NSL

NSL LTD

ANNUAL REPORT 2010

Contents

Corporate Profile

Construction Products

Chemicals

Engineering

NSL 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 leading lime and specialised refractory products manufacturer as well as a leading environmental solution provider. 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 components, drymix plaster and 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 9 countries. The Company has been listed on the Singapore Exchange since 1964.

Corporate Information

FINANCIAL CALENDAR

Announcement of Quarterly Results 2010
1st Quarter - 4 May 2010
2nd Quarter - 10 August 2010
3rd Quarter - 10 November 2010

Financial Year-end
31 December 2010

Announcement of Unaudited Results 2010
28 February 2011

2011 Annual General Meeting
20 April 2011

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)

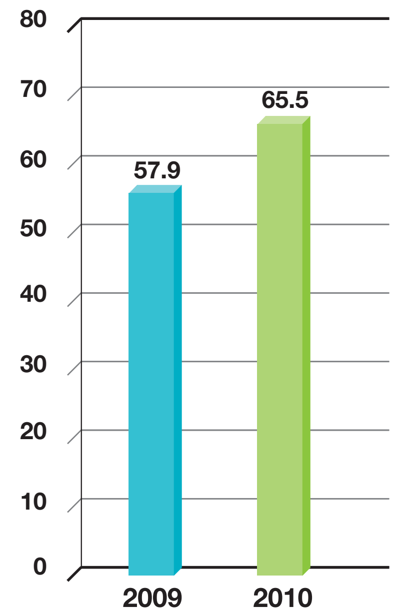
Banks
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Group Financial Highlights

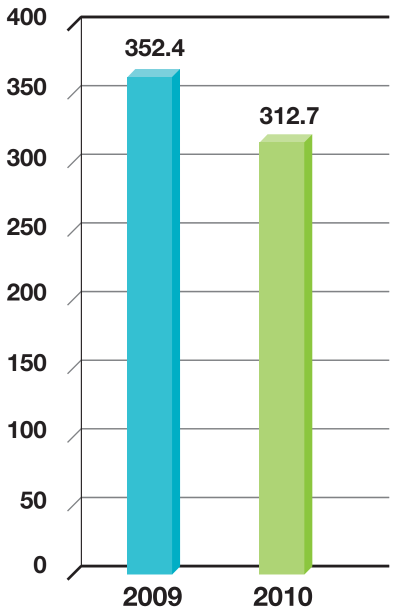
	2006	2007	2008	2009	2010
For the Year (S$'000)					
Turnover from continuing operations	319,786	345,570	357,834	352,424	312,728
Profit before taxation from continuing operations	137,264	106,942	79,778	72,972	67,721
Total group profit attributable to shareholders	132,134	109,379	76,745	66,136	56,053
At Year-end (S$'000)					
Shareholders' funds	451,323	520,021	500,315	495,283	527,313
Total assets	688,407	689,534	688,487	642,495	672,726
Per Share					
Basic earnings per share (cents)	35.3	29.3	20.5	17.7	15.0
Dividends (exempt - one tier, cents per share)					
• interim & final	10	10	20	10	10
• special	29	-	10	-	-
Others					
No. of employees	2,685	2,026	2,230	2,113	2,056

Letter to Shareholders

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



GROUP TURNOVER (S$million)



Dear Shareholders

Performance

I am glad to report that Group profit before tax improved 13% from $57.9m in 2009 to $65.5m in 2010. This was largely attributable to the stronger performance from the Chemicals Division which registered higher profits from most of its operating units. In addition, significantly stronger contribution from its petrochemical associate in Thailand, Bangkok Synthetics Co. Ltd (BST) also lifted the overall Division's performance.

Compared to 2009, the Group turnover declined 11% from $352.4m in 2009 to $312.7m in 2010. This was largely due to the fall in revenue from both the Construction Products and Engineering Divisions.

After taking into account the exceptional items and income tax expenses, profit attributable to shareholder declined to $56.1m due to lower exceptional gain in 2010.

2010 in review

In June, NSL Chemicals Ltd increased its stake in Zhenjiang Zhongda Calcific Products Co., Ltd (ZDC). As a result, ZDC became a wholly-owned subsidiary of NSL Chemicals Ltd.

During the year, Construction Products Division expanded its precast manufacturing plant in Malaysia and United Arab Emirates to meet the increase demand in the market.

ChangShu RAM Engineering Co., Ltd, wholly-owned subsidiary of NSL Engineering Pte Ltd, commenced expansion of its Phase 3 plant in China. The capacity increase and new products will position the Division to meet the future market demands and increased competition.

Looking Ahead

For Chemicals Division, demand for its environmental chemicals and services business should remain relatively stable. BST is expected to remain a significant profit contributor to the Group.

With a healthy order book, the performance of the Construction Products Division is expected to remain satisfactory with better construction outlook for Singapore and Malaysia.

Overall performance of the Engineering Division in 2011 is expected to improve gradually in line with the recovery in the global container trade.

Dividend

Subject to the approval of shareholders at the annual general meeting of the Company to be held on or about 20 April 2011, the Board is recommending a final dividend of $0.10 per share for the financial year ended 31 December 2010 to be paid on or about 27 May 2011 or such other date to be determined by the Directors.

Corporate Changes and Acknowledgements

Mr Ang Kong Hua retired from the Company on 31 December 2010. He will however continue to contribute as a member of the Corporate Research and Development advisory panel.

The Board and I would like to place on record our appreciation to Mr Ang for his contributions over the last 35 years. Mr Ang first joined the company in 1975 as its General Manager. Over the three decades, he played an instrumental role in guiding the Company in its regionalization and diversification strategies as well as transforming the Company from a local steelmaker into one of Singapore's largest Industrial conglomerate. His deep sense of commitment and visionary leadership has left an indelible mark in the NSL Group. We would like thank him for his contributions to the growth of the Group and wish him success in his future endeavors.

We would also like to extend a warm welcome Mr Oo Soon Hee who was appointed the new Executive Director of the Company on 1 February 2011.

In conclusion, I would like to thank our Board, management, employees, partners, customers and all stakeholders for their loyalty, unwavering support and contributions throughout the past year.

TSCham

Prof Cham Tao Soon
Chairman
9 March 2011

Board of Directors

CHAIRMAN

Prof Cham Tao Soon
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

Oo Soon Hee
Director
- ComfortDelGro Corporation Limited
- NatSteel Holdings Pte Ltd
- SIA Engineering Company Limited
- York Transport Equipment (Asia) Pte Ltd

DIRECTORS

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

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

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

Dr Tan Tat Wai
Group Managing Director
- Southern Steel Berhad

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

Mr Ang Kong Hua retired as Executive Director of the Company on 31 December 2010.

Corporate Research & Development Advisory Panel

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

Ang Kong Hua
Chairman
- Global Logistic Properties Limited
- Sembcorp Industries Limited

Director
- DBS Bank Limited
- Government of Singapore Investment Corporation Private Limited

David Fu Kuo Chen

Lam Siew Wah
Deputy CEO
(Industry 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

Director
- EZ-Link Pte Ltd

Oo Soon Hee

Dr Tan Tat Wai

Prof Tay Joo Hwa
Professor
- Nanyang Technological University
  School of Civil and Environmental Engineering

Senior Management Profile

EXECUTIVE DIRECTOR

Oo Soon Hee

Mr Oo Soon Hee was appointed Executive Director of NSL Ltd on 1 February 2011. He is responsible for the overall management of the NSL Group. Mr Oo had previously spent over 25 years at NSL Ltd in various positions, including Chief Operating Officer, President of NatSteel Group as well as a Director of the Company. Prior to joining NSL Group, Mr Oo was the Advisor to Tata Steel Limited. Mr Oo holds a Bachelor of Science (Honors) in Applied Chemistry from University of Singapore and a diploma in Business Administration.

CHIEF EXECUTIVE OFFICER

Dr Josephine Kwa Lay Keng

Dr Josephine Kwa Lay Keng was promoted to Chief Executive Officer of NSL Ltd on 1 January 2011. Prior to this, she was the Chief Operating Officer, responsible for the operational matters in the Group. 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.

KEY BUSINESS MANAGERS

Chong Wai Siak

Richard Sia Kim Siong

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 (Singapore). Mr Chong holds a Bachelor of Science (Honours) degree in Civil Engineering as well as a Master of Science degree 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 2010

JANUARY

NSL Chemicals Ltd, wholly-owned subsidiary of NSL Ltd, increased its stake in Zhenjiang Zhongda Calcific Products Co., Ltd (ZDC) from 96.84% to 97.09%. The purpose of the capital injection is to fund the operations in ZDC.

FEBRUARY

ChangShu RAM Engineering Co., Ltd, wholly-owned subsidiary of NSL Engineering Pte Ltd, incorporated ChangShu RAM Trading Co. Ltd. The principal activity of this subsidiary is to provide trading-cum-after sales services to customers of the Engineering Division in China.

MAY

Payment of final dividend of $0.10 per share for the financial year ended 31 December 2009.

JUNE

NSL Chemicals Ltd acquired the remaining 2.91% stake in Zhenjiang Zhongda Calcific Products Co., Ltd for RMB100,000. As a result, ZDC became a wholly-owned subsidiary of NSL Chemicals Ltd.

AUGUST

NSL Chemicals Ltd disposed its entire 60% stake in ChangShu NSL Calcific Products Co., Ltd. for a total cash consideration of RMB 6.8m.

SEPTEMBER

NSL Properties Pte. Ltd., completed the divestment of its stake in PT Ciputra Adigraha.

DECEMBER

ChangShu RAM Engineering Co., Ltd, wholly-owned subsidiary of NSL Engineering Pte Ltd, commenced construction of its Phase 3 plant.

Dubai Precast L.L.C., joint venture company of Eastern Pretech Pte Ltd, completed the expansion of its manufacturing plant in Abu Dhabi.

Mr Ang Kong Hua retired on 31 December 2010.

Review of Operations

CONSTRUCTION PRODUCTS

Performance

Owing to exceptionally strong deliveries achieved in 2009, the Construction Products Division registered a lower performance in 2010 in comparison to the previous year.

Turnover declined 12% to $171.4m in 2010 largely due to its precast operations in Singapore which delivered lower volume as a result of site delays. This was however partially mitigated by higher turnover registered by its operations in Hong Kong and Finland.

Profit before tax fell from $25.2m in 2009 to $13.9m in 2010 as a result of reduced contributions from operations in Singapore and Dubai.

Poor market sentiments adversely affected Dubai's operation. Performance of its operations in Malaysia, Finland and Hong Kong improved compared to 2009.

Highlights

During the year, Eastern Pretech (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Eastern Pretech Pte Ltd, expanded its precast plant in Seelong, Johor. This is expected to be fully completed by mid 2011.

Review of Operations

In December 2010, Dubai Precast L.L.C., its 45% owned joint venture company of Eastern Pretech Pte Ltd, completed the expansion of its manufacturing plant in Abu Dhabi, United Arab Emirates (UAE).

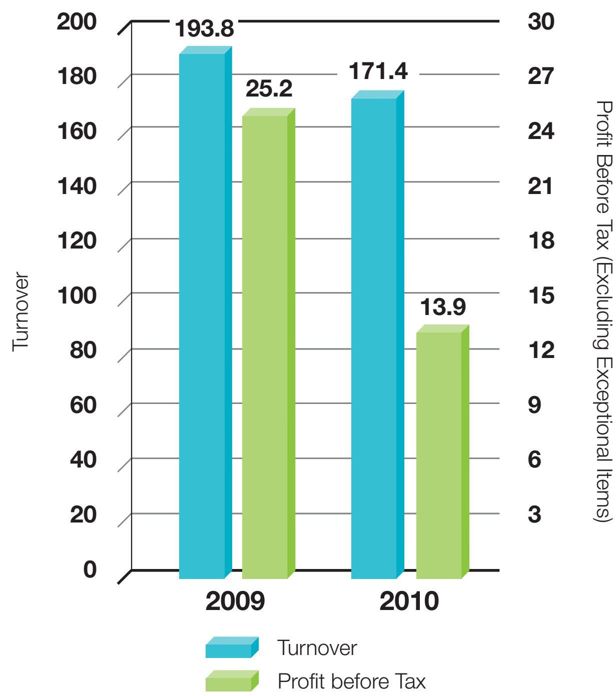
Eastern Pretech (Malaysia) Sdn Bhd has also started setting up a new plant in Johor to meet the increase demand for Plasters and Mortars in Malaysia. This will be the company's third Plaster and Mortar plant in Malaysia.

Going Forward

With the rebound of the Singapore and Malaysia economies, Construction outlook for 2011 is positive. In UAE, the uncertain market conditions will remain a challenge.

The performance of the Construction Products Division is expected to remain satisfactory barring any major project delays in its key markets.

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



Review of Operations

CHEMICALS

Performance

The Chemicals Division closed the year with a robust performance. Compared to 2009, the Division recorded a higher turnover and profit before tax.

Turnover grew 14% from $89.1m in 2009 to $101.9m in 2010, driven largely by higher sales and firmer average selling prices.

Profit before tax rose 90% from $31m in 2009 to $59m in 2010. The better performance was attributable to significantly higher profit contribution from Bangkok Synthetics Co. Ltd (BST), its petrochemical associate in Thailand. BST's profit contribution increased $21.1m compared to 2009 to $41.8m in 2010. This was mainly due to higher selling prices for its key products. Excluding BST, performance of the Division increased 67% to $17.2m in 2010.

Highlights

During the first half of 2010, NSL Chemicals Ltd increased its stake in Zhenjiang Zhongda Calcific Products Co., Ltd (ZDC). As a result, ZDC became a wholly-owned subsidiary of NSL Chemicals Ltd.

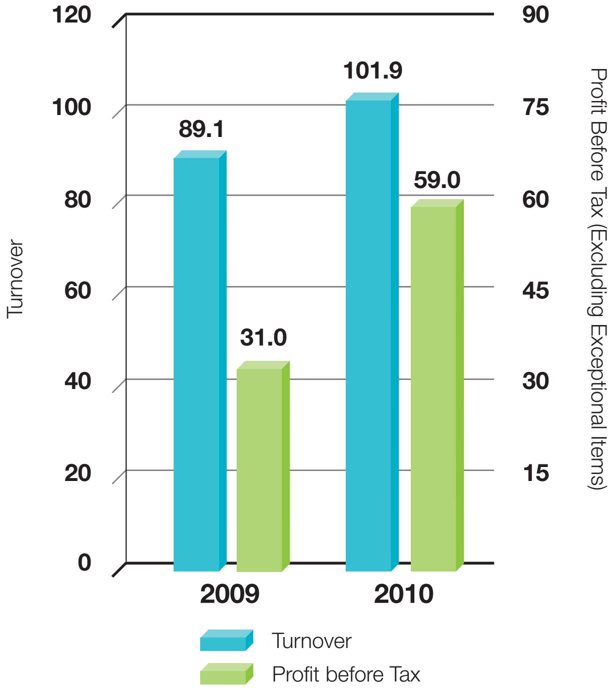
In August 2010, NSL Chemicals Ltd disposed its entire 60% stake in ChangShu NSL Calcific Products Co., Ltd., manufacturer of calcium derivative products, for a total cash consideration of RMB 6.8m. This sale was part of the NSL Group's ongoing review and streamlining of businesses within the Group.

Going Forward

For 2011, the overall demand for environmental chemicals and services in the key markets is likely to remain relatively stable. However, increased competition and energy cost will have a dampening impact on the Division's margins.

BST is expected to continue to remain a significant profit contributor to the Division.

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



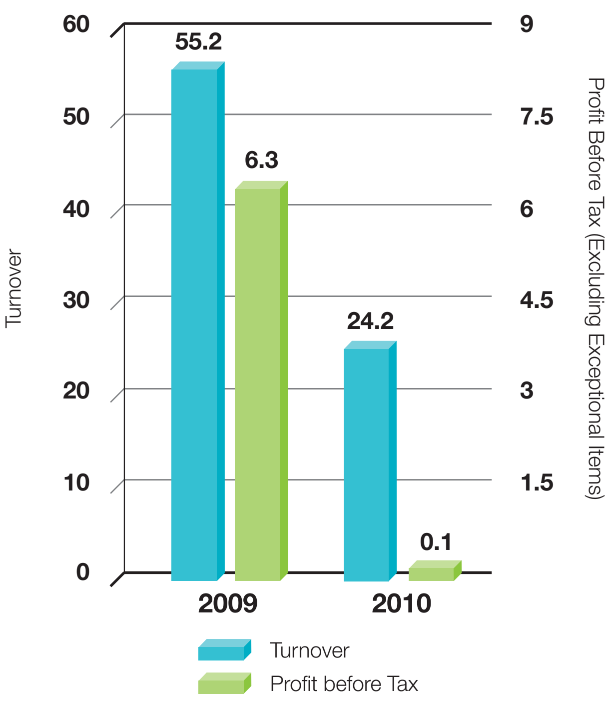
ENGINEERING

Performance

The Engineering Division recorded a lower turnover and profit before tax in 2010.

Compared to 2009, turnover declined 56% to $24.2m in 2010 largely attributable to significantly lower spreader deliveries as a result of weaker demand.

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



Profit before tax fell from $6.3m in 2009 to $0.1m in 2010.

The overall performance of the Division was also adversely impacted by the weakness of US Dollar.

Highlights

Expansion plans for its Phase 3 plant in China, ChangShu RAM Engineering Co., Ltd, wholly-owned subsidiary of NSL Engineering Pte Ltd, is in progress. The increase capacity will position the Division to meet future market growth.

The Engineering Division continued its efforts to broaden product range and improve existing products under the RAM brand name. Last year, the Division developed another new product range, Tipping spreader. Together with its range of fully electric Yard and Quay Crane spreaders, this new product will offer its customers a wider range of spreaders.

Going Forward

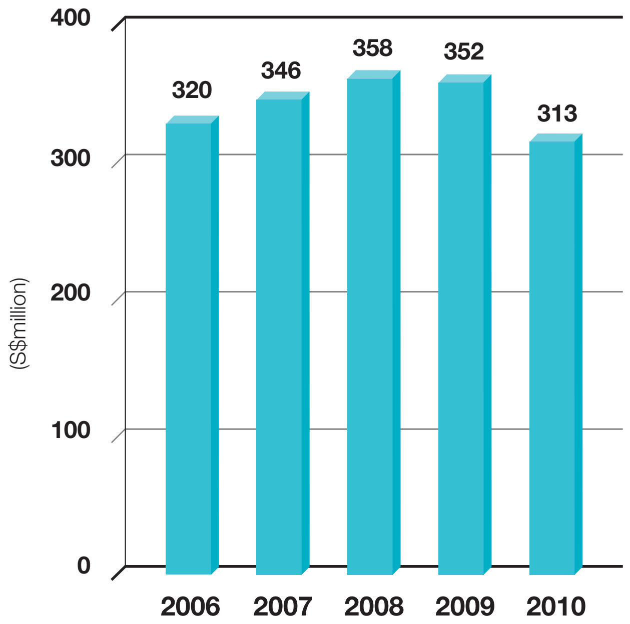
Looking forward, the market conditions for the spreader business are expected to improve with the recovery in the global container trade.

5-year Financial Summary

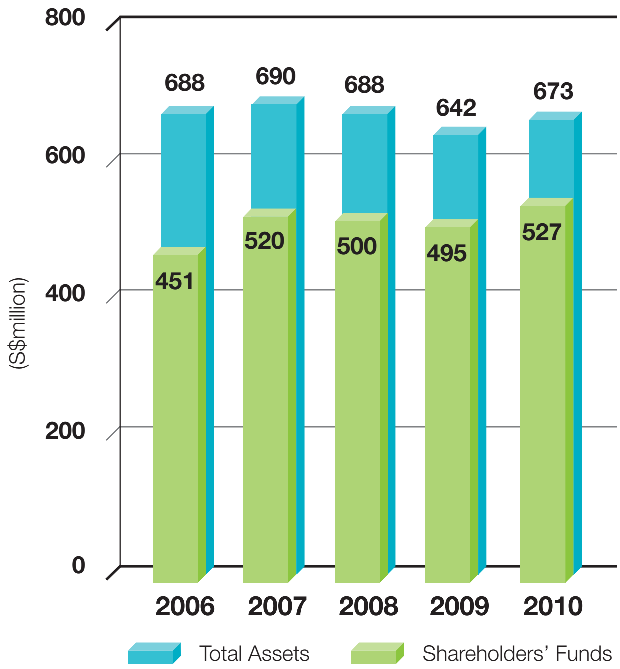
Financial Profile (S$'000)	2006	2007	2008	2009	2010
Continuing Operations					
Turnover	319,786	345,570	357,834	352,424	312,728
Profit before share of results of associated companies and joint venture	5,822	20,189	22,251	35,059	24,544
Share of results of associated companies and joint venture, net of tax	48,445	31,402	53,010	22,859	41,000
Profit before tax and exceptional items	54,267	51,591	75,261	57,918	65,544
Exceptional items	82,997	55,351	4,517	15,054	2,177
Profit before tax	137,264	106,942	79,778	72,972	67,721
Taxation	3,260	(6,470)	(4,393)	(6,080)	(9,758)
Profit after tax	140,524	100,472	75,385	66,892	57,963
EBITDA before exceptional items	70,689	65,649	90,272	74,330	80,875
(Loss)/profit after tax from discontinued operations	(5,126)	9,733	-	-	-
Total group profit attributable to shareholders	132,134	109,379	76,745	66,136	56,053
Dividends (exempt - one tier)					
- Interim & final	37,356	37,356	74,712	37,356	37,356
- Special	108,332	-	37,356	-	-
Share capital	193,839	193,839	193,839	193,839	193,839
Share premium and reserves	257,484	326,182	306,476	301,444	333,474
Dividend cover	0.9x	2.9x	0.7x	1.8x	1.5x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	136,584	138,484	138,944	135,645	132,031
Associated companies & joint venture	109,465	147,852	144,853	171,943	216,400
Investment properties	4,483	4,296	4,109	3,920	3,633
Long term receivables & investments	41,330	43,215	23,076	38,960	29,773
Intangible assets	9,678	9,654	9,760	9,559	9,690
Deferred tax assets	1,415	1,651	1,195	1,728	1,044
Current assets	385,452	344,382	366,550	280,740	280,155
	688,407	689,534	688,487	642,495	672,726
What we owed and Equity					
Shareholders' funds	451,323	520,021	500,315	495,283	527,313
Non-controlling interests	29,243	14,016	13,184	13,727	14,245
Long term liabilities	53,328	38,245	42,514	41,364	38,816
Current liabilities	154,513	117,252	132,474	92,121	92,352
	688,407	689,534	688,487	642,495	672,726
Cash & Debt Position					
Group borrowings (S$'000)	82,501	41,074	47,636	32,644	27,785
Group net cash (cash less borrowings) (S$'000)	103,980	157,760	123,816	113,876	117,499
Per Share Data					
Basic earnings per share (cents)	35.3	29.3	20.5	17.7	15.0
Net tangible assets per share (S$)	1.18	1.37	1.31	1.30	1.39
Dividends					
Dividends (exempt - one tier, cents per share)					
- Interim & final	10	10	20	10	10
- Special	29	-	10	-	-

5-year Financial Summary

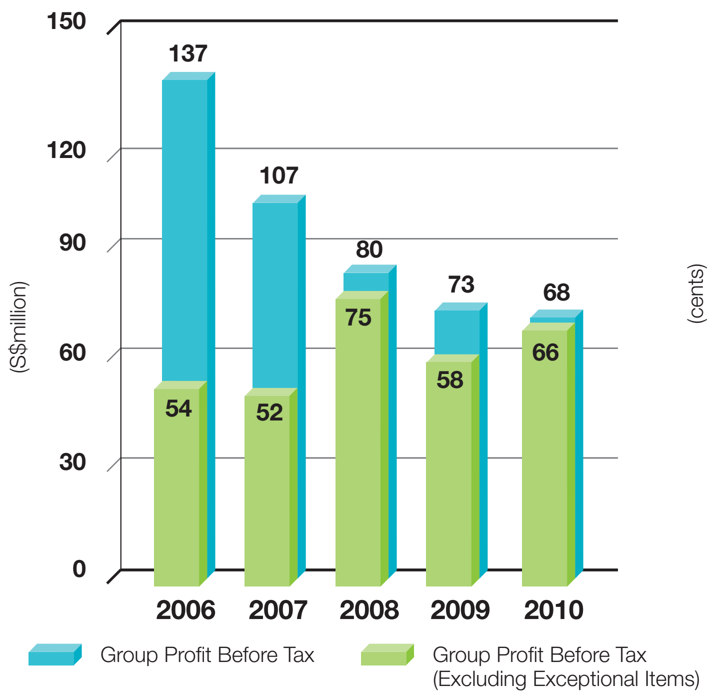
GROUP TURNOVER



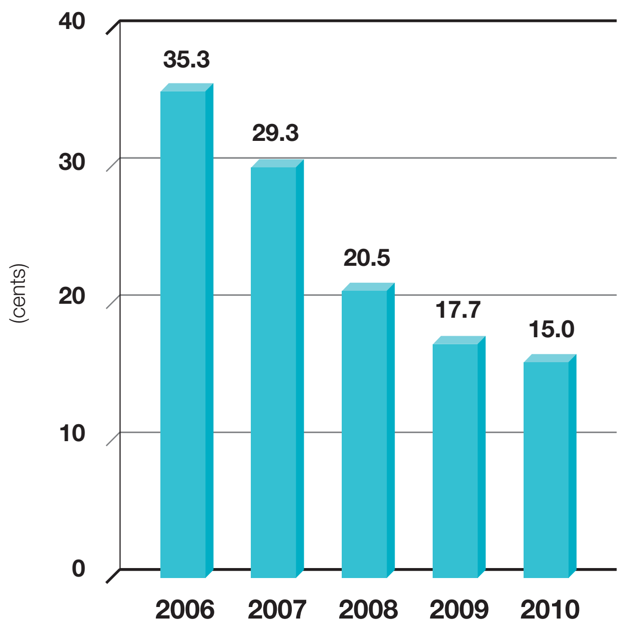
SHAREHOLDERS' FUNDS & TOTAL ASSETS



GROUP PROFIT BEFORE TAX



BASIC EARNINGS PER SHARE



Corporate Directory

CHEMICALS

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

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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
www.nslchemicals.com.my

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

ZhenJiang ZhongDa Calcific Products Co Ltd
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Bangkok Synthetics Co Ltd
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175 South Sathorn Road
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Fax : (66-2) 679 5119
www.bst.co.th

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Fax : (038) 683 315

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Perak Darul Ridzuan
Malaysia
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Fax : (60-5) 357 6977

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Kd. Kedep RT. 02/RW. 17
Ds. Tlajung Udik, Kecamatan Gunung
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ENGINEERING

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www.ramspreaders.com

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Lancs WN8 8EF
England
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Fax : (44-1695) 556 356

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

Corporate Directory

CONSTRUCTION PRODUCTS

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Taman Sungai Besi
57100 Kuala Lumpur
Malaysia
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Fax : (60-3) 7980 5663
www.epmsb.com.my

EI Resources Sdn Bhd
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Malaysia
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Tel : (65) 6368 1366
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Eastern Gotech (HK) Ltd
Eastern Gotech (China) Limited
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Hong Kong
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www.emix.com.hk

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Fax : (020) 3821 0873

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www.parmarine.fi

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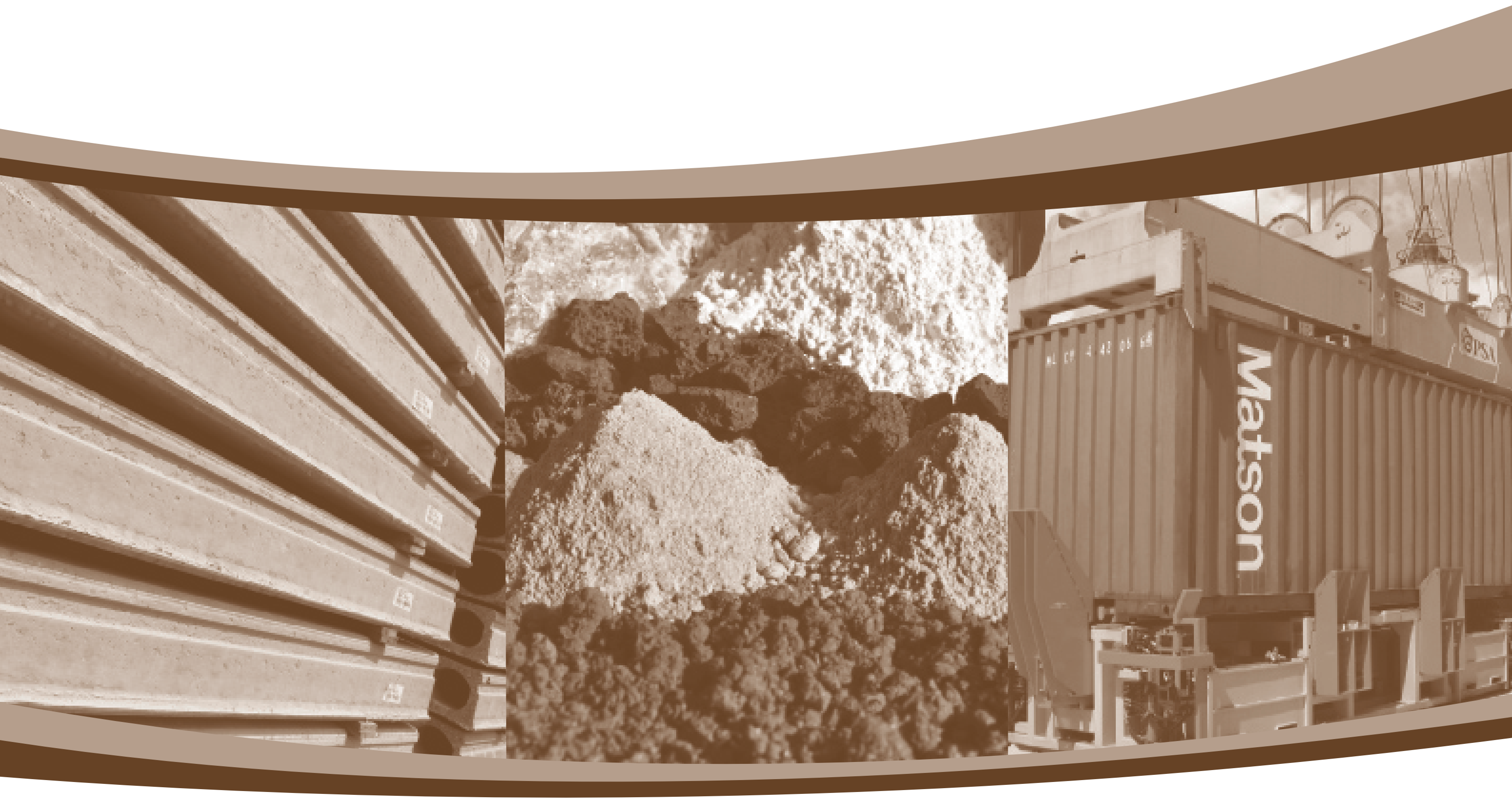
#27-00 Robinson 77
Singapore 068896
Tel : (65) 6536 1000
Fax : (65) 6536 1008

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


Matson

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 2010 and the balance sheet of the Company as at 31 December 2010.

1. DIRECTORS OF THE COMPANY

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

Prof CHAM Tao Soon
BAN Song Long
John KOH Tiong Lu
David FU Kuo Chen
Dr TAN Tat Wai
OO Soon Hee (Appointed on 1 February 2011)

Pursuant to Article 86 of the Company's Articles of Association, Mr David Fu Kuo Chen retires and being eligible, offers himself for re-election.

Mr Oo Soon Hee was appointed pursuant to Article 93 of the Company's Articles of Association. He holds office until the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

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

Prof Cham Tao Soon, who is over 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 2011 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	At 21.01.2011	Deemed Interest At 31.12.2010	At 01.01.2010
NSL Ltd			
Ordinary shares			
Prof Cham Tao Soon *	10,000	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 (until 31 December 2010) and Mr Oo Soon Hee (from 1 February 2011) have employment relationships with the Company and have received remuneration in those capacities.

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 AUDITOR

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

OO Soon Hee
Director

Singapore
9 March 2011

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 112 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 2010, 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

OO Soon Hee
Director

Singapore
9 March 2011

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

The Board, of which half comprise independent non-executive directors, is able to exercise its powers objectively and independently from Management.

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

Statement of Corporate Governance

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2010 to 31 December 2010

	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	3	3	4	4	1	0	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	4	4	4	n/a	n/a	n/a	n/a	1	1	n/a	n/a
John Koh Tiong Lu	4	4	4	4	3	3	4	4	1	0	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	3	3	4	4	1	1	3	3
Dr Tan Tat Wai	4	4	4	4	3	3	4	4	1	1	3	1

* Mr Ang Kong Hua retired as Executive Director of the Company on 31 December 2010.

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. 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 2010.

In carrying out its duties, the Audit Committee:

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

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

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

(d) Reviewed, on an annual basis, non-audit services rendered to the Company by the external auditor 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 auditor, recommended to the Board of Directors the re-appointment of PricewaterhouseCoopers LLP as auditor of the Company at the forthcoming annual general meeting. The Committee also reviewed and approved the remuneration and terms of engagement of the external auditor.

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$5,250,000 to S$5,499,999						
ANG Kong Hua	5.6	92.0	0.8	1.6	-	100
Below S$250,000						
Prof CHAM Tao Soon	-	-	100	-	-	100
BAN Song Long	-	-	100	-	-	100
David FU Kuo Chen	-	-	100	-	-	100
John KOH Tiong Lu	-	-	100	-	-	100
Dr TAN Tat Wai	-	-	100	-	-	100

(1) The salary and performance bonus amounts shown are inclusive of allowances, ex-gratia payment, 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	52.9	46.8	0.3	-	100
S$500,000 to S$749,999					
CHONG Wai Siak	73.4	25.2	1.4	-	100
S$250,000 to S$499,999					
Andy IP Kam Wa	80.1	19.9	-	-	100
Richard SIA Kim Siong	69.1	30.6	0.3	-	100
TAN Meow Cheng	69.7	27.8	2.5	-	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
Dr TAN Tat Wai
OO Soon Hee
Prof TAY Joo Hwa
LAM Siew Wah
LIM Swee Cheang

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

Internal Controls
(Principle 12)

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

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 controls are carried out by the Company's internal auditors based on approved internal audit plans. 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.

Statement of Corporate Governance

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.

Interested Person Transactions

Transactions with the Company's interested persons (as that term is defined in the Listing Manual of the SGX-ST) are subject to review and approval by the Board comprising those directors who do not have an interest in the relevant transaction. Where required by the relevant listing rules of the SGX-ST, the Audit Committee reviews the interested person transaction to determine that it is on normal commercial terms and hence, not prejudicial to the interests of the Company and shareholders, before making its recommendation to the Board.

During the financial year ended 31 December 2010, the Company carried out a transaction with an interested person (as that term is defined in Chapter 9 of the Listing Manual) brief particulars of which are included in the Company's disclosure pursuant to Rule 907 of the Listing Manual below.

Name of interested person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Como House Pte Ltd (as purchaser), an associate of Reef Holdings Pte Ltd/ Mr Ong Beng Seng	USD500,000*	The Company does not have a shareholders' mandate pursuant to Rule 920

* Equivalent to S$707,500 based on exchange rate of USD1 to S$1.4150 prevailing at the time of the transaction in June 2010, and excludes GST borne by the purchaser.

Statement of Corporate Governance

PARTICULARS OF DIRECTORS AS AT 9 MARCH 2011

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 20 APRIL 2011
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 21 April 2010	Non-Executive / Independent	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
Oo Soon Hee	• Bachelor of Science (Hons) from University of Singapore • Diploma in Business Administration from University of Singapore	*Member:* Corporate Research and Development Advisory Panel	1 February 2011	Executive (Responsible for the overall Management of the NSL Group)	Retirement under Article 93
Ban Song Long	Associate of the Institute of Bankers, London	*Member:* Audit Committee	25 January 2003 21 April 2010	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
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	Retirement under Article 86
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from Harvard University	*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

Report on the Financial Statements

We have audited the accompanying financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 112, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditor's Report

to the Members of NSL Ltd

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 9 March 2011

Consolidated Income Statement

For the financial year ended 31 December 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000
Sales	4	312,728	352,424
Cost of sales		(238,656)	(271,244)
Gross profit		74,072	81,180
Other income	5	4,291	3,561
Distribution costs		(13,705)	(13,824)
Administrative expenses		(37,604)	(32,560)
Other expenses		(1,636)	(1,752)
Finance costs	6	(874)	(1,546)
Share of results of associated companies and joint venture, net of tax		41,000	22,859
Profit before taxation and exceptional items	7	65,544	57,918
Exceptional items	9	2,177	15,054
Profit before taxation		67,721	72,972
Taxation	10	(9,758)	(6,080)
Profit for the financial year		57,963	66,892
Profit attributable to:			
Equity holders of the Company		56,053	66,136
Non-controlling interests		1,910	756
		57,963	66,892
Earnings per ordinary share attributable to the equity holders of the Company			
- Basic and fully diluted (cents)	12	15.0	17.7

The Notes on pages 40 to 112 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	Note	The Group 2010 S$'000	2009 S$'000
Profit for the financial year		57,963	66,892
Other comprehensive income:			
Exchange differences on translating foreign operations			
- Add: (losses) / gains arising during the year		(2,931)	1,327
- Less: losses / (gains) included in profit or loss on disposal of a subsidiary / an associated company		31	(91)
Available-for-sale financial assets			
- Add: (losses) / gains arising during the year		(1,079)	2,779
- Less: gains included in profit or loss		(421)	(6,970)
Share of other comprehensive income of an associated company		18,799	7,219
Income tax relating to components of other comprehensive income	10	(1,159)	(757)
Other comprehensive income for the year, net of tax		13,240	3,507
Total comprehensive income for the year, net of tax		71,203	70,399
Total comprehensive income attributable to:			
Equity holders of the Company		69,426	69,680
Non-controlling interests		1,777	719
		71,203	70,399

The Notes on pages 40 to 112 form an integral part of the financial statements.

Balance Sheets

As at 31 December 2010

	Note	The Group 2010 S$'000	The Group 2009 S$'000	The Company 2010 S$'000	The Company 2009 S$'000
SHARE CAPITAL	13	193,839	193,839	193,839	193,839
RESERVES	14	333,474	301,444	76,265	90,287
SHAREHOLDERS' EQUITY		527,313	495,283	270,104	284,126
NON-CONTROLLING INTERESTS		14,245	13,727	-	-
TOTAL EQUITY		541,558	509,010	270,104	284,126
CURRENT ASSETS					
Inventories	15	56,528	53,514	-	-
Receivables and prepayments	16	75,162	76,924	36,285	43,370
Tax recoverable		2,666	2,655	1,910	1,544
Available-for-sale financial assets	17	220	543	-	-
Cash and bank balances	18	145,284	146,520	54,944	52,437
Other assets		295	584	-	-
		280,155	280,740	93,139	97,351
NON-CURRENT ASSETS					
Property, plant and equipment	19	132,031	135,645	150	95
Investment properties	20	3,633	3,920	-	-
Subsidiaries	21	-	-	73,098	73,402
Associated companies and joint venture	22	216,400	171,943	-	-
Long term receivables	23	16,510	24,366	123,757	121,366
Available-for-sale financial assets	17	13,137	14,435	12,841	14,139
Intangible assets	24	9,690	9,559	-	-
Deferred tax assets	29	1,044	1,728	103	273
Other non-current assets		126	159	-	-
		392,571	361,755	209,949	209,275
TOTAL ASSETS		672,726	642,495	303,088	306,626
CURRENT LIABILITIES					
Amounts due to bankers	25	13,282	12,387	-	-
Trade and other payables	26	70,346	69,375	29,004	18,942
Provision for other liabilities and charges	27	1,859	1,950	-	-
Current income tax liabilities		6,639	8,068	3,636	3,271
Deferred income	31	226	341	-	-
		92,352	92,121	32,640	22,213
NON-CURRENT LIABILITIES					
Provision for retirement benefits	28	344	287	344	287
Deferred tax liabilities	29	21,816	17,815	-	-
Long term bank loans	30	12,211	16,958	-	-
Deferred income	31	2,711	3,326	-	-
Other non-current liabilities	32	1,734	2,978	-	-
		38,816	41,364	344	287
TOTAL LIABILITIES		131,168	133,485	32,984	22,500
NET ASSETS		541,558	509,010	270,104	284,126

The Notes on pages 40 to 112 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2010

		Attributable to equity holders of the Company								Non-controlling Interests of Subsidiaries	Total Equity
	Note	Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000	Capital Reserve S$'000	Revaluation Reserve S$'000	Fair Value Reserve S$'000	General Reserve S$'000	Total S$'000	S$'000	S$'000
Balance at 1 January 2010		193,839	299,531	(13,932)	-	1,946	13,599	300	495,283	13,727	509,010
Changes in group structure		-	(40)	-	-	-	-	-	(40)	(829)	(869)
Dividends paid	11	-	(37,356)	-	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(430)	(430)
Total comprehensive income for the year		-	56,053	(2,767)	-	-	16,140	-	69,426	1,777	71,203
Balance as at 31 December 2010		193,839	318,188	(16,699)	-	1,946	29,739	300	527,313	14,245	541,558
Balance at 1 January 2009		193,839	301,554	(15,205)	6,853	1,946	11,328	-	500,315	13,184	513,499
Transfer of reserves		-	6,553	-	(6,853)	-	-	300	-	-	-
Dividends paid	11	-	(74,712)	-	-	-	-	-	(74,712)	-	(74,712)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(176)	(176)
Total comprehensive income for the year		-	66,136	1,273	-	-	2,271	-	69,680	719	70,399
Balance as at 31 December 2009		193,839	299,531	(13,932)	-	1,946	13,599	300	495,283	13,727	509,010

The Notes on pages 40 to 112 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2010

	Note	2010 S$'000	2009 S$'000
Cash Flows from Operating Activities			
Profit after tax for the financial year		57,963	66,892
Adjustments for:			
Taxation		9,758	6,080
Amortisation of intangible assets		427	522
Amortisation of deferred income		(807)	(343)
Depreciation of property, plant and equipment and investment properties		15,269	15,302
Property, plant and equipment written off		15	146
Interest expense		874	1,546
Interest income		(432)	(615)
Dividend income		(2,849)	(1,147)
Gain on sale of property, plant and equipment (net)		(222)	(67)
Provision / (write-back) for retirement benefits (net)		57	(6)
Share of results of associated companies and joint venture, net of tax		(41,000)	(22,859)
Exceptional items	9	(2,177)	(15,054)
Exchange differences		51	(458)
Operating cash flows before working capital changes		36,927	49,939
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		(3,697)	16,216
Receivables and prepayments		1,204	28,434
Deferred income		77	211
Trade and other payables		3,082	(20,166)
Cash generated from operations		37,593	74,634
Income tax paid		(8,278)	(5,739)
Insurance compensation received		1,000	783
Net cash generated from operating activities		30,315	69,678

The Notes on pages 40 to 112 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2010

	Note	2010 S$'000	2009 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		274	243
Proceeds from sale of available-for-sale financial assets, investment property and other non-current assets		2,416	18,685
Proceeds from disposal of an associated company		-	1,617
Proceeds from disposal of a subsidiary company, net of cash disposed		410	-
Purchases of property, plant and equipment, including deposit paid		(14,645)	(20,020)
Purchases of intangible assets		(604)	(326)
Additional investment in a subsidiary company		(21)	-
Additional investment in joint venture		-	(14,151)
Interest received		520	595
Dividends received from associated companies		17,522	17,112
Dividends received from available-for-sale financial assets		2,849	1,147
Decrease / (increase) in long term receivables		5,268	(8,179)
Net cash generated from / (used in) investing activities		13,989	(3,277)
Cash Flows from Financing Activities			
Proceeds from borrowings		5,818	2,478
Repayment of borrowings		(9,670)	(20,086)
Finance leases and hire purchases		(1,007)	2,858
Interest paid		(1,086)	(1,480)
Dividends paid to shareholders	11	(37,356)	(74,712)
Dividends paid to non-controlling interests		(430)	(176)
Net cash used in financing activities		(43,731)	(91,118)
Net increase / (decrease) in cash and cash equivalents		573	(24,717)
Cash and cash equivalents at beginning of the financial year		146,520	171,210
Effects of exchange rate changes on cash and cash equivalents		(1,809)	27
Cash and cash equivalents at end of the financial year	18	145,284	146,520

The Notes on pages 40 to 112 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2010

Disposal of a subsidiary company

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

	2010 S$'000	2009 S$'000
Property, plant and equipment	2,770	-
Inventories	683	-
Receivables and prepayments	647	-
Cash and bank balances	937	-
Trade and other payables	(2,327)	-
Taxation	(117)	-
Other non-current liabilities	(410)	-
Non-controlling interests	(848)	-
Attributable net assets disposed	1,335	-
Translation reserve released upon disposal of subsidiary	31	-
Loss on disposal	(19)	-
Total consideration, net of transaction costs	1,347	-
Less: cash and bank balances of subsidiary disposed	(937)	-
Cash flow from disposal of a subsidiary company	410	-

The Notes on pages 40 to 112 form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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 (Note 40).

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 2010

On 1 January 2010, 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies except as disclosed below:

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

Please refer to Note 2F for the revised accounting policy on business combinations.

The revised FRS 103 continues to apply the acquisition method used to business combinations, with some significant changes.

Acquisition-related costs are recognised in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Interpretations and amendments to published standards effective in 2010 (continued)

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

The consideration transferred for an acquisition includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the acquiree.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements and there is no material effect on the financial statements for the current year.

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

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Note 2F for the revised accounting policy on changes in ownership interests. The effects of all transactions with non-controlling interests are recorded in equity as transactions with equity owners if there is no change in control. These transactions will no longer result in goodwill gains or losses.

When a change in the Company's ownership in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiaries including goodwill are derecognised. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

The revised FRS 27 requires total comprehensive income to be attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements and there is no material effect on the financial statements for the current year.

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 locations specified by the customers and when significant risk and rewards of ownership of the goods are transferred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Revenue recognition (continued)

(2) Rendering of services

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

This includes entrance fees and membership transfer fees of membership clubs which are recognised in 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting

(1) Subsidiaries

(i) *Consolidation*

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. 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 entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling 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 equity holders of the Company. They are shown separately in the consolidated income statement, comprehensive income, statement of changes in equity and balance sheet. Total income and comprehensive income are attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisition of businesses*

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

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

Acquisition-related costs are expensed as incurred.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(ii) *Acquisition of businesses (continued)*

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

(iii) *Disposal of subsidiaries or businesses*

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

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

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

(2) Transactions with non-controlling interests

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

(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 less impairment losses, if any.

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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(3) Associated companies and joint ventures (continued)

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures 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 non-current 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.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in profit or loss.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

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 revalued amount, 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 includes 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 9 to 90 years
Buildings	-	10 to 60 years
Leasehold improvements	-	4 to 20 years
Plant and machinery	-	2 to 15 years
Other assets	-	3 to 20 years

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values 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 on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiaries and the acquisition-date fair value of any previous equity interest in the acquired subsidiaries over the fair value of the net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 and on acquisition of associated companies or joint ventures 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 recognised separately as 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. 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 lives 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 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 of investment properties (excluding freehold land which is not depreciated) 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 recognised separately as an intangible asset 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. The 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.

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash 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 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 subsidiaries, associated companies and joint ventures 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(4) Subsequent measurement

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

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 security below its cost and the disappearance of an active trading market for the security are considered in determining whether the security is impaired. When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Derivative financial instruments

Forward foreign exchange contracts are classified as derivative financial instruments in the financial statement. Derivative financial instruments are initially recognised at 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.

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 factors and 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 estimated costs of completion and selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Income taxes (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(2) Provision for retirement benefits

The Company operates 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. 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. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

X. Foreign currency translation (continued)

(2) Transaction and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of transactions. 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.

(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.

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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

A. 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 2010, the Group recorded goodwill arising on consolidation of S$8,880,000 (Note 24a). The key estimates used in the assessment of the carrying value of goodwill relate to the budgeted average sales growth rate used. If management's estimated average sales growth rate relating to Construction Products' cash-generating units ("CGUs") were to decrease by 1%, the recoverable amount of the goodwill will equal to its carrying value respectively, assuming the other variables remain unchanged.

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

B. 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. As at 31 December 2010, the Group and the Company recorded current income tax liabilities amounting to S$6,639,000 and S$3,636,000 respectively. As at 31 December 2010, the Group recorded deferred tax assets and deferred tax liabilities amounting to S$1,044,000 and S$21,816,000 respectively and the Company recorded deferred tax asset amounting to S$103,000.

C. 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$782,000 to reduce certain property, plant and equipment to its recoverable amount (based on value-in-use calculations over its estimated useful lives) of S$843,000. If management's estimated useful life of the property, plant and equipment were to increase / decrease by 10%, the recoverable amount would increase / decrease by S$215,000.

D. 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.

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 2010, the Group recorded allowance for impairment of trade receivables and long term receivables amounting to S$6,492,000 and S$988,000 respectively. Further analysis of the Group's credit risk profile is set out in Note 37b.

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

E. Fair value of available-for-sale financial assets

The available-for-sale financial assets of the Group and the Company comprise equity securities and other investments that are not traded in an active market. As at 31 December 2010, fair value of available-for-sale financial assets of the Group and the Company amounted to S$13,357,000 and S$12,841,000 respectively (Note 17). The Group and the Company recorded fair value loss on available-for-sale financial assets in other comprehensive income during the financial year, amounting to S$1,079,000 and S$756,000 respectively. In addition, the Group's share of fair value gain on available-for-sale financial assets of its associated companies (Note 22) recorded within other comprehensive income amounted to S$18,799,000. The fair value of the unlisted available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques in accordance with Note 2Q. The Group and the Company 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 factors and conditions.

4. SALES

	The Group	
	2010 S$'000	2009 S$'000
Sale of goods	286,972	329,169
Services rendered	21,218	19,482
Rental income	3,606	3,584
Contract revenue	932	189
	312,728	352,424

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2010 S$'000	2009 S$'000
Gross dividends from available-for-sale financial assets	2,849	1,147
Interest income		
- Fixed / call deposits	302	499
- Others	130	116

6. FINANCE COSTS

	The Group	
	2010 S$'000	2009 S$'000
Interest expense		
- Bank borrowings	750	1,364
- Bank overdrafts	14	23
- Others	110	159
	874	1,546

7. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

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

	The Group	
	2010 S$'000	2009 S$'000
(Charged) / credited:		
Amortisation of intangible assets (Note 24b)	(427)	(522)
Depreciation of property, plant and equipment (Note 19)	(15,096)	(15,113)
Depreciation of investment properties (Note 20)	(173)	(189)
Employee compensation (Note 8)	(69,037)	(62,559)
Cost of inventories as expense (included in 'Cost of sales')	(154,510)	(181,854)
Remuneration paid / payable to auditors of the Company[1]		
- for other services	(453)	(198)
Remuneration paid / payable to other auditors		
- for other services	(14)	(4)
Rental expense - operating leases	(4,680)	(5,089)
Gain on sale of property, plant and equipment, net	222	67
Property, plant and equipment written off	(15)	(146)
Foreign exchange loss, net	(1,420)	(1,123)
Fair value gain on derivative financial instruments	67	734
Reversal of impairment / (provision for impairment) of trade receivables, net	92	(526)
Reversal of impairment / (write-down) of inventories, net	154	(416)
Amortisation of deferred income (Note 31)	807	343

[1] PricewaterhouseCoopers LLP, Singapore

8. EMPLOYEE COMPENSATION

	The Group	
	2010 S$'000	2009 S$'000
Wages and salaries	60,554	54,840
Employer's contribution to defined contribution plans, including Central Provident Fund	6,570	6,184
Retirement benefits (Note 28)	57	(6)
Other staff benefits	1,856	1,541
	69,037	62,559

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

9. EXCEPTIONAL ITEMS

9a Exceptional items of the Group comprise:

	The Group	
	2010 S$'000	2009 S$'000
Gain on disposal of		
- associated company	-	22
- available-for-sale financial assets	843	19,516
- investment property	77	-
- other non-current assets	940	-
Reversal of impairment of investment in associated company	-	104
Reversal of impairment of loan to associated company	602	447
Reversal of impairment of loans receivable	-	1,589
Insurance compensation (Note 9b)	1,000	213
Others	15	93
Total gains	3,477	21,984
Loss on disposal of		
- subsidiary company	(19)	-
- available-for-sale financial assets	-	(16)
Impairment of investment in associated companies (Note 22)	(180)	(1,020)
Impairment of property, plant and equipment (Note 19)	(782)	(4,931)
Impairment of available-for-sale financial assets	(121)	(540)
Others	(198)	(423)
Total losses	(1,300)	(6,930)
Net gain	2,177	15,054

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 Group 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

	The Group 2010 S$'000	The Group 2009 S$'000
Taxation charge for the year comprises:		
Current taxation		
- Singapore	2,938	4,248
- Foreign	3,824	2,974
Deferred taxation (Note 29)	2,917	(345)
	9,679	6,877
(Over) / under provision in respect of prior years:		
- Current taxation	(480)	(241)
- Deferred taxation (Note 29)	559	(556)
	79	(797)
Taxation for the year	9,758	6,080

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

	The Group 2010 Before Tax S$'000	2010 Tax charge S$'000	2010 After Tax S$'000	2009 Before Tax S$'000	2009 Tax charge S$'000	2009 After Tax S$'000
Net fair value loss / (gain) of available-for-sale financial assets	1,079	17	1,096	(2,779)	43	(2,736)
Share of associated companies' net fair value gain of available-for-sale financial assets	(18,799)	1,142	(17,657)	(7,219)	714	(6,505)
Other comprehensive income	(17,720)	1,159	(16,561)	(9,998)	757	(9,241)

10. TAXATION (continued)

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

	The Group	
	2010 S$'000	**2009 S$'000**
Profit before taxation (before share of results of associated companies and joint venture[1])	26,721	50,113
Tax calculated at a tax rate of 17% (2009: 17%)	4,543	8,519
Income not subject to tax	(563)	(4,966)
Expenses not deductible for tax purposes	1,906	2,073
Effect of changes in tax rates	-	(119)
Utilisation of previously unrecognised tax assets	(1,145)	(791)
Tax benefit from current year's tax losses not recognised	438	89
Tax provision on unremitted income of an associated company	4,177	2,059
Effects of different tax rates in other countries	582	425
Others	(259)	(412)
Tax charge	9,679	6,877

(1) Share of results of associated companies and joint venture is net of tax expense of S$8,568,000 (2009: S$4,080,000).

11. DIVIDENDS

	The Group and Company	
	2010 S$'000	**2009 S$'000**
Ordinary dividends paid		
Final dividend of 10 cents (2009: final dividend of 10 cents and special dividend of 10 cents) per share, exempt – one tier, in respect of the previous financial year	37,356	74,712

Subsequent to the year end, the Directors proposed a final dividend for financial year ended 31 December 2010 of 10 cents (2009: final dividend of 10 cents) per share (exempt – one tier) amounting to a total of S$37,356,000 (2009: S$37,356,000). This dividend will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

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	
	2010 S$'000	2009 S$'000
Net profit attributable to equity holders of the Company	56,053	66,136
	Shares '000	Shares '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	15.0 cents	17.7 cents

13. SHARE CAPITAL

The Group and Company	Issued ordinary shares	
	No of shares '000	Amount S$'000
2010		
Balance at 1 January and 31 December	373,558	193,839
2009		
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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Revenue reserve	318,188	299,531	69,704	82,376
Foreign currency translation reserve	(16,699)	(13,932)	-	-
Revaluation reserve	1,946	1,946	-	-
Fair value reserve	29,739	13,599	6,561	7,911
General reserve	300	300	-	-
	333,474	301,444	76,265	90,287

14b Reserve 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 2010	82,376	7,911	90,287
Net profit for the year	24,684	-	24,684
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to equity (Note 17)	-	(756)	(756)
- Fair value reserve transferred to profit or loss	-	(542)	(542)
- Tax on fair value loss taken to equity (Note 29)	-	(52)	(52)
	-	(1,350)	(1,350)
Total comprehensive income for the year	24,684	(1,350)	23,334
Dividends paid (Note 11)	(37,356)	-	(37,356)
Balance at 31 December 2010	69,704	6,561	76,265

14. RESERVES (continued)

14b Reserve Movements: (continued)

	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

[1] There is no deferred tax relating to other comprehensive income of the Company.

15. INVENTORIES

	The Group	
	2010 S$'000	2009 S$'000
At lower of cost and net realisable value		
Raw materials	34,612	33,124
Finished goods	16,435	15,058
General stores and consumables	3,363	3,032
Work-in-progress	2,118	2,300
	56,528	53,514

The Group reversed inventory write-down of S$168,000 (2009: S$22,000), 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$2,031,000 (2009: S$621,000) charged by way of debentures to banks for banking facilities granted (Note 25 and Note 30).

16. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Trade receivables				
- Associated companies	803	694	-	-
- Non-related parties	69,197	71,429	-	-
	70,000	72,123	-	-
Less: Allowance for impairment of trade receivables	(6,492)	(7,092)	-	-
	63,508	65,031	-	-
Non-trade amounts owing by				
- subsidiaries[(a)]	-	-	36,091	42,981
- non-controlling interests of subsidiaries[(c)]	1,819	1,819	-	-
- joint venture[(b)]	379	147	-	-
Loan to an associated company[(c)]	1,507	-	-	-
Prepayments	3,299	3,531	155	125
Deposits	1,571	2,583	11	11
Recoverable expenditure	623	571	22	252
Sundry receivables[(c)]	2,190	3,043	6	1
Derivative financial instruments[(d)]	266	199	-	-
	75,162	76,924	36,285	43,370

16a Included in the amounts owing by subsidiaries (non-trade) are interest free amounts of S$22,345,000 (2009: S$14,512,000). The remaining balances (non-trade) bear interest at rates ranging from 2.7% to 2.9% (2009: 2.3% to 3.1%) per annum. Amounts owing by subsidiaries are unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

16b Included in the amounts owing by joint venture (non-trade) are interest free amounts of S$257,000 (2009: S$28,000). The remaining balances bear interest at 6.0% (2009: 6.0%) 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.

16c Loan to an associated company, amounts owing by non-controlling interests of subsidiaries and sundry receivables are interest free, unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

16. RECEIVABLES AND PREPAYMENTS (continued)

16d Derivative financial instruments

	The Group					
	2010			2009		
	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	17,492	266	-	9,360	199	-

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	14,978	31,561	14,139	14,814
Fair value (losses) / gains recognised in other comprehensive income	(1,079)	2,779	(756)	3,278
Disposals	(542)	(19,361)	(542)	(3,953)
Currency realignment	-	(1)	-	-
Balance at 31 December	13,357	14,978	12,841	14,139
Current portion	220	543	-	-
Non-current portion	13,137	14,435	12,841	14,139
	13,357	14,978	12,841	14,139
Total gains in fair value reserve recognised in profit or loss for available-for-sale financial assets held at the end of financial year	121	448	-	-

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

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

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

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Unlisted securities				
- Equity securities	12,832	12,327	12,536	12,031
- Other investments	525	2,651	305	2,108
	13,357	14,978	12,841	14,139

18. CASH AND BANK BALANCES

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

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Fixed / call deposits	88,822	82,749	53,220	50,683
Cash at bank and on hand	56,462	63,771	1,724	1,754
	145,284	146,520	54,944	52,437

The fixed deposits with financial institutions mature on varying dates within 3 months (2009: 4 months) from the financial year end. The weighted average interest rate of these deposits as at 31 December 2010 was 0.4% (2009: 0.4%) per annum.

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 – 2010								
Cost or Valuation								
At 1 January 2010	6,070	20,804	163,924	818	154,398	24,450	15,396	385,860
Currency realignment	85	(172)	(2,100)	(68)	(2,053)	(130)	119	(4,319)
Additions	59	1,305	1,279	-	6,238	2,292	5,760	16,933
Disposals and write off	-	(137)	-	-	(994)	(720)	-	(1,851)
Disposal of subsidiary	-	-	(938)	-	(4,221)	(409)	-	(5,568)
Reclassifications	188	436	8,181	-	1,508	1,053	(11,366)	-
At 31 December 2010	6,402	22,236	170,346	750	154,876	26,536	9,909	391,055
Representing:								
Cost	6,402	22,236	161,696	750	154,876	26,536	9,909	382,405
Valuation	-	-	8,650	-	-	-	-	8,650
	6,402	22,236	170,346	750	154,876	26,536	9,909	391,055
Accumulated Depreciation and Impairment Losses								
At 1 January 2010	-	8,549	110,039	777	106,785	18,504	5,561	250,215
Currency realignment	-	(31)	(1,009)	(66)	(1,303)	(78)	-	(2,487)
Charge for the year	-	324	3,901	25	8,554	2,292	-	15,096
Disposals and write off	-	(137)	-	-	(975)	(672)	-	(1,784)
Disposal of subsidiary	-	-	(314)	-	(2,038)	(446)	-	(2,798)
Impairment loss	-	-	-	-	-	-	782	782
Reclassifications	-	-	-	-	36	(36)	-	-
At 31 December 2010	-	8,705	112,617	736	111,059	19,564	6,343	259,024
Net Book Value								
At 31 December 2010	6,402	13,531	57,729	14	43,817	6,972	3,566	132,031

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

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group - 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

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

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Other Assets* S$'000	Total S$'000
The Company – 2010		
Cost		
At 1 January 2010	1,002	1,002
Additions	104	104
Disposals and write off	(9)	(9)
At 31 December 2010	1,097	1,097
Accumulated Depreciation		
At 1 January 2010	907	907
Charge for the year	49	49
Disposals and write off	(9)	(9)
At 31 December 2010	947	947
Net Book Value		
At 31 December 2010	150	150
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

* 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; and
(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 an 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	
	2010 S$'000	2009 S$'000
Building on leasehold land	512	805

19c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$33,037,000 (2009: S$27,559,000) 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
2010			
Plant and machinery	2,823	(474)	2,349
Other assets	1,167	(860)	307
	3,990	(1,334)	2,656
2009			
Plant and machinery	3,422	(253)	3,169
Other assets	817	(448)	369
	4,239	(701)	3,538

19e The Group's impairment charge of S$782,000 (2009: S$4,931,000) comprise:

(i) an impairment charge of S$782,000 (2009: S$4,635,000) due to delay in operational commencement of a subsidiary's plant under construction. Its recoverable amount of S$843,000 (2009: S$1,596,000) is based on value-in-use calculation (over its estimated useful lives) as at 31 December 2010; and

(ii) an impairment charge of S$nil (2009: S$296,000) to fully write off idle plant and machinery of subsidiaries.

19f Borrowing costs of S$130,000 (2009: S$143,000), 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	
	2010 S$'000	2009 S$'000
Cost		
At 1 January	11,421	11,421
Disposals	(207)	-
At 31 December	11,214	11,421
Accumulated depreciation and impairment losses		
At 1 January	7,501	7,312
Depreciation charge for the year	173	189
Disposals	(93)	-
At 31 December	7,581	7,501
Net book value at 31 December	3,633	3,920
Fair value at 31 December	7,324	5,701

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$3,559,000 (2009: S$3,719,000) was valued at S$7,250,000 as at 31 December 2010 (2009: S$5,500,000 as at 31 December 2009) 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	
	2010 S$'000	2009 S$'000
Rental income	324	347
Direct operating expenses arising from investment properties that generated rental income	329	342
Other direct operating expenses arising from investment properties that did not generate rental income	15	32

21. SUBSIDIARIES

	The Company 2010 S$'000	The Company 2009 S$'000
Unquoted equity shares at cost	144,579	144,579
Less: accumulated impairment losses	(71,481)	(71,177)
	73,098	73,402

Details regarding significant subsidiaries are set out in Note 40.

22. ASSOCIATED COMPANIES AND JOINT VENTURE

	The Group					
	<-------------- 2010 -------------->			<-------------- 2009 -------------->		
	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	50,336	18,069	68,405	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	50,336	18,069	68,405
Share of post acquisition reserves less losses, including translation differences	157,296	(1,055)	156,241	109,531	2,073	111,604
	207,632	17,014	224,646	159,867	20,142	180,009
Less: accumulated impairment losses	(8,246)	-	(8,246)	(8,066)	-	(8,066)
	199,386	17,014	216,400	151,801	20,142	171,943

22a Included in the Group's share of post acquisition reserves is an amount of S$24,884,000 gain (2009: S$6,085,000 gain) relating to fair value reserves of associated companies, net of deferred tax liabilities of S$7,477,000 (2009: deferred tax liabilities of S$2,588,000).

22b Impairment loss of S$180,000 (2009: S$1,020,000) relating to investment in associated companies was recognised during the financial year. This represents the write-down of the carrying values to the recoverable amounts, estimated based on future cash flows expected from the investments.

22. ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

22c The summarised financial information (gross) of associated companies are as follows:

	The Group	
	2010 S$'000	2009 S$'000
- Assets	1,084,858	877,042
- Liabilities	228,476	212,936
- Revenues	1,015,573	740,874
- Net profit for the financial year	181,368	92,674

22d The summarised financial information (proportionate share) of joint venture are as follows:

	The Group	
	2010 S$'000	2009 S$'000
- Current assets	14,569	20,069
- Non-current assets	29,174	33,031
- Current liabilities	9,140	11,402
- Non-current liabilities	17,589	21,556
- Revenues	17,249	25,250
- Expenses	18,811	23,346
- Net (loss) / profit for the financial year	(1,562)	1,904

22e The Group has S$nil (2009: S$1,854,000) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$505,000 (2009: S$1,750,000) at the balance sheet date.

22f A subsidiary of the Group has provided corporate guarantees for its share of bank loans of S$4,077,000 (2009: S$5,270,000) 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 2010 as the management is of the view that the fair values of the corporate guarantees are not significant and that no material losses are expected in respect of these guarantees provided at the date of these financial statements.

22g Details regarding significant associated companies and joint venture are set out in Note 40.

23. LONG TERM RECEIVABLES

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Loans receivable	988	988	-	-
Other receivable[b]	-	5,409	-	-
	988	6,397	-	-
Less: Allowance for impairment of receivables	(988)	(988)	-	-
Amounts receivable after 12 months	-	5,409	-	-
Amounts owing by subsidiaries - non-trade[a]	-	-	169,195	167,393
Less: Allowance for impairment of receivables	-	-	(45,438)	(46,027)
	-	-	123,757	121,366
Amounts owing by joint venture - non-trade[a]	16,055	17,476	-	-
Amounts owing by associated companies - non-trade[a]	1,591	3,310	-	-
Less: Provision for impairment of receivables	(1,136)	(1,829)	-	-
	455	1,481	-	-
	16,510	24,366	123,757	121,366

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

23b In prior year, other receivable of S$5,409,000 pertained to receivable from 2nd tranche proceeds in relation to the sale of an available-for-sale financial asset. The amount was settled during the financial year.

23c 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	
	2010 S$'000	2009 S$'000
Goodwill arising on consolidation (Note 24a)	8,880	8,876
Acquired intangible assets (Note 24b)	810	683
	9,690	9,559

24a Goodwill arising on consolidation

	The Group	
	2010 S$'000	2009 S$'000
Cost and Net Book Value		
Balance at 1 January	8,876	8,878
Currency realignment	4	(2)
Balance at 31 December	8,880	8,876

Impairment tests for goodwill

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

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

	2010			2009		
	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	202	8,024	8,226	198	8,024	8,222
	856	8,024	8,880	852	8,024	8,876

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.

24. INTANGIBLE ASSETS (continued)

24a Goodwill arising on consolidation (continued)

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

	2010		2009	
	Chemicals	Construction Products	Chemicals	Construction Products
Growth rate [1]	3%	2%	3%	2%
Discount rate [2]	10%	12%	10%	12%

[1] 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 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.

24b Acquired intangible assets

	The Group	
	2010 S$'000	2009 S$'000
Cost		
Balance at 1 January	6,197	5,897
Additions	604	326
Currency realignment	(481)	(26)
Balance at 31 December	6,320	6,197
Accumulated amortisation		
Balance at 1 January	5,514	5,015
Amortisation charge	427	522
Currency realignment	(431)	(23)
Balance at 31 December	5,510	5,514
Net Book Value at 31 December	810	683

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

25. AMOUNTS DUE TO BANKERS

	The Group	
	2010 S$'000	2009 S$'000
Short term bank loans - unsecured	3,794	4,800
Current portion of long term bank loans (Note 30)		
- Unsecured	4,720	3,200
- Secured	3,591	2,563
	8,311	5,763
Bills payable - unsecured	1,177	1,824
	13,282	12,387

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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Trade payables – non-related parties	28,900	29,178	-	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	25,007	20,883	7,161	2,459
- Project related accruals	6,702	8,611	-	-
- Accrued liability for capital expenditure	873	-	-	-
- Advances received from customers	4,107	4,259	-	-
- Current portion of hire purchase and finance lease payables	558	731	-	-
- Sundry payables	4,199	5,713	2,248	2,321
Amounts owing to subsidiaries				
- non-trade	-	-	19,595	14,162
	70,346	69,375	29,004	18,942

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

26. TRADE AND OTHER PAYABLES (continued)

Hire purchase and finance lease payables are analysed as follows:

	The Group	
	2010 S$'000	2009 S$'000
Minimum hire purchase and finance lease payables due:		
- Within 1 year	603	792
- Within 2 to 5 years	1,788	2,659
	2,391	3,451
Less: Future finance charges	(99)	(152)
Present value of hire purchase and finance lease payables	2,292	3,299
Present value of hire purchase and finance lease payables due:		
- Within 1 year	558	731
- Within 2 to 5 years (Note 32)	1,734	2,568
	2,292	3,299

The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 1.92% (2009: 2.08%) per annum.

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

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 is as follows:

	The Group	
	2010 S$'000	2009 S$'000
Balance at 1 January	1,950	1,792
Provision made during the year	349	926
Provision utilised during the year	(437)	(772)
Currency realignment	(3)	4
Balance at 31 December	1,859	1,950

28. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Present value of unfunded obligations	344	287	344	287
Liability in the balance sheet	344	287	344	287

The Company operates 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. Provision is made using the projected unit credit method described in Note 2W.

Movement in the liability recognised in the balance sheets:

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	287	293	287	293
Net expense / (credit)	57	(6)	57	(6)
Balance at 31 December	344	287	344	287

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2010 %	2009 %	2010 %	2009 %
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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Deferred tax assets	(1,044)	(1,728)	(103)	(273)
Deferred tax liabilities	21,816	17,815	-	-

The movement in deferred taxation is as follows:

	The Group		The Company	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	16,087	16,276	(273)	514
Charged / (credited) to:				
- Profit or loss	3,476	(901)	118	(787)
- Equity	1,159	757	52	-
Currency realignment	50	(45)	-	-
Balance at 31 December	20,772	16,087	(103)	(273)

Deferred income tax assets are recognised for tax losses carried forward and unutilised capital allowances to the extent that realisation of the related tax benefits through future taxable profits is probable. At 31 December 2010, the Group has estimated tax losses and capital allowances of S$24,101,000 (2009: S$22,448,000) and S$14,382,000 (2009: S$10,818,000) 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.

29. DEFERRED TAXATION (continued)

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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	4,375	5,315	836	760	13,290	12,975	18,501	19,050
Charged / (credited) to:								
- Profit or loss	669	(961)	(73)	41	2,605	(458)	3,201	(1,378)
- Equity	-	-	(35)	43	1,194	714	1,159	757
Currency realignment	23	21	15	(8)	(6)	59	32	72
Balance at 31 December	5,067	4,375	743	836	17,083	13,290	22,893	18,501

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	(1,645)	(1,295)	(155)	(823)	(614)	(656)	(2,414)	(2,774)
Charged / (credited) to:								
- Profit or loss	132	(270)	28	646	115	101	275	477
Currency realignment	21	(80)	(3)	22	-	(59)	18	(117)
Balance at 31 December	(1,492)	(1,645)	(130)	(155)	(499)	(614)	(2,121)	(2,414)

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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Balance at 1 January	67	834	67	834
Charged / (credited) to:				
- Profit or loss	154	(767)	154	(767)
- Equity	52	-	52	-
Balance at 31 December	273	67	273	67

29. DEFERRED TAXATION (continued)

The Company – Deferred Tax Assets

	Provisions		Total	
	2010 S$'000	**2009 S$'000**	**2010 S$'000**	**2009 S$'000**
Balance at 1 January	(340)	(320)	(340)	(320)
Credited to profit or loss	(36)	(20)	(36)	(20)
Balance at 31 December	(376)	(340)	(376)	(340)

30. LONG TERM BANK LOANS

	The Group	
	2010 S$'000	**2009 S$'000**
Bank loans		
- Secured	13,502	10,401
- Unsecured	7,020	12,320
	20,522	22,721
Less: Amounts due within 12 months (Note 25)	(8,311)	(5,763)
Amounts due after 12 months	12,211	16,958

The Group's long term bank loans are charged at floating interest 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$140,000 (EUR82,000) [2009: S$500,000 (EUR248,000)] repayable in quarterly instalments up to June 2011. Interest is charged at rates ranging from 1.6% to 3.7% (2009: 1.7% to 3.7%) per annum.

ii) Loan of S$520,000 (RM1,241,000) [2009: S$886,000 (RM2,161,000)] repayable in monthly instalments up to March 2012. Interest is charged at rates ranging from 6.3% to 7.1% (2009: 6.3% to 7.3%) per annum.

iii) Loan of S$354,000 (2009: S$587,000) repayable in monthly instalments up to June 2012. Interest is charged at 5.8% (2009: 5.8%) per annum.

iv) Loan of S$1,860,000 (HKD11,202,000) [2009: S$2,317,000 (HKD12,801,000)] repayable in monthly instalments up to December 2017. Interest is charged at rates ranging from 2.8% to 3.0% (2009: 2.8% to 3.0%) per annum.

v) Loan of S$2,747,000 (RM6,554,000) [2009: S$2,999,000 (RM7,313,000)] repayable in monthly instalments up to April 2018. Interest is charged at rates ranging from 3.8% to 4.6% (2009: 3.8% to 4.9%) per annum.

30. LONG TERM BANK LOANS (continued)

vi) Loan of S$3,751,000 (RM8,953,000) [2009: S$2,417,000 (RM5,896,000)] repayable in monthly instalments up to October 2024. Interest is charged at rates ranging from 3.8% to 4.6% (2009: 3.8%) per annum.

vii) Loan of S$1,528,000 (RM3,647,000) [2009: $nil] repayable in monthly instalments up to April 2017. Interest is charged at 6.3% (2009: nil%) per annum.

viii) Loan of S$2,602,000 (RM6,210,000) [2009: $nil] repayable in monthly instalments up to December 2020. Interest is charged at rates ranging from 3.8% to 4.6% (2009: nil%) per annum.

The Group's unsecured bank loans comprise:

i) Loan of S$800,000 (2009: S$1,200,000) repayable in quarterly instalments up to December 2012. Interest is charged at rates ranging from 1.9% to 2.1% (2009: 2.0% to 2.9%) per annum.

ii) Loan of S$2,320,000 (2009: S$3,520,000) repayable in quarterly instalments up to November 2012. Interest is charged at rates ranging from 1.9% to 2.1% (2009: 2.0% to 3.1%) per annum.

iii) Loan of S$3,900,000 (2009: S$7,600,000) repayable in quarterly instalments up to June 2013. Interest is charged at rates ranging from 1.4% to 2.9% (2009: 2.0% to 2.9%) per annum.

The fair values of non-current borrowings of the Group at variable rates approximate their carrying amounts. The fair values are determined from the discounted cash flows analysis, using discount rates ranging from 1.4% to 7.1% (2009: 1.7% to 6.3%) based upon the market interest rates 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	
	2010 S$'000	2009 S$'000
Balance at 1 January	3,667	3,799
Additions	77	211
Amortisation during the year (Note 7)	(807)	(343)
Balance at 31 December	2,937	3,667
Current portion	226	341
Non-current portion	2,711	3,326
	2,937	3,667

32. OTHER NON-CURRENT LIABILITIES

	The Group	
	2010 S$'000	2009 S$'000
Loans from non-controlling interests of subsidiaries (unsecured)	-	410
Hire purchase and finance lease instalments due after 12 months (Note 26)	1,734	2,568
	1,734	2,978

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:

33a Sales and purchases of goods and services

	The Group	
	2010 S$'000	2009 S$'000
Sales to associated companies	7,859	9,624
Sales of non-current assets to other related parties*	708	-

* Other related parties include an associate of Reef Holdings Pte Ltd, which is deemed to have substantial interest in the Company.

Sales to associated companies and other related parties were carried out at market prices.

33. RELATED PARTY TRANSACTIONS (continued)

33b Key management's remuneration

Key management's remuneration is as follows:

	The Group	
	2010 S$'000	2009 S$'000
Salary and other employee benefits	10,423	5,621
Employer's contribution to defined contribution plans, including Central Provident Fund	217	229
	10,640	5,850

Included in the above are Directors' fees and Directors' remuneration of S$514,000 (2009: S$514,000) and S$5,389,000 (2009: 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 consolidated income statement.

34. OPERATING SEGMENTS (continued)

The information for the reportable segments for the year ended 31 December 2010 is as follows:

	<--------- Construction Products --------->		
	Precast & Plaster S$'000	Other Construction Products S$'000	Total S$'000
Revenue			
External sales	123,992	47,408	171,400
Inter-segment sales	65	1,186	1,251
Total revenue	124,057	48,594	172,651
Elimination			(1,186)
			171,465
Profit before Taxation and Exceptional Items	12,272	1,653	13,925
Exceptional items	9	-	9
Profit before taxation	12,281	1,653	13,934
Interest income	74	75	149
Interest expense	(736)	(88)	(824)
Depreciation	(5,874)	(1,843)	(7,717)
Amortisation	-	(95)	(95)
Impairment charge of property, plant and equipment	-	-	-
Share of results of associated companies and joint venture, net of tax	(1,569)	-	(1,569)
Total Assets	152,674	51,458	204,132
Total Liabilities	38,158	13,188	51,346
Total assets include:			
Investment in associated companies and joint venture	17,015	-	17,015
Additions to:			
- Property, plant and equipment	12,150	1,453	13,603
- Intangible assets	-	127	127

* Including unallocated corporate expenses

<---------- 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
51,068	50,868	-	101,936	24,210	15,182	-	312,728
852	974	-	1,826	102	-	-	3,179
51,920	51,842	-	103,762	24,312	15,182	-	315,907
			(107)	-	-	(1,886)	(3,179)
			103,655	24,312	15,182	(1,886)	312,728
9,482	7,126	42,371	58,979	75	(7,435)*		65,544
53	(23)	-	30	-	2,138		2,177
9,535	7,103	42,371	59,009	75	(5,297)		67,721
8	47	-	55	1	698	(471)	432
(298)	(176)	-	(474)	(47)	-	471	(874)
(2,390)	(2,798)	-	(5,188)	(1,115)	(1,249)		(15,269)
-	-	-	-	(332)	807		380
(782)	-	-	(782)	-	-		(782)
-	-	42,371	42,371	-	198		41,000
47,635	51,907	188,552	288,094	49,026	131,474		672,726
17,083	15,606	13,211	45,900	14,585	19,337		131,168
-	-	188,552	188,552	1	10,832		216,400
1,424	917	-	2,341	395	594		16,933
-	-	-	-	477	-		604

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
Revenue			
External sales	152,658	41,141	193,799
Inter-segment sales	160	2,055	2,215
Total revenue	152,818	43,196	196,014
Elimination			(2,055)
			193,959
Profit before Taxation and Exceptional Items	24,314	866	25,180
Exceptional items	(10)	-	(10)
Profit before taxation	24,304	866	25,170
Interest income	97	82	179
Interest expense	(743)	(143)	(886)
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

* Including unallocated corporate expenses

<------------------- 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
39,219	49,864	-	89,083	55,210	14,332	-	352,424
620	1,486	-	2,106	51	-	-	4,372
39,839	51,350	-	91,189	55,261	14,332	-	356,796
			(67)	-	-	(2,250)	(4,372)
			91,122	55,261	14,332	(2,250)	352,424
3,262	6,784	20,971	31,017	6,302	(4,581)*		57,918
(4,723)	(178)	-	(4,901)	(296)	20,261		15,054
(1,461)	6,606	20,971	26,116	6,006	15,680		72,972
20	24	-	44	1	1,007	(616)	615
(399)	(597)	-	(996)	(269)	(11)	616	(1,546)
(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)

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, provision of environmental services and sale of related products, and investment holding;

(ii) Malaysia – the operations in Malaysia are principally the manufacturing and sale of building materials, 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(1)		Non-current assets(2)	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Singapore	146,635	160,575	61,897	67,029
Malaysia	71,241	74,331	52,980	44,694
China (including Hong Kong)	28,333	50,668	18,608	22,563
Thailand	-	-	185,033	145,632
All other countries	66,519	66,850	43,362	41,308
	312,728	352,424	361,880	321,226

(1) External sales by geographical segment are determined based on locations of the respective customers.

(2) Non-current assets by geographical segment are based on locations of the respective assets. Non-current assets include property, plant and equipment, investment properties, associated companies and joint venture, intangible assets and other non-current assets.

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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	3,042	1,863	-	-
Commitments in respect of equity participation in available-for-sale financial assets and an associated company	6,788	7,460	-	-
	9,830	9,323	-	-

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 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	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Payable:				
Within 1 year	3,747	3,921	947	1,199
Within 2 to 5 years	6,989	8,104	28	948
After 5 years	11,796	13,334	-	-
	22,532	25,359	975	2,147

36. OPERATING LEASE COMMITMENTS (continued)

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	
	2010 S$'000	2009 S$'000
Receivable:		
Within 1 year	1,064	1,148
Within 2 to 5 years	648	801
After 5 years	79	98
	1,791	2,047

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"), Malaysian Ringgit ("MYR") and Euro ("EUR").

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

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations including foreign currency loans to associated companies 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	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2010								
Cash and bank balances	122,235	2,914	1,728	7,514	7,547	-	3,346	145,284
Receivables	41,761	5,462	490	14,331	6,923	-	2,896	71,863
Available-for-sale financial assets	19	525	-	296	-	12,517	-	13,357
Amounts due to bankers	(8,761)	-	-	(2,521)	(140)	-	(1,860)	(13,282)
Trade and other payables / provisions	(37,617)	(2,977)	(2,267)	(16,883)	(10,304)	(52)	(2,105)	(72,205)
Long term bank loans	(2,407)	-	-	(9,804)	-	-	-	(12,211)
Other non-current liabilities	(32)	-	-	-	(1,638)	-	(64)	(1,734)
Net financial assets / (liabilities)	115,198	5,924	(49)	(7,067)	2,388	12,465	2,213	131,072
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(114,849)	102	47	9,167	(1,129)	-	(1,026)	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	13,078	-	-	-	-	-	
Less: currency forwards	-	(17,138)	-	-	(354)	-	-	
Currency exposure	349	1,966	(2)	2,100	905	12,465	1,187	

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	EUR 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
Amounts 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	-	-	501	-	-	
Less: currency forwards	-	(8,114)	-	(289)	(957)	-	-	
Currency exposure	41	11,305	(2)	605	1,164	12,010	135	

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

The Group does not have significant currency exposure arising from its inter-company balances, except for net SGD payables by certain subsidiaries with functional currencies in GBP and RMB, amounting to S$661,000 (2009: S$1,073,000) and S$11,954,000 (2009: S$12,938,000) respectively and net SGD receivables by certain subsidiaries with functional currency in MYR, amounting to S$2,261,000 (2009: S$668,000).

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company								
At 31 December 2010								
Cash and bank balances	54,884	51	-	-	9	-	-	54,944
Receivables	36,130	-	-	-	-	-	-	36,130
Available-for-sale financial assets	19	305	-	-	-	12,517	-	12,841
Trade and other payables	(28,753)	(226)	(2)	-	-	-	(23)	(29,004)
Net financial assets / (liabilities)	62,280	130	(2)	-	9	12,517	(23)	74,911
Less: net financial assets denominated in the Company's functional currency	(62,280)	-	-	-	-	-	-	
Currency exposure	-	130	(2)	-	9	12,517	(23)	

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	EUR 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)	

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

The Group has no other significant currency exposure, except to USD, MYR and THB. Currency exposure to THB mainly arose from its available-for-sale financial assets in the form of equity investments. If the USD, MYR and THB change against the SGD by 5%, 3% and 3% (2009: 5%, 3% and 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset / liability position will be as follows:

	2010		2009	
	Increase / (decrease)			
	Profit after tax S$'000	Other comprehensive income S$'000	Profit after tax S$'000	Other comprehensive income S$'000
The Group				
USD against SGD				
- strengthened	59	22	407	129
- weakened	(59)	(22)	(407)	(129)
MYR against SGD				
- strengthened	69	9	5	9
- weakened	(69)	(9)	(5)	(9)
THB against SGD				
- strengthened	-	376	-	360
- weakened	-	(376)	-	(360)
The Company				
USD against SGD				
- strengthened	(7)	13	(8)	106
- weakened	7	(13)	8	(106)
THB against SGD				
- strengthened	-	376	-	360
- weakened	-	(376)	-	(360)

(ii) Price risk

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

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(iii) Cash Flow and Fair Value Interest Rate Risk

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

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

The Group's borrowings and cash and bank balances at variable rates (i.e. cash flow interest rate risk) on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rate increase / decrease by 0.5% (2009: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$224,000 (2009: S$283,000).

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$1,105,000 (2009: S$2,474,000) and letters of credit of S$2,594,000 (2009: S$2,828,000) 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.

37. FINANCIAL RISK MANAGEMENT (continued)

37b Credit risk (continued)

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

	The Group	
	2010 S$'000	**2009 S$'000**
Associated companies	803	694
Non-related parties:		
Government-link companies and Statutory Boards	1,482	654
Multinational companies	14,756	23,545
Other companies	44,871	44,051
Sole proprietors and individuals	1,596	1,496
	63,508	70,440

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

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

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

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

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

	The Group	
	2010 S$'000	**2009 S$'000**
Past due up to 3 months	14,002	15,823
Past due 3 to 6 months	1,538	2,707
Past due over 6 months	2,692	1,689
	18,232	20,219

37. FINANCIAL RISK MANAGEMENT (continued)

37b Credit risk (continued)

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

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	
	2010 S$'000	**2009 S$'000**
Gross amount	7,480	8,080
Less: allowance for impairment	(7,480)	(8,080)
	-	-
Allowance for impairment		
Balance at 1 January	8,080	11,627
Allowance made	271	1,045
Allowance written back	(363)	(2,169)
Amount written off against allowance	(383)	(2,561)
Disposal of subsidiary	(122)	-
Currency translation differences	(3)	138
Balance at 31 December	7,480	8,080

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

	Less than 1 year[i] S$'000	Between 1 to 2 years S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
The Group				
At 31 December 2010				
Trade and other payables	70,391	-	-	-
Amounts due to bankers	13,963	-	-	-
Long term loans	-	3,199	4,882	6,558
Other non-current liabilities	-	548	1,240	-
At 31 December 2009				
Trade and other payables	69,461	-	-	-
Amounts due to bankers	13,038	-	-	-
Long term loans	-	5,395	9,650	3,312
Other non-current liabilities	-	690	2,069	614
The Company				
At 31 December 2010				
Trade and other payables	29,004	-	-	-
At 31 December 2009				
Trade and other payables	18,942	-	-	-

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

(ii) In addition to the financial liabilities disclosed above, the Group provided financial guarantees for its share of bank loans of S$4,077,000 (2009: S$5,270,000) (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.

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

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2010	
Gross-settled currency forwards	
- Receipts	(17,492)
- Payments	17,226
At 31 December 2009	
Gross-settled currency forwards	
- Receipts	(9,360)
- Payments	9,161

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 (Note 18) less gross debt.

As part of the monitoring process of the Group's borrowings, management performs specific review of the need of individual 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 2009 and 2010.

37e Fair value measurements

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

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

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

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

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group			
At 31 December 2010			
Assets			
Derivatives used for hedging	266	-	266
Available-for-sale financial assets	-	13,357	13,357
Total assets	266	13,357	13,623
The Company			
At 31 December 2010			
Assets			
Available-for-sale financial assets	-	12,841	12,841
The Group			
At 31 December 2009			
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			
At 31 December 2009			
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. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 17.

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

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 values of current borrowings and other financial liabilities carried at amortised cost approximates their carrying amounts.

38. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 - Related party disclosures (effective for annual periods beginning on or after 1 January 2011)

- INT FRS 119 - Extinguishing financial liabilities with equity instruments (effective for annual periods beginning on or after 1 July 2010)

The management does not expect the adoption of the above amendments to FRS and INT FRS in the future periods to have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

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 9 March 2011.

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 2010 %	Percentage of equity held by the Group 2009 %	Principal activities
Significant Subsidiaries				
Held by the Company				
Unquoted				
Eastern Industries Private Limited (1)	Singapore	100.0	100.0	Investment holding
NSL Chemicals Ltd (1)	Singapore	100.0	100.0	Manufacturing and sale of lime and refractory products
NSL Engineering Pte Ltd (1)	Singapore	100.0	100.0	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	People's Republic of China	-	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 112 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		Principal activities
		2010 %	2009 %	
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 a Subsidiary				
Unquoted				
Bangkok Synthetics Co., Ltd [3]	Thailand	22.8	22.8	Manufacturing and trading in petrochemical products
Significant Joint Venture				
Held by a Subsidiary				
Unquoted				
Dubai Precast L.L.C.[4]	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 7 March 2011

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

SUMMARY OF SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	325	5.56	92,795	0.03
1,000 to 10,000	4,574	78.20	17,711,743	4.74
10,001 to 1,000,000	941	16.09	34,259,947	9.17
1,000,001 AND ABOVE	9	0.15	321,493,752	86.06
TOTAL	5,849	100	373,558,237	100

SUMMARY OF SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,477	93.64	371,009,638	99.32
MALAYSIA	291	4.98	1,967,914	0.53
OTHERS	81	1.38	580,685	0.15
TOTAL	5,849	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	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	2,253,219	0.60
4	DBS NOMINEES PTE LTD	2,075,000	0.56
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,792,518	0.48
6	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,195,750	0.32
7	POH KAM HIYONG	1,090,000	0.29
8	JUNO INDRIADI MUALIM	1,060,000	0.28
9	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.28
10	ONG SWEE HEOH	903,750	0.24
11	HSBC (SINGAPORE) NOMINEES PTE LTD	501,027	0.13
12	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
13	TAY HWA LANG	430,000	0.12
14	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	380,753	0.10
16	EWA BAH @ NG CHAI BOO	364,000	0.10
17	CHONG SIONG LIM STEPHEN	360,000	0.10
18	CHONG SIONG CHUAN SAMUEL	350,000	0.09
19	TAN HENG LENG	315,000	0.08
20	T SAROJAH D/O RAMAIAH KUPPUSAMY	302,000	0.08
	TOTAL	326,239,906	87.33

Analysis of Shareholdings

as at 7 March 2011

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 51st 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 20 April 2011 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 2010 together with the Auditor's Report thereon. **(Resolution 1)**

2 To re-elect the following Directors retiring pursuant to Articles 86 and 93 of the Company's Articles of Association:

(i) Mr David Fu Kuo Chen (Retiring under Article 86) **(Resolution 2)**

(ii) Mr Oo Soon Hee (Retiring under Article 93) **(Resolution 3)**

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

3 To re-appoint Prof Cham Tao Soon, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 to hold such office from the date of this Annual General Meeting 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 2010 (2009: 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 2010 (2009: final dividend of S$0.10 per ordinary share (exempt one-tier)). **(Resolution 6)**

6 To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditor 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 earliest of:

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

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

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

(c) in this Resolution:

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

"**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 2011

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 16 March 2011 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 2010 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 29 March 2011.

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.

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NSL LTD (formerly known as NATSTEEL Ltd)
(Incorporated in 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.

PROXY FORM

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 20 April 2011 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 2010		
2	Re-election of Mr David Fu Kuo Chen as a Director		
3	Re-election of Mr Oo Soon Hee 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 2010		
7	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditor 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 ____________________ 2011.

Total Number of Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

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

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

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

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

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

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

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

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

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

MIX
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