NSL Ltd Annual Report 2017

Contents



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Corporate Profile

NSL and its group of companies is a leading industrial group in Asia Pacific. The Group's core businesses are Precast & Prefabricated Bathroom Unit (PBU) and Environmental Services.

The Precast & PBU division is a market leader in manufacturing precast concrete components in Singapore, Malaysia and Dubai while the PBU business is a dominant producer in Scandinavia.

The Environmental Services division is a key player in integrated environmental services in Singapore, covering the treatment and logistics services of oily and toxic waste for both land and marine sectors. It is also a major distributor of Automotive Diesel Oil, Marine Gas Oil and lubricant in Singapore, leveraging on its automated fuel dispensing technology.

In addition, NSL Group has a majority shareholding in Raffles Marina Ltd, Asia's Premier Marina Club in Tuas, Singapore, and an associate company in Germany, PEINER SMAG Lifting Technologies GmbH, which is one of the world's largest producers of lifting accessories for bulk cargo and shipping containers.

NSL Group has an active Research and Development programme that leverages on technology to develop innovative products and process improvements for productivity. It also partners local government agencies and tertiary institutions to develop new and sustainable solutions for industrial applications.

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

Operations and joint ventures in

8

COUNTRIES

Group Financial Highlights

	2016	2017	Change (%)
For the Year (S$'000)			
Turnover from continuing operations	336,968	356,150	6
Profit before tax from continuing operations	17,486	5,092	(71)
Profit / (loss) attributable to shareholders			
- from continuing operations	13,885	4,363	(69)
- from discontinued operations	117,470	(450)	n/m
Total group profit attributable to shareholders	131,355	3,913	(97)
At Year-end (S$'000)			
Shareholders' funds	673,798	585,246	(13)
Total assets	814,831	719,976	(12)
Per Share			
Basic earnings per share (cents)	35.2	1.1	(97)
Dividends (exempt - one tier, cents per share)			
- Final	5	5	-
- Special	20	-	n/m
Others			
Number of employees	2,589	2,701	4

n/m : not meaningful

Our R&D colleagues have in collaboration with local government agencies and tertiary institutions developed and commercialised steel slag aggregate, a new low noise asphalt concrete mix, for resurfacing of roads.

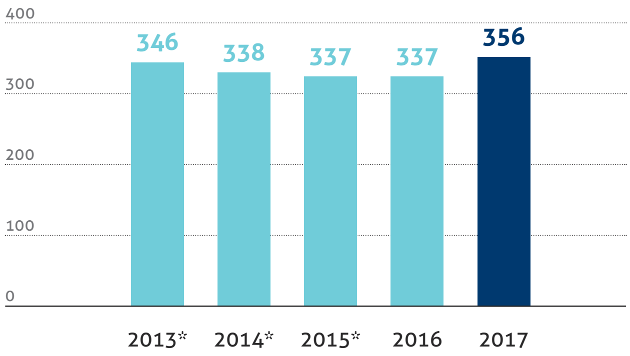
5-Year Financial Summary

Financial Profile (S$'000)	2013*	2014*	2015*	2016	2017
Continuing Operations					
Turnover	346,232	337,996	337,364	336,968	356,150
Profit before share of results of associated companies and joint venture	3,546	2,197	5,205	17,777	4,654
Share of results of associated companies and joint venture, net of tax	(53)	238	1,859	(291)	438
Profit before tax	3,493	2,435	7,064	17,486	5,092
Taxation	(3,148)	(808)	758	(4,054)	(853)
Profit after tax	345	1,627	7,822	13,432	4,239
Profit attributable to shareholders					
- from continuing operations	790	(3,810)	8,272	13,885	4,363
- from discontinued operations	147,844	28,736	58,483	117,470	(450)
Total group profit attributable to shareholders	148,634	24,926	66,755	131,355	3,913
Dividends (exempt-one tier)					
- Final	37,356	18,678	18,678	18,678	18,678
- Special	149,423	-	11,207	74,712	-
Share capital	193,839	193,839	193,839	193,839	193,839
Reserves	495,871	332,811	366,598	479,959	391,407
Dividend cover	0.8x	1.3x	2.2x	1.4x	0.2x
Financial Position (S$'000)					
What We Owned					
Property, plant and equipment	163,500	138,943	136,751	123,251	125,611
Associated companies & joint venture	5,795	6,107	52,692	50,529	6,520
Investment properties	8,420	8,648	8,376	-	-
Long term receivables, prepayments & investments	11,491	10,309	10,280	15,221	14,412
Intangible assets	9,672	9,439	9,306	10,351	11,584
Deferred tax assets	1,515	3,347	5,290	3,044	3,044
Current assets	695,455	556,511	504,326	612,435	558,805
	895,848	733,304	727,021	814,831	719,976
What We Owed and Equity					
Shareholders' funds	689,710	526,650	560,437	673,798	585,246
Non-controlling interests	12,932	13,817	11,007	4,577	4,803
Long term liabilities	23,571	18,936	17,394	25,846	18,281
Current liabilities	169,635	173,901	138,183	110,610	111,646
	895,848	733,304	727,021	814,831	719,976
Cash & Debt Position (S$'000)					
Group borrowings	42,735	31,423	28,249	31,522	12,701
Group net cash (cash less borrowings)	416,666	257,006	306,199	430,241	335,109
Per Share Data					
Basic earnings per share (cents)	39.8	6.7	17.9	35.2	1.1
Net tangible assets per share (S$)	1.82	1.38	1.48	1.78	1.54
Dividends					
Dividends (exempt - one tier, cents per share)					
- Final	10	5	5	5	5
- Special	40	-	3	20	-

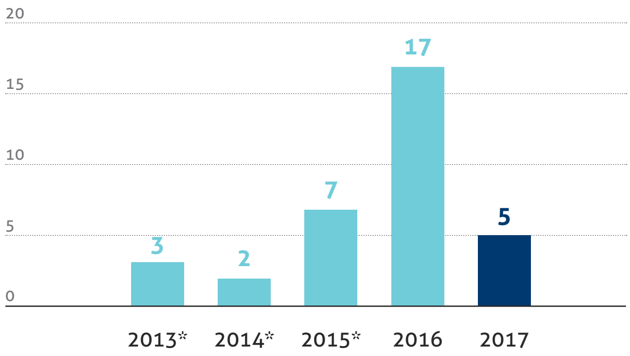
* Certain comparative figures have been reclassified to be in line with current financial year presentation.

Our Singapore and Malaysia precast operations were awarded the prestigious Singapore Green Building Product certification for 80 types of environmentally-friendly concrete mix for use in precast components.

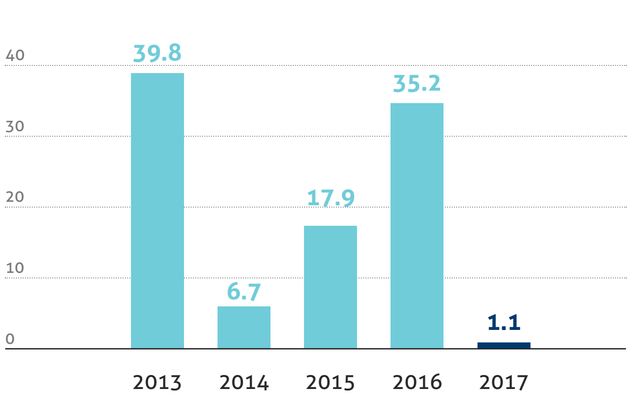
Group Turnover (continuing operations)
(S$million)



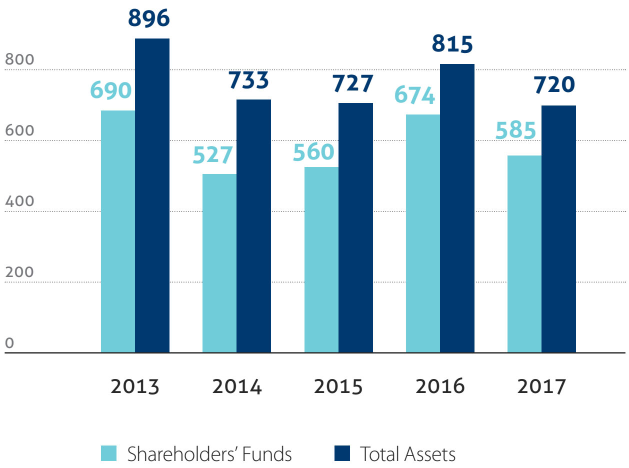
Group Profit Before Tax (continuing operations)
(S$million)



Basic Earnings Per Share
(cents)



Shareholders' Funds & Total Assets
(S$million)



* Certain comparative figures have been reclassified to be in line with current financial year presentation.

Letter to Shareholders

Dear Shareholders

Singapore's economy benefitted from a global economic upswing to grow 3.6% in 2017. Growth was contributed primarily by the electronics and precision engineering clusters. The construction sector, which has a direct impact on NSL's business, worsened, shrinking by 8.4% compared to 1.9% growth in 2016 as private sector construction activities languished.

NSL Group achieved a turnover of $356.2 million in FY2017, a 6% increase from $337.0 million in FY2016. The higher turnover was mainly due to Environmental Services division's newly acquired subsidiary in fuel management services business and the restructured Recycled Fuel Oil (RFO) business. Revenue generated by Precast & Prefabricated Bathroom Unit (PBU) division declined.

Profit before tax declined 71% to $5.1 million in FY2017 as a result of the weak performance by Precast business in Singapore, Malaysia and Dubai, notwithstanding the satisfactory performance of the PBU business in Finland which made significant profit contribution to the Group.

After taking into account income tax and non-controlling interests, the Group reported a 69% drop in profit attributable to shareholders from continuing operations in FY2017, from $13.9 million in FY2016 to $4.4 million in FY2017.

Significant Events

The Precast & PBU division gained greater recognition for its efforts in promoting the development of environmentally sustainable buildings. The precast components of its Singapore and Malaysia operations were awarded the prestigious Singapore Green Building Product certification for 45 types of environmentally-friendly concrete mix in June 2017 and another 35 types in January 2018.

In response to the strong order book for its PBU business in Finland, the division leveraged its robotic tiling technology to expand its production capacity by 20% in FY2017.

During the year, the Environmental Services division rebuilt its fixation plant which was disrupted by a fire incident. The fixation plant would likely resume operations in the first quarter of 2018. The division also strengthened its business operations by deploying the internet of things and digitalising its business processes. In addition, it upgraded its laboratory equipment to reinforce process control and treatment robustness.

The Environmental Services division successfully restructured its RFO business in 2017 by offering oily wastewater cleaning and removal services (deslopping) directly to its marine customers. The construction of the division's organic wastewater treatment facility in Tuas has commenced and is progressing on schedule for completion in 2018.

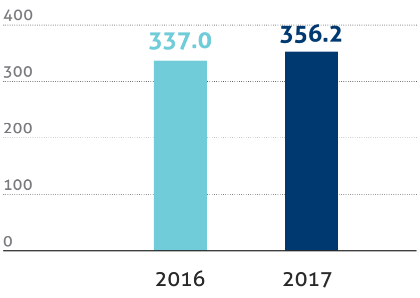
The fuel management services business of Environmental Services division was awarded a Marine Gas Oil Bunker supplier and Bunker Operator license by Maritime and Port Authority of Singapore during the year. With this license, the division can now offer its service to coastal marine customers directly, achieving a greater level of customer satisfaction through timelier and more transparent service deliveries with its automated fuel dispensing technology.

Innovative Engineering Initiatives

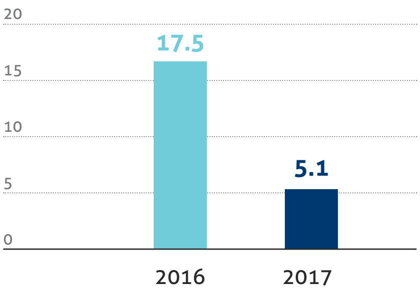
During the year, the Group actively took advantage of its strength in engineering technology to improve its processes and develop new products and services to bring about higher productivity and better customer engagement respectively.

For Precast and PBU division, NSL Research and Development (NSL R&D) department worked with its Singapore Precast business to develop a lightweight concrete for its PBU system in 2017. The new PBU product which weighs about 40% lighter received a certificate of In-Principle Acceptances from the Building and Construction Authority, enabling it to broaden its PBU product offerings.

Group Turnover
(S$million)



Group Profit Before Tax
(S$million)



In line with the Singapore government's efforts to promote greater productivity through the use of technology in the construction sector, the division had also invested in Building Information Modeling IT system to facilitate better collaboration and more seamless information flow with various stakeholders across the construction value chain, resulting in greater operational efficiency.

In 2017, NSL Chemicals commercialised a new low noise asphalt concrete mix using steel slag aggregate that was used in resurfacing a section of East Coast Parkway (ECP) expressway. This newly developed environmentally-friendly steel slag aggregate asphalt concrete mix is a collaborative effort between NSL R&D, local government agencies and tertiary institutions.

NSL Group is also committed to digitalise our business to improve overall operational efficiency and productivity. Digital technology was deployed in the Environmental Services division to ensure traceability of waste collection. The system empowered holistic automation scheduling, waste collection optimisation and vehicle route planning.

The Group has also started to employ data analytics in our business operations. Although, still in its infancy, data analytics has been applied to optimise manpower scheduling for business operations, enhance understanding of customers' preferences and track the effectiveness of marketing promotions, campaigns and events.

Looking Ahead
The Precast business as a whole is expected to remain challenging. The Singapore and Malaysia Precast operations are being restructured to improve cost competitiveness in the face of intense competition. Although the Dubai operation has a healthy order book, it is subject to risks of project delays. Business outlook for the PBU business in Finland is expected to remain favourable.

In the Environmental Services division, business outlook for RFO business continues to look positive driven by stronger performance of the restructured RFO business and the expected full resumption of the waste management services by March 2018.

Dividend
Subject to the approval of shareholders at the annual general meeting of the Company to be held on 24 April 2018, the Board is recommending a final dividend of $0.05 per share for the financial year ended 31 December 2017 to be paid on or about 22 May 2018 or such other date to be determined by the Directors.

In Appreciation
On behalf of the Board of directors, I would like to thank our shareholders, management, business partners, customers and employees for your support and contributions to the Group during the past year.

We look forward to your continued support in the years ahead.

Prof Cham Tao Soon
Chairman
8 March 2018

Board of Directors

CHAIRMAN

Prof Cham Tao Soon
Chairman
- Soup Restaurant Group Ltd
- Singapore Rail Academy
- Singapore Quality Awards

EXECUTIVE DIRECTOR

Dr Low Chin Nam
Director
- Bangkok Cogeneration Company Limited
- Eastern Pretech Pte Ltd
- NSL OilChem Waste Management Pte Ltd
- Raffles Marina Holdings Ltd

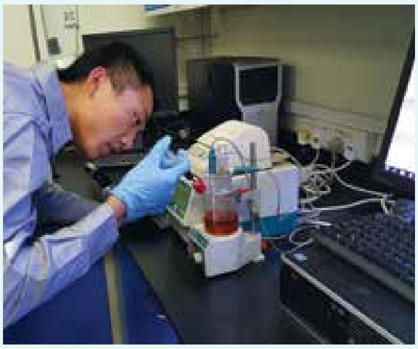
DIRECTORS

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

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

John Koh Tiong Lu
Director
- Mapletree Industrial Trust Management Ltd
- Global Counsel Asia Pte Ltd
- KrisEnergy Ltd

Dr Tan Tat Wai
Director
- Maybank Philippines Inc.
- Maybank Trustees Berhad
- Shangri-La Hotels (Malaysia) Berhad
- Southern Steel Berhad



Corporate Research & Development Advisory Panel

CHAIRMAN

Prof Cham Tao Soon

MEMBERS

David Fu Kuo Chen

Lam Siew Wah
Managing Director
- Building and Construction Authority Built Environment Research and Innovation Institute

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

Lim Swee Cheang
Adjunct Professor
- National University of Singapore School of Continuing and Lifelong Learning

Director
- EZ-Link Pte Ltd

Dr Low Chin Nam

Prof Ng Wun Jern
Professor
- Nanyang Technological University School of Civil and Environmental Engineering

Principal Lead
- Nanyang Technological University Environmental Bio-innovations Group

Dr Robert Tiong
Deputy Director
- Nanyang Technological University Centre of Infrastructure Systems & Robotics Research Centre

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

Our Corporate Research & Development Advisory Panel, comprising of established researchers, continues to fuel the pace of innovation for NSL.

Key Management

Dr Low Chin Nam was promoted to Executive Director in August 2016. Prior to this present appointment, he was the Chief Operating Officer. Dr Low joined NSL Ltd as Chief Strategy and Operations in 2011. He is responsible for the overall management of the NSL Group. 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 (1st Class 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 and Taxation functions of the Group. Prior to joining NSL Ltd in 2005, Mr Chia was an auditor with Pricewaterhouse and subsequently was 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 Singapore Chartered Accountants.

Dr See Soo Loi joined NSL Ltd in 1991 as research engineer and she is now heading the Corporate Research and Development Department.
Dr See works closely with government agencies and tertiary institutions and is a member of Hazardous substances and Toxic Wastes advisory committee at National Environment Agency and Chemical Technology advisory committee at Nanyang Polytechnic. In addition, she is also a committee member of Energy and Chemicals Industry Group at Singapore Manufacturing Federation. Dr See holds a Bachelor of Engineering (Honours) in Chemical Engineering and a Ph.D from the University of New South Wales, Australia.

Corporate Information

FINANCIAL CALENDAR

Announcement of Quarterly Results 2017
- 1st Quarter – 11 May 2017
- 2nd Quarter – 8 August 2017
- 3rd Quarter – 10 November 2017

Financial Year-end
- 31 December 2017

Announcement of Unaudited Results 2017
- 27 February 2018

2018 Annual General Meeting
- 24 April 2018

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
Tel: 6227 6660 | Fax: 6225 1452

Auditors
PricewaterhouseCoopers LLP
7 Straits View, Marina One, East Tower Level 12
Singapore 018936
Certified Public Accountants
Audit Partner: Sim May Ling Theresa
(Appointed in year 2017)

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

Review of Operations

Precast & PBU

Performance

The Precast & Prefabricated Bathroom Unit (PBU) division's turnover declined by 12% to $208.5 million in FY2017 compared to FY2016, mainly as a result of sluggish market demand as well as delays in precast projects in Singapore, Malaysia and Dubai. Average selling prices in Singapore remained weak due to intense competition from languishing private sector construction activities. However, its Finland PBU operation did well, driven by healthy demand for PBU in Finland and Sweden.

As a result of the losses made by its Singapore and Malaysia operations and lower profit from Dubai, profit before tax fell from $25.4 million in FY2016 to $2.9 million in FY2017 despite the significant profit contribution from Finland operations.

Development Highlights

Parmarine achieved full production loading for both its PBU and fire door plants in FY2017. Its PBU operating capacity successfully expanded by 20% in 2017 with an additional robotic automation equipment production line to cope with higher PBU demand in Scandinavia.

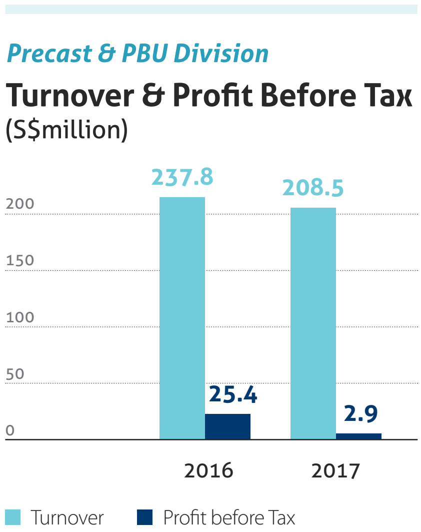
During the year, Dubai Precast LLC secured several prestigious projects, such as Dubai EXPO 2020, Jebel Ali Refinery pipe rack and tunnel segment for Dubai Metro Route 2020. In the Dubai Expo 2020 project, other than supplying and installing precast coloured concrete panels for EXPO 2020 Thematic District, the Company will also be supplying 40,000m^2 of hollow-core slabs for the shopping mall.

Dubai Precast LLC successfully completed its first precast concrete pipe rack project, consisting of columns and beams weighing up to 45 tons, for the expansion of Jebel Ali Refinery. Production and delivery of its first concrete tunnel segment project for Dubai Metro Route 2020 has commenced and is expected to be completed in 2019.

Eastern Pretech Malaysia secured its fourth IKEA warehouse project in Malaysia to design, supply and install precast components.

The Singapore construction market encountered headwind in 2017. Tenders were few and, as a result, highly competitive. Eastern Pretech Singapore maintained its focus on institutional and industrial projects, and won projects such as Integrated Care Hub, Global Switch and Google Phase 3.

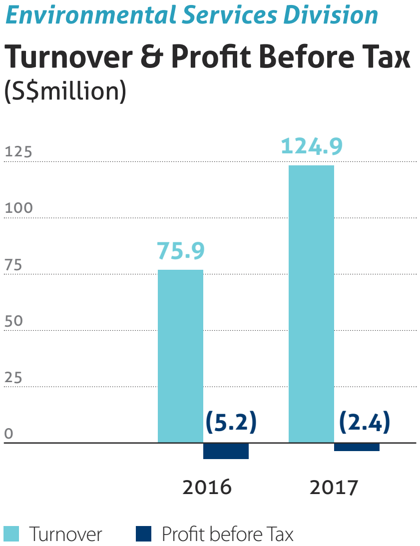
Eastern Pretech Singapore obtained a certificate of In-Principle Acceptances from the Building and Construction Authority to manufacture a new and cost competitive range of drywall panels and lightweight concrete PBU systems for the Singapore market. Another key milestone during the year was the achievement of the prestigious Singapore Green Building Product certification for many types of its environmentally-friendly concrete mix, used in its precast components, in Eastern Pretech Singapore and Eastern Pretech (Malaysia). This award is a recognition of the companies' efforts in promoting the development of environmentally sustainable buildings.



Going Forward

The Precast business as a whole is expected to remain challenging. The Singapore and Malaysia Precast operations are being restructured to improve cost competitiveness in the face of intense competition. The Dubai operation has a healthy order book, but it is subjected to risks of project delays. Business outlook for the division's PBU business in Finland is expected to remain favourable.

Review of Operations
Environmental Services



Performance
Turnover of Environmental Services division increased 65% from $75.9 million in FY2016 to $124.9 million in FY2017 on the back of a higher sales volume from its newly acquired subsidiary in the fuel management services business and Recycled Fuel Oil (RFO).

The division achieved a loss before tax of $2.4 million in FY 2017. It would have turned around last year had it not been for the fire incident in March 2017 which disrupted its waste treatment business (for which our business interruption insurance claims have yet to be recognised). The improved performance of the division's restructured RFO business on the back of higher sales volume and price, profit contribution from its fuel management services business and reversal of impairment for property, plant and equipment uplifted the business.

Development Highlights
During the year, the Environmental Services division rebuilt its fixation plant which was disrupted by the fire incident. The fixation plant is likely to resume operations in the first quarter of 2018. It also strengthened its business operations by deploying the internet of things and digitalising its business processes. In addition, it upgraded its laboratory equipment to enhance process control and treatment robustness.

Its RFO business was successfully restructured in 2017 to offer oily wastewater cleaning and removal services (deslopping), and sell RFO directly to its customers. The division would continue to invest in plant, equipment and resources to grow its RFO business to increase its market share in 2018.

The construction of the division's organic wastewater treatment facility in Tuas has commenced and is progressing on schedule for completion in 2018. The new Tuas plant with an eventual wastewater treatment capacity of 1,000m^3 per day is equipped with advanced treatment technologies that are capable of treating a wide range of industrial wastewater to support Singapore's industrial promotion plan for the electronic and chemical clusters.

In November 2017, the division's fuel management business was awarded a Marine Gas Oil Bunker supplier and Bunker Operator license by Maritime and Port Authority of Singapore. With this license, the division can now offer its service directly to coastal marine customers, achieving a greater level of customer satisfaction through timelier and more transparent service deliveries with its automated fuel dispensing technology.

In a bid to improve the productivity of airport operations, the division introduced a customised AeroTruck with Radio-Frequency Identification smart dispensing system, which has features that are above the latest airport safety and security requirements of Changi Airport.

Going Forward
In the Environmental Services division, the business outlook for RFO business continues to look positive driven by stronger performance of the restructured RFO business and the expected full resumption of the waste management services by March 2018.

Corporate Social Responsibility

While achieving business goals is important, NSL aims to make a positive impact on the community, environment and all stakeholders.

In 2017, NSL and its group of companies supported various corporate social responsibility initiatives, benefitting the young and underprivileged.

Supporting the Community, the Local Arts and Cultural Scene

NSL continues to care for the community through donations to charitable organisations such as the Melrose Home for disadvantaged children, and Muscular Dystrophy Association Singapore (MDAS).

During the year, NSL engaged employees for community activities and matched dollar-for-dollar donations to Melrose Home, raising $20,000 for the children's meals. A day trip to Raffles Marina was organised for these children to see how a marina operates. Annually, NSL also collaborates with MDAS members to design festive electronic greeting cards and corporate calendars. This partnership has empowered its members, helping them to secure financial independence and increase their confidence.

Hua Yi Secondary School students participated in a job-shadowing programme at NSL OilChem Waste Management

NSL OilChem Waste Management engaged the young at Hua Yi Secondary School and Yangzheng Primary School. In addition to a career talk on information technology and sales and marketing, a job-shadowing programme was organised for the first time so that students could have a glimpse of how a waste management business operates and be inspired to consider this industry for their future careers.

As a show of NSL's support for sports and healthy living, Raffles Marina opened its premises to the National Optimist Sailing Regatta for the first time, offering a new racing venue for our budding sailors. Organised in collaboration with Singapore Sailing Federation, 128 young children aged 7 to 11 vied for the top positions in February 2017.

Raffles Marina continues to support Sailability Singapore, which promotes sailing for the disabled community. They raised $8,582.50 in 2017 through the SMU-RM Western Circuit Sailing Regatta.

A longstanding sponsor of Singapore Symphony Orchestra, NSL promoted classical music to the community at large. NSL also supported the China Philharmonic Orchestra & Paloma So Concert in Singapore.

To encourage the young to take part in sailing, the National Optimist Sailing Regatta was held at Raffles Marina for the first time

Caring for the Environment

The Precast & PBU division continued to gain recognition for its efforts in promoting the development of environmentally sustainable buildings. Its Singapore and Malaysia operations were awarded the prestigious Singapore Green Building Product certification for 45 and 35 types of environmentally-friendly concrete mix used in its precast components in June 2017 and January 2018 respectively.

During the year, NSL Chemicals commercialised its steel slag aggregate, a low noise asphalt concrete mix, for use in resurfacing a section of the East Coast Parkway expressway. A recycled waste product that helps to reduce noise pollution, this new environmentally-friendly product is the result of a collaborative study by NSL Research and Development, local government agencies and tertiary institutions.

NSL organised the inaugural electronic-waste (e-waste) recycling campaign for its companies in Singapore. During the week, some 1,119kg of e-waste collected from staff and various departments was either recycled or disposed of appropriately.

Committed to educate the younger generation on the importance of caring for the environment, NSL partnered Clementi Primary School to conceptualise a wall mural that encourages students to care for the ocean. The colourful mural displays five ways to save marine life, providing a meaningful facelift for the school's 'recycling corner'.

With the aim of inspiring the community to reduce waste, NSL OilChem Waste Management worked with Yangzheng Primary School to organise a seed-planting activity for 112 preschoolers to upcycle toilet rolls into useful seed-holders.

Raffles Marina continued to support Planetary Coral Reef Foundation through a charity regatta. Funds were raised for the Foundation to finance its marine conservation projects across Southeast Asia.

NSL Games 2017 kicked off with an archery session

Investing in People

Employees are NSL's core assets. To better equip employees for their fast evolving roles in a challenging and disruptive environment, NSL provided training and development opportunities such as experiential learning, mentorship, specific need-based trainings and on-the-job training. A series of town hall meetings was also conducted within the Group to facilitate feedback, communication and engagement with staff.

Stepping up efforts to create a robust safety culture, each business unit carried out regular comprehensive safety trainings and toolbox meetings during the year. These efforts paid off with some divisions seeing a reduction in incident rates. Particularly, one company achieved 500 accident-free workdays.

Promoting a holistic lifestyle, the Sports and Recreation Club committee continued to foster teamwork and bonding across divisions through events and workshops. In 2017, various sporting and healthy living activities were organised within the Group including archery, wakeboarding, night cycling, movie nights, bowling and fruit day. Workshops such as self-defence and baking were also held to encourage employees to learn new skills outside of work.

The wall mural at Clementi Primary School

Corporate Directory

Collectively, these NSL entities empower our sustained progress.

PRECAST & PBU

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

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28 Jalan 7/108C
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57100 Kuala Lumpur, Malaysia
Tel : (60-3) 7980 2728
Fax : (60-3) 7980 5662
www.epmsb.com.my

Parmarine Ltd
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FI-30421 Forssa, Finland
Tel : (358) 377 77400
Fax : (358) 341 27395
www.parmarine.fi

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

ENVIRONMENTAL SERVICES

NSL OilChem Waste Management Pte Ltd

NSL OilChem Green Energy Pte Ltd

NSL OilChem Marine Pte Ltd

NSL OilChem Specialties Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6351 9700
Fax : (65) 6513 3998
www.nsloilchem.com.sg

NSL OilChem Logistics Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6863 5270 / 6863 5272
Fax : (65) 6861 1928

NSL Fuel Management Services Pte Ltd
(previously known as NSL OilChem Trading Pte Ltd)
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6861 3311
Fax : (65) 6513 3993 / 6861 7033
www.nslfms.com.sg

CNC Petroleum Pte Ltd
23 Tanjong Kling Road
Singapore 628049
Tel : (65) 6748 7752
Fax : (65) 6748 7720
www.cncpetroleum.com

OTHERS

NSL Chemicals Ltd
26 Tanjong Kling Road
Singapore 628051
Tel : (65) 6513 6900
Fax : (65) 6268 7592
www.nslchemicals.com.sg

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

PEINER SMAG Lifting Technologies GmbH
Windmühlenbergstraße 20-22
38259 Salzgitter, Germany
Tel : (49) 5341 302 647
Fax : (49) 5341 302 424
www.peiner-smag.com

Bangkok Cogeneration Co Ltd
183 Rajanakarn Building
11th Fl., South Sathorn,
Yannawa, Sathorn
Bangkok 10120, Thailand
Tel : (662) 685 6700
Fax : (662) 685 6715
www.bkkcogen.com

NSL Properties Pte Ltd

NSL Resorts International Pte Ltd

Raffles Marina Holdings Ltd
77 Robinson Road
#27-00 Robinson 77
Singapore 068896
Tel : (65) 6536 1000
Fax : (65) 6536 1008

Financial Review

Directors' Statement

For the financial year ended 31 December 2017

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 38 to 123 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) 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.

DIRECTORS

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

Prof CHAM Tao Soon
John KOH Tiong Lu
Dr TAN Tat Wai
BAN Song Long
David FU Kuo Chen
Dr LOW Chin Nam

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 by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 2018 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 21.01.2018**	**At 31.12.2017**	**At 01.01.2017**	**At 21.01.2018**	**At 31.12.2017**	**At 01.01.2017**
<u>NSL Ltd</u>						
Ordinary shares						
Prof Cham Tao Soon	30,000	30,000	-	10,000*	10,000*	10,000*
<u>Related Corporation</u>						
<u>Raffles Marina Holdings Ltd</u>						
Class B Ordinary Shares						
Dr Low Chin Nam	9,000	9,000	9,000	-	-	-

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

Directors' Statement

For the financial year ended 31 December 2017

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.

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), Non-Executive, Independent
John KOH Tiong Lu, Non-Executive, Independent
Dr TAN Tat Wai, Non-Executive, Independent
David FU Kuo Chen, Non-Executive

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.

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.

AUDIT COMMITTEE

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

Directors' Statement

For the financial year ended 31 December 2017

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, being eligible, has expressed their willingness to accept re-appointment.

On behalf of the Directors

Prof CHAM Tao Soon
Director

Dr LOW Chin Nam
Director

Singapore
8 March 2018

Statement of Corporate Governance

For the financial year ended 31 December 2017

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 Precast & Prefabricated Bathroom Unit ("PBU") and Environmental Services businesses.

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

Prof CHAM Tao Soon	(Chairman), Non-Executive, Independent
John KOH Tiong Lu	Non-Executive, Independent
Dr TAN Tat Wai	Non-Executive, Independent
BAN Song Long	Non-Executive
David FU Kuo Chen	Non-Executive
Dr LOW Chin Nam	Executive

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 judgement with a view to the best interests of the Group, and they are able to exercise objective judgement on corporate affairs independently from management and its substantial shareholders.

All directors are required to disclose any relationship or appointments 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, judgement and that there are no relationships which are likely to affect or could appear to affect the director's judgement.

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.

Statement of Corporate Governance

For the financial year ended 31 December 2017

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 Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

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, Executive, Nominating and Remuneration 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 31.

The Constitution 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 2017 to 31 December 2017

	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	4	4	4	4	1	1	2	2	n/a	n/a	2	2	3	3
Ban Song Long	4	4	4	4	n/a	n/a	n/a	n/a	8	8	2	2	n/a	n/a
David Fu Kuo Chen	4	4	n/a	n/a	1	1	2	2	8	8	2	2	3	3
John Koh Tiong Lu	4	4	4	4	1	1	2	2	n/a	n/a	2	2	n/a	n/a
Dr Low Chin Nam	4	4	n/a	n/a	n/a	n/a	n/a	n/a	8	8	2	2	3	2
Dr Tan Tat Wai	4	3	4	3	1	1	2	2	n/a	n/a	2	0	n/a	n/a

Statement of Corporate Governance

For the financial year ended 31 December 2017

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 statement are:

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

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.

The Audit Committee Guidance Committee issued the first edition of the Guidebook for Audit Committees in Singapore in October 2008 and the second edition in August 2014. Both editions were 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 reference 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 2017.

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 judgements, 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;

Statement of Corporate Governance

For the financial year ended 31 December 2017

(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 Audit Committee also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with management and the external auditors have been included as key audit matters (KAMs) in the audit report for the financial year ended 31 December 2017. Refer to pages 32 to 35 of this Annual Report.

In assessing each KAM, the Audit Committee took into consideration the approach and methodology applied in the valuation of assets. The Audit Committee concluded that management's accounting treatment in each of the KAMs were appropriate.

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of the 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.

Executive Committee

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

BAN Song Long (Chairman), Non-Executive
David FU Kuo Chen, Non-Executive
Dr LOW Chin Nam, Executive

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

Statement of Corporate Governance

For the financial year ended 31 December 2017

Nominating Committee
(Principles 2, 4 & 5)

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

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

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.

The Board, through the Nominating Committee, reviews the size and composition of the Board and is of the opinion that, given the scope and nature of the Group's operations, the size of the Board is appropriate in facilitating effective decision-making.

Statement of Corporate Governance

For the financial year ended 31 December 2017

Remuneration Committee
(Principles 7 to 9)

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

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

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), are set out below:

(a) Directors

Remuneration Band & Name of Director	Base / Fixed Salary(1) S$'000	Variable or Performance-related Income / Bonuses(1) S$'000	Directors' Fees S$'000	Benefits-in-kind S$'000	Share Options Granted(2) S$'000	Total Compensation S$'000
Non-Executive Directors						
Prof CHAM Tao Soon	-	-	152	-	-	152
BAN Song Long	-	-	102	-	-	102
David FU Kuo Chen	-	-	96	-	-	96
John KOH Tiong Lu	-	-	120	-	-	120
Dr TAN Tat Wai	-	-	90	-	-	90
Executive Director						
Dr LOW Chin Nam	349	75	54	32	-	510

(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

For the financial year ended 31 December 2017

(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 in bands of S$250,000:

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$250,000 to S$499,999					
TAN Meow Cheng	73	26	1	-	100
Henrik Bondrup JENSEN	61	14	25	-	100
Matti MIKKOLA	85	3	12	-	100
LIM Su-Ling	85	15	-	-	100
Jeffrey FUNG Tian Piow	93	7	-	-	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.

The annual aggregate remuneration paid to the top five key executives (excluding Executive Director) for FY2017 was S$1,935,000.

There is no employee whose remuneration exceeds S$50,000 during the financial year who is an immediate family member of a director or the CEO of NSL Ltd.

Corporate Research and Development Advisory Panel

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

Prof CHAM Tao Soon (Chairman)
David FU Kuo Chen
LAM Siew Wah
LIM Swee Cheang
Dr LOW Chin Nam
Prof NG Wun Jern
Dr TIONG Lee Kong, Robert

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

Statement of Corporate Governance

For the financial year ended 31 December 2017

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 38 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.

The Board has obtained assurance from Dr Low Chin Nam, Executive Director and Mr Chia Tong Hee, Senior Vice-President, Finance and Corporate Services, that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

(b) the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls were adequate and effective as at 31 December 2017.

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 and effective as at 31 December 2017.

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.

Statement of Corporate Governance

For the financial year ended 31 December 2017

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 the 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 Constitution allows

(a) a member of the Company who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting; and

(b) a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such 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 since 1998.

The Company and its officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the company financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements.

The Directors and key employees are also expected to observe insider trading laws at all times, even when dealing in securities outside of the prohibited periods.

Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual of the SGX-ST, no interested person transaction was entered into during the financial year.

Statement of Corporate Governance

For the financial year ended 31 December 2017

PARTICULARS OF DIRECTORS AS AT 8 MARCH 2018

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 24 APRIL 2018
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 29 April 2016	Non-Executive / Independent	Re-election (Article 90)
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 11 April 2017	Non-Executive / Independent	N/A
Dr Tan Tat Wai	• Bachelor of Science degrees in Electrical Engineering and Economics from Massachusetts Institute of Technology • Master's degrees in Economics from the University of Wisconsin (Madison) and Harvard University • Doctor of Philosophy degree in Economics from University of Harvard	*Member:* Audit Committee Nominating Committee Remuneration Committee	15 February 1993 11 April 2017	Non-Executive / Independent	N/A
Ban Song Long	Associate of the Institute of Bankers, London	*Chairman:* Executive Committee *Member:* Audit Committee	25 January 2003 29 April 2016	Non-Executive	Re-election (Article 90)
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 29 April 2016	Non-Executive	N/A
Dr Low Chin Nam	• Bachelor of Science (First Class Honours) in Electronics Engineering from King's College, University of London • Master of Science in Management Science from Imperial College, University of London • Doctor of Philosophy degree in Econometrics from Monash University, Australia	*Member:* Executive Committee Corporate Research and Development Advisory Panel	1 August 2016 11 April 2017	Executive (Responsible for the overall Management of the NSL Group)	N/A

Independent Auditor's Report

To the members of NSL LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of NSL Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated income statement of the Group for the year ended 31 December 2017;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2017;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter

Impairment assessment on loans and receivables

Refer to Note 3A, Note 18 and Note 38b to the financial statements for the related disclosures.

As at 31 December 2017, the Group has outstanding trade receivables of S$97,234,000, which included accumulated allowance for impairment of trade receivables of S$17,405,000. Net allowance for impairment of trade receivables amounting to S$866,000 has been recognised during the current financial year.

Based on the aging of trade receivables as at balance sheet date, the majority of the aged debts are residing within Precast & Prefabricated Bathroom Unit ("PBU") segment and Environmental Services segment, which contributed 65% and 32% respectively of trade receivables past due but not impaired.

We focused on impairment of loans and receivables as management exercises significant judgement in assessing the recoverability of outstanding trade receivables by reviewing customers' aging profile and financial information, credit history and status of subsequent settlement; and determining the amount of impairment required.

How our audit addressed the Key Audit Matter

We analysed the aging profile of the debtors and focused on past due trade receivables for which no impairment allowance had been made. We reviewed debtors correspondences relating to upcoming settlements, debtor financial information, past payment trends or subsequent payments received to form our independent view regarding the credit worthiness of the debtors so as to challenge management on the judgement it had exercised.

We found the judgement exercised by management in the determination of the extent of impairment loss charged in the financial statements to be appropriate.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on property, plant and equipment ("PPE")	
Refer to Note 3B and Note 20d to the financial statements for the related disclosures. As at 31 December 2017, the Group's PPE is carried at net book value of $125,611,000. In the current financial year, management assessed that there was objective evidence or indication that the PPE of certain cash-generating units ("CGU") in the Precast & PBU segment and the Environmental Services segment may be impaired. The PPE in the Precast & PBU segment and Environmental Services segment contributed to 34% and 41% of the Group's total PPE respectively. For the PPE with indicators of impairment, management performed an impairment review to assess the recoverable amount of these PPE based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCS"). Management's assessment of the VIU of the Group's PPE involves significant estimates about the projected average sales growth rates, particularly in relation to the future results of the business of two CGUs in the Precast & PBU segment and one CGU in the Environmental Services segment; and the discount rates applied to cash flow projections. Arising from management's assessment, an impairment charge of $1,002,000 was recognised in the Precast & PBU segment, assessed based on the higher of VIU and FVLCS. For those PPE with recoverable amount derived from FVLCS, management determined the FVLCS of the impaired PPE to be insignificant. For the Environmental Services segment, management of the Group assessed that the recoverable amount derived from VIU calculation of the PPE exceeded their carrying amount and accordingly, a net write-back of impairment charge of S$1,681,000 was recognised in the current financial year. We focused on impairment of PPE as the assessment of recoverable amounts using VIU models required management to exercise significant judgement and estimates over the projected average sales growth rates and discount rates applied to future cash flow projections.	We assessed management's identification of the CGUs which contained indicators of impairment at 31 December 2017. In respect of the CGUs where indicators of impairment were present, we assessed management's basis of measuring the recoverable amount of the PPE based on the higher of VIU and FVLCS. We evaluated the process by which management's VIU computation were developed, including verifying the mathematical accuracy of the underlying calculations. We assessed the reasonableness of cash flow projections and compared key inputs (the projected average sales growth rates and the discount rates) against the CGU's historical data and performance and latest financial budgets approved by management. In our evaluation of the discount rates, we also involved our valuation specialist. We also considered the appropriateness and adequacy of the disclosures relating to the assumptions. We found that the assumptions used in the cash flow projections and results of management's assessment were within a reasonable range and sensitivity analysis were adequately disclosed in the financial statements.

Independent Auditor's Report

To the members of NSL LTD.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on goodwill	
Refer to Note 3B and Note 27a to the financial statements for the related disclosures. As at 31 December 2017, the Group has goodwill of S$8,678,000, with 92% of it relating to the Precast & PBU segment. We focused on impairment of goodwill as management's assessment of the VIU of the Group's CGU within the Precast & PBU segment involves significant judgement about the projected average sales growth rate, particularly in relation to the business in Finland and Europe, and the discount rate applied to cash flow projections.	We evaluated the process by which management's cash flow projections were developed, including verifying the mathematical accuracy of the underlying calculations. We assessed the reasonableness of cash flow projections and compared key inputs (the projected average sales growth rate and the discount rate) against the CGU's historical data and performance and latest financial budgets approved by management. In our evaluation of the discount rate, we also involved our valuation specialist. We also considered the appropriateness and adequacy of the disclosures relating to the assumptions. We found that the assumptions used in the cash flow projections and results of management's assessment were within a reasonable range and sensitivity analysis were adequately disclosed in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the "Directors' Statement" (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditor's Report

To the members of NSL LTD.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the members of NSL LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim May Ling Theresa.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 March 2018

Consolidated Income Statement

For the financial year ended 31 December 2017

	Note	The Group 2017 S$'000	The Group 2016 S$'000
Continuing operations			
Sales	4	**356,150**	336,968
Cost of sales		**(320,587)**	(280,294)
Gross profit		**35,563**	56,674
Other income	5	**12,377**	11,163
Other gains and losses	6	**2,991**	1,695
Distribution costs		**(12,778)**	(16,074)
Administrative expenses		**(32,679)**	(34,047)
Finance costs	7	**(820)**	(1,634)
Share of results of associated companies, net of tax	23	**438**	(291)
Profit before income tax	8	**5,092**	17,486
Income tax expense	10	**(853)**	(4,054)
Profit from continuing operations		**4,239**	13,432
Discontinued operations			
(Loss) / profit from discontinued operations	11	**(450)**	118,754
Total profit for the financial year		**3,789**	132,186
Profit / (loss) attributable to equity holders of the Company:			
- from continuing operations		**4,363**	13,885
- from discontinued operations		**(450)**	117,470
		3,913	131,355
(Loss) / profit attributable to non-controlling interest:			
- from continuing operations		**(124)**	(453)
- from discontinued operations		**-**	1,284
		(124)	831
Basic and fully diluted earnings per share (cents)			
- from continuing operations	13	**1.17**	3.72
- from discontinued operations	13	**(0.12)**	31.45

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Note	The Group 2017 S$'000	The Group 2016 S$'000
Total profit for the financial year		3,789	132,186
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
- Gains / (losses) arising during the year		1,303	(247)
Available-for-sale financial assets			
- Losses arising during the year		(488)	(931)
Share of other comprehensive losses of associated companies		(1,239)	(1,306)
Income tax relating to components of other comprehensive income	10	6	4
Other comprehensive losses for the year, net of tax		(418)	(2,480)
Total comprehensive income for the year, net of tax		3,371	129,706
Total comprehensive income attributable to:			
Equity holders of the Company		3,145	129,104
Non-controlling interests		226	602
		3,371	129,706

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2017

	Note	The Group 2017 S$'000	The Group 2016 S$'000	The Company 2017 S$'000	The Company 2016 S$'000
Share capital	14	**193,839**	193,839	**193,839**	193,839
Reserves	15	**391,407**	479,959	**184,652**	269,968
Shareholders' equity		**585,246**	673,798	**378,491**	463,807
Non-controlling interests	22	**4,803**	4,577	**-**	-
TOTAL EQUITY		**590,049**	678,375	**378,491**	463,807
CURRENT ASSETS					
Inventories	17	**50,217**	36,552	**-**	-
Receivables and prepayments	18	**114,821**	103,391	**26,315**	15,604
Tax recoverable		**1,588**	1,236	**-**	-
Cash and cash equivalents	19	**347,810**	461,763	**283,904**	376,871
		514,436	602,942	**310,219**	392,475
Investment properties classified as held-for-sale	16a	**-**	9,493	**-**	-
Investment in an associated company classified as held-for-sale	16b	**44,369**	-	**-**	-
		558,805	612,435	**310,219**	392,475
NON-CURRENT ASSETS					
Property, plant and equipment	20	**125,611**	123,251	**283**	166
Investments in subsidiaries	22	**-**	-	**85,232**	85,232
Investments in associated companies	23	**6,520**	50,529	**-**	-
Long term receivables and prepayments	24	**3,945**	5,216	**32,298**	32,425
Available-for-sale financial assets	25	**7,805**	8,387	**7,476**	7,930
Held-to-maturity financial assets	26	**2,551**	1,523	**2,551**	1,523
Intangible assets	27	**11,584**	10,351	**248**	77
Deferred tax assets	32	**3,044**	3,044	**-**	-
Other non-current assets		**111**	95	**-**	-
		161,171	202,396	**128,088**	127,353
TOTAL ASSETS		**719,976**	814,831	**438,307**	519,828
CURRENT LIABILITIES					
Borrowings	28	**(3,647)**	(16,010)	**-**	-
Trade and other payables	29	**(107,259)**	(93,178)	**(49,906)**	(55,705)
Current income tax liabilities		**(496)**	(999)	**-**	(316)
Deferred income	30	**(244)**	(423)	**-**	-
		(111,646)	(110,610)	**(49,906)**	(56,021)
NON-CURRENT LIABILITIES					
Provision for retirement benefits	31	**(2,957)**	(2,735)	**-**	-
Deferred tax liabilities	32	**(2,623)**	(3,718)	**(280)**	-
Borrowings	28	**(9,054)**	(15,512)	**-**	-
Deferred income	30	**(668)**	(834)	**-**	-
Other non-current liabilities	33	**(2,979)**	(3,047)	**(9,630)**	-
		(18,281)	(25,846)	**(9,910)**	-
TOTAL LIABILITIES		**(129,927)**	(136,456)	**(59,816)**	(56,021)
NET ASSETS		**590,049**	678,375	**378,491**	463,807

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2017

	Note	Attributable to Equity Holders of the Company								
		Share Capital S$'000	Revenue Reserve S$'000	Foreign Currency Translation Reserve S$'000	Capital Reserve S$'000	Fair Value Reserve S$'000	General Reserve S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
THE GROUP										
Balance at 1 January 2017		193,839	493,689	(14,088)	(1,944)	2,002	300	673,798	4,577	678,375
Profit for the year		-	3,913	-	-	-	-	3,913	(124)	3,789
Other comprehensive losses for the year		-	-	(286)	-	(482)	-	(768)	350	(418)
Total comprehensive income / (losses) for the year		-	3,913	(286)	-	(482)	-	3,145	226	3,371
Transfer of reserves		-	(647)	-	-	-	647	-	-	-
Dividends paid	12	-	(93,390)	-	-	-	-	(93,390)	-	(93,390)
Write-back of long outstanding dividend payables		-	1,693	-	-	-	-	1,693	-	1,693
Total transactions with owners, recognised directly in equity		-	(91,697)	-	-	-	-	(91,697)	-	(91,697)
Balance as at 31 December 2017		193,839	405,258	(14,374)	(1,944)	1,520	947	585,246	4,803	590,049
Balance at 1 January 2016		193,839	378,535	(15,166)	-	2,929	300	560,437	11,007	571,444
Profit for the year		-	131,355	-	-	-	-	131,355	831	132,186
Other comprehensive losses for the year		-	-	(1,324)	-	(927)	-	(2,251)	(229)	(2,480)
Total comprehensive income / (losses) for the year		-	131,355	(1,324)	-	(927)	-	129,104	602	129,706
Dividends paid	12	-	(18,678)	-	-	-	-	(18,678)	-	(18,678)
Total transactions with owners, recognised directly in equity		-	(18,678)	-	-	-	-	(18,678)	-	(18,678)
Conversion of preference shares		-	2,477	-	-	-	-	2,477	(2,477)	-
Acquisition of a subsidiary		-	-	-	(1,944)	-	-	(1,944)	1,661	(283)
Disposal of subsidiaries		-	-	2,402	-	-	-	2,402	(6,216)	(3,814)
Balance as at 31 December 2016		193,839	493,689	(14,088)	(1,944)	2,002	300	673,798	4,577	678,375

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	The Group 2017 S$'000	2016 S$'000
Cash Flows from Operating Activities			
Profit from continuing operations		**4,239**	13,432
(Loss) / profit from discontinued operations		**(450)**	118,754
Profit for the financial year		**3,789**	132,186
Adjustments for:			
Taxation		**853**	7,277
Amortisation of intangible assets		**916**	328
Amortisation of deferred income		**(370)**	(223)
Depreciation of property, plant and equipment and investment properties		**12,278**	13,659
Property, plant and equipment written off		**660**	481
Interest expense		**820**	1,811
Interest income		**(4,999)**	(4,536)
Dividend income from available-for-sale financial assets		**(3,008)**	(3,759)
Write-back of allowance for impairment of property, plant and equipment		**(365)**	(719)
Write-back of allowance for impairment of an investment property		**-**	(1,277)
Gain on disposal of property, plant and equipment (net)		**(40)**	(886)
Insurance compensation		**(1,049)**	-
Net gain on disposal of available-for-sale financial assets		**(10)**	-
Bargain purchase on acquisition of a subsidiary		**-**	(364)
Provision for retirement benefits (net)		**590**	509
Share of results of associated companies, net of tax	23	**(438)**	308
Gain on disposal of investment property		**(3,568)**	-
Loss / (gain) on disposal of subsidiaries	11	**450**	(101,594)
Exchange differences and other adjustments		**-**	417
Operating cash flows before working capital changes		**6,509**	43,618
Changes in working capital, net of effects from acquisition and disposal of subsidiaries:			
Inventories		**(13,665)**	4,711
Receivables and prepayments		**(15,544)**	4,206
Deferred income		**25**	29
Trade and other payables		**18,943**	(16,786)
Cash (used in) / generated from operations		**(3,732)**	35,778
Income tax paid		**(2,792)**	(6,509)
Retirement benefits paid		**(166)**	(327)
Net cash (used in) / generated from operating activities		**(6,690)**	28,942

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	The Group 2017 S$'000	The Group 2016 S$'000
Cash Flows from Investing Activities			
Cash acquired on acquisition of a subsidiary	39	**-**	1,570
Proceeds from disposal of property, plant and equipment		**389**	2,145
Proceeds from disposal of available-for-sale financial assets and other assets		**104**	-
Insurance compensation received		**1,049**	-
Net cash inflow from disposal of subsidiaries	19b	**802**	134,598
Net cash inflow from disposal of investment property		**12,997**	-
Purchases of property, plant and equipment		**(16,006)**	(26,499)
Purchases of intangible assets		**(2,108)**	(217)
Purchases of financial assets, held-to-maturity		**(1,036)**	(1,523)
Interest received		**6,108**	3,442
Dividends received from available-for-sale financial assets		**3,008**	3,759
Net cash generated from investing activities		**5,307**	117,275
Cash Flows from Financing Activities			
Proceeds from borrowings		**17,968**	20,881
Repayment of borrowings		**(35,529)**	(18,086)
Hire purchase and finance lease liabilities		**(1,260)**	(1,057)
Interest paid		**(826)**	(1,899)
Bank deposits pledged		**(2,401)**	(825)
Dividends paid to shareholders	12	**(93,390)**	(18,678)
Net cash used in financing activities		**(115,438)**	(19,664)
Net increase in cash and cash equivalents		**(116,821)**	126,553
Cash and cash equivalents at beginning of the financial year		**457,664**	331,271
Effects of exchange rate changes on cash and cash equivalents		**467**	(160)
Cash and cash equivalents at end of the financial year	19	**341,310**	457,664

Reconciliation of liabilities arising from financing activities

	1 January 2017 S$'000	Proceeds S$'000	Principal and interest payments S$'000	31 December 2017 S$'000
Bank borrowings	29,787	17,968	(35,529)	12,226
Hire purchase and finance lease liabilities	1,735	-	(1,260)	475

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2017

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

1. GENERAL INFORMATION

NSL Ltd. (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. 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, refractory materials, road stones and provision of environmental services and sale of related products (Note 43).

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 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

C. Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods, rendering of services and rental income in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. 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 receivables 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 when the Group has delivered the goods to the locations specified by its customers, and the customers have accepted the products in accordance with the sales contract.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Revenue recognition (continued)

(2) Services rendered

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 income

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

(5) Interest income

Interest income is recognised 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 nature, size or incidence that their disclosure is relevant to explain the performance of the Group.

F. Group accounting

(1) Subsidiaries

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(1) Subsidiaries (continued)

(i) *Consolidation (continued)*

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into 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 any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(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 change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(3) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

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 costs directly attributable to the acquisition. Goodwill on associated companies represents excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 transactions provide evidence of an impairment of the asset transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Group accounting (continued)

(3) Associated companies (continued)

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is 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.

G. Property, plant and equipment

(1) Measurement

Property, plant and equipment are initially recognised at cost, and subsequently carried at cost less accumulated depreciation and impairment losses. (refer to Note 2L for accounting policy on impairment of property, plant and equipment).

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 for accounting policy 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 82 years
Buildings	-	10 to 60 years
Leasehold improvements	-	5 years
Plant and machinery	-	3 to 15 years
Vessel	-	18 years
Other assets	-	3 to 20 years

Other assets comprise furniture and fittings, office appliances and 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 are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, plant and equipment (continued)

(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 of the item can be measured reliably. All other repair and maintenance expenses are recognised as an expense in profit or loss when incurred.

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

H. Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(2) Acquired intangible assets

Acquired intangible assets consisting of research and development cost, customer contracts and computer software licenses are recognised at cost less accumulated amortisation and accumulated impairment losses (refer to Note 2L for accounting policy for impairment of other intangible assets). These 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. Costs associated with maintaining the acquired intangible assets are expensed off when incurred.

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 for the acquisition, construction and production of a qualifying asset as well as those in relation to general borrowings used for the purpose of obtaining the qualifying assets.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Investment properties

Investment properties of the Group, principally comprising office buildings that are held for long term rental yields and/or 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 (refer to Note 2L for accounting policy on impairment of investment properties). 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 included in profit or loss when the changes arise.

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

K. Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses (refer to Note 2L for accounting policy on impairment of investment in subsidiaries and associated companies) in the Company's balance sheet.

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

L. Impairment of non-financial assets

(1) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. 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 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 cost 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 as an expense and is not reversed in a subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Impairment of non-financial assets (continued)

(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 tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, 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 inflows 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. If the recoverable amount of the asset (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 difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (other than goodwill) is reversed 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 this 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. A reversal of impairment loss for an asset (other than goodwill) is recognised in profit or loss.

M. Financial assets

(1) Classification

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

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

This category has two sub-categories: 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 it is 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 performances are evaluated on a fair value basis, in accordance with a documented Group 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.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(1) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later 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) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iv) 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 the investment matures or 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 carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other 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 as expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values 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.

Interest and dividend income on available-for-sale financial assets are recognised separately in other income. 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 the fair value reserve, together with the 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 / Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 impairment allowance 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 there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Financial assets (continued)

(6) Offsetting of financial instruments

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

N. 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. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

O. Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) 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.

P. Trade and other payables / liabilities

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). Otherwise, 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.

Included in other non-current liability is a redemption liability relating to a call or put option of a subsidiary. It is recognised at the present value of the redemption amount and all subsequent changes to the liability (other than cash settlement) is recognised in profit or loss. As significant risks and rewards of ownership relating to the call and put options remain with the non-controlling interest, the financial liability recognised reduces the equity of the Group.

Q. Derivative financial instruments

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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, bonds and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

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 based on current market conditions that are 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 values of forward foreign exchange contracts are determined using actively quoted forward exchange rates at the balance sheet date.

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.

S. 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 applicable variable selling expenses.

T. Leases

(1) When the Group is the lessee:

The Group leases certain property, plant and equipment under finance leases and land, buildings and others under operating leases from non-related parties.

Lessee - Finance leases

Leases where the Group assumes substantially all the risks and rewards incidental to ownership of the leased assets 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 leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Leases (continued)

(1) When the Group is the lessee: (continued)

Lessee - Finance leases (continued)

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance charge is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on 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.

Lessee - Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to 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.

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 profit or loss in the period in which termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

(2) When the Group is the lessor:

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

Lessor - 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.

Initial direct costs incurred by the Group in negotiating and arranging operating leases 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.

Contingent rents are recognised as income in profit or loss when earned.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Income taxes

Current income tax for current and prior periods is recognised at the amount 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 is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the 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 at the time of the transaction.

A deferred income tax liability is 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.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is 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, 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 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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

V. Provisions for other liabilities and charges

Provisions 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 the amount has been reliably estimated. 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 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Provisions for other liabilities and charges (continued)

Other 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 finance expense.

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

W. Employee compensation

(1) Pension benefits

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

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 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.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Retirement benefits are assessed annually using the projected unit credit method; the present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using a discount rate by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating to the terms of the related pension liability at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actual assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Changes in the defined benefit liability arising from service cost and net interest on the defined benefit obligation for the financial year are recognised in profit or loss.

(2) Employee leaves 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.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. 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 financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(2) Transaction and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transaction. Currency exchange differences resulting from the settlement of such 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.

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

(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 different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the reporting date;

(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 currency translation differences are recognised in other comprehensive income and accumulated in the 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 reporting date. For acquisitions prior to 1 January 2005, the goodwill and fair value adjustments are translated at the exchange rates at the dates of acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Segment reporting

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

Z. 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.

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 values 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 (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale and 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 the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held-for-sale and:

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

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 judgements in applying the entity's accounting policies

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. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss.

Management exercised significant judgement in assessing the recoverability of outstanding trade receivables by reviewing customers' aging profile and financial information, credit history and status of subsequent settlement. As at 31 December 2017, the Group recorded allowance for impairment of receivables amounting to S$17,405,000 (2016: S$18,083,000), and the net allowance for impairment of receivables for the financial year then ended is S$866,000 (2016: S$1,364,000). Further analysis of the Group's credit risk profile is set out in Note 38b.

B. Critical accounting estimates and assumptions

(1) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is indication that the assets are impaired in accordance with the accounting policy stated in Note 2L. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs to sell ("FVLCS") and value-in-use ("VIU")) of the asset is estimated to determine the impairment loss.

Arising from management's assessment of the property, plant and equipment, the Group recorded a net write-back of impairment loss of S$365,000 (2016: S$716,000) and the details of which are further disclosed in Note 20d to the financial statements.

Management's assessment of recoverable amount based on VIU computations of property, plant and equipment involves significant estimates about projected average sales growth rates, particularly in relation to the future results of the business of two CGUs in the Precast & PBU segment and one CGU in the Environmental Services segment; and the discount rates applied to future cash flow projections. If management's projected average sale growth rates were to decrease by 10% or the weighted average costs of capital were to increase by 10%, and assuming that the other variables remain unchanged, there would be no change to management's assessment of impairment loss required to be written back or provided for the financial year.

(2) 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 ("CGU") have been determined based on value-in-use calculations. These calculations require the use of estimates.

Notes to the Financial Statements

For the financial year ended 31 December 2017

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

B. Critical accounting estimates and assumptions (continued)

(2) Impairment of goodwill (continued)

As at 31 December 2017, the Group recorded goodwill arising on consolidation of S$8,678,000 (2016: S$8,678,000) (Note 27a), residing mainly in a CGU within the Precast & PBU and two CGUs in the Environmental Services segments. The key estimates, used in the assessment of the carrying value of goodwill in the Precast & PBU and Environmental Services segments, relate to the average projected sales growth rate and discount rates applied to cash flow projections. If management's projected average sales growth rate were to decrease by 10% or the weighted average cost of capital were to increase by 10%, and assuming all other variables remain unchanged, there would be no change to management's assessment that no impairment charge of goodwill is required.

4. SALES

	The Group	
	2017 S$'000	2016 S$'000
Sale of goods	**316,637**	295,022
Services rendered	**35,185**	36,485
Rental income	**4,328**	5,461
	356,150	336,968

Included in the Group's rental income is rental income on operating lease of S$3,597,000 (2016: S$4,847,000).

5. OTHER INCOME

The following has been included in arriving at other income:

	The Group	
	2017 S$'000	2016 S$'000
Interest income		
- Fixed deposits	**4,947**	4,446
- Others	**52**	18
	4,999	4,464
Dividend income from available-for-sale financial assets	**3,008**	3,759
Sale of scrap	**1,178**	1,024
Other income	**3,192**	1,916
	12,377	11,163

Notes to the Financial Statements

For the financial year ended 31 December 2017

6. OTHER GAINS AND LOSSES

	The Group	
	2017 S$'000	2016 S$'000
Gain on disposal of available-for-sale financial assets	**10**	-
Fair value gains / (losses) on derivative financial instruments	**7**	(7)
Currency exchange losses - net	**(1,169)**	(724)
Insurance claim for damage of plant and equipment	**1,049**	-
Investment properties		
- Gain on disposal (Note 16a)	**3,568**	-
- Write-back of impairment	**-**	1,277
Property, plant and equipment		
- (Losses) / gains on disposal including write-off, net	**(620)**	402
- Write-back of impairment loss, net	**365**	719
Bargain purchase on acquisition of a subsidiary (Note 39)	**-**	364
Miscellaneous	**(219)**	(336)
	2,991	1,695

7. FINANCE COSTS

	The Group	
	2017 S$'000	2016 S$'000
Interest expense		
- Bank borrowings	**(237)**	(867)
- Hire purchase and finance lease liabilities	**(52)**	(75)
- Others	**(531)**	(692)
	(820)	(1,634)

Notes to the Financial Statements

For the financial year ended 31 December 2017

8. PROFIT BEFORE INCOME TAX

The following have been included in arriving at profit before income tax:

	Note	The Group 2017 S$'000	The Group 2016 S$'000
(Charged) / credited:			
Amortisation of intangible assets	27b	**(916)**	(328)
Amortisation of deferred income	33	**370**	223
Depreciation of property, plant and equipment	20	**(12,278)**	(11,093)
Depreciation of investment properties	21	**-**	(158)
Employee compensation	9	**(96,997)**	(95,266)
Cost of inventories as expense (included in 'Cost of sales')		**(192,715)**	(147,151)
Sub-contractor charges		**(16,541)**	(19,725)
Remuneration paid / payable to auditors of the Company[1]			
- for auditing the financial statements		**(532)**	(557)
- for other services		**(278)**	(179)
Remuneration paid / payable to other auditors			
- for auditing the financial statements[2]		**(213)**	(210)
- for other services		**(170)**	(11)
Rental expense - operating leases		**(12,295)**	(10,665)
Transportation expense		**(7,899)**	(12,200)
Allowance for impairment of trade receivables and bad debts written off, net		**(866)**	(1,364)
Allowance for stocks obsolescence		**(434)**	(311)
Write-down of inventories to net realisable value, net		**(1,599)**	(253)

(1) PricewaterhouseCoopers LLP, Singapore

(2) Comprises S$169,000 (2016: S$179,000) paid or payable to the network of member firms of PricewaterhouseCoopers International Limited outside Singapore and S$44,000 (2016: S$31,000) paid or payable to other firms of auditors in respect of the audit of subsidiaries.

9. EMPLOYEE COMPENSATION

	The Group 2017 S$'000	The Group 2016 S$'000
Wages and salaries	**83,384**	81,859
Employer's contribution to defined contribution plans, including Central Provident Fund	**3,590**	3,178
Retirement benefits (Note 31)	**590**	506
Other staff benefits	**9,433**	9,723
	96,997	95,266

Key management's remuneration is disclosed in Note 35b.

Notes to the Financial Statements

For the financial year ended 31 December 2017

10. INCOME TAX EXPENSE

	The Group	
	2017	2016
	S$'000	S$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
From continuing operations		
Current income tax		
- Singapore	**(227)**	800
- Foreign	**2,224**	1,608
	1,997	2,408
Deferred income tax (Note 32)	**(514)**	966
	1,483	3,374
From discontinued operations		
Current income tax		
- Singapore	**-**	1,604
- Foreign	**-**	1,428
	-	3,032
Deferred income tax (Note 32)	**-**	174
	-	3,206
Total current taxation	**1,483**	6,580
(Over) / under provision in prior financial years:		
From continuing operations		
Current income tax	**(64)**	(51)
Deferred income tax (Note 32)	**(566)**	731
	(630)	680
From discontinued operations		
Current income tax	**-**	17
Deferred income tax (Note 32)	**-**	-
	-	17
Total (over) / under provision in prior years	**(630)**	697
Total tax expense	**853**	7,277
Tax expense is attributable to:		
- Continuing operations	**853**	4,054
- Discontinued operations (Note 11)	**-**	3,223
	853	7,277

Notes to the Financial Statements

For the financial year ended 31 December 2017

10. INCOME TAX EXPENSE (CONTINUED)

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

	The Group					
	2017			2016		
	Before Tax S$'000	**Tax credit S$'000**	**After Tax S$'000**	Before Tax S$'000	Tax credit S$'000	After Tax S$'000
Fair value (loss) / gain of available-for-sale financial assets	**(488)**	**6**	**(482)**	(931)	4	(927)
Other comprehensive (loss) / income	**(488)**	**6**	**(482)**	(931)	4	(927)

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

	The Group	
	2017 S$'000	2016 S$'000
Profit before tax from		
- continuing operations	**5,092**	17,486
- discontinued operations (Note 11)	**(450)**	121,994
	4,642	139,480
Share of results of associated companies, net of tax from continuing operations[1]	**(438)**	291
Profit before tax and share of profit of associated companies	**4,204**	139,771
Tax calculated at a tax rate of 17% (2016: 17%)	**715**	23,761
Income not subject to tax	**(1,153)**	(20,659)
Expenses not deductible for tax purposes	**1,121**	1,736
Utilisation of previously unrecognised tax assets	**(107)**	(203)
Tax benefit from current year's tax losses not recognised	**955**	1,019
Effects of different tax rates in other countries	**273**	1,111
Tax incentives and rebates	**(344)**	(300)
(Over) / under provision of income tax	**(630)**	697
Others	**23**	115
Tax charge	**853**	7,277

(1) Share of results of associated companies is net of tax expense of S$332,000 (2016: tax credit of S$182,000).

Notes to the Financial Statements

For the financial year ended 31 December 2017

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

	Group	
	2017	2016
	S$'000	S$'000
Sales	**-**	96,861
Net expenses	**-**	(76,461)
Share of results of associated companies, net of tax	**-**	(17)
Profit before tax from discontinued operations	**-**	20,383
Income tax expense (Note 10)	**-**	(3,223)
Profit after tax from discontinued operations	**-**	17,160
Exceptional (loss) / gain on disposal of subsidiaries	**(450)**	101,594
(Loss) / profit after tax from discontinued operations	**(450)**	118,754

*Breakdown of (loss) / profit from discontinued operations

	Group	
	2017	2016
	S$'000	S$'000
Dry mix operations	**-**	17,160
Exceptional (loss) / gain on disposal		
- Lime business	**-**	8
- Dry mix business	**(450)**	101,586
	(450)	101,594
	(450)	118,754

11a The divestment of lime business in Singapore and Malaysia was completed on 17 February 2015 for a cash consideration of approximately S$42.9 million. The gain on divestment of lime business in Singapore and Malaysia recognised in financial year ended 31 December 2015 was approximately S$26.8 million. A gain of S$8,000 was recognised upon finalisation of the completion account adjustments in the financial year ended 31 December 2016 ("FY2016").

11b The disposal of dry mix business in Singapore, Hong Kong, China and Malaysia was completed on 14 December 2016 for a cash consideration of S$155.3 million, including closing statement adjustments. A gain on divestment of dry mix business of S$101.6 million was recognised in FY2016.

The dry mix division was a separate major line of business of the Group. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, results of the dry mix business were disclosed as part of discontinued operations in FY2016.

During the financial year 2017, the Group recognised an indemnification liability of S$450,000 relating to the disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2017

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

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

	Group	
	2017 S$'000	2016 S$'000
Operating cash inflows	**-**	10,069
Investing cash outflows	**-**	(10,301)
Financing cash outflows	**-**	(1,720)
Total cash outflows	**-**	(1,952)

12. DIVIDENDS

	The Company	
	2017 S$'000	2016 S$'000
Ordinary dividends paid		
Final dividend of 5 cents and special dividend of 20 cents in respect of the previous financial year (2016: Final dividend of 5 cents with respect to FY 2015) per share (exempt-one tier)	**93,390**	18,678

Subsequent to the balance sheet date, the Directors proposed a final dividend of 5 cents for financial year ended 31 December 2017 (2016: a final dividend and a special dividend of 5 cents and 20 cents respectively) amounting to S$18,678,000 (2016: S$93,390,000). This dividend will be accounted for in the shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2017

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for effects of all dilutive potential ordinary shares. The Company does not have any potential ordinary shares with dilutive potential.

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
Net profit attributable to equity holders of the Company (S$'000)	**4,363**	13,885	**(450)**	117,470	**3,913**	131,355
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**373,558**	373,558	**373,558**	373,558	**373,558**	373,558
Basic and diluted earnings per share (cents per share)	**1.17**	3.72	**(0.12)**	31.45	**1.05**	35.17

14. SHARE CAPITAL

	Issued ordinary shares	
The Group and Company	**No of shares '000**	**Amount S$'000**
2017 and 2016		
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 2017

15. RESERVES

15a Composition

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Revenue reserve	**405,258**	493,689	**183,405**	268,266
Foreign currency translation reserve	**(14,374)**	(14,088)	**-**	-
Capital reserve	**(1,944)**	(1,944)	**-**	-
Fair value reserve	**1,520**	2,002	**1,247**	1,702
General reserve	**947**	300	**-**	-
	391,407	479,959	**184,652**	269,968

Revenue reserve of the Group is distributable except for share of accumulated losses of associated companies amounting to S$4,843,000 (2016: S$5,282,000).

General reserve is relating to funds appropriated from the net profits to statutory reserves of a subsidiary established in the United Arab Emirates. 10% of the annual net profits of the subsidiary are allocated to the statutory reserves until the reserves reach 50% of the paid up capital of the subsidiary. In accordance with the Commercial Companies Law in United Arab Emirates, S$647,000 (2016: S$ nil) has been made to statutory reserve during the current financial year.

Capital reserve relates to adjustments to non-controlling interests arising from transactions that do not involve the loss of control.

Notes to the Financial Statements

For the financial year ended 31 December 2017

15. RESERVES (CONTINUED)

15b Reserves 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 2017	268,266	1,702	269,968
Net profit for the year	6,836	-	6,836
Other comprehensive loss, net of tax			
Available-for-sale financial assets			
- Fair value losses taken to other comprehensive income	-	(455)	(455)
	-	(455)	(455)
Total comprehensive income / (loss) for the year	6,836	(455)	6,381
Dividends paid (Note 12)	(93,390)	-	(93,390)
Write-back of long outstanding dividend payables	1,693	-	1,693
Balance at 31 December 2017	183,405	1,247	184,652
Balance at 1 January 2016	265,107	2,608	267,715
Net profit for the year	21,837	-	21,837
Other comprehensive income, net of tax			
Available-for-sale financial assets			
- Fair value gains taken to other comprehensive income	-	(906)	(906)
	-	(906)	(906)
Total comprehensive income for the year	21,837	(906)	20,931
Dividends paid (Note 12)	(18,678)	-	(18,678)
Balance at 31 December 2016	268,266	1,702	269,968

Notes to the Financial Statements

For the financial year ended 31 December 2017

16. ASSETS HELD-FOR-SALE

16a Investment properties classified as held-for-sale

	The Group	
	2017 S$'000	2016 S$'000
Investment property classified as held-for-sale	**-**	9,493

A wholly-owned subsidiary in Singapore has entered into an agreement to sell the investment property to a third party in 2016. The transaction was completed in March 2017.

16b Investment in an associated company classified as held-for-sale

	The Group	
	2017 S$'000	2016 S$'000
Investment in an associated company classified as held-for-sale	**44,369**	-

In the financial year 2017, management approved the proposed transaction for the Company's direct wholly-owned subsidiary, NSL Engineering Holdings Pte. Ltd. ("NSL Engineering"), to enter into a contribution agreement (the "Contribution Agreement") with Salzgitter Maschinenbau AG ("SMAG"), whereby NSL Engineering contributes and assigns to SMAG its 33.33% interest in the capital of PEINER SMAG Lifting Technologies GmbH ("PSLT") in consideration for the issue by SMAG of 2,314,286 new shares in the issued share capital of SMAG, representing 30% of the enlarged issued share capital of SMAG, to NSL Engineering. The Contribution Agreement was subsequently signed on 12 February 2018 and the transaction is expected to be completed before May 2018. Accordingly, the Group's investment in PSLT was classified as held-for-sale as at 31 December 2017, in line with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* and measured at the lower of carrying amount and fair value less costs to sell prior to its disposal.

Upon completion of the transaction which is expected to be in 2018, the disposal gain or loss from the transaction will be recognised in the profit or loss and the 30% non-controlling stake in SMAG will be accounted for as an investment in associate as the Group has significant influence over SMAG and the share of financial results of SMAG will be accounted for based on the equity method under FRS 28 *Investment in Associates and Joint Ventures.*

16c Share of other comprehensive income of associated company relating to disposal group classified as held-for-sale are as follows:

	Group	
	2017 S$'000	2016 S$'000
Share of other comprehensive losses of associated company	**(1,239)**	(1,252)

Notes to the Financial Statements

For the financial year ended 31 December 2017

17. INVENTORIES

	The Group	
	2017 S$'000	2016 S$'000
At lower of cost and net realisable value		
Raw materials	**19,505**	15,365
Finished goods	**26,005**	16,926
General stores and consumables	**4,707**	4,167
Work-in-progress	**-**	94
	50,217	36,552

As at 31 December 2017, inventories of S$9,597,000 (2016: S$2,669,000) were written down to net realisable value.

The Group has recognised a reversal of write-down of inventories of S$5,000 (2016: S$5,000), 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.

18. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Trade receivables				
- Associated companies	**42**	43	**-**	-
- Non-related parties	**114,597**	98,776	**-**	-
	114,639	98,819	**-**	-
Less: Allowance for impairment of trade receivables	**(17,405)**	(18,083)	**-**	-
Trade receivables – net	**97,234**	80,736	**-**	-
Non-trade amounts owing by subsidiaries[a]	**-**	-	**24,726**	12,966
Non-trade amounts owing by associated company[b]	**33**	-	**-**	-
Prepayments	**8,811**	8,278	**166**	135
Deposits	**2,398**	2,999	**11**	11
Interest receivables	**1,389**	2,499	**1,377**	2,480
Recoverable expenditure	**806**	386	**-**	1
Sundry receivables[c]	**4,150**	8,493	**35**	11
	114,821	103,391	**26,315**	15,604

18a Non-trade amounts owing by subsidiaries are unsecured, repayable on demand and are interest-free, except that amount of S$21,518,000 (2016: S$7,296,000) bears interest at average of 2.4% (2016: 3.0%) per annum.

18b Non-trade amounts owing by associated company are unsecured, repayable on demand and are interest free.

18c Sundry receivables are unsecured, interest free and are expected to be repaid within the next 12 months after the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2017

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Fixed deposits	**272,630**	364,706	**259,886**	346,506
Cash at bank and on hand	**75,180**	97,057	**24,018**	30,365
	347,810	461,763	**283,904**	376,871

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

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Cash and bank balances	**347,810**	461,763	**283,904**	376,871
Less: bank deposits pledged	**(6,500)**	(4,099)	**-**	-
Cash and cash equivalents per statement of cash flows	**341,310**	457,664	**283,904**	376,871

Bank deposits are pledged to banks for banking facilities granted to subsidiaries (Note 28).

19a <u>Acquisition of subsidiaries</u>

Please refer to Note 39 for the effects of acquisition of a subsidiary on the cash flows of the group.

Notes to the Financial Statements

For the financial year ended 31 December 2017

19. CASH AND CASH EQUIVALENTS (CONTINUED)

19b Disposal of subsidiaries

During the financial year 2016, the Group completed the disposal of its dry mix business in Singapore, Malaysia, Hong Kong and China for a cash consideration of approximately S$155.3 million.

Please refer to Note 11 for further details. The effects of the disposal of subsidiaries on the cash flows of the Group were:

	The Group	
	2017 S$'000	2016 S$'000
Carrying amounts of assets and liabilities disposed of		
Cash and cash equivalents	**-**	13,964
Trade and other receivables	**-**	16,638
Other current assets	**-**	6,311
Property, plant and equipment	**-**	31,183
Investment in associated company	**-**	510
Other non-current assets	**-**	66
Total assets	**-**	68,672
Trade and other payables	**-**	(15,861)
Other non-current liabilities	**-**	(1,326)
Total liabilities	**-**	(17,187)
Net assets derecognised	**-**	51,485
Less: Non-controlling interests	**-**	(6,216)
Net assets disposed of	**-**	45,269

The aggregate cash inflows arising from the disposal of subsidiaries were:

	The Group	
	2017 S$'000	2016 S$'000
Net assets disposed of	**-**	45,269
- Reclassification of currency translation reserve	**-**	2,402
- Reclassification of revaluation reserve	**-**	-
	-	47,671
(Loss) / gain on disposal (Note 11)	**(450)**	101,594
Total sale consideration, net of transaction costs	**(450)**	149,265
Cash and cash equivalents in subsidiaries disposed of	**-**	(13,964)
Sale consideration received / (receivable), net	**4,494**	(4,494)
Professional fees (paid) / payable, net	**(3,242)**	3,791
Net cash inflow on disposal of subsidiaries	**802**	134,598

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For the financial year ended 31 December 2017

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessel S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2017									
Cost									
At 1 January 2017	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Currency realignment	70	76	(353)	-	251	-	(890)	(5)	(851)
Additions	-	-	2,599	24	5,385	106	4,537	3,196	15,847
Disposals and write off	-	-	(80)	-	(1,918)	-	(1,341)	(276)	(3,615)
Reclassifications	-	-	238	-	65	-	326	(629)	-
At 31 December 2017	6,248	26,166	149,991	725	111,496	7,606	46,882	3,785	352,899
Representing:									
Cost	6,248	26,166	149,991	725	111,496	7,606	46,882	3,785	352,899
Accumulated Depreciation and Impairment Losses									
At 1 January 2017	-	7,373	103,763	98	75,744	561	30,728	-	218,267
Currency realignment	-	20	(47)	-	316	-	(570)	-	(281)
Charge for the year	-	236	2,895	61	4,752	427	3,907	-	12,278
Disposals and write off	-	-	(80)	-	(1,281)	-	(1,250)	-	(2,611)
Reclassifications	-	-	-	-	(83)	-	83	-	-
(Write back) / impairment charge	-	(60)	-	-	(326)	-	21	-	(365)
At 31 December 2017	-	7,569	106,531	159	79,122	988	32,919	-	227,288
Net Book Value									
At 31 December 2017	6,248	18,597	43,460	566	32,374	6,618	13,963	3,785	125,611

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

Notes to the Financial Statements

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20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Plant & Machinery S$'000	Vessel S$'000	Other Assets* S$'000	Capital WIP S$'000	Total S$'000
The Group – 2016									
Cost									
At 1 January 2016	6,266	14,229	170,949	854	150,703	7,500	43,428	2,145	396,074
Currency realignment	(88)	(202)	(492)	(18)	(699)	-	225	7	(1,267)
Additions	-	9,792	5,993	-	6,478	-	2,410	2,208	26,881
Disposals and write off	-	-	(4,204)	-	(13,259)	-	(1,219)	(1,000)	(19,682)
Reclassified from disposal group	-	4,467	-	-	1,965	-	113	-	6,545
Acquisition of subsidiary	-	-	-	47	301	-	2,482	-	2,830
Disposal of subsidiaries	-	(4,040)	(23,445)	(835)	(38,212)	-	(3,311)	(20)	(69,863)
Reclassifications	-	1,844	(1,214)	653	436	-	122	(1,841)	-
At 31 December 2016	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Representing:									
Cost	6,178	26,090	147,587	701	107,713	7,500	44,250	1,499	341,518
Accumulated Depreciation and Impairment Losses									
At 1 January 2016	-	2,566	114,544	839	109,174	144	32,056	-	259,323
Currency realignment	-	(45)	(136)	(18)	(536)	-	70	-	(665)
Charge for the year									
- Continuing operations	-	555	2,868	43	4,131	417	3,079	-	11,093
- Discontinued operations	-	80	890	4	1,108	-	327	-	2,409
Disposals and write off	-	-	(4,204)	-	(12,576)	-	(1,162)	-	(17,942)
Reclassified from disposal group	-	951	-	-	1,484	-	84	-	2,519
Acquisition of subsidiary	-	-	-	36	81	-	975	-	1,092
Disposal of subsidiaries	-	(1,104)	(8,510)	(825)	(25,726)	-	(2,678)	-	(38,843)
Reclassification	-	1,670	(1,689)	19	(19)	-	19	-	-
Impairment charge / (write back)	-	2,700	-	-	(1,377)	-	(2,042)	-	(719)
At 31 December 2016	-	7,373	103,763	98	75,744	561	30,728	-	218,267
Net Book Value									
At 31 December 2016	6,178	18,717	43,824	603	31,969	6,939	13,522	1,499	123,251

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Other Assets* S$'000	Total S$'000
The Company – 2017		
Cost		
At 1 January 2017	1,622	1,622
Additions	217	217
Disposals and write off	(5)	(5)
At 31 December 2017	1,834	1,834
Accumulated Depreciation		
At 1 January 2017	1,456	1,456
Charge for the year	100	100
Disposals and write off	(5)	(5)
At 31 December 2017	1,551	1,551
Net Book Value		
At 31 December 2017	283	283
The Company – 2016		
Cost		
At 1 January 2016	1,561	1,561
Additions	158	158
Disposals and write off	(97)	(97)
At 31 December 2016	1,622	1,622
Accumulated Depreciation		
At 1 January 2016	1,417	1,417
Charge for the year	136	136
Disposals and write off	(97)	(97)
At 31 December 2016	1,456	1,456
Net Book Value		
At 31 December 2016	166	166

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

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For the financial year ended 31 December 2017

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

20a Included within additions in the consolidated financial statements are plant and equipment and other assets under hire purchase and finance leases amounting to S$ nil (2016: S$1,325,000).

The carrying amounts of property, plant and equipment held under hire purchase and finance leases are as follows:

	2017 S$'000	2016 S$'000
The Group		
Other assets	**1,514**	4,444

20b 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 Malaysia; and

(iv) Factory and office buildings in United Arab Emirates

20c Included in the Group's property, plant and equipment are property, plant and equipment of subsidiaries of net book value of S$24,661,000 (2016: S$31,528,000) charged by way of debentures to banks for overdraft and banking facilities granted (Note 28).

20d For the financial year, following management's assessment of impairment of property, plant and equipment, the Group recorded net write-back of impairment loss of S$365,000 (2016: S$719,000); which comprises:

(i) a write-back of impairment loss of S$1,681,000 (2016: impairment loss of S$1,811,000) is recognised for certain plant and equipment within the Group's Environmental Services segment based on their recoverable amounts derived from its VIU calculations; partially offset by

(ii) an impairment loss of S$1,002,000 (2016: net write-back of impairment loss of S$5,230,000 based on VIU calculations) is recognised for certain plant and equipment within the Group's Precast & PBU segment based on recoverable amounts derived from the higher of VIU and FVLCS; and

(iii) a net impairment loss of S$314,000 (2016: impairment loss of S$2,700,000) was recognised for certain property, plant and equipment within the Group's Investment Holding and others segment based on recoverable amounts derived from the higher of VIU and FVLCS. The allowance of impairment was made during the financial year mainly arose from cessation of operations of a subsidiary.

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For the financial year ended 31 December 2017

21. INVESTMENT PROPERTIES

	The Group	
	2017 S$'000	2016 S$'000
Cost		
At 1 January	-	11,214
Reclassification to asset held-for-sale (Note 16a)	-	(11,214)
At 31 December	-	-
Accumulated depreciation and impairment losses		
At 1 January	-	2,838
Depreciation charge for the year	-	158
Write-back of allowance for impairment loss	-	(1,277)
Currency realignment	-	2
Reclassified to asset held-for-sale (Note 16a)	-	(1,721)
At 31 December	-	-
Net book value at 31 December	-	-
Fair value at 31 December	-	-

In March 2017, the investment property was sold to a third party.

Valuation techniques and processes

In the financial year 2016, the Group engaged 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 investment properties, classified as Level 3 fair value, had 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. Arising from this valuation, in financial year 2016, the Group recognised a write-back of impairment loss on the investment properties amounting to S$1,277,000.

Investment properties are leased to non-related parties under operating leases (Note 37c).

The following amounts are recognised in the consolidated income statement:

	The Group	
	2017 S$'000	2016 S$'000
Rental income	-	377
Direct operating expenses arising from investment properties that generated rental income	-	(262)
Other direct operating expenses arising from investment properties that did not generate rental income	-	(12)

Notes to the Financial Statements

For the financial year ended 31 December 2017

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2017 S$'000	2016 S$'000
Equity investments at cost		
Balance at 1 January and 31 December	**85,232**	85,232

Details regarding significant subsidiaries are set out in Note 43.

22a Carrying value of non-controlling interests

	2017 S$'000	2016 S$'000
Dubai Precast LLC	**(4,496)**	(4,916)
NSL OilChem Waste Management Pte. Ltd.	**4,724**	5,030
Other subsidiaries with immaterial non-controlling interests	**4,575**	4,463
Total	**4,803**	4,577

22b Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 December 2017 and 2016.

Summarised balance sheet

	Dubai Precast LLC S$'000	**NSL OilChem Waste Management Pte. Ltd. S$'000**
2017		
Assets		
- Current assets	42,210	6,994
- Non-current assets	16,483	48,009
	58,693	55,003
Liabilities		
- Current liabilities	26,596	7,940
- Non-current liabilities	54,138	8,626
	80,734	16,566
Net (liabilities) / assets	(22,041)	38,437

Notes to the Financial Statements

For the financial year ended 31 December 2017

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised balance sheet (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000
2016		
Assets		
- Current assets	36,185	17,072
- Non-current assets	18,649	49,873
	54,834	66,945
Liabilities		
- Current liabilities	22,806	15,068
- Non-current liabilities	56,168	10,950
	78,974	26,018
Net (liabilities) / assets	(24,140)	40,927

Summarised statement of comprehensive income

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000
2017		
Revenue	51,734	27,706
Profit / (loss) before income tax	305	(3,609)
Income tax credit	-	1,118
Profit / (loss) after tax	305	(2,491)
Other comprehensive gain	1,796	-
Total comprehensive income / (loss)	2,101	(2,491)
Total comprehensive income / (loss) allocated to non-controlling interests	420	(306)
Dividends paid to non-controlling interests	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2017

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of comprehensive income (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000
2016		
Revenue	66,947	23,772
Profit / (loss) before income tax	12,694	(4,592)
Income tax credit	-	712
Profit / (loss) after tax	12,694	(3,880)
Other comprehensive loss	(295)	-
Total comprehensive income / (loss)	12,399	(3,880)
Total comprehensive income / (loss) allocated to non-controlling interests	2,480	(661)
Dividends paid to non-controlling interests	-	-

Summarised statement of cash flows

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000
2017		
Net cash generated from operating activities	109	2,433
Net cash used in investing activities	(1,956)	(6,531)
Net cash generated from financing activities	1,981	3,147
Includes:		
- Interest paid	(71)	(354)
Net increase / (decrease) in cash and cash equivalents	134	(951)
Cash and cash equivalents at beginning of year	4,171	2,810
Exchange differences on cash and cash equivalents	(300)	-
Cash and cash equivalents at end of year	4,005	1,859

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22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

22b Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised statement of cash flows (continued)

	Dubai Precast LLC S$'000	NSL OilChem Waste Management Pte. Ltd. S$'000
2016		
Cash flows from operating activities		
Cash generated from operations	1,183	1,526
Interest received	-	-
Net cash generated from operating activities	1,183	1,526
Net cash used in investing activities	(1,223)	(9,254)
Net cash generated from financing activities	588	10,020
Includes:		
- Interest paid	(510)	(491)
Net increase in cash and cash equivalents	548	2,292
Cash and cash equivalents at beginning of year	3,096	518
Exchange differences on cash and cash equivalents	527	-
Cash and cash equivalents at end of year	4,171	2,810

23. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group	
	2017 S$'000	2016 S$'000
Carrying value of Group's interest in associated companies	**6,520**	50,529

23a The Group has S$3,907,000 (2016: S$2,314,000) unrecognised losses of associated companies during the year. The accumulated losses of associated companies not recognised were S$21,446,000 (2016: S$19,072,000) at the balance sheet date.

23b There are no contingent liabilities relating to the Group's interest in the associated companies.

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23. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

23c 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	
	2017 S$'000	2016 S$'000
- Assets	**292,210**	284,912
- Liabilities	**(237,634)**	(223,286)
- Revenue	**210,137**	232,222
- Net loss for the financial year	**(8,397)**	(6,159)

23d Set out below are the associated company of the Group, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital consisting solely of ordinary shares, which is held directly by the Group.

Name of entity	**Place of business / country of incorporation**	**% of ownership interest**	
		2017	2016
PEINER SMAG Lifting Technologies GmbH ("PSLT")	Germany	**33.33**	33.33

PSLT's principal activities are investment holding and manufacturing, design and sale of container and bulk handling equipment. During the financial year, the investment in PSLT is reclassified to investment in an associated company classified as held-for-sale. Please refer to Note 16b for further details.

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23. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

Set out below are the summarised financial information for PEINER SMAG Lifting Technologies GmbH.

Amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company and fair value adjustments made at the time of acquisition:

	2017 S$'000	2016 S$'000
Revenue	**142,064**	159,480
Profit / (loss) after tax	**403**	(1,930)
Other comprehensive income/ (losses)	**855**	(3,944)
Total comprehensive income	**1,258**	(5,874)
Attributable to:		
- Non-controlling interests	**488**	515
- Shareholders of associated company	**770**	(6,389)
Current assets	**-**	103,605
Non-current assets	**-**	54,284
Current liabilities	**-**	(63,030)
Non-current liabilities	**-**	(1,958)
Net assets	**-**	92,901
Attributable to:		
- Non-controlling interests	**-**	9,301
- Shareholders of associated company	**-**	83,600
Group's share of net assets at beginning of the year	**27,800**	29,930
Goodwill	**16,312**	16,312
Carrying value of interest in associated company at beginning of the year	**44,112**	46,242
Group's share of:		
Profit/ (loss) after tax	**95**	(878)
Other comprehensive income / (losses), which included currency translation differences	**162**	(1,252)
Total comprehensive income / (losses)	**257**	(2,130)
Dividends received from associated company	**-**	-
Carrying value of interest in associated company at end of the year	**44,369**	44,112
Less: Reclassified to asset held-for-sale (Note 16b)	**(44,369)**	-
	-	44,112
Add: Carrying value of individually immaterial associated companies, in aggregate	**6,520**	6,417
Carrying value of Group's interest in associated companies	**6,520**	50,529

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23. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associated companies accounted for using the equity method:

	2017 S$'000	2016 S$'000
Net profit	**343**	570
Other comprehensive loss	**-**	(54)
Total comprehensive income	**343**	516

24. LONG TERM RECEIVABLES AND PREPAYMENTS

	The Group		**The Company**	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Amounts owing by subsidiaries				
- non-trade[(a)]	**-**	-	**73,341**	73,487
Less: Allowance for impairment of receivables	**-**	-	**(41,062)**	(41,062)
	-	-	**32,279**	32,425
Amounts owing by associated companies				
- non-trade[(a)]	**462**	500	**-**	-
Retentions	**3,483**	4,716	**-**	-
Others	**-**	-	**19**	-
	3,945	5,216	**32,298**	32,425

24a 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. Settlements of the amounts owing by subsidiaries and associated companies are neither planned nor likely to occur in the foreseeable future. As a result, such amounts are in substance part of the Group's net investments in associated companies and the Company's net investments in subsidiaries. The amounts owing by subsidiaries are accounted for in accordance with Note 2K.

Notes to the Financial Statements

For the financial year ended 31 December 2017

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Listed securities				
- Equity securities - Singapore	**260**	75	**260**	75
Unlisted securities				
- Equity securities	**7,545**	8,138	**7,216**	7,855
- Other investments	**-**	174	**-**	-
	7,805	8,387	**7,476**	7,930

26. HELD-TO-MATURITY FINANCIAL ASSETS

	The Group and the Company	
	2017 S$'000	2016 S$'000
Quoted debt securities - Singapore		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020	**500**	500
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021	**1,018**	1,023
- Bonds with fixed interest of 3.85% and maturity date of 27 May 2021	**1,033**	-
	2,551	1,523
The fair values of the bonds at the balance sheet date are as follows:		
Quoted debt securities - Singapore		
- Bonds with fixed interest of 3.1% and maturity date of 12 October 2020	**509**	494
- Bonds with fixed interest of 3.145% and maturity date of 8 April 2021	**1,032**	1,014
- Bonds with fixed interest of 3.85% and maturity date of 27 May 2021	**1,035**	-
	2,576	1,508

The fair values are within level 1 of the fair value hierarchy.

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27. INTANGIBLE ASSETS

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Goodwill arising on consolidation[a]	**8,678**	8,678	**-**	-
Acquired intangible assets[b]	**2,906**	1,673	**248**	77
	11,584	10,351	**248**	77

27a Goodwill arising on consolidation

	The Group	
	2017 S$'000	2016 S$'000
Cost and Net Book Value at 31 December	**8,678**	8,678

Impairment tests for goodwill

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

A segment-level summary of the goodwill allocation is as follows:

Group

	2017			2016		
	Singapore S$'000	**Finland S$'000**	**Total S$'000**	Singapore S$'000	Finland S$'000	Total S$'000
Precast & PBU	**-**	**8,024**	**8,024**	-	8,024	8,024
Environmental Services	**654**	**-**	**654**	654	-	654
	654	**8,024**	**8,678**	654	8,024	8,678

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management. Cash flows cover at least a five-year period and the growth rate used to extrapolate the cash flows beyond the budget period did not exceed the long term average growth rate for the business in which the CGU operates.

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

	2017		2016	
	Growth rate (1)	**Discount rate (2)**	Growth rate (1)	Discount rate (2)
Precast & PBU	**2.0%**	**12.0%**	0%	12.0%
Environmental Services	**1.0%**	**11.3%**	3.0%	11.3%

(1) Projected average sales growth rate covering at least five-year period cash flow projections.
(2) Pre-tax discount rate applied to cash flow projections.

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27. INTANGIBLE ASSETS (CONTINUED)

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

27b Acquired intangible assets

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Cost				
Balance at 1 January	**4,837**	3,521	**92**	-
Additions	**2,107**	217	**208**	92
Currency realignment	**197**	(69)	**-**	-
Acquisition of subsidiary (Note 39)	**-**	1,168	**-**	-
Balance at 31 December	**7,141**	4,837	**300**	92
Accumulated amortisation				
Balance at 1 January	**3,164**	2,893	**15**	-
Amortisation charge for the year	**916**	328	**37**	15
Currency realignment	**155**	(57)	**-**	-
Balance at 31 December	**4,235**	3,164	**52**	15
Net Book Value at 31 December	**2,906**	1,673	**248**	77

Amortisation expense included in the consolidated income statement is analysed as follows:

	The Group	
	2017 S$'000	2016 S$'000
Cost of sales	**221**	328
Administrative expenses	**695**	-
Total	**916**	328

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28. BORROWINGS

28a Short-term borrowings

	The Group	
	2017 S$'000	2016 S$'000
Short-term bank loans		
- Secured	**-**	4,800
Current portion of long term bank loans (Note 28b)		
- Secured	**1,425**	1,885
Hire purchase and finance lease payables – secured (Note 34)	**415**	1,249
Bills payable – secured	**1,807**	8,076
	3,647	16,010

28b Long-term borrowings

	The Group	
	2017 S$'000	2016 S$'000
Bank loans		
- Secured	**10,419**	16,911
Less: Amounts due within 12 months (Note 28a)	**(1,425)**	(1,885)
Amounts due after 12 months	**8,994**	15,026
Hire purchase and finance lease payables – secured (Note 34)	**60**	486
	9,054	15,512

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

	The Group	
	2017	2016
Loans denominated in:		
- Singapore Dollars	**2.3% to 3.8%**	2.1% to 3.9%
- Malaysian Ringgit	**-**	4.6% to 6.3%
- United Arab Emirates Dirhams	**6.6%**	6.3%

28c The banking facilities are secured against fixed and floating charge over bank deposits and property, plant and equipment of certain subsidiaries (Notes 19 and 20) of the Group.

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29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Trade payables – non-related parties	**47,765**	32,738	**-**	-
Other payables and accruals				
- Accrued operating expenses, including staff compensation	**22,135**	25,842	**1,825**	5,981
- Project related accruals	**20,717**	19,761	**-**	-
- Accrued liability for capital expenditure	**623**	355	**-**	-
- Advances received from customers	**9,160**	7,835	**-**	-
- Sundry payables[a]	**6,859**	6,640	**1,447**	2,494
- Derivative financial instruments[b]	**-**	7	**-**	-
Amounts owing to subsidiaries				
- Non-trade[a]	**-**	-	**46,634**	47,230
	107,259	93,178	**49,906**	55,705

29a The non-trade amounts owing to subsidiaries and sundry payables are unsecured, interest free and repayable on demand.

29b Included in the Company's sundry payables as at 31 December 2017 is a consideration of S$761,000 (2016: S$ nil) that will be payable to a subsidiary when that subsidiary's tax losses are being utilised by the Company under the Group tax relief system.

29c Derivative financial instruments

	The Group					
	2017			2016		
	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	**-**	**-**	**-**	2,876	-	(7)

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30. 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	
	2017 S$'000	2016 S$'000
Balance at 1 January	**1,257**	1,451
Additions	**25**	29
Amortisation charge		
- Continuing operations (Note 8)	**(370)**	(223)
Balance at 31 December	**912**	1,257
Current portion	**244**	423
Non-current portion	**668**	834
	912	1,257

31. PROVISION FOR RETIREMENT BENEFITS

The amounts recognised in the balance sheets are as follows:

	The Group	
	2017 S$'000	2016 S$'000
Present value of unfunded obligations	**2,957**	2,735

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 2W.

Movement in the liability recognised in the balance sheets:

	The Group	
	2017 S$'000	2016 S$'000
Non-current		
Balance at 1 January	**2,735**	2,519
Charge to profit or loss (Note 9)	**590**	509
Benefits paid	**(166)**	(327)
Disposal of subsidiaries	**-**	(32)
Currency realignment	**(202)**	66
Balance at 31 December	**2,957**	2,735

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31. PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

The principal actuarial assumptions used were as follows:

	The Group	
	2017	2016
	%	%
Discount rate	**3**	3
Salary increment rate	**2**	3

32. 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	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Deferred tax assets				
To be recovered within one year	**(1,592)**	(90)	**-**	-
To be recovered after one year	**(1,452)**	(2,954)	**-**	-
	(3,044)	(3,044)	**-**	-
Deferred tax liabilities				
To be settled within one year	**1,322**	992	**280**	-
To be settled after one year	**1,301**	2,726	**-**	-
	2,623	3,718	**280**	-

The movement in deferred taxes is as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	S$'000	S$'000	**S$'000**	S$'000
Balance at 1 January	**674**	(1,426)	**-**	-
(Credited) / charged to:				
- Profit or loss (Note 10)	**(1,080)**	1,871	**280**	-
- Other comprehensive income	**(6)**	(4)	**-**	-
Acquisition of a subsidiary	**-**	252	**-**	-
Disposal of subsidiaries	**-**	(481)	**-**	-
Currency realignment	**(9)**	(28)	**-**	-
Reclassified from disposal group	**-**	490	**-**	-
Balance at 31 December	**(421)**	674	**280**	-

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32. DEFERRED TAXATION (CONTINUED)

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 2017, the Group has unutilised tax losses and capital allowances of S$11,213,000 (2016: S$15,238,000) and S$1,786,000 (2016: S$6,218,000) 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.

Deferred income tax liabilities of S$ nil (2016: S$ nil) 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$ nil (2016: S$ nil) at the balance sheet date.

32a 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		Others		Total	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000	**2017 S$'000**	2016 S$'000	**2017 S$'000**	2016 S$'000
Balance at 1 January	**3,266**	2,510	**561**	62	**1,191**	1,233	**5,018**	3,805
(Credited) / charged to:								
- Profit or loss	**(1,051)**	2,173	**(107)**	(34)	**304**	(42)	**(854)**	2,097
Other comprehensive income	**-**	-	**(6)**	(4)	**-**	-	**(6)**	(4)
Acquisition of a subsidiary	**-**	-	**-**	199	**-**	-	**-**	199
Disposal of subsidiaries	**-**	(1,534)	**-**	-	**-**	-	**-**	(1,534)
Currency realignment	**11**	(31)	**4**	(5)	**-**	-	**15**	(36)
Reclassified from disposal group	**-**	148	**-**	343	**-**	-	**-**	491
Balance at 31 December	**2,226**	3,266	**452**	561	**1,495**	1,191	**4,173**	5,018

The Group – Deferred Tax Assets

	Provisions		Unutilised tax losses / capital allowances		Deferred income		Total	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000	**2017 S$'000**	2016 S$'000	**2017 S$'000**	2016 S$'000
Balance at 1 January	**(712)**	(1,351)	**(3,430)**	(3,646)	**(202)**	(234)	**(4,344)**	(5,231)
(Credited) / charged to:								
- Profit or loss	**(316)**	367	**29**	(625)	**61**	32	**(226)**	(226)
Acquisition of a subsidiary	**-**	53	**-**	-	**-**	-	**-**	53
Disposal of subsidiaries	**-**	223	**-**	830	**-**	-	**-**	1,053
Currency realignment	**(13)**	(3)	**(11)**	11	**-**	-	**(24)**	8
Reclassified from disposal group	**-**	(1)	**-**	-	**-**	-	**-**	(1)
Balance at 31 December	**(1,041)**	(712)	**(3,412)**	(3,430)	**(141)**	(202)	**(4,594)**	(4,344)

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32. DEFERRED TAXATION (CONTINUED)

32b Movement in the Company's deferred tax liabilities are as follows:

The Company – Deferred Tax Liabilities

	Unremitted income		Total	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Balance at 1 January	**-**	-	**-**	-
Charged to:				
- Profit or loss	**280**	-	**280**	-
Balance at 31 December	**280**	-	**280**	-

33. OTHER NON-CURRENT LIABILITIES

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Contingent consideration payable [(a)]	**829**	743	**-**	-
Redemption liability [(a)]	**2,150**	2,304	**-**	-
Amounts owing to a subsidiary [(b)]	**-**	-	**9,630**	-
	2,979	3,047	**9,630**	-

33a The non-current liabilities are related to the acquisition of a subsidiary of the Group in 2016 (Note 39). Redemption liability relates to the call and put option entered by the subsidiary with the non-controlling shareholders. The subsidiary is granted an option to purchase its remaining shareholdings in a subsidiary at a market value as agreed upon between the subsidiary and the non-controlling shareholders or determined by an independent valuer 5 years after the acquisition of the subsidiary on 17 August 2016.

33b The non-trade amounts owing to a subsidiary are unsecured, interest-free and are not expected to be repaid within the next 12 months after the balance sheet date.

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34. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

Hire purchase and finance lease liabilities are analysed as follows:

	The Group	
	2017 S$'000	2016 S$'000
Minimum hire purchase and finance lease liabilities due:		
- Within 1 year	**428**	1,294
- Within 2 to 5 years	**62**	501
	490	1,795
Less: Future finance charges	**(15)**	(60)
Present value of hire purchase and finance lease liabilities	**475**	1,735
Present value of hire purchase and finance lease liabilities due:		
- Within 1 year	**415**	1,249
- Within 2 to 5 years	**60**	486
	475	1,735

34a The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The weighted average effective interest rate of the hire purchase and finance lease payables is 2.7% (2016: 2.7%) per annum.

34b Property, plant and equipment acquired under hire purchase and finance leases liabilities are disclosed in Note 20a.

34c The carrying amounts of non-current hire purchase and finance lease liabilities approximate their fair values.

35. 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:

35a Sales and purchases of goods and services

	The Group	
	2017 S$'000	2016 S$'000
Sales to associated companies	**1,064**	2,368
Purchases of goods from associated companies	**-**	846

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35. RELATED PARTY TRANSACTIONS (CONTINUED)

35b Key management's remuneration

	The Group	
	2017 S$'000	2016 S$'000
Salary and other employee benefits	**5,658**	11,280
Employer's contribution to defined contribution plans, including Central Provident Fund	**427**	443
Retirement benefits	**1**	153
	6,086	11,876

Included in the above are Directors' fees and Directors' remuneration of S$614,000 (2016: S$614,000) and S$456,000 (2016: S$2,025,000) respectively payable / paid to the Directors of the Company.

The details of Directors' remuneration are disclosed in the Statement of Corporate Governance.

36. 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.

In determining the operating segments, the Group has considered primarily the industries the Group's companies are operating in and their contribution to the Group.

Following the divestment of the dry mix division on 14 December 2016, the Group operates mainly in the manufacturing and sale of building materials, including Precast & Prefabricated Bathroom Unit ("PBU"), as well as the provision of environmental services and sale of related products. Accordingly, these activities are grouped into separate operating segments within the two main divisions Precast & PBU and Environmental Services. Operating segment classified as "Investment Holding & Others" relates to the Group's remaining assets, comprising mainly of holding investments. It also includes the operation of a marina club, and operations in the manufacturing and sale of refractory materials and road stone products, which are not significant components of this segment.

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36. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

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.

The information for the reportable segments for the year ended 31 December 2017 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Investment Holding & Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue					
External sales	208,460	124,913	22,777	356,150	-
Inter-segment sales	2	616	1,632	2,250	-
Total revenue	208,462	125,529	24,409	358,400	-
Elimination	(2)	(616)	(1,632)	(2,250)	-
	208,460	124,913	22,777	356,150	-
Profit before Taxation and Exceptional Items	2,922	(2,449)	4,619	5,092	-
Exceptional items (Note 11)	-	-	-	-	(450)
Profit before taxation	2,922	(2,449)	4,619	5,092	(450)
Interest income	417	15	4,567	4,999	-
Interest expense	(179)	(641)	-	(820)	-
Depreciation	(5,487)	(4,969)	(1,822)	(12,278)	-
Amortisation	(221)	(659)	334	(546)	-
Gain on disposal of investment properties	-	-	3,568	3,568	-
Loss on disposal, including write-off of property, plant and equipment	(20)	(586)	(14)	(620)	-
Write-back of impairment / (impairment) of property, plant and equipment	(1,002)	1,681	(314)	365	-
Share of results of associated companies, net of tax					
- PSLT	-	-	95	95	-
- Others	-	-	343	343	-
Segment Assets	232,200	73,992	413,784	719,976	-
Segment assets includes:					
Investment in associated companies	-	-	6,520	6,520	-
Investment in an associated company classified as held-for-sale	-	-	44,369	44,369	-
Additions to:					
- Property, plant and equipment	7,936	7,330	581	15,847	-
- Intangible assets	1,232	667	209	2,108	-
Segment Liabilities	87,656	32,784	9,487	129,927	-

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36. FINANCIAL INFORMATION BY SEGMENTS (CONTINUED)

Operating segments (continued)

The information for the reportable segments for the year ended 31 December 2016 is as follows:

	Precast & PBU S$'000	Environmental Services S$'000	Investment Holding & Others S$'000	Total for Continuing Operations S$'000	Discontinued Operations S$'000
Revenue					
External sales	237,830	75,865	23,273	336,968	96,861
Inter-segment sales	2,013	1,065	1,848	4,926	51
Total revenue	239,843	76,930	25,121	341,894	96,912
Elimination	(2,013)	(1,065)	(1,848)	(4,926)	(51)
	237,830	75,865	23,273	336,968	96,861
Profit before Taxation and Exceptional Items	25,420	(5,184)	(2,750)	17,486	20,383
Exceptional items (Note 11)	-	-	-	-	101,594
Profit before taxation	25,420	(5,184)	(2,750)	17,486	121,977
Interest income	265	12	4,188	4,465	73
Interest expense	(986)	(549)	(99)	(1,634)	(178)
Depreciation	(4,150)	(4,950)	(2,151)	(11,251)	(2,408)
Amortisation	(196)	(117)	208	(105)	-
Write-back of impairment of investment properties	-	-	1,277	1,277	-
Gain / (loss) on disposal including write-off of property, plant and equipment	860	14	(472)	402	-
Write-back of impairment / (impairment) of property, plant and equipment	5,230	(1,811)	(2,700)	719	-
Share of results of associated companies, net of tax					
- PSLT	-	-	(878)	(878)	-
- Others	-	-	587	587	(17)
Segment Assets	227,878	79,932	507,021	814,831	-
Segment assets includes:					
Investment in associated companies	-	-	50,529	50,529	-
Additions to:					
- Property, plant and equipment	2,772	12,486	1,233	16,491	10,390
- Intangible assets	125	-	92	217	-
Acquisition of a subsidiary					
- Intangible assets	-	1,168	-	1,168	-
Segment Liabilities	82,997	36,922	16,537	136,456	-

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36. 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, refractory materials and road stones, 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 and refractory materials;

(iii) United Arab Emirates – the operations in United Arab Emirates are principally the manufacturing and sale of building materials;

(iv) Finland – the operations in Finland are principally the manufacturing and sale of building materials;

(v) Germany – this relates to the Group's 33.33% interest in associated company PSLT, which is incorporated in Germany, and its principal activities are investment holding and manufacturing, design and sale of container and bulk handling equipment (Note 16b). The Group's interest in PSLT was reclassified to investment in an associated company classified as held-for-sale as at 31 December 2017.

(vi) Other countries – the operations in other countries such as Indonesia include the manufacturing and sale of building materials and refractory materials.

	The Group			
	External sales for continuing operations(1)		Non-current assets for continuing operations(2)	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Singapore	**167,060**	137,125	**81,788**	80,139
Malaysia	**29,752**	36,623	**28,781**	28,527
United Arab Emirates	**51,722**	66,813	**13,222**	15,075
Finland	**58,646**	50,562	**16,342**	12,676
Germany	**-**	-	**-**	44,112
Others	**48,970**	45,845	**3,693**	3,696
	356,150	336,968	**143,826**	184,225

(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.

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37. COMMITMENTS

37a 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 23) are as follows:

	The Group	
	2017 S$'000	2016 S$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	**27,632**	440
Commitments in respect of equity participation in an associated company	**7,040**	7,424
	34,672	7,864

37b Operating lease commitments - 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	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Payable:				
Within 1 year	**4,556**	7,656	**660**	626
Within 2 to 5 years	**9,692**	11,892	**546**	1,139
After 5 years	**8,471**	9,794	**-**	-
	22,719	29,342	**1,206**	1,765

37c Operating lease commitments - 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	
	2017 S$'000	2016 S$'000
Receivable:		
Within 1 year	**582**	724
Within 2 to 5 years	**149**	212
	731	936

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38. 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.

38a Market risk

(i) Currency risk

The Group operates in various countries, which include Singapore, Malaysia, United Arab Emirates, Germany 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"), and Euro ("EUR"). Currency exposure to Thai Baht ("THB") mainly arose from its available-for-sale financial assets in the form of equity investments.

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.

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	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2017								
Cash and bank balances	322,677	2,291	7,826	10,090	-	4,005	921	347,810
Receivables	46,297	1,893	13,821	14,405	-	32,200	877	109,493
Available-for-sale financial assets	589	-	-	-	7,216	-	-	7,805
Held-to-maturity financial assets	2,551	-	-	-	-	-	-	2,551
Short term borrowings	(1,390)	-	-	-	-	(2,257)	-	(3,647)
Trade and other payables	(32,827)	(992)	(17,025)	(25,081)	-	(21,216)	(958)	(98,099)
Long term borrowings	(8,417)	-	-	-	-	(637)	-	(9,054)
Other non-current liabilities	(2,979)	-	-	-	-	-	-	(2,979)
Net financial assets / (liabilities)	326,501	3,192	4,622	(586)	7,216	12,095	840	353,880
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(322,492)	(505)	(4,605)	1,110	-	(12,545)	(330)	
Currency exposure	4,009	2,687	17	524	7,216	(450)	510	

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	MYR S$'000	EUR S$'000	THB S$'000	AED S$'000	Others S$'000	Total S$'000
The Group								
At 31 December 2016								
Cash and bank balances	426,311	1,896	18,139	10,009	-	4,008	1,400	461,763
Receivables	42,552	745	15,508	12,407	-	27,946	671	99,829
Available-for-sale financial assets	358	174	-	-	7,855	-	-	8,387
Held-to-maturity financial assets	1,523	-	-	-	-	-	-	1,523
Short term borrowings	(13,118)	-	(2,191)	-	-	(701)	-	(16,010)
Trade and other payables	(29,776)	(1,250)	(11,432)	(22,065)	-	(20,280)	(540)	(85,343)
Long term borrowings	(9,817)	-	(5,553)	-	-	(142)	-	(15,512)
Other non-current liabilities	(3,047)	-	-	-	-	-	-	(3,047)
Net financial assets	414,986	1,565	14,471	351	7,855	10,831	1,531	451,590
Less: net financial (assets) / liabilities denominated in the respective entities' functional currencies	(399,377)	(155)	(14,453)	2,627	-	(10,831)	(431)	
Add: currency forwards	-	-	-	(2,876)	-	-	-	
Currency exposure	15,609	1,410	18	102	7,855	-	1,100	

The Group does not have significant currency exposure arising from its inter-company balances, except for net SGD payables by certain subsidiaries with functional currency in MYR, amounting to S$533,000 (2016: S$3,853,000), net SGD payables by certain subsidiaries with functional currency in AED, amounting to S$1,478,000 (2016: net SGD receivables of S$796,000), net AED receivables by certain subsidiaries with functional currency in SGD, amounting to S$917,000 (2016: S$1,385,000) and net USD receivables by certain subsidiaries with functional currency in SGD, amounting to S$2,073,000 (2016: S$1,237,000).

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

	SGD S$'000	USD S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company						
At 31 December 2017						
Cash and bank balances	283,703	196	5	-	-	283,904
Receivables	26,030	119	-	-	-	26,149
Available-for-sale financial assets	260	-	-	7,216	-	7,476
Held-to-maturity financial assets	2,551	-	-	-	-	2,551
Trade and other payables	(49,904)	-	-	-	(2)	(49,906)
Other non-current liabilities	(9,630)	-	-	-	-	(9,630)
Net financial assets / (liabilities)	253,010	315	5	7,216	(2)	260,544
Less: net financial assets denominated in the Company's functional currency	(253,010)	-	-	-	-	
Currency exposure	-	315	5	7,216	(2)	

	SGD S$'000	USD S$'000	EUR S$'000	THB S$'000	Others S$'000	Total S$'000
The Company						
At 31 December 2016						
Cash and bank balances	376,753	110	8	-	-	376,871
Receivables	15,469	-	-	-	-	15,469
Available-for-sale financial assets	75	-	-	7,855	-	7,930
Held-to-maturity financial assets	1,523	-	-	-	-	1,523
Trade and other payables	(55,449)	(254)	-	-	(2)	(55,705)
Net financial assets / (liabilities)	338,371	(144)	8	7,855	(2)	346,088
Less: net financial assets denominated in the Company's functional currency	(338,371)	-	-	-	-	
Currency exposure	-	(144)	8	7,855	(2)	

The Group and Company have no other significant currency exposure, except to USD and THB.

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a Market risk (continued)

(i) Currency risk (continued)

If the USD and THB change against the SGD by 5% and 3% (2016: 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:

	2017		2016	
	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	**198**	**-**	107	7
- weakened	**(198)**	**-**	(107)	(7)
THB against SGD				
- strengthened	**-**	**217**	-	236
- weakened	**-**	**(217)**	-	(236)
The Company				
USD against SGD				
- strengthened	**13**	**-**	(6)	-
- weakened	**(13)**	**-**	6	-
THB against SGD				
- strengthened	**-**	**217**	-	236
- weakened	**-**	**(217)**	-	(236)

(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 balance sheets as available-for-sale financial assets (Note 25).

If equity prices of available-for-sale financial assets held by the Company and subsidiaries of the Group increase / decrease by 5% (2016: 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$390,000 (2016: S$419,000) and S$374,000 (2016: S$397,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38a 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 borrowings 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 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% (2016: 0.5%) with all other variables being held constant, the net profit after tax will be lower / higher by S$39,000 (2016: S$63,000).

38b Credit risk

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

The maximum exposure to credit risk for each class of financial assets is the carrying amount of the class of financial assets presented on the balance sheet, except for banker guarantees of S$604,000 (2016: S$2,321,000) and letters of credit of S$735,000 (2016: S$4,899,000) 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.

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

	The Group	
	2017 S$'000	2016 S$'000
Associated companies	**42**	43
Non-related parties:		
Government-link companies and Statutory Boards	**160**	260
Multinational companies	**24,614**	16,451
Other companies	**74,351**	66,684
Sole proprietors and individuals	**1,550**	867
	100,717	84,305

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38b 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	
	2017 S$'000	2016 S$'000
Past due up to 3 months	**19,082**	18,204
Past due 3 to 6 months	**4,702**	2,996
Past due over 6 months	**6,575**	6,611
	30,359	27,811

The carrying amount of trade receivables and long term loan receivables of the Group (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	
	2017 S$'000	2016 S$'000
Gross amount	**17,540**	20,979
Less: allowance for impairment	**(17,405)**	(18,083)
	135	2,896
Allowance for impairment		
Balance at 1 January	**18,083**	17,855
Allowance made	**2,659**	3,030
Allowance written back	**(1,793)**	(1,746)
Amount written off against allowance	**(950)**	(1,224)
Disposal of subsidiaries	**-**	(98)
Currency translation differences	**(594)**	266
Balance at 31 December	**17,405**	18,083

Allowance for impairment of S$1,793,000 (2016: S$1,746,000) 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 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38c 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.

(i) 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 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 2017				
Trade and other payables	98,099	-	-	-
Short-term borrowings	3,969	-	-	-
Long-term borrowings	-	414	5,301	3,993
Other non-current liabilities	-	1,000	3,207	-
At 31 December 2016				
Trade and other payables	85,343	-	-	-
Short-term borrowings	16,417	-	-	-
Long-term borrowings	-	1,473	7,695	8,364
Other non-current liabilities	-	-	4,831	-
The Company				
At 31 December 2017				
Trade and other payables	49,906	-	-	-
Other non-current liabilities	-	9,630	-	-
At 31 December 2016				
Trade and other payables	55,705	-	-	-

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

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38c Liquidity risk (continued)

	Less than 1 year S$'000
The Group	
At 31 December 2017	
Gross-settled currency forwards	
- Receipts	-
- Payments	-
At 31 December 2016	
Gross-settled currency forwards	
- Receipts	(2,870)
- Payments	2,877

38d 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 comprising borrowings and trade and other payables (Notes 28 and 29) and net cash position which is defined as cash (Note 19) 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 cash flows 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 2016 and 2017, except that one of the subsidiaries with bank borrowings amounting to S$6,650,000 (2016: S$6,650,000) has not complied with the externally imposed capital requirements (i.e. debt service ratio) during the financial year ended 31 December 2016 and 2017. Prior to the end of the financial year, the subsidiary has obtained waivers from its bankers to defer assessment of the compliance of the financial covenants as required by loan agreement to the subsequent financial year.

38e 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).

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For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38e Fair value measurements (continued)

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
The Group				
At 31 December 2017				
Assets				
Available-for-sale financial assets	260	-	7,545	7,805
Held-to-maturity financial assets	2,576	-	-	2,576
Total assets	2,836	-	7,545	10,381
Liabilities				
Contingent consideration payable	-	-	829	829
Redemption liability	-	-	2,150	2,150
Total liabilities	-	-	2,979	2,979
At 31 December 2016				
Assets				
Available-for-sale financial assets	75	-	8,312	8,387
Held-to-maturity financial assets	1,508	-	-	1,508
Total assets	1,583	-	8,312	9,895
Liabilities				
Contingent consideration payable	-	-	743	743
Redemption liability	-	-	2,304	2,304
Derivative financial instruments	-	7	-	7
Total liabilities	-	7	3,047	3,054
The Company				
At 31 December 2017				
Assets				
Available-for-sale financial assets	260	-	7,216	7,476
Held-to-maturity financial assets	2,576	-	-	2,576
Total assets	2,836	-	7,216	10,052
At 31 December 2016				
Assets				
Available-for-sale financial assets	75	-	7,855	7,930
Held-to-maturity financial assets	1,508	-	-	1,508
Total assets	1,583	-	7,855	9,438

The fair values of available-for-sale financial instruments and held-to-maturity financial assets that are traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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

Notes to the Financial Statements

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38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38e Fair value measurements (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods, and makes assumptions that are based on current market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same or 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 comparable and other prevailing market factors and conditions.

The following tables present the changes in Level 3 instruments:

The Group	Available-for-sale financial assets $'000	Contingent consideration payable $'000	Redemption liability $'000	Total $'000
2017				
Beginning of financial year	8,312	(743)	(2,304)	5,265
Fair value (losses) / gains recognised in				
- other comprehensive income	(673)	-	-	(673)
- profit or loss	-	(86)	154	68
Disposals	(94)	-	-	(94)
End of financial year	7,545	(829)	(2,150)	4,566
Total (losses) / gains for the period included in profit or loss for assets and liabilities held at the end of the financial year	-	(86)	154	68
2016				
Beginning of financial year	9,268	-	-	9,268
Acquisition of a subsidiary	-	(714)	(2,217)	(2,931)
Fair value losses recognised in				
- other comprehensive income	(956)	-	-	(956)
- profit or loss	-	(29)	(87)	(116)
End of financial year	8,312	(743)	(2,304)	5,265
Total losses recognised in profit or loss for assets and liabilities held at the end of the financial year	-	(29)	(87)	(116)

Notes to the Financial Statements

For the financial year ended 31 December 2017

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

38e Fair value measurements (continued)

The Company	Available-for-sale financial assets $'000
2017	
Beginning of financial year	7,855
Fair value losses recognised in	
- other comprehensive income	(639)
End of financial year	7,216
Total losses for the period included in profit or loss for assets and liabilities held at the end of the financial year	-
2016	
Beginning of financial year	8,786
Fair value losses recognised in	
- other comprehensive income	(931)
End of financial year	7,855
Total losses recognised in profit or loss for assets and liabilities held at the end of the financial year	-

The carrying amount less allowance for impairment 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 and other liabilities 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.

38f Financial Instruments by category

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

	The Group		The Company	
	2017 S$'000	2016 S$'000	**2017 S$'000**	2016 S$'000
Available-for-sale (Note 25)	**7,805**	8,387	**7,476**	7,930
Held-to-maturity (Note 26)	**2,551**	1,523	**2,551**	1,523
Derivatives (Note 29c)	**-**	(7)	**-**	-
Loans and receivables*	**457,302**	561,952	**285,326**	395,520
Financial liabilities at amortised cost	**(113,779)**	(119,912)	**(59,536)**	(55,705)

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

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39. BUSINESS COMBINATIONS

On 5 August 2016, the Company's subsidiary, NSL Fuel Management Services Pte Ltd ("NFMS") entered into an agreement with the shareholders of CNC Petroleum Pte. Ltd. ("CNC"). Under the agreement, the shareholders of CNC ("the Vendors") will sell 100% of their equity stake comprising 1,000,000 ordinary shares in exchange for 17.25% equity stake in NOCT, comprising 1,251,184 new shares to be issued by NOCT. The transaction was completed on 17 August 2016.

The consideration is subject to upward adjustment in financial year 2019 if two material contracts entered by CNC are profitable ("Contingent Consideration"), in accordance with an agreed formula. The contingent consideration shall be satisfied by allotment of additional NFMS shares to the Vendors.

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

		2016 S$'000
(a)	Purchase consideration	
	Equity instruments issued (1,251,184 ordinary shares of NFMS)	1,935
	Contingent consideration (Note (e) below)	714
	Consideration transferred for the business	2,649
(b)	Effect on cash flows of the Group	
	Consideration transferred for the business	2,649
	Less: non-cash consideration	(2,649)
	Consideration settled in cash	-
	Add: cash and cash equivalents in a subsidiary acquired	(1,570)
	Cash inflow on acquisition	(1,570)

		At fair value S$'000
(c)	Provisional fair value of identifiable assets acquired and liabilities assumed	
	Cash and cash equivalents	1,570
	Property, plant and equipment (Note 20)	1,738
	Intangible assets	1,168
	Inventories	138
	Receivable and prepayments	6,889
	Total assets	11,503
	Trade and other payables	(2,774)
	Current income tax liabilities	(12)
	Deferred tax liabilities (Note 32)	(252)
	Borrowings	(5,452)
	Total liabilities	(8,490)
	Total identifiable net assets	3,013
	Less: Bargain purchase on acquisition of a subsidiary (Note (h) below)	(364)
	Consideration transferred for the business	2,649

Notes to the Financial Statements

For the financial year ended 31 December 2017

39. BUSINESS COMBINATIONS (CONTINUED)

(d) Acquisition-related costs

Acquisition-related costs of S$175,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

The Group is required to issue additional ordinary shares of NSL Fuel Management Services Pte Ltd to the former owners of CNC if certain contracts of CNC are profitable.

The fair value of the contingent consideration derived based on an income approach is estimated to approximately S$829,000 (2016: S$743,000 and S$714,000 as at balance sheet date and acquisition date respectively). This fair value was based on an estimated cumulative net profit of the two customer contracts ("CNC Contracts") capped at S$1,000,000 for the relevant period, discounted at 11.3% (2016: 11.3%) per annum. This is a Level 3 fair value measurement.

(f) Acquired receivables

The fair value of trade and other receivables is S$6,889,000 and includes trade receivables with a fair value of S$5,075,000. The gross contractual amount for trade receivables due is S$5,180,000, of which S$105,000 is expected to be uncollectible.

(g) Provisional fair values

In financial year 2016, the fair value of the acquired identifiable intangible assets of S$1,168,000 has been provisionally determined pending finalisation of valuation of assets. In the current financial year, management has finalised its accounting for business combination assessment and determined that there is no change to fair value of the acquired identifiable intangible assets.

(h) Bargain purchase on acquisition of a subsidiary

In financial year 2016, bargain purchase of S$364,000 is included in "other gains and losses" in the consolidated statement of comprehensive income, attributable mainly to fair value of CNC contracts recognised. In the current financial year, management has finalised its accounting for business combination and determined that there is no change in the bargain purchase amount.

(i) Revenue and profit contribution

The acquired business contributed revenue of S$16,143,000 and net loss of S$102,000 to the Group from the period from 17 August 2016 to 31 December 2016.

Had CNC been consolidated from 1 January 2016, consolidated revenue and consolidated profit from continuing operations for the year ended 31 December 2016 would have been S$355,162,000 and S$13,701,000 respectively.

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40. 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 2018 and which the Group has not early adopted:

(a) FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI ("FVOCI"). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there were no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 41). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 50.

(b) FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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40. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS (CONTINUED)

(b) FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 41). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 41.

(c) INT FRS 122 *Foreign Currency Transactions and Advance Considerations* (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 *Foreign Currency Transactions and Advance Considerations* considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 *The Effect of Changes in Foreign Exchange Rates*. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statement upon adoption of the Interpretation.

(d) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018 (Note 41). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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41. ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in May 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) 1

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions and the exemptions resulting in significant adjustments to the Group's financial statements prepared under SFRS(I) are as follows:

(i) Cumulative translation differences

The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 and 31 December 2017 was reduced / increased by S$14,088,000 respectively.

(ii) Business combinations

SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

(iii) Borrowing costs

The Group has elected to apply the requirements in SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were capitalised previously under SFRS prior to date of transition are not restated.

(b) Adoption of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2017

41. ADOPTION OF SFRS(I) (CONTINUED)

(b) Adoption of SFRS(I) 9 (continued)

(i) *Classification and measurement*

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. Expected significant adjustments to the Group's balance sheet line items as a result of management's assessment are as follows:

- *Equity investments previously classified as available-for-sale to FVOCI*

  The Group has elected to recognise changes in the fair value of all its equity investments not held for trading and previously classified as available-for-sale in other comprehensive income.

- *Reclassification from held -to-maturity to amortised cost*

  Debt securities classified as "held-to-maturity" will be reclassified to at "amortised cost" at 1 January 2018 as the Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(ii) *Impairment of financial assets*

The following financial assets will be subject to the expected credit loss model under SFRS(I) 9:

- trade receivables and contract assets recognised under SFRS(I) 15;
- debt instruments carried at amortised cost; and
- loans to related parties and other receivables at amortised cost.

An increase in provision for impairment for the above financial assets and corresponding decrease in opening retained earnings is expected to arise from the application of the expected credit loss impairment model.

(c) Adoption of SFRS(I) 15

In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The main adjustments are as follows:

(i) *Accounting for costs incurred to fulfil a contract*

Under SFRS(I) 15, as cost of contract-specific moulds used in production of building material in Precast & PBU segment relate directly to the Group's contracts with customers and are expected to be recovered, they will be capitalised as "contract assets - costs to fulfil a contract".

(ii) *Accounting for contracts with multiple performance obligations*

The Group has assessed the accounting for contracts to identify multiple performance obligations under the requirements of SFRS(I) 15 and concluded that there is no significant impact under SFRS(I).

Notes to the Financial Statements

For the financial year ended 31 December 2017

41. ADOPTION OF SFRS(I) (CONTINUED)

(c) Adoption of SFRS(I) 15 (continued)

(iii) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) 15:

- Costs of contract-specific moulds used in production in Precast & PBU segment will be reclassified to be presented as part of contract assets.
- Advances received from customers arising from contracts will be reclassified to be presented as part of contract liabilities.

(d) Summary of provisional financial impact

Based on initial assessment by the Group, the provision financial impact of the line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above changes are summarised below:

	As at 31 Dec 2017 reported under SFRS $'000	(Provisional) As at 1 Jan 2018 reported under SFRS(I) $'000	As at 1 Jan 2017 reported under SFRS $'000	(Provisional) As at 1 Jan 2017 reported under SFRS(I) $'000
Financial assets, available-for-sale	7,805	-	8,387	-
Trade and other receivables	109,493	107,723	99,829	99,109
Inventories	50,217	50,119	36,552	36,552
Contract assets	-	1,587	-	720
Financial assets, at FVOCI	-	7,805	-	8,387
Financial assets, held-to-maturity	2,551	-	1,523	-
Other investments at amortised cost	-	2,551	-	1,523
Trade and other payables	98,099	88,100	85,343	77,806
Contract liabilities	-	9,999	-	7,537
Deferred tax assets	3,044	3,068	3,044	3,044
Other reserves	(13,851)	237	(13,730)	358
Retained profits	405,258	390,890	493,689	479,601

42. 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 8 March 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2017

43. 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	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %
Eastern Industries Private Limited [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Chemicals Ltd. [1]	Investment holding, manufacturing and sale of refractory materials and road stones	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Properties Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
NSL Resorts International Pte. Ltd. [1]	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
Eastern Pretech Pte Ltd [1]	Manufacturing and sale of building materials	Singapore	**-**	-	**100.0**	100.0	**-**	-
Eastern Pretech (Malaysia) Sdn Bhd [2]	Manufacturing and sale of building materials	Malaysia	**-**	-	**100.0**	100.0	**-**	-

Note: Refer to Page 123 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2017

43. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2017 %	2016 %	**2017 %**	2016 %	**2017 %**	2016 %
Dubai Precast L.L.C. (2),(3)	Manufacturing and sale of building materials	United Arab Emirates	**-**	-	**45.0**	45.0	**55.0**	55.0
Parmarine Ltd (2)	Manufacturing and sale of building materials	Finland	**-**	-	**100.0**	100.0	**-**	-
Eastech Steel Mill Services (M) Sdn Bhd (2)	Manufacturing and sale of refractory products	Malaysia	**-**	-	**100.0**	100.0	**-**	-
NSL OilChem Waste Management Pte. Ltd. (1)	Treatment and recovery of waste oil and oily slop and trading in diesel oil	Singapore	**-**	-	**87.7**	87.7	**12.3**	12.3
NSL OilChem Logistics Pte. Ltd. (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**-**	-	**87.7**	87.7	**12.3**	12.3
NSL Fuel Management Services Pte Ltd (formerly known as NSL OilChem Trading Pte. Ltd.) (1)	Trading in oil products and disposal of oil and chemical wastes	Singapore	**-**	-	**72.6**	72.6	**27.4**	27.4
CNC Petroleum Pte. Ltd. (1)	Trading in oil products	Singapore	**-**	-	**72.6**	72.6	**27.4**	27.4
NSL Engineering Holdings Pte. Ltd. (1)	Investment holding	Singapore	**100.0**	100.0	**100.0**	100.0	**-**	-
Raffles Marina Holdings Ltd. (1)	Investment holding	Singapore	**-**	-	**72.1**	72.1	**27.9**	27.9
Raffles Marina Ltd (1)	Owning and managing Raffles Marina Club	Singapore	**-**	-	**72.1**	72.1	**27.9**	27.9

Note: Refer to Page 123 for legends.

Notes to the Financial Statements

For the financial year ended 31 December 2017

43. SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Significant Associated Company Held by a Subsidiary	Principal activities	Country of incorporation and place of business	Equity holding	
			2017	2016
Unquoted			**%**	%
PEINER SMAG Lifting Technologies GmbH ("PSLT") (4)	Investment holding, manufacturing, design and sale of container and bulk handling equipment	Germany	**33.3**	33.3

Legends

(1) Audited by PricewaterhouseCoopers LLP, Singapore
(2) Audited by the network of member firms of PricewaterhouseCoopers International Limited outside Singapore
(3) The percentage of shareholding held by the Group in Dubai Precast L.L.C. ("DP") is 45%. However, the Group has assessed DP to be a subsidiary as a result of the Group's entitlement of 80% share of dividends declared by or profits of DP post acquisition in 2011 and the ability to appoint a majority of the directors of DP.
(4) Audited by Deloitte Touche Tohmatsu, Germany.

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Analysis of Shareholdings

As at 8 March 2018

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

SHAREHOLDINGS BY SIZE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1 to 99	109	1.94	2,111	0.00
100 to 1,000	922	16.42	787,588	0.21
1,001 to 10,000	3,491	62.16	16,281,117	4.36
10,001 to 1,000,000	1,087	19.36	42,710,132	11.43
1,000,001 AND ABOVE	7	0.12	313,777,289	84.00
TOTAL	**5,616**	**100**	**373,558,237**	**100**

SHAREHOLDERS BY RESIDENCE

COUNTRIES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
SINGAPORE	5,293	94.25	370,474,676	99.18
MALAYSIA	254	4.52	1,656,946	0.44
OTHERS	69	1.23	1,426,615	0.38
TOTAL	**5,616**	**100**	**373,558,237**	**100**

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL ISSUED SHARES
1	98 HOLDINGS PTE LTD	303,484,453	81.24
2	DBS NOMINEES PTE LTD	2,602,789	0.70
3	CITIBANK NOMINEES SINGAPORE PTE LTD	1,866,225	0.50
4	GOH BENG HWA @ GHO BIN HOA	1,839,750	0.49
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,614,022	0.43
6	OCBC NOMINEES SINGAPORE PTE LTD	1,310,050	0.35
7	JUNO INDRIADI MUALIM	1,060,000	0.28
8	OCBC SECURITIES PRIVATE LTD	845,990	0.23
9	LO KAI LEONG @ LOH KAI LEONG	540,000	0.14
10	SUM AH LAM	500,000	0.13
11	UOB KAY HIAN PTE LTD	493,474	0.13
12	RAFFLES NOMINEES (PTE) LTD	449,902	0.12
13	AU SOO LUAN	437,800	0.12
14	HENG SIEW ENG	433,300	0.12
15	TAY HWA LANG	430,000	0.11
16	FELICIA SURJA MUALIM	400,000	0.11
17	ESTATE OF TAN I TONG, DECEASED	399,624	0.11
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	396,900	0.11
19	KOW THONG JEN @ KOW CHONG JIN	372,000	0.10
20	TUN KENG HING	367,600	0.10
	TOTAL	**319,843,879**	**85.62**

Analysis of Shareholdings

As at 8 March 2018

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 58th 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 24 April 2018 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1 To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2 To re-elect Prof Cham Tao Soon, a Director retiring pursuant to article 90 of the Company's Constitution and, being eligible, offers himself for re-election. **(Resolution 2)**

Prof Cham Tao Soon, will, upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors, Chairman of the Remuneration Committee, Chairman of the 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.

3 To re-elect Mr Ban Song Long, a Director retiring pursuant to article 90 of the Company's Constitution and, being eligible, offers himself for re-election. **(Resolution 3)**

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

4 To approve the payment of Directors' fees of S$614,000.00 for the financial year ended 31 December 2017. (2016: S$614,000.00) **(Resolution 4)**

5 To declare a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2017. (2016: final dividend of S$0.05 per ordinary share (exempt one-tier) and a special dividend of S$0.20 per ordinary share (exempt one-tier)) **(Resolution 5)**

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

SPECIAL BUSINESS

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

Ordinary Resolutions

7 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

Notice of Annual General Meeting

(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 and subsidiary holdings) (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 and subsidiary holdings) (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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 Constitution 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 7)**

8 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,

Notice of Annual General Meeting

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 treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)) 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 treasury shares and subsidiary holdings) 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; and

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

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

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

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

(Resolution 8)

Notice of Annual General Meeting

9 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 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 of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited)) from time to time. **(Resolution 9)**

BY ORDER OF THE BOARD

Lim Su-Ling (Ms)
Company Secretary

Singapore
2 April 2018

Explanatory Notes

(i) In relation to items 2 and 3 above, for further information on Prof Cham Tao Soon and Mr Ban Song Long, please refer to pages 8 and 31 of the Annual Report 2017.

(ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares and issue shares in pursuance of such instruments, up to the limits specified therein, until the date of the next Annual General Meeting. For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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. As at 8 March 2018, the Company did not have treasury shares or subsidiary holdings.

(iii) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 29,884,658 shares on 8 March 2018 representing 8% of the issued shares (excluding treasury shares and subsidiary holdings) 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 2017 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 2 April 2018 (the "**Letter**").

Please refer to the Letter for further details.

Notice of Annual General Meeting

(iv) Ordinary Resolution 9 proposed in item 9 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 of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Notes:

1. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

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 or proxies must be deposited at the registered office of the Company at 77 Robinson Road #27-00, Robinson 77, Singapore 068896, not less than 72 hours before the time set for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NSL LTD.

(Incorporated in Singapore)
Company Registration Number 196100107C

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2018.

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf 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 24 April 2018 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	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Re-election of Prof Cham Tao Soon as a Director		
3	Re-election of Mr Ban Song Long as a Director		
4	Approval of Directors' fees amounting to S$614,000.00		
5	Approval of a final dividend of S$0.05 per ordinary share (exempt one-tier) for the financial year ended 31 December 2017		
6	Re-appointment of Messrs PricewaterhouseCoopers LLP as Independent Auditor and authorisation for Directors to fix its remuneration		
	Special Business		
7	Approval of the Share Issue Mandate		
8	Approval of the renewal of the Share Purchase Mandate		
9	Approval of the grant of options and the allotment and issue of shares pursuant to the NSL Share Option Plan		

Note: Voting will be conducted by poll

Dated this ____________ day of ______________________ 2018.

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 (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

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

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking 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.

5. 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 72 hours before the time set for holding the Meeting.

6. 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.

7. 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.

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies 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 appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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NSL

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Co.Reg.No: 196100107C

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