NSL LTD ANNUAL REPORT 2009

CONTENTS

CORPORATE PROFILE

Chemicals

Engineering

Construction Products

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.

CORPORATE INFORMATION

Financial Calendar

Announcement of Quarterly Results 2009

1st Quarter - 13 May 2009
2nd Quarter - 12 August 2009
3rd Quarter - 11 November 2009

Financial Year-end

31 December 2009

Announcement of Unaudited Results 2009

23 February 2010

2010 Annual General Meeting

21 April 2010

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)

Banks

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

GROUP FINANCIAL HIGHLIGHTS

	2005	2006	2007	2008	2009
For the Year (S$'000)					
Turnover from continuing operations	303,614	319,786	345,570	357,834	352,424
Profit before taxation from continuing operations	102,592	137,264	106,942	79,778	72,972
Total group profit attributable to shareholders	69,934	132,134	109,379	76,745	66,136
At Year-end (S$'000)					
Shareholders' funds	424,892	451,323	520,021	500,315	495,283
Total assets	722,445	688,407	689,534	688,487	642,495
Per Share					
Basic earnings per share (cents)	18.7	35.3	29.3	20.5	17.7
Dividends (exempt - one tier, cents per share)					
▪ interim & final	-	10	10	20	10
▪ special	167	29	-	10	-
Others					
No. of employees	4,366	2,685	2,026	2,230	2,113

Dear Shareholders

Performance

Amidst the challenging global and domestic environment in 2009, the Group reported a turnover of $352.4m and profit before tax of $57.9m.

Compared to 2008, Group turnover decreased 2% and Group profit before tax declined 23%. The slight decrease in Group turnover was mainly due to lower turnover from its Chemicals and Engineering Divisions. This was however partially offset by higher turnover from the Construction Products Division.

The decline in Group profit before tax from $75.3m to $57.9m was largely attributable to the lower profit contribution from its petrochemical associate in Thailand, Bangkok Synthetics Co., Ltd ("BST"). Excluding BST, the profit before tax increased 63% year-on-year on the back of improved operating performance across all its three core business divisions. The improved performance is the result of its focus on cost management and strengthening competitiveness last year.

After taking into account the exceptional items and income tax expenses, profit attributable to shareholders dipped 14% from $76.7m in 2008 to $66.1m in 2009.

2009 In Review

During the year, the Group continued to divest its non-core businesses and focused its resources on the development and expansion of its core businesses.

In July 2009, NSL Properties Pte Ltd, entered into a sale and purchase agreement with PT Ciputra Property Tbk to divest its entire stake in PT Ciputra Adigraha. In second half of 2009, the Group disposed of its investments in CapitaLand China Residential Fund Ltd. Both disposals contributed to an exceptional gain of $14.8m in 2009.

In September 2009, NSL Chemicals Ltd, a wholly-owned subsidiary of NSL Ltd, disposed of its entire stake in Guizhou Dazhong Rubber Co., Ltd for US$1.24m.

In 2009, the Construction Products Division injected an additional $26m in Dubai Precast L.L.C. ("Dubai Precast"), its 45% joint venture company in Dubai, to finance the expansion of Dubai Precast into the fast growing construction markets in Abu Dhabi.

The Engineering Division completed a new range of "Green" Yard and Quay Crane spreaders which are fully electric driven. Thermal insulating plasters which improve energy efficiency in buildings were developed by the Construction Products Division and have been certified and sold in the regional markets. Together with its environmental chemicals and services businesses in the Chemicals Division, the initiatives in developing environmentally friendly products and services further affirms the Group's commitment in conducting business in an environmentally responsible way.

Looking Ahead

While the Construction Products Division has a healthy order book, keener competition in Singapore and the region may impact its performance in 2010.

For Chemicals Division, the demand for its environmental chemicals and services is expected to remain stable in 2010. Global demand and prices of key petrochemical products, which is expected to improve in tandem with the recovery of the global economy, will determine the performance of its Thai petrochemical associate.

The performance of the Engineering Division in 2010 is expected to be adversely affected by the continuing weakness in the global container trade.

Dividend

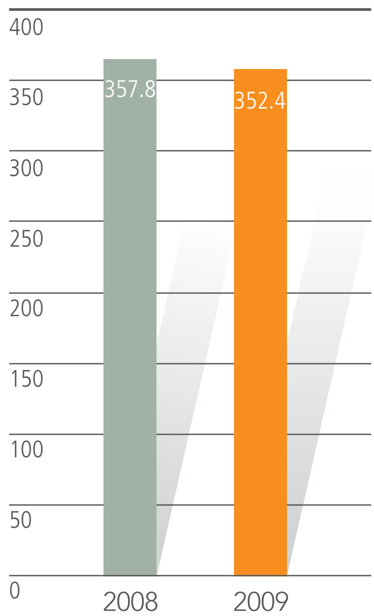
Subject to the approval of shareholders at the annual general meeting of the Company to be held on 21 April 2010, the Board is recommending a final dividend of $0.10 per share for the financial year ended 31 December 2009 to be paid on or about 25 May 2010 or such other date to be determined by the Directors.

A Note Of Thanks

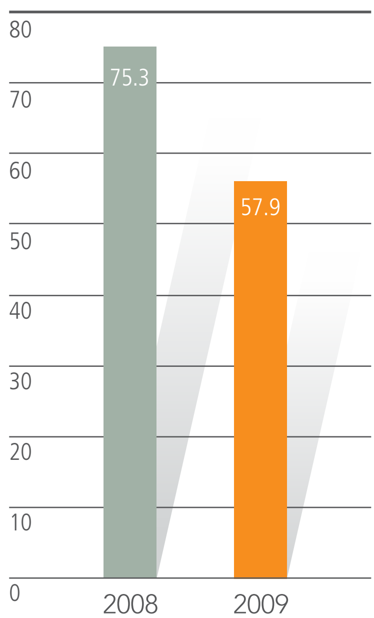
Finally, on behalf of the Board, I would like to thank our shareholders, customers, business partners and staff for their loyalty, unwavering support and contributions throughout a very difficult 2009.

Prof Cham Tao Soon
Chairman
10 March 2010

GROUP TURNOVER
(S$million)



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



BOARD OF DIRECTORS

Chairman

Prof Cham Tao Soon

Chairman
- Singapore Symphonia Co Ltd

Chancellor & Chairman
- SIM University

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

Executive Director

Ang Kong Hua
Director
- DBS Bank Limited
- Government of Singapore Investment Corporation Private Limited
- Sembcorp Industries Limited

Directors

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

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

John Koh Tiong Lu
Director
- Mapletree Industrial Fund Ltd
- Singapore Arts School Ltd

Dr Tan Tat Wai
Group Managing Director
- Southern Steel Berhad

Director
- Malayan Banking Berhad
- 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

Dr Tan Tat Wai

Prof Tay Joo Hwa

Professor
- Nanyang Technological University School of Civil and Environmental Engineering

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 the Singapore Engineers Board. 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 2009

May

Payment of final dividend of $0.10 per share and special dividend of $0.10 per share for financial year ended 31 December 2008.

June

The registered capital of Changshu RAM Engineering Co., Ltd, a wholly-owned subsidiary of NSL Engineering Pte Ltd, was increased by US$1.44m to US$6.74m.

July

NSL Properties Pte. Ltd. entered into a conditional sale and purchase agreement with PT Ciputra Property Tbk to divest its entire stake in PT Ciputra Adigraha for a total cash consideration of US$7.6m.

Eastern Pretech Pte Ltd, a wholly-owned subsidiary of NSL Ltd, subscribed for a further 36,000 shares in its joint venture company in Dubai, United Arab Emirates namely Dubai Precast L.L.C. The additional share subscription was initiated as part of the company's investment in a new precast manufacturing plant.

September

Eastern Gotech (China) Limited, a subsidiary of NSL Ltd, incorporated a wholly-owned subsidiary, Eastern Pretech (Guangzhou) Limited in Guangzhou, the People's Republic of China with a registered capital of RMB 26m. The principal activity of this subsidiary is to manufacture high value-added plasters and mortar materials.

NSL Chemicals Ltd, a wholly-owned subsidiary of NSL Ltd, disposed of its entire stake in Guizhou Dazhong Rubber Co., Ltd for US$1.24m.

December

Eastern Pretech (Malaysia) Sdn Bhd completed phase 1 of its precast manufacturing plant in Seelong, Johor and commenced production.

Construction Products

Railway Sleepers

Performance

Despite the global and domestic economic downturn in 2009, the Construction Products Division continued to perform well.

Turnover increased 8% from $179.8m in 2008 to $193.8m in 2009. This was attributable mainly to its operations in Singapore and Malaysia which delivered higher sales volume in line with government pump-priming efforts. Its operation in Finland was however affected by the weak marine and housing markets and its revenue declined 20% from 2008.

The Division's profit before tax grew 46% to $25.2m in 2009. This remarkable performance was driven largely by the improved operating margins from the higher output and deliveries in its Singapore precast & drymix operation. The precast operation in Malaysia also performed well last year and contributed to the higher profit before tax in 2009.

Highlights

In the last quarter of 2009, Eastern Pretech (Malaysia) Sdn Bhd completed construction of Phase 1 of the Precast Plant in Seelong, Johor and commenced production.

Precast Facade Wall

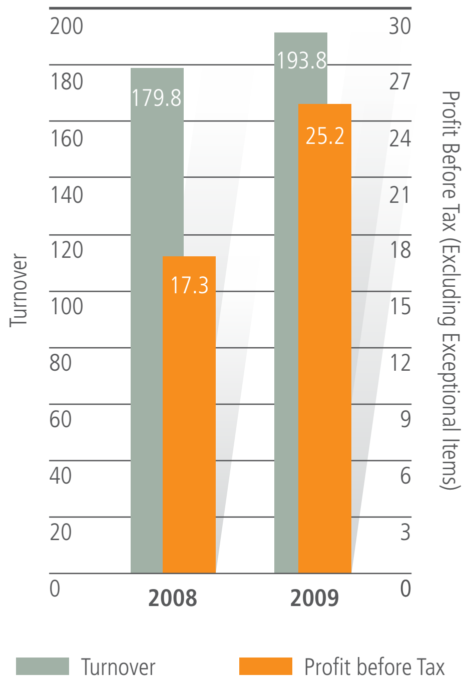
During the year, this Division contributed its proportionate share in enlarged paid-up capital of its joint venture company in Dubai, United Arab Emirates namely Dubai Precast L.L.C. The additional share subscription was initiated as part of the company's investment in a new precast manufacturing plant in Abu Dhabi which has since been completed and commissioned.

Going Forward

Last year, the Singapore operations benefited from the delivery of its products from orders secured earlier in 2008 at stronger product prices. The demand and pricing of the construction products have since weakened with the slow down of government-led projects.

Whilst the order book for 2010 remains healthy, keener competition in Singapore and the region may result in lower prices which may impact its performance going forward.

CONSTRUCTION PRODUCTS DIVISION TURNOVER & PROFIT BEFORE TAX (EXCLUDING EXCEPTIONAL ITEMS) (S$million)



Chemicals

Newly Installed Oil Storage Tankers

Performance

The Chemicals Division recorded a lower turnover and profit before tax.

Turnover declined 3% from $91.5m in 2008 to $89.1m in 2009 due mainly to lower sales recorded by its environmental chemicals business.

Profit before tax slid 43% from $54.6m in 2008 to $31m in 2009. The weaker performance was attributable to significantly lower profit contribution from Bangkok Synthetics Co., Ltd ("BST"), its petrochemical associate in Thailand.

The Division's profit before tax, excluding BST, recorded a fivefold increase to $10.3m from the previous year. The improved performance was driven by both its environmental chemicals and environmental services businesses which saw higher operating margins arising from higher product prices, lower energy costs and productivity improvements.

Highlights

In the second half of 2009, the Malaysian lime operations restarted its lime kiln to meet the increased market demand.

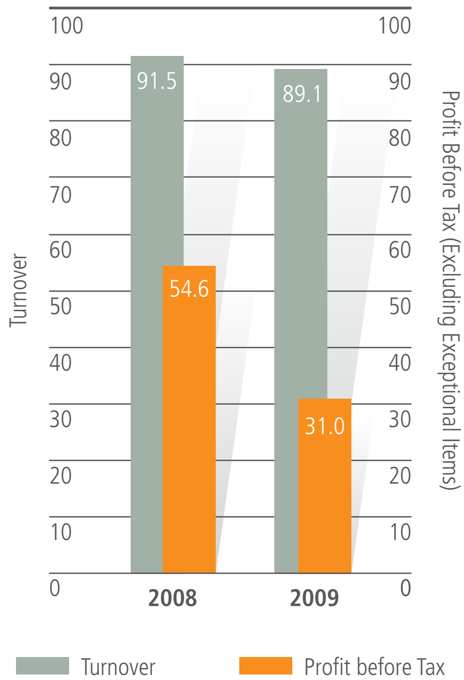
In September 2009, NSL Chemicals Ltd disposed of its entire stake in Guizhou Dazhong Rubber Co., Ltd for US$1.24m.

Going Forward

Looking forward, the demand for environmental chemicals and services is expected to remain stable in 2010. Operating performance should remain satisfactory.

For BST, the demand and prices of its key petrochemical products may improve in line with the recovering global economy.

CHEMICALS DIVISION TURNOVER & PROFIT BEFORE TAX (EXCLUDING EXCEPTIONAL ITEMS) (S$million)



Engineering

All-Electric Quay Crane Spreader

Performance

The Engineering Division closed the year with a higher profit before tax despite a lower turnover.

Turnover decreased 22% from $70.9m in 2008 to $55.2m in 2009 largely due to lower spreader deliveries. Profit before tax increased 15% from $5.5m in 2008 to $6.3m in 2009. The improved performance was largely attributable to operational streamlining and lower provision for trade receivables.

Highlights

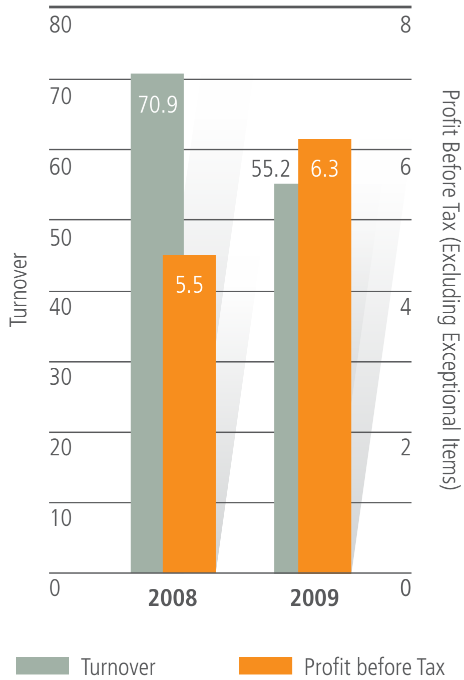
In the second half of 2009, ChangShu Ram Engineering Co., Ltd, a wholly-owned subsidiary of NSL Engineering Pte Ltd, commenced full production at its Phase 2 plant which was commissioned about a year ago.

During the year, the Division further affirmed the Group's commitment to conducting business in an environmentally friendly way by developing a range of fully electric Yard and Quay Crane spreaders. Together with its traditional hydraulic spreaders, the "Green" electric spreaders offer its customers eco-friendly choices.

Going Forward

The performance of the Engineering Division in 2010 is expected to be adversely affected by the continuing weakness in the global container trade.

ENGINEERING DIVISION TURNOVER & PROFIT BEFORE TAX (EXCLUDING EXCEPTIONAL ITEMS) (S$million)

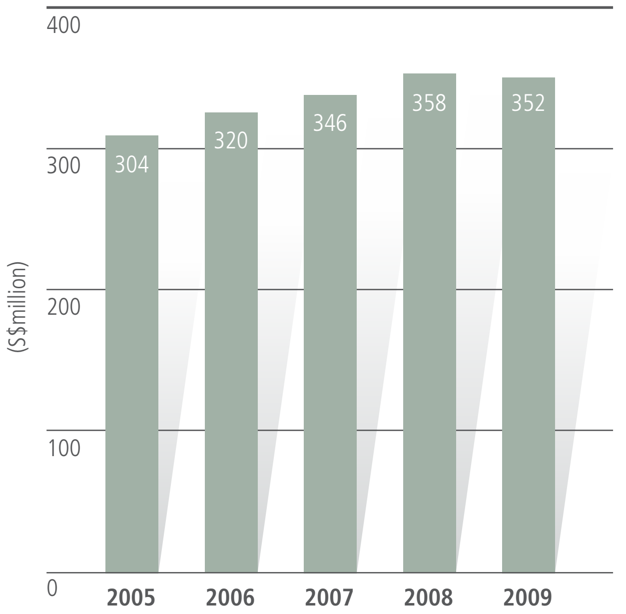


5-YEAR FINANCIAL SUMMARY

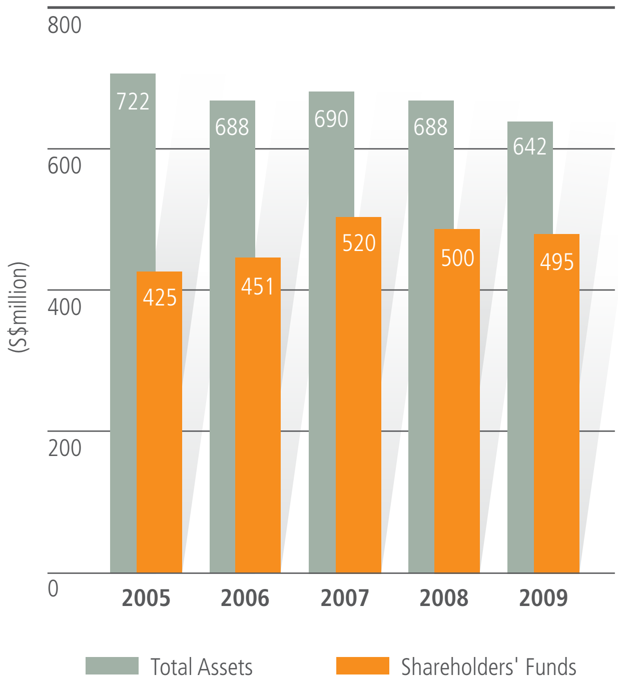
Financial Profile (S$'000)	2005	2006	2007	2008	2009
Continuing Operations					
Turnover	303,614	319,786	345,570	357,834	352,424
Profit before share of results of associated companies and joint venture	20,887	5,822	20,189	22,251	35,059
Share of results of associated companies and joint venture, net of tax	49,256	48,445	31,402	53,010	22,859
Profit before tax and exceptional items	70,143	54,267	51,591	75,261	57,918
Exceptional items	32,449	82,997	55,351	4,517	15,054
Profit before tax	102,592	137,264	106,942	79,778	72,972
Taxation	(4,657)	3,260	(6,470)	(4,393)	(6,080)
Profit after tax	97,935	140,524	100,472	75,385	66,892
EBITDA before exceptional items	78,881	70,689	65,649	90,272	74,330
Profit / (Loss) after tax from discontinued operations	(25,959)	(5,126)	9,733	-	-
Total group profit attributable to shareholders	69,934	132,134	109,379	76,745	66,136
Dividends (exempt - one tier)					
- Interim & final	-	37,356	37,356	74,712	37,356
- Special	623,842	108,332	-	37,356	-
Share capital	186,779	193,839	193,839	193,839	193,839
Share premium and reserves	238,113	257,484	326,182	306,476	301,444
Dividend cover	0.1x	0.9x	2.9x	0.7x	1.8x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	148,285	136,584	138,484	138,944	135,645
Associated companies & joint venture	115,651	109,465	147,852	144,853	171,943
Investment properties	10,264	4,483	4,296	4,109	3,920
Long-term receivables & investments	60,985	41,330	43,215	23,076	38,960
Intangible assets	9,610	9,678	9,654	9,760	9,559
Deferred tax assets	2,505	1,415	1,651	1,195	1,728
Current assets	375,145	385,452	344,382	366,550	280,740
	722,445	688,407	689,534	688,487	642,495
What we owed and Equity					
Shareholders' funds	424,892	451,323	520,021	500,315	495,283
Minority interests	26,477	29,243	14,016	13,184	13,727
Long term liabilities	93,856	53,328	38,245	42,514	41,364
Current liabilities	177,220	154,513	117,252	132,474	92,121
	722,445	688,407	689,534	688,487	642,495
Cash & Debt Position					
Group borrowings (S$'000)	112,503	82,501	41,074	47,636	32,644
Group net cash (cash less borrowings) (S$'000)	46,436	103,980	157,760	123,816	113,876
Per Share Data					
Basic earnings per share (cents)	18.7	35.3	29.3	20.5	17.7
Net tangible assets per share (S$)	1.11	1.18	1.37	1.31	1.30
Dividends					
Dividends (exempt - one tier, cents per share)					
- Interim & final	-	10	10	20	10
- Special	167	29	-	10	-

5-YEAR FINANCIAL SUMMARY

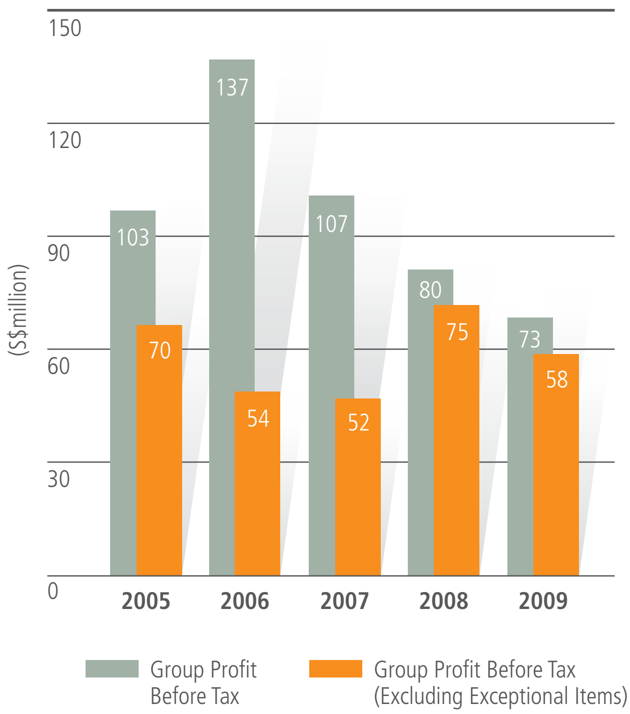
GROUP TURNOVER
(From Continuing Operations)



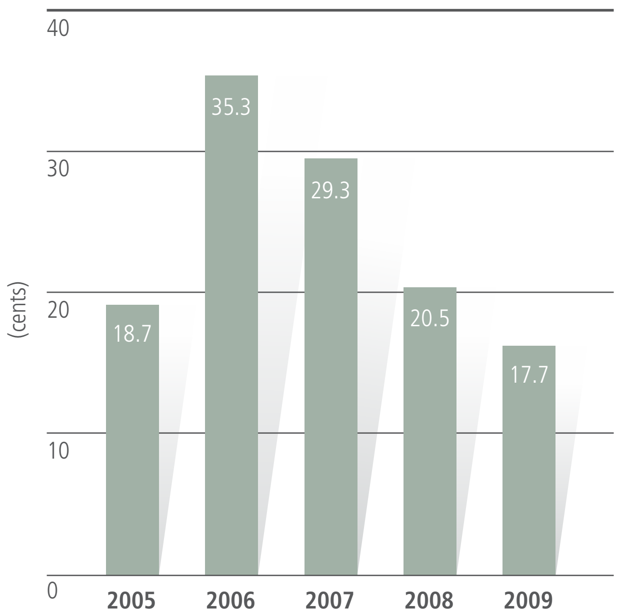
SHAREHOLDERS' FUNDS & TOTAL ASSETS



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) 6513 6900
Fax : (65) 6265 9942
www.nslchemicals.com.sg

NSL Chemicals (M) Sdn Bhd
LimeTreat (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
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Jiangsu Province,
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Tel : (86-512) 522 61885
Fax : (86-512) 526 69979

ZhenJiang ZhongDa Calcific Products Co Ltd
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China
Postal Code : 212132
Tel : (86-511) 83377 548
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Bangkok Synthetics Co Ltd
Office:
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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
5, I-7 Road, Muang District
Rayong 21150, Thailand
Tel : (038) 683 314
Fax : (038) 683 315

Eastech Steel Mill Services (M) Sdn Bhd
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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

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Malaysia
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Fax : (60-4) 380 5082

Office:
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Prai Industrial Estate
13600, Pulau Pinang,
Malaysia

Engineering

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Singapore 628051
Tel : (65) 6265 2877
Fax : (65) 6261 1300
www.ramspreaders.com

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

Eastern Pretech Pte Ltd
15 Sungei Kadut Street 2
Singapore 729234
Tel : (65) 6368 1366
Fax : (65) 6368 2256
www.easternpretech.com.sg

Eastern Pretech (Malaysia) Sdn Bhd
28 Jalan 7/108C
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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
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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
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Hong Kong
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Fax : (852) 2865 0321
www.emix.com.hk

Eastern Gotech (Guangzhou) Limited
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China
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Fax : (020) 3821 0873

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PO BOX 95
FIN - 30101 Forssa
Finland
Tel : (358) 377 77400
Fax : (358) 341 27395
www.parmarine.fi

Dubai Precast LLC
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 2009 and the balance sheet of the Company at 31 December 2009.

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

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

(a) Mr Ang Kong Hua retires and being eligible, offers himself for re-election; and

(b) Mr Ban Song Long retires and being eligible, offers himself for re-election.

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

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purpose of Section 164 of the Companies Act, none of the Directors of the Company at the beginning and at the end of the financial year and as at 21 January 2010 had any interest in the shares and debentures of the Company and its related corporations except, as follows:

Name of directors and corporations in which interest held	Deemed Interest At 21.01.2010	At 31.12.2009	At 01.01.2009
NSL Ltd			
Ordinary shares			
Prof Cham Tao Soon *	10,000	10,000	-

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

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
10 March 2010

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 33 to 104 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 2009, 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
10 March 2010

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") and the Singapore Companies Act. 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
David FU Kuo Chen	Non-Executive
John KOH Tiong Lu	Non-Executive, Independent
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 financial objectives, annual budgets, investment and divestment proposals, business strategies and monitors standards of performance of the Group.

Board members are provided with adequate and timely information prior to board meetings and on an ongoing basis; and have separate and independent access to the Company's senior management.

The Board has adopted an orientation programme for new directors.

Key information on the directors is set out on page 30.

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2009 to 31 December 2009

	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	1	1	3	3
Ang Kong Hua	4	4	n/a	n/a	n/a	n/a	n/a	n/a	1	1	3	3
Ban Song Long	4	3	4	3	n/a	n/a	n/a	n/a	1	1	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	2	2	2	2	1	1	3	3
John Koh Tiong Lu	4	4	4	4	2	2	2	2	1	1	n/a	n/a
Dr Tan Tat Wai	4	3	4	2	2	2	2	2	1	1	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.

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

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

The Audit Committee held four meetings for the financial year ended 31 December 2009.

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 internal and external 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 internal and external auditors separately in the absence of Management;

(c) Reviewed the quarterly and annual financial statements and related SGXNET announcements 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.

The Audit Committee undertakes to investigate complaints of suspected fraud, unlawful business practices and unsafe working conditions in an objective manner and the Company has put in place a whistle-blower policy and procedures which provide employees with direct access to the Audit Committee Chairman.

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	-	-	100	-	-	100
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) 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$750,000 to S$999,999					
Dr Josephine KWA Lay Keng	50.9	48.9	0.2	-	100
S$500,000 to S$749,999					
CHONG Wai Siak	78.4	19.6	2.0	-	100
S$250,000 to S$499,999					
Andy IP Kam Wa	79.3	20.7	-	-	100
Robert Arthur MILLS	46.8	53.2	-	-	100
Richard SIA Kim Siong	71.4	28.3	0.3	-	100

(1) The salary and performance bonus amounts shown are inclusive of allowances, leave pay and CPF.
(2) 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
LAM Siew Wah
LIM Swee Cheang
Dr TAN Tat Wai
Prof TAY Joo Hwa

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. CRD 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.

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

The nature and management of financial risks are discussed in Note 37 to the Financial Statements.

Review and tests of internal control procedures are carried out by the Company's internal auditors. 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. The role of the internal auditors is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls and may undertake investigations as directed by the Audit Committee.

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

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

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Internal Audit is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute standards and performance standards.

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.

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

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

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

SECURITIES TRANSACTIONS

The Company has issued a policy on dealings in the securities of the Company to its Directors, employees and directors of its subsidiaries, setting out the implications of insider trading and guidance on such dealings.

STATEMENT OF CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS AS AT 10 MARCH 2010

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 21 April 2010
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	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
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)	Retirement by Rotation (Article 86)
Ban Song Long	Associate of the Institute of Bankers, London	*Member:* Audit Committee	25 January 2003 16 April 2008	Non-Executive	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
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 22 April 2009	Non-Executive / Independent	N/A
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from University of Harvard	*Member:* Audit Committee Nominating Committee Remuneration Committee Corporate Research and Development Advisory Panel	15 February 1993 22 April 2009	Non-Executive / Independent	N/A

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 33 to 104, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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.

INDEPENDENT AUDITOR'S REPORT

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

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 2009, 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 auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 10 March 2010

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2009

	Note	The Group 2009 S$'000	The Group 2008 S$'000
Sales	4	352,424	357,834
Cost of sales		(271,244)	(292,182)
Gross profit		81,180	65,652
Other income	5	3,561	9,154
Distribution costs		(13,824)	(13,239)
Administrative expenses		(32,560)	(35,985)
Other expenses		(1,752)	(1,515)
Finance costs	6	(1,546)	(1,816)
Share of results of associated companies and joint venture, net of tax		22,859	53,010
Profit before taxation and exceptional items	7	57,918	75,261
Exceptional items	9	15,054	4,517
Profit before taxation		72,972	79,778
Taxation	10	(6,080)	(4,393)
Profit for the financial year		66,892	75,385
Profit attributable to :			
Equity holders of the Company		66,136	76,745
Minority interests		756	(1,360)
		66,892	75,385
Earnings per ordinary share attributable to the equity holders of the Company			
- Basic and fully diluted (cents)	12	17.7	20.5

The Notes on pages 40 to 104 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

	Note	The Group 2009 S$'000	The Group 2008 S$'000
Profit for the financial year		66,892	75,385
Other comprehensive income:			
Exchange differences on translating foreign operations			
- Add: gains / (losses) arising during the year		1,327	(10,255)
- Less: (gains) / losses included in profit or loss on disposal of associated / subsidiary companies		(91)	2,024
Available-for-sale financial assets			
- Add: gains / (losses) arising during the year		2,779	(2,464)
- Less: (gains) / losses included in profit or loss		(6,970)	1,595
Share of other comprehensive income of an associated company		7,219	(14,119)
Income tax relating to components of other comprehensive income	10	(757)	1,392
Other comprehensive income for the year, net of tax		3,507	(21,827)
Total comprehensive income for the year, net of tax		70,399	53,558
Total comprehensive income attributable to:			
Equity holders of the Company		69,680	55,006
Minority interests		719	(1,448)
		70,399	53,558

The Notes on pages 40 to 104 form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note	S$'000	S$'000	S$'000	S$'000
SHARE CAPITAL	13	193,839	193,839	193,839	193,839
RESERVES	14	301,444	306,476	90,287	130,826
SHAREHOLDERS' EQUITY		495,283	500,315	284,126	324,665
MINORITY INTERESTS		13,727	13,184	-	-
TOTAL EQUITY		509,010	513,499	284,126	324,665
CURRENT ASSETS					
Inventories	15	53,514	69,730	-	-
Receivables and prepayments	16	76,924	107,198	43,370	74,355
Tax recoverable		2,655	2,461	1,544	1,544
Available-for-sale financial assets	17	543	15,709	-	-
Cash and bank balances	18	146,520	171,452	52,437	88,882
Other assets		584	-	-	-
		280,740	366,550	97,351	164,781
NON-CURRENT ASSETS					
Property, plant and equipment	19	135,645	138,944	95	67
Investment properties	20	3,920	4,109	-	-
Subsidiaries	21	-	-	73,402	73,402
Associated companies and joint venture	22	171,943	144,853	-	-
Long term receivables	23	24,366	6,629	121,366	93,440
Available-for-sale financial assets	17	14,435	15,852	14,139	14,814
Intangible assets	24	9,559	9,760	-	-
Deferred tax assets	29	1,728	1,195	273	-
Other non-current assets		159	595	-	-
		361,755	321,937	209,275	181,723
TOTAL ASSETS		642,495	688,487	306,626	346,504
CURRENT LIABILITIES					
Amounts due to bankers	25	12,387	26,604	-	-
Trade and other payables	26	69,375	96,757	18,942	18,048
Provision for other liabilities and charges	27	1,950	1,792	-	-
Current income tax liabilities		8,068	6,980	3,271	2,984
Deferred income	31	341	341	-	-
		92,121	132,474	22,213	21,032
NON-CURRENT LIABILITIES					
Provision for retirement benefits	28	287	293	287	293
Deferred tax liabilities	29	17,815	17,471	-	514
Long term bank loans	30	16,958	20,591	-	-
Deferred income	31	3,326	3,458	-	-
Other non-current liabilities	32	2,978	701	-	-
		41,364	42,514	287	807
TOTAL LIABILITIES		133,485	174,988	22,500	21,839
NET ASSETS		509,010	513,499	284,126	324,665

The Notes on pages 40 to 104 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2009

	Note	Attributable to equity holders of the Company		
		Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000
Balance at 1 January 2009		193,839	301,554	(15,205)
Transfer of reserves		-	6,553	-
Dividends paid	11	-	(74,712)	-
Dividends paid to minority interest of subsidiaries		-	-	-
Total comprehensive income for the year		-	66,136	1,273
Balance as at 31 December 2009		193,839	299,531	(13,932)
Balance at 1 January 2008		193,839	299,521	(7,062)
Dividends paid	11	-	(74,712)	-
Dividends paid to minority interest of subsidiaries		-	-	-
Total comprehensive income for the year		-	76,745	(8,143)
Changes in group structure		-	-	-
Balance as at 31 December 2008		193,839	301,554	(15,205)

The Notes on pages 40 to 104 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2009

Capital Reserve S$'000	Revaluation Reserve S$'000	General Reserve S$'000	Fair Value Reserve S$'000	Total S$'000	Minority Interests S$'000	Total Equity S$'000
Attributable to equity holders of the Company						
6,853	1,946	-	11,328	500,315	13,184	513,499
(6,853)	-	300	-	-	-	-
-	-	-	-	(74,712)	-	(74,712)
-	-	-	-	-	(176)	(176)
-	-	-	2,271	69,680	719	70,399
-	1,946	300	13,599	495,283	13,727	509,010
6,853	1,946	-	24,924	520,021	14,016	534,037
-	-	-	-	(74,712)	-	(74,712)
-	-	-	-	-	(128)	(128)
-	-	-	(13,596)	55,006	(1,448)	53,558
-	-	-	-	-	744	744
6,853	1,946	-	11,328	500,315	13,184	513,499

The Notes on pages 40 to 104 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Note	2009 S$'000	2008 S$'000
Cash Flows from Operating Activities			
Profit after tax for the financial year		66,892	75,385
Adjustments for:			
Taxation		6,080	4,393
Amortisation of intangible assets		522	594
Amortisation of deferred income		(343)	(343)
Depreciation of property, plant and equipment and investment properties		15,302	14,811
Property, plant and equipment written off		146	425
Interest expense		1,546	1,816
Interest income		(615)	(1,867)
Dividend income		(1,147)	(4,981)
Gain on sale of property, plant and equipment (net)		(67)	(644)
(Write-back) / provision for retirement benefits (net)		(6)	49
Share of results of associated companies and joint venture, net of tax		(22,859)	(53,010)
Exceptional items	9	(15,054)	(4,517)
Exchange differences		(458)	(1,561)
Operating cash flows before working capital changes		49,939	30,550
Inventories		16,216	(17,705)
Receivables and prepayments		28,434	(22,524)
Intangible assets		(326)	(726)
Deferred income		211	115
Trade and other payables		(20,166)	14,518
Cash generated from operations		74,308	4,228
Income tax paid		(5,739)	(3,851)
Insurance compensation received		783	5,000
Net cash generated from operating activities		69,352	5,377

The Notes on pages 40 to 104 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Note	2009 S$'000	2008 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		243	2,027
Proceeds from sale of available-for-sale financial assets		18,685	1,066
Proceeds from disposal of an associated company		1,617	-
Cash advances received from investment		-	3,509
Purchases of property, plant and equipment, including deposit paid		(20,020)	(22,466)
Purchases of available-for-sale financial assets		-	(74)
Additional investment in an associated company		-	(2,760)
Additional investment in joint venture		(14,151)	-
Proceeds from capital reduction of an associated company		-	6,884
Interest received		595	2,115
Dividends received from associated companies		17,112	34,249
Dividends received from available-for-sale financial assets		1,147	4,981
(Increase) / decrease in long term receivables		(8,179)	8,848
Net cash (used in) / generated from investing activities		(2,951)	38,379
Cash Flows from Financing Activities			
Proceeds from borrowings		2,478	11,497
Repayment of borrowings		(20,086)	(4,211)
Finance leases and hire purchases		2,858	27
Interest paid		(1,480)	(1,940)
Dividends paid to shareholders	11	(74,712)	(74,712)
Dividends paid to minority interests		(176)	(128)
Capital contribution by minority interests in subsidiaries		-	32
Other non-current liabilities		-	14
Net cash used in financing activities		(91,118)	(69,421)
Net decrease in cash and cash equivalents		(24,717)	(25,665)
Cash and cash equivalents at beginning of the financial year		171,210	197,841
Effects of exchange rate changes on cash and cash equivalents		27	(966)
Cash and cash equivalents at end of the financial year	18	146,520	171,210

The Notes on pages 40 to 104 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2009

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 mainly manufacturing and trading of building materials, lime and refractory products, design and sale of container handling spreaders, as well as provision of environmental services and sale of related products.

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.

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

These financial statements are expressed in thousands of Singapore Dollars.

B. Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS or INT FRS that are relevant to the Group:

(1) FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the latter alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

(2) FRS 108 *Operating segments* (effective from 1 January 2009) replaces FRS 14 *Segment Reporting*, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting. The adoption of the Standard has no impact to the financial position and results of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Interpretations and amendments to published standards effective in 2009 (continued)

(3) Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosures of fair value measurements by level of a fair value measurement hierarchy (see Note 37e). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

C. Revenue recognition

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

(1) Sale of goods

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

(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 profit or loss 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 2S). Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

(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.

D. Cost of sales

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. 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 2H 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 2K 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 of minority interests, which result in gains and losses for the Group, are recorded in profit or loss. 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)

F. Group accounting (continued)

(3) Associated companies and joint ventures

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. Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies and joint ventures in the consolidated balance sheet includes goodwill identified (net of accumulated impairment loss) on acquisition. Refer to Note 2H for the Group's accounting policy on goodwill.

Investments in associated companies and joint ventures 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' and joint ventures' post-acquisition profit or losses is recognised in profit or loss 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 or a joint venture equals or exceeds its investment in the associated company or joint venture, 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 or joint venture.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associated companies or between the Group and its joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. 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 and joint ventures to ensure consistency with the accounting policies adopted by the Group.

Refer to Note 2K for the Company's accounting policy on investments in associated companies and joint ventures.

G. Property, plant and equipment

(1) Measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property, plant and equipment (continued)

(1) Measurement (continued)

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. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2I on borrowing costs).

(2) Depreciation

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

Leasehold land	-	over the remaining lease period ranging from 10 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 profit or loss 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 profit or loss when incurred.

(4) Disposal

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Intangible assets

(1) Goodwill on acquisitions

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

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

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, associated companies or joint ventures, such goodwill and negative goodwill previously adjusted against revenue reserve are not recognised in profit or loss.

Gains and losses on the disposal of the subsidiaries, associated companies and joint ventures 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 2L). The costs are amortised to profit or loss using the straight-line method over their expected useful life ranging from 3 to 5 years, which is the shorter of their estimated useful lives and period of contractual rights.

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

I. Borrowing costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investment properties

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

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

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

K. Investments in subsidiaries, associated companies and joint ventures

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

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

L. Impairment of non-financial assets

(1) Goodwill

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

An impairment loss is recognised in profit or loss when the carrying amount of 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 profit or loss and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Impairment of non-financial assets (continued)

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

Other intangible assets, property, plant and equipment, investment properties, investment in subsidiaries, associated companies and joint ventures 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 profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset (other than goodwill) is reversed 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 profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

M. 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 or 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(1) Classification (continued)

(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.

(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, receivables and prepayments and long term receivables except for non-current interest free receivables from subsidiary, associated companies and joint venture on the balance sheet which have been accounted for in accordance with note 2K.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are 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 profit or loss. Any amount in the fair value reserve relating to that asset is also taken to profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(3) Initial measurement

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

(4) Subsequent measurement

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

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 profit or loss in the period in which the changes in fair value arise.

Changes in the fair value of assets, comprising 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 profit or loss 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 profit or loss 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 2Q).

(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 profit or loss as administrative expenses. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(6) Impairment (continued)

(i) Loans and receivables (continued)

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

(ii) Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, 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 profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

N. 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 profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 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 12 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 12 months after the balance sheet date are presented as non-current borrowings in the balance sheet.

O. 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.

P. Derivative financial instruments

Forward foreign exchange contracts are classified as derivative financial instruments in the financial statement. Derivative financial instruments are initially recognised at fair value on the date the contracts are entered into and subsequently 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 profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fair value estimation of financial assets and liabilities

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

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

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.

R. Inventories

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

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

S. 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)

S. 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.

T. 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 profit or loss and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

T. 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 profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss in the financial year in which they are incurred.

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

(2) When 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 2G and 2J. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

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

U. 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.

Deferred income tax liabilities are recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Income taxes (continued)

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 profit or loss 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.

V. 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 profit or loss as interest expense.

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

W. 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Employee compensation (continued)

(2) Provision for retirement benefits

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

Retirement benefits for employees are assessed using the projected unit credit method: the cost of providing retirement benefits is charged to profit or loss so as to spread the regular cost over the service lives of employees 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.

X. 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) 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 profit or loss, 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 profit or loss 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 profit or loss, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Foreign currency translation (continued)

(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 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.

(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 profit or loss as part of the gain or loss on disposal.

Y. Segment reporting

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

Z. 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.

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 for payment.

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

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2L. 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 2009, the Group recorded goodwill arising on consolidation of S$8,876,000 (Note 24a). The key estimates used in the assessment of the carrying value of goodwill relate to the budgeted sales growth and gross margin used. If management's estimated sales growth rate relating to Construction Products were to decrease to 0.5% or if the discount rate were to increase by 10% from management's estimate, the recoverable amount of the goodwill will equal to its carrying value respectively, assuming the other variables remain unchanged.

(2) Income taxes

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

(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$4,931,000 to reduce certain property, plant and equipment to its recoverable amount of S$1,814,000 (based on value-in-use calculations). If management's estimated useful life of the property, plant and equipment were to increase / decrease by 10%, the recoverable amount would have increase / decrease by S$202,000.

(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 2M. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there have been significant changes in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

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

(4) Impairment of loans and receivables (continued)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for asset with similar risk characteristics. As at 31 December 2009, the Group recorded allowance for impairment of trade receivables and long term receivables amounting to S$7,092,000 and S$988,000 respectively. Please refer to Note 37b for further analysis of the Group's credit risk profile.

(5) Allowance for inventory write-down

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 write-down based on historical trend and estimates of expected and future product demand. As at 31 December 2009, the Group recorded allowance for inventory write-down amounting to S$1,629,000 and the charge for the financial year then ended is S$416,000.

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

The available-for-sale financial assets of the Group and the Company comprise unlisted equity securities and other investments. As at 31 December 2009, fair value of available-for-sale financial assets of the Group and the Company amounted to S$14,978,000 and S$14,139,000 respectively (Note 17). The fair value of available-for-sale financial assets that are not traded in an active market (Level 3 fair value measurement) is determined by using valuation techniques in accordance with Note 2Q. 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, other market comparables and other prevailing market conditions.

4. SALES

	The Group	
	2009	2008
	S$'000	S$'000
Sale of goods	329,169	334,858
Services rendered	19,482	19,493
Rental income	3,584	3,390
Contract revenue	189	93
	352,424	357,834

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2009	2008
	S$'000	S$'000
Gross dividends from equity shares - unquoted	1,147	4,981
Interest income		
- Fixed / call deposits	499	1,785
- Others	116	82

6. FINANCE COSTS

	The Group	
	2009	2008
	S$'000	S$'000
Interest on bank borrowings	1,364	1,423
Interest on bank overdrafts	23	65
Other interest expense	159	328
	1,546	1,816

7. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

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

	The Group	
	2009 S$'000	2008 S$'000
Other gains / (losses) - net by nature		
Amortisation of intangible assets (Note 24b)	(522)	(594)
Depreciation of property, plant and equipment (Note 19)	(15,113)	(14,624)
Depreciation of investment properties (Note 20)	(189)	(187)
Employee compensation (Note 8)	(62,559)	(64,757)
Cost of inventories as expense (included in 'Cost of sales')	(187,642)	(191,386)
Remuneration paid / payable to auditors of the Company[1]		
- for auditing the financial statements	(513)	(529)
- for other services	(198)	(251)
Remuneration paid / payable to other auditors		
- for auditing the financial statements[2]	(348)	(312)
- for other services	(4)	(39)
Rental expense - operating leases	(5,872)	(5,187)
Gain on sale of property, plant and equipment, net	67	644
Property, plant and equipment written off	(146)	(425)
Foreign exchange (loss) / gain, net	(1,123)	610
Fair value gain / (loss) on derivative financial instruments	734	(539)
Impairment of trade receivables, net	(526)	(1,107)
Write-down of inventories, net	(416)	(298)
Amortisation of deferred income (Note 31)	343	343

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$245,000 (2008: S$213,000) paid to other PricewaterhouseCoopers firms outside Singapore and S$103,000 (2008: S$99,000) paid to other firms of auditors in respect of the audit of subsidiaries.

8. EMPLOYEE COMPENSATION

	The Group	
	2009 S$'000	2008 S$'000
Wages and salaries	54,248	56,045
Employer's contribution to defined contribution plans, including Central Provident Fund	6,184	5,828
Retirement benefits (Note 28)	(6)	49
Other staff benefits	2,133	2,835
	62,559	64,757

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

9. EXCEPTIONAL ITEMS

9a Exceptional items of the Group comprise:

	The Group	
	2009	2008
	S$'000	S$'000
Gain on disposal / liquidation of		
- subsidiary company	-	395
- associated company	22	-
- available-for-sale financial assets	19,516	519
Reversal of impairment of investment in associated company	104	1,281
Reversal of impairment of loan to associated company	447	-
Insurance compensation (Note 9b)	213	2,500
Reversal of impairment of loans receivable	1,589	7,000
Recognition of deferred income upon expiry of options	-	868
Others	93	97
Total gains	21,984	12,660
Loss on disposal of subsidiary company	-	(712)
Loss on disposal of associated company	-	(288)
Impairment of investment in associated companies (Note 22)	(1,020)	(68)
Impairment of property, plant and equipment (Note 19)	(4,931)	(4,548)
Impairment of available-for-sale financial assets	(540)	(1,595)
Loss on disposal of available-for-sale financial assets	(16)	(98)
Loss on cessation of business of a subsidiary	-	(21)
Others	(423)	(813)
Total losses	(6,930)	(8,143)
Net gains	15,054	4,517

9b Insurance compensation

A subsidiary of the Group had pursued 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 2007. Insurance payout approved by its insurers ("approved payout") during the financial year had been recognised as exceptional gain in the consolidated income statement. 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 2009 S$'000	The Group 2008 S$'000
Current taxation		
- Singapore	4,248	3,945
- Foreign	2,974	4,430
Deferred taxation (Note 29)	(345)	1,617
	6,877	9,992
Over provision in respect of prior years:		
- Current taxation	(241)	(5,154)
- Deferred taxation (Note 29)	(556)	(445)
	(797)	(5,599)
Taxation for the year	6,080	4,393

	The Group 2009 S$'000	The Group 2008 S$'000
Deferred tax related to other comprehensive income (Note 29)		
- Net fair value gain of available-for-sale financial assets	43	17
- Share of associated companies' net fair value (gain) / loss of available-for-sale financial assets	714	(1,409)
	757	(1,392)

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 2009 S$'000	The Group 2008 S$'000
Profit before taxation (before share of results of associated companies and joint venture(1))	50,113	26,768
Tax calculated at a tax rate of 17% (2008: 18%)	8,519	4,818
Income not subject to tax	(4,966)	(2,605)
Expenses not deductible for tax purposes	2,073	2,891
Effect of changes in tax rates	(119)	(90)
Utilisation of previously unrecognised tax assets	(791)	(1,096)
Tax benefit from current year's tax losses not recognised	89	717
Tax provision on unremitted income of an associated company	2,059	5,129
Others	13	228
Tax charge	6,877	9,992

(1) Share of results of associated companies and joint venture is net of tax expense of S$4,080,000 (2008: S$8,638,000).

During the financial year, the Singapore corporate rate was reduced from 18% to 17% for the year of assessment 2010 and onwards.

11. DIVIDENDS

	The Group and Company	
	2009	2008
	S$'000	S$'000
Ordinary dividends paid		
Final / special dividend of 20 cents (2008: 10 cents) per share, exempt – one tier, in respect of the previous financial year	74,712	37,356
Interim dividend of nil cents (2008: 10 cents) per share, exempt – one tier, in respect of current financial year	-	37,356
	74,712	74,712

Subsequent to the year end, the Directors proposed a final dividend for financial year ended 31 December 2009 of 10 cents (2008: final dividend of 10 cents and special dividend of 10 cents) per share (exempt – one tier) amounting to a total of S$37,356,000 (2008: S$74,712,000). This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

12. 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.

	The Group	
	2009	2008
	S$'000	S$'000
Net profit attributable to equity holders of the Company	66,136	76,745
	Shares	Shares
	'000	'000
Weighted average number of ordinary shares in issue used in computing basic earnings per share	373,558	373,558
Basic and fully diluted earnings per share	17.7 cents	20.5 cents

13. SHARE CAPITAL

The Group and Company	Issued ordinary share No of shares '000	Issued ordinary share Amount S$'000
2009		
Balance at 1 January and 31 December	373,558	193,839
2008		
Balance at 1 January and 31 December	373,558	193,839

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

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

14. RESERVES

14a Composition:

	The Group		The Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Revenue reserve	299,531	301,554	82,376	121,695
Foreign currency translation reserve	(13,932)	(15,205)	-	-
Capital reserve	-	6,853	-	-
Revaluation reserve	1,946	1,946	-	-
General reserve	300	-	-	-
Fair value reserve	13,599	11,328	7,911	9,131
	301,444	306,476	90,287	130,826

14. RESERVES (continued)

14b 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:

	The Company		
	Revenue Reserve S$'000	**Fair Value Reserve S$'000**	**Total S$'000**
Balance at 1 January 2009	121,695	9,131	130,826
Net profit for the year	35,393	-	35,393
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value gain taken to equity [1] (Note 17)	-	3,278	3,278
- Fair value reserve transferred to profit or loss [1]	-	(4,498)	(4,498)
	-	(1,220)	(1,220)
Total comprehensive income for the year	35,393	(1,220)	34,173
Dividends paid (Note 11)	(74,712)	-	(74,712)
Balance at 31 December 2009	82,376	7,911	90,287
Balance at 1 January 2008	103,256	11,852	115,108
Net profit for the year	93,151	-	93,151
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to equity [1] (Note 17)	-	(2,913)	(2,913)
- Fair value reserve transferred to profit or loss [1]	-	192	192
	-	(2,721)	(2,721)
Total comprehensive income for the year	93,151	(2,721)	90,430
Dividends paid (Note 11)	(74,712)	-	(74,712)
Balance at 31 December 2008	121,695	9,131	130,826

(1) There is no deferred tax relating to other comprehensive income of the Company.

15. INVENTORIES

	The Group	
	2009	2008
	S$'000	S$'000
At net realisable value		
Raw materials	33,124	40,511
Finished goods	15,058	20,110
General stores and consumables	3,032	3,294
Work-in-progress	2,300	5,815
	53,514	69,730

The Group reversed inventory write-down of S$22,000 (2008: S$21,000), as the inventories were sold above the carrying values during the financial year. The reversal has been included in "cost of sales" in the consolidated income statement.

Included in the Group's inventories is S$621,000 (2008: S$474,000) charged by way of debentures to banks for banking facilities granted (Note 25 and Note 30).

16. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
- Associated companies	694	149	-	-
- Joint venture	-	573	-	-
- Non-related parties	71,429	98,471	-	-
	72,123	99,193	-	-
Less: Allowance for impairment of trade receivables	(7,092)	(8,989)	-	-
	65,031	90,204	-	-
Current portion of				
- Loans receivable (Note 23)	-	4,159	-	2,509
- Less: Allowance for impairment of loans receivable	-	(1,650)	-	-
	-	2,509	-	2,509
Non-trade amounts owing by				
- subsidiaries	-	-	42,981	71,571
- minority shareholders	1,819	1,846	-	-
- joint venture	147	-	-	-
Prepayments	3,531	5,591	125	144
Deposits	2,583	2,112	11	11
Recoverable expenditure	571	2,171	252	115
Insurance compensation receivable	-	570	-	-
Sundry receivables	3,043	2,195	1	5
Derivative financial instruments (Note 26)	199	-	-	-
	76,924	107,198	43,370	74,355

16. RECEIVABLES AND PREPAYMENTS (continued)

Included in the amounts owing by subsidiaries (non-trade) are interest free amounts of S$14,512,000 (2008: S$42,992,000). The remaining balances (non-trade) bear interest at rates ranging from 2.3% to 3.1% (2008: 2.3% to 3.7%) per annum. Amounts owing by subsidiaries are unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

Included in the amounts owing by joint venture (non-trade) are interest free amounts of S$28,000 (2008: S$nil). The remaining balances bear interest at 6.0% (2008: nil%) per annum. The amounts owing by joint venture are unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

Amount owing from minority shareholders and sundry receivables are interest free, 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$1,045,000 (2008: S$1,513,000).

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Balance at 1 January	31,561	34,495	14,814	18,274
Fair value gain / (loss) taken to equity	2,779	(2,464)	3,278	(2,913)
Additions	-	74	-	-
Disposals	(19,361)	(547)	(3,953)	(547)
Currency realignment	(1)	3	-	-
Balance at 31 December	14,978	31,561	14,139	14,814
Current portion	543	15,709	-	-
Non-current portion	14,435	15,852	14,139	14,814
	14,978	31,561	14,139	14,814

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	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Unlisted securities				
- Equity securities	12,327	27,740	12,031	11,697
- Other investments	2,651	3,821	2,108	3,117
	14,978	31,561	14,139	14,814

18. CASH AND BANK BALANCES

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Fixed / call deposits	82,749	113,962	50,683	86,139
Cash at bank and on hand	63,771	57,490	1,754	2,743
	146,520	171,452	52,437	88,882

The fixed deposits with financial institutions mature on varying dates within 4 months (2008: 3 months) from the financial year end. The weighted average interest rate of these deposits as at 31 December 2009 was 0.4% (2008: 1.1%) per annum.

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

	The Group	
	2009	2008
	S$'000	S$'000
Cash and bank balances (as above)	146,520	171,452
Bank overdrafts (Note 25)	-	(242)
Cash and cash equivalents	146,520	171,210

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2009								
Cost or Valuation								
At 1 January 2009	5,778	20,402	161,888	819	142,438	22,322	18,273	371,920
Currency realignment	(53)	(132)	(501)	(23)	(948)	(61)	(94)	(1,812)
Additions	345	534	436	22	6,437	1,774	8,451	17,999
Disposals and write off	-	-	-	-	(1,843)	(404)	-	(2,247)
Reclassifications	-	-	2,101	-	8,314	819	(11,234)	-
At 31 December 2009	6,070	20,804	163,924	818	154,398	24,450	15,396	385,860
Representing:								
Cost	6,070	20,804	155,274	818	154,398	24,450	15,396	377,210
Valuation	-	-	8,650	-	-	-	-	8,650
	6,070	20,804	163,924	818	154,398	24,450	15,396	385,860
Accumulated Depreciation and Impairment Losses								
At 1 January 2009	-	8,094	106,430	747	99,777	17,002	926	232,976
Currency realignment	-	(32)	(203)	(21)	(581)	(43)	-	(880)
Charge for the year	-	417	3,812	51	8,895	1,938	-	15,113
Disposals and write off	-	-	-	-	(1,534)	(391)	-	(1,925)
Impairment loss	-	70	-	-	226	-	4,635	4,931
Reclassifications	-	-	-	-	2	(2)	-	-
At 31 December 2009	-	8,549	110,039	777	106,785	18,504	5,561	250,215
Net Book Value								
At 31 December 2009	6,070	12,255	53,885	41	47,613	5,946	9,835	135,645
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
Disposals 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

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

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings S$'000	Other Assets* S$'000	Total S$'000
The Company – 2009			
Cost			
At 1 January 2009	-	927	927
Additions	-	75	75
At 31 December 2009	-	1,002	1,002
Accumulated Depreciation			
At 1 January 2009	-	860	860
Charge for the year	-	47	47
At 31 December 2009	-	907	907
Net Book Value			
At 31 December 2009	-	95	95
The Company – 2008			
Cost			
At 1 January 2008	237	889	1,126
Additions	-	41	41
Disposals	(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
Disposals	(161)	(2)	(163)
At 31 December 2008	-	860	860
Net Book Value			
At 31 December 2008	-	67	67

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

19a 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.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19b 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	
	2009	**2008**
	S$'000	**S$'000**
Building on leasehold land	805	1,097

19c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$27,559,000 (2008: S$29,715,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 25 and Note 30).

19d The following are property, plant and equipment acquired under hire purchase and finance leases (Note 26):

The Group	**Cost S$'000**	**Accumulated depreciation S$'000**	**Net book value S$'000**
2009			
Plant and machinery	3,422	(253)	3,169
Other assets	817	(448)	369
	4,239	(701)	3,538
2008			
Plant and machinery	802	(341)	461
Other assets	89	(66)	23
	891	(407)	484

19e The Group's impairment charge of S$4,931,000 (2008: S$4,548,000) comprise:

(i) an impairment charge of S$4,635,000 (2008: S$926,000) due to delay in operational commencement of a subsidiary's plant under construction. Its recoverable amount of S$1,596,000 (2008: S$6,040,000) is based on value-in-use calculation as at 31 December 2009;

(ii) an impairment charge of S$nil (2008: 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; and

(iii) an impairment charge of S$296,000 (2008: S$1,432,000) to fully write off idle plant and machinery of subsidiaries as at 31 December 2009.

19f Borrowing costs of S$143,000 (2008: S$195,000), which arise on financing specifically entered into for the construction of property, plant and equipment of the Group, are capitalised during the financial year.

20. INVESTMENT PROPERTIES

	The Group	
	2009 S$'000	2008 S$'000
Cost		
At 1 January and 31 December	11,421	11,421
Accumulated depreciation and impairment losses		
At 1 January	7,312	7,125
Depreciation charge for the year	189	187
At 31 December	7,501	7,312
Net book value at 31 December	3,920	4,109
Fair value at 31 December	5,701	6,229

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$3,719,000 (2008: S$3,880,000) was valued at S$5,500,000 as at 31 December 2009 (2008: S$6,000,000 as at 24 December 2008) based on a valuation carried out by an independent professional valuer.

Investment properties are leased to non-related parties under operating leases (Note 36b).

The following amounts are recognised in the consolidated income statement:

	The Group	
	2009 S$'000	2008 S$'000
Rental income	347	344
Direct operating expenses arising from investment properties that generated rental income	342	289
Other direct operating expenses arising from investment properties that did not generate rental income	32	36

21. SUBSIDIARIES

	The Company 2009 S$'000	The Company 2008 S$'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 40.

22. ASSOCIATED COMPANIES AND JOINT VENTURE

	The Group					
	2009			2008		
	Associated companies S$'000	Joint venture S$'000	Total S$'000	Associated companies S$'000	Joint venture S$'000	Total S$'000
Unquoted equity shares, at cost						
Balance at 1 January	54,454	3,918	58,372	54,454	3,918	58,372
Additional investment	-	14,151	14,151	-	-	-
Disposal	(4,118)	-	(4,118)	-	-	-
Balance at 31 December	50,336	18,069	68,405	54,454	3,918	58,372
Share of post acquisition reserves less losses, including translation differences	109,531	2,073	111,604	94,428	734	95,162
	159,867	20,142	180,009	148,882	4,652	153,534
Less: accumulated impairment losses	(8,066)	-	(8,066)	(8,681)	-	(8,681)
	151,801	20,142	171,943	140,201	4,652	144,853

Included in the Group's share of post acquisition reserves is an amount of S$6,085,000 gain (2008: S$1,134,000 loss) relating to fair value reserve of an associated company, net of deferred tax liabilities of S$2,588,000 (2008: deferred tax assets of S$470,000).

Impairment loss of S$1,020,000 (2008: S$68,000) relating to investment in associated companies was recognised for the current financial year. This represents the write-down of the carrying values to the recoverable amounts. The recoverable amounts were estimated based on future cash flows expected from the investments.

The summarised financial information (gross) of associated companies are as follows:

	The Group 2009 S$'000	The Group 2008 S$'000
- Assets	877,042	808,723
- Liabilities	212,936	202,868
- Revenues	740,874	1,110,567
- Net profit for the financial year	92,674	230,977

22. ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

The summarised financial information (proportionate share) of joint venture are as follows:

	The Group	
	2009	2008
	S$'000	S$'000
- Current assets	20,069	13,875
- Non-current assets	33,031	10,713
- Current liabilities	11,402	13,367
- Non-current liabilities	21,556	6,569
- Revenues	25,250	18,950
- Expenses	23,346	17,112
- Net profit for the financial year	1,904	1,838

The Group has S$1,854,000 (2008: S$nil) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$1,750,000 (2008: S$511,000) at the balance sheet date.

A subsidiary of the Group has provided corporate guarantees for its share of bank loans of S$5,270,000 (2008: S$4,879,000) drawn down by joint venture at the balance sheet date. The fair values of the financial guarantee contracts have not been recognised on the consolidated balance sheet at 31 December 2009 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 and joint venture are set out in Note 40.

23. LONG TERM RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Loans receivable	988	5,176	-	2,538
Other receivable	5,409	-	-	-
Amounts receivable within 12 months (Note 16)	-	(4,159)	-	(2,509)
	6,397	1,017	-	29
Less: Allowance for impairment of receivables	(988)	(988)	-	-
Amounts receivable after 12 months	5,409	29	-	29
Amounts owing by subsidiaries				
- non-trade	-	-	167,393	141,521
Less: Allowance for impairment of receivables	-	-	(46,027)	(48,110)
	-	-	121,366	93,411
Amounts owing by joint venture				
- non-trade	17,476	5,551	-	-
Amounts owing by associated companies				
- non-trade	3,310	3,325	-	-
Less: Provision for impairment of receivables	(1,829)	(2,276)	-	-
	1,481	1,049	-	-
	24,366	6,629	121,366	93,440

23. LONG TERM RECEIVABLES (continued)

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

The amounts owing by associated companies and joint venture (non-trade) are interest free, unsecured and have no fixed terms of repayment. Settlement of the amounts owing by associated companies and joint venture is neither planned nor likely to occur in the foreseeable future. As a result, such loans are in substance part of the Group's net investment in associated companies and joint venture and accounted for in accordance with Note 2K.

Other receivable of S$5,409,000 pertains to receivable from 2nd tranche proceeds in relation to the sale of an available-for-sale asset. It bears interest at 3.0% per annum and the interest is repriced every half yearly. It is unsecured and is not expected to be repaid within the next 12 months after the balance sheet date.

The carrying amounts of non-current loans receivable and other receivable of the Group and Company approximate their fair values.

24. INTANGIBLE ASSETS

	The Group	
	2009 S$'000	2008 S$'000
Goodwill arising on consolidation (Note 24a)	8,876	8,878
Acquired intangible assets (Note 24b)	683	882
	9,559	9,760

24a Goodwill arising on consolidation

	The Group	
	2009 S$'000	2008 S$'000
Cost and Net book value		
Balance at 1 January	8,878	8,889
Currency realignment	(2)	(11)
Balance at 31 December	8,876	8,878

Impairment tests for goodwill

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

24. INTANGIBLE ASSETS (continued)

24a Goodwill arising on consolidation (continued)

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

	2009			2008		
	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	198	8,024	8,222	200	8,024	8,224
	852	8,024	8,876	854	8,024	8,878

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

Key assumptions used for value-in-use calculations:

	2009		2008	
	Chemicals	Construction Products	Chemicals	Construction Products
Growth rate (1)	3%	2%	3%	2%
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.

24. INTANGIBLE ASSETS (continued)

24b Acquired intangible assets

	The Group 2009 S$'000	The Group 2008 S$'000
Cost		
Balance at 1 January	5,897	5,302
Additions	326	726
Currency realignment	(26)	(131)
Balance at 31 December	6,197	5,897
Accumulated amortisation		
Balance at 1 January	5,015	4,537
Amortisation charge	522	594
Currency realignment	(23)	(116)
Balance at 31 December	5,514	5,015
Net book value at 31 December	683	882

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

25. AMOUNTS DUE TO BANKERS

	The Group 2009 S$'000	The Group 2008 S$'000
Bank overdrafts (Note 18) - unsecured	-	242
Short term bank loans - unsecured	4,800	16,553
Current portion of long term bank loans (Note 30)		
- Unsecured	3,200	1,600
- Secured	2,563	3,282
Bills payable		
- Unsecured	1,824	3,673
- Secured	-	1,254
	12,387	26,604

The secured banking facilities are secured against fixed and floating charge over the assets of a subsidiary and property, plant and equipment of certain subsidiaries (Note 15 and 19). Details of the bank loans are disclosed in Note 30.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Trade payables – non-related parties	29,178	52,124	-	-
Other payables and accruals				
- Accrued operating expenses	29,494	25,084	2,459	1,813
- Accrued liability for capital expenditure	-	780	-	-
- Deposits received	4,259	4,014	-	-
- Hire purchase and finance lease payables	731	160	-	-
- Cash advance from investment	-	7,324	-	-
- Sundry payables	5,713	6,736	2,321	2,618
Amount owing to subsidiaries				
- non-trade	-	-	14,162	13,617
Derivative financial instruments	-	535	-	-
	69,375	96,757	18,942	18,048

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

The cash advance from investment in available-for-sale financial asset was unsecured, interest free and repayable on demand.

Hire purchase and finance lease payables are analyzed as follows:

	The Group	
	2009	2008
	S$'000	S$'000
Minimum hire purchase and finance lease payables due:		
- Within 1 year	792	183
- Within 2 to 5 years	2,659	310
	3,451	493
Less: Future finance charges	(152)	(52)
Present value of hire purchase and finance lease payables	3,299	441
Present value of hire purchase and finance lease payables due:		
- Within 1 year	731	160
- Within 2 to 5 years (Note 32)	2,568	281
	3,299	441

The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 2.08% (2008: 3.01%) per annum.

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

26. TRADE AND OTHER PAYABLES (continued)

Derivative financial instruments

	The Group					
	2009			2008		
	Contract notional amount	Fair value		Contract notional amount	Fair value	
		Asset	Liability		Asset	Liability
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Forward foreign exchange contracts - current	9,360	199	-	31,500	-	(535)

27. 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	
	2009	2008
	S$'000	S$'000
Balance at 1 January	1,792	2,519
Provision made during the year	926	548
Write-back of provision during the year	-	(180)
Provision utilised during the year	(772)	(1,058)
Currency realignment	4	(37)
Balance at 31 December	1,950	1,792

28. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Present value of unfunded obligations	287	293	287	293
Liability in the balance sheet	287	293	287	293

The Company and a subsidiary operate separate unfunded defined retirement benefit schemes for certain employees. 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 subsidiary. Provision is made using the projected unit credit method described in Note 2W.

28. PROVISION FOR RETIREMENT BENEFITS (continued)

Movement in the liability recognised in the balance sheets:

	The Group		The Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	293	326	293	265
Net (credit) / expense	(6)	49	(6)	28
Payment	-	(81)	-	-
Currency realignment	-	(1)	-	-
Balance at 31 December	287	293	287	293

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2009 %	2008 %	2009 %	2008 %
Discount rate	3	3	3	3
Salary increment rate	3	3	3	3

29. 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	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Deferred tax assets	(1,728)	(1,195)	(273)	-
Deferred tax liabilities	17,815	17,471	-	514

The movement in deferred taxation is as follows:

	The Group		The Company	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	16,276	16,561	514	587
(Credited) / charged to:				
- Income statement (Note 10)	(901)	1,172	(787)	(73)
- Equity (Note 10)	757	(1,392)	-	-
Currency realignment	(45)	(65)	-	-
Balance at 31 December	16,087	16,276	(273)	514

29. DEFERRED TAXATION (continued)

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 2009, the Group has estimated tax losses and capital allowances of S$22,448,000 (2008: S$22,942,000) and S$10,818,000 (2008: S$9,342,000) 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.

29a 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	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	5,315	5,703	760	826	12,975	13,492	19,050	20,021
(Credited) / charged to:								
- income statement	(961)	(243)	41	(52)	(458)	891	(1,378)	596
- equity	-	-	43	17	714	(1,409)	757	(1,392)
Currency realignment	21	(145)	(8)	(31)	59	1	72	(175)
Balance at 31 December	4,375	5,315	836	760	13,290	12,975	18,501	19,050

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	(1,295)	(1,310)	(823)	(1,428)	(656)	(722)	(2,774)	(3,460)
(Credited) / charged to income statement	(270)	12	646	499	101	65	477	576
Currency realignment	(80)	3	22	106	(59)	1	(117)	110
Balance at 31 December	(1,645)	(1,295)	(155)	(823)	(614)	(656)	(2,414)	(2,774)

29. DEFERRED TAXATION (continued)

29b 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

	Unremitted income		Total	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	834	1,004	834	1,004
Credited to income statement	(767)	(170)	(767)	(170)
Balance at 31 December	67	834	67	834

The Company – Deferred Tax Assets

	Provisions		Total	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Balance at 1 January	(320)	(417)	(320)	(417)
(Credited) / charged to income statement	(20)	97	(20)	97
Balance at 31 December	(340)	(320)	(340)	(320)

30. LONG TERM BANK LOANS

	The Group	
	2009 S$'000	2008 S$'000
Bank loans		
- Secured	10,401	11,153
- Unsecured	12,320	14,320
	22,721	25,473
Less: Amounts due within 12 months (Note 25)	(5,763)	(4,882)
Amounts due after 12 months	16,958	20,591

The Group's long term bank loans are charged at floating rates.

The Group's secured bank loans are secured by fixed and floating charge over the assets of a subsidiary and property, plant and equipment of certain subsidiaries (Note 15 and 19), and comprise:

i) Loan of S$212,000 (EUR105,000) [2008: S$640,000 (EUR315,000)] repayable in half yearly instalments up to June 2010. Interest is charged at rates ranging from 2.8% to 4.6% (2008: 4.8% to 7.1%) per annum.

ii) Loan of S$500,000 (EUR248,000) [2008: S$840,000 (EUR413,000)] repayable in quarterly instalments up to June 2011. Interest is charged at rates ranging from 1.7% to 3.7% (2008: 3.4% to 6.3%) per annum.

30. LONG TERM BANK LOANS (continued)

iii) Loan of S$426,000 (RM1,040,000) [2008: S$932,000 (RM2,251,000)] repayable in monthly instalments up to August 2010. Interest is charged at 5.9% (2008: 5.9%) per annum.

iv) Loan of S$886,000 (RM2,161,000) [2008: S$1,257,000 (RM3,037,000)] repayable in monthly instalments up to February 2012. Interest is charged at rates ranging from 6.3% to 7.3% (2008: 7.3% to 7.5%) per annum.

v) Loan of S$57,000 (RM139,000) [2008: S$713,000 (RM1,722,000)] repayable in monthly instalments up to January 2010. Interest is charged at 5.8% (2008: 5.8%) per annum.

vi) Loan of S$587,000 (2008: S$812,000) repayable in monthly instalments up to May 2012. Interest is charged at 5.8% (2008: 5.8%) per annum.

vii) Loan of S$2,317,000 (HKD12,801,000) [2008: S$2,679,000 (HKD14,401,000)] repayable in monthly instalments up to December 2017. Interest is charged at rates ranging from 2.8% to 3.0% (2008: 2.5% to 3.3%) per annum.

viii) Loan of S$2,999,000 (RM7,313,000) [2008: S$3,280,000 (RM7,922,000)] repayable in monthly instalments up to August 2018. Interest is charged at rates ranging from 3.8% to 4.9% (2008: 4.8% to 5.0%) per annum.

ix) Loan of S$2,417,000 (RM5,896,000) [2008: $nil] repayable in monthly instalments up to October 2024. Interest is charged at rates ranging from 1.3% to 3.4% (2008: nil%) per annum.

The Group's unsecured bank loans comprise:

i) Loan of S$1,200,000 (2008: S$1,599,000) repayable in quarterly instalments up to December 2012. Interest is charged at rates ranging from 2.0% to 2.9% (2008: 2.8% to 4.2%) per annum.

ii) Loan of S$3,520,000 (2008: S$4,721,000) repayable in quarterly instalments up to November 2012. Interest is charged at rates ranging from 2.0% to 3.1% (2008: 2.7% to 4.1%) per annum.

iii) Loan of S$7,600,000 (2008: S$8,000,000) repayable in quarterly instalments up to September 2014. Interest is charged at rates ranging from 2.0% to 2.9% (2008: 2.0%) per annum.

The fair values of non-current borrowings of the Group are S$16,727,000 (2008: S$20,353,000). The fair values are determined from the discounted cash flows analysis, using discount rates ranging from 1.7% to 6.3% (2008: 2.0% to 7.3%) based upon the market interest rate that are available to the Group for similar financial liabilities at the balance sheet date.

31. DEFERRED INCOME

Deferred income relates mainly to unearned entrance fees received in respect of club memberships sold. The deferred income is amortised over the remaining membership period.

	The Group	
	2009	2008
	S$'000	S$'000
Balance at 1 January	3,799	4,895
Additions	211	115
Amortisation during the year (Note 7)	(343)	(343)
Amount recognised in income statement	-	(868)
Balance at 31 December	3,667	3,799
Current portion	341	341
Non-current portion	3,326	3,458
	3,667	3,799

32. OTHER NON-CURRENT LIABILITIES

	The Group	
	2009	2008
	S$'000	S$'000
Loans from minority shareholders (unsecured)	410	420
Hire purchase and finance lease instalments due after 12 months (Note 26)	2,568	281
	2,978	701

Loans from minority shareholders bear interest rate of 6.0% (2008: 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.

33. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2009	2008
	S$'000	S$'000
Sales to associated companies	9,624	7,483

Sales to associated companies were carried out at market prices.

33. RELATED PARTY TRANSACTIONS (continued)

(b) Key management's remuneration

Key management's remuneration is as follows:

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Salary and other short-term employee benefits	5,621	5,602
Employer's contribution to defined contribution plans, including Central Provident Fund	229	235
	5,850	5,837

Including in above are Directors' fees and Directors' remuneration of S$514,000 (2008: S$514,000) and S$740,000 (2008: S$740,000) respectively payable / paid to the Directors of the Company.

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

34. FINANCIAL INFORMATION BY SEGMENTS

Operating segments

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

The Group operates mainly in the manufacturing of and trading of building materials, lime and refractory products and container handling spreaders, and the provision of environmental services and sale of related products. These activities are grouped into separate operating segments within the three main divisions of Chemicals, Construction Products and Engineering.

Operating segment classified as "Others" relates mainly to property and investment holding.

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

34. OPERATING SEGMENTS (continued)

The information for the reportable segments for the year ended 31 December 2009 is as follows:

	<---------- Construction Products ---------->		
	Precast & Plaster S$'000	**Other Construction Products S$'000**	**Total S$'000**
Sales			
External sales	152,658	41,141	193,799
Inter-segment sales	160	4,981	5,141
Total revenue	152,818	46,122	198,940
Elimination			(4,981)
			193,959
Profit before Taxation and Exceptional Items	24,314	866	25,180
Exceptional items			
Profit before taxation			
Depreciation	(5,698)	(1,803)	(7,501)
Amortisation	-	(119)	(119)
Impairment charge of property, plant and equipment	-	-	-
Share of results of associated companies and joint venture, net of tax	1,888	-	1,888
Total Assets	163,461	53,145	216,606
Total Liabilities	40,489	12,301	52,790
Total assets include:			
Investment in associated companies and joint venture	20,143	-	20,143
Additions to:			
- Property, plant and equipment	8,947	4,980	13,927
- Intangible assets	-	10	10

<---------- Chemicals	---------->						
		Other					
Environmental	Environmental	Chemicals					Total
Services	Chemicals	Businesses	Total	Engineering	Others	Elimination	Consolidated
S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
39,219	49,864	-	89,083	55,210	14,332	-	352,424
620	1,486	-	2,106	51	5	-	7,303
39,839	51,350	-	91,189	55,261	14,337	-	359,727
			(67)	-	(5)	(2,250)	(7,303)
			91,122	55,261	14,332	(2,250)	352,424
3,262	6,784	20,971	31,017	6,302	(4,581)		57,918
							15,054
							72,972
(2,259)	(2,996)	-	(5,255)	(1,281)	(1,265)		(15,302)
-	-	-	-	(403)	343		(179)
(4,635)	-	-	(4,635)	(296)	-		(4,931)
-	-	20,971	20,971	-	-		22,859
42,728	52,696	148,565	243,989	52,649	129,251		642,495
19,807	14,925	13,211	47,943	16,858	15,894		133,485
-	-	148,565	148,565	1	3,234		171,943
914	446	-	1,360	2,214	498		17,999
-	-	-	-	316	-		326

34. OPERATING SEGMENTS (continued)

The information for the reportable segments for the year ended 31 December 2008 is as follows:

	<---------- Construction Products ---------->		
	Precast & Plaster S$'000	Other Construction Products S$'000	Total S$'000
Sales			
External sales	124,803	54,950	179,753
Inter-segment sales	157	5,582	5,739
Total revenue	124,960	60,532	185,492
Elimination			(5,582)
			179,910
Profit before Taxation and Exceptional Items	14,296	2,987	17,283
Exceptional items			
Profit before taxation			
Depreciation	(5,585)	(1,711)	(7,296)
Amortisation	-	(131)	(131)
Impairment charge of property, plant and equipment	-	-	-
Share of results of associated companies and joint venture, net of tax	1,837	-	1,837
Total Assets	127,945	53,324	181,269
Total Liabilities	46,489	9,718	56,207
Total assets include:			
Investment in associated companies and joint venture	4,654	-	4,654
Additions to:			
- Property, plant and equipment	7,393	1,565	8,958
- Intangible assets	-	264	264

<---------- Chemicals	---------->						
Environmental Services S$'000	Environmental Chemicals S$'000	Other Chemicals Businesses S$'000	Total S$'000	Engineering S$'000	Others S$'000	Elimination S$'000	Total Consolidated S$'000
37,862	53,681	-	91,543	70,887	15,651	-	357,834
396	577	-	973	83	15	-	6,810
38,258	54,258	-	92,516	70,970	15,666	-	364,644
			(141)	-	-	(1,087)	(6,810)
			92,375	70,970	15,666	(1,087)	357,834
201	1,414	52,967	54,582	5,474	(2,078)		75,261
							4,517
							79,778
(1,653)	(3,439)	-	(5,092)	(940)	(1,483)		(14,811)
-	-	-	-	(463)	343		(251)
(926)	(1,432)	-	(2,358)	-	(2,190)		(4,548)
-	-	52,967	52,967	-	(1,794)		53,010
48,088	77,452	136,049	261,589	65,461	180,168		688,487
23,350	24,844	12,140	60,334	34,696	23,751		174,988
-	-	136,049	136,049	1	4,149		144,853
8,875	1,749	-	10,624	2,139	1,127		22,848
-	-	-	-	462	-		726

34. OPERATING SEGMENTS (continued)

Geographical information

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

(i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacturing and sale of building materials, lime and refractory products, the design and sale of container handling spreaders and investment holding;

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

(iii) China and Hong Kong – the operations in China and Hong Kong include the manufacture and sale of building materials, lime products and container handling spreaders;

(iv) Thailand – the operations in Thailand are principally related to the activities of an associated company involved in manufacturing and trading of petrochemical products; and

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

	The Group			
	External sales		Non-current assets	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Singapore	160,575	143,240	67,029	77,210
Malaysia	74,331	74,122	44,694	40,965
China (including Hong Kong)	50,668	51,266	22,563	24,869
Thailand	-	-	145,632	131,585
All other countries	66,850	89,206	41,308	23,632
	352,424	357,834	321,226	298,261

Sales by geographical segment are determined based on locations of the respective customers.

35. 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	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	1,863	2,327	-	-
Commitments in respect of equity participation in available-for-sale financial assets and an associated company	7,460	8,750	-	441
	9,323	11,077	-	441

36. OPERATING LEASE COMMITMENTS

36a 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 7.

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	
	2009 S$'000	2008 S$'000	2009 S$'000	2008 S$'000
Payable:				
Within 1 year	3,921	3,292	1,199	1,197
Within 2 to 5 years	8,104	9,834	948	2,147
After 5 years	13,334	14,245	-	-
	25,359	27,371	2,147	3,344

36b 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	
	2009 S$'000	2008 S$'000
Receivable:		
Within 1 year	1,148	1,096
Within 2 to 5 years	801	988
After 5 years	98	-
	2,047	2,084

37. FINANCIAL RISK MANAGEMENT

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

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

37a Market risk

(i) Currency risk

The Group operates in various countries, which include Singapore, Malaysia, People's Republic of China (including Hong Kong), Indonesia, Thailand, United 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 including foreign currency loans to an associated company and joint venture which are part of the net investments in foreign operations and deferred in equity until disposal of the foreign operations. Where appropriate, this exposure is managed through borrowings denominated in the relevant foreign currencies.

37. FINANCIAL RISK MANAGEMENT (continued)

37a 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 2009								
Cash and bank balances	120,144	5,510	1,781	5,538	11,002	-	2,545	146,520
Receivables	38,978	6,360	2,758	17,707	4,158	-	3,432	73,393
Available-for-sale financial assets	-	2,672	-	296	-	12,010	-	14,978
Long term receivables	-	5,409	-	-	-	-	-	5,409
Amount due to bankers	(8,233)	-	-	(3,320)	(544)	-	(290)	(12,387)
Trade and other payables / provisions	(34,811)	(2,968)	(3,260)	(18,853)	(8,601)	-	(2,832)	(71,325)
Long term bank loans	(9,474)	-	-	(5,289)	(168)	-	(2,027)	(16,958)
Other non-current liabilities	(115)	-	(410)	-	(2,453)	-	-	(2,978)
Net financial assets / (liabilities)	106,489	16,983	869	(3,921)	3,394	12,010	828	136,652
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(106,448)	(929)	(871)	4,815	(1,774)	-	(693)	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	3,365	-	-	-	-	-	
Less: currency forwards	-	(8,114)	-	(289)	(957)	-	-	
Currency exposure	41	11,305	(2)	605	663	12,010	135	

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EURO S$'000	THB S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2008								
Cash and bank balances	144,347	6,614	1,313	7,817	9,005	-	2,356	171,452
Receivables	56,748	11,360	2,143	21,423	5,948	-	3,985	101,607
Available-for-sale financial assets	-	4,047	15,408	635	-	11,471	-	31,561
Long term receivables	29	-	-	-	-	-	-	29
Amount due to bankers	(13,014)	(289)	(5,064)	(7,177)	(762)	-	(298)	(26,604)
Trade and other payables / provisions	(45,766)	(6,111)	(13,762)	(22,990)	(7,260)	-	(2,660)	(98,549)
Long term bank loans	(13,318)	-	-	(4,173)	(718)	-	(2,382)	(20,591)
Other non-current liabilities	(254)	-	(420)	-	-	-	(27)	(701)
Net financial assets / (liabilities)	128,772	15,621	(382)	(4,465)	6,213	11,471	974	158,204
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(128,687)	(1,514)	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	10,350	8,082	1,696	1,610	11,471	318	

The Group does not have significant currency exposure arising from its inter-company balances, except for net SGD payables by certain subsidiaries with functional currency in GBP and RMB, amounting to S$1,073,000 (2008: S$4,126,000) and S$12,938,000 (2008: S$5,910,000).

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EURO S$'000	THB S$'000	Others S$'000	Total S$'000
The Company								
At 31 December 2009								
Cash and bank balances	52,369	58	-	-	10	-	-	52,437
Receivables	43,245	-	-	-	-	-	-	43,245
Available-for-sale financial assets	-	2,129	-	-	-	12,010	-	14,139
Trade and other payables	(18,670)	(246)	(2)	-	-	-	(24)	(18,942)
Net financial assets / (liabilities)	76,944	1,941	(2)	-	10	12,010	(24)	90,879
Less: net financial assets denominated in the Company's functional currency	(76,944)	-	-	-	-	-	-	
Currency exposure	-	1,941	(2)	-	10	12,010	(24)	

	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	29	-	-	-	-	-	-	29
Trade and other payables	(17,770)	(253)	(2)	(1)	-	-	(22)	(18,048)
Net financial assets / (liabilities)	145,272	3,159	(2)	(1)	11	11,471	(22)	159,888
Less: net financial assets denominated in the Company's functional currency	(145,272)	-	-	-	-	-	-	
Currency exposure	-	3,159	(2)	(1)	11	11,471	(22)	

37. FINANCIAL RISK MANAGEMENT (continued)

37a 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 in the form of equity investments. 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% (2008: 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:

	2009		2008	
	Increase / (decrease)			
	Profit after tax S$'000	Equity S$'000	Profit after tax S$'000	Equity S$'000
The Group				
USD against SGD				
- strengthened	407	129	312	196
- weakened	(407)	(129)	(312)	(196)
The Company				
USD against SGD				
- strengthened	(8)	106	(6)	167
- weakened	8	(106)	6	(167)

(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% (2008: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$341,000 (2008: S$510,000).

37. FINANCIAL RISK MANAGEMENT (continued)

37b Credit risk

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

The maximum exposure to credit risk for each class of financial assets is the carrying amount of the class of financial assets presented on the balance sheet, except for banker guarantees of S$2,474,000 (2008: S$621,000) and letters of credit of S$2,828,000 (2008: S$3,458,000) obtained for certain trade receivables.

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

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

	The Group	
	2009	**2008**
	S$'000	**S$'000**
Associated companies	694	149
Joint venture	-	573
Non-related parties:		
Government-link companies and Statutory Boards	654	854
Multinational companies	23,545	28,087
Other companies	44,051	61,346
Sole proprietors and individuals	1,496	1,733
	70,440	92,742

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

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

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

37. FINANCIAL RISK MANAGEMENT (continued)

37b Credit risk (continued)

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

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

	The Group	
	2009 S$'000	2008 S$'000
Past due up to 3 months	11,416	12,254
Past due 3 to 6 months	3,593	4,479
Past due over 6 months	1,613	3,727
	16,622	20,460

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

	The Group	
	2009 S$'000	2008 S$'000
Gross amount	8,080	11,720
Less: allowance for impairment	(8,080)	(11,627)
	-	93
Allowance for impairment		
Balance at 1 January	11,627	11,406
Allowance made	1,045	1,513
Allowance written back	(2,169)	(406)
Amount written off against allowance	(2,561)	(681)
Currency translation differences	138	(205)
Balance at 31 December	8,080	11,627

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk

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

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

	Less than 1 year S$'000	Between 1 to 2 years S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
The Group				
At 31 December 2009				
Trade and other payables	69,375	-	-	-
Amount due to bankers	13,038	-	-	-
Long term bank loans	-	5,395	9,650	3,312
Other non-current liabilities	86	690	2,069	614
At 31 December 2008				
Trade and other payables	96,222	-	-	-
Amount due to bankers	27,435	-	-	-
Long term bank loans	-	4,737	8,091	9,574
Other non-current liabilities	48	235	175	654
The Company				
At 31 December 2009				
Trade and other payables	18,942	-	-	-
At 31 December 2008				
Trade and other payables	18,048	-	-	-

In addition to the financial liabilities disclosed above, the Group provided financial guarantees for its share of bank loans of S$5,270,000 (2008: S$4,879,000) (Note 22) drawn down by a joint venture at the balance sheet date. Any liability arising from the financial guarantees is payable upon default of the bank loans of the joint venture.

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

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2009	
Gross-settled currency forwards	
- Receipts	(9,360)
- Payments	9,161
At 31 December 2008	
Gross-settled currency forwards	
- Receipts	(31,500)
- Payments	32,035

37d Capital risk

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

The total capital of the Group and the Company as at balance sheet dates is represented by the respective "Total equity" as presented on the balance sheets. The Group and the Company monitor capital based on gross debt (Note 25, 26 and 30) and net cash position which is defined as cash less gross debt (Note 18).

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 2008 and 2009.

37e Fair value measurements

Effective 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value at 31 December 2009.

	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group			
Assets			
Derivatives used for hedging	199	-	199
Available-for-sale financial assets	-	14,978	14,978
Total assets	199	14,978	15,177
The Company			
Assets			
Available-for-sale financial assets	-	14,139	14,139

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. Such instruments are included in Level 3.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2009.

	The Group S$'000	The Company S$'000
Available-for-sale financial assets		
Opening balance	31,561	14,814
Disposals of level 3 securities	(19,361)	(3,953)
Total gains in other comprehensive income	2,779	3,278
Currency realignment	(1)	-
Closing balance	14,978	14,139
Total (losses) / gains for the year for assets held at the end of the reporting period		
- in profit or loss	(448)	-
- in other comprehensive income	2,873	3,372

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

38. 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 2010 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 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. These transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(b) FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

Other new standards and amendments to existing standards and interpretations that are relevant to the Group but not expected to have any significant impact to the Group are as follows:

(a) Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* (effective for annual periods beginning on or after 1 July 2009)

(b) INT FRS 117 *Distributions of Non-cash Assets to Owners* (effective for annual periods beginning on or after 1 July 2009)

(c) INT FRS 118 *Transfer of Assets to Customers* (effective for annual periods beginning on or after 1 July 2009)

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of NSL Ltd on 10 March 2010.

40. SIGNIFICANT COMPANIES IN THE GROUP

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

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2009 %	2008 %	
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	The design and sale of container handling spreaders
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 of 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 of building materials
Hup Eng Tat Enterprises Pte Ltd (1)	Singapore	87.7	87.7	Trading in oil products and disposal of oil and chemical wastes
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

Note: Refer to page 104 for legends

40. SIGNIFICANT COMPANIES IN THE GROUP (continued)

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group 2009 %	2008 %	Principal activities
Significant Subsidiaries				
Held by Subsidiaries (continued)				
Unquoted (continued)				
NSL Engineering (UK) Limited (2)	United Kingdom	100.0	100.0	Sale of container handling spreader
NSL OilChem Services Pte Ltd (1)	Singapore	87.7	87.7	Treatment and recovery of waste oil and oily slop and trading in diesel oil
Parmarine Ltd (2)	Finland	100.0	100.0	Manufacturing and trading of 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 Co., Ltd (3)	Thailand	22.8	22.8	Manufacturing and trading in petrochemical products
Significant Joint Venture				
Held By Subsidiaries				
Unquoted				
Dubai Precast L.L.C.(2)	United Arab Emirates	45.0	45.0	Manufacturing and trading of 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

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ANALYSIS OF SHAREHOLDINGS

as at 5 March 2010

ANALYSIS OF SHAREHOLDINGS

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	326	5.50	92,812	0.03
1,000 to 10,000	4,661	78.68	17,644,209	4.72
10,001 to 1,000,000	928	15.67	33,922,139	9.08
1,000,001 AND ABOVE	9	0.15	321,899,077	86.17
TOTAL	**5,924**	**100**	**373,558,237**	**100**

ANALYSIS OF SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,548	93.65	371,011,020	99.32
MALAYSIA	299	5.05	1,990,157	0.53
OTHERS	77	1.30	557,060	0.15
TOTAL	**5,924**	**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	2,353,500	0.63
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,314,094	0.62
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,848,518	0.50
6	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,195,700	0.32
7	POH KAM HIYONG	1,100,000	0.30
8	JUNO INDRIADI MUALIM	1,060,000	0.28
9	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
10	ONG SWEE HEOH	903,750	0.24
11	DBS VICKERS SECURITIES (S) PTE LTD	850,753	0.23
12	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
13	TAY HWA LANG	430,000	0.12
14	HSBC (SINGAPORE) NOMINEES PTE LTD	411,027	0.11
15	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
16	EWA BAH @ NG CHAI BOO	364,000	0.10
17	CHONG SIONG CHUAN SAMUEL	350,000	0.09
18	CHONG SIONG LIM STEPHEN	350,000	0.09
19	TAN HENG LENG	315,000	0.08
20	STEPHANIE LIM MAY LYN	301,000	0.08
	TOTAL	327,014,231	87.54

ANALYSIS OF SHAREHOLDINGS

as at 5 March 2010

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 50th 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 21 April 2010 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2009 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 Ang Kong Hua **(Resolution 2)**

   (ii) Mr Ban Song Long **(Resolution 3)**

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

3. To re-appoint Prof Cham Tao Soon, who has attained the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 to hold such office until the next Annual General Meeting of the Company. **(Resolution 4)**

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

4. To approve the payment of Directors' fees of S$514,000.00 for the financial year ended 31 December 2009 (2008: S$514,000.00). **(Resolution 5)**

5. To declare a final dividend of S$0.10 per ordinary share (exempt-one tier) for the financial year ended 31 December 2009 (2008: 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)). **(Resolution 6)**

6. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may be properly be transacted at an Annual General Meeting. **(Resolution 8)**

SPECIAL BUSINESS

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

8 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 9)**

9 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 10)**

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
29 March 2010

Explanatory Notes

(i) Ordinary Resolution 9 proposed in item 8 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 10 proposed in item 9 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 17 March 2010 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 2009 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 29 March 2010.

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.

PROXY FORM

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

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 21 April 2010 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 Financial Statements for the financial year ended 31 December 2009		
2	Re-election of Mr Ang Kong Hua as a Director		
3	Re-election of Mr Ban Song Long as a Director		
4	Re-appointment of Prof Cham Tao Soon as a Director		
5	Approval of Directors' fees amounting to S$514,000.00		
6	Approval of Final Dividend of S$0.10 per ordinary share (exempt-one tier) for the financial year ended 31 December 2009		
7	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors and authorisation for Directors to fix their remuneration		
8	Any other ordinary business		
	Special Business		
9	To approve the Share Issue Mandate		
10	To approve the renewal of the Share Purchase Mandate		

Dated this ____________ day of ______________ 2010.

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

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 <u>and</u> registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

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

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

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

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

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

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

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

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