50 years

NSL LTD

Annual Report 2011

A Leading Industrial
Celebrate

"On 12 August 2011, we celebrated the 50-year milestone of a leading industrial group in the Asia Pacific, one of the few companies that grew together with this Nation.

Initially known as National Iron & Steel Mills Limited, NSL Ltd was incorporated on 12 August 1961 to support Singapore's nation-building program in infrastructure and residential development. We are proud to have been the very first factory in the Jurong Industrial Estate. Since then, we have evolved from a domestic steel plant to an Industrial Group with current businesses in Chemicals, Construction Products, Engineering and Environmental Services operating out of 9 countries and competing in the international arena.

I would especially like to emphasize on how our present and past successes would not have been possible without the support of management, staff, partners, customers, suppliers and stakeholders. Thanks to your loyalty, unwavering support and contributions over the past 5 decades, we continue to enhance and expand our services through the application and exploitation of technology.

As we mark our 50th Anniversary, I would like to express my gratitude to all of you for being part of the NSL journey, and contributing to our success and rich history. We look forward to the continuing partnership in the years ahead.

Thank you."

Professor Cham Tao Soon
Chairman

Milestones of NSL Ltd

1961 - National Iron & Steel Mills Limited (NISM) was incorporated as a public company on 12 August 1961.

1962 - Dr Goh Keng Swee, then Minister for Finance, laid the foundation stone on 16 September 1962.

1964 - Dr Goh Keng Swee, then Minister for Finance, officiated at the opening ceremony of the entire Steel Mill on 31 January 1964.

1968 - The factory was increased by 198,375 sq. ft. with the expansion of the general store, finished products store yard, wire rod storage yard, motor repair shop, and a mechanical and electrical maintenance workshop as well as administrative block.
- NISM had over 700 employees.

1975 - The fourth and fifth electric arc furnaces with a combined annual capacity of 200,000 tons were commissioned and steelmaking capacity increased to 400,000 metric tons per year.
- During the year, 28,000 new Housing and Development Board flats were constructed with NISM products.

1980s - The Group regionalised and began diversification to related businesses. It began by expanding into steel fabrication and construction-related products and services.

1982 - Taoson Engineering Pte Ltd was acquired as a subsidiary to provide engineering services for local and overseas customers and to support the Group's engineering needs.
- Eastern Partek was incorporated as a subsidiary in partnership with Oy Partek AB of Finland to produce prestressed concrete slabs for the building and construction industry.

1983 - NISM was awarded the plaque of commendation by NTUC in recognition of the Company's harmonious labour-management relations.

1984 - The NISM Employees Union and the Occupational Health Unit were established.
- A $45m high speed and automated wire rod mill, which opening was officiated by Mr Howe Yoon Chong, then Minister for Health and a former Chairman of the Company, was commissioned to produce both rebar and wire rod.

1988 - The Group diversified into Electronic businesses and manufactured high performance disk drives, printed circuit board assemblies and other cleanroom assembled components.

1990 - NISM changed its name to NatSteel Ltd.

1996 - NatSteel Broadway Ltd, a contract manufacturer for consumer electronics, telecommunications and office automation products, was incorporated in September and listed on The Stock Exchange of Singapore.
- NatSteel received the National IT Award for its large-scale use of information technology in managing its entire steel mill business chain and manufacturing operations.

1997 - NatSteel Electronics Ltd, the world's sixth largest contract manufacturer, was listed on The Stock Exchange of Singapore.
- Singapore Steel commissioned a new 80 tons Electric Arc Furnace as part of its restructuring measure to improve productivity and costs.

1998 - Eastern Steel Services launched the YESS system which offered real-time information for customers to monitor their projects and improve site management and productivity.

www.nsl.com.sg

l Group of Asia Pacific
es 50 Years

NSL

NSL Chemicals

NSL Eastern Pretech

NSL Engineering

NSL OilChem Services

2000 - NatSteel was the first mini-mill in the region to achieve ISO 14001 certification - an internationally recognized standard for environmental management and best practices - for the manufacture of its steel products.
- NatSteel Guinard Oil Services commissioned its $10.9m oily sludge and slop treatment facility.
- NatSteel Group divested its 33% stake in NatSteel Electronics to Lionhead Acquisition Corp, a wholly-owned subsidiary of Solectron Corporation for net proceeds of $1.1b.

2002 - NatSteel divested its stake in the Brazilian integrated mill, Aco Minas Gerais S.A. to Gerdau SA, for $253.5m.
- NatSteel divested its stake in NatSteel Broadway Ltd to Flextronics International Limited for net proceeds of about $335.5m.
- NatSteel Chemicals (Malaysia) Sdn Bhd commissioned its third lime kiln in Malaysia and increased the Chemicals group's Malaysia quicklime production capacity.

2004 - NatSteel entered into an agreement to sell its steel and related businesses to The Tata Iron and Steel Company Limited of India at $486.4m.

2005 - NATSTEEL launched new corporate identity and changed its company logo.

2006 - NATSTEEL Group focused its resources to drive the development and expansion of its industrial businesses.
- ChangShu Ram Engineering Co., Ltd commenced production of its first manufacturing plant in China to cater to increasing demand for its spreaders.
- Eastern Pretech Pte Ltd expanded its precast concrete business to Dubai, United Arab Emirates.

2007 - Eastern Pretech (Malaysia) Sdn Bhd invested in a new plaster and mortar plant in Ipoh.

2008 - With the exit of its steel business, NATSTEEL LTD changed its name to NSL LTD.
- Eastern Pretech (Malaysia) Sdn Bhd increased its Malaysian footprint with a new precast plant in Seelong, Johor.

2010 - ChangShu RAM Engineering Co., Ltd increased its operations in China and commenced construction of its Phase 3 Plant.

Dr Goh Keng Swee, then Minister for Finance, laid the foundation stone on 16 September 1962.

CONTENTS

Chemicals

Construction Products

Engineering

Environmental Services

CORPORATE PROFILE

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

The Chemicals group is a leading lime and specialised refractory products manufacturer. The Construction Products group is a key player in precast concrete components, dry-mix plaster and mortar and building related products in the region. The Engineering group is one of the world's leaders in manufacturing container spreaders. The Environmental Services group is a leading player in integrated environmental services in Singapore, with business in integrated waste management and re-refining of used lubricant.

NSL Group is widely recognised as an extensive user of technology to provide innovative solutions to industries. It partners eminent local industry and tertiary institutions to develop 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 2011
1st Quarter - 12 May 2011
2nd Quarter - 11 August 2011
3rd Quarter - 3 November 2011

Financial Year-end
31 December 2011

Announcement of Unaudited Results 2011
21 February 2012

2012 Annual General Meeting
25 April 2012

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

	2007	2008	2009	2010	2011
FOR THE YEAR (S$'000)					
Turnover from continuing operations	345,570	357,834	352,424	312,728	**382,301**
Profit before taxation from continuing operations	106,942	79,778	72,972	67,721	**113,650**
Total group profit attributable to shareholders	109,379	76,745	66,136	56,053	**100,269**
AT YEAR-END (S$'000)					
Shareholders' funds	520,021	500,315	495,283	527,313	**576,272**
Total assets	689,534	688,487	642,495	672,726	**733,984**
PER SHARE					
Basic earnings per share (cents)	29.3	20.5	17.7	15.0	**26.8**
Dividends (exempt - one tier, cents per share)					
• interim & final	10	20	10	10	**10**
• special	-	10	-	-	**-**
OTHERS					
No. of employees	2,026	2,230	2,113	2,056	**2,902**

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

The global economy had a troubled year with one crisis after another. In March 2011, Japan experienced the devastating impact of earthquake and tsunami, and then there was severe flooding that took place in Thailand. The economy was further battered with the uncertainty over the health of the US economy and the deepening of the Eurozone debt crisis.

Singapore's economy was also not spared by the various crises and it grew by only 4.8% in 2011.

Despite the series of natural disasters and global economic uncertainties, NSL Group turned in a better set of results for financial year 2011 compared to 2010.

PERFORMANCE

Group turnover increased 22% from $312.7m in 2010 to $382.3m in 2011. This was largely driven by strong revenue growth reported by three of its four business divisions.

Group profit before tax rose 69% from $65.5m in 2010 to $110.8m in 2011. The strong performance was largely contributed by the Chemicals Division which recorded an exceptionally higher profit contribution from its petrochemical associate in Thailand, Bangkok Synthetics Co. Ltd (BST).

After taking into account the exceptional items and income tax expenses, profit attributable to shareholders increased 79% from $56.1m in 2010 to $100.3m in 2011.

OPERATIONAL HIGHLIGHTS

During the year, Construction Products Division's precast plant in Seelong, Johor went fully operational. The Division had also reorganised its Dubai's business and commenced construction of its first Plaster and Mortar plant in Guangzhou, China.

In second half of 2011, Engineering Division marked the 40th anniversary of its product's brand name, RAM and completed the Phase 3 expansion of its China's plant. The increased plant capacity would enhance its competitive position to meet future demands.

In 2011, Environmental Services Division commissioned its waste-to-energy incinerator and restarted its waste-to-cash Used Lubes Re-refining plant.

LOOKING AHEAD

The visibility of the global economic ahead is poor as there are still numerous economic uncertainties and challenges.

For 2012, the overall demand for lime and refractory products in the Chemicals Division is expected to remain relatively stable. However, its performance may be affected by rising costs. BST is expected to continue as a significant contributor to the Division although it is not expecting its high product prices in 2011 to be sustainable.

With a healthy order book, the Construction Products Division's performance for 2012 is expected to remain satisfactory barring any major project delays by its customers in its key markets.

LETTER TO SHAREHOLDERS

For Environmental Services Division, demand and prices for its recycled products are likely to remain firm, underpinned by the sustained strong crude oil price.

Lastly, the global economic uncertainties may affect the demand for spreader and related spare parts.

DIVIDEND

Subject to the approval of shareholders at the annual general meeting of the Company to be held on 25 April 2012, the Board is recommending a final dividend of $0.10 per share for the financial year ended 31 December 2011 to be paid on or about 23 May 2012 or such other date to be determined by the Directors.

MANAGEMENT CHANGES

It is with regret that Dr Josephine Kwa resigned as Chief Executive Officer of the Company on 19 October 2011. She will however continue to contribute as a member of the Corporate Research and Development advisory panel and Chairman of Raffles Marina Holdings Ltd. The Board and I would like to thank Josephine for her many contributions over the last 23 years in the Group and wish her great success in her future endeavours.

The Board and I would also like to extend a warm welcome to Dr Low Chin Nam, who joined NSL as Chief Strategy and Operations on 1 August 2011.

IN APPRECIATION

2011 marked a significant milestone in NSL's corporate history as the Group celebrated its 50th anniversary.

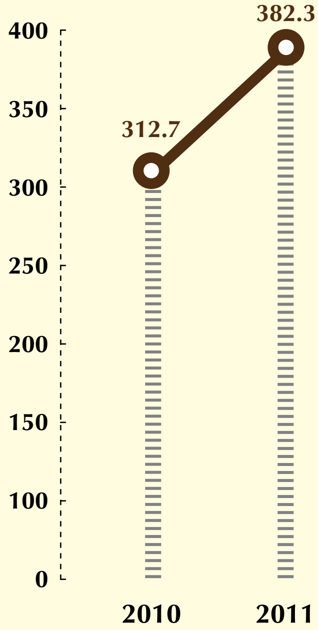
NSL is one of the few companies that grew together with Singapore. Over the 5 decades, the Company has also evolved from a domestic steel plant to a leading industrial group with operations and joint ventures in 9 countries.

On behalf of our Board, I thank all of you- management, employees, partners, customers and all stakeholders for being part of the NSL journey, contributing to our success and rich history.

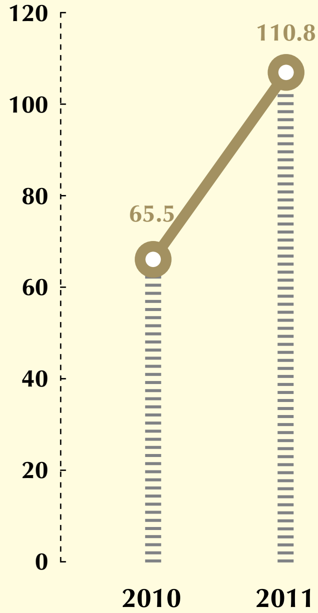
The Board, management and staff of NSL will remain vigilant and committed. With your support, I am confident that we can continue to grow and prosper in the years ahead.

Prof Cham Tao Soon
Chairman
9 March 2012

GROUP TURNOVER
(S$million)



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



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

EXECUTIVE DIRECTOR

Oo Soon Hee

Director

- ComfortDelGro Corporation Limited
- NatSteel Holdings Pte Ltd
- SIA Engineering Company Limited

DIRECTORS

Ban Song Long

Director

- Excel Partners Pte Ltd
- 98 Holdings Pte Ltd

David Fu Kuo Chen

Director

- Hotel Properties Ltd
- 98 Holdings Pte Ltd

John Koh Tiong Lu

Director

- Mapletree Industrial 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. Sdn Bhd

CORPORATE RESEARCH & DEVELOPMENT ADVISORY PANEL

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

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

Director
- Government of Singapore Investment Corporation Private Limited
- Southern Steel Berhad

David Fu Kuo Chen

Dr Kwa Lay Keng
Chairman
- Raffles Marina Holdings Ltd

Board Member
(Management Board)
- Energy Studies Institute

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 & Environmental Engineering

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

Director
- EZ-Link Pte Ltd

Oo Soon Hee

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

Dr Tan Tat Wai retired as a member of the panel on 30 September 2011.

REVIEW OF OPERATIONS

PERFORMANCE OVERVIEW

The Chemicals Division registered another year of robust performance. Profit before tax rose 82% from $49.5m in 2010 to $90.2m in 2011.

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 nearly doubled to $82.8m in 2011. This was largely due to exceptionally high selling prices of its petroleum products.

Excluding BST, profit before tax of the Division slid 4% compared to 2010 mainly due to lower turnover.

Turnover of the Division declined 3% from $50.9m in 2010 to $49.3m in 2011 largely due to lower sales from its lime business following the divestment of its operation in ChangShu, China in August 2010. On the other hand, its refractory business recorded a higher turnover last year due to higher export sales and better product mix.

DEVELOPMENT HIGHLIGHTS

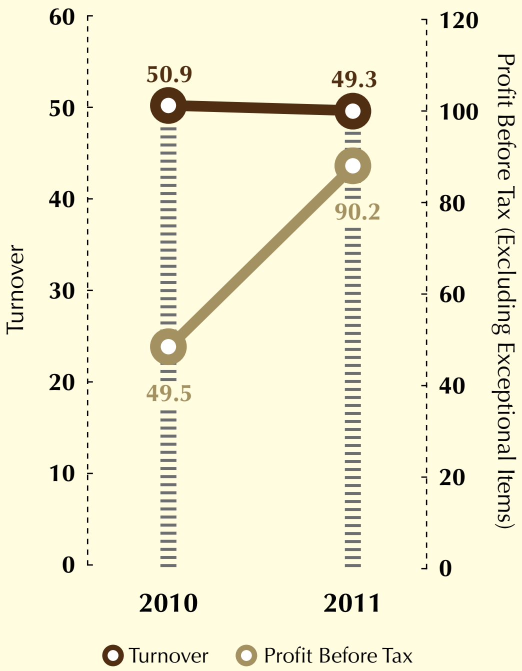
The Division continues to seek out opportunities to leverage on its core competencies in lime and related products. It will focus on business expansion through further replication of its businesses in the region and also strengthening its raw materials supply.

GOING FORWARD

For 2012, the overall demand for the Division's lime and refractory products in its key markets is expected to remain relatively stable. However, profit margins may be affected by rising cost of limestone amidst a tighter supply situation in Malaysia.

Against the backdrop of the global economic uncertainties, the exceptionally high product prices achieved by BST in 2011 are not expected to be sustainable. However, BST is expected to remain a significant contributor to the Division.

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



Construction Products

REVIEW OF OPERATIONS

PERFORMANCE OVERVIEW

The Construction Products Division registered a 23% increase in turnover to $210.2m in 2011. This was largely due to the higher precast delivery of its Singapore's operation and its Finnish unit which benefited from the recovery in the housing market in Finland. The higher revenue was also contributed by the consolidation of turnover of Dubai Precast L.L.C. ("DP") which became a subsidiary of the Group in the second half of 2011 following the business reorganization.

Despite the higher turnover, profit before tax of the Division declined 24% to $10.6m in 2011 compared to 2010. This was mainly due to the higher loss incurred by DP owing to project delays and higher impairment of trade receivables.

Performance of its operations in Singapore, Hong Kong and Finland improved compared to 2010.

DEVELOPMENT HIGHLIGHTS

In the third quarter of 2011, the Division completed the internal reorganisation of Dubai Precast L.L.C. which increased its effective economic interest from 45% to 80%.

During the year, Eastern Pretech (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Eastern Pretech Pte Ltd, completed the expansion of its precast plant and also started construction of its third Plaster and Mortar plant in Seelong, Johor.

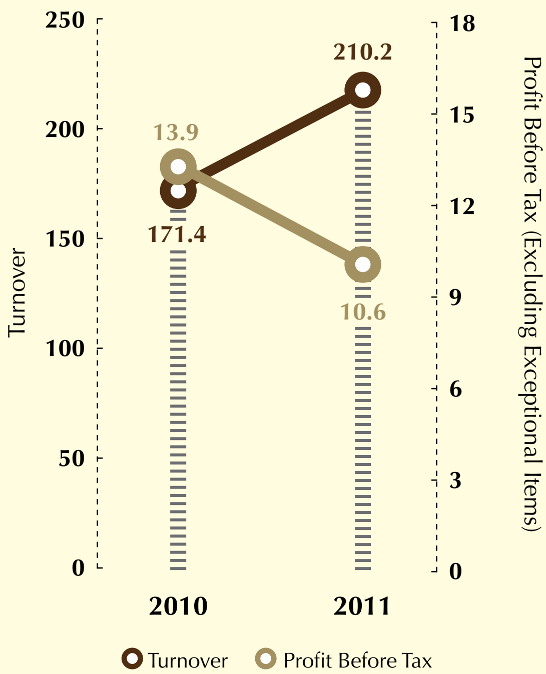
In the last quarter of 2011, Eastern Pretech (HK) Ltd commenced construction of its first Plaster and Mortar plant in Guangzhou to cater to the China market.

GOING FORWARD

In Singapore, the commercial and institutional building sector remains the Division's key market segment. The ramping-up of the HDB building program will have a positive effect on its business. In Malaysia, the Division will renew its focus on the public infrastructural segment with the Malaysia government's push to enhance its urban transportation system.

In Dubai, the Division will focus its attention to manage the challenges of turning around its operation. Overall, the Construction Products Division's performance for 2012 is expected to remain satisfactory barring any major project delays by its customers in its key markets.

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



Engineering

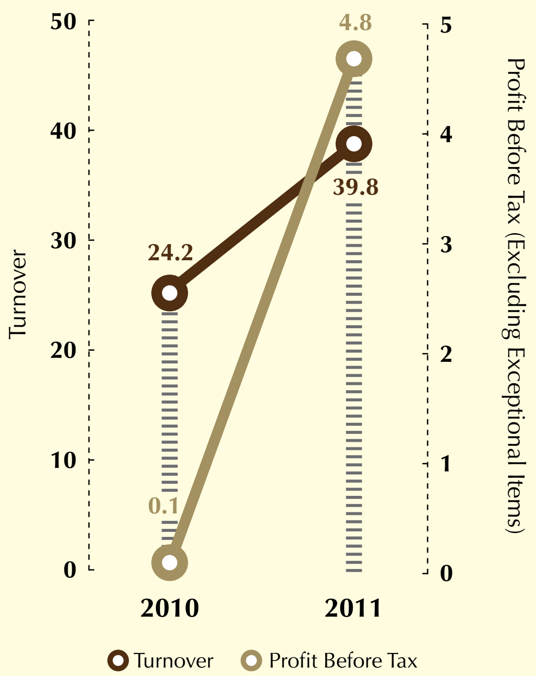
REVIEW OF OPERATIONS

PERFORMANCE OVERVIEW

The Engineering Division performed better and closed the year with higher turnover and profit before tax compared to 2010.

The Division's turnover jumped 64% from $24.2m in 2010 to $39.8m in 2011 mainly due to higher spreader deliveries and higher revenue from spare parts sales. The higher turnover was also contributed by the higher average selling price due to better product mix.

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



Overall, the Division's profit before tax increased to $4.8m in 2011 compared to the near breakeven position in 2010.

DEVELOPMENT HIGHLIGHTS

2012 marked a significant milestone for the Division as it celebrated the 40th anniversary of its product's brand name, RAM, which was established in the United Kingdom in 1972. Since then, RAM's branding has built a global reputation for sound engineering and innovative solutions. Today, one can easily find RAM spreaders in many major ports and terminals.

ChangShu RAM Engineering Co., Ltd, wholly-owned subsidiary of NSL Engineering Pte Ltd, completed the construction of its Phase 3 plant. With the completion of Phase 3, the increased plant capacity should enhance its competitive position to meet future demands.

During the year, the Engineering Division successfully sold several units of its newly launched Tipping spreader product, RAM Revolver, another innovative product by the Division, to the mining industry.

GOING FORWARD

Demand for spreaders and related spare parts may be affected by the global economic uncertainties. However the overall performance for the Division is expected to remain satisfactory.

Environmental Services

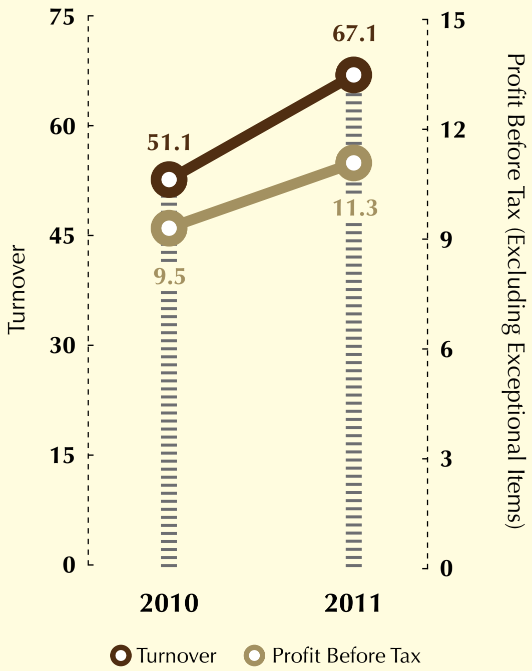
REVIEW OF OPERATIONS

PERFORMANCE OVERVIEW

This year, NSL reorganized its Chemicals Division and formed Environmental Services Division as its fourth core business. This new Division will focus on businesses such as integrated waste management and re-refining of used lubricant.

The Environmental Services Division recorded better turnover and profit before tax compared to 2010.

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



Turnover increased 31% to $67.1m in 2011 from $51.1m in 2010. This was mainly driven by a strong volume growth in its automotive diesel oil business and higher selling prices for its recycled products.

On the back of higher turnover, profit before tax of the Division rose from $9.5m in 2010 to $11.3m in 2011.

DEVELOPMENT HIGHLIGHTS

In first half of the year, the Division commissioned its waste-to-energy incinerator where heat from the combustion of oily wastes is used to generate steam which is then utilized in the plant's oil recycling facilities.

The Division's Used Lubes Re-refining plant was also restarted in late 2011. The Division is poised to re-refine used lubricant to consistent and high quality base oil.

During the year, the Division's diesel and lubricant distribution and logistics unit saw an increase in its customers' base through strong and positive recommendations from its existing customers. This response reaffirmed the management's efforts in fostering a culture of service excellence.

GOING FORWARD

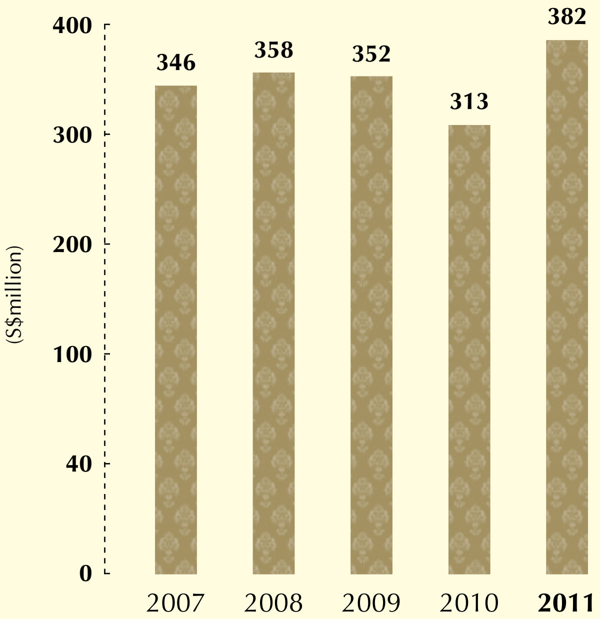
Looking forward, demand and prices for the Division's recycled products are expected to remain firm, underpinned by price of crude oil which is expected to remain strong.

5-YEAR FINANCIAL SUMMARY

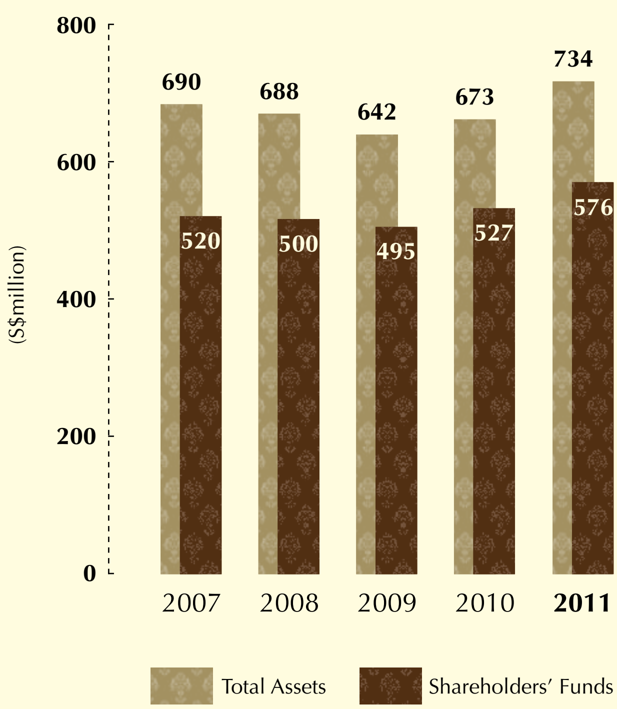
Financial Profile (S$'000)	2007	2008	2009	2010	2011
Continuing Operations					
Turnover	345,570	357,834	352,424	312,728	382,301
Profit before share of results of associated companies and joint venture	20,189	22,251	35,059	24,544	29,917
Share of results of associated companies and joint venture, net of tax	31,402	53,010	22,859	41,000	80,913
Profit before tax and exceptional items	51,591	75,261	57,918	65,544	110,830
Exceptional items	55,351	4,517	15,054	2,177	2,820
Profit before tax	106,942	79,778	72,972	67,721	113,650
Taxation	(6,470)	(4,393)	(6,080)	(9,758)	(10,817)
Profit after tax	100,472	75,385	66,892	57,963	102,833
EBITDA before exceptional items	65,649	90,272	74,330	80,875	128,003
Profit after tax from discontinued operations	9,733	-	-	-	-
Total group profit attributable to shareholders	109,379	76,745	66,136	56,053	100,269
Dividends (exempt - one tier)					
- Interim & final	37,356	74,712	37,356	37,356	37,356
- Special	-	37,356	-	-	-
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	326,182	306,476	301,444	333,474	382,433
Dividend cover	2.9x	0.7x	1.8x	1.5x	2.7x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	138,484	138,944	135,645	132,031	161,131
Associated companies & joint venture	147,852	144,853	171,943	216,400	229,416
Investment properties	4,296	4,109	3,920	3,633	3,460
Long term receivables, prepayments & investments	43,215	23,076	38,960	29,773	17,032
Intangible assets	9,654	9,760	9,559	9,690	9,573
Deferred tax assets	1,651	1,195	1,728	1,044	1,175
Current assets	344,382	366,550	280,740	280,155	312,197
	689,534	688,487	642,495	672,726	733,984
What we owed and Equity					
Shareholders' funds	520,021	500,315	495,283	527,313	576,272
Non-controlling interests	14,016	13,184	13,727	14,245	14,439
Long term liabilities	38,245	42,514	41,364	38,816	41,966
Current liabilities	117,252	132,474	92,121	92,352	101,307
	689,534	688,487	642,495	672,726	733,984
Cash & Debt Position					
Group borrowings (S$'000)	41,074	47,636	32,644	27,785	22,254
Group net cash (cash less borrowings) (S$'000)	157,760	123,816	113,876	117,499	114,480
Per Share Data					
Basic earnings per share (cents)	29.3	20.5	17.7	15.0	26.8
Net tangible assets per share (S$)	1.37	1.31	1.30	1.39	1.52
Dividends					
Dividends (exempt - one tier, cents per share)					
- Interim & final	10	20	10	10	10
- Special	-	10	-	-	-

5-YEAR FINANCIAL SUMMARY

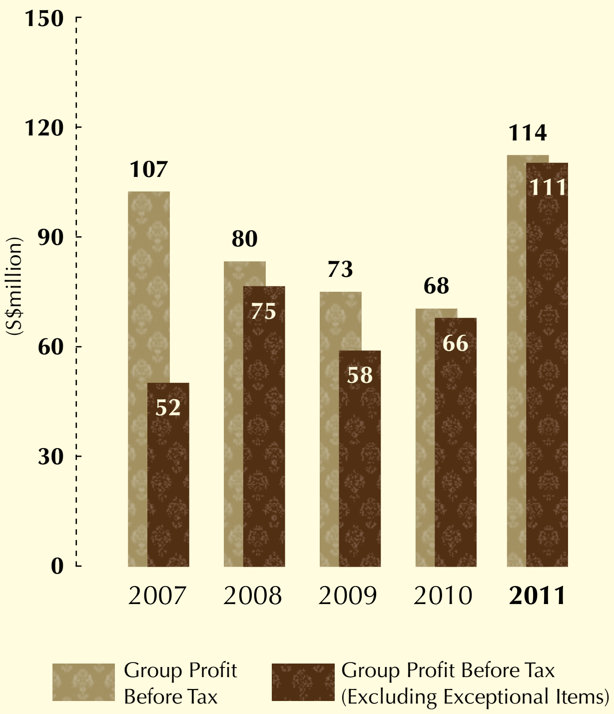
GROUP TURNOVER



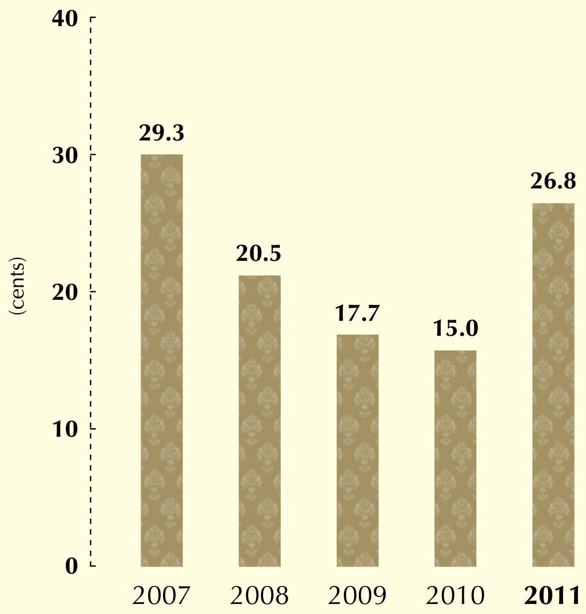
SHAREHOLDERS' FUNDS & TOTAL ASSETS



GROUP PROFIT BEFORE TAX



BASIC EARNINGS PER SHARE



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 and a Diploma in Business Administration from the University of Singapore.

CHIEF STRATEGY AND OPERATIONS
Dr Low Chin Nam

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

SENIOR VICE-PRESIDENT, FINANCE AND CORPORATE SERVICES
Chia Tong Hee

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

KEY BUSINESS MANAGERS
Chong Wai Siak
Dr See Soo Loi

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

Dr See Soo Loi was appointed as Chief Executive Officer of NSL Chemicals Ltd on 1 January 2012. Dr See is responsible for managing lime, refractory and steel slag businesses in Chemicals Division. Prior to this present appointment, she was the Deputy Chief Executive Officer of NSL Chemicals Ltd. Dr See joined NSL Ltd in 1991. Dr See holds a Bachelor of Engineering (Honours) in Chemical Engineering and a Ph.D from the University of New South Wales, Australia.

CORPORATE DIRECTORY

Chemicals

NSL Chemicals Ltd
26 Tanjong Kling Road
Singapore 628051
Tel : (65) 6513 6900
Fax : (65) 6265 9942
www.nslchemicals.com.sg

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

ZhenJiang ZhongDa Calcific Products Co Ltd
6, Heng Shan Road,
Mechanical and Electrical
Industrial Park, Dagang Town,
Zhenjiang City,
Postal Code : 212132
Jiangsu Province
China
Tel : (86-511) 83377 548
Fax : (86-511) 83377 848

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

Plant:
Map Ta Phut Industrial Estate
5, I-7 Road, Muang District
Rayong 21150
Thailand
Tel : (038) 683 314
Fax : (038) 683 315

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

PT Eastech Indonesia
Kd. Kedep RT. 02/RW. 17
Ds. Tlajung Udik, Kecamatan
Gunung Putri, Kabupaten Dati II
Bogor 16962
Indonesia
Tel : (62-21) 867 3482, 867 3483
Fax : (62-21) 867 3480

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

Construction Products

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

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

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

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

Eastern Pretech (HK) Ltd
Eastern Gotech (HK) Ltd
Eastern Gotech (China) Limited
Room 804-5, 8/F, AXA Centre
151 Gloucester Road
Wanchai
Hong Kong
Tel : (852) 2866 9199
Fax : (852) 2865 0321
www.emix.com.hk

CORPORATE DIRECTORY

Construction Products

Eastern Gotech (Guangzhou) Limited
Room 1003-5
DongBao Building
No. 767 Dongfengdong Road
Guangzhou
China
Tel : (020) 3821 0811
Fax : (020) 3821 0873

Parmarine Ltd
Murrontie 8
PO BOX 95
FIN - 30101 Forssa
Finland
Tel : (358) 377 77400
Fax : (358) 341 27395
www.parmarine.fi

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

Engineering

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

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

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

Environmental Services

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

Hup Eng Tat Enterprises Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6863 5270
(65) 6863 5271
(65) 6863 5272
(65) 6513 3999
Fax : (65) 6861 1928
(65) 6513 3998
www.nsloilchem.com.sg

Properties & Investments

NSL Properties Pte Ltd
NSL Resorts International Pte Ltd
Raffles Marina Holdings Ltd
Timaru Pte Ltd
77 Robinson Road
#27-00 Robinson 77
Singapore 068896
Tel : (65) 6536 1000
Fax : (65) 6536 1008

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

FINANCIAL REVIEW

DIRECTORS' REPORT

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

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 John Koh Tiong Lu retires and being eligible, offers himself for re-election.

Pursuant to Article 86 of the Company's Articles of Association, Dr Tan Tat Wai retires 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 2012 had any interest in the shares and debentures of the Company and its related corporations except, as follows:

	Interest held in the name of Director			Deemed interest of Director		
Name of directors and corporations in which interest held	**At 21.01.2012**	**At 31.12.2011**	**At 01.01.2011 or date of appointment if later**	**At 21.01.2012**	**At 31.12.2011**	**At 01.01.2011 or date of appointment if later**
<u>NSL Ltd</u>						
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.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)

Name of directors and corporations in which interest held	Interest held in the name of Director At 21.01.2012	At 31.12.2011	At 01.01.2011 or date of appointment if later	Deemed interest of Director At 21.01.2012	At 31.12.2011	At 01.01.2011 or date of appointment if later
Related Corporation						
Raffles Marina Holdings Ltd						
Class B Ordinary shares						
Oo Soon Hee	6,000	6,000	6,000	-	-	-

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 Oo Soon Hee (from 1 February 2011) has an employment relationship with the Company and has received remuneration in that capacity.

5. MATERIAL CONTRACTS

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

6. SHARE OPTIONS

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

7. AUDIT COMMITTEE

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

DIRECTORS' REPORT

8. INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP, being eligible, has 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 2012

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 113 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 2011, 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

TS Cham

Prof CHAM Tao Soon
Director

OO Soon Hee
Director

Singapore
9 March 2012

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, Construction Products, Engineering and Environmental Services 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 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 2011 to 31 December 2011

	BOARD		AUDIT		NOMINATING		REMUNERATION		GENERAL MEETING		EXECUTIVE COMMITTEE		CORPORATE RESEARCH	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Prof Cham Tao Soon	4	4	4	4	1	1	4	4	1	1	0	0	3	3
Oo Soon Hee	4	4	n/a	n/a	n/a	n/a	n/a	n/a	1	1	7	7	3	3
Ban Song Long	4	3	4	3	n/a	n/a	n/a	n/a	1	1	7	7	n/a	n/a
John Koh Tiong Lu	4	4	4	4	1	1	4	4	1	1	0	0	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	1	1	4	4	1	1	7	7	3	2
Dr Tan Tat Wai	4	3	4	3	1	1	4	4	1	0	0	0	3	0*

* Dr Tan Tat Wai retired as a member on 30 September 2011.

Audit Committee
(Principle 11)

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

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

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

The Audit Committee performs duties as specified in the Companies Act, Cap 50 and the 2005 Code. Its duties include overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group, and its exposure to risks. It also keeps under review the effectiveness of the Company's systems of accounting and internal controls for which the Directors are responsible. The Committee is empowered to investigate any matter relating to its functions that are brought to its attention and in this regard will have full access to records, resources and personnel to enable it to discharge its functions properly.

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

STATEMENT OF CORPORATE GOVERNANCE

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 2011.

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, significant financial reporting issues and judgments, to enquire if there are material weaknesses and control deficiencies over the Group's financial reporting process and the corresponding effects of the financial statements. As a good practice, the Committee also met the auditors separately in the absence of Management;

(c) Reviewed the adequacy of the Group's internal controls;

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

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

(f) Being satisfied with the independence and objectivity of the external auditors, recommended to the Board of Directors the re-appointment of PricewaterhouseCoopers LLP as 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 auditors.

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Executive Committee

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

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

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

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.

STATEMENT OF CORPORATE GOVERNANCE

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

Remuneration and Benefits of Directors and Key Executives

The level and mix of each of the directors' remuneration, and that of each of the top 5 key executives (who are not directors), in bands of S$250,000 are set out below:

(a) Directors

Remuneration Band & Name of Director	Base / Fixed Salary(1) %	Variable or Performance-related Income / Bonuses(1) %	Directors' Fees %	Benefits-in-kind %	Share Options Granted(2) %	Total Compensation %
S$750,000 to S$999,999						
OO Soon Hee	56.0	31.8	4.1	8.1	-	100
Below S$250,000						
Prof CHAM Tao Soon	-	-	100	-	-	100
BAN Song Long	-	-	100	-	-	100
David FU Kuo Chen	-	-	100	-	-	100
John KOH Tiong Lu	-	-	100	-	-	100
Dr TAN Tat Wai	-	-	100	-	-	100

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

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

STATEMENT OF CORPORATE GOVERNANCE

(b) Key Executives

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

Remuneration Band & Name of Key Executive	Base / Fixed Salary[(1)] %	Variable or Performance-related Income / Bonuses[(1)] %	Benefits-in-kind %	Retirement benefit %	Share Options Granted[(2)] %	Total Compensation %
S$750,000 to S$999,999						
Dr KWA Lay Keng[(3)]	50.0	-	2.7	47.3	-	100
S$500,000 to S$749,999						
CHONG Wai Siak	75.5	23.4	1.1	-	-	100
S$250,000 to S$499,999						
Andy IP Kam Wa	67.8	32.2	-	-	-	100
LIM Su-Ling	72.4	27.6	-	-	-	100
Robert Arthur MILLS	48.5	51.5	-	-	-	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.

(3) Dr Kwa Lay Keng resigned from the Company on 19 October 2011.

There is no employee whose remuneration exceeds S$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)
OO Soon Hee
David FU Kuo Chen
ANG Kong Hua
Dr KWA Lay Keng
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.

STATEMENT OF CORPORATE GOVERNANCE

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 Group's assets.

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

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate.

Internal Audit Function
(Principle 13)

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

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

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

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.

STATEMENT OF CORPORATE GOVERNANCE

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 Group's performance and prospects.

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

The Company's 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. Accordingly, the Company has complied with Rule 1207 (19) of the Listing Manual of the SGX-ST.

STATEMENT OF CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS AS AT 9 MARCH 2012

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 25 APRIL 2012
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 20 April 2011	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:* Executive Committee Corporate Research and Development Advisory Panel	1 February 2011 20 April 2011	Executive (Responsible for the overall Management of the NSL Group)	N/A
Ban Song Long	• Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *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	Retirement by Rotation (Article 86)
David Fu Kuo Chen	• Bachelor of Science degree in Engineering from University of Southern California	*Member:* Nominating Committee Remuneration Committee Executive Committee Corporate Research and Development Advisory Panel	25 January 2003 20 April 2011	Non-Executive	N/A
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from University of Harvard	*Member:* Audit Committee Nominating Committee Remuneration Committee	15 February 1993 22 April 2009	Non-Executive / Independent	Retirement by Rotation (Article 86)

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 113, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSL LTD

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 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 2012

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2011

	Note	The Group 2011 S$'000	The Group 2010 S$'000
Sales	4	382,301	312,728
Cost of sales		(302,225)	(238,656)
Gross profit		80,076	74,072
Other income	5	3,330	4,291
Distribution costs		(14,704)	(13,705)
Administrative expenses		(36,966)	(37,604)
Other expenses		(873)	(1,636)
Finance costs	6	(946)	(874)
Share of results of associated companies and joint venture, net of tax	22	80,913	41,000
Profit before taxation and exceptional items	7	110,830	65,544
Exceptional items	9	2,820	2,177
Profit before taxation		113,650	67,721
Taxation	10	(10,817)	(9,758)
Profit for the financial year		102,833	57,963
Profit attributable to:			
Equity holders of the Company		100,269	56,053
Non-controlling interests		2,564	1,910
		102,833	57,963
Earnings per ordinary share attributable to the equity holders of the Company			
- Basic and fully diluted (cents)	12	26.8	15.0

The Notes on pages 41 to 113 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	The Group 2011 S$'000	The Group 2010 S$'000
Profit for the financial year		102,833	57,963
Other comprehensive income:			
Exchange differences on translating foreign operations			
- Add: losses arising during the year		(10,426)	(2,931)
- Less: losses included in profit or loss on disposal of a joint venture / a subsidiary company		6,083	31
Available-for-sale financial assets			
- Add: gains / (losses) arising during the year	10	1,808	(1,079)
- Less: gains included in profit or loss		(1,342)	(421)
Share of other comprehensive (loss) / income of an associated company	10	(10,551)	18,799
Income tax relating to components of other comprehensive income	10	388	(1,159)
Other comprehensive (loss) / income for the year, net of tax		(14,040)	13,240
Total comprehensive income for the year, net of tax		88,793	71,203
Total comprehensive income attributable to:			
Equity holders of the Company		86,315	69,426
Non-controlling interests		2,478	1,777
		88,793	71,203

BALANCE SHEETS

As at 31 December 2011

	Note	The Group 2011 S$'000	The Group 2010 S$'000	The Company 2011 S$'000	The Company 2010 S$'000
SHARE CAPITAL	13	193,839	193,839	193,839	193,839
RESERVES	14	382,433	333,474	75,548	76,265
SHAREHOLDERS' EQUITY		576,272	527,313	269,387	270,104
NON-CONTROLLING INTERESTS		14,439	14,245	-	-
TOTAL EQUITY		590,711	541,558	269,387	270,104
CURRENT ASSETS					
Inventories	15	62,759	56,528	-	-
Receivables and prepayments	16	110,097	75,162	29,961	36,285
Tax recoverable		2,330	2,666	1,581	1,910
Available-for-sale financial assets	17	153	220	-	-
Cash and bank balances	18	136,734	145,284	51,494	54,944
Other assets		124	295	-	-
		312,197	280,155	83,036	93,139
NON-CURRENT ASSETS					
Property, plant and equipment	19	161,131	132,031	368	150
Investment properties	20	3,460	3,633	-	-
Subsidiaries	21	-	-	61,851	73,098
Associated companies and joint venture	22	229,416	216,400	-	-
Long term receivables and prepayments	23	3,316	16,510	127,798	123,757
Available-for-sale financial assets	17	13,593	13,137	13,297	12,841
Intangible assets	24	9,573	9,690	-	-
Deferred tax assets	29	1,175	1,044	-	103
Other non-current assets		123	126	-	-
		421,787	392,571	203,314	209,949
TOTAL ASSETS		733,984	672,726	286,350	303,088
CURRENT LIABILITIES					
Amounts due to bankers	25	8,984	13,282	-	-
Trade and other payables	26	85,039	70,346	14,442	29,004
Provision for other liabilities and charges	27	1,760	1,859	-	-
Current income tax liabilities		5,180	6,639	2,304	3,636
Deferred income	31	344	226	-	-
		101,307	92,352	16,746	32,640
NON-CURRENT LIABILITIES					
Provision for retirement benefits	28	1,107	344	-	344
Deferred tax liabilities	29	26,083	21,816	217	-
Long term bank loans	30	10,933	12,211	-	-
Deferred income	31	2,221	2,711	-	-
Other non-current liabilities	32	1,622	1,734	-	-
		41,966	38,816	217	344
TOTAL LIABILITIES		143,273	131,168	16,963	32,984
NET ASSETS		590,711	541,558	269,387	270,104

The Notes on pages 41 to 113 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

		Attributable to Equity Holders of the Company							Non-controlling Interests of subsidiaries	Total Equity
	Note	Share Capital	Revenue Reserve	Foreign Currency Translation Reserve	Revaluation Reserve	Fair Value Reserve	General Reserve[1]	Total		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2011		193,839	318,188	(16,699)	1,946	29,739	300	527,313	14,245	541,558
Changes in group structure	21a(i)	-	-	-	-	-	-	-	(117)	(117)
Dividends paid	11	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(335)	(335)
Distribution to non-controlling interests of a subsidiary company upon liquidation		-	-	-	-	-	-	-	(1,832)	(1,832)
Total comprehensive income / (loss) for the year		-	100,269	(4,257)	-	(9,697)	-	86,315	2,478	88,793
Balance as at 31 December 2011		193,839	381,101	(20,956)	1,946	20,042	300	576,272	14,439	590,711
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 / (loss) 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

(1) According to the Articles of Association of a subsidiary company and the United Arab Emirates Federal Commercial Companies Law, 10% of annual net profits of the subsidiary are allocated to the statutory reserves. The transfer to statutory reserve may be suspended when the reserve reaches 50% of the paid up capital. During the year, in accordance to the Commercial Companies Law, no transfer has been made to statutory reserves, since losses have been incurred.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Note	2011 S$'000	2010 S$'000
Cash Flows from Operating Activities			
Profit after tax for the financial year		102,833	57,963
Adjustments for:			
Taxation		10,817	9,758
Amortisation of intangible assets		468	427
Amortisation of deferred income		(449)	(807)
Depreciation of property, plant and equipment and investment properties		16,631	15,269
Property, plant and equipment written off		119	15
Interest expense		946	874
Interest income		(423)	(432)
Dividend income		-	(2,849)
Gain on sale of property, plant and equipment (net)		(70)	(222)
Provision for retirement benefits (net)		486	57
Share of results of associated companies and joint venture, net of tax	22	(80,913)	(41,000)
Exceptional items	9	(2,820)	(2,177)
Exchange differences		(72)	51
Operating cash flows before working capital changes		47,553	36,927
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		(1,544)	(3,697)
Receivables and prepayments		(13,944)	1,204
Deferred income		77	77
Trade and other payables		(3,051)	3,082
Cash generated from operations		29,091	37,593
Income tax paid		(7,379)	(8,278)
Insurance compensation received		2,384	1,000
Retirement benefits paid		(521)	-
Net cash generated from operating activities		23,575	30,315

The Notes on pages 41 to 113 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Note	2011 S$'000	2010 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		596	274
Proceeds from sale of available-for-sale financial assets, investment property and other non-current assets		1,585	2,416
Purchases of property, plant and equipment		(21,298)	(14,645)
Purchases of intangible assets		(358)	(604)
Additional investment in a subsidiary company		-	(21)
Net cash outflow from acquisition of a subsidiary company		(110)	-
Proceeds from disposal of a subsidiary company, net of cash disposed		-	410
Interest received		410	520
Dividends received from associated companies	22	33,053	17,522
Dividends received from available-for-sale financial assets		-	2,849
Decrease in long term receivables and prepayments		-	5,268
Net decrease in amounts due from associated companies and joint ventures		302	-
Net cash generated from investing activities		14,180	13,989
Cash Flows from Financing Activities			
Proceeds from borrowings		1,490	5,818
Repayment of borrowings		(9,721)	(9,670)
Finance leases and hire purchases		42	(1,007)
Interest paid		(955)	(1,086)
Dividends paid to shareholders	11	(37,356)	(37,356)
Dividends / distribution paid to non-controlling interests		(348)	(430)
Net cash used in financing activities		(46,848)	(43,731)
Net (decrease) / increase in cash and cash equivalents		(9,093)	573
Cash and cash equivalents at beginning of the financial year		145,284	146,520
Effects of exchange rate changes on cash and cash equivalents		(162)	(1,809)
Cash and cash equivalents at end of the financial year	18	136,029	145,284

The Notes on pages 41 to 113 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

Acquisition of a subsidiary company

The effect of the acquisition of a subsidiary company, Dubai Precast L.L.C ("DP"), previously a joint venture, on the cash flows on the Group was as follows:

	Note	2011 S$'000	2010 S$'000
Fair value of the identifiable assets acquired and liabilities assumed			
Property, plant and equipment	19	18,268	-
Inventories		4,687	-
Receivables		21,599	-
Prepayments		5,846	-
Cash and bank balances		506	-
Bank overdrafts		(616)	-
Trade and other payables[1]		(47,782)	-
Bank borrowings		(1,950)	-
Provision for retirement benefits	28	(775)	-
Total identifiable net liabilities		(217)	-
Less: Non-controlling interests at fair value	21a	117	-
		(100)	-
Less: Fair value of previously held interest in DP as a joint venture	21a	100	-
Total consideration		-	-
Less: Net bank overdrafts of subsidiary assumed		110	-
Cash flow from acquisition of a subsidiary company	21a	(110)	-

(1) Trade and other payables include loans previously extended by the Group to DP amounting to S$30,900,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

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:

	Note	2011 S$'000	2010 S$'000
Carrying amounts of assets and liabilities disposed of			
Property, plant and equipment	19	-	2,770
Inventories		-	683
Receivables and prepayments		-	647
Cash and bank balances		-	937
Trade and other payables		-	(2,327)
Taxation		-	(117)
Other liabilities		-	(410)
Non-controlling interests		-	(848)
Attributable net assets disposed		-	1,335
Translation reserve released upon disposal of subsidiary		-	31
Loss on disposal	9	-	(19)
Total consideration, net of transaction costs		-	1,347
Less: cash and cash equivalents of a subsidiary company disposed		-	(937)
Cash flow from disposal of a subsidiary company		-	410

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 2011

On 1 January 2011, 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 Group adopted the following new or amended FRS and INT FRS:

(1) Amendments to FRS 24 – Related Party Disclosures *(effective for annual periods beginning on or after 1 January 2011)*

The amendments remove the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Interpretations and amendments to published standards effective in 2011 (continued)

(2) INT FRS 119 – Extinguishing Financial Liabilities with Equity Instruments *(effective for annual periods beginning on or after 1 July 2010)*

The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor.

It requires a gain or loss to be recognised in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of the gain or loss recognised in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments cannot be reliably measured then the fair value of the existing financial liability is used to measure the gain or loss. The amount of the gain or loss should be separately disclosed on the face of the statement of comprehensive income or in the notes to account.

The adoption of the above FRS and INT FRS did not have any significant impact on the financial statements of the Group.

C. Revenue recognition

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

(1) Sale of goods

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

(2) Rendering of services

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

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

(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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Revenue recognition (continued)

(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.

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, consolidated statement of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(ii) *Acquisitions*

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.

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) *Disposals*

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 previously 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 interest 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 Company. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(3) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting 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 include goodwill identified (net of accumulated impairment loss) on acquisition. Refer to Note 2H for the Group's accounting policy on goodwill.

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 ventures, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint ventures.

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.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property, plant and equipment

(1) Measurement

Other than a leasehold building in Singapore, property, plant and equipment are initially recognised at cost, and subsequently carried at cost less accumulated depreciation and impairment losses (Note 2L). The leasehold building in Singapore was initially recognised 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.

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 8 to 88 years
Buildings	-	10 to 60 years
Leasehold improvements	-	3 to 4 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property, plant and equipment (continued)

(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.

H. Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess (i) 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 (ii) 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 the acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities acquired.

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.

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, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill is adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(2) Acquired intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 recognised 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 a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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, the 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 any accumulated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 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 presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing more than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as 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 presented as 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 recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also reclassified to profit or loss.

(3) Initial measurement

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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.

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 when changes 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 on disposal.

(5) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and 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 significant delay in payments are considered objective evidence that the loans and receivables are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Investments in financial assets (continued)

(5) Impairment (continued)

(ii) Available-for-sale financial assets

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

If any evidence of impairment exists, the cumulative loss that 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.

(6) Offsetting financial instruments

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

N. Borrowings

Borrowings are 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 recognised in 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 represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

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

R. Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 proportion of 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 presented within trade receivables. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented within trade and other payables.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 recognised in 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 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 Notes 2G and 2J. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term. 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 substantively 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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:

(i) at 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 substantively enacted by the balance sheet date; and

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

Current and deferred income taxes are recognised as income or expenses in profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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) 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 dates of transaction. 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. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Foreign currency translation (continued)

(2) Transaction and balances (continued)

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

Currency translation differences on non-monetary items when the gain or loss is recognised directly in equity, such 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 recognised in 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Z. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are presented as 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. Critical accounting estimates and assumptions

(1) Impairment of goodwill

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

As at 31 December 2011, the Group recorded goodwill arising on consolidation of S$8,876,000 (Note 24a). The key estimates used in the assessment of the carrying value of goodwill relate to the budgeted average sales growth rate used. If management's estimated average growth rate relating to Construction Products' CGUs were to decrease by absolute 5%, the recoverable amount of the goodwill will equal to its carrying value respectively, assuming the other variables remain unchanged.

(2) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the impairment loss. These calculations require the use of estimates. For the current financial year, the Group recorded a write back of impairment charge of S$5,406,000 to record certain property, plant and equipment at its recoverable amount (based on value-in-use calculations over its estimated useful lives) of S$7,079,000. If management's estimated value-in-use calculations were to increase / decrease by 10%, the recoverable amount would increase / decrease by S$708,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

A. Critical accounting estimates and assumptions (continued)

(3) 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 2011, fair value of available-for-sale financial assets of the Group and the Company amounted to S$13,746,000 and S$13,297,000 respectively (Note 17). The Group and the Company recorded fair value gain on available-for-sale financial assets in other comprehensive income during the financial year, amounting to S$1,808,000 and S$1,875,000 respectively. In addition, the Group's share of fair value of available-for-sale financial assets of its associated companies amounted to S$14,333,000 as at 31 December 2011. The Group's share of the fair value loss on available-for-sale financial assets of its associated companies (Note 22) recorded within other comprehensive income amounted to S$10,551,000. 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.

B. Critical judgements

(1) 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 2011, the Group and the Company recorded current income tax liabilities amounting to S$5,180,000 and S$2,304,000 respectively. As at 31 December 2011, the Group recorded deferred tax assets and deferred tax liabilities amounting to S$1,175,000 and S$26,083,000 respectively and the Company recorded deferred tax liability amounting to S$217,000.

(2) Impairment of loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

B. Critical judgements (continued)

(2) Impairment of loans and receivables (continued)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for asset with similar risk characteristics. As at 31 December 2011, the Group recorded allowance for impairment of trade receivables and long term receivables amounting to S$12,743,000 and S$988,000 respectively and the charge for the financial year ended is S$1,176,000 and S$nil respectively. Further analysis of the Group's credit risk profile is set out in Note 37b.

4. SALES

	The Group	
	2011 S$'000	**2010 S$'000**
Sale of goods	355,307	286,972
Services rendered	23,056	21,218
Rental income	3,938	3,606
Contract revenue	-	932
	382,301	312,728

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2011 S$'000	**2010 S$'000**
Gross dividends from available-for-sale financial assets	-	2,849
Interest income		
- Fixed / call deposits	413	302
- Others	10	130

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

6. FINANCE COSTS

	The Group	
	2011 S$'000	2010 S$'000
Interest expense		
- Bank borrowings	787	750
- Bank overdrafts	39	14
- Others	120	110
	946	874

7. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

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

	The Group	
	2011 S$'000	2010 S$'000
(Charged) / credited:		
Amortisation of intangible assets (Note 24b)	(468)	(427)
Depreciation of property, plant and equipment (Note 19)	(16,458)	(15,096)
Depreciation of investment properties (Note 20)	(173)	(173)
Employee compensation (Note 8)	(75,549)	(69,037)
Cost of inventories as expense (included in 'Cost of sales')	(200,614)	(154,510)
Remuneration paid / payable to auditors of the Company[(1)]		
- for auditing the financial statements	(559)	(546)
- for other services	(207)	(453)
Remuneration paid / payable to other auditors		
- for auditing the financial statements[(2)]	(339)	(326)
- for other services	(39)	(14)
Rental expense - operating leases	(5,750)	(4,680)
Gain on sale of property, plant and equipment, net	70	222
Property, plant and equipment written off	(119)	(15)
Foreign exchange gain / (loss), net	1,589	(1,420)
Fair value (loss) / gain on derivative financial instruments	(582)	67
(Provision for impairment) / reversal of impairment of trade receivables, net	(1,176)	92
(Write-down) / reversal of impairment of inventories, net	(1,663)	154
Amortisation of deferred income (Note 31)	449	807

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$217,000 (2010: S$217,000) paid to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$122,000 (2010: S$109,000) paid to other firms of auditors in respect of the audit of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

8. EMPLOYEE COMPENSATION

	The Group	
	2011 S$'000	2010 S$'000
Wages and salaries	65,926	60,554
Employer's contribution to defined contribution plans, including Central Provident Fund	7,437	6,570
Retirement benefits (Note 28)	486	57
Other staff benefits	1,700	1,856
	75,549	69,037

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

9. EXCEPTIONAL ITEMS

Exceptional items of the Group comprise:

	The Group	
	2011 S$'000	2010 S$'000
Gain on disposal of		
- available-for-sale financial assets	1,419	843
- investment property	-	77
- other non-current assets	-	940
Reversal of impairment of investment in associated company (Note 22c)	37	-
Reversal of impairment of loan to associated company	66	602
Reversal of impairment of property, plant and equipment (Note 19e)	5,406	-
Insurance compensation[a]	2,384	1,000
Others	-	15
Total gains	9,312	3,477
Loss on disposal of		
- subsidiary company	-	(19)
- joint venture (Note 21a)	(6,083)	-
Impairment of investment in associated companies (Note 22c)	-	(180)
Impairment of property, plant and equipment (Note 19e)	-	(782)
Impairment of available-for-sale financial assets	(77)	(121)
Others	(332)	(198)
Total losses	(6,492)	(1,300)
Net gain	2,820	2,177

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

9. EXCEPTIONAL ITEMS (continued)

9a Insurance compensation

A subsidiary of the Group had pursued insurance compensation for both material damage from physical loss of assets and consequential loss of income arising from business interruption following a fire accident at its premises in 2007. The final insurance payout approved by its insurers during the financial year had been recognised as exceptional gain in the consolidated income statement.

10. TAXATION

	The Group	
Taxation charge for the year comprises:	2011 S$'000	2010 S$'000
Current taxation		
- Singapore	2,672	2,938
- Foreign	5,425	3,824
Deferred taxation (Note 29)	4,997	2,917
	13,094	9,679
(Over) / under provision in respect of prior years:		
- Current taxation	(1,874)	(480)
- Deferred taxation (Note 29)	(403)	559
	(2,277)	79
Taxation for the year	10,817	9,758

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

	The Group					
	<--------------- 2011 --------------->			<--------------- 2010 --------------->		
	Before Tax S$'000	Tax credit S$'000	After Tax S$'000	Before Tax S$'000	Tax charge S$'000	After Tax S$'000
Net fair value (gain) / loss of available-for-sale financial assets	(1,808)	(11)	(1,819)	1,079	17	1,096
Share of associated companies' net fair value loss / (gain) of available-for-sale financial assets	10,551	(377)	10,174	(18,799)	1,142	(17,657)
Other comprehensive loss / (income)	8,743	(388)	8,355	(17,720)	1,159	(16,561)

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	
	2011 S$'000	**2010 S$'000**
Profit before taxation (before share of results of associated companies and joint venture[1])	32,737	26,721
Tax calculated at a tax rate of 17% (2010: 17%)	5,565	4,543
Income not subject to tax	(1,201)	(563)
Expenses not deductible for tax purposes	2,820	1,906
Utilisation of previously unrecognised tax assets	(1,963)	(1,145)
Tax benefit from current year's tax losses not recognised	101	438
Tax provision on unremitted income of an associated company	8,259	4,177
Effects of different tax rates in other countries	474	582
Tax incentives and rebates	(671)	(186)
Others	(290)	(73)
Tax charge	13,094	9,679

(1) Share of results of associated companies and joint venture is net of tax expense of S$18,267,000 (2010: S$8,692,000).

11. DIVIDENDS

	The Group and Company	
	2011 S$'000	**2010 S$'000**
Ordinary dividends paid		
Final dividend of 10 cents (2010: final dividend of 10 cents) per share, exempt – one tier, in respect of the previous financial year	37,356	37,356

Subsequent to the year end, the Directors proposed a final dividend for financial year ended 31 December 2011 of 10 cents (2010: final dividend of 10 cents) per share (exempt – one tier) amounting to a total of S$37,356,000 (2010: 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 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 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	
	2011 S$'000	**2010 S$'000**
Net profit attributable to equity holders of the Company	100,269	56,053
	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	26.8 cents	15.0 cents

13. SHARE CAPITAL

	Issued ordinary shares	
The Group and Company	**No of shares '000**	**Amount S$'000**
2011		
Balance at 1 January and 31 December	373,558	193,839
2010		
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

14. RESERVES

14a Composition:

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Revenue reserve	381,101	318,188	68,519	69,704
Foreign currency translation reserve	(20,956)	(16,699)	-	-
Revaluation reserve	1,946	1,946	-	-
Fair value reserve	20,042	29,739	7,029	6,561
General reserve	300	300	-	-
	382,433	333,474	75,548	76,265

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 2011	69,704	6,561	76,265
Net profit for the year	36,171	-	36,171
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value gain taken to equity (Note 17)	-	1,875	1,875
- Fair value reserve transferred to profit or loss (Note 17)	-	(1,419)	(1,419)
- Tax on fair value gain taken to equity (Note 29)	-	12	12
	-	468	468
Total comprehensive income for the year	36,171	468	36,639
Dividends paid (Note 11)	(37,356)	-	(37,356)
Balance at 31 December 2011	68,519	7,029	75,548

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 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 (Note 17)	-	(542)	(542)
- Tax on fair value loss taken to equity (Note 29)	-	(52)	(52)
	-	(1,350)	(1,350)
Total comprehensive income / (loss) 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

15. INVENTORIES

	The Group	
	2011 S$'000	2010 S$'000
At lower of cost and net realisable value		
Raw materials	37,289	34,612
Finished goods	18,676	16,435
General stores and consumables	4,753	3,363
Work-in-progress	2,041	2,118
	62,759	56,528

The Group reversed inventory write-down of S$23,000 (2010: S$168,000), 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$4,084,000 (2010: S$2,031,000) charged by way of debentures to banks for banking facilities granted (Notes 25 and 30).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

16. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Trade receivables				
- Associated companies	227	803	-	-
- Non-related parties	109,574	69,197	-	-
	109,801	70,000	-	-
Less: Allowance for impairment of trade receivables	(12,743)	(6,492)	-	-
	97,058	63,508	-	-
Non-trade amounts owing by				
- subsidiaries[(a)]	-	-	29,796	36,091
- non-controlling interests of subsidiaries[(b)]	-	1,819	-	-
- joint venture[(b)]	-	379	-	-
Loan to an associated company	-	1,507	-	-
Prepayments	6,911	3,299	141	155
Deposits	2,590	1,571	11	11
Recoverable expenditure	763	623	9	22
Sundry receivables[(b)]	2,742	2,190	4	6
Derivative financial instruments[(c)]	33	266	-	-
	110,097	75,162	29,961	36,285

16a Included in the amounts owing by subsidiaries (non-trade) are interest free amounts of S$22,300,000 (2010: S$22,345,000). The remaining balances (non-trade) bear interest at rates ranging from 2.3% to 2.8% (2010: 2.7% to 2.9%) 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 Non-trade amounts (excluding amounts owing by subsidiaries) and sundry receivables are interest free, unsecured and are expected to be repaid within the next 12 months after the balance sheet date.

16c Derivative financial instruments

	The Group					
	2011			2010		
	Contract notional amount S$'000	Fair value Asset S$'000	Fair value Liability S$'000	Contract notional amount S$'000	Fair value Asset S$'000	Fair value Liability S$'000
Forward foreign exchange contracts - current	15,548	33	(350)	17,492	266	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	13,357	14,978	12,841	14,139
Fair value gains / (losses) recognised in other comprehensive income	1,808	(1,079)	1,875	(756)
Disposals	(1,419)	(542)	(1,419)	(542)
Balance at 31 December	13,746	13,357	13,297	12,841
Current portion	153	220	-	-
Non-current portion	13,593	13,137	13,297	12,841
	13,746	13,357	13,297	12,841
Total losses reclassified from fair value reserve to profit or loss for available-for-sale financial assets held at the end of financial year	77	121	-	-

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.

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

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Unlisted securities				
- Equity securities	13,356	12,832	13,060	12,536
- Other investments	390	525	237	305
	13,746	13,357	13,297	12,841

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

18. CASH AND BANK BALANCES

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Fixed / call deposits	53,142	88,822	25,510	53,220
Cash at bank and on hand	83,592	56,462	25,984	1,724
	136,734	145,284	51,494	54,944

The fixed deposits with financial institutions mature on varying dates within 5 months (2010: 3 months) from the financial year end. The weighted average interest rate of these deposits as at 31 December 2011 was 0.7% (2010: 0.4%) per annum.

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

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Cash and bank balances	136,734	145,284	51,494	54,944
Bank overdrafts (Note 25)	(705)	-	-	-
	136,029	145,284	51,494	54,944

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 – 2011								
Cost or Valuation								
At 1 January 2011	6,402	22,236	170,346	750	154,876	26,536	9,909	391,055
Currency realignment	(152)	(32)	265	5	(885)	460	343	4
Additions	2,041	3	2,245	8	7,449	4,039	6,053	21,838
Disposals and write off	-	-	-	-	(2,010)	(907)	-	(2,917)
Acquisition of subsidiary	-	-	10,254	-	7,547	8,265	281	26,347
Reclassifications	16	(87)	1,137	-	8,086	432	(9,584)	-
At 31 December 2011	8,307	22,120	184,247	763	175,063	38,825	7,002	436,327
Representing:								
Cost	8,307	22,120	175,597	763	175,063	38,825	7,002	427,677
Valuation	-	-	8,650	-	-	-	-	8,650
	8,307	22,120	184,247	763	175,063	38,825	7,002	436,327
Accumulated Depreciation and Impairment Losses								
At 1 January 2011	-	8,705	112,617	736	111,059	19,564	6,343	259,024
Currency realignment	-	(17)	(81)	4	(807)	214	-	(687)
Charge for the year	-	269	4,361	8	8,866	2,954	-	16,458
Disposals and write off	-	-	-	-	(1,512)	(760)	-	(2,272)
Acquisition of subsidiary	-	-	1,989	-	2,095	3,995	-	8,079
Reversal of impairment loss	-	-	(134)	-	(5,272)	-	-	(5,406)
Reclassifications	-	-	134	-	6,209	-	(6,343)	-
At 31 December 2011	-	8,957	118,886	748	120,638	25,967	-	275,196
Net Book Value								
At 31 December 2011	8,307	13,163	65,361	15	54,425	12,858	7,002	161,131

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 - 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Other Assets* S$'000	Total S$'000
The Company – 2011		
Cost		
At 1 January 2011	1,097	1,097
Additions	343	343
Disposals and write off	(21)	(21)
At 31 December 2011	1,419	1,419
Accumulated Depreciation		
At 1 January 2011	947	947
Charge for the year	125	125
Disposals and write off	(21)	(21)
At 31 December 2011	1,051	1,051
Net Book Value		
At 31 December 2011	368	368
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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

(i) Factory and office buildings in Jurong, Singapore;

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

(iii) Land and buildings in People's Republic of China, Hong Kong and Malaysia; and

(iv) Factory and office buildings in United Arab Emirates

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	
	2011 S$'000	2010 S$'000
Building on leasehold land	219	512

19c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$35,034,000 (2010: S$33,037,000) charged by way of debentures to banks for overdraft and banking facilities granted (Notes 25 and 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
2011			
Plant and machinery	2,777	(743)	2,034
Other assets	1,879	(822)	1,057
	4,656	(1,565)	3,091
2010			
Plant and machinery	2,823	(474)	2,349
Other assets	1,167	(860)	307
	3,990	(1,334)	2,656

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19e The Group has reversed impairment charge of S$5,406,000 (2010: recognition of impairment charge of S$782,000) as the impairment indicator of certain property, plant and equipment no longer exists. These assets are recorded at their recoverable amount of S$7,079,000 (2010: S$843,000) based on value-in-use calculation (over its estimated useful lives) by management as at 31 December 2011.

20. INVESTMENT PROPERTIES

	The Group	
	2011 S$'000	**2010 S$'000**
Cost		
At 1 January	11,214	11,421
Disposals	-	(207)
At 31 December	11,214	11,214
Accumulated depreciation and impairment losses		
At 1 January	7,581	7,501
Depreciation charge for the year	173	173
Disposals	-	(93)
At 31 December	7,754	7,581
Net book value at 31 December	3,460	3,633
Fair value at 31 December	8,261	7,324

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$3,399,000 (2010: S$3,559,000) was valued at S$8,200,000 as at 31 December 2011 (S$7,250,000 as at 31 December 2010) based on a valuation carried out by an independent professional valuer.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

20. INVESTMENT PROPERTIES (continued)

The following amounts are recognised in the consolidated income statement:

	The Group	
	2011 S$'000	2010 S$'000
Rental income	324	324
Direct operating expenses arising from investment properties that generated rental income	352	329
Other direct operating expenses arising from investment properties that did not generate rental income	12	15

21. SUBSIDIARIES

	The Company	
	2011 S$'000	2010 S$'000
Unquoted equity shares at cost	90,901	144,579
Less: accumulated impairment losses	(29,050)	(71,481)
	61,851	73,098

21a In July 2011, the Group acquired control of Dubai Precast L.L.C ("DP") with the acquisition of additional 35% effective interest resulting in effective interest in DP held by the Group of 80%. The Group had previously accounted for its 45% equity interest in DP as investment in joint venture. The principal activity of DP is that of manufacturing and trading of building materials in United Arab Emirates.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Purchase consideration and non-controlling interest

At date of acquisition, DP was in net liabilities position and the Group assumed net liabilities of S$100,000. No cash consideration was paid and the purchase consideration was the fair value of the Group's previously held in interest in DP as a joint venture. The Group has chosen to recognise the 20% non-controlling interest at its proportionate share of DP's net liabilities of S$117,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

21. SUBSIDIARIES (continued)

(ii) Identifiable assets acquired and liabilities assumed and effect on cash flows of the Group

Details of the fair value of identifiable assets acquired and liabilities assumed, are set out in the Consolidated Statement of Cash Flows. The net cash outflow resulting from the acquisition relates to the net bank overdrafts of S$110,000 assumed by the Group.

(iii) Loss on acquisition

In accordance with FRS 103 Business Combination, the previously held interest in DP was deemed disposed as a result of the acquisition of DP as a subsidiary in July 2011. Accordingly, the Group reclassified previously recognised currency translation loss of S$6,083,000 relating to its investments in DP in other comprehensive income to exceptional items in profit or loss.

(iv) Acquired receivables

The fair value of trade and other receivables is S$21,599,000 which includes trade receivables with a fair value of S$17,736,000. The gross contractual amount for trade receivables due is S$23,269,000, of which S$5,533,000 is expected to be uncollectible.

(v) Revenue and profit contribution

The acquired business contributed revenue of S$12,084,000 and net loss of S$4,945,000 to the Group from date of acquisition to 31 December 2011.

Had DP been consolidated from 1 January 2011, consolidated revenue and consolidated profit of the Group for the year ended 31 December 2011 would have been S$398,913,000 and S$100,509,000 respectively.

Details regarding significant subsidiaries are set out in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. ASSOCIATED COMPANIES AND JOINT VENTURE

	The Group					
	<--------------- 2011 --------------->			<--------------- 2010 --------------->		
	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	50,336	18,069	68,405
Capital reduction[(a)]	-	(16,262)	(16,262)	-	-	-
Disposal[(a)]	-	(1,807)	(1,807)	-	-	-
Balance at 31 December	50,336	-	50,336	50,336	18,069	68,405
Share of post acquisition reserves less losses, including translation differences						
Balance at 1 January	157,296	(1,055)	156,241	109,531	2,073	111,604
Share of results during the year	82,806	(1,893)	80,913	42,562	(1,562)	41,000
Share of movement in translation reserves	(9,209)	1,927	(7,282)	3,926	(1,566)	2,360
Share of movement in fair value reserves	(10,551)	-	(10,551)	18,799	-	18,799
Dividend distribution	(33,053)	(886)	(33,939)	(17,522)	-	(17,522)
Disposal[(a)]	-	1,907	1,907	-	-	-
Balance at 31 December	187,289	-	187,289	157,296	(1,055)	156,241
Less: accumulated impairment losses	(8,209)	-	(8,209)	(8,246)	-	(8,246)
	229,416	-	229,416	199,386	17,014	216,400

22a Arising from the capital reduction exercise of DP, the Group's cost of investment in joint venture was reduced by S$16,262,000 based on its equity interest. This amount was subsequently extended as loan to DP. In July 2011, the Group acquired DP as a subsidiary and its previously held interest was deemed disposed as a result of the acquisition in accordance with FRS 103 Business Combination. Refer to Note 21a for details.

22b Included in the Group's share of post acquisition reserves is an amount of S$14,333,000 gain (2010: S$24,884,000 gain) relating to fair value reserves of associated companies, net of deferred tax liabilities of S$3,421,000 (2010: deferred tax liabilities of S$7,477,000).

22c Reversal of impairment loss of S$37,000 (2010: impairment loss of S$180,000) relating to investment in associated companies was recognised during the financial year. This represents the write-back (2010: write-down) of the carrying values to the recoverable amounts, estimated based on future cash flows expected from the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

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

	The Group	
	2011 S$'000	2010 S$'000
- Assets	1,274,232	1,084,858
- Liabilities	277,581	228,476
- Revenue	1,392,521	1,015,573
- Net profit for the financial year	360,765	181,368

22e The summarised financial information (proportionate share and prior to disposal) of joint venture is as follows:

	The Group	
	2011 S$'000	2010 S$'000
- Current assets	-	14,569
- Non-current assets	-	29,174
- Current liabilities	-	9,140
- Non-current liabilities	-	17,589
- Revenue	7,475	17,249
- Expenses	9,368	18,811
- Net loss for the financial year	(1,893)	(1,562)

22f The Group has S$754,000 (2010: S$nil) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$754,000 (2010: S$505,000) at the balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

23. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Loans receivable[b]	988	988	-	-
Less: Allowance for impairment of receivables	(988)	(988)	-	-
Amounts receivable after 12 months	-	-	-	-
Prepayments	3,496	-	-	-
Less: Current portion of long term prepayments	(638)	-	-	-
Non-current portion of long term prepayments	2,858	-	-	-
Amounts owing by subsidiaries - non-trade[a]	-	-	168,860	169,195
Less: Allowance for impairment of receivables	-	-	(41,062)	(45,438)
	-	-	127,798	123,757
Amounts owing by joint venture - non-trade[a]	-	16,055	-	-
Amounts owing by associated companies - non-trade[a]	1,528	1,591	-	-
Less: Provision for impairment of receivables	(1,070)	(1,136)	-	-
	458	455	-	-
	3,316	16,510	127,798	123,757

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

24. INTANGIBLE ASSETS

	The Group	
	2011 S$'000	2010 S$'000
Goodwill arising on consolidation[a]	8,876	8,880
Acquired intangible assets[b]	697	810
	9,573	9,690

24a Goodwill arising on consolidation

	The Group	
	2011 S$'000	2010 S$'000
Cost and Net Book Value		
Balance at 1 January	8,880	8,876
Currency realignment	(4)	4
Balance at 31 December	8,876	8,880

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:

	2011			2010		
	Singapore S$'000	Others S$'000	Total S$'000	Singapore S$'000	Others S$'000	Total S$'000
Construction	-	8,024	8,024	-	8,024	8,024
Chemicals	-	198	198	-	202	202
Environmental Services	654	-	654	654	-	654
	654	8,222	8,876	654	8,226	8,880

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

24. INTANGIBLE ASSETS (continued)

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

	2011		2010	
	Growth rate (1)	Discount rate (2)	Growth rate (1)	Discount rate (2)
Construction	2%	12%	2%	12%
Environmental Services	3%	12%	3%	10%

(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	
	2011 S$'000	2010 S$'000
Cost		
Balance at 1 January	6,320	6,197
Additions	358	604
Currency realignment	(48)	(481)
Balance at 31 December	6,630	6,320
Accumulated amortisation		
Balance at 1 January	5,510	5,514
Amortisation charge	468	427
Currency realignment	(45)	(431)
Balance at 31 December	5,933	5,510
Net Book Value at 31 December	697	810

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

25. AMOUNTS DUE TO BANKERS

	The Group	
	2011 S$'000	2010 S$'000
Bank overdrafts – secured (Note 18)	705	-
Short term bank loans		
- Unsecured	601	3,794
- Secured	690	-
	1,291	3,794
Current portion of long term bank loans (Note 30)		
- Unsecured	3,120	4,720
- Secured	3,682	3,591
	6,802	8,311
Bills payable		
- Unsecured	-	1,177
- Secured	186	-
	186	1,177
	8,984	13,282

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 (Notes 15 and 19). Details of the bank loans are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Trade payables – non-related parties	41,212	28,900	-	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	21,488	25,007	2,151	7,161
- Project related accruals	10,081	6,702	-	-
- Accrued liability for capital expenditure	1,413	873	-	-
- Advances received from customers	5,480	4,107	-	-
- Current portion of hire purchase and finance lease payables[b]	715	558	-	-
- Sundry payables[a]	4,274	4,199	2,405	2,248
- Provision for retirement benefits, current (Note 28)	26	-	-	-
- Derivative financial instruments (Note 16c)	350	-	-	-
Amounts owing to subsidiaries				
- Non-trade[a]	-	-	9,886	19,595
	85,039	70,346	14,442	29,004

26a Amounts owing to subsidiaries (non-trade) and sundry payables are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

26. TRADE AND OTHER PAYABLES (continued)

26b Hire purchase and finance lease payables are analysed as follows:

	The Group	
	2011 S$'000	2010 S$'000
Minimum hire purchase and finance lease payables due:		
- Within 1 year	764	603
- Within 2 to 5 years	1,676	1,788
	2,440	2,391
Less: Future finance charges	(103)	(99)
Present value of hire purchase and finance lease payables	2,337	2,292
Present value of hire purchase and finance lease payables due:		
- Within 1 year	715	558
- Within 2 to 5 years (Note 32)	1,622	1,734
	2,337	2,292

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 1.47% (2010: 1.92%) 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	
	2011 S$'000	2010 S$'000
Balance at 1 January	1,859	1,950
Net provision made during the year	442	349
Provision utilised during the year	(536)	(437)
Currency realignment	(5)	(3)
Balance at 31 December	1,760	1,859

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

28. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Present value of unfunded obligations	1,133	344	-	344
Liability in the balance sheet	1,133	344	-	344

The Company and certain subsidiaries of the Group operate separate unfunded defined retirement benefit schemes for certain employees. Benefits are payable based on the last drawn salaries of the respective employees and the number of years of service with the Company or the subsidiaries of the Group. 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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	344	287	344	287
Net expense	486	57	117	57
Benefits paid	(521)	-	(461)	-
Acquisition of subsidiary	775	-	-	-
Currency realignment	49	-	-	-
Balance at 31 December	1,133	344	-	344
Current portion (Note 26)	26	-	-	-
Non-current portion	1,107	344	-	344
	1,133	344	-	344

The principal actuarial assumptions used were as follows:

	The Group		The Company	
	2011 %	2010 %	2011 %	2010 %
Discount rate	5	3	-	3
Salary increment rate	5	3	-	3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Deferred tax assets	(1,175)	(1,044)	-	(103)
Deferred tax liabilities	26,083	21,816	217	-

The movement in deferred taxation is as follows:

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	20,772	16,087	(103)	(273)
Charged / (credited) to:				
- Profit or loss	4,594	3,476	332	118
- Equity	(388)	1,159	(12)	52
Currency realignment	(70)	50	-	-
Balance at 31 December	24,908	20,772	217	(103)

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 2011, the Group has estimated tax losses and capital allowances of S$20,395,000 (2010: S$24,101,000) and S$10,113,000 (2010: S$14,382,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	5,067	4,375	743	836	17,083	13,290	22,893	18,501
Charged / (credited) to:								
- Profit or loss	(236)	669	(53)	(73)	5,202	2,605	4,913	3,201
- Equity	-	-	2	(35)	(390)	1,194	(388)	1,159
Currency realignment	(68)	23	(15)	15	-	(6)	(83)	32
Balance at 31 December	4,763	5,067	677	743	21,895	17,083	27,335	22,893

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	(1,492)	(1,645)	(130)	(155)	(499)	(614)	(2,121)	(2,414)
Charged / (credited) to:								
- Profit or loss	(368)	132	(14)	28	63	115	(319)	319
Currency realignment	10	21	3	(3)	-	-	13	18
Balance at 31 December	(1,850)	(1,492)	(141)	(130)	(436)	(499)	(2,427)	(2,121)

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	273	67	273	67
Charged / (credited) to:				
- Profit or loss	244	154	244	154
- Equity	(12)	52	(12)	52
Balance at 31 December	505	273	505	273

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

29. DEFERRED TAXATION (continued)

The Company – Deferred Tax Assets

	Provisions		Total	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance at 1 January	(376)	(340)	(376)	(340)
Charge / (credited) to profit or loss	88	(36)	88	(36)
Balance at 31 December	(288)	(376)	(288)	(376)

30. LONG TERM BANK LOANS

	The Group	
	2011 S$'000	2010 S$'000
Bank loans		
- Secured	13,915	13,502
- Unsecured	3,820	7,020
	17,735	20,522
Less: Amounts due within 12 months (Note 25)	(6,802)	(8,311)
Amounts due after 12 months	10,933	12,211

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 (Notes 15 and 19), and comprise:

(i) Loan of S$106,000 (RM260,000) [2010: S$520,000 (RM1,241,000)] repayable in monthly instalments up to March 2012. Interest is charged at rates ranging from 7.1% to 7.4% (2010: 6.3% to 7.1%) per annum.

(ii) Loan of S$107,000 (2010: S$354,000) repayable in monthly instalments up to May 2012. Interest is charged at 5.8% (2010: 5.8%) per annum.

(iii) Loan of S$1,604,000 (HKD9,602,000) [2010: S$1,860,000 (HKD11,202,000)] repayable in monthly instalments up to December 2017. Interest is charged at 3% (2010: 2.8% to 3.0%) per annum.

(iv) Loan of S$162,000 (HKD972,000) [2010: $nil] repayable in monthly instalments up to October 2017. Interest is charged at 2.7% (2010: nil%) per annum.

30. LONG TERM BANK LOANS (continued)

(v) Loan of S$2,369,000 (RM5,792,000) [2010: S$2,747,000 (RM6,554,000)] repayable in monthly instalments up to May 2018. Interest is charged at rates ranging from 4.6% to 4.9% (2010: 3.8% to 4.6%) per annum.

(vi) Loan of S$3,473,000 (RM8,492,000) [2010: S$3,751,000 (RM8,953,000)] repayable in monthly instalments up to January 2025. Interest is charged at rates ranging from 4.6% to 4.9% (2010: 3.8% to 4.6%) per annum.

(vii) Loan of S$1,311,000 (RM3,206,000) [2010: S$1,528,000 (RM3,647,000)] repayable in monthly instalments up to April 2017. Interest is charged at 6.3% (2010: 6.3%) per annum.

(viii) Loan of S$1,183,000 (RM2,891,000) [2010: $nil] repayable in monthly instalments up to December 2016. Interest is charged at 6.8% (2010: nil%) per annum.

(ix) Loan of S$2,382,000 (RM5,825,000) [2010: S$2,602,000 (RM6,210,000)] repayable in monthly instalments up to March 2023. Interest is charged at rates ranging from 4.6% to 4.9% (2010: 3.8% to 4.6%) per annum.

(x) Loan of S$96,000 (AED270,000) [2010: S$nil] repayable in monthly instalments up to June 2012. Interest is charged at rates ranging from 7.5% to 8.0% (2010: nil%) per annum.

(xi) Loan of S$63,000 (AED178,000) [2010: S$nil] repayable in monthly instalments up to September 2013. Interest is charged at rates ranging from 4.3% to 5.4% (2010: nil%) per annum.

(xii) Loan of S$310,000 (AED875,000) [2010: S$nil] repayable in monthly instalments up to February 2013. Interest is charged at rates ranging from 4.6% to 6.0% (2010: nil%) per annum.

(xiii) Loan of S$749,000 (AED2,114,000) [2010: S$nil] repayable in half-yearly instalments up to January 2017. Interest is charged at rates ranging from 8.0% to 8.5% (2010: nil%) per annum.

The Group's unsecured bank loans comprise:

(i) Loan of S$400,000 [2010: S$800,000] repayable in quarterly instalments up to December 2012. Interest is charged at rates ranging from 1.9% to 2.2% (2010: 1.9% to 2.1%) per annum.

(ii) Loan of S$1,120,000 [2010: S$2,320,000] repayable in quarterly instalments up to November 2012. Interest is charged at rates ranging from 1.9% to 2.3% (2010: 1.9% to 2.1%) per annum.

(iii) Loan of S$2,300,000 [2010: S$3,900,000] repayable in quarterly instalments up to June 2013. Interest is charged at rates ranging from 1.2% to 1.4% (2010: 1.4% 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 8.0% (2010: 1.4% to 7.1%) based upon the market interest rates that are available to the Group for similar financial liabilities at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	
	2011 S$'000	2010 S$'000
Balance at 1 January	2,937	3,667
Additions	77	77
Amortisation during the year	(449)	(807)
Balance at 31 December	2,565	2,937
Current portion	344	226
Non-current portion	2,221	2,711
	2,565	2,937

32. OTHER NON-CURRENT LIABILITIES

	The Group	
	2011 S$'000	2010 S$'000
Hire purchase and finance lease instalments due after 12 months (Note 26)	1,622	1,734

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	
	2011 S$'000	2010 S$'000
Sales to associated companies	9,200	7,859
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.

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33. RELATED PARTY TRANSACTIONS (continued)

33b Key management's remuneration

Key management's remuneration is as follows:

	The Group	
	2011 S$'000	2010 S$'000
Salary and other employee benefits	6,257	10,423
Employer's contribution to defined contribution plans, including Central Provident Fund	251	217
Retirement benefits	117	-
	6,625	10,640

Included in the above are Directors' fees and Directors' remuneration of S$509,000 (2010: S$514,000) and S$950,000 (2010: S$5,389,000) 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 are determined based on the Group's internal reporting structure. Segment information is presented on the same basis as the internal management reports used by the senior management of the Group in making strategic decisions.

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 four main divisions of Chemicals, Environmental Services, Construction Products and Engineering.

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

The Group managed the Environmental Services business as a separate division from the Chemicals division during the financial year. The Division specialises in integrated waste management, which provides waste logistic services, and operates recycling, treatment and disposal facilities. The Division also re-refines used lubricant, and distributes fuel and petroleum lubricant. Comparatives are restated accordingly.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2011 is as follows:

	<-------- Construction Products -------->		
	Precast & Plaster S$'000	Other Construction Products S$'000	Total S$'000
Revenue			
External sales	152,003	58,227	210,230
Inter-segment sales	10	2,045	2,055
Total revenue	152,013	60,272	212,285
Elimination			(2,045)
			210,240
Profit before Taxation and Exceptional Items	7,440	3,148	10,588
Exceptional items	(6,058)	-	(6,058)
Profit before taxation	1,382	3,148	4,530
Interest income	117	74	191
Interest expense	(851)	(65)	(916)
Depreciation	(7,329)	(1,935)	(9,264)
Amortisation	-	(98)	(98)
Reversal of impairment charge of property, plant and equipment	26	-	26
Share of results of associated companies and joint venture, net of tax	(1,891)	-	(1,891)
Total Assets	181,012	48,791	229,803
Total Liabilities	61,361	12,962	74,323
Total assets include:			
Investment in associated companies and joint venture	2	-	2
Additions to:			
- Property, plant and equipment	12,257	1,592	13,849
- Intangible assets	-	39	39

* Including unallocated corporate expenses

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

<---------------- Chemicals ------------------>							
Environmental Chemicals	**Other Chemicals Businesses**	**Total**	**Environmental Services**	**Engineering**	**Others**	**Elimination**	**Total Consolidated**
S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
49,345	-	49,345	67,105	39,768	15,853	-	382,301
717	-	717	1,261	117	6	-	4,156
50,062	-	50,062	68,366	39,885	15,859	-	386,457
		-	-	-	-	(2,111)	(4,156)
		50,062	68,366	39,885	15,859	(2,111)	382,301
7,426	82,782	90,208	11,299	4,800	(6,065)*		110,830
-	-	-	7,584	145	1,149		2,820
7,426	82,782	90,208	18,883	4,945	(4,916)		113,650
51	-	51	9	5	351	(184)	423
(80)	-	(80)	(113)	(21)	-	184	(946)
(2,410)	-	(2,410)	(2,610)	(1,022)	(1,325)		(16,631)
-	-	-	-	(370)	449		(19)
-	-	-	5,380	-	-		5,406
-	82,782	82,782	-	-	22		80,913
50,669	226,103	276,772	62,010	48,572	116,827		733,984
10,529	21,373	31,902	16,064	8,499	12,485		143,273
-	226,103	226,103	-	1	3,310		229,416
869	-	869	3,260	2,924	936		21,838
-	-	-	-	319	-		358

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

<---------------- Chemicals ------------------>							
Environmental Chemicals S$'000	**Other Chemicals Businesses S$'000**	**Total S$'000**	**Environmental Services S$'000**	**Engineering S$'000**	**Others S$'000**	**Elimination S$'000**	**Total Consolidated S$'000**
50,868	-	50,868	51,068	24,210	15,182	-	312,728
974	-	974	852	102	-	-	3,179
51,842	-	51,842	51,920	24,312	15,182	-	315,907
		-	-	-	-	(1,993)	(3,179)
		51,842	51,920	24,312	15,182	(1,993)	312,728
7,126	42,371	49,497	9,482	75	(7,435)*		65,544
(23)	-	(23)	53	-	2,138		2,177
7,103	42,371	49,474	9,535	75	(5,297)		67,721
47	-	47	8	1	698	(471)	432
(176)	-	(176)	(298)	(47)	-	471	(874)
(2,798)	-	(2,798)	(2,390)	(1,115)	(1,249)		(15,269)
-	-	-	-	(332)	807		380
-	-	-	(782)	-	-		(782)
-	42,371	42,371	-	-	198		41,000
51,907	188,552	240,459	47,635	49,026	131,474		672,726
15,606	13,211	28,817	17,083	14,585	19,337		131,168
-	188,552	188,552	-	1	10,832		216,400
917	-	917	1,424	395	594		16,933
-	-	-	-	477	-		604

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Geographical information

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

(i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacturing and sale of building materials, 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 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)	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Singapore	179,917	146,635	64,678	61,897
Malaysia	71,852	71,241	56,294	52,980
China (including Hong Kong)	44,160	28,333	22,890	18,608
Thailand	-	-	222,777	185,033
All other countries	86,372	66,519	37,064	43,362
	382,301	312,728	403,703	361,880

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	8,359	3,042	-	-
Commitments in respect of equity participation in an associated company	6,832	6,788	-	-
	15,191	9,830	-	-

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	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Payable:				
Within 1 year	3,882	3,747	776	947
Within 2 to 5 years	9,243	6,989	630	28
After 5 years	12,267	11,796	-	-
	25,392	22,532	1,406	975

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	
	2011 S$'000	**2010 S$'000**
Receivable:		
Within 1 year	1,411	1,064
Within 2 to 5 years	1,313	648
After 5 years	81	79
	2,805	1,791

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 Arab Emirates, 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 Dollar ("USD"), Malaysian Ringgit ("MYR") and Euro ("EUR").

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

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations including foreign currency loans to associated companies 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2011									
Cash and bank balances	113,136	5,167	2,949	8,597	2,176	-	547	4,162	136,734
Receivables	53,057	5,066	1,171	12,574	7,840	-	20,155	3,323	103,186
Available-for-sale financial assets	23	390	-	296	-	13,037	-	-	13,746
Amounts due to bankers	(3,227)	-	-	(1,247)	-	-	(2,143)	(2,367)	(8,984)
Trade and other payables	(32,408)	(4,655)	(2,457)	(15,423)	(10,752)	(59)	(15,762)	(3,523)	(85,039)
Long term bank loans	(700)	-	-	(9,577)	-	-	(656)	-	(10,933)
Other non-current liabilities	(406)	-	-	-	(1,172)	-	-	(44)	(1,622)
Net financial assets / (liabilities)	129,475	5,968	1,663	(4,780)	(1,908)	12,978	2,141	1,551	147,088
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(129,136)	(137)	(631)	5,165	2,571	-	(2,141)	(458)	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	9,286	-	-	-	-	-	376	
Less: currency forwards	-	(13,754)	-	(1,220)	(87)	-	-	(487)	
Currency exposure	339	1,363	1,032	(835)	576	12,978	-	982	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 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	(36,024)	(2,977)	(2,267)	(16,679)	(10,304)	(52)	(2,043)	(70,346)
Long term bank loans	(2,407)	-	-	(9,804)	-	-	-	(12,211)
Other non-current liabilities	(32)	-	-	-	(1,638)	-	(64)	(1,734)
Net financial assets / (liabilities)	116,791	5,924	(49)	(6,863)	2,388	12,465	2,275	132,931
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(116,442)	102	47	8,963	(1,129)	-	(1,088)	
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	

The Group does not have significant currency exposure arising from its inter-company balances, except for net MYR payables by certain subsidiaries with functional currency in SGD, amounting to S$1,294,000 (2010: S$964,000), net USD and AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,290,000 (2010: S$990,000) and S$14,676,000 (2010: S$nil) respectively and net SGD payables by certain subsidiaries with functional currency in RMB, amounting to S$13,511,000 (2010: S$11,954,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 2011								
Cash and bank balances	51,440	45	-	-	9	-	-	51,494
Receivables	29,820	-	-	-	-	-	-	29,820
Available-for-sale financial assets	23	237	-	-	-	13,037	-	13,297
Trade and other payables	(14,190)	(228)	(2)	-	-	-	(22)	(14,442)
Net financial assets / (liabilities)	67,093	54	(2)	-	9	13,037	(22)	80,169
Less: net financial assets denominated in the Company's functional currency	(67,093)	-	-	-	-	-	-	
Currency exposure	-	54	(2)	-	9	13,037	(22)	

	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)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

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

If the USD and THB change against the SGD by 5% and 3% (2010: 5% and 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset / liability position will be as follows:

	2011		2010	
	Increase / (decrease)			
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	S$'000	S$'000	S$'000	S$'000
The Group				
USD against SGD				
- strengthened	90	16	59	22
- weakened	(90)	(16)	(59)	(22)
THB against SGD				
- strengthened	-	391	-	376
- weakened	-	(391)	-	(376)
The Company				
USD against SGD				
- strengthened	(8)	10	(7)	13
- weakened	8	(10)	7	(13)
THB against SGD				
- strengthened	-	391	-	376
- weakened	-	(391)	-	(376)

(ii) Price risk

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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% (2010: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$228,000 (2010: S$224,000).

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$1,638,000 (2010: S$1,105,000) and letters of credit of S$747,000 (2010: S$2,594,000) obtained for certain trade receivables of the Group.

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

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

	The Group	
	2011 S$'000	**2010 S$'000**
Associated companies	227	803
Non-related parties:		
Government-link companies and Statutory Boards	1,381	1,482
Multinational companies	30,513	14,756
Other companies	62,870	44,871
Sole proprietors and individuals	2,067	1,596
	97,058	63,508

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

37. FINANCIAL RISK MANAGEMENT (continued)

37b Credit risk (continued)

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

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

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

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

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

	The Group	
	2011 S$'000	2010 S$'000
Past due up to 3 months	22,148	14,002
Past due 3 to 6 months	2,570	1,538
Past due over 6 months	4,769	2,692
	29,487	18,232

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	
	2011 S$'000	2010 S$'000
Gross amount	13,731	7,480
Less: allowance for impairment	(13,731)	(7,480)
	-	-
<u>Allowance for impairment</u>		
Balance at 1 January	7,480	8,080
Allowance made	1,585	271
Allowance written back	(409)	(363)
Amount written off against allowance	(741)	(383)
Acquisition of subsidiary (Note 21a)	5,533	-
Disposal of subsidiary	-	(122)
Currency translation differences	283	(3)
Balance at 31 December	13,731	7,480

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 2011				
Trade and other payables	84,738	-	-	-
Amounts due to bankers	9,700	-	-	-
Long term loans	-	2,572	5,386	5,275
Other non-current liabilities	-	740	936	-
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	-
The Company				
At 31 December 2011				
Trade and other payables	14,442	-	-	-
At 31 December 2010				
Trade and other payables	29,004	-	-	-

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2011	
Gross-settled currency forwards	
- Receipts	(15,231)
- Payments	15,548
At 31 December 2010	
Gross-settled currency forwards	
- Receipts	(17,492)
- Payments	17,226

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 (Notes 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 entities within the Group to obtain external financing, taking into consideration the operating cashflows and gearing ratio of each entity as well as the prevailing market interest rates.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2010 and 2011.

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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 2011			
Assets			
Derivatives used for hedging	33	-	33
Available-for-sale financial assets	-	13,746	13,746
Total assets	33	13,746	13,779
Liabilities			
Derivatives used for hedging	(350)	-	(350)
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 2011			
Assets			
Available-for-sale financial assets	-	13,297	13,297
At 31 December 2010			
Assets			
Available-for-sale financial assets	-	12,841	12,841

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

37. FINANCIAL RISK MANAGEMENT (continued)

37e Fair value measurements (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. Such instruments are included in Level 3. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 17.

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

37f Financial Instruments by category

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

	The Group		The Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Available-for-sale	13,746	13,357	13,297	12,841
Derivatives (Note 16c)	(317)	266	-	-
Loans and receivables	239,887	216,881	81,314	91,074
Financial liabilities at amortised cost	(106,228)	(97,573)	(14,442)	(29,004)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 2012 or later periods and which the Group has not early adopted:

- FRS 19 (revised 2011) – *Employees Benefits* (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 – *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 – *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 – *Disclosures of Interest in Other Entities* (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 – *Fair Value Measurements* (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 107 Disclosures - *Transfers of Financial Assets* (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – *Presentation of Items to Other Comprehensive Income* (effective for annual periods beginning on or after 1 July 2011)

The management does not expect the adoption of the above FRSs and amendments to 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 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 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		Principal activities
		2011 %	2010 %	
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 RAM Engineering Co., Ltd (2)	People's Republic of China	100.0	100.0	Manufacturing of container handling spreaders
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
Dubai Precast L.L.C. (4),(5)	United Arab Emirates	45.0 (5)	– (5)	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 113 for legends

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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
		2011 %	2010 %	
Significant Subsidiaries				
Held by Subsidiaries (continued)				
Unquoted (continued)				
NSL Engineering (UK) Limited (2)	United Kingdom	100.0	100.0	Sale of container handling spreaders
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 Company				
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),(5)	United Arab Emirates	– (5)	45.0 (5)	Manufacturing and trading of building materials

Legends

(1) Audited by PricewaterhouseCoopers LLP, Singapore

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

(3) Audited by KPMG

(4) Audited by Ernst & Young

(5) For the financial years ended 31 December 2011 and 2010, the percentage of shareholding held by the Group in Dubai Precast L.L.C. ("DP") is 45%. DP was previously accounted as a joint venture in 2010. During the financial year, the Group acquired control and effective economic interest of 80% in DP through a shareholders' agreement (Note 21a). This effective economic interest of 80% arose from the Group's entitlement of 80% share of dividends declared by or profits of DP post-acquisition.

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ANALYSIS OF SHAREHOLDINGS

as at 9 March 2012

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

ANALYSIS OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	322	5.55	92,840	0.02
1,000 to 10,000	4,501	77.58	17,584,150	4.71
10,001 to 1,000,000	971	16.73	35,863,842	9.60
1,000,001 AND ABOVE	8	0.14	320,017,405	85.67
TOTAL	**5,802**	**100**	**373,558,237**	**100**

ANALYSIS OF SHAREHOLDINGS BY RANGE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,437	93.71	371,012,808	99.32
MALAYSIA	283	4.88	1,952,485	0.52
OTHERS	82	1.41	592,944	0.16
TOTAL	**5,802**	**100**	**373,558,237**	**100**

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	2,167,872	0.58
4	DBS NOMINEES PTE LTD	2,001,250	0.54
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,590,518	0.43
6	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,170,500	0.31
7	JUNO INDRIADI MUALIM	1,060,000	0.28
8	GOH BENG HWA @ GHO BIN HOA	1,025,000	0.27
9	ONG SWEE HEOH	903,750	0.24
10	HSBC (SINGAPORE) NOMINEES PTE LTD	467,627	0.13
11	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
12	TAY HWA LANG	430,000	0.11
13	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
14	EWA BAH @ NG CHAI BOO	364,000	0.10
15	CHONG SIONG LIM STEPHEN	360,000	0.10
16	CHONG SIONG CHUAN SAMUEL	350,000	0.09
17	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	350,000	0.09
18	LOY HWEE CHOW	321,000	0.09
19	CHIA AH KIM	320,000	0.09
20	TAN HENG LENG	315,000	0.08
	TOTAL	325,038,406	87.01

ANALYSIS OF SHAREHOLDINGS

as at 9 March 2012

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 52nd Annual General Meeting of NSL LTD. (the "**Company**") will be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 25 April 2012 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 2011 together with the Auditor's Report thereon. **(Resolution 1)**

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

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

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

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

Dr Tan Tat Wai, will, upon re-election as a Director of the Company, remain as member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3 To 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$509,250.00 for the financial year ended 31 December 2011 (2010: 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 2011 (2010: 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)**

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

(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 <u>provided however that</u> 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;

NOTICE OF ANNUAL GENERAL MEETING

"**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
2 April 2012

NOTICE OF ANNUAL GENERAL MEETING

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 9 March 2012 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 2011 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 2 April 2012.

Notes:

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

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

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

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

NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT

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

I/We ____ (Name)

of ____ (Address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive Singapore 638404 on 25 April 2012 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 2011		
2	Re-election of Mr John Koh Tiong Lu as a Director		
3	Re-election of Dr Tan Tat Wai as a Director		
4	Re-appointment of Prof Cham Tao Soon as a Director		
5	Approval of Directors' fees amounting to S$509,250.00		
6	Approval of Final Dividend of S$0.10 per ordinary share (exempt-one tier) for the financial year ended 31 December 2011		
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 ______________ 2012.

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.

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