NSL

Seizing Opportunities for New Growth

NSL LTD

ANNUAL REPORT 2013

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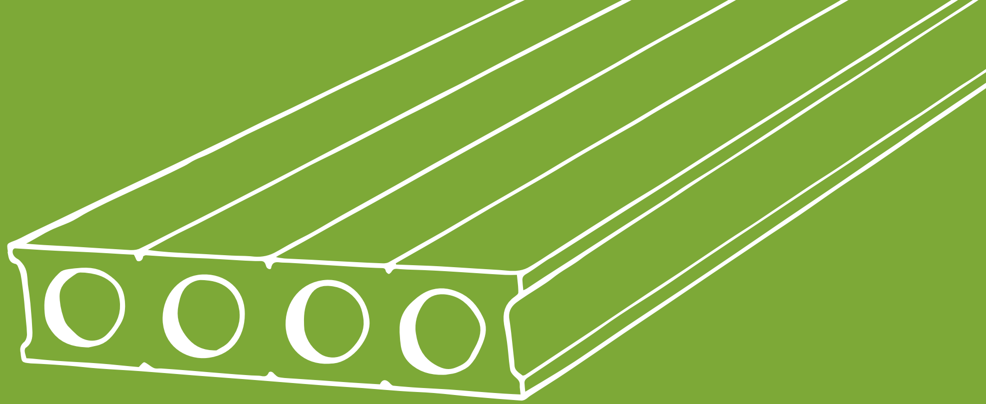
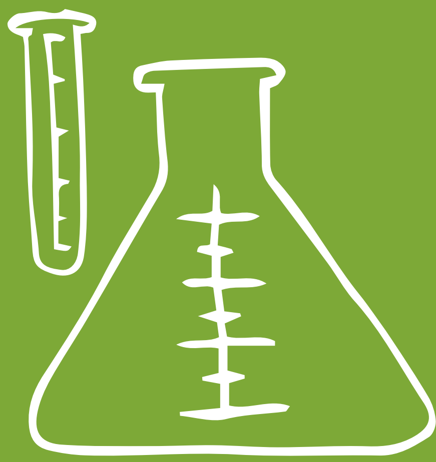
Every day, in many ways, we at NSL are looking out for opportunities to advance, from investing in research to extending production. And it is this unwavering pursuit of operational excellence in tandem with environmental and societal continuity that sets us apart as a truly sustainable organisation. Like an evergreen tree growing its roots deeper and wider, NSL is ready for the future – a lasting, progressive future.





Corporate Profile

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

The Construction Products group is a market leader in manufacturing precast concrete components and dry mix products in the region. The Environmental Services group is a key player in integrated environmental services in Singapore, with business in integrated waste management and re-refining of used lubricant. The Engineering group is one of the world's leaders in manufacturing container spreaders and bulk handling equipment. The Chemicals group focuses on lime and specialised refractory products manufacturing and steel slag recycling.

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.

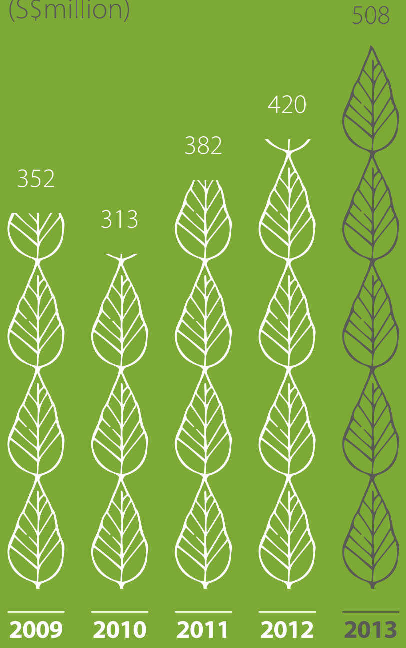
Group Financial Highlights

	2012	2013	Change (%)
For the Year (S$'000)			
Turnover	419,980	507,745	21
Profit before taxation	50,475	156,124	209
Total group profit attributable to shareholders	46,769	148,634	218
At Year-end (S$'000)			
Shareholders' funds	575,406	689,710	20
Total assets	752,795	895,848	19
Per Share			
Basic earnings per share (cents)	12.5	39.8	218
Dividends (exempt - one tier, cents per share)			
- Final	10	10	-
- Special	-	40	n/m
Others			
No. of employees	3,195	3,455	8

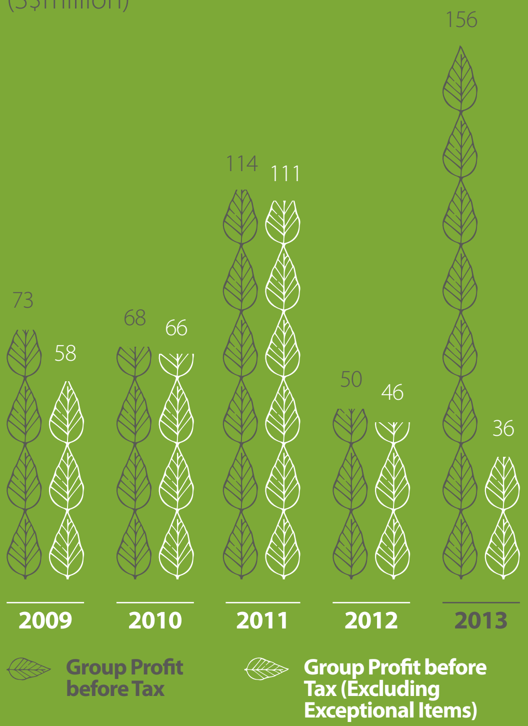
5-year Financial Summary

Financial Profile (S$'000)	2009	2010	2011	2012	2013
Turnover	352,424	312,728	382,301	419,980	507,745
Profit before share of results of associated companies and joint venture	35,059	24,544	29,917	24,135	27,265
Share of results of associated companies and joint venture, net of tax	22,859	41,000	80,913	21,956	9,145
Profit before tax and exceptional items	57,918	65,544	110,830	46,091	36,410
Exceptional items	15,054	2,177	2,820	4,384	119,714
Profit before tax	72,972	67,721	113,650	50,475	156,124
Taxation	(6,080)	(9,758)	(10,817)	(3,834)	(7,477)
Profit after tax	66,892	57,963	102,833	46,641	148,647
EBITDA before exceptional items	74,330	80,875	128,003	64,008	55,791
Total group profit attributable to shareholders	66,136	56,053	100,269	46,769	148,634
Dividends (exempt - one tier)					
- Final	37,356	37,356	37,356	37,356	37,356
- Special	-	-	-	-	149,423
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	301,444	333,474	382,433	381,567	495,871
Dividend cover	1.8x	1.5x	2.7x	1.3x	0.8x
Financial Position (S$'000)					
What we owned					
Property, plant and equipment	135,645	132,031	161,131	167,908	163,500
Associated companies & joint venture	171,943	216,400	229,416	231,978	5,795
Investment properties	3,920	3,633	3,460	3,288	8,420
Long term receivables, prepayments & investments	38,960	29,773	17,032	12,711	11,491
Intangible assets	9,559	9,690	9,573	9,419	9,672
Deferred tax assets	1,728	1,044	1,175	1,408	1,515
Current assets	280,740	280,155	312,197	326,083	695,455
	642,495	672,726	733,984	752,795	895,848
What we owed and Equity					
Shareholders' funds	495,283	527,313	576,272	575,406	689,710
Non-controlling interests	13,727	14,245	14,439	13,630	12,932
Long term liabilities	41,364	38,816	41,966	41,227	23,571
Current liabilities	92,121	92,352	101,307	122,532	169,635
	642,495	672,726	733,984	752,795	895,848
Cash & Debt Position (S$'000)					
Group borrowings	32,644	27,785	22,254	25,243	42,735
Group net cash (cash less borrowings)	113,876	117,499	114,480	110,717	416,666
Per Share Data					
Basic earnings per share (cents)	17.7	15.0	26.8	12.5	39.8
Net tangible assets per share (S$)	1.30	1.39	1.52	1.52	1.82
Dividends					
Dividends (exempt - one tier, cents per share)					
- Final	10	10	10	10	10
- Special	-	-	-	-	40

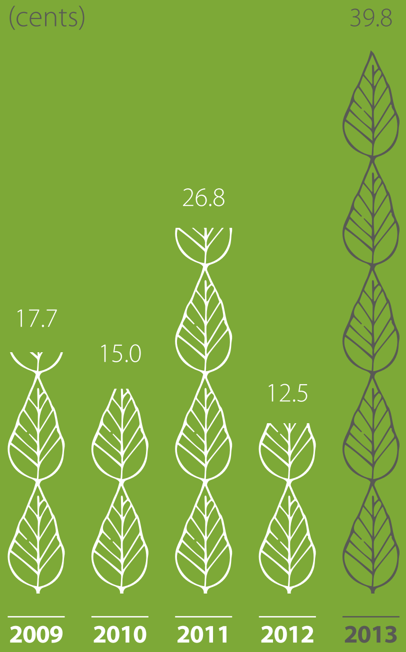
GROUP TURNOVER
(S$million)



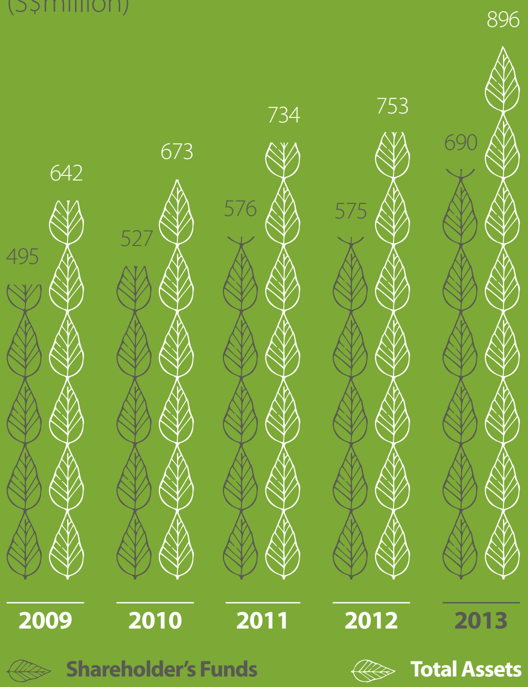
GROUP PROFIT BEFORE TAX
(S$million)



BASIC EARNINGS PER SHARE
(cents)



SHAREHOLDERS' FUNDS & TOTAL ASSETS
(S$million)



Letter to Shareholders

Dear Shareholders

Global economy in 2013 was still fragile due to the slow pace of recovery in most developed countries, the slowing growth in China and the volatility in the financial markets due to the tapering of monetary stimulus by the United States. Notwithstanding these headwinds, the Group reported a 21% year-on–year growth in turnover to $507.7 million. The improved turnover was contributed by most of the Divisions.

Group Profit before tax in 2013 was $36.4 million against $46.1 million in the previous year. The decrease was mainly attributable to lower profit contribution from Bangkok Synthetics Co., Ltd ("BST"), its petrochemical associate in Thailand.

Excluding BST, NSL Group profit before tax increased 13% to $27.2 million, mainly due to the improved performance by Construction Products and Engineering Divisions. Construction Products Division achieved a higher sales volume and revenue from its precast operations in Singapore and the regional dry mix business. Engineering Division achieved better performance driven by higher spreader deliveries and improved product mix.

In 2013, the total exceptional items amounted to $119.7 million, mainly comprising net gain on disposal of $121.7 million from divestment of NSL Chemicals (Thailand) Pte Ltd which holds a 22.83% shareholding in BST.

After taking into account income tax and exceptional items, the Group reported a profit attributable to shareholders of $148.6 million in 2013, a 218% increase compared to the previous year of $46.8 million.

Highlights

On 3 December 2013, NSL completed the divestment of BST to SCG Chemicals Co., Ltd. This divestment allowed NSL to better align its strategy to develop and grow its core businesses.

In September 2013, Construction Products Division commissioned a new dry mix plant in China as part of its capacity enhancement strategy to tap on the growing demand for dry mix materials in South China and Hong Kong. Equipped with the latest facilities, this highly automated plant supplies premier grades of dry mix products.

During the year, Environmental Services Division developed and launched a new range of motor oils under Liquid Gold for local and export markets.

In Engineering Division, its long-term strategy of expanding its customer base yielded results as it successfully made further inroads to new markets for its relatively new generation spreader, SingFlex. The Division had also created a new range of RAM Revolvers for other applications such as quay crane, mobile harbor crane and ship crane.

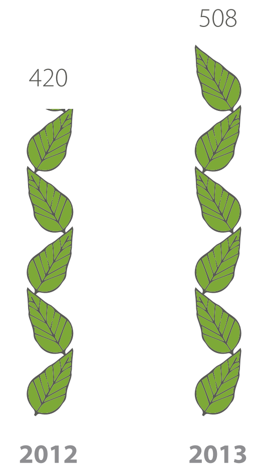
Chemicals Division focused on development of new product applications in agriculture and construction sectors.

Looking Ahead

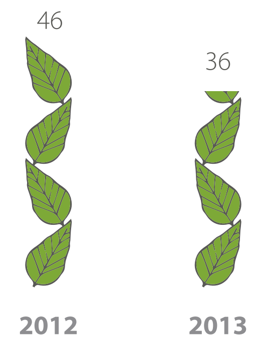
Going forward, turnover of the Construction Products Division is expected to be satisfactory given its strong precast order book and healthy demand for its dry mix products across the region it operates. However, the Division will continue to face challenges in project execution. The focus to turnaround its operations in Dubai remains a priority. The Division's newly-commissioned dry mix plant in China is poised to take advantage of the construction demand in South China and Hong Kong markets.

In the Environmental Services Division, recycled fuel oil volume is expected to improve although price is expected to

GROUP TURNOVER
(S$MILLION)



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



remain weak. Demand for automotive diesel oil and logistic services are expected to be satisfactory.

The overall performance of the Engineering Division is underpinned by its healthy order book. The Division continues to make good progress in securing orders for its new range of products.

Business conditions of the Chemicals Division are challenging. Going forward, the Division would continue to focus on securing consistent supply of quality raw materials at competitive prices, and to broaden its market footprint and product range.

With the divestment of BST, the Group will continue to seek out sustainable growth opportunities to enhance its core businesses locally and overseas.

Dividend

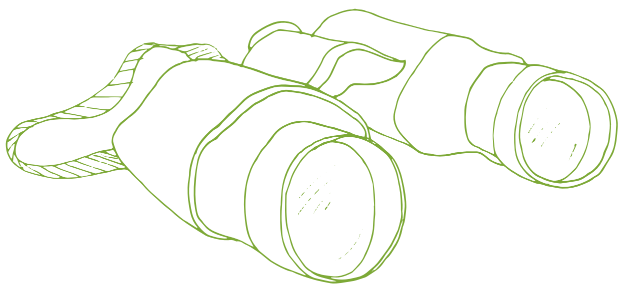
Subject to the approval of shareholders at the annual general meeting of the Company to be held on or about 16 April 2014, the Board is recommending a dividend of $0.50 per share, comprising a final dividend of $0.10 per share and a special dividend of $0.40 for the financial year ended 31 December 2013 to be paid on or about 26 May 2014 or such other date to be determined by the Directors.

In Appreciation

On behalf of the Board, I would like to thank our shareholders, investors, business partners, customers, staff and all other stakeholders for their loyalty, support and contributions given to the Group during the past year.

TS Cham

Prof Cham Tao Soon
Chairman
7 March 2014



KEEPING A LOOKOUT FOR NEW OPPORTUNITIES, WE ARE POISED TO EXPAND THE BREADTH AND DEPTH OF OUR BUSINESS.

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
- KrisEnergy Ltd

Dr Tan Tat Wai

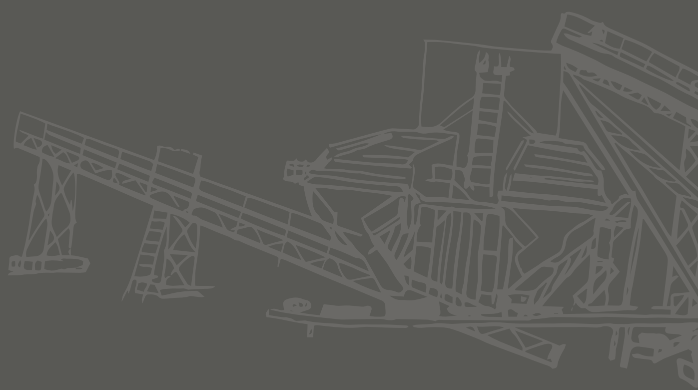
Executive Director

- Southern Steel Berhad

Director

- Malayan Banking Berhad
- Shangri-La Hotels (Malaysia) Berhad
- Lotte Chemical Titan Holding 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

Director
- Southern Steel Berhad

Board Member (Management Board)
- Energy Studies Institute

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

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

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

Director
- EZ-Link Pte Ltd

Prof Ng Wun Jern
Executive Director
- Nanyang Environment and Water Research Institute

Professor
- Nanyang Technological University School of Civil and Environmental Engineering

Oo Soon Hee

Prof Tay Joo Hwa retired as a member of the panel in July 2013.

Key Management

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

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 Ltd, 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 Low Chin Nam joined NSL Ltd 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.

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

Corporate Information

Financial Calendar

Announcement of Quarterly Results 2013
1st Quarter - 13 May 2013
2nd Quarter - 12 August 2013
3rd Quarter - 6 November 2013

Financial Year-end
31 December 2013

Announcement of Unaudited Results 2013
25 February 2014

2014 Annual General Meeting
16 April 2014

Corporate Data

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

Company Secretary
Lim Su-Ling

Share Registrar
M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

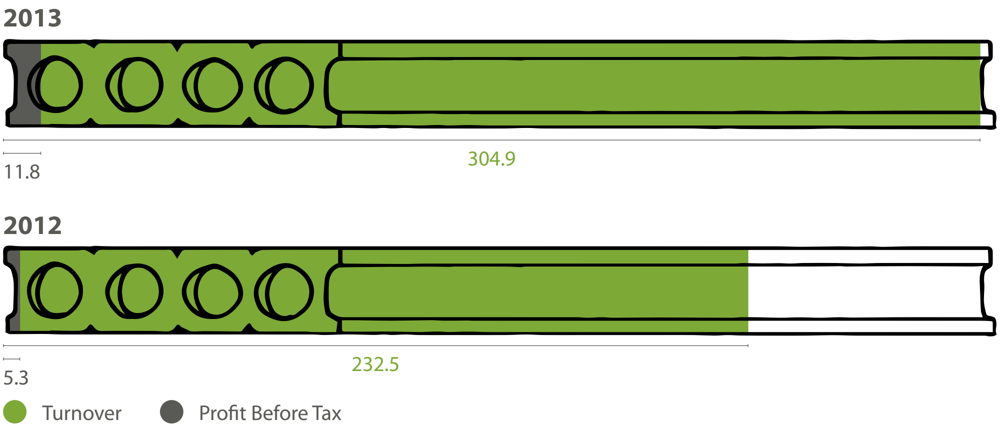
Auditors
PricewaterhouseCoopers LLP
8 Cross Street #17-00 PWC Building
Singapore 048424
Certified Public Accountants
Audit Partner: Lam Hock Choon
(Appointed in year 2012)

Banks
Australia and New Zealand Banking Group Limited
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

Review of Operations
Construction Products

CONSTRUCTION PRODUCTS DIVISION

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



Performance Overview
The Construction Products Division registered 31% increase in turnover to $304.9 million in 2013. This was largely due to higher sales volume from its precast operations in Singapore and dry mix business across the region. Dubai Precast L.L.C. continued to face challenging market conditions and recorded lower turnover.

On the back of its better turnover, profit before tax of the Division jumped 123% from $5.3 million to $11.8 million.

Development Highlights
During the year, the Division restructured its dry mix business by hiving off all its regional dry mix operations to a separate business group. This will create a better focus, integration and synergy to accelerate the growth of products marketed under the E.MIX brand name.

In September 2013, the Division commissioned its new dry mix plant in Zengcheng, China. Equipped with the latest facilities, this highly automated plant will also house the group's administrative headquarters and Research and Development Center as it positions itself to tap into the market potential in China.

Known for delivering Innovative Precast Solutions to its customers, Eastern Pretech Malaysia expanded its market share in the infrastructure sector. Besides supplying segmental box girders, tunnel segment and concrete sleepers in Malaysia, it is also supplying tunnel segments and concrete sleepers to Singapore Power and SMRT Corporation Ltd.

Its operation in Singapore closed the year with a record sales volume for its precast business. One of the prestigious projects that it completed was Singapore University of Technology and Design, Singapore's fourth university.

Going Forward
In Singapore, the construction industry continues to face challenges such as low productivity and high costs. As an early technology adopter of precast concrete, Eastern Pretech group is well-positioned to meet these demands and strengthen its leading market position.

In China, the dry mix plant is poised to take advantage of the construction demand in South China and Hong Kong markets. Business condition for Dubai Precast remains challenging although the construction market seems to be showing signs of initial recovery.

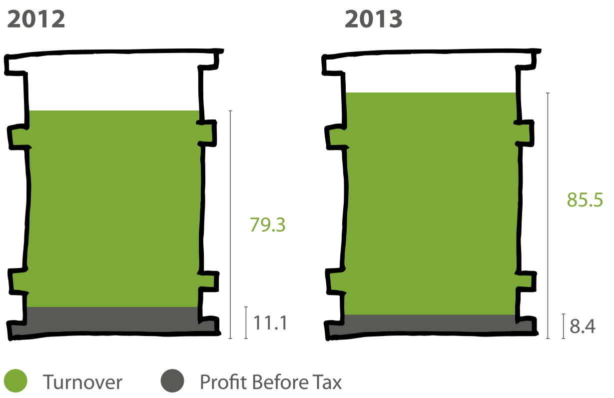
Going forward, the Construction Products Division expects its overall performance to be satisfactory underpinned by its strong precast order book and healthy demand for its dry mix products across the region it operates in.

Review of Operations

Environmental Services

ENVIRONMENTAL SERVICES DIVISION

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



Performance Overview
Turnover of Environmental Services Division improved by 8% to $85.5 million compared to the previous year. This was mainly driven by sales volume growth in its automotive diesel oil business.

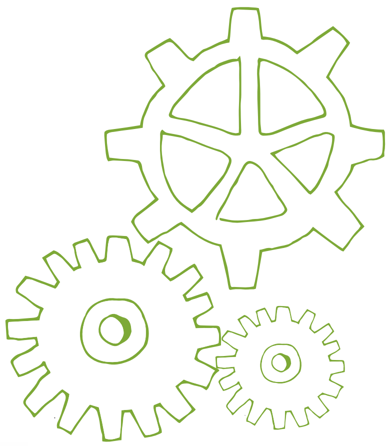
Despite higher revenue, profit before tax declined 24% to $8.4 million in 2013 due to lower profit contribution from its recycled fuel oil ("RFO") business and higher operating expenses. RFO business was affected by weaker RFO prices and lower sales volume due to off-take disruptions during the year.

Development Highlights
As a manufacturer and leading distributor of fuels and lubricants in Asia Pacific, the Division constantly pushes technological frontiers in the quest for the most cost-effective and environmentally-friendly solutions. Last year, the Division developed a new range of motor oils to cater to different types of cars. Branded under Liquid Gold, the new range of motor oils received compliments from consumers and top-selling automotive magazines.

During the year, the Division expanded and upgraded its lubricant re-refining plant which recovers high quality base oil from used lubricants, to cater to future demand.

Going Forward
The Division will continue to broaden its products and services.

Overall, the performance of RFO is expected to improve although price is expected to be weak. Demand for automotive diesel oil and logistic services are expected to remain satisfactory.

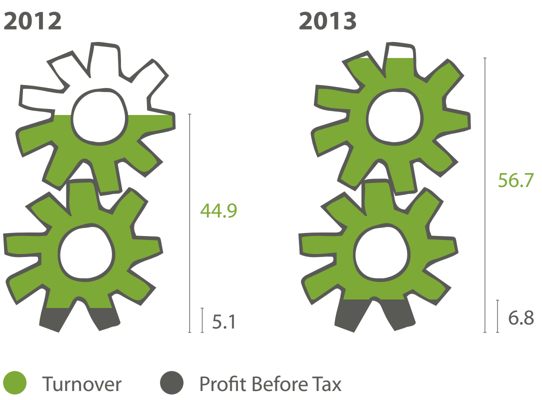


NEVER RESTING ON OUR LAURELS, WE KEEP THE MOMENTUM GOING STRONG AND STEADY.

Review of Operations
Engineering

ENGINEERING DIVISION

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



Performance Overview
Engineering Division recorded an increase of 26% from $44.9 million in 2012 to $56.7 million in 2013 for its turnover. This was mainly attributable to the higher volume and improved product mix. Riding on the back of higher turnover, profit before tax rose 33% to $6.8 million compared to previous year.

Development Highlights
During the year, the Division broadened its customer base as it made inroads to new markets, namely Dubai and London for the new generation spreader, SingFlex, a cost effective headblock system for single hoist ship-to-shore crane.

Being customer-centric, the Division improved its products in response to customer's needs. Last year, the Division developed a new range of RAM Revolvers which caters to applications such as quay crane, mobile harbour crane and ship crane.

Going Forward
The Division will continue to develop innovative features of RAM Revolvers in response to market needs and broadening its customer base.

With its healthy order book, the Division expects the business outlook in 2014 to be satisfactory.

Review of Operations
Chemicals

CHEMICALS DIVISION

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

Performance Overview

The Chemicals Division recorded a lower turnover. Turnover declined 6% to $44.5 million in 2013 largely due to lower revenue from the refractory business. Refractory business was affected by lower demand from the steel industry.

Profit before tax of the Chemicals Division declined 46% to $14.7 million in 2013. This was largely due to the significantly lower contributions of its petrochemical associate in Thailand, Bangkok Synthetics Co., Ltd ("BST") which was affected by weak operating conditions during the year.

Profit before tax of the Chemicals Division excluding BST was marginally higher compared to last year. This was due mainly to higher contribution from its lime business on the back of higher export sales.

Development Highlights

During the year, Malaysia's operation in Ipoh relined one of its kilns and extended its warehouse capacity to store solid fuel such as coal and petroleum coke.

Committed to research and development, the Division focused on development of new product applications in agriculture and construction sectors.

Going Forward

Business conditions in its key markets are expected to be competitive and challenging. The Division will continue to improve in operational efficiencies and focus on sourcing cost effective raw materials.

Corporate Social Responsibility

NSL believes that a successful organisation is one that contributes actively to communities in which we work and live in. Corporate social responsibility continues to be part of the Group's core values. This spirit is reflected throughout NSL's businesses, operations and services.

Supporting the Community, the Local Arts and Cultural Scene

NSL continues to support various charitable organisations and elevating the lives of the less privileged. Overseas businesses continue to seek avenues to contribute back the communities even beyond Singapore.

The Engineering's operations in China, ChangShu RAM Engineering, took a step further to broaden its social responsibilities by establishing the ChangShu RAM Charity Foundation. The funding of the foundation's activities will come from the management and staff donation. ChangShu RAM Charity Foundation's first beneficiary is Changshu Orphanage Home, a Home for orphans and children with disabilities.

Since 2007, NSL and its employees supported the Singapore Leprosy Relief Association ("SILRA") Home, for its dedication towards improving the lives of ex-leprosy victims.

NSL commits to the Arts in Singapore as well. Being a long-standing sponsor since 2001, NSL been instrumental in helping the Singapore Symphony Orchestra ("SSO") reach out to the community. NSL was awarded Associate of the Arts in 2013, by Patron of the Arts award.

Caring for the Environment

NSL is a strong advocator for environmental sustainability. This is evident in its business operations and the community that it reaches out to.

Over the years, Raffles Marina Ltd ("RML"), one of NSL's subsidiaries, actively engages relevant partners to promote sustainability and protect the world's oceans.

In 1999, RML participated the landmark Marine Parks of Indonesia expedition which supports marine conservation and sustainable ecotourism in Indonesia. Last year, a book regarding the expedition was launched and proceeds of the sale of the book were dedicated to marine conservation projects in Indonesia.

RML is the first marina in Singapore to support the Marine Stewardship Council ("MSC") and World Wide Fund For Nature with their sustainable seafood promotion. MSC aims to recognise sustainable and ethical fishing practices, thus promoting the health of the world's oceans.

RML continues its long-standing and close relationship with Planetary Coral Reef Foundation ("PCRF"). The cause aims to preserve coral reefs through innovative programmes in science, education and technology. It includes public outreach, and educating through hands-on experience and virtual transmission.

In November 2013, NSL was awarded Gold Certificate of Sustained Partnership for partnering Clementi Primary School for 7 years through National Environment Agency ("NEA") Corporate and School Partnership Programme. To expand its outreach to the young generation on environmental conversation, NSL added two other primary schools, Corporation Primary School and Jing Shan Primary School to the list of partnerships last year.

NSL employees and their family members spending a day at SILRA Home

Saving the world's coral reefs

Investing in People

NSL remains committed to nurturing and investing in its employees. To ensure that employees are in the pink, health screenings are organised. Safety committee in its various operations has safety programs, workshops and awards in place to promote the importance of safety.

NSL continues to instill skills and knowledge to employees, thus creating a sustainable talent pipeline. Employees are encouraged to upgrade their skills and competencies through learning and development programmme on the job, projects and trainings.

Establishing an inclusive workplace, NSL engages employees through various channels such as regular dialogue sessions and workshops. Employees are kept up to date on the company news and events through the Group's quarterly newsletter.

To rejuvenate and encourage employees, Sports & Recreation Club in its various operations continues to promote work-life balance programme throughout the year. Family day and overseas companies trips are organised across the Divisions. Long Service Awards are also in place to acknowledge and thank employees for their loyalty and contributions to the organisation.

Ms Sim Ann, Minister of State, Communications and Information & Ministry of Education, engaging with the students from Corporation Primary School (Photo Credit: The National Environment Agency of Singapore)

NSL believes in establishing an inclusive workplace

WITH A HEART FOR THE PEOPLE, ART AND ENVIRONMENT AROUND US, WE EMBRACE MEANINGFUL CAUSES.

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

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,
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Fax : (62-21) 867 3480

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

Construction Products

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Emix Industry (S) Pte Ltd
15 Sungei Kadut Street 2
Singapore 729234
Tel : (65) 6368 1366
Fax : (65) 6368 2256 / 6363 5988
www.easternpretech.com.sg
www.emix.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

Emix Industry (M) Sdn Bhd
22-1, Jalan 7/108C
Taman Sungai Besi
57100 Kuala Lumpur, Malaysia
Tel : (60-3) 7988 0238
Fax : (60-3) 7988 0239
www.emixindustry.com.my

Emix Services Pte Ltd
EI Resources Sdn Bhd
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) Ltd
Room 804-5, 8/F, AXA Centre
151 Gloucester Road
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Tel : (852) 2866 9199
Fax : (852) 2865 0321
www.emix.com.hk

Eastern Gotech (Guangzhou) Ltd
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Tel : (020) 3821 0811
Fax : (020) 3821 0873

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Jebel Ali
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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 Waste Management Pte Ltd
(formerly known as NSL OilChem Services Pte Ltd)

NSL OilChem Green Energy Pte Ltd
(formerly known as NSL Environmental Services Pte Ltd)
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6513 3999
Fax : (65) 6513 3998
www.nsloilchem.com.sg

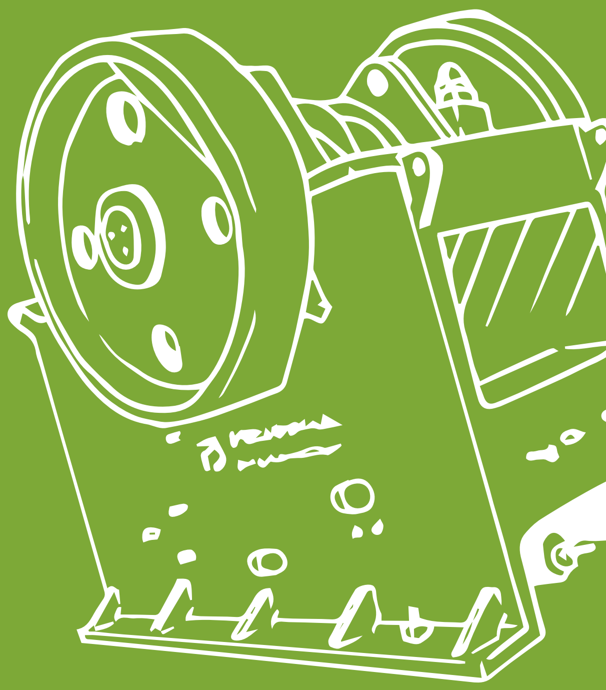
NSL OilChem Logistics Pte Ltd
(formerly known as Hup Eng Tat Enterprises Pte Ltd)
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6863 5270 / 6863 5272
Fax : (65) 6861 1928

NSL OilChem Trading Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6861 3311 / 6513 3157
Fax : (65) 6861 7033 / 6513 3993

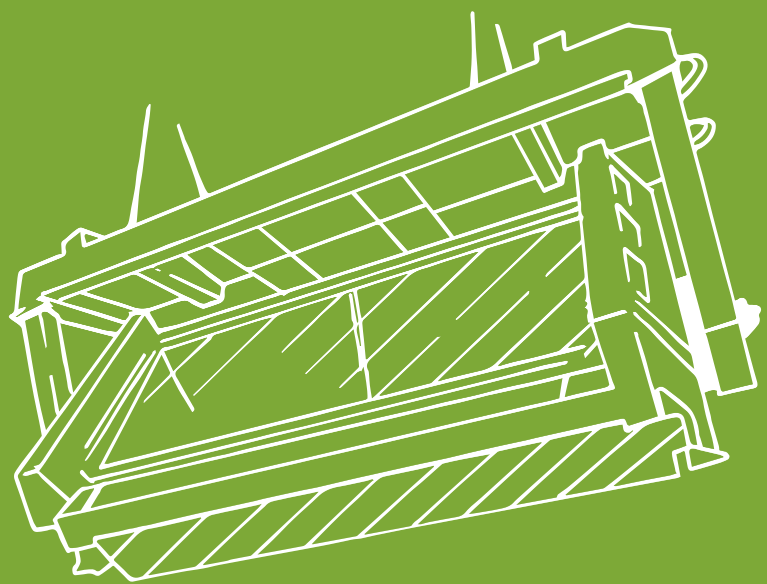
Properties & Investments

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



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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 2013 and the balance sheet of the Company as at 31 December 2013.

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

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.

Mr Ban Song Long, 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.

Mr Oo Soon Hee, 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 2014 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 21.01.2014**	**At 31.12.2013**	**At 01.01.2013**	**At 21.01.2014**	**At 31.12.2013**	**At 01.01.2013**
<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.

Directors' Report

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

Name of directors and corporations in which interest held	Interest held in the name of Director			Deemed interest of Director		
	At 21.01.2014	**At 31.12.2013**	**At 01.01.2013**	**At 21.01.2014**	**At 31.12.2013**	**At 01.01.2013**
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 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 Company has a share option scheme, known as NSL Share Option Plan (the "**Plan**"), which was approved by the shareholders at an Extraordinary General Meeting on 25 April 2012.

The Plan is administered by the Remuneration Committee whose members are:

Prof CHAM Tao Soon (Chairman)
Dr TAN Tat Wai
John KOH Tiong Lu
David FU Kuo Chen

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

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

Directors' Report

6. SHARE OPTIONS (continued)

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

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

7. AUDIT COMMITTEE

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

8. INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP, being eligible, 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
7 March 2014

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 36 to 103 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 2013, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Prof CHAM Tao Soon
Director

OO Soon Hee
Director

Singapore
7 March 2014

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 Monetary Authority of Singapore ("**2012 Code**"), the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Singapore Companies Act. NSL Ltd's Corporate Governance Guide (2012) contains, inter alia, matters relating to code of conduct for employees, whistle blower provisions, terms of reference for Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee and reporting procedures for interested person transactions, disclosure of directors' interest and dealings in the Company's securities.

The following describes the Company's corporate governance practices with specific reference to the 2012 Code.

Board of Directors
(Principles 1 to 6)

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

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

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.

All directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Executive Committee, Nominating Committee and Remuneration Committee. Under the direction of the Chairman, the Company Secretary ensures information flow within the Board and its committees and between senior management and non-executive directors, as well as facilitating orientation and assisting with professional development as and when required. Under the Articles of Association of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Statement of Corporate Governance

The Board has adopted an orientation programme for new directors.

The Board objectively takes decisions in the interests of the Group. The Board has delegated specific responsibilities to four Committees, namely the Audit, Nominating, Remuneration and Executive Committees. Information on each of the four Committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. Matters requiring the Board's decision and endorsement are defined in the NSL Ltd's Group Corporate Authorisation.

Key information on the directors is set out on page 34.

The Articles of Association of the Company allows directors to participate in a Board meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the directors' physical presence at the meeting. The number of Board and Board Committee meetings held in the current financial year and the attendance of directors during these meetings is as follows:

Directors' Attendance At Board, General And Board Committee Meetings
1 January 2013 to 31 December 2013

	BOARD		AUDIT		NOMINATING		REMUNERATION		EXECUTIVE COMMITTEE		GENERAL MEETING		CORPORATE RESEARCH	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Prof Cham Tao Soon	6	6	4	4	1	1	2	2	n/a	n/a	1	1	3	3
Oo Soon Hee	6	6	n/a	n/a	n/a	n/a	n/a	n/a	10	10	1	1	3	3
Ban Song Long	6	6	4	4	n/a	n/a	n/a	n/a	10	10	1	1	n/a	n/a
John Koh Tiong Lu	6	6	4	4	1	1	2	2	n/a	n/a	1	1	n/a	n/a
David Fu Kuo Chen	6	6	n/a	n/a	1	1	2	2	10	10	1	1	3	3
Dr Tan Tat Wai	6	6	4	4	1	0	2	2	n/a	n/a	1	1	n/a	n/a

Audit Committee
(Principle 12)

The Audit Committee comprises the following members, the majority of whom, including the Chairman, are independent directors. The members of the Audit Committee at the date of this 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. None of the members nor the Chairman of the Audit Committee are former partners or directors of the Group's auditing firm.

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

Statement of Corporate Governance

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

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

The Audit Committee held four meetings for the financial year ended 31 December 2013.

In carrying out its duties, the Audit Committee:

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

(b) Met with the auditors to discuss the results of their audits, significant financial reporting issues and 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 at least annually the adequacy of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls;

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

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

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

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of 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 authorized to approve and execute such transactions as are authorized and delegated by the Board as set out in the NSL Ltd's Group Corporate Authorisation.

Nominating Committee
(Principles 2, 4 & 5)

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

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

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

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

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

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

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

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

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

Statement of Corporate Governance

Remuneration Committee
(Principles 7 to 9)

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

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

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

- To recommend executive and non-executive directors' remuneration to the Board in accordance with the approved remuneration policies and processes of the Company.
- To review and approve Chief Executive Officer and senior management's remuneration.
- To review all benefits and long-term incentive schemes (including share option schemes) and compensation packages for the Board and senior management.

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

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$1,250,000 to S$1,499,999						
OO Soon Hee	50.3	38.3	3.5	7.9	-	100
Below S$250,000						
Prof CHAM Tao Soon	-	-	100	-	-	100
BAN Song Long	-	-	100	-	-	100
David FU Kuo Chen	-	-	100	-	-	100
John KOH Tiong Lu	-	-	100	-	-	100
Dr TAN Tat Wai	-	-	100	-	-	100

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

(2) No options were granted during the financial year.

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	Share Options Granted(2)	Total Compensation
	%	%	%	%	%
S$500,000 to S$749,999					
CHONG Wai Siak	76.6	22.3	1.1	-	100
Andy IP Kam Wa	67.3	32.7	-	-	100
S$250,000 to S$499,999					
Robert Arthur MILLS	49.5	50.5	-	-	100
Dr LOW Chin Nam	71.8	27.4	0.8	-	100
TAN Meow Cheng	74.1	23.1	2.8	-	100

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

(2) No options were granted during the financial year.

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

Statement of Corporate Governance

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 NG Wun Jern (appointed on 7 October 2013)
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.

Risk Management and Internal Controls
(Principle 11)

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

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

The nature and management of financial risks are discussed in Note 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 risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate as at 31 December 2013.

Statement of Corporate Governance

Internal Audit Function
(Principle 13)

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

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

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

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

The Company makes all necessary disclosures to the public via SGXNET. When material information is disseminated to 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.

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

Securities Transactions

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

Statement of Corporate Governance

PARTICULARS OF DIRECTORS AS AT 3 MARCH 2014

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 16 APRIL 2014
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 24 April 2013	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)	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
Ban Song Long	• Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *Member:* Audit Committee	25 January 2003 24 April 2013	Non-Executive	Re-appointment pursuant to S153 (6) of the Companies Act, Chapter 50
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 25 April 2012	Non-Executive / Independent	N/A
David Fu Kuo Chen	• Bachelor of Science degree in Engineering from University of Southern California	*Member:* Nominating Committee Remuneration Committee Executive Committee Corporate Research and Development Advisory Panel	25 January 2003 24 April 2013	Non-Executive	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 25 April 2012	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 36 to 103, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2013, 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.

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 2013, and of 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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 7 March 2014

Consolidated Income Statement

For the financial year ended 31 December 2013

	Note	The Group 2013 S$'000	The Group 2012 S$'000
Sales	4	507,745	419,980
Cost of sales		(420,361)	(343,102)
Gross profit		87,384	76,878
Other income	5	6,070	7,609
Distribution costs		(21,271)	(19,017)
Administrative expenses		(42,537)	(37,719)
Other expenses		(843)	(2,608)
Finance costs	6	(1,538)	(1,008)
Share of results of associated companies, net of tax	21	9,145	21,956
Profit before taxation and exceptional items	7	36,410	46,091
Exceptional items	9	119,714	4,384
Profit before taxation		156,124	50,475
Taxation	10	(7,477)	(3,834)
Profit for the financial year		148,647	46,641
Profit attributable to:			
Equity holders of the Company		148,634	46,769
Non-controlling interests		13	(128)
		148,647	46,641
Earnings per ordinary share attributable to the equity holders of the Company			
- Basic and fully diluted (cents)	12	39.8	12.5

The Notes on pages 42 to 103 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2013

	Note	The Group 2013 S$'000	The Group 2012 S$'000
Profit for the financial year		148,647	46,641
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange differences on translating foreign operations			
- Losses arising during the year		(4,199)	(9,909)
- Reclassification		2,594	-
- Losses included in profit or loss on disposal of a subsidiary		20,941	-
Available-for-sale financial assets			
- Losses arising during the year	10	(395)	(3,199)
- Reclassification		(229)	(162)
Share of other comprehensive income of associated companies			
- Fair value gains	10	584	3,010
- Net gains included in profit or loss on disposal of a subsidiary		(16,281)	-
Income tax relating to components of other comprehensive income	10	(182)	(164)
Other comprehensive income / (loss) for the year, net of tax		2,833	(10,424)
Total comprehensive income for the year, net of tax		151,480	36,217
Total comprehensive income attributable to:			
Equity holders of the Company		151,660	36,490
Non-controlling interests		(180)	(273)
		151,480	36,217

The Notes on pages 42 to 103 form an integral part of the financial statements.

Balance Sheets

As at 31 December 2013

		The Group		The Company	
		2013	2012	2013	2012
	Note	S$'000	S$'000	S$'000	S$'000
SHARE CAPITAL	13	193,839	193,839	193,839	193,839
RESERVES	14	495,871	381,567	376,302	69,530
SHAREHOLDERS' EQUITY		689,710	575,406	570,141	263,369
NON-CONTROLLING INTERESTS		12,932	13,630	-	-
TOTAL EQUITY		702,642	589,036	570,141	263,369
CURRENT ASSETS					
Inventories	15	92,840	66,526	-	-
Receivables and prepayments	16	141,571	122,201	34,740	29,431
Tax recoverable		1,643	720	-	-
Cash and bank balances	17	459,401	135,960	354,003	54,840
Other assets		-	56	-	-
		695,455	325,463	388,743	84,271
Assets held-for-sale		-	620	-	-
		695,455	326,083	388,743	84,271
NON-CURRENT ASSETS					
Property, plant and equipment	18	163,500	167,908	269	259
Investment properties	19	8,420	3,288	-	-
Subsidiaries	20	-	-	70,390	67,012
Associated companies	21	5,795	231,978	-	-
Long term receivables and prepayments	22	1,907	2,500	120,200	120,510
Available-for-sale financial assets	23	9,465	10,089	8,925	9,588
Intangible assets	24	9,672	9,419	-	-
Deferred tax assets	29	1,515	1,408	-	-
Other non-current assets		119	122	-	-
		200,393	426,712	199,784	197,369
TOTAL ASSETS		895,848	752,795	588,527	281,640
CURRENT LIABILITIES					
Short term borrowings	25	28,049	12,836	-	-
Trade and other payables	26	135,722	105,963	18,287	17,992
Provision for other liabilities and charges	27	2,349	1,746	-	-
Current income tax liabilities		3,257	1,631	-	238
Deferred income	31	258	356	-	-
		169,635	122,532	18,287	18,230
NON-CURRENT LIABILITIES					
Provision for retirement benefits	28	1,691	1,422	-	-
Deferred tax liabilities	29	5,520	25,492	99	41
Long term borrowings	30	14,686	12,407	-	-
Deferred income	31	1,674	1,906	-	-
		23,571	41,227	99	41
TOTAL LIABILITIES		193,206	163,759	18,386	18,271
NET ASSETS		702,642	589,036	570,141	263,369

The Notes on pages 42 to 103 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2013

		Attributable to Equity Holders of the Company							Non-controlling Interests	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 2013		193,839	390,484	(30,720)	1,946	19,527	330	575,406	13,630	589,036
Transfer of reserves		-	(104)	-	-	-	104	-	-	-
Dividends paid	11	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(518)	(518)
Total comprehensive income / (loss) for the year		-	148,634	19,529	-	(16,503)	-	151,660	(180)	151,480
Balance as at 31 December 2013		193,839	501,658	(11,191)	1,946	3,024	434	689,710	12,932	702,642
Balance at 1 January 2012		193,839	381,101	(20,956)	1,946	20,042	300	576,272	14,439	590,711
Transfer of reserves		-	(30)	-	-	-	30	-	-	-
Dividends paid	11	-	(37,356)	-	-	-	-	(37,356)	-	(37,356)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(536)	(536)
Total comprehensive income / (loss) for the year		-	46,769	(9,764)	-	(515)	-	36,490	(273)	36,217
Balance as at 31 December 2012		193,839	390,484	(30,720)	1,946	19,527	330	575,406	13,630	589,036

(1) General reserve is relating to funds appropriated from the net profits to statutory reserves of certain subsidiaries established in the United Arab Emirates and People's Republic of China. 10% of the annual net profits of these subsidiaries are allocated to the statutory reserves until the reserves reach 50% of the paid up capital of these subsidiaries.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2013

	Note	The Group 2013 S$'000	The Group 2012 S$'000
Cash Flows from Operating Activities			
Profit for the financial year		148,647	46,641
Adjustments for:			
Taxation		7,477	3,834
Amortisation of intangible assets		420	425
Amortisation of deferred income		(397)	(370)
Depreciation of property, plant and equipment and investment properties		18,638	17,526
Property, plant and equipment written off		48	87
Interest expense		1,538	1,008
Interest income		(818)	(672)
Dividend income from available-for-sale financial assets		(2,207)	(4,962)
Gain on disposal of property, plant and equipment (net)		(395)	(48)
Provision for retirement benefits (net)		391	469
Share of results of associated companies, net of tax	21	(9,145)	(21,956)
Exceptional items	9	(119,714)	(4,384)
Exchange differences		(168)	175
Operating cash flows before working capital changes		44,315	37,773
Changes in working capital, net of effects from disposal of a subsidiary company:			
Inventories		(26,314)	(3,993)
Receivables and prepayments		(17,238)	(9,378)
Deferred income		67	67
Trade and other payables		31,264	20,726
Cash generated from operations		32,094	45,195
Income tax paid		(6,071)	(6,689)
Retirement benefits paid		(165)	(104)
Net cash generated from operating activities		25,858	38,402

The Notes on pages 42 to 103 form an integral part of the financial statements.

Consolidated Statement Of Cash Flows

For the financial year ended 31 December 2013

	Note	The Group 2013 S$'000	The Group 2012 S$'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		3,784	3,207
Proceeds from disposal of available-for-sale financial assets and other assets		314	1,080
Net cash inflow from disposal of a subsidiary company	17a	324,364	-
Net cash inflow from disposal of an associated company		-	2,494
Purchases of property, plant and equipment		(22,751)	(31,600)
Purchases of intangible assets		(648)	(284)
Interest received		769	610
Dividends received from associated companies	21	11,207	16,518
Dividends received from available-for-sale financial assets		2,207	4,962
(Loan to) / proceeds from repayment of loan from associated companies		(370)	636
Net cash generated from / (used in) investing activities		318,876	(2,377)
Cash Flows from Financing Activities			
Proceeds from borrowings		36,302	10,103
Repayment of borrowings		(18,792)	(7,709)
Finance leases and hire purchases		232	(330)
Interest paid		(1,465)	(1,153)
Bank deposits pledged		115	(2,470)
Dividends paid to shareholders	11	(37,356)	(37,356)
Dividends paid to non-controlling interests		(518)	(536)
Net cash used in financing activities		(21,482)	(39,451)
Net increase / (decrease) in cash and cash equivalents		323,252	(3,426)
Cash and cash equivalents at beginning of the financial year		131,860	136,029
Effects of exchange rate changes on cash and cash equivalents		554	(743)
Cash and cash equivalents at end of the financial year	17	455,666	131,860

Notes to the Financial Statements

For the financial year ended 31 December 2013

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

1. GENERAL

NSL Ltd (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The Company's registered office is at 77 Robinson Road, #27-00 Robinson 77, Singapore 068896.

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiaries are mainly manufacturing and sale of building materials, lime products, refractory materials and road stones, manufacturing, design and sale of container and bulk handling equipment, as well as, provision of environmental services and sale of related products (Note 40).

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation

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

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

These financial statements are expressed in thousands of Singapore Dollars.

B. Interpretations and amendments to published standards effective in 2013

On 1 January 2013, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

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.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivable is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(1) Sale of goods

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Revenue recognition (continued)

(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. Unamortised entrance fees and membership transfer fees are recognised as deferred income in the balance sheet.

(3) Rental income

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

(4) Dividend 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, so as to obtain benefits from their activities, generally accompanied by a shareholding giving rise to a majority 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. Accounting policies of subsidiaries have been changed 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 2013

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 or business comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from the re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) *Disposals*

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

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

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

(2) Transactions with non-controlling interests

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Group accounting (continued)

(3) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Investments in associated companies 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.

(ii) *Equity method of accounting*

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

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

(iii) *Disposals*

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 interests 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 in which significant interests are retained are recognised in profit or loss.

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

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

(2) Depreciation

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

Leasehold land	-	over the remaining lease period up to 86 years
Buildings	-	10 to 60 years
Leasehold improvements	-	4 years
Plant and machinery	-	3 to 15 years
Other assets	-	2 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 when the changes arise.

(3) Subsequent expenditure

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

(4) Disposal

On disposal of 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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) 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 net of the fair values of the liabilities and any contingent liabilities assumed.

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

Goodwill on 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 is included in the carrying amount of investments in associated companies.

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

(2) Acquired intangible assets

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

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 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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Investments in subsidiaries and associated companies

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

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

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

Other intangible assets, property, plant and equipment, investment properties, investments in subsidiaries and associated companies are 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, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash 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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Financial assets

(1) Classification

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

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

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. These 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 bank balances, trade receivables and long term receivables except for non-current interest free receivables from subsidiaries and associated companies on the balance sheet which have been accounted for in accordance with Note 2K.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless 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. Any amount previously recognised in comprehensive income relating to that asset is reclassified to profit or loss.

(3) Initial measurement

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in fair value reserve, together with related currency translation differences.

(5) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

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.

(ii) Available-for-sale financial assets

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

O. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). 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.

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 carried 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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Inventories

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

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

S. Leases

(1) When the Group is the lessee:

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

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.

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 the Group 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. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Leases (continued)

(2) When the Group is the lessor: (continued)

Operating leases (continued)

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.

T. Income taxes

Current income tax liabilities and recoverables 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.

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

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

Deferred income taxes are measured:

(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 will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

U. Provisions for other liabilities and charges

Provisions for warranty and legal claims 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 historical experience of the levels of repairs and replacements.

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Provisions for other liabilities and charges (continued)

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.

V. Employee compensation

(1) Pension benefits

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

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

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

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

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

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

Past service costs are recognised immediately in profit or loss.

(2) Employee leave entitlement

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

W. Foreign currency translation

(1) Functional and presentation currency

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Foreign currency translation (continued)

(2) Transaction and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the 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 investments in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve. The accumulated translation differences is reclassified to profit or loss when a foreign operation is disposed.

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 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. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

X. Segment reporting

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

Y. Cash and cash equivalents

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

Z. Share capital

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

AA. Dividends

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

AB. Government grants

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

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

AC. Non-current assets held-for-sale

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

A. Critical accounting estimates and assumptions

(1) Impairment of goodwill

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

As at 31 December 2013, the Group recorded goodwill arising on consolidation of S$8,865,000 (Note 24a). The key estimates used in the assessment of the carrying value of goodwill relate to the budgeted average sales growth rate used to extrapolate cash flows of the CGUs beyond the 5-year budget period. If management's estimated growth rate of a CGU in Construction Products segment were to decrease by 11%, 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. During the current financial year, property, plant and equipment of a CGU in the Construction Products segment were reviewed for impairment based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period, annual sales growth rates ranging from 5% to 52% (2012: 3% to 33%) and discount rate of 12% (2012: 12%). Cash flows beyond five-year period are extrapolated using the estimated growth rate of 0%. As a result, an allowance for impairment of S$7,891,000 was recognised. If management's estimated average growth rate of the CGU beyond five years were to decrease by 5%, the carrying value of property, plant and equipment would have decreased by approximately S$1,870,000, assuming that the other variables remain unchanged.

Notes to the Financial Statements

For the financial year ended 31 December 2013

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

A. Critical accounting estimates and assumptions (continued)

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

The available-for-sale financial assets of the Group and the Company comprise equity securities and other investments that are not traded in an active market. As at 31 December 2013, fair value of available-for-sale financial assets of the Group and the Company amounted to S$9,465,000 and S$8,925,000 respectively (Note 23). In addition, the Group's share of fair value of unquoted available-for-sale financial assets of its associated companies amounted to S$nil (2012: S$2,958,000) as at 31 December 2013. The Group's share of the fair value of available-for-sale financial assets of its associated companies is included in the carrying value of the associated companies (Note 21). The fair value of the unquoted available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques in accordance with Note 2Q. The Group and the Company estimate the fair values of these financial assets by reference to the net assets of these unquoted equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions.

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 2013, the Group recorded current income tax liabilities of S$3,257,000, deferred tax assets of S$1,515,000 and deferred tax liabilities of $5,520,000. The Company recorded deferred tax liabilities of S$99,000.

(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.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management used estimates based on historical loss experience for asset with similar risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. As at 31 December 2013, the Group recorded allowance for impairment of trade receivables and long term receivables amounting to S$8,817,000 and S$988,000 respectively, and the net allowance for impairment of trade receivables and long term receivables for the financial year ended 31 December 2013 is S$1,938,000 and S$nil respectively. Further analysis of the Group's credit risk profile is set out in Note 37b.

Notes to the Financial Statements

For the financial year ended 31 December 2013

4. SALES

	The Group	
	2013 S$'000	2012 S$'000
Sale of goods	478,860	389,837
Services rendered	24,360	26,058
Rental income	4,525	4,085
	507,745	419,980

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2013 S$'000	2012 S$'000
Dividend income from available-for-sale financial assets	2,207	4,962
Interest income		
- Fixed / call deposits	786	653
- Others	32	19

6. FINANCE COSTS

	The Group	
	2013 S$'000	2012 S$'000
Interest expense		
- Bank borrowings	1,298	780
- Bank overdrafts	44	51
- Hire purchase and finance lease payables	49	55
- Others	147	122
	1,538	1,008

Notes to the Financial Statements

For the financial year ended 31 December 2013

7. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS

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

	The Group	
	2013 **S$'000**	**2012** **S$'000**
(Charged) / credited:		
Amortisation of intangible assets (Note 24b)	(420)	(425)
Depreciation of property, plant and equipment (Note 18)	(18,466)	(17,354)
Depreciation of investment properties (Note 19)	(172)	(172)
Employee compensation (Note 8)	(102,189)	(90,500)
Cost of inventories as expense (included in 'Cost of sales')	(276,408)	(220,900)
Remuneration paid / payable to auditors of the Company[1]		
- for auditing the financial statements	(613)	(584)
- for other services	(171)	(183)
Remuneration paid / payable to other auditors		
- for auditing the financial statements[2]	(400)	(347)
- for other services	(28)	(10)
Rental expense - operating leases	(12,692)	(10,197)
Gain on disposal of property, plant and equipment, net	395	48
Property, plant and equipment written off	(48)	(87)
Foreign exchange gain / (loss), net	1,035	(2,523)
Fair value (loss) / gain on derivative financial instruments	(548)	469
(Allowance) / write-back of allowance for impairment of trade receivables, net	(1,938)	1,840
Write-down of inventories, net	(862)	(619)
Amortisation of deferred income (Note 31)	397	370

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$258,000 (2012: S$217,000) paid to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$142,000 (2012: S$130,000) paid to other firms of auditors in respect of the audit of subsidiaries.

8. EMPLOYEE COMPENSATION

	The Group	
	2013 **S$'000**	**2012** **S$'000**
Wages and salaries	88,878	79,299
Employer's contribution to defined contribution plans, including Central Provident Fund	10,618	8,834
Termination benefits	-	173
Retirement benefits (Note 28)	391	469
Other staff benefits	2,302	1,725
	102,189	90,500

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

9. EXCEPTIONAL ITEMS

Exceptional items of the Group comprise:

	The Group	
	2013 S$'000	2012 S$'000
Gain on disposal of property, plant and equipment following business cessation of a subsidiary	1,785	-
Gain on disposal of		
- available-for-sale financial assets and other assets	322	719
- a subsidiary holding an associated company (Note 17a)	121,681	-
- an associated company	-	1,609
Write-back of allowance for impairment of investment in associated companies (Note 21b)	174	200
Write-back of allowance for impairment of loan to an associated company	-	636
Write-back of allowance for impairment of an investment property (Note 19)	5,304	-
Write-back of allowance for impairment of property, plant and equipment	-	1,300
Others	-	283
Total gains	129,266	4,747
Translation loss released to profit or loss upon liquidation of a subsidiary and repayment of quasi-equity loans from a subsidiary	(2,594)	-
Loss on disposal of property, plant and equipment following business cessation of a subsidiary	-	(346)
Allowance for impairment of loans to associated companies	(68)	(9)
Allowance for impairment of property, plant and equipment	(6,890)	-
Others	-	(8)
Total losses	(9,552)	(363)
Net gain	119,714	4,384

10. TAXATION

	The Group	
Taxation charge for the year comprises:	2013 S$'000	2012 S$'000
Current taxation		
- Singapore	1,953	2,281
- Foreign	5,047	4,579
Deferred taxation (Note 29)	19	45
	7,019	6,905
(Over) / under provision in respect of prior years:		
- Current taxation	(407)	(2,100)
- Deferred taxation (Note 29)	865	(971)
	458	(3,071)
Taxation for the year	7,477	3,834

Notes to the Financial Statements

For the financial year ended 31 December 2013

10. TAXATION (continued)

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

	The Group					
	2013			2012		
	Before Tax S$'000	**Tax charge S$'000**	**After Tax S$'000**	**Before Tax S$'000**	**Tax credit S$'000**	**After Tax S$'000**
Net fair value loss of available-for-sale financial assets	395	34	429	3,199	33	3,232
Share of associated companies' net fair value gain of available-for-sale financial assets	(584)	148	(436)	(3,010)	131	(2,879)
Other comprehensive (income) / loss	(189)	182	(7)	189	164	353

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

	The Group	
	2013 S$'000	**2012 S$'000**
Profit before taxation	156,124	50,475
Less: Share of results of associated companies, net of tax [(1)]	(9,145)	(21,956)
	146,979	28,519
Tax calculated at a tax rate of 17% (2012: 17%)	24,986	4,848
Income not subject to tax	(22,101)	(870)
Expenses not deductible for tax purposes	3,836	2,338
Utilisation of previously unrecognised tax assets	(489)	(1,280)
Tax benefit from current year's tax losses not recognised	66	397
Tax provision on unremitted income	1,050	1,766
Effects of different tax rates in other countries	737	123
Tax incentives and rebates	(1,015)	(634)
Others	(51)	217
Tax charge	7,019	6,905

(1) Share of results of associated companies is net of tax expense of S$1,458,000 (2012: S$6,141,000).

Notes to the Financial Statements

For the financial year ended 31 December 2013

11. DIVIDENDS

	The Group and Company	
	2013 S$'000	2012 S$'000
Ordinary dividends paid		
Final dividend of 10 cents (2012: final dividend of 10 cents) per share, exempt – one tier, in respect of the previous financial year	37,356	37,356

Subsequent to the balance sheet date, the Directors proposed a final dividend for financial year ended 31 December 2013 of 10 cents (2012: final dividend of 10 cents) per share (exempt – one tier) and a special dividend of 40 cents (2012: nil) per share (exempt – one tier), amounting to a total of S$186,779,000 (2012: S$37,356,000). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2014.

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	
	2013 S$'000	2012 S$'000
Net profit attributable to equity holders of the Company	148,634	46,769
	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	39.8 cents	12.5 cents

13. SHARE CAPITAL

	Issued ordinary shares	
The Group and Company	No of shares '000	Amount S$'000
2013		
Balance at 1 January and 31 December	373,558	193,839
2012		
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 2013

14. RESERVES

14a Composition

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Revenue reserve	501,658	390,484	373,646	66,184
Foreign currency translation reserve	(11,191)	(30,720)	-	-
Revaluation reserve	1,946	1,946	-	-
Fair value reserve	3,024	19,527	2,656	3,346
General reserve	434	330	-	-
	495,871	381,567	376,302	69,530

Revenue reserve of the Group is distributable except for accumulated share of retained losses of associated companies amounting to S$10,746,000 (2012: retained profits of S$192,746,000).

14b Reserve movements

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

Movements in reserves of the Company are as follows:

	The Company		
	Revenue Reserve S$'000	Fair Value Reserve S$'000	Total S$'000
Balance at 1 January 2013	66,184	3,346	69,530
Net profit for the year	344,818	-	344,818
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to equity (Note 23)	-	(479)	(479)
- Fair value reserve transferred to profit or loss (Note 23)	-	(184)	(184)
- Tax on fair value gain taken to equity (Note 29)	-	(27)	(27)
	-	(690)	(690)
Total comprehensive income / (loss) for the year	344,818	(690)	344,128
Dividends paid (Note 11)	(37,356)	-	(37,356)
Balance at 31 December 2013	373,646	2,656	376,302

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 2012	68,519	7,029	75,548
Net profit for the year	35,021	-	35,021
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value loss taken to equity (Note 23)	-	(3,547)	(3,547)
- Fair value reserve transferred to profit or loss (Note 23)	-	(162)	(162)
- Tax on fair value gain taken to equity (Note 29)	-	26	26
	-	(3,683)	(3,683)
Total comprehensive income / (loss) for the year	35,021	(3,683)	31,338
Dividends paid (Note 11)	(37,356)	-	(37,356)
Balance at 31 December 2012	66,184	3,346	69,530

15. INVENTORIES

	The Group	
	2013 S$'000	2012 S$'000
At lower of cost and net realisable value		
Raw materials	34,260	33,479
Finished goods	45,964	23,391
General stores and consumables	5,180	7,518
Work-in-progress	7,436	2,138
	92,840	66,526

The Group has recognised a reversal of write-down of inventories of S$75,000 (2012: S$9,000), as the inventories were sold above the carrying values during the financial year. The reversal has been included in "cost of sales" in the consolidated income statement.

Included in the Group's inventories is S$2,808,000 (2012: S$4,103,000) charged by way of debentures to banks for banking facilities granted to certain subsidiaries (Notes 25 and 30).

Notes to the Financial Statements

For the financial year ended 31 December 2013

16. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Trade receivables				
- Associated companies	608	909	-	-
- Non-related parties	130,981	115,732	-	-
	131,589	116,641	-	-
Less: Allowance for impairment of trade receivables	(8,817)	(7,674)	-	-
	122,772	108,967	-	-
Non-trade amounts owing by subsidiaries[(a)]	-	-	34,391	29,176
Prepayments	9,120	7,427	144	133
Deposits	2,505	3,241	11	11
Recoverable expenditure	964	707	192	110
Sundry receivables[(b)]	6,176	1,682	2	1
Derivative financial instruments[(c)]	34	177	-	-
	141,571	122,201	34,740	29,431

16a Amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$4,446,000 (2012: S$4,446,000) bears interest at 2.7% (2012: 2.4%) per annum.

16b 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					
	2013			2012		
	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	21,077	34	(430)	22,167	177	(25)

Notes to the Financial Statements

For the financial year ended 31 December 2013

17. CASH AND BANK BALANCES

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Fixed / call deposits	362,898	60,415	345,295	39,361
Cash at bank and on hand	96,503	75,545	8,708	15,479
	459,401	135,960	354,003	54,840

The fixed deposits with financial institutions mature on varying dates within 6 months (2012: 7 months) from the balance sheet date. The weighted average interest rate of these deposits as at 31 December 2013 was 0.7% (2012: 1.1%) per annum.

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

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Cash and bank balances	459,401	135,960	354,003	54,840
Less: bank deposits pledged	(2,355)	(2,470)	-	-
Less: bank overdrafts (Note 25)	(1,380)	(1,630)	-	-
	455,666	131,860	354,003	54,840

Bank deposits are pledged by way of debentures to banks for banking facilities granted to a subsidiary company (Notes 25 and 30).

17a <u>Disposal of a subsidiary</u>

On 17 November 2013, the Group, through its wholly-owned subsidiary, NSL Chemicals Ltd ("NSC"), entered into a conditional share purchase agreement (the "Agreement") to dispose of entire issued and paid-up share capital of NSL Chemicals (Thailand) Pte Ltd ("NSCT"), which holds a 22.83% shareholding in Bangkok Synthetics Co., Ltd ("BST") (collectively, the "NSCT Group") to SCG Chemicals Co., Ltd, ("SCG Chemicals") for a cash consideration of S$311.2 million (THB8,027 million) and contingent consideration. Such disposal has been completed on 3 December 2013.

In the event that SCG Chemicals increases its interest in BST at any time during the 12-month period from the date of agreement (the "Follow-On Transaction") at a valuation which is higher than an agreed valuation between NSC and SCG Chemicals, an amount in cash equal to the NSCT share of the difference between the valuation for the Follow-On Transaction and such agreed valuation between NSC and SCG Chemicals shall be payable to NSC accordingly.

In respect of contingent consideration, in accordance with the Agreement, SCG Chemicals is obliged to pay NSC the insurance compensation (net of tax) received by BST and its subsidiaries during the period between 1 October 2013 and 31 December 2017 ("Insurance Claim Proceeds"), pursuant to insurance claims made in relation to the fire incident occurred on 5 May 2012. SCG Chemicals shall pay NSC an amount equivalent to NSCT's previous proportionate share of BST.

As at 31 December 2013, the Group has received its share of insurance claim proceeds, amounting to S$17.4 million, from SCG Chemicals and this has been recognised as part of disposal consideration. There was no further compensation considered probable and hence no contingent asset in relation to the insurance claim proceeds as at balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2013

17. CASH AND BANK BALANCES (continued)

17a Disposal of a subsidiary (continued)

The effects of the disposal on the cash flows of the Group were as follow:

	The Group	
	2013 S$'000	**2012 S$'000**
Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	275	-
Associated company	219,406	-
Other payables	(5)	-
Less: Deferred tax liability	(21,103)	-
Net assets disposed of	198,573	-
Add: Reclassification of reserves	4,660	-
	203,233	-
Gain on disposal	121,681	-
Total sale consideration, net of transaction costs	324,914	-
Less: Cash and cash equivalents in subsidiary disposed of	(275)	-
Less: Sale consideration receivable as at balance sheet date	(275)	-
Net cash inflow on disposal of a subsidiary company	324,364	-

Notes to the Financial Statements

For the financial year ended 31 December 2013

18. 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 – 2013								
Cost or Valuation								
At 1 January 2013	8,047	21,970	184,622	726	163,248	40,649	18,627	437,889
Currency realignment	(288)	22	970	28	(169)	219	369	1,151
Additions	-	-	3,173	-	7,154	4,514	6,782	21,623
Disposals and write off	-	-	-	-	(1,554)	(4,781)	-	(6,335)
Reclassifications	-	-	11,866	-	9,201	1,139	(22,206)	-
At 31 December 2013	7,759	21,992	200,631	754	177,880	41,740	3,572	454,328
Representing:								
Cost	7,759	21,992	191,981	754	177,880	41,740	3,572	445,678
Valuation	-	-	8,650	-	-	-	-	8,650
	7,759	21,992	200,631	754	177,880	41,740	3,572	454,328
Accumulated Depreciation and Impairment Losses								
At 1 January 2013	-	9,074	119,414	716	112,834	27,943	-	269,981
Currency realignment	-	(18)	369	27	(156)	109	-	331
Charge for the year	-	278	4,914	4	9,382	3,888	-	18,466
Disposals and write off	-	-	-	-	(979)	(3,916)	-	(4,895)
Impairment loss	-	-	-	-	3,698	3,247	-	6,945
Reclassifications	-	-	-	-	(34)	34	-	-
At 31 December 2013	-	9,334	124,697	747	124,745	31,305	-	290,828
Net Book Value								
At 31 December 2013	7,759	12,658	75,934	7	53,135	10,435	3,572	163,500

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

Notes to the Financial Statements

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18. 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 – 2012								
Cost or Valuation								
At 1 January 2012	8,307	22,120	184,247	763	175,063	38,825	7,002	436,327
Currency realignment	(275)	(424)	(2,304)	(41)	(3,240)	(949)	(410)	(7,643)
Additions	15	1,011	1,297	4	5,543	4,257	17,784	29,911
Disposals and write off	-	-	-	-	(15,883)	(1,103)	-	(16,986)
Transfer to assets held-for-sale	-	(737)	(2,983)	-	-	-	-	(3,720)
Reclassifications	-	-	4,365	-	1,765	(381)	(5,749)	-
At 31 December 2012	8,047	21,970	184,622	726	163,248	40,649	18,627	437,889
Representing:								
Cost	8,047	21,970	175,972	726	163,248	40,649	18,627	429,239
Valuation	-	-	8,650	-	-	-	-	8,650
	8,047	21,970	184,622	726	163,248	40,649	18,627	437,889
Accumulated Depreciation and Impairment Losses								
At 1 January 2012	-	8,957	118,886	748	120,638	25,967	-	275,196
Currency realignment	-	(83)	(879)	(39)	(2,024)	(544)	-	(3,569)
Charge for the year	-	317	4,390	7	8,909	3,731	-	17,354
Disposals and write off	-	-	-	-	(13,787)	(1,044)	-	(14,831)
Reversal of impairment loss	-	-	-	-	(1,069)	-	-	(1,069)
Transfer to assets held-for-sale	-	(117)	(2,983)	-	-	-	-	(3,100)
Reclassifications	-	-	-	-	167	(167)	-	-
At 31 December 2012	-	9,074	119,414	716	112,834	27,943	-	269,981
Net Book Value								
At 31 December 2012	8,047	12,896	65,208	10	50,414	12,706	18,627	167,908

* 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 2013

18. PROPERTY, PLANT AND EQUIPMENT (continued)

	Other Assets* S$'000	Total S$'000
The Company – 2013		
Cost		
At 1 January 2013	1,417	1,417
Additions	138	138
Disposals and write off	(98)	(98)
At 31 December 2013	1,457	1,457
Accumulated Depreciation		
At 1 January 2013	1,158	1,158
Charge for the year	127	127
Disposals and write off	(97)	(97)
At 31 December 2013	1,188	1,188
Net Book Value		
At 31 December 2013	269	269
The Company – 2012		
Cost		
At 1 January 2012	1,419	1,419
Additions	27	27
Disposals and write off	(29)	(29)
At 31 December 2012	1,417	1,417
Accumulated Depreciation		
At 1 January 2012	1,051	1,051
Charge for the year	136	136
Disposals and write off	(29)	(29)
At 31 December 2012	1,158	1,158
Net Book Value		
At 31 December 2012	259	259

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT (continued)

18a 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

18b Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$29,132,000 (2012: S$34,477,000) charged by way of debentures to banks for overdraft and banking facilities granted (Notes 25 and 30).

18c The following are property, plant and equipment acquired under hire purchase and finance leases (Note 32):

The Group	Cost S$'000	Accumulated depreciation S$'000	Net book value S$'000
2013			
Plant and machinery	4,544	(1,491)	3,053
Other assets	969	(342)	627
	5,513	(1,833)	3,680
2012			
Plant and machinery	2,713	(990)	1,723
Other assets	1,504	(208)	1,296
	4,217	(1,198)	3,019

18d The Group's net impairment loss of S$6,945,000 (2012: reversal of impairment loss of S$1,069,000) comprise:

(i) an impairment loss of S$7,891,000 (2012: S$nil) was recognised for certain plant and equipment to their recoverable amounts based on value-in-use calculation over their estimated useful lives as at 31 December 2013;

(ii) an impairment loss of $55,000 (2012: S$231,000) is recognised for certain idle plant and machinery, based on their recoverable amounts derived from fair value less cost of disposal; and

(iii) a write-back of allowance for impairment loss of S$1,001,000 (2012: S$1,300,000) is recognised for certain plant and equipment to their recoverable amounts based on value-in-use calculation over their estimated useful lives as at 31 December 2013.

18e Borrowing costs of S$146,000 (2012: S$142,000), which arise on financing specifically entered into for the construction of property, plant and equipment of the Group, are capitalised during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2013

19. INVESTMENT PROPERTIES

	The Group	
	2013 S$'000	2012 S$'000
Cost		
At 1 January and 31 December	11,214	11,214
Accumulated depreciation and impairment losses		
At 1 January	7,926	7,754
Depreciation charge for the year	172	172
Write-back of allowance for impairment loss	(5,304)	-
At 31 December	2,794	7,926
Net book value at 31 December	8,420	3,288
Fair value at 31 December	9,837	8,249

Investment properties of the Group comprise mainly:

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

Valuation techniques and processes

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

The fair value of the Group's property, classified as Level 3 fair value, has been generally derived using the direct sale comparison approach. In arriving at its fair value, the valuer considered selling price per square foot of shops and offices in the vicinity. Adjustments have been made to reflect the differences in size, location, condition, tenure, prevailing market conditions and other relevant factors affecting its fair value. Given the sustained recovery of fair value of its investment property, the Group has written back part of the allowance for impairment, amounting to S$5,304,000, during the financial year.

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

The following amounts are recognised in the consolidated income statement:

	The Group	
	2013 S$'000	2012 S$'000
Rental income	367	314
Direct operating expenses arising from investment properties that generated rental income	314	346
Other direct operating expenses arising from investment properties that did not generate rental income	12	12

Notes to the Financial Statements

For the financial year ended 31 December 2013

20. SUBSIDIARIES

	The Company	
	2013 S$'000	2012 S$'000
Unquoted equity shares at cost	90,901	90,901
Less: allowance for impairment	(20,511)	(23,889)
	70,390	67,012

Write-back of allowance for impairment loss of S$3,378,000 (2012: S$5,161,000) relating to investments in subsidiaries was recognised during the financial year. This represents the write-back of the carrying values to the recoverable amounts, estimated based on future cash flows expected from the investments.

Details regarding significant subsidiaries are set out in Note 40.

21. ASSOCIATED COMPANIES

	The Group	
	2013 S$'000	2012 S$'000
Unquoted equity shares, at cost		
Balance at 1 January	44,354	50,336
Disposal	(21,100)	(5,982)
Balance at 31 December	23,254	44,354
Share of post acquisition reserves less losses, including translation differences		
Balance at 1 January	195,018	187,289
Translation differences	(5,473)	(5,201)
Share of results during the year	9,145	21,956
Share of movement in fair value reserves	584	3,010
Dividend received	(11,207)	(16,518)
Disposal	(198,417)	4,482
Balance at 31 December	(10,350)	195,018
Less: accumulated allowance for impairment		
Balance at 1 January	(7,394)	(8,209)
Write-back	174	200
Write off	111	-
Disposal	-	615
Balance at 31 December	(7,109)	(7,394)
	5,795	231,978

21a Included in the Group's share of post-acquisition reserves is a gain of S$nil (2012: S$17,343,000) relating to fair value reserves of associated companies, net of deferred tax liabilities of S$nil (2012: S$3,748,000).

Notes to the Financial Statements

For the financial year ended 31 December 2013

21. ASSOCIATED COMPANIES (continued)

21b Write-back of allowance for impairment of S$174,000 (2012: S$200,000) relating to investments in associated companies was recognised during the financial year, based on the recoverable amounts, derived from estimated future cash flows expected from the investments.

21c The summarised financial information (not adjusted for the proportionate of effective ownership interest held by the Group) of associated companies as at balance sheet date is as follows:

	The Group	
	2013 S$'000	2012 S$'000
- Assets	136,128	1,256,936
- Liabilities	121,885	241,615
- Revenue	76,306	737,876
- Net (loss) / profit for the financial year	(11,859)	95,626

21d The Group has S$1,351,000 (2012: S$nil) unrecognised loss of associated companies during the year. The accumulated losses of associated companies not recognised were S$1,351,000 (2012: S$nil) at the balance sheet date.

21e Details regarding significant associated companies are set out in Note 40.

22. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Loans receivable[(b)]	988	988	-	-
Less: Allowance for impairment of receivables	(988)	(988)	-	-
Amounts receivable after 12 months	-	-	-	-
Prepayments	2,157	2,676	-	-
Less: Current portion of long term prepayments	(621)	(598)	-	-
Non-current portion of long term prepayments	1,536	2,078	-	-
Amounts owing by subsidiaries				
- non-trade[(a)]	-	-	161,262	161,572
Less: Allowance for impairment of receivables	-	-	(41,062)	(41,062)
	-	-	120,200	120,510
Amounts owing by associated companies				
- non-trade[(a)]	800	783	-	-
Less: Allowance for impairment of receivables	(429)	(361)	-	-
	371	422	-	-
	1,907	2,500	120,200	120,510

Notes to the Financial Statements

For the financial year ended 31 December 2013

22. LONG TERM RECEIVABLES AND PREPAYMENTS (continued)

22a The amounts owing by subsidiaries and associated companies are non-trade, interest free, unsecured and are not expected to be repaid within the next 12 months after the balance sheet date. Settlement of the amounts owing by subsidiaries and associated companies are neither planned nor likely to occur in the foreseeable future. As a result, such loans are in substance part of the Group's net investments in associated companies and the Company's net investments in subsidiaries. The loans are accounted for in accordance with Note 2K.

22b The carrying amounts of non-current loans receivable of the Group approximate their fair values.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Balance at 1 January	10,089	13,746	9,588	13,297
Fair value losses recognised in other comprehensive income	(395)	(3,199)	(479)	(3,547)
Disposals	(229)	(458)	(184)	(162)
Balance at 31 December	9,465	10,089	8,925	9,588
Current portion	-	-	-	-
Non-current portion	9,465	10,089	8,925	9,588
	9,465	10,089	8,925	9,588
Total losses reclassified from fair value reserve to profit or loss for available-for-sale financial assets held at the end of financial year	184	162	184	162

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

	The Group		The Company	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Unlisted securities				
- Equity securities	9,086	9,869	8,687	9,508
- Other investments	379	220	238	80
	9,465	10,089	8,925	9,588

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For the financial year ended 31 December 2013

24. INTANGIBLE ASSETS

	The Group	
	2013 S$'000	2012 S$'000
Goodwill arising on consolidation[(a)]	8,865	8,872
Acquired intangible assets[(b)]	807	547
	9,672	9,419

24a Goodwill arising on consolidation

	The Group	
	2013 S$'000	2012 S$'000
Cost and Net Book Value		
Balance at 1 January	8,872	8,876
Currency realignment	(7)	(4)
Balance at 31 December	8,865	8,872

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:

	2013			2012		
	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	-	187	187	-	194	194
Environmental Services	654	-	654	654	-	654
	654	8,211	8,865	654	8,218	8,872

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 2013

24. INTANGIBLE ASSETS (continued)

24a Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

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

	2013		2012	
	Growth rate [(1)]	**Discount rate** [(2)]	**Growth rate** [(1)]	**Discount rate** [(2)]
Construction	0%	12%	0%	12%
Environmental Services	3%	12%	3%	12%

(1) Average growth rate used to extrapolate cash flows beyond the budget period.

(2) Pre-tax discount rate applied to cash flow projections.

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

24b Acquired intangible assets

	The Group	
	2013 S$'000	**2012 S$'000**
Cost		
Balance at 1 January	6,809	6,630
Additions	648	284
Currency realignment	233	(105)
Balance at 31 December	7,690	6,809
Accumulated amortisation		
Balance at 1 January	6,262	5,933
Amortisation charge	420	425
Currency realignment	201	(96)
Balance at 31 December	6,883	6,262
Net Book Value at 31 December	807	547

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

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For the financial year ended 31 December 2013

25. SHORT TERM BORROWINGS

	The Group 2013 S$'000	The Group 2012 S$'000
Bank overdrafts – secured (Note 17)	1,380	1,630
Short term bank loans		
- Unsecured	1,739	1,000
- Secured	3,105	259
	4,844	1,259
Current portion of long term bank loans (Note 30)		
- Unsecured	2,169	1,580
- Secured	7,474	6,904
	9,643	8,484
Hire purchase and finance lease payables – secured (Note 32)	1,493	832
Bills payable – secured	10,689	631
	28,049	12,836

The banking facilities are secured against fixed and floating charge over the inventories, bank deposits and property, plant and equipment of certain subsidiaries (Notes 15, 17 and 18) of the Group. Details of the long term borrowings are disclosed in Note 30.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Trade payables – non-related parties	53,794	49,129	-	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	26,498	22,474	2,660	2,431
- Project related accruals	16,094	13,009	-	-
- Accrued liability for capital expenditure	744	1,392	-	-
- Advances received from customers	31,696	13,980	-	-
- Sundry payables[(a)]	6,466	5,946	2,300	2,235
- Provision for retirement benefits, current (Note 28)	-	8	-	-
- Derivative financial instruments (Note 16c)	430	25	-	-
Amounts owing to subsidiaries				
- Non-trade[(a)]	-	-	13,327	13,326
	135,722	105,963	18,287	17,992

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 2013

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	
	2013 S$'000	2012 S$'000
Balance at 1 January	1,746	1,760
Provision made	994	344
Provision utilised	(399)	(357)
Currency realignment	8	(1)
Balance at 31 December	2,349	1,746

28. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group	
	2013 S$'000	2012 S$'000
Present value of unfunded obligations	1,691	1,430
Liability in the balance sheet	1,691	1,430

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

Movement in the liability recognised in the balance sheets:

	The Group	
	2013 S$'000	2012 S$'000
Balance at 1 January	1,430	1,133
Net expense	391	469
Benefits paid	(165)	(104)
Currency realignment	35	(68)
Balance at 31 December	1,691	1,430
Current portion (Note 26)	-	8
Non-current portion	1,691	1,422
	1,691	1,430

Notes to the Financial Statements

For the financial year ended 31 December 2013

28. PROVISION FOR RETIREMENT BENEFITS (continued)

The principal actuarial assumptions used were as follows:

	The Group	
	2013 %	2012 %
Discount rate	5	5
Salary increment rate	5	5

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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Deferred tax assets	(1,515)	(1,408)	-	-
Deferred tax liabilities	5,520	25,492	99	41

The movement in deferred taxation is as follows:

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Balance at 1 January	24,084	24,908	41	217
Charged / (credited) to:				
- Profit or loss	884	(926)	31	(150)
- Equity	182	164	27	(26)
Disposal of a subsidiary company	(21,103)	-	-	-
Currency realignment	(42)	(62)	-	-
Balance at 31 December	4,005	24,084	99	41

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 2013, the Group has unutilised tax losses and capital allowances of S$17,737,000 (2012: S$16,104,000) and S$2,993,000 (2012: S$4,909,000) respectively for which deferred tax benefits have not been recognised in the financial statements. These are available for set-off against future taxable profits subject to meeting certain statutory requirements in their respective countries of incorporation by those companies with unrecognised tax losses and capital allowances. These unutilised tax losses and capital allowances do not have expiry dates, except for unutilised tax losses of S$125,000 (2012: S$387,000) that will expire in five years for offsetting against future taxable profits.

Deferred income tax liabilities of S$63,000 (2012: S$1,854,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amounting to S$1,230,000 (2012: S$16,974,000) at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2013

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	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Balance at 1 January	4,271	4,763	668	677	21,460	21,895	26,399	27,335
Charged / (credited) to:								
- Profit or loss	784	(423)	(18)	(53)	538	(540)	1,304	(1,016)
- Equity	-	-	7	59	175	105	182	164
Disposal of a subsidiary company	-	-	-	-	(21,103)	-	(21,103)	-
Currency realignment	(67)	(69)	(20)	(15)	-	-	(87)	(84)
Balance at 31 December	4,988	4,271	637	668	1,070	21,460	6,695	26,399

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Balance at 1 January	(1,623)	(1,850)	(308)	(141)	(384)	(436)	(2,315)	(2,427)
Charged / (credited) to:								
- Profit or loss	(448)	208	(28)	(170)	56	52	(420)	90
Currency realignment	42	19	3	3	-	-	45	22
Balance at 31 December	(2,029)	(1,623)	(333)	(308)	(328)	(384)	(2,690)	(2,315)

Notes to the Financial Statements

For the financial year ended 31 December 2013

29. DEFERRED TAXATION (continued)

29b Movement in the Company's deferred tax assets and liabilities (prior to legally enforceable offsetting of balances within same tax authority) are as follows:

The Company – Deferred Tax Liabilities

	Unremitted income		Total	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Balance at 1 January	41	505	41	505
Charged / (credited) to:				
- Profit or loss	31	(438)	31	(438)
- Equity	27	(26)	27	(26)
Balance at 31 December	99	41	99	41

The Company – Deferred Tax Assets

	Provisions		Total	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Balance at 1 January	-	(288)	-	(288)
Charged to profit or loss	-	288	-	288
Balance at 31 December	-	-	-	-

30. LONG TERM BORROWINGS

	The Group	
	2013 S$'000	2012 S$'000
Bank loans		
- Secured	21,414	18,136
- Unsecured	2,169	1,580
	23,583	19,716
Less: Amounts due within 12 months (Note 25)	(9,643)	(8,484)
Amounts due after 12 months	13,940	11,232
Hire purchase and finance lease payables – secured (Note 32)	746	1,175
Total long term borrowings	14,686	12,407

The Group's secured bank loans are secured by fixed and floating charge over the inventories, bank deposits and property, plant and equipment of certain subsidiaries (Notes 15, 17 and 18).

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For the financial year ended 31 December 2013

30. LONG TERM BORROWINGS (continued)

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

	The Group	
	2013	**2012**
Loans denominated in:		
- Singapore Dollars	-	1.3% to 5.8%
- Malaysian Ringgit	4.4% to 6.8%	4.4% to 7.4%
- Hong Kong Dollars	2.6% to 5.3%	2.8% to 5.3%
- United Arab Emirates Dirhams	4.8% to 7%	4.3% to 8.0%

The fair values of non-current borrowings of the Group at variable rates approximate their carrying amounts as these are charged at floating rates

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	
	2013 S$'000	**2012 S$'000**
Balance at 1 January	2,262	2,565
Additions	67	67
Amortisation during the year	(397)	(370)
Balance at 31 December	1,932	2,262
Current portion	258	356
Non-current portion	1,674	1,906
	1,932	2,262

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32. HIRE PURCHASE AND FINANCE LEASE PAYABLES

Hire purchase and finance lease payables are analysed as follows:

	The Group	
	2013 S$'000	2012 S$'000
Minimum hire purchase and finance lease payables due:		
- Within 1 year	1,527	863
- Within 2 to 5 years	774	1,196
	2,301	2,059
Less: Future finance charges	(62)	(52)
Present value of hire purchase and finance lease payables	2,239	2,007
Present value of hire purchase and finance lease payables due:		
- Within 1 year	1,493	832
- Within 2 to 5 years	746	1,175
	2,239	2,007

32a. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 1.26% (2012: 1.56%) per annum.

32b. Property, plant and equipment acquired under hire purchase and finance leases are disclosed in Note 18c.

32c. The carrying amounts of non-current hire purchase and finance lease payables 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	
	2013 S$'000	2012 S$'000
Sales to associated companies	4,932	8,742

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33. RELATED PARTY TRANSACTIONS (continued)

33b Key management's remuneration

	The Group	
	2013 **S$'000**	**2012** **S$'000**
Salary and other employee benefits	6,858	6,598
Employer's contribution to defined contribution plans, including Central Provident Fund	269	257
Retirement benefits	18	22
	7,145	6,877

Included in the above are Directors' fees and Directors' remuneration of S$510,000 (2012: S$510,000) and S$1,259,000 (2012: S$1,155,000) 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 sale of building materials, lime products, refractory materials, road stones and container and bulk handling equipment, 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 Construction Products, Chemicals, Environmental Services and Engineering.

Operating segment classified as "Others" relates mainly to operations of a marina club, property and investment holding.

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2013 is as follows:

	Construction Products		
	Dry Mix S$'000	Precast & Others S$'000	Total S$'000
Revenue			
External sales	75,688	229,189	304,877
Inter-segment sales	1	1,935	1,936
Total revenue	75,689	231,124	306,813
Elimination			(1,935)
			304,878
Profit before Taxation and Exceptional Items	11,104	712	11,816
Exceptional items	5	(9,236)	(9,231)
Profit before taxation	11,109	(8,524)	2,585
Interest income	12	144	156
Amortisation of deferred income	-	-	-
Interest expense	(71)	(1,308)	(1,379)
Depreciation	(1,368)	(9,121)	(10,489)
Amortisation of intangible assets	-	(110)	(110)
(Allowance for impairment) / write-back of allowance for impairment of property, plant and equipment	-	(7,946)	(7,946)
Write-back of allowance for impairment of an investment property	-	-	-
Share of results of associated companies, net of tax	-	-	-
Total Assets	54,562	230,471	285,033
Total Liabilities	19,924	116,867	136,791
Total assets include:			
Investments in associated companies	-	3	3
Additions to:			
- Property, plant and equipment	3,125	9,362	12,487
- Intangible assets	-	469	469

* Including unallocated corporate expenses

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← Chemicals →			Environmental Services	Engineering	Others	Elimination	Total Consolidated
Environmental Chemicals	Other Chemicals Businesses	Total					
S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
44,511	-	44,511	85,529	56,730	16,098	-	507,745
1,755	-	1,755	1,580	-	-	-	5,271
46,266	-	46,266	87,109	56,730	16,098	-	513,016
		-	-	-	-	(3,336)	(5,271)
		46,266	87,109	56,730	16,098	(3,336)	507,745
5,609	9,118	14,727	8,369	6,841	(5,343)*		36,410
123,337	-	123,337	1,001	-	4,607		119,714
128,946	9,118	138,064	9,370	6,841	(736)		156,124
140	-	140	48	10	464		818
-	-	-	-	-	397		397
(127)	-	(127)	(27)	(4)	(1)		(1,538)
(2,454)	-	(2,454)	(2,953)	(1,556)	(1,186)		(18,638)
-	-	-	-	(310)	-		(420)
-	-	-	1,001	-	-		(6,945)
-	-	-	-	-	5,304		5,304
-	9,118	9,118	-	-	27		9,145
63,157	2,934	66,091	68,217	59,239	417,268		895,848
11,901	-	11,901	11,552	21,716	11,246		193,206
-	2,934	2,934	-	1	2,857		5,795
2,455	-	2,455	4,825	1,207	649		21,623
-	-	-	-	179	-		648

Notes to the Financial Statements

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34. FINANCIAL INFORMATION BY SEGMENTS (continued)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2012 is as follows:

	Construction Products		
	Dry Mix S$'000	Precast & Others S$'000	Total S$'000
Revenue			
External sales	63,820	168,697	232,517
Inter-segment sales	1	800	801
Total revenue	63,821	169,497	233,318
Elimination			(800)
			232,518
Profit before Taxation and Exceptional Items	5,784	(480)	5,304
Exceptional items	3	(337)	(334)
Profit before taxation	5,787	(817)	4,970
Interest income	39	174	213
Amortisation of deferred income	-	-	-
Interest expense	(153)	(778)	(931)
Depreciation	(2,620)	(7,084)	(9,704)
Amortisation of intangible assets	-	(87)	(87)
(Allowance for impairment) / write-back of allowance for impairment of property, plant and equipment	-	(231)	(231)
Share of results of associated companies, net of tax	-	2	2
Total Assets	46,746	192,905	239,651
Total Liabilities	16,585	76,766	93,351
Total assets include:			
Investments in associated companies	-	3	3
Additions to:			
- Property, plant and equipment	6,754	15,466	22,220
- Intangible assets	-	66	66

* Including unallocated corporate expenses

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← Chemicals →			Environmental Services	Engineering	Others	Elimination	Total Consolidated
Environmental Chemicals S$'000	Other Chemicals Businesses S$'000	Total S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
47,404	-	47,404	79,256	44,926	15,877	-	419,980
1,049	-	1,049	1,637	-	18	-	3,505
48,453	-	48,453	80,893	44,926	15,895	-	423,485
		-	-	-	-	(2,705)	(3,505)
		48,453	80,893	44,926	15,895	(2,705)	419,980
5,490	21,925	27,415	11,064	5,098	(2,790)*		46,091
1,300	-	1,300	-	636	2,782		4,384
6,790	21,925	28,715	11,064	5,734	(8)		50,475
65	-	65	40	18	342	(6)	672
-	-	-	-	-	370		370
(30)	-	(30)	(51)	(2)	-	6	(1,008)
(2,208)	-	(2,208)	(3,139)	(1,299)	(1,176)		(17,526)
-	-	-	-	(338)	-		(425)
1,300	-	1,300	-	-	-		1,069
-	21,925	21,925	-	-	29		21,956
54,257	227,955	282,212	63,955	52,563	114,414		752,795
10,324	21,156	31,480	10,972	16,450	11,506		163,759
-	227,955	227,955	-	1	4,019		231,978
2,579	-	2,579	2,023	2,755	334		29,911
-	-	-	-	218	-		284

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 products, refractory materials and road stones, the manufacturing, design and sale of container and bulk handling equipment, the provision of environmental services and sale of related products, and investment holding;

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

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

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

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

	The Group			
	External sales(1)		Non-current assets(2)	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Singapore	254,798	189,343	69,315	60,772
Malaysia	78,273	70,641	59,615	61,387
China (including Hong Kong)	51,014	47,907	31,979	28,418
Thailand	-	-	-	224,825
All other countries	123,660	112,089	26,597	37,313
	507,745	419,980	187,506	412,715

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

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

35. CAPITAL COMMITMENTS

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 21) are as follows:

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	2,184	7,935	-	-
Commitments in respect of equity participation in an associated company	6,662	6,421	-	-
	8,846	14,356	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2013

36. OPERATING LEASE COMMITMENTS

36a Where the Group or Company is a lessee

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

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

	The Group		The Company	
	2013 S$'000	2012 S$'000	2013 S$'000	2012 S$'000
Payable:				
Within 1 year	6,095	4,320	784	614
Within 2 to 5 years	13,979	9,398	1,405	16
After 5 years	12,547	12,844	-	-
	32,621	26,562	2,189	630

36b Where the Group is a lessor

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

	The Group	
	2013 S$'000	2012 S$'000
Receivable:		
Within 1 year	1,651	1,488
Within 2 to 5 years	1,338	1,194
After 5 years	7	26
	2,996	2,708

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, set by the Board of Directors.

Notes to the Financial Statements

For the financial year ended 31 December 2013

37. FINANCIAL RISK MANAGEMENT (continued)

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 which are part of the net investments in foreign operations and deferred in equity until disposal of the foreign operations. Where appropriate, this exposure is managed through borrowings denominated in the relevant foreign currencies.

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

	SGD S$'000	USD S$'000	RMB S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2013									
Cash and bank balances	420,463	7,779	4,152	14,592	6,859	-	123	5,433	459,401
Receivables	65,729	12,945	1,215	22,825	7,486	-	18,402	3,849	132,451
Available-for-sale financial assets	478	379	-	-	-	8,608	-	-	9,465
Short term borrowings	(1,725)	-	(739)	(15,921)	(747)	-	(2,363)	(6,554)	(28,049)
Trade and other payables	(39,149)	(4,208)	(4,241)	(23,534)	(13,963)	-	(14,969)	(3,962)	(104,026)
Long term borrowings	(746)	-	-	(13,895)	-	-	(45)	-	(14,686)
Net financial assets / (liabilities)	445,050	16,895	387	(15,933)	(365)	8,608	1,148	(1,234)	454,556
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(444,875)	(4)	602	16,215	2,150	-	(1,148)	4,441	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	12,523	-	-	-	-	-	-	
Less: currency forwards	-	(18,608)	-	-	(678)	-	-	-	
Currency exposure	175	10,806	989	282	1,107	8,608	-	3,207	

Notes to the Financial Statements

For the financial year ended 31 December 2013

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	AED S$'000	Others S$'000	Total S$'000
The Group									
At 31 December 2012									
Cash and bank balances	104,174	6,940	4,219	9,466	5,862	-	98	5,201	135,960
Receivables	57,262	11,303	643	16,420	5,647	-	20,420	3,079	114,774
Available-for-sale financial assets	433	220	-	-	-	9,436	-	-	10,089
Short term borrowings	(1,344)	-	(196)	(1,528)	(447)	-	(2,384)	(6,937)	(12,836)
Trade and other payables	(35,613)	(3,678)	(3,336)	(19,319)	(9,127)	-	(17,062)	(3,848)	(91,983)
Long term borrowings	(471)	-	-	(10,947)	(684)	-	(285)	(20)	(12,407)
Net financial assets / (liabilities)	124,441	14,785	1,330	(5,908)	1,251	9,436	787	(2,525)	143,597
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(124,215)	(28)	(385)	5,918	411	-	(787)	5,108	
Add: firm commitments and highly probable forecast transactions in foreign currencies	-	12,347	-	-	-	-	-	-	
Less: currency forwards	-	(20,487)	-	-	(758)	-	-	-	
Currency exposure	226	6,617	945	10	904	9,436	-	2,583	

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$2,469,000 (2012: S$2,280,000), net AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$1,209,000 (2012: S$1,165,000) and net SGD payables by certain subsidiaries with functional currency in RMB and MYR, amounting to S$12,969,000 (2012: S$7,296,000) and S$3,860,000 (2012: receivables of S$3,048,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2013

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company							
At 31 December 2013							
Cash and bank balances	353,724	271	-	8	-	-	354,003
Receivables	34,596	-	-	-	-	-	34,596
Available-for-sale financial assets	79	238	-	-	8,608	-	8,925
Trade and other payables	(18,041)	(222)	(2)	-	-	(22)	(18,287)
Net financial assets / (liabilities)	370,358	287	(2)	8	8,608	(22)	379,237
Less: net financial assets denominated in the Company's functional currency	(370,358)	-	-	-	-	-	
Currency exposure	-	287	(2)	8	8,608	(22)	

	SGD S$'000	USD S$'000	RMB S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company							
At 31 December 2012							
Cash and bank balances	54,561	271	-	8	-	-	54,840
Receivables	29,298	-	-	-	-	-	29,298
Available-for-sale financial assets	72	80	-	-	9,436	-	9,588
Trade and other payables	(17,753)	(215)	(2)	-	-	(22)	(17,992)
Net financial assets / (liabilities)	66,178	136	(2)	8	9,436	(22)	75,734
Less: net financial assets denominated in the Company's functional currency	(66,178)	-	-	-	-	-	
Currency exposure	-	136	(2)	8	9,436	(22)	

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

37. FINANCIAL RISK MANAGEMENT (continued)

37a Market risk (continued)

(i) Currency risk (continued)

If the USD and THB change against the SGD by 5% and 3% (2012: 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:

	2013		2012	
	Increase / (decrease)			
	Profit after tax S$'000	Other comprehensive income S$'000	Profit after tax S$'000	Other comprehensive income S$'000
The Group				
USD against SGD				
- strengthened	398	16	145	9
- weakened	(398)	(16)	(145)	(9)
THB against SGD				
- strengthened	-	258	-	283
- weakened	-	(258)	-	(283)
The Company				
USD against SGD				
- strengthened	2	10	2	3
- weakened	(2)	(10)	(2)	(3)
THB against SGD				
- strengthened	-	258	-	283
- weakened	-	(258)	-	(283)

(ii) Price risk

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the consolidated balance sheet as available-for-sale financial assets (Note 23), as well as, the available-for-sale financial assets held by the associated companies of the Group (Note 21).

If equity prices of available-for-sale financial assets held by the Company and subsidiaries of the Group increase / decrease by 5% (2012: 5%) with all other variables including tax rate being held constant, other comprehensive income of the Group and the Company will be higher or lower by S$467,000 (2012: S$500,000) and S$444,000 (2012: S$479,000) respectively.

If equity prices of available-for-sale financial assets held by the associated companies increase / decrease by 5% (2012: 5%) with all other variables including tax rate being held constant, other comprehensive income of the Group will be higher or lower by S$1,189,000 (2012: S$1,540,000).

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 increases / decreases by 0.5% (2012: 0.5%) with all other variables being held constant, the net profit after tax will be higher / lower by S$254,000 (2012: S$173,000).

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$2,331,000 (2012: S$986,000) and letters of credit of S$6,529,000 (2012: S$6,851,000) obtained for certain trade receivables of the Group.

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

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

	The Group	
	2013 S$'000	**2012 S$'000**
Associated companies	608	909
Non-related parties:		
Government-link companies and Statutory Boards	339	1,298
Multinational companies	16,282	20,874
Other companies	103,939	84,124
Sole proprietors and individuals	1,604	1,762
	122,772	108,967

Notes to the Financial Statements

For the financial year ended 31 December 2013

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	
	2013 **S$'000**	**2012** **S$'000**
Past due up to 3 months	28,001	23,239
Past due 3 to 6 months	3,441	3,819
Past due over 6 months	5,092	4,392
	36,534	31,450

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

	The Group	
	2013 **S$'000**	**2012** **S$'000**
Gross amount	11,530	9,440
Less: allowance for impairment	(9,805)	(8,662)
	1,725	778
<u>Allowance for impairment</u>		
Balance at 1 January	8,662	13,731
Allowance made	2,583	792
Allowance written back	(645)	(2,632)
Amount written off against allowance	(861)	(2,803)
Currency translation differences	66	(426)
Balance at 31 December	9,805	8,662

Allowance for impairment of S$645,000 (2012: S$2,632,000) was written back during the financial year based on amount recoverable.

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

Notes to the Financial Statements

For the financial year ended 31 December 2013

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 2013				
Trade and other payables	103,596	-	-	-
Short term borrowings	29,137	-	-	-
Long term borrowings	-	4,133	5,982	7,445
At 31 December 2012				
Trade and other payables	91,958	-	-	-
Short term borrowings	13,800	-	-	-
Long term borrowings	-	3,853	5,394	5,374
The Company				
At 31 December 2013				
Trade and other payables	18,287	-	-	-
At 31 December 2012				
Trade and other payables	17,992	-	-	-

(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 2013

37. FINANCIAL RISK MANAGEMENT (continued)

37c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2013	
Gross-settled currency forwards	
- Receipts	(20,681)
- Payments	21,077
At 31 December 2012	
Gross-settled currency forwards	
- Receipts	(22,319)
- Payments	22,167

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 17) 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 2012 and 2013.

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 2013

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 2013			
Assets			
Derivatives used for hedging	34	-	34
Available-for-sale financial assets	-	9,465	9,465
Total assets	34	9,465	9,499
Liabilities			
Derivatives used for hedging	(430)	-	(430)
At 31 December 2012			
Assets			
Derivatives used for hedging	177	-	177
Available-for-sale financial assets	-	10,089	10,089
Total assets	177	10,089	10,266
Liabilities			
Derivatives used for hedging	(25)	-	(25)
The Company			
At 31 December 2013			
Assets			
Available-for-sale financial assets	-	8,925	8,925
At 31 December 2012			
Assets			
Available-for-sale financial assets	-	9,588	9,588

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

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis. The Group also estimates the fair values of the financial assets by reference to the net assets of these equity securities, adjusting where applicable using appropriate measures to fair value the underlying assets and liabilities. Such instruments are included in Level 3. In determining these fair values, management evaluates, among other factors, the reliability and appropriateness of the use of the underlying net asset information provided, taking into consideration factors such as industry and sector outlook, other market comparables and other prevailing market factors and conditions. The changes in fair value measurements of Level 3 instruments are disclosed in Note 23.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2013

37. FINANCIAL RISK MANAGEMENT (continued)

37f Financial Instruments by category

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

	The Group		The Company	
	2013 S$'000	**2012 S$'000**	**2013 S$'000**	**2012 S$'000**
Available-for-sale	9,465	10,089	8,925	9,588
Derivatives (Note 16c)	(396)	152	-	-
Loans and receivables*	591,818	250,557	388,599	84,138
Financial liabilities at amortised cost	(146,331)	(117,201)	(18,287)	(17,992)

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

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 2014 or later periods and which the Group has not early adopted:

- FRS 110 – *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 – *Joint Arrangments* (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 – *Disclosures of Interest in Other Entities* (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 107 Disclosures and FRS 32 – *Offsetting of Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 36 – *Recoverable Amount Disclosures for Non- Financial Assets* (effective for annual periods beginning on or after 1 January 2014)

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 7 March 2014.

Notes to the Financial Statements

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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 and associated companies are as follows:

Name of company	Country of incorporation and place of business	Percentage of equity held by the Group		Principal activities
		2013 %	2012 %	
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	Investment holding, manufacturing and sale of lime products, refractory materials and road stones
NSL Engineering Pte Ltd [1]	Singapore	100.0	100.0	Investment holding, manufacturing, design and sale of container and bulk handling equipment
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				
Eastern Pretech Pte Ltd [1]	Singapore	100.0	100.0	Manufacturing and sale of building materials
Eastern Pretech (Malaysia) Sdn Bhd [2]	Malaysia	100.0	100.0	Manufacturing and sale of building materials
Emix Industry (S) Pte Ltd [1]	Singapore	100.0	100.0	Trading of plastering materials
Emix Industry (M) Sdn Bhd [2]	Malaysia	100.0	100.0	Manufacturing and sale of plastering materials and the provision of plastering services
Eastern Pretech (HK) Ltd [4]	Hong Kong	80.0	80.0	Manufacturing and sale of plastering materials
Eastern Pretech (Guangzhou) Ltd [4]	People's Republic of China	80.0	80.0	Manufacturing and sale of plastering materials
Dubai Precast L.L.C. [4],[5]	United Arab Emirates	45.0[5]	45.0[5]	Manufacturing and sale of building materials
Parmarine Ltd [2]	Finland	100.0	100.0	Manufacturing and sale of building materials
NSL Chemicals (M) Sdn Bhd [2]	Malaysia	80.0	80.0	Manufacturing and sale of lime products

Note: Refer to Page 103 for legends

Notes to the Financial Statements

For the financial year ended 31 December 2013

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
		2013 %	2012 %	
Significant Subsidiaries				
Held by Subsidiaries (continued)				
Unquoted (continued)				
NSL Chemicals (Thailand) Pte Ltd [(1)]	Singapore	-	100.0	Investment holding
Eastech Steel Mill Services (M) Sdn Bhd [(2)]	Malaysia	100.0	100.0	Manufacturing and sale of refractory products
NSL OilChem Waste Management Pte Ltd *(formerly known as 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
NSL OilChem Logistics Pte Ltd *(formerly known as Hup Eng Tat Enterprises Pte Ltd)* [(1)]	Singapore	87.7	87.7	Trading in oil products and disposal of oil and chemical wastes
NSL Engineering (UK) Limited [(2)]	United Kingdom	100.0	100.0	Sale of container and bulk handling equipment
ChangShu RAM Engineering Co., Ltd [(2)]	People's Republic of China	100.0	100.0	Manufacturing of container and bulk handling equipment
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),(6)]	Thailand	-	22.8	Manufacturing and sale of petrochemical products
Southern Rubber Works Sdn. Bhd. [(7)]	Malaysia	28.6	28.6	Processing and sale of rubber and general merchants
Planergo (Pte) Limited [(8)]	Singapore/ Vietnam	25.0	25.0	Hotel investment

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 Phoomchai Audit Ltd.

(4) Audited by Ernst & Young

(5) The percentage of shareholding held by the Group in Dubai Precast L.L.C. ("DP") is 45%. However, the Group's effective economic interest in DP was 80%, which arose from the Group's entitlement of 80% share of dividends declared by or profits of DP post-acquisition.

(6) Disposed during the financial year

(7) Audited by S. THILLAIMUTHU & CO.

(8) Audited by Foo Koo Tan Grant Thornton LLP

Independent Auditor's Report – Page 35.

Analysis of Shareholdings

As at 3 March 2014

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

SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 999	316	5.60	88,882	0.02
1,000 to 10,000	4,350	77.13	17,331,715	4.64
10,001 to 1,000,000	966	17.13	38,026,050	10.18
1,000,001 AND ABOVE	8	0.14	318,111,590	85.16
TOTAL	**5,640**	**100**	**373,558,237**	**100**

SHAREHOLDERS BY RESIDENCE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
SINGAPORE	5,290	93.79	371,162,160	99.36
MALAYSIA	269	4.77	1,835,462	0.49
OTHERS	81	1.44	560,615	0.15
TOTAL	**5,640**	**100**	**373,558,237**	**100**

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	SELAT PTE LIMITED	4,748,000	1.27
3	CITIBANK NOMINEES SINGAPORE PTE LTD	2,362,265	0.63
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,098,872	0.56
5	DBS NOMINEES PTE LTD	2,015,500	0.54
6	OCBC NOMINEES SINGAPORE PTE LTD	1,317,500	0.35
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	LO KAI LEONG @ LOH KAI LEONG	440,000	0.12
11	TAY HWA LANG	430,000	0.12
12	CHIA AH KIM	418,000	0.11
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	408,000	0.11
14	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
15	LOY HWEE CHOW	399,000	0.11
16	EWA BAH @ NG CHAI BOO	364,000	0.10
17	CHONG SIONG LIM STEPHEN	360,000	0.10
18	KOW THONG JEN @ KOW CHONG JIN	360,000	0.10
19	CHONG SIONG CHUAN SAMUEL	350,000	0.09
20	AU SOO LUAN	338,000	0.09
	TOTAL	**323,281,964**	**86.54**

Analysis of Shareholdings

As at 3 March 2014

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 54th 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 16 April 2014 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 2013 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2 To re-elect Dr Tan Tat Wai, a Director retiring pursuant to Article 86 of the Company's Articles of Association and, being eligible, offers himself for re-election. **(Resolution 2)**

Dr Tan Tat Wai, will, upon re-election as a Director of the Company, remain a member of the Audit Committee, the Nominating Committee and the Remuneration 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 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 3)**

Prof Cham Tao Soon, will, upon re-appointment as a Director of the Company, remain as the Chairman of the Board of Directors, Chairman of 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 re-appoint Mr Ban Song Long, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 4)**

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

5 To re-appoint Mr Oo Soon Hee, who is over the age of 70 years, as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 5)**

6 To approve the payment of Directors' fees of S$510,000.00 for the financial year ended 31 December 2013. (2012: S$510,000.00) **(Resolution 6)**

7 To declare a final dividend of S$0.10 per ordinary share (exempt-one tier) and a special dividend of S$0.40 per ordinary share (exempt-one tier) for the financial year ended 31 December 2013 (2012: final dividend of S$0.10 per ordinary share (exempt one-tier)). **(Resolution 7)**

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

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:

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

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

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

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

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

provided that:

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

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

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

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

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

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

(Resolution 9)

Notice of Annual General Meeting

10 That:

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

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

(ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price,

where:

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

Notice of Annual General Meeting

"**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)

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

(Resolution 11)

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
25 March 2014

Notice of Annual General Meeting

Explanatory Notes

(i) In relation to items 2, 3, 4 and 5 above, for further information on Dr Tan Tat Wai, Prof Cham Tao Soon, Mr Ban Song Long and Mr Oo Soon Hee, please refer to pages 8,10 and 34 of the Annual Report 2013.

(ii) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments, up to the limits specified therein, until the date of the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) 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.

(iii) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, inter alia, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 29,884,658 shares on 3 March 2014 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 2013 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 25 March 2014.

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

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

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

PROXY FORM

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Bridge Rooms 1, 2 and 3, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 16 April 2014 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 2013		
2	Re-election of Dr Tan Tat Wai as a Director		
3	Re-appointment of Prof Cham Tao Soon as a Director		
4	Re-appointment of Mr Ban Song Long as a Director		
5	Re-appointment of Mr Oo Soon Hee as a Director		
6	Approval of Directors' fees amounting to S$510,000.00		
7	Approval of a final dividend of S$0.10 per ordinary share (exempt-one tier) and a special dividend of S$0.40 per ordinary share (exempt-one tier) for the financial year ended 31 December 2013		
8	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix their remuneration		
	Special Business		
9	To approve the Share Issue Mandate		
10	To approve the renewal of the Share Purchase Mandate		
11	To approve the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		

Dated this __________ day of ________________ 2014.

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

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

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

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

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

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

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

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

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

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