S$'000
Raw materials	41,708	30,536
Finished goods	20,305	15,164
General stores and consumables	3,301	2,891
Work-in-progress	5,815	5,036
	71,129	53,627
Less: Write-down of inventories	(1,399)	(1,247)
	69,730	52,380

The Group reversed inventory write down of S$21,000 (2007: S$446,000), as the inventories were sold above the carrying values during the financial year. The reversal has been included in "cost of sales" in the income statement.

17. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
– Associated companies	722	1,454	–	–
– Non related parties	98,471	77,789	–	–
	99,193	79,243	–	–
Less: Allowance for impairment of trade receivables	(8,989)	(8,768)	–	–
	90,204	70,475	–	–
Current portion of				
– Loans receivable (Note 24)	4,159	5,384	2,509	2,722
– Less: Allowance for impairment of loans receivable	(1,650)	(2,650)	–	–
	2,509	2,734	2,509	2,722
Amounts owing by subsidiaries				
– non-trade	–	–	71,571	25,682
Prepayments	5,591	4,034	144	41
Deposits	2,112	1,584	11	9
Recoverable expenditure	2,171	1,891	115	163
Amount owing from minority shareholders	1,846	1,510	–	–
Insurance compensation receivable	570	3,070	–	–
Sundry receivables	2,195	2,313	5	3
Derivative financial instruments (Note 27)	–	3	–	–
	107,198	87,614	74,355	28,620

Included in the amounts owing by subsidiaries (non-trade) are interest free amounts of S$42,992,000 (2007: S$3,909,000). The remaining balances (non-trade) bear interest at rates ranging from 2.3% to 3.7% (2007: 3.2% to 3.7%) per annum. The amounts owing by subsidiaries are unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

Impairment loss on trade receivables recognised as an expense and included in "administrative expenses" amounted to S$1,513,000 (2007: S$544,000).

The carrying amounts of receivables approximate their fair values.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	34,495	31,354	18,274	13,716
Fair value (loss) / gain taken to equity	(2,464)	9,048	(2,913)	5,394
Additions	74	116	–	–
Disposals	(547)	(6,020)	(547)	(836)
Currency realignment	3	(3)	–	–
Balance at 31 December	31,561	34,495	14,814	18,274
Current portion	15,709	–	–	–
Non-current portion	15,852	34,495	14,814	18,274
	31,561	34,495	14,814	18,274

Certain available-for-sale financial assets which are expected to be realised within 12 months from the balance date are classified as current assets in the balance sheet.

Available-for-sale financial assets include the following:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Unlisted securities				
– Equity securities	27,740	28,464	11,697	13,127
– Other investments	3,821	6,031	3,117	5,147
	31,561	34,495	14,814	18,274

19. CASH AND BANK BALANCES

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Fixed / call deposits	113,962	153,323	86,139	49,289
Cash at bank and on hand	57,490	45,511	2,743	577
Cash and bank balances	171,452	198,834	88,882	49,866

The carrying amounts of cash and bank balances approximate their fair values.

The fixed deposits with financial institutions mature on varying dates within 3 months (2007: 3 months) from the financial year end. The weighted average interest rate of these deposits as at 31 December 2008 was 1.1% (2007: 2.2%) per annum.

19. CASH AND BANK BALANCES (continued)

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

	The Group 2008 S$'000	The Group 2007 S$'000
Cash and bank balances (as above)	171,452	198,834
Bank overdrafts (Note 26)	(242)	(993)
Cash and cash equivalents	171,210	197,841

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2008								
Cost or Valuation								
At 1 January 2008	1,784	20,627	160,268	820	140,132	23,896	15,502	363,029
Currency realignment	(194)	(244)	(861)	(1)	(2,553)	(223)	4	(4,072)
Additions	4,175	19	1,701	–	5,088	2,959	8,906	22,848
Disposal and write off	–	–	(1,681)	–	(4,255)	(3,940)	(9)	(9,885)
Reclassifications	13	–	2,461	–	4,026	(370)	(6,130)	–
At 31 December 2008	5,778	20,402	161,888	819	142,438	22,322	18,273	371,920
Representing:								
Cost	5,778	20,402	153,238	819	142,438	22,322	18,273	363,270
Valuation	–	–	8,650	–	–	–	–	8,650
	5,778	20,402	161,888	819	142,438	22,322	18,273	371,920
Accumulated Depreciation and Impairment losses								
At 1 January 2008	–	7,541	100,580	694	96,578	19,152	–	224,545
Currency realignment	–	(44)	(559)	1	(1,837)	(225)	–	(2,664)
Charge for the year	–	422	3,691	52	8,245	2,214	–	14,624
Disposals and write off	–	–	(337)	–	(3,817)	(3,923)	–	(8,077)
Impairment loss	–	159	3,057	–	406	–	926	4,548
Reclassifications	–	16	(2)	–	202	(216)	–	–
At 31 December 2008	–	8,094	106,430	747	99,777	17,002	926	232,976
Net Book Value								
At 31 December 2008	5,778	12,308	55,458	72	42,661	5,320	17,347	138,944

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2007								
Cost or Valuation								
At 1 January 2007	1,772	19,413	158,611	2,115	163,090	27,577	5,553	378,131
Currency realignment	12	(172)	92	(52)	192	(80)	(4)	(12)
Additions	–	565	1,885	33	4,224	1,645	14,188	22,540
Disposal and write off	–	–	–	–	(5,487)	(4,793)	(78)	(10,358)
Acquisition of subsidiary	–	799	–	–	–	–	–	799
Disposal of subsidiary	–	–	(1,376)	(1,276)	(24,569)	(850)	–	(28,071)
Reclassifications	–	22	1,056	–	2,682	397	(4,157)	–
At 31 December 2007	1,784	20,627	160,268	820	140,132	23,896	15,502	363,029
Representing:								
Cost	1,784	20,627	151,618	820	140,132	23,896	15,502	354,379
Valuation	–	–	8,650	–	–	–	–	8,650
	1,784	20,627	160,268	820	140,132	23,896	15,502	363,029
Accumulated Depreciation and Impairment losses								
At 1 January 2007	–	7,856	96,480	1,868	113,792	21,551	–	241,547
Currency realignment	–	(26)	96	(43)	67	(69)	–	25
Charge for the year	–	412	3,673	123	8,623	2,153	–	14,984
Disposals and write off	–	–	–	–	(4,964)	(3,912)	–	(8,876)
Disposal of subsidiary	–	–	(1,363)	(1,254)	(23,138)	(666)	–	(26,421)
Impairment loss	–	–	1,694	–	2,308	–	–	4,002
Reversal of impairment loss	–	(716)	–	–	–	–	–	(716)
Reclassifications	–	15	–	–	(110)	95	–	–
At 31 December 2007	–	7,541	100,580	694	96,578	19,152	–	224,545
Net Book Value								
At 31 December 2007	1,784	13,086	59,688	126	43,554	4,744	15,502	138,484

20. **PROPERTY, PLANT AND EQUIPMENT (continued)**

	Buildings S$'000	Other Assets* S$'000	Total S$'000
The Company – 2008			
Cost			
At 1 January 2008	237	889	1,126
Additions	–	41	41
Disposal	(237)	(3)	(240)
At 31 December 2008	–	927	927
Accumulated Depreciation			
At 1 January 2008	156	621	777
Charge for the year	5	241	246
Disposal	(161)	(2)	(163)
At 31 December 2008	–	860	860
Net Book Value			
At 31 December 2008	–	67	67
The Company – 2007			
Cost			
At 1 January 2007	237	861	1,098
Additions	–	28	28
At 31 December 2007	237	889	1,126
Accumulated Depreciation			
At 1 January 2007	144	330	474
Charge for the year	12	291	303
At 31 December 2007	156	621	777
Net Book Value			
At 31 December 2007	81	268	349

* Other assets comprise furniture and fittings, office appliances and equipment, tooling equipment and motor vehicles (Note 2F).

20a 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.

20. PROPERTY, PLANT AND EQUIPMENT (continued)

20b Included in the buildings of the Group is a building on leasehold land (situated in Singapore) which was revalued based on an independent valuation on open market basis by a firm of professional valuers at 31 December 1990. The Group does not have a policy of periodic revaluation of property, plant and equipment.

If the building on leasehold land stated at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been as follows:

	The Group	
	2008	2007
	S$'000	S$'000
Building on leasehold land	1,097	1,390

20c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$29,715,000 (2007: S$29,356,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 26 and Note 31).

20e The following are property, plant and equipment acquired under hire purchase (Note 27):

The Group	Cost S$'000	Accumulated depreciation S$'000	Net book value S$'000
2008			
Plant and machinery	802	(341)	461
Other assets	89	(66)	23
	891	(407)	484
2007			
Plant and machinery	104	(87)	17
Other assets	989	(554)	435
	1,093	(641)	452

20f Included in the Group's impairment charge of S$4,548,000 (2007: S$4,002,000) during the year are:

(i) an impairment charge of S$2,190,000 on leasehold land and building of a subsidiary to reduce it to its recoverable amount based on a valuation carried out by an independent professional valuer.

(ii) an impairment charge of S$1,432,000 to fully write off idle plant and machinery of a subsidiary as at 31 December 2008.

20g Borrowing costs of S$195,000 (2007: S$172,000), which arise on financing specifically entered into for the construction of property, plant and equipment of the Group, are capitalised during the financial year.

21. INVESTMENT PROPERTIES

	The Group 2008 S$'000	The Group 2007 S$'000
Cost		
At 1 January and 31 December	11,421	11,421
Accumulated depreciation and impairment losses		
At 1 January	7,125	6,938
Depreciation charge for the year	187	187
At 31 December	7,312	7,125
Net book value at 31 December	4,109	4,296
Fair value at 31 December	6,229	4,296

Investment properties of the Group comprise mainly:

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

The Group's property at Joo Chiat Road with net book value of S$3,880,000 (2007: S$4,040,000) was valued at S$6,000,000 as at 24 December 2008 based on a valuation carried out by an independent professional valuer.

The following amounts are recognised in the consolidated income statement:

	The Group 2008 S$'000	The Group 2007 S$'000
Rental income (Note 4)	344	300
Direct operating expenses arising from investment properties that generated rental income	289	309
Property tax and other direct operating expenses arising from investment properties that did not generate rental income	36	25

22. SUBSIDIARIES

	The Company	
	2008	2007
	S$'000	S$'000
Unquoted equity shares at cost	144,579	144,579
Less: accumulated impairment losses	(71,177)	(71,177)
	73,402	73,402

Details regarding significant subsidiaries are set out in Note 42.

23. ASSOCIATED COMPANIES

	The Group	
	2008	2007
	S$'000	S$'000
Unquoted equity shares, at cost	58,372	58,372
Share of post acquisition reserves less losses, including translation differences	95,162	99,373
	153,534	157,745
Less: accumulated impairment losses	(8,681)	(9,893)
	144,853	147,852

Included in the Group's share of post acquisition reserves is an amount of S$1,134,000 loss (2007: S$12,985,000 gain) relating to fair value reserve of an associated company, net of deferred tax assets of S$470,000 (2007: deferred tax liabilities of S$5,679,000).

The summarised financial information of associated companies are as follows:

	2008	2007
	S$'000	S$'000
– Assets	863,363	883,733
– Liabilities	247,168	242,121
– Revenues	1,152,678	885,716
– Net profit for the financial year	235,061	148,372

The Group has S$Nil (2007: S$3,000) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$511,000 (2007: S$526,000) at the balance sheet date.

A subsidiary of the Group has provided corporate guarantees for its share of bank loans of S$4,879,000 drawn down by an associated company at 31 December 2008. The fair value of the financial guarantee contracts have not been recognised on the consolidated balance sheet at 31 December 2008 as the management is of the view that the fair values of the corporate guarantees are not significant and that no material losses is expected in respect of these guarantees provided at the date of these financial statements.

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

24. LONG TERM RECEIVABLES

	The Group		The Company	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Loans receivable	5,176	13,764	2,538	5,093
Amounts receivable within 12 months (Note 17)	(4,159)	(5,384)	(2,509)	(2,722)
	1,017	8,380	29	2,371
Less: Allowance for impairment of receivables	(988)	(6,988)	–	(1,000)
Amounts receivable after 12 months	29	1,392	29	1,371
Amounts owing by subsidiaries – non-trade	–	–	141,521	155,198
Less: Allowance for impairment of receivables	–	–	(48,110)	–
	–	–	93,411	155,198
Amounts owing by associated companies – non-trade	8,876	8,986	–	–
Less: Provision for impairment of receivables	(2,276)	(2,276)	–	–
	6,600	6,710	–	–
	6,629	8,102	93,440	156,569

Included in the amounts owing by subsidiaries (non-trade) are interest free amounts of S$141,521,000 (2007: S$148,502,000). The remaining balances (non-trade) at 31 December 2007 bore interest at 3.3% per annum. The amounts owing by subsidiaries are unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. The carrying amounts of amounts owing by subsidiaries approximate their fair values.

The amounts owing by associated companies (non-trade) are interest free, unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. The carrying amounts of amounts owing by associated companies approximate their fair values.

The loan receivables of the Group and Company are interest free, unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. The carrying amounts of non-current loans receivable of the Group and Company approximate their fair values.

Included in the loans receivable are loans under the Group's approved housing and car loan scheme to executives who are also Directors of the Company and of the subsidiaries:

	The Group	
Housing and car loans receivable	2008 S$'000	2007 S$'000
Total loans receivable	–	33
Amounts receivable within 12 months	–	(12)
Amounts receivable after 12 months	–	21

25. INTANGIBLE ASSETS

	The Group 2008 S$'000	The Group 2007 S$'000
Goodwill arising on consolidation (Note 25a)	8,878	8,889
Acquired intangible assets (Note 25b)	882	765
	9,760	9,654

25a Goodwill arising on consolidation

	The Group 2008 S$'000	The Group 2007 S$'000
Balance at 1 January	8,889	8,678
Acquisition of subsidiary	–	211
Currency realignment	(11)	–
Balance at 31 December	8,878	8,889

Impairment tests for goodwill

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

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

	2008			2007		
	Chemicals S$'000	Construction Products S$'000	Total S$'000	Chemicals S$'000	Construction Products S$'000	Total S$'000
Singapore	654	–	654	654	–	654
Others	200	8,024	8,224	211	8,024	8,235
	854	8,024	8,878	865	8,024	8,889

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

25. INTANGIBLE ASSETS (continued)

Key assumptions used for value-in-use calculations:

	2008		2007	
	Chemicals	Construction Products	Chemicals	Construction Products
Growth rate [(1)]	3%	2%	2%	3%
Discount rate [(2)]	10%	12%	10%	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 reflect specific risks relating to the relevant segments.

25b Acquired intangible assets

	The Group	
	2008 S$'000	2007 S$'000
Balance at 1 January	765	1,000
Additions	726	250
Amortisation	(594)	(502)
Currency realignment	(15)	17
Balance at 31 December	882	765

25c Amortisation expense is included in the income statement as cost of sales.

26. AMOUNTS DUE TO BANKERS

	The Group	
	2008 S$'000	2007 S$'000
Bank overdrafts (Note 19) – unsecured	242	993
Short term bank loans – unsecured	16,553	16,044
Current portion of long term loans (Note 31)		
– Unsecured	1,600	1,300
– Secured	3,282	3,069
Bills payable		
– Unsecured	3,673	3,161
– Secured	1,254	732
	26,604	25,299

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

26. AMOUNTS DUE TO BANKERS (continued)

The weighted average effective interest rates at the balance sheet date were as follows:

	2008	2007
Bank overdrafts	7.17%	7.55%
Short term bank loans	3.97%	4.22%
Current portion of long term loans	4.54%	5.40%
Bills payable to banks	4.55%	4.23%

The carrying values of amounts due to bankers approximate their fair values.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Trade payables – non related parties	52,124	33,215	–	–
Other payables and accruals				
– Accrued operating expenses	25,084	30,326	1,813	2,858
– Accrued liability for capital expenditure	780	398	–	–
– Deposits received	4,014	3,146	–	–
– Hire purchase payables	160	148	–	–
– Cash advance from investment	7,324	3,846	–	–
– Sundry payables	6,736	6,440	2,618	2,171
Amount owing to subsidiaries				
– non-trade	–	–	13,617	11,989
Derivative financial instruments	535	–	–	–
	96,757	77,519	18,048	17,018

Amount owing to subsidiaries (non-trade) are unsecured, interest free and repayable on demand.

The cash advance from investment is unsecured, interest free and repayable on demand.

The carrying amounts of current trade and other payables approximate their fair values.

27. TRADE AND OTHER PAYABLES (continued)

Hire purchase payables are analysed as follows:

	The Group	
	2008	2007
	S$'000	S$'000
Minimum hire purchase payments due:		
– Within 1 year	183	166
– Within 2 to 5 years	310	305
	493	471
Less: Future finance charges	(52)	(57)
Present value of hire purchase payables	441	414
Present value of hire purchase payables due:		
– Within 1 year	160	148
– Within 2 to 5 years (Note 33)	281	266
	441	414

The weighted average effective interest rate of the hire purchase payables is 3.01% (2007: 3.18%) per annum.

Property, plant and equipment acquired under hire purchase are disclosed in Note 20.

Derivative financial instruments

	The Group					
	2008			2007		
	Contract notional amount	Fair value Asset	Fair value Liability	Contract notional amount	Fair value Asset	Fair value Liability
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Forward foreign exchange contracts – current	31,500	–	(535)	17,203	3	–

28. PROVISION FOR OTHER LIABILITIES AND CHARGES

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

	The Group	
	2008	2007
	S$'000	S$'000
Beginning balance	2,519	2,599
Net provision made during the year	368	625
Provision used during the year	(1,058)	(698)
Currency realignment	(37)	(7)
Ending Balance	1,792	2,519

29. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Present value of unfunded obligations	293	326	293	265
Liability in the balance sheet	293	326	293	265

The Company and a subsidiary operate separate unfunded defined retirement benefit schemes for certain employees, including executive directors. Benefits are payable based on the last drawn salaries of the respective executives and the number of years of service with the Company and its subsidiaries. Provision is made using the projected unit credit method described in Note 2V.

Movement in the liability recognised in the balance sheets:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	326	511	265	218
Net expense / (credit)	49	(193)	28	47
Payment	(81)	–	–	–
Currency realignment	(1)	8	–	–
Balance at 31 December	293	326	293	265

29. PROVISION FOR RETIREMENT BENEFITS (continued)

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2008	2007	2008	2007
	%	%	%	%
Discount rate	3	3	3	3
Salary increment rate	3	3	3	3

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	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Deferred tax assets	(1,195)	(1,651)	–	–
Deferred tax liabilities	17,471	18,212	514	587

The movement in deferred taxation is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	16,561	13,610	587	905
Charged / (credited) to:				
– Income statement (Note 10)	1,172	2,191	(73)	(318)
– Equity	(1,392)	559	–	–
Acquisition of a subsidiary	–	176	–	–
Currency realignment	(65)	25	–	–
Balance at 31 December	16,276	16,561	514	587

Deferred income tax assets are recognised for tax losses carry forward and unutilised capital allowances to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2008, the Group has estimated tax losses and capital allowances of S$22,942,000 (2007: S$21,978,000) and S$9,342,000 (2007: S$7,766,000) 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 tax losses and unutilised capital allowances do not have expiry dates.

30. DEFERRED TAXATION (continued)

The Group's and Company's deferred tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On 22 January 2009, the Singapore Minister of Finance announced a reduction in corporate tax rate from 18% to 17% with effect from the year of assessment 2010. The Group and Company's deferred tax expense for the current financial year have not taken into consideration the effect of the reduction in the corporate tax rate, which will be accounted for in the Group's and Company's deferred tax expense in the year ending 31 December 2009. The Group's and Company's deferred tax liabilities as at 31 December 2008 will be reduced by approximately S$108,000 and S$29,000 respectively when the new corporate tax rate of 17% is applied.

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	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Balance at 1 January	5,703	6,352	826	1,185	13,492	9,099	20,021	16,636
(Credited) / charged to:								
– income statement	(243)	(620)	(52)	(397)	891	3,695	596	2,678
– equity	–	–	17	(138)	(1,409)	697	(1,392)	559
Acquisition of a subsidiary	–	–	–	176	–	–	–	176
Currency realignment	(145)	(29)	(31)	–	1	1	(175)	(28)
Balance at 31 December	5,315	5,703	760	826	12,975	13,492	19,050	20,021

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Balance at 1 January	(1,310)	(1,262)	(1,428)	(889)	(722)	(875)	(3,460)	(3,026)
Charged / (credited) to income statement	12	(57)	499	(583)	65	153	576	(487)
Currency realignment	3	9	106	44	1	–	110	53
Balance at 31 December	(1,295)	(1,310)	(823)	(1,428)	(656)	(722)	(2,774)	(3,460)

30. DEFERRED TAXATION (continued)

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

The Company – Deferred Tax Liabilities

	Accelerated tax depreciation		Unremitted income		Total	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Balance at 1 January	–	70	1,004	1,103	1,004	1,173
Credited to income statement	–	(70)	(170)	(99)	(170)	(169)
Balance at 31 December	–	–	834	1,004	834	1,004

The Company – Deferred Tax Assets

	Provisions		Total	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Balance at 1 January	(417)	(268)	(417)	(268)
Charged / (credited) to income statement	97	(149)	97	(149)
Balance at 31 December	(320)	(417)	(320)	(417)

31. LONG TERM BANK LOANS

	The Group	
	2008 S$'000	2007 S$'000
Bank loans		
– Secured	11,153	12,110
– Unsecured	14,320	7,620
	25,473	19,730
Less: Amounts due within 12 months (Note 26)	(4,882)	(4,369)
Amounts due after 12 months	20,591	15,361

The Group's long term secured bank loans are secured by fixed and floating charge over the property, plant and equipment of certain subsidiaries (Note 20), and comprise:

i) Loan of S$640,000 (EUR315,000) [2007: S$1,113,000 (EUR525,000)] repayable in half yearly instalments up to June 2010. Interest is charged at rates ranging from 4.8% to 7.1% (2007: 5.8% to 6.5%) per annum.

ii) Loan of S$840,000 (EUR413,000) [2007: 1,226,000 (EUR578,000)] repayable in quarterly instalments up to June 2011. Interest is charged at rates ranging from 3.4% to 6.3% (2007: 4.9% to 5.7%) per annum.

31. LONG TERM BANK LOANS (continued)

iii) Loan of S$932,000 (RM2,251,000) [2007: S$1,581,000 (RM3,627,000)] repayable in monthly instalments up to August 2010. Interest is charged at 5.9% (2007: 5.9%) per annum.

iv) Loan of S$1,257,000 (RM3,037,000) [2007: S$1,710,000 (RM3,922,000)] repayable in monthly instalments up to December 2011. Interest is charged at rates ranging from 7.3% to 7.5% (2007: 7.5%) per annum.

v) Loan of S$713,000 (RM1,722,000) [2007: S$1,410,000 (RM3,234,000)] repayable in monthly instalments up to February 2010. Interest is charged at 5.8% (2007: 5.8%) per annum.

vi) Loan of S$812,000 (2007: S$1,013,000) repayable in monthly instalments up to December 2011. Interest is charged at rates ranging from 5.6% to 5.9% (2007: 5.2% to 6.3%) per annum.

vii) Loan of S$2,679,000 (HKD14,401,000) [2007: S$2,976,000 (HKD16,000,000)] repayable in monthly instalments up to December 2017. Interest is charged at rates ranging from 2.5% to 3.3% (2007: 4%) per annum.

viii) Loan of S$3,280,000 (RM7,922,000) (2007: S$Nil) repayable in quarterly instalments up to August 2018. Interest is charged at rates ranging from 4.8% to 5% (2007: Nil%) per annum.

The Group's unsecured long term bank loans comprise:

i) Loan of S$1,599,000 (2007: S$1,999,000) repayable in quarterly instalments up to December 2012. Interest is charged at rates ranging from 2.8% to 4.2% (2007: 4.1% to 5.2%) per annum.

ii) Loan of S$4,721,000 (2007: S$5,621,000) repayable in quarterly instalments up to November 2012. Interest is charged at rates ranging from 2.7% to 4.1% (2007: 4.2% to 5.3%) per annum.

iii) Loan of S$8,000,000 (2007: S$Nil) repayable in quarterly instalments up to September 2014. Interest is charged at 2% (2007: Nil%) per annum.

The weighted average effective interest rate of the long term bank loans at the balance sheet date is 3.2% (2007: 5%) per annum.

The fair values of non-current borrowings of the Group are S$20,353,000 (2007: S$14,360,000). The fair values are determined from the discounted cash flows analysis, using a discount rates ranging from 2% to 7.3% (2007: 4% to 7.5%) based upon the borrowing rate which the Directors expect would be available to the Group at the balance sheet date.

32. 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	
	2008 S$'000	2007 S$'000
Balance at 1 January	4,895	6,538
Additions	115	–
Amortisation during the year (Note 5)	(343)	(341)
Amount recognised in income statement	(868)	(1,302)
Balance at 31 December	3,799	4,895
Current portion	341	1,209
Non current portion	3,458	3,686
	3,799	4,895

33. OTHER NON CURRENT LIABILITIES

	The Group	
	2008 S$'000	2007 S$'000
Loans from minority shareholders (unsecured)	420	394
Hire purchase instalments due after 12 months (Note 27)	281	266
	701	660

Loans from minority shareholders bear interest rate of 6.0% (2007: 6.0%) per annum and the loans are not expected to be repaid within the next 12 months after the balance sheet date.

The carrying amounts of other non current liabilities approximate their fair values.

34. 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:

(a) Sales and purchases of goods and services

	The Group	
	2008 S$'000	2007 S$'000
Sales to associated companies	7,483	2,617

Sales to associated companies were carried out on commercial terms and conditions and at market prices.

34. RELATED PARTY TRANSACTIONS (continued)

(b) Key management's remuneration

Key management's remuneration is as follows:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Salary and other short-term employee benefits	5,081	5,933
Employer's contribution to defined contribution plans, including Central Provident Fund	214	130
	5,295	6,063

Including in above are Directors' fees and Directors' remuneration of S$514,000 (2007: S$514,000) and S$740,000 (2007: S$666,000) respectively payable / paid to the Directors of the Company.

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

35. FINANCIAL INFORMATION BY SEGMENTS

Primary reportable segments – by business

The Group operates mainly in the manufacturing of and trading in building products, lime, industrial chemicals, property and resort development, and investment holding. These activities are grouped under the four divisions of Chemicals, Construction Products, Engineering and Others (comprising Properties and Investments).

Inter-segment transactions are determined on an arm's length basis. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables, and exclude deferred tax assets, bank balances and other investments. Segment liabilities comprise operating liabilities and exclude items such as deferred tax liabilities and bank borrowings.

Secondary reportable segments – by geography

The Group operates in 3 principal geographical areas namely Singapore, Asian Countries (excluding Singapore) and Other Countries. Asian Countries (excluding Singapore) comprise People's Republic of China, Thailand, Hong Kong, Malaysia and Indonesia. Other countries include United Kingdom and Finland.

Sales by geographical segment are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

35. FINANCIAL INFORMATION BY SEGMENTS (continued)

(A) BY BUSINESS SEGMENTS

	Chemicals		Construction Products		Engineering		Others		Total for Continuing Operations		Discontinued Operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
REVENUE												
External sales	91,543	70,101	179,753	200,169	70,887	61,740	15,651	13,560	357,834	345,570	–	6,472
Inter-segment sales	832	404	157	458	83	287	15	13	1,087	1,162	–	–
Total revenue	92,375	70,505	179,910	200,627	70,970	62,027	15,666	13,573	358,921	346,732	–	6,472
Elimination									(1,087)	(1,162)	–	–
									357,834	345,570	–	6,472
RESULTS												
Segment operating results	766	2,016	12,698	16,698	4,383	5,314	390	1,572	18,237	25,600	–	(844)
Unallocated corporate expenses									(1,018)	(6,697)	–	–
Profit / (loss) before investment and interest income and finance costs									17,219	18,903	–	(844)
Investment and interest income									6,848	4,657	–	78
Finance costs									(1,816)	(3,371)	–	–
Share of results of associated companies	52,967	34,135	1,837	(416)	–	–	(1,794)	(2,317)	53,010	31,402	–	–
Exceptional items	(1,075)	733	5,003	5,227	(355)	425	944	48,966	4,517	55,351	–	10,717
Profit before taxation									79,778	106,942	–	9,951
Income tax charge									(4,393)	(6,470)	–	(218)
Profit after taxation									75,385	100,472	–	9,733
OTHER INFORMATION												
Capital expenditure (property, plant and equipment)	10,624	13,037	8,958	4,043	2,139	5,306	1,127	154	22,848	22,540	–	–
Depreciation	(5,092)	(4,992)	(7,295)	(7,912)	(940)	(776)	(1,484)	(1,491)	(14,811)	(15,171)	–	–
Amortisation of deferred income / (intangible assets)	–	–	(131)	(143)	(463)	(359)	343	341	(251)	(161)	–	–
(Impairment charge) / reversal of impairment charge of property, plant and equipment	(2,358)	(3,938)	–	652	–	–	(2,190)	–	(4,548)	(3,286)	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2008

35. FINANCIAL INFORMATION BY SEGMENTS (continued)

(A) BY BUSINESS SEGMENTS (continued)

	Chemicals		Construction Products		Engineering		Others		Total Consolidated	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
Segment assets	83,599	82,899	145,436	123,438	57,974	41,052	42,732	45,039	329,741	292,428
Investment in associated companies	136,049	136,983	4,654	2,793	1	1	4,149	8,075	144,853	147,852
Unallocated assets									231,583	267,628
Total assets									706,177	707,908
Segment liabilities	(16,274)	(15,316)	(42,536)	(30,944)	(24,037)	(21,225)	(15,702)	(12,553)	(98,549)	(80,038)
Unallocated liabilities									(94,129)	(93,833)
Total liabilities									(192,678)	(173,871)
Net assets									513,499	534,037

(B) BY GEOGRAPHICAL SEGMENTS

	Singapore		Asian countries (excluding Singapore)		Other countries		Total	
	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000	2008 S$'000	2007 S$'000
REVENUE								
Continuing operations	200,688	177,528	101,647	81,940	55,499	86,102	357,834	345,570
Discontinued operations	–	–	–	6,472	–	–	–	6,472
	200,688	177,528	101,647	88,412	55,499	86,102	357,834	352,042
Segment assets	168,603	143,350	124,607	97,941	36,531	51,137	329,741	292,428
Investment in associated companies	–	–	144,853	147,852	–	–	144,853	147,852
Unallocated assets							231,583	267,628
Total assets							706,177	707,908
CAPITAL EXPENDITURE								
– Property, plant and equipment	10,995	11,729	11,271	10,496	582	315	22,848	22,540

36. CAPITAL COMMITMENTS

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	S$'000	S$'000	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	2,327	8,564	–	188
Commitments in respect of equity participation in available-for-sale financial assets and an associated company	8,750	8,854	441	442
	11,077	17,418	441	630

37. OPERATING LEASE COMMITMENTS

37a Where a group company is a lessee

The Group and Company leases 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 lease expenditure charged to income statement during the financial year is disclosed in Note 5.

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	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Payable:				
Within 1 year	3,292	2,396	1,197	329
Within 2 to 5 years	9,834	7,598	2,147	31
After 5 years	14,245	15,263	–	–
	27,371	25,257	3,344	360

37. OPERATING LEASE COMMITMENTS (continued)

37b Where a group company 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	
	2008	**2007**
	S$'000	**S$'000**
Receivable:		
Within 1 year	1,096	1,061
Within 2 to 5 years	988	1,376
	2,084	2,437

38. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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.

Risk management is carried out by a central treasury department in accordance with established policies and guidelines.

38a Market risk

(i) Currency risk

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

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. Where appropriate, this exposure is managed through borrowings denominated in the relevant foreign currencies.

38. FINANCIAL RISK MANAGEMENT (continued)

38a Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EURO S$'000	THB S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2008								
Cash and bank balances	146,859	4,102	1,313	7,817	9,005	–	2,356	171,452
Receivables	58,261	9,165	2,143	20,384	6,770	–	4,884	101,607
Available-for-sale financial assets	–	4,047	15,408	635	–	11,471	–	31,561
Long term receivables	37	–	–	1,041	–	–	5,551	6,629
Amount due to bankers	(13,014)	(289)	(5,064)	(7,177)	(762)	–	(298)	(26,604)
Trade and other payables	(46,301)	(5,592)	(13,762)	(22,995)	(7,239)	–	(2,660)	(98,549)
Long term loans	(13,318)	–	–	(4,173)	(718)	–	(2,382)	(20,591)
Other non current liabilities	(254)	–	(420)	–	–	–	(27)	(701)
Net financial assets / (liabilities)	132,270	11,433	(382)	(4,468)	7,056	11,471	7,424	164,804
Less: net financial (assets) / liabilities denominated in the respective entities functional currencies	(132,185)	(615)	8,464	8,145	(3,781)	–	(656)	
Add: firm commitments and highly probable forecast transactions in foreign currencies	–	20,873	–	3,131	933	–	–	
Less: currency forwards	–	(24,630)	–	(5,115)	(1,755)	–	–	
Currency exposure	85	7,061	8,082	1,693	2,453	11,471	6,768	

38. FINANCIAL RISK MANAGEMENT (continued)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EURO S$'000	THB S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2007								
Cash and bank balances	180,534	6,376	1,393	5,209	3,907	–	1,415	198,834
Receivables	40,743	12,219	2,137	16,393	11,843	–	4,279	87,614
Available-for-sale financial assets	–	6,487	13,953	1,385	–	12,670	–	34,495
Long term receivables	139	1,139	114	1,134	–	–	5,576	8,102
Amount due to bankers	(13,199)	(290)	(4,059)	(6,531)	(922)	–	(298)	(25,299)
Trade and other payables	(42,271)	(2,583)	(7,876)	(11,038)	(12,981)	–	(3,289)	(80,038)
Long term loans	(7,129)	–	–	(3,056)	(2,497)	–	(2,679)	(15,361)
Other non current liabilities	(239)	–	(394)	–	–	–	(27)	(660)
Net financial assets / (liabilities)	158,578	23,348	5,268	3,496	(650)	12,670	4,977	207,687
Less: net financial (assets) / liabilities denominated in the respective entities functional currencies	(158,552)	(681)	4,959	(836)	4,078	–	675	
Add: firm commitments and highly probable forecast transactions in foreign currencies	–	15,267	–	–	–	–	–	
Less: currency forwards	–	(17,203)	–	–	–	–	–	
Currency exposure	26	20,731	10,227	2,660	3,428	12,670	5,652	

The Group does not have significant currency exposure arising from its inter-company balances, except for a net SGD payable by certain subsidiaries with functional currency in GBP and RMB, amounting to S$4,126,000 (2007: S$6,828,000) and S$5,910,000 (2007: S$230,000).

38. FINANCIAL RISK MANAGEMENT (continued)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EURO S$'000	THB S$'000	Others S$'000	Total S$'000
The Company								
At 31 December 2008								
Cash and bank balances	88,802	69	–	–	11	–	–	88,882
Receivables	74,211	–	–	–	–	–	–	74,211
Available-for-sale financial assets	–	3,343	–	–	–	11,471	–	14,814
Long term receivables	93,440	–	–	–	–	–	–	93,440
Trade and other payables	(17,770)	(253)	(2)	(1)	–	–	(22)	(18,048)
Net financial assets / (liabilities)	238,683	3,159	(2)	(1)	11	11,471	(22)	253,299
Less: net financial assets denominated in the Company's functional currency	(238,683)	–	–	–	–	–	–	
Currency exposure	–	3,159	(2)	(1)	11	11,471	(22)	
At 31 December 2007								
Cash and bank balances	49,816	39	–	–	11	–	–	49,866
Receivables	16,358	10,311	–	1,951	–	–	–	28,620
Available-for-sale financial assets	–	5,604	–	–	–	12,670	–	18,274
Long term receivables	155,316	1,139	114	–	–	–	–	156,569
Trade and other payables	(16,739)	(254)	–	(1)	–	–	(24)	(17,018)
Net financial assets / (liabilities)	204,751	16,839	114	1,950	11	12,670	(24)	236,311
Less: net financial assets denominated in the Company's functional currency	(204,751)	–	–	–	–	–	–	
Currency exposure	–	16,839	114	1,950	11	12,670	(24)	

38. FINANCIAL RISK MANAGEMENT (continued)

38a Market risk (continued)

(i) Currency risk (continued)

The Group has no other significant currency exposure, except to USD, RMB and THB. Currency exposure to RMB and THB mainly arose from its available-for-sale financial assets. Management does not expect any significant financial impact arising from fluctuation in these currencies against SGD. If the USD change against the SGD by 5% (2007: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset / liability position will be as follows:

	2008		2007	
	Increase / (decrease)			
	Profit after tax S$'000	Equity S$'000	Profit after tax S$'000	Equity S$'000
The Group				
USD against SGD				
– strengthen	11	202	343	324
– weakened	(11)	(202)	(343)	(324)
The Company				
USD against SGD				
– strengthen	(9)	167	562	280
– weakened	9	(167)	(562)	(280)

(ii) Price risk

The Group does not have significant exposure to equity price risk.

(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 increase / decrease by 0.5% (2007: 0.5%) with all other variables being held constant, the profit after tax will be higher / lower by S$510,000 (2007: S$585,000).

38. FINANCIAL RISK MANAGEMENT (continued)

38b Credit risk

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

The maximum exposure to credit risk for each class of financial assets is the carrying amount of the class of financial assets presented on the balance sheet, except for banker guarantees and letters of credit obtained for certain trade receivables:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Trade receivables	4,079	3,744

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

The credit risk of trade receivables by type of customers is as follows:

	The Group	
	2008	**2007**
	S$'000	**S$'000**
Associated companies	722	1,454
Non-related parties:		
Government-link companies and Statutory Boards	854	1,025
Multinational companies	28,087	15,033
Other companies	58,808	51,688
Sole proprietors and individuals	1,733	1,275
	90,204	70,475

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

38. FINANCIAL RISK MANAGEMENT (continued)

38b Credit risk (continued)

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

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

	The Group	
	2008	2007
	S$'000	S$'000
Past due up to 3 months	12,254	14,151
Past due 3 to 6 months	4,479	3,170
Past due over 6 months	3,727	2,964
	20,460	20,285

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group	
	2008	2007
	S$'000	S$'000
Gross amount	9,082	8,801
Less: allowance for impairment	(8,989)	(8,768)
	93	33
Allowance for impairment		
Beginning of financial year	8,768	13,829
Allowance made	1,513	544
Allowance written back	(406)	(533)
Amount written off against allowance	(681)	(4,055)
Disposal of subsidiaries	–	(954)
Currency translation differences	(205)	(63)
End of financial year	8,989	8,768

38. FINANCIAL RISK MANAGEMENT (continued)

38c Liquidity risk

The analysis of maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows is as follows:

	Less than 1 year S$'000	Between 1 to 2 years S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
The Group				
At 31 December 2008				
Trade and other payables	96,222	–	–	–
Gross-settled currency forwards				
– receipts	(31,500)	–	–	–
– payments	32,035	–	–	–
Amount due to bankers	27,435	–	–	–
Long term loans	–	4,737	8,091	9,574
Other non current liabilities	48	235	175	654
At 31 December 2007				
Trade and other payables	77,519	–	–	–
Gross-settled currency forwards				
– receipts	(17,203)	–	–	–
– payments	17,200	–	–	–
Amount due to bankers	26,564	–	–	–
Long term loans	–	5,452	9,833	1,637
Other non current liabilities	42	163	238	637
The Company				
At 31 December 2008				
Trade and other payables	18,048	–	–	–
At 31 December 2007				
Trade and other payables	17,018	–	–	–

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.

38d Capital risk

The Group's objective 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 "Shareholders' equity" as presented on the balance sheets. The Group and the Company monitor capital based on gross debt (Notes 26, 27 and 31) and net debt/cash position which is defined as gross debt less cash (Note 19).

38. FINANCIAL RISK MANAGEMENT (continued)

38d Capital risk (continued)

As part of the monitoring process of the Group's borrowings, management performs specific review of the need of individual entity 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 2007 and 2008.

39. ENTRANCE FEES

Unpaid gross entrance fees not due to the Group for club memberships issued amounted to S$1,964,000 at 31 December 2008 (2007: S$2,211,000). This has not been recognised as revenue in accordance with the accounting policy as set out in Note 2B(2).

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 1(R) Presentation of Financial Statements

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity;
- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements' primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS (continued)

(b) FRS 108 Operating Segment

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be similar to business segments currently disclosed.

(c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowings costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date of 1 January 2009. The Group expects no significant financial impact arising from the application of this revised FRS.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of NSL Ltd on 6 March 2009.

42. SIGNIFICANT COMPANIES IN THE GROUP

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

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group 2008 %	2007 %	Principal activities
Significant Subsidiaries **Held by the Company** **Unquoted**				
Eastern Industries Private Limited [1]	Singapore	100.0	100.0	Investment holding
NSL Chemicals Ltd [1]	Singapore	100.0	100.0	Manufacturing and sale of lime and refractory products
NSL Engineering Pte Ltd [1]	Singapore	100.0	100.0	Spreader crane design and manufacturing
NSL Properties Pte Ltd [1]	Singapore	100.0	100.0	Investment holding
NSL Resorts International Pte Ltd [1]	Singapore	100.0	100.0	Investment holding
Significant Subsidiaries **Held by Subsidiaries** **Unquoted**				
ChangShu NSL Calcific Products Co., Ltd [2]	People's Republic of China	60.0	60.0	Manufacturing and sale of calcific products
ChangShu RAM Engineering Co., Ltd [2]	People's Republic of China	100.0	100.0	Manufacturing of container handling spreader
Eastech Steel Mill Services (M) Sdn Bhd [2]	Malaysia	100.0	100.0	Manufacturing and sale of monolithic refractories and trading of its related products
Eastern Pretech Pte Ltd [1]	Singapore	100.0	100.0	Manufacturing and trading in building materials
Eastern Pretech (HK) Ltd [4]	Hong Kong	80.0	80.0	Manufacturing and sale of plastering materials
Eastern Pretech (Malaysia) Sdn Bhd [2]	Malaysia	100.0	100.0	Manufacturing and trading in building materials

Note: Refer to page 101 for legends

42. SIGNIFICANT COMPANIES IN THE GROUP (continued)

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group 2008 %	2007 %	Principal activities
Significant Subsidiaries				
Held by Subsidiaries (continued)				
Unquoted (continued)				
Hup Eng Tat Enterprises Pte Ltd (1)	Singapore	87.7	50.0	Trading in oil and petroleum products, collection, treatment, recycling, disposal of chemicals and oil waste, ship builders and repairers, oil tank cleaning and maintenance of ship equipment and premises
NSL Chemicals (M) Sdn Bhd (2)	Malaysia	80.0	80.0	Manufacturing and trading in lime products
NSL Chemicals (Thailand) Pte Ltd (1)	Singapore	100.0	100.0	Investment holding
NSL Engineering (UK) Limited (2)	United Kingdom	100.0	100.0	Designing, engineering and manufacturing of container handling spreader
NSL OilChem Services Pte Ltd (1)	Singapore	87.7	100.0	Disposal and treatment of oily sludge and slops
Parmarine Ltd (2)	Finland	100.0	100.0	Manufacturing and trading in building components
Raffles Marina Holdings Ltd (1)	Singapore	50.1	50.1	Investment holding
Raffles Marina Ltd (1)	Singapore	50.1	50.1	Owning and managing Raffles Marina Club
Significant Associated Companies				
Held By Subsidiaries				
Unquoted				
Bangkok Synthetics Company Limited (3)	Thailand	22.8	22.8	Manufacturing and trading in mixed C4 products and synthetic rubber
Dubai Precast LLC(5)	United Arab Emirates	45.0	45.0	Manufacturing and trading in building materials

Legends
(1) Audited by PricewaterhouseCoopers LLP, Singapore
(2) Audited by other overseas PricewaterhouseCoopers firms
(3) Audited by KPMG
(4) Audited by Ernst & Young
(5) Audited by Horwath Mak

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Analysis of Shareholdings

As at 6 March 2009

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

ANALYSIS OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	322	5.43	92,004	0.02
1,000 to 10,000	4,727	79.71	17,913,966	4.80
10,001 to 1,000,000	872	14.71	32,560,625	8.72
1,000,001 AND ABOVE	9	0.15	322,991,642	86.46
TOTAL	5,930	100	373,558,237	100

ANALYSIS OF SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,547	93.53	369,878,551	99.01
MALAYSIA	305	5.14	2,052,585	0.55
OTHERS	79	1.33	1,627,101	0.44
TOTAL	5,931	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	SELAT PTE LIMITED	7,517,812	2.01
3	DBS NOMINEES PTE. LTD.	3,244,250	0.87
4	UNITED OVERSEAS BANK NOMINEES PTE. LTD.	2,533,594	0.68
5	CITIBANK NOMINEES SINGAPORE PTE. LTD.	1,850,833	0.50
6	OCBC NOMINEES SINGAPORE PTE. LTD.	1,255,700	0.34
7	JUNO INDRIADI MUALIM	1,060,000	0.28
8	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
9	POH KAM HIYONG	1,020,000	0.27
10	ONG SWEE HEOH	903,750	0.24
11	CHONG POH SIEW OR CHONG TENG AH	700,000	0.19
12	RAFFLES NOMINEES PTE. LTD.	535,252	0.14
13	DBSN SERVICES PTE. LTD.	533,500	0.14
14	HSBC (SINGAPORE) NOMINEES PTE. LTD.	501,527	0.13
15	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
16	TAY HWA LANG	430,000	0.12
17	TAN I TONG	399,624	0.11
18	SINGAPORE NOMINEES PTE. LTD.	383,000	0.10
19	HONG LEONG FINANCE NOMINEES PTE. LTD.	374,000	0.10
20	EWA BAH @ NG CHAI BOO	364,000	0.10
	TOTAL	328,556,295	87.95

As at 6 March 2009

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 49th Annual General Meeting of NSL LTD. (the "**Company**") will be held at Function Rooms 1,2 and 3, Raffles Marina, 10 Tuas West Drive Singapore 638404 on 22 April 2009 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1 To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2 To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association:

(i) Mr John Koh Tiong Lu **(Resolution 2)**

(ii) Dr Tan Tat Wai **(Resolution 3)**

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

Dr Tan Tat Wai, will, upon re-election as Director of the Company, remain as 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.

3 To approve the payment of Directors' fees of S$514,000.00 for the financial year ended 31 December 2008 (2007: S$514,000.00). **(Resolution 4)**

4 To declare a final dividend of S$0.10 per ordinary share (exempt-one tier) and a special dividend of S$0.10 per ordinary share (exempt-one tier) for the financial year ended 31 December 2008. **(Resolution 5)**

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

6 To transact any other ordinary business which may be properly be transacted at an Annual General Meeting. **(Resolution 7)**

SPECIAL BUSINESS

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

7 That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, 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 Singapore Exchange Securities Trading Limited) 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 Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

8 That:

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

(ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price, where:

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

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

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 9)**

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
27 March 2009

Notice of Annual General Meeting

Explanatory Notes

(i) Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments, up to the limits specified therein, until the date of the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time that this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 29,884,658 shares on 6 March 2009 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 2008 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 27 March 2009.

Notes:

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

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

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

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

NSL LTD. (formerly known as NATSTEEL Ltd)
(Incorporated in the Republic of Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT

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

I/We ______________________________ (Name)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Function Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive Singapore 638404 on 22 April 2009 at 2.00 p.m. and at any adjournment thereof.

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

No	Resolutions relating to :	For	Against
	Ordinary Business		
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2008		
2	Re-election of Mr John Koh Tiong Lu as a Director		
3	Re-election of Dr Tan Tat Wai as a Director		
4	Approval of Directors' fees amounting to S$514,000.00		
5	Approval of Final Dividend of S$0.10 per ordinary share (exempt-one tier) and Special Dividend of S$0.10 per ordinary share (exempt-one tier) for the financial year ended 31 December 2008		
6	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors and authorisation for Directors to fix their remuneration		
7	Any other ordinary business		
	Special Business		
8	To approve the Share Issue Mandate		
9	To approve the renewal of the Share Purchase Mandate		

Dated this ____________ day of ______________________ 2009.

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of NSL LTD. (the "**Company**") entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company. If any other proxy is to be appointed, please strike out "Chairman of the Meeting" and insert the name(s) and particulars of the proxy or proxies to be appointed in the box provided.

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

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

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

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

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

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

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

NSL LTD

(formerly known as NATSTEEL LTD)

77 Robinson Road, #27-00 Robinson 77, Singapore 068896
Tel: 6536 1000 Fax: 6536 1008
[CO. REG. NO: 196100107C]

www.nsl.com.sg