KTL GLOBAL

Your Global Rope, Rigging & Mooring Partner

ANNUAL REPORT 2014

CONTENTS

Your Global
Rope, Rigging
& Mooring Partner

CORPORATE PROFILE

KTL – one of Asia's major suppliers of rigging equipment and related services to the offshore O&G, marine and construction industries – is making strides to differentiate itself from its competitors and move ahead as a leading solutions provider for offshore O&G equipment in the region.

From its 28,000–square metre base in Singapore, the Group supplies premium steel wire ropes and fittings for lifting and mooring through its wholly–owned subsidiary, KTL Offshore Pte. Ltd., which also provides testing, certification and maintenance services.

The Group has fully equipped their 10,000–square metre facility in the Middle East – one of the largest facilities of its kind in the Hamriyah Free Zone, United Arab Emirates – which has enabled the Group to strengthen its foothold in the region.

From the bases in Singapore and the Middle East, KTL is well positioned to service clients worldwide.

VISION

We aspire to rank among the world's top three suppliers to the offshore O&G and related industries for wire ropes, rigging and heavy lift products and services.

To realise this vision and sustain our market leadership, we will implement comprehensive, focused and effective strategies designed to expand our capabilities and grow our clientele base.

CORE VALUES

Dedication
to maintaining quality and integrity in all aspects of our business – the equipment we provide, the services we render and the relationships we forge.

Commitment
to providing our customers with total solutions – by offering customised and value-added services through innovation and perseverance.

Investment
in our employees – heightening their zeal to unite as a cohesive team determined to achieve our corporate goals.

Responsibility
to our shareholders, our employees and the community – upholding the highest standards in all our actions and business decisions.

CHAIRMAN'S MESSAGE

"We have plans for a joint venture in PRC that will be involved in the trading of high-end slings, processing, storage, display and other services within the Nantong Comprehensive Bonded Zone."

Dear Shareholders,

Due to the surge in demand for our products and higher-margin technical services provided to our offshore oil & gas ("O&G") customers, the Group's net profit attributable to shareholders grew more than five times to S$2.9 million in the financial year ended 30 June 2014 ("FY2014")

This was achieved on the back of a 6.5% increase in Group revenue to S$72.5 million, contributed by the overall improvement in all of our core business segments, particularly those servicing the buoyant offshore O&G and marine sectors.

During the year in review, revenue from our customers in Singapore, United Arab Emirates and the rest of the world (excluding Asia) rose by 17.4%, 18.0%, and 12.5% respectively. Only Asia, which benefited from a major contract secured in FY2013, posted a decline of 18.5% in the absence of a major contract in FY2014.

Expanding regionally

The way ahead for KTL Global is to expand our capacity and capabilities into new markets in the region, thus enabling us to be in closer proximity

to our customers. Our facility in the Hamriyah Free Zone in the United Arab Emirates is seeing an expansion of its customer base in the Middle East. Meanwhile, the construction of our new facility at Tanjung Langsat Industrial Complex in Johor, Malaysia is progressing on schedule and is expected to commence operations in 2015.

Currently, we have plans for a joint venture in PRC that will be involved in the trading of high-end slings, processing, storage, display and other services within the Nantong Comprehensive Bonded Zone.

Additionally, we intend to invest in a Singapore company that trains personnel for the offshore oil and gas, commercial maritime and energy resources industries, and provides training courses and testing services to prepare welders for offshore assignments in Malaysia.

As these plans are still in the discussion stages, the Group will make the necessary announcements when there are further developments.

Earlier in the year, the Group saw an opportunity for capital appreciation by investing RM6.3 million (approximately S$2.4 million) in four commercial units in an integrated development in the heart of Kuala Lumpur. The iconic KL Trillion, strategically located in the Golden Triangle, which is within walking distance of Petronas Twin Towers and Bukit Bintang, is expected to be completed by 2015.

Dividend

After having considered the Group's profit growth, cash position, positive cash flow generated from operations and the projected capital requirements for business growth, the Directors are pleased to propose a first and final dividend of 0.44668 cent per ordinary share representing a dividend payout of about $1.0 million.

The proposed dividend, if approved by shareholders at the forthcoming annual general meeting to be held on 20 October 2014, will be paid out on 12 November 2014.

Appreciation

I would like to thank all of our Directors for their counsel, contributions and cooperation, and to our management and staff for their hardwork and dedication.

In particular, I would like to thank all of our valued shareholders for your trust and support. We look forward to meeting you at the upcoming annual general meeting.

Tan Tock Han
Executive Chairman

OPERATIONS REVIEW

The Year In Review

KTL Global achieved a strong performance in FY2014, boosted by robust activities in the offshore O&G sector that generated strong demand for our products and higher-margin technical services, as well as all-round improvements in all of our core businesses.

Revenue, Gross Profit and Net Profit

During the year in review, the Group's revenue for FY2014 grew by 6.5% to S$72.5 million due to the continued strong performance across all business segments, particularly the offshore O&G sector which secured certain major products and rental orders.

Geographically, revenue from Singapore (which accounts for 46.7% of total revenue in FY2014) increased by 17.4% to S$33.8 million while United Arab Emirates (accounting for 12.4% of total revenue) improved 18% to S$9.0 million. The rest of the the world – Africa, Australia, North and South America, Europe, New Zealand and other Middle Eastern countries, collectively accounting for 19.4% of total revenue, saw a 12.5% rise to S$14.1 million.

Asia – namely Brunei, Hong Kong, India, Indonesia, Japan, Malaysia, the Philippines, China, South Korea, Taiwan, Thailand and Vietnam – accounted for 21.5% of the Group's revenue in FY2014. This

"Moving ahead, our strategic focus is to expand our capabilities and capacities overseas in countries such as Malaysia, the PRC and the Middle East where we will be in closer proximity to our customers, as well as invest in ancillary and complementary services to augment our earnings streams."

geographical segment posted a decline of 18.5% to S$15.6 million in the absence of any major contracts secured during the year.

As a result, gross profit for FY2014 rose 9.5% to S$25.7 million, due to the higher gross profit margin achieved by the surge in demand for our technical services to offshore O&G customers.

The Group managed to keep operating expenses such as administration, sales and marketing relatively stable at S$24.0 million, up slightly by 2.6% due to the accrual of incentive bonuses for management staff. Efforts to reduce our bank borrowings resulted in finance costs declining by 21.3% to S$582,000.

Operating income from other sources rose by 46.2% to S$2.5 million as a result of higher rental income derived from the leasing of our premises at 61 and 71 Tuas Bay Drive, commission as well as gains on the disposal of property, plant and equipment.

Despite higher tax expenses of S$462,000, the Group's net profit attributable to shareholders surged more than five times to S$2.9 million.

Cashflow

During the year in review, the Group generated a net cash flow from operating activities, amounting to S$2.3 million. This provides the Group with the necessary capital for growth and expansion.

Our investment in the new facilities at Tanjung Langsat, Johor was the main component of the net cash used in investing activities of S$7.6 million while the net cash generated from financing activities of S$0.9 million was attributable to the proceeds from bank borrowings to finance our operations.

The Group closed the year in review with a net cash position of S$892,000.

Balance Sheet

The Group's balance sheet remained strong. Total shareholders' equity grew by 7% to S$45.6 million as we position ourselves for a better performance, even as the market for the supply of rigging and lifting systems to the offshore O&G and marine sectors continues to remain competitive.

Moving ahead, our strategic focus is to expand our capabilities and capacities overseas in countries such as Malaysia, the PRC and the Middle East where we will be in closer proximity to our customers, as well as invest in ancillary and complementary services to augment our earnings streams.

BOARD OF **DIRECTORS**

TAN TOCK HAN
Executive Chairman

Mr Tan is our Executive Chairman and one of the Group's founders. He is involved in formulating the Group's strategic direction and expansion plans, and managing its overall business development. As one of our founders, he has played a pivotal role in the Group's growth and development. Mr Tan has more than 40 years of experience in the offshore O&G and marine industries. He joined Kim Teck Leong (the sole proprietorship) in 1967 after completing his secondary education. In 1973, he took over the reins when KTL Offshore was incorporated and continued to expand the Group's business. Mr Tan is also chairman of the social service committee of the Singapore Hokkien Huay Kuan, and a council member of the Singapore Chinese Chamber of Commerce and the Singapore Federation of Chinese Clan Associations.

WILSON TAN
Chief Executive Officer

Mr Tan is our Chief Executive Officer. He is currently responsible for executing the Group's strategies and budgets in ways designed to ensure profitability. He oversees its day-to-day operations and administrative matters, including sales, marketing and business development in Singapore. Mr Tan has more than 15 years of experience in the offshore O&G and marine industries. He began his career at KTL Offshore in 1997. Over the years, he has diversified our business from the marine industry to offshore O&G and helped develop strong relationships with our customers. He graduated from Santa Monica College in the US with a diploma in marketing in 1996.

MARK BERETTA
Chief Operating Officer

Mr Beretta is our Chief Operating Officer. His responsibilities include overseeing strategic marketing and business development as well as growing the offshore O&G business. He oversees the sales and marketing team in its task of developing the existing clientele base and new regional markets. Mr Beretta has more than 20 years of experience in the wire rope and rigging industry, with more than 10 years in the offshore O&G industry. He began his career in 1987 as a trainee metallurgist at Haggie Rand Ltd in South Africa. While there, he held various positions as process/project metallurgist (1990), project manager (1994), business manager (1995) and technical sales and services manager (1999). He joined KTL Offshore in 1999 as marketing director and was later promoted to business development director. In July 2007, he was promoted to sales and marketing director and in October 2010, he was promoted to Chief Operating Officer. Mr Beretta obtained his national higher diploma in metallurgical engineering from Technikon Witwatersrand (Polytech)

in South Africa in 1991 and a master of business administration from Herriot-Watt University in the UK in 2001.

KENNY LIM
Lead Independent Director

Mr Lim was appointed as the lead independent director of our Company on 31 October 2007. He is the founder and a director of Asia Pacific Business Consultants Pte. Ltd. (APB Consultants), which provides corporate and individual tax consultancy and advisory services. He has more than 26 years of experience in the tax, financial services and investment banking industries. Mr Lim also sits on board as independent director of a number of companies listed on the Singapore Stock Exchange. Mr Lim holds a bachelor degree in accountancy and a master of business administration degree from the National University of Singapore. He is a fellow member of the Institute of Singapore Chartered Accountants and a full member of the Singapore Institute of Directors.

Sunny Wong
Independent Director

Mr Wong who joined the board on 16 March 2010, currently serves as chairman of its nominating and remuneration committees, and sits on the Group's audit committee. He is also an independent director of Albedo Limited, Civmec Limited, Excelpoint Technology Ltd and Mencast Holdings Ltd. A practising advocate and solicitor of the Supreme Court of Singapore, he is the Managing Director of Wong Tan & Molly Lim LLC. Mr Wong graduated from the National University of Singapore with a bachelor of laws (honours).

Cheong Hooi Kheng
Non-Executive Director

Mdm Cheong was appointed as a non-executive director of our Company on 31 October 2007. Since March 1989, she has been an executive director of Hong Fok Corporation Limited, an investment holding company listed on SGX-ST that has businesses in property development. In addition, she is a director of Winfoong Investment Limited, an investment holding company with businesses in property investment and development. Ms Cheong has more than 26 years of experience in the real estate industry. She obtained a bachelor of science from California State University, Hayward, in the US and a master of business administration from Chaminade University, also in the US.

EXECUTIVE OFFICERS

LAW SAI LEUNG
Chief Financial Officer

Mr Law is our Chief Financial Officer and oversees all financial accounting and reporting matters related to our Group, as well as matters related to corporate finance. He joined the Group in January 2007, bringing with him about 18 years of experience in accountancy, auditing and finance. Previously, he had held financial management positions at various multinational companies and SMEs. He had also served as the group financial controller of a company listed on the mainboard of SGX-ST. Mr Law obtained his bachelor of commerce from The Australian National University in 1991. He is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

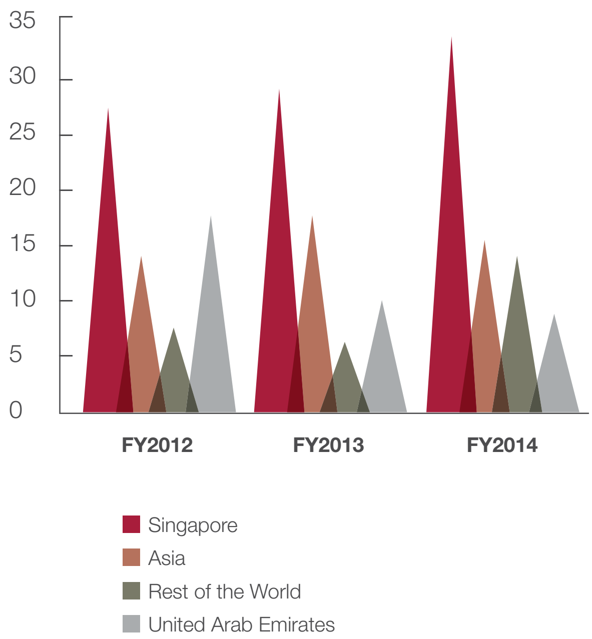
JONATHAN TAN
Director of Administration

Mr Tan is our Director of Administration. His current responsibilities include overseeing the administration, IT and HR departments. He also assists the Chief Executive Officer in managing the Group's day-to-day operations. He joined KTL Offshore in 2003 after obtaining a graduate diploma in finance management from the Singapore Institute of Management. He earned a bachelor of business (with a double major in marketing and economics) from Edith Cowan University in Australia in 2001.

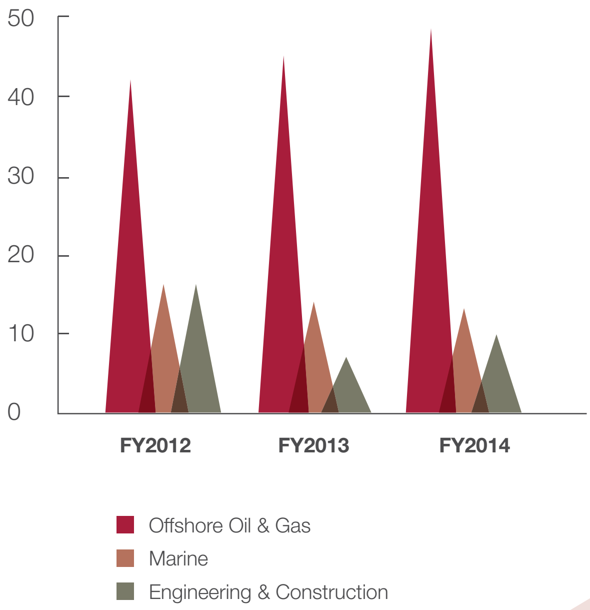
FINANCIAL HIGHLIGHTS

	FY2012	FY2013	FY2014
Key Financial Ratios			
Earnings Per Share (S¢)	0.2	0.2	1.28
Net Asset Value Per Share (S¢)	23.1	19.0	20.4
Income Statement (S$ million)			
Revenue	69.6	68.0	72.5
Gross profit	23.5	23.5	25.7
Net attributable profit	0.2	0.5	2.9
Balance Sheet (S$ million)			
Non-current assets	22.3	23.3	25.8
Current assets	47.8	57.1	59.9
Non-current liabilities	4.8	5.3	4.1
Current liabilities	28.2	32.5	36.0
Shareholders' Equity	37.0	42.6	45.6

Revenue by Geography
(S$ million)



Revenue by Segment
(S$ million)



CORPORATE INFORMATION

BOARD OF DIRECTORS
Tan Tock Han
(Executive Chairman)

Tan Kheng Yeow (Wilson Tan)
(Chief Executive Officer)

Mark Gareth Joseph Beretta (Mark Beretta)
(Chief Operating Officer)

Lim Yeow Hua @ Lim You Qin (Kenny Lim)
(Lead Independent Director)

Wong Fook Choy Sunny (Sunny Wong)
(Independent Director)

Cheong Hooi Kheng
(Non-Executive Director)

EXECUTIVE OFFICERS
Law Sai Leung
(Chief Financial Officer)

Tan Kheng Kuan (Jonathan Tan)
(Director of Administration)

AUDIT COMMITTEE
Kenny Lim (Chairman)
Cheong Hooi Kheng
Sunny Wong

REMUNERATION COMMITTEE
Sunny Wong (Chairman)
Cheong Hooi Kheng
Kenny Lim

NOMINATING COMMITTEE
Sunny Wong (Chairman)
Cheong Hooi Kheng
Kenny Lim

COMPANY SECRETARIES
Law Sai Leung
Vincent Lim Bock Hui

REGISTERED OFFICE
71 Tuas Bay Drive
Singapore 637430
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Facsimile : (65) 6545 2323
Website : www.ktlgroup.com

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Yong Kok Keong
(since financial year ended 30 June 2013)

PRINCIPAL BANKERS
CIMB Bank Berhad (Singapore Branch)
DBS Bank Ltd
United Overseas Bank Limited

FINANCIAL CONTENTS

CORPORATE
GOVERNANCE REPORT

KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**") issued by the Ministry of Finance in May 2012.

The Company is pleased to report on its corporate governance processes and activities as required by the Code. For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 30 June 2014 ("**FY2014**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Tan Tock Han	Executive Chairman
Tan Kheng Yeow ("**Wilson Tan**")	Chief Executive Officer
Mark Gareth Joseph Beretta ("**Mark Beretta**")	Executive Director
Cheong Hooi Kheng	Non-Executive Director
Lim Yeow Hua @ Lim You Qin ("**Kenny Lim**")	Lead Independent Director
Wong Fook Choy Sunny ("**Sunny Wong**")	Independent Director

The principal functions of the Board, in addition to carrying out its statutory responsibilities, are as follows:

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions;

- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation; and

- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets.

CORPORATE
GOVERNANCE REPORT

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results and interested person transactions of a material nature.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. All directors who have no prior experience as directors of a listed company will undergo training and/or briefing on the roles and responsibilities as directors of a listed company. The directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars is arranged and funded by the Company. The external auditors update the directors on the new or revised financial reporting standards on an annual basis.

To assist in the execution of its responsibilities, the Board has established four Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**"), a Remuneration Committee (the "**RC**") and a Performance Share Scheme Committee (the "**PSSC**"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets regularly on a quarterly basis and ad hoc Board meetings are convened when they are deemed necessary. The number of Board meetings held in FY2014 is set out below:

		Board Committees			
	Board	**AC**	**NC**	**RC**	**PSSC**
Number of meetings held	4	4	1	1	-
		Number of meetings attended			
Tan Tock Han	4	-	-	-	-
Wilson Tan	3	-	-	-	-
Mark Beretta	4	-	-	-	-
Cheong Hooi Kheng	4	4	1	1	-
Kenny Lim	4	4	1	1	-
Sunny Wong	4	4	1	1	-

The Articles of Association of the Company provide for meetings of the Board to be held by way of telephonic conference.

CORPORATE GOVERNANCE REPORT

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and substantial shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises six directors, of whom two (constituting one-third of the Board) are independent, namely, Mr Kenny Lim and Mr Sunny Wong, and one is non-executive, namely, Mdm Cheong Hooi Kheng.

The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. With two independent directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each director is reviewed annually by the NC and the Board. Each independent director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. There is therefore no individual or small group of individuals who dominate the Board's decision-making.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Where necessary or appropriate, the non-executive directors on the Board will meet without the presence of the Management. The non-executive directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

The profiles of our directors are set out on pages 8 and 9 of this Annual Report.

CORPORATE GOVERNANCE REPORT

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Tan Tock Han currently holds the position of Executive Chairman of the Company while Mr Wilson Tan holds the position of Chief Executive Officer of the Company. Mr Tan Tock Han is the father of Mr Wilson Tan. As all major decisions are made in consultation with the Board and with the establishment of four Board committees, the Board is of the view that there are sufficient safeguards in place to ensure accountability and independent decision-making.

The Board collectively ensures the following:

- in consultation with the Management, the scheduling of meetings to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;

- in consultation with the Management, the preparation of the agenda for Board meetings;

- in consultation with the Management, the exercise of control over the quality, quantity and timeliness of information between the Management and the Board and the facilitation of effective contribution from the non-executive directors; and

- effective communication with shareholders and compliance with corporate governance best practices.

Mr Kenny Lim has been appointed as the lead independent director. As such, he is the contact person for shareholders in situations where there are concerns or issues that communication with the Executive Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or where such communication is inappropriate. Led by the lead independent director, the independent directors meet without the presence of the other directors, if deemed necessary.

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the director seeking re-election.

The NC comprises Mr Sunny Wong, Mdm Cheong Hooi Kheng and Mr Kenny Lim. The chairman of the NC is Mr Sunny Wong. A majority of the NC, including the chairman, is independent. The chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:-

1) Making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO, the development of a process for evaluation of the performance of the Board, its Board committees and directors, and the review of training and professional development programmes for the Board.

2) Making recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable), taking into consideration the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candour).

3) Ensuring that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

4) Determining annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind Paragraph 2.3 of the Code and any other salient factors.

5) Deciding if a director is able to and has been adequately carrying out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

6) Assessing the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each individual director to the effectiveness of the Board.

Having made its review, the NC is of the view that Mr Kenny Lim and Mr Sunny Wong have satisfied the criteria for independence.

The Company does not have a formal process for the selection and appointment of new directors to the Board. When the need for a new director arises, or where it is considered that the Board would benefit from the services of a new director with particular skills or to replace a retiring director, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. In its search and nomination process for new directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Articles of Association of the Company, each director is required to retire at least once every three years by rotation, and all newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of the directors, together with their directorships in other listed companies, are set out below:-

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Tan Tock Han	Executive Chairman	19 March 2007	19 October 2012	Hong Fok Corporation Limited	-
Wilson Tan	Chief Executive Officer	19 March 2007	21 October 2013	-	-
Mark Beretta	Executive Director	31 October 2007	21 October 2011	-	-
Cheong Hooi Kheng	Non-Executive Director	31 October 2007	19 October 2012	Hong Fok Corporation Limited Winfoong International Limited	-
Kenny Lim	Lead Independent Director	31 October 2007	21 October 2011	Advanced Integrated Manufacturing Corp. Ltd. Eratat Lifestyle Limited China Minzhong Food Corporation Limited KSH Holdings Limited Oxley Holdings Limited	Great Group Holdings Limited
Sunny Wong	Independent Director	16 March 2010	21 October 2013	Albedo Limited Excelpoint Technology Ltd. Mencast Holdings Ltd. Civmec Limited	-

According to Article 104 of the Company's Articles of Association, Mr Mark Beretta and Mr Kenny Lim, will retire at the Company's forthcoming annual general meeting and will be eligible for re-election.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold, as each director is able to devote sufficient time and attention to the affairs of the Company.

Key information regarding the directors, including their shareholdings in the Company, is set out on pages 8,9 and 30 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

CORPORATE
GOVERNANCE REPORT

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution of the Chairman and each individual director to the effectiveness of the Board. The NC decides how the Board's and individual directors' performance may be evaluated and proposes objective performance criteria that are approved by the Board. The performance criteria include factors such as risk management and internal control, and financial performance indicators as well as share price performance. Individual assessment criteria include commitment of time for meetings and any other duties.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. Upon request, the Management will provide any additional information needed for the directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the directors one week in advance of Board meetings, followed by the Board papers, in order for the directors to be adequately prepared for the meetings.

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the SGX-ST Listing Manual. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

7. REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each director.

The RC comprises Mr Sunny Wong, Mdm Cheong Hooi Kheng and Mr Kenny Lim, all of whom are non-executive directors. The chairman of the RC is Mr Sunny Wong. A majority of the RC, including the chairman, is independent.

The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include the following:-

1) Reviewing and recommending for endorsement by the entire Board a general framework of remuneration for the directors and key management personnel.

2) Reviewing and recommending for endorsement by the entire Board the specific remuneration packages for each director as well as for the key management personnel that covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

3) If necessary, seeking expert advice inside and/or outside the Company on remuneration of all directors, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

4) Reviewing and recommending to the Board the terms of renewal of the service contracts of directors.

5) Reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

6) Reviewing whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes, and evaluate the costs and benefits of long-term incentive schemes.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to advice regarding executive compensation matters, if required.

The RC's recommendations will be submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

8. LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the executive directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The independent and non-executive directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. Remuneration for the executive directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into fixed-term service agreements with the executive directors, namely Mr Tan Tock Han, Mr Wilson Tan and Mr Mark Beretta. Either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the director's last drawn monthly salary.

The Company recognises the importance of motivating each employee and in this regard, the KTL Performance Share Scheme (the "**Scheme**") was approved at the extraordinary general meeting ("**EGM**") on 23 October 2009. Details on the Scheme are set out in the circular to shareholders dated 7 October 2009 issued by the Company. The Scheme is administered by the PSSC, comprising Mr Tan Tock Han, Mr Kenny Lim, Mdm Cheong Hooi Kheng and Mr Sunny Wong.

9. DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Board is of the view that full disclosure of the specific remuneration of each individual director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The level and mix of remuneration paid or payable to the directors and executive officers for FY2014 are set out as follows:-

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
Directors					
$750,000 to less than $1,000,000					
Mark Beretta	41.5	42.3	-	16.2	100.0
$500,000 to less than $750,000					
Tan Tock Han[2]	55.9	36.0	-	8.1	100.0
Wilson Tan[2]	51.4	34.4	-	14.2	100.0
$250,000 to less than $500,000					
-					
Less than $250,000					
Cheong Hooi Kheng	-	-	100.0	-	100.0
Kenny Lim	-	-	100.0	-	100.0
Sunny Wong	-	-	100.0	-	100.0
Key Management Personnel and Employees related to Directors					
$250,000 to less than $500,000					
Tan Kheng Kuan[2]	49.7	41.4	-	8.9	100.0
Law Sai Leung	84.7	15.3	-	-	100.0
Less than $250,000					
Tan Suan Suan[2]	84.7	15.3	-	-	100.0
Lim Kor Hin[2]	74.0	26.0	-	-	100.0

Notes:-

(1) Director's fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

(2) Mr Tan Kheng Kuan and Ms Tan Suan Suan are the children of Mr Tan Tock Han and siblings of Mr Wilson Tan. Mdm Lim Kor Hin is the wife of Mr Tan Kheng Kuan.

Save as disclosed in Note (2) above, there were no employees of the Company or its subsidiaries who were immediate family members of any director or the Chief Executive Officer and whose remuneration exceeded S$50,000 during FY2014.

The aggregate remuneration paid to the two key management personnel of the Group in FY2014 amounted to S$536,015.

The Company had adopted the KTL Performance Share Scheme (the "**Scheme**") on 23 October 2009. The Scheme is administered by the PSSC, comprising Mr Tan Tock Han, Mr Kenny Lim, Mdm Cheong Hooi Kheng and Mr Sunny Wong. Under the Scheme, awards of fully-paid ordinary shares in the capital of the Company in the form of existing shares held as treasury shares and/or new shares will be delivered free of charge, to selected employees of the Group and other selected participants. The aggregate number of shares which may be delivered under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time. Further details on the Scheme are set out in the circular to shareholders dated 7 October 2009 issued by the Company.

During FY2014, no awards were granted under the Scheme. As at the end of FY2014, awards have been granted under the Scheme as follows:-

Name of participant	Number of shares comprised in awards during FY2014 (including terms)	Aggregate number of shares comprised in awards from commencement of Scheme to end of FY2014	Number of shares comprised in awards which have been issued and/ or transferred since commencement of Scheme to end of FY2014	Number of shares comprised in awards not vested as at end of FY2014
Director				
Mark Beretta	-	472,928	472,928	-

As at the end of FY2014, no awards of shares have been granted under the Scheme to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the Scheme.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. The objectives of the presentation of the annual financial statements and quarterly announcements to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position, and prospects. In line with the rules of the SGX-ST Listing Manual, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management understands its role in providing all members of the Board with management accounts and such explanation as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The external and internal auditors conduct annual reviews of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the CEO and the Chief Financial Officer referred to in the preceeding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group, addressing financial, operational and compliance risks, were adequate as at 30 June 2014.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference, which clearly set out its authority and duties.

The AC comprises Mr Kenny Lim, as the chairman, and Mr Sunny Wong and Mdm Cheong Hooi Kheng, as members, all of whom are non-executive directors. A majority of the AC, including the chairman, are independent directors. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include:-

1) Reviewing the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls.

2) Reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval.

3) Reviewing the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and any such other information required by the SGX-ST Listing Manual, before submission to the Board for approval.

4) Reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response.

5) Reviewing the co-operation given by the Management to the external auditors.

6) Reviewing the independence of the external auditors annually.

7) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

8) Ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing the adequacy and effectiveness of the internal audit function at least annually.

9) Reviewing and/or ratifying any interested person transactions falling within the scope of Chapter 9 of the Listing Manual.

10) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management.

11) Reviewing the procedures by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external auditors without the presence of the Management, at least annually.

CORPORATE GOVERNANCE REPORT

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The fees paid by the Company to the external auditors in FY2014 for audit and non-audit services amounted to $120,000 and $12,000, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

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

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. Contact details of the AC have been made available to all employees.

13. INTERNAL AUDIT

Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The AC approves the appointment of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC is satisfied with the adequacy and effectiveness of the Company's internal audit function.

14. SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

CORPORATE
GOVERNANCE REPORT

15. COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

16. CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company receive the Annual Report and the notice of the annual general meeting. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the Code's principle of encouraging shareholder participation. The Articles of Association of the Company currently allow a member of the Company to appoint up to two proxies to attend and vote at general meetings. Given the attendance level at the Company's general meetings, the Board is of the view that it is not necessary nor cost-effective to put all resolutions to vote by poll and announce the detailed results.

DEALINGS IN SECURITIES

In compliance with the best practices set out in the SGX-ST Listing Manual on dealings in securities, directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the results.

CORPORATE
GOVERNANCE REPORT

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2014, there were no material contracts of the Group involving the interests of the Chief Executive Officer, each director or controlling shareholder, either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of KTL Global Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2014.

Directors

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

Tan Tock Han
Tan Kheng Yeow
Mark Gareth Joseph Beretta
Lim Yeow Hua @ Lim You Qin
Cheong Hooi Kheng
Wong Fook Choy Sunny

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Tan Tock Han	8,926,400	8,926,400	132,713,000	132,713,000
Tan Kheng Yeow	228,200	228,200	123,200,000	123,200,000
Mark Gareth Joseph Beretta	712,928	712,928	–	–
Cheong Hooi Kheng	140,000	140,000	–	–
Ordinary shares of the holding company				
Tan Tock Han	30	30	–	–
Tan Kheng Yeow	20	20	–	–

There was no change in any of the above-mentioned interest in the Company between the end of the financial year and 21 July 2014.

DIRECTORS' REPORT

Directors' interests in shares and debentures (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

By virtue of Section 7 of the Act, Mr Tan Tock Han and Mr Tan Kheng Yeow are deemed to have interests in the shares of the subsidiaries of the Company as they held more than 20% interests in the issued share capital of the Company at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

No options were issued by the Company or any of its subsidiaries during the financial year. As at 30 June 2014, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

Audit Committee

The audit committee carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Tock Han
Director

Tan Kheng Yeow
Director

Singapore
22 September 2014

STATEMENT BY DIRECTORS

We, Tan Tock Han and Tan Kheng Yeow, being two of the directors of KTL Global Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Tan Tock Han
Director

Tan Kheng Yeow
Director

Singapore
22 September 2014

INDEPENDENT
AUDITOR'S REPORT

For the financial year ended 30 June 2014

Independent Auditor's Report to the Members of KTL Global Limited

Report on the financial statements

We have audited the accompanying financial statements of KTL Global Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 35 to 95, which comprise the balance sheets of the Group and the Company as at 30 June 2014, and the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

INDEPENDENT
AUDITOR'S REPORT

For the financial year ended 30 June 2014

Independent Auditor's Report to the Members of KTL Global Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
22 September 2014

CONSOLIDATED
INCOME STATEMENT

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Revenue	4	72,469	68,044
Cost of sales		(46,766)	(44,572)
Gross profit		25,703	23,472
Other operating income	5	2,515	1,720
Administration expenses		(18,886)	(18,087)
Sales and marketing expenses		(5,148)	(5,307)
Other operating expenses		(218)	(304)
Share of results of joint venture companies		(48)	(47)
Profit from operating activities	7	3,918	1,447
Finance costs	8	(582)	(740)
Profit before taxation		3,336	707
Taxation	9	(462)	(188)
Profit for the year		2,874	519
Attributable to:			
Owners of the Company		2,874	394
Non-controlling interests		– *	125
		2,874	519
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	1.28	0.20
Diluted	10	1.27	0.20

* Denotes less than S$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	2014 $'000	2013 $'000
Profit for the year	2,874	519
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation	(115)	(1)
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary	–	(3)
Other comprehensive income for the year, net of tax	(115)	(4)
Total comprehensive income for the year	2,759	515
Total comprehensive income attributable to:		
Owners of the Company	2,759	331
Non-controlling interests	– *	184
	2,759	515

* Denotes less than S$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 30 June 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Investment properties	11	1,377	–	–	–
Property, plant and equipment	12	19,227	18,396	–	–
Investment in subsidiaries	13	–	–	13,161	13,161
Investment in joint venture companies	14	363	411	7	7
Other receivables	17	1,062	1,163	–	–
Prepayments	17	3,784	3,311	–	–
		25,813	23,281	13,168	13,168
Current assets					
Inventories	15	29,302	21,958	–	–
Trade receivables	16	27,261	27,933	–	–
Other receivables	17	319	539	–	101
Prepayments	17	856	268	–	–
Amount due from subsidiaries	17	–	–	20,496	15,371
Amount due from joint venture companies	17	180	20	180	20
Cash and bank balances	19	2,033	6,406	94	3,656
		59,951	57,124	20,770	19,148
TOTAL ASSETS		85,764	80,405	33,938	32,316
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	20	12,567	16,376	–	–
Bills payables	21	12,310	9,412	–	–
Other payables	22	5,968	1,654	1,463	216
Derivative liabilities	18	–	4	–	–
Interest-bearing loans and borrowings	23	4,422	4,773	–	–
Income tax payable		765	248	19	7
		36,032	32,467	1,482	223
NET CURRENT ASSETS		23,919	24,657	19,288	18,925

BALANCE SHEETS

As at 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current liabilities					
Interest-bearing loans and borrowings	23	2,856	3,692	–	–
Deferred tax liabilities	24	1,145	1,406	–	–
Other payables	22	114	198	–	–
		4,115	5,296	–	–
TOTAL LIABILITIES		40,147	37,763	1,482	223
NET ASSETS		45,617	42,642	32,456	32,093
Equity attributable to owners of the Company					
Share capital	25(a)	33,269	33,269	33,269	33,269
Treasury shares	25(b)	(646)	(602)	(646)	(602)
Reserves	26	12,945	9,961	(167)	(574)
		45,568	42,628	32,456	32,093
Non-controlling interests		49	14	–	–
TOTAL EQUITY		45,617	42,642	32,456	32,093
TOTAL EQUITY AND LIABILITIES		85,764	80,405	33,938	32,316

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS
OF CHANGES IN EQUITY
For the year ended 30 June 2014

Group	Note	Share capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Merger reserve $'000	Employee equity benefit reserve $'000	Translation reserve $'000	Statutory reserve fund $'000	Accumulated profits $'000	Total reserves $'000	Equity attributeable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2013		33,269	(602)	(120)	(7,660)	–	(102)	15	17,828	9,961	42,628	14	42,642
Profit for the year		–	–	–	–	–	–	–	2,874	2,874	2,874	–	2,874
Other comprehensive income for the year		–	–	–	–	–	(115)	–	–	(115)	(115)	–	(115)
Total comprehensive income for the year		–	–	–	–	–	(115)	–	2,874	2,759	2,759	–	2,759
Purchase of treasury shares		–	(44)	–	–	–	–	–	–	–	(44)	–	(44)
Disposal of subsidiary without loss of control		–	–	–	–	–	–	–	(35)	(35)	(35)	35	–
Employee equity benefit expense		–	–	–	–	260	–	–	–	260	260	–	260
At 30 June 2014		33,269	(646)	(120)	(7,660)	260	(217)	15	20,667	12,945	45,568	49	45,617
At 1 July 2012		28,168	(602)	(120)	(7,660)	–	(39)	15	17,434	9,630	37,196	(170)	37,026
Profit for the year		–	–	–	–	–	–	–	394	394	394	125	519
Other comprehensive income for the year						–							
- Foreign currency translation		–	–	–	–	–	(1)	–	–	(1)	(1)	–	(1)
- Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		–	–	–	–	–	(62)	–	–	(62)	(62)	59	(3)
Total comprehensive income for the year		–	–	–	–	–	(63)	–	394	331	331	184	515
Issuance of new shares pursuant to rights issue, net of share issuance expense	25	5,101	–	–	–	–	–	–	–	–	5,101	–	5,101
At 30 June 2013		33,269	(602)	(120)	(7,660)	–	(102)	15	17,828	9,961	42,628	14	42,642

STATEMENTS
OF CHANGES IN EQUITY
For the year ended 30 June 2014

	Note	Share capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Employee equity benefit reserve $'000	Accumulated (losses) / profits $'000	Total reserve $'000	Total equity $'000
Company								
At 1 July 2013		33,269	(602)	(120)	–	(454)	(574)	32,093
Profit for the year		–	–	–	–	147	147	147
Total comprehensive income for the year		–	–	–	–	147	147	147
Purchase of treasury shares	25	–	(44)	–	–	–	–	(44)
Employee equity benefit expense		–	–	–	260	–	260	260
At 30 June 2014		33,269	(646)	(120)	260	(307)	(167)	32,456
At 1 July 2012		28,168	(602)	(120)	–	31	(89)	27,477
Loss for the year		–	–	–	–	(485)	(485)	(485)
Total comprehensive income for the year		–	–	–	–	(485)	(485)	(485)
Issuance of new shares pursuant to rights issue, net of share issuance expense	25	5,101	–	–	–	–	–	5,101
At 30 June 2013		33,269	(602)	(120)	–	(454)	(574)	32,093

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit before taxation		3,336	707
Adjustments for:			
Depreciation of property, plant and equipment	12	3,441	3,791
Write-back for inventory obsolescence	15	(18)	(14)
Bad debt written off	7	36	–
Allowance/(write-back) for doubtful debts, net	16	114	(6)
Gain on disposal of property, plant and equipment	5	(816)	(274)
Fair value (gain)/loss on derivatives		(4)	16
Interest expense	8	582	740
Share of results of joint venture companies	14	48	47
Gain on liquidation of a subsidiary	5	–	(3)
Employee equity benefit expense	6	260	–
Total adjustments		3,643	4,297
Operating cash flow before changes in working capital		6,979	5,004
Changes in working capital:			
(Increase)/decrease in inventories		(4,940)	1,200
Decrease/(increase) in trade receivables		522	(7,071)
Increase in other receivables and prepayments		(427)	(2,340)
(Decrease)/increase in trade payables		(3,809)	7,942
Increase/(decrease) in other payables		4,230	(463)
Total changes in working capital		(4,424)	(732)
Cash generated from operating activities		2,555	4,272
Income tax paid		(206)	(30)
Income taxes refunded		–	298
Currency translation		(15)	7
Net cash flows generated from operating activities		2,334	4,547
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(7,706)	(2,795)
Proceeds from disposal of property, plant and equipment		1,467	631
Purchase of investment property		(1,377)	–
Net cash flows used in investing activities		(7,616)	(2,164)

CONSOLIDATED
CASH FLOW STATEMENT

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from financing activities			
Purchase of treasury shares		(44)	–
Proceeds from interest-bearing loans and borrowings		3,998	1,850
Repayments of interest-bearing loans and borrowings		(2,456)	(3,144)
Proceeds from issuance of new shares pursuant to rights issue, net of share issuance expense	25	–	5,101
Interest paid		(622)	(740)
Net cash flows generated from financing activities		876	3,067
Net (decrease)/increase in cash and cash equivalents		(4,406)	5,450
Cash and cash equivalents at beginning of the year		5,298	(152)
Cash and cash equivalents at end of the year	19	892	5,298
Analysis of cash and cash equivalents			
Cash and bank balances		2,033	6,406
Bank overdrafts		(1,141)	(1,108)
Cash and cash equivalents at end of the year		892	5,298

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES
TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2014

1. Corporate information

1.1 ***The Company***

KTL Global Limited (the "Company") is a company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The ultimate holding company is Kim Teck Leong Pte. Ltd. which is incorporated in Singapore.

The registered office and the principal place of business of the Company is located at 71 Tuas Bay Drive, Singapore 637430.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $), the functional currency of the Company. All values in the table are rounded to the nearest thousand ($'000) as indicated.

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective***

The Company has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 27 *Separate Financial Statements*	1 January 2014
FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interest in Other Entities*	1 January 2014
FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, FRS 111 and FRS 112 *Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities*	1 January 2014
FRS 110, FRS 112 and FRS 27 *Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities*	1 January 2014
FRS 36 *Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
FRS 39 *Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
Improvements to FRSs (January 2014)	1 July 2014
FRS 19 *Amendments to FRS 19: Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (February 2014)	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
INT FRS 121 *Levies*	1 January 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when applied in 2015.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at end of reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– derecognises the carrying amount of any non-controlling interest;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received or receivable;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

2.5 ***Transactions with non-controlling interest***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.6 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transaction and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold building	–	50 years (lower of lease term or useful life)
Plant and machinery	–	5 to 15 years
Motor vehicles	–	5 to 10 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Renovation	–	5 years
Computers	–	5 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Investment properties under constructions are not depreciated as they are not yet available for use.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. Summary of significant accounting policies (cont'd)

2.9 ***Impairment of non-financial assets (cont'd)***

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 ***Joint venture***

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in its jointly controlled entities by equity accounting its results from the date the Group obtains joint control until the date the Group ceases to have joint control over the entity.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. Goodwill relating to the joint venture company is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the joint venture company's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the joint venture in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the joint venture. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

2. Summary of significant accounting policies (cont'd)

2.11 ***Joint venture (cont'd)***

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.12 ***Financial instruments***

(i) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(ii) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) Financial liabilities at amortised cost

Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 ***Financial instruments (cont'd)***

(iii) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and demand deposits which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their location and conditions are accounted for on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.16 ***Government grants***

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an expense item, it is recognised in the profit or loss on a systematic basis over the period in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as "Other operating income".

2.17 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 *Employee benefits*

Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

Share-based payments

Employees of the Group receive remuneration in the form of the fully paid treasury shares as consideration for services rendered. The cost of these share-based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted which takes into account market conditions. This cost is recognised in profit or loss, with a corresponding increase in the equity.

2.21 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.21 ***Leases (cont'd)***

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(d).

2.22 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Revenue is recognised based on the invoiced value of services rendered and represent service revenue from the inspection and certification of offshore rigging equipment.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Rental income*

Rental income arising from operating lease on equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies (cont'd)

2.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.26 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

2. Summary of significant accounting policies (cont'd)

2.28 *Related parties (cont'd)*

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities of the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) *Useful lives of property, plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 30 June 2014 was $19,227,000 (2013: $18,396,000).

(ii) *Allowances for inventory obsolescence*

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances, including but not limited to, the inventories' physical conditions, their market selling prices and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories at 30 June 2014 was $29,302,000 (2013: $21,958,000).

(iii) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 29.

(iv) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at 30 June 2014 was $765,000 (2013: $248,000) and $1,145,000 (2013: $1,406,000) respectively. The carrying amount of the Company's income tax payable at 30 June 2014 was $19,000 (2013: $7,000).

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(v) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for its non-financial assets at the end of each reporting period. Non-financial assets are assessed for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. Revenue

Revenue of the Group represents revenue from sale of goods net of discounts and Goods and Services Tax ("GST") and after eliminating intercompany transactions.

	Group	
	2014	**2013**
	$'000	$'000
Sale of goods	63,462	58,247
Service revenue	6,268	6,371
Rental of equipment	2,739	3,426
	72,469	68,044

5. Other operating income

	Group	
	2014	**2013**
	$'000	$'000
Commission received	251	352
Write-back of allowance of doubtful debt	–	6
Operating lease income	1,181	975
Gain on disposal of property, plant and equipment	816	274
Gain on liquidation of a subsidiary	–	3
Sundry income	267	110
	2,515	1,720

6. Salaries and related expenses

	Group	
	2014	**2013**
	$'000	$'000
Employee benefits expense (including directors):		
- Salaries and bonus	8,794	8,840
- CPF contributions	517	527
- Other short-term benefits	321	313
- Employee equity benefit expense	260	–
	9,892	9,680

KTL Performance Share Scheme

The Company had adopted the KTL Performance Share Scheme (the "Scheme") on 23 October 2009. The Scheme is administered by a committee of the directors, comprising Mr Tan Tock Han, Mr Kenny Lim, Mdm Cheong Hooi Kheng and Mr Sunny Wong. Under the Scheme, awards of fully-paid ordinary shares in the capital of the Company in the form of existing shares ("Award") held as treasury shares will be delivered free of charge, to selected employees of the Group and other selected participants. The aggregate number of shares which may be delivered under the Scheme shall not exceed 15% of the total issued shares of the Company (excluding treasury shares) from time to time. Further details on the Scheme are set out in the circular to shareholders dated 7 October 2009 issued by the Company.

The Award is vested immediately upon grant. No Award has been released during the financial year ended 30 June 2014 under the Scheme.

The total expenses recognised relating to the share-based payment transaction amounted to $260,000 (2013: Nil).

7. Profit from operating activities

The following items have been included in arriving at profit before tax from operating activities:

	Group	
	2014	**2013**
	$'000	$'000
Depreciation of property, plant and equipment	3,441	3,791
Bad debt written off	36	–
Allowance for doubtful debts	114	–
Operating lease expenses	3,720	3,711
Foreign exchange loss, net	68	284
Fair value loss on derivative	–	16
Audit fees		
- auditor of the Company	125	118
- other auditors	5	16
Non-audit fees incurred/paid to auditor of the Company	–	43

8. Finance costs

	Group	
	2014	2013
	$'000	$'000
Interest expense on:		
- bank loans and borrowings and bank overdrafts	535	655
- hire purchase creditors	47	85
	582	740

9. Taxation

Major components of income tax expense for the years ended 30 June 2014 and 2013 are:

	Group	
	2014	2013
	$'000	$'000
Current income tax		
- Current year income taxation	729	202
- (Over)/under provision in respect of previous years	(6)	4
	723	206
Deferred income tax		
- Movement in temporary differences	(256)	78
- Over provision in respect of previous years	(5)	(96)
Income tax expense recognised in profit or loss	462	188

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2014 and 2013 is as follows:

	Group	
	2014	2013
	$'000	$'000
Profit before taxation	3,336	707
Tax at Singapore statutory tax rate at 17% (2013: 17%)	567	120
Non-deductible expenses	147	225
Income not subject to taxation	(82)	(22)
Over provision in respect of previous years	(11)	(92)
Effect of partial tax exemption and tax relief	(255)	(179)
Share of results of joint venture companies	8	8
Effect of difference in tax rates in other countries	77	139
Others	11	(11)
Income tax expense recognised in profit or loss	462	188

9. Taxation (cont'd)

At the end of the reporting period, the Group has unutilised tax losses of approximately $337,000 (2013: $283,000) that are available to offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised tax losses is subject to the agreement by the tax authority and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and number of shares used in the computation of basic and diluted earnings per share for the years ended 30 June 2014 and 30 June 2013:

	Group	
	2014	**2013**
	$'000	$'000
Profit for the year, net of tax, attributable to owners of the Company	2,874	394
	Number of shares	**Number of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation*	224,182	192,138
Effects of dilution:		
- Employee share-based payment scheme	2,130	–
Weighted average number of ordinary shares for diluted earnings per share computation*	226,312	192,138
Basic earnings per share (cents) attributable to owners of the Company	1.28	0.20
Fully diluted earnings per share (cents) attributable to owners of the Company	1.27	0.20

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

11. Investment properties

	Group
	$'000
Balance sheet:	
Cost	
At 1 July 2013	–
Additions	1,377
At 30 June 2014	1,377

The investment properties held by the Group as at 30 June 2014 are under construction for which the fair value cannot be reliably measured at present.

During the financial year, there are no rental income, directing operating expense and depreciation charge as the investment properties are not yet available for use.

The investment properties are mortgaged to secure the Group's loan facility, which has not been drawn down at the end of the reporting period.

NOTES
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12. Property, plant and equipment

Group	**Leasehold building**	**Plant and machinery**	**Motor vehicles**	**Furniture and fittings**	**Office equipment**	**Renovation**	**Computers**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
At 1 July 2012	2,935	20,267	2,031	1,503	357	1,264	939	29,296
Additions	–	1,936	136	15	22	592	167	2,868
Disposals/write-offs	–	(437)	(595)	(10)	(4)	(5)	(42)	(1,093)
Exchange differences	–	(1)	–	–	–	–	–	(1)
At 30 June 2013	2,935	21,765	1,572	1,508	375	1,851	1,064	31,070
Additions	3,654	3,093	340	12	5	40	211	7,355
Disposals/write-offs	–	(1,135)	(148)	–	–	–	(77)	(1,360)
Transfer to inventory	–	(3,755)	–	–	–	–	–	(3,755)
Exchange differences	(12)	(26)	(1)	(1)	–	(4)	(1)	(45)
At 30 June 2014	6,577	19,942	1,763	1,519	380	1,887	1,197	33,265
Accumulated depreciation and impairment:								
At 1 July 2012	83	6,018	490	1,053	282	734	582	9,242
Depreciation charge	58	2,758	167	266	56	323	163	3,791
Disposals/write-offs	–	(180)	(137)	(4)	–	(2)	(42)	(365)
Exchange difference	–	5	–	–	–	1	–	6
At 30 June 2013	141	8,601	520	1,315	338	1,056	703	12,674
Depreciation charge	59	2,609	162	133	23	308	147	3,441
Disposals/write-offs	–	(577)	(42)	–	–	–	(77)	(696)
Transfer to inventory	–	(1,369)	–	–	–	–	–	(1,369)
Exchange difference	(1)	(7)	–	(1)	–	(2)	(1)	(12)
At 30 June 2014	199	9,257	640	1,447	361	1,362	772	14,038
Net carrying amount:								
At 30 June 2013	2,794	13,164	1,052	193	37	795	361	18,396
At 30 June 2014	6,378	10,685	1,123	72	19	525	425	19,227

12. Property, plant and equipment (cont'd)

Assets held under finance lease

During the financial year, the Group acquired motor vehicle and plant and machinery with an aggregate cost of $338,000 (2013: $136,000) and $nil (2013: $37,000) respectively by means of finance leases. The purchase of these property, plant and equipment amounting to $149,000 (2013: $73,000) was funded by finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $7,706,000 (2013: $2,795,000).

The carrying amount of motor vehicles and plant and machinery held under finance leases at the end of the reporting period were $2,795,000 (2013: $2,755,000). Leased assets are pledged as security for the related finance lease liability.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold building with a carrying amount of $6,378,000 (2013: $2,794,000) are mortgaged to secure the Group's bank loans (Note 23).

Changes in estimate

During the financial year, the Group revised the estimated useful lives of certain plant and machineries from 10 to 15 years. The revision in estimate has been applied on a prospective basis from 1 April 2014. The effects of the above revision on depreciation charge in current and future periods are as follows:

	2014 $'000	2015 $'000	2016 $'000	Later $'000
Decrease in depreciation expense	(46)	(166)	(163)	(414)

Transfer to inventory

In April 2014, the Group transferred certain rental equipment (included in plant and machinery) to inventory as there is a change in management intention to hold these inventories for sale instead of earning rental income.

Asset under construction

The Group's leasehold building and plant and machinery amounted to $3,654,000 (2013: $211,000) and $291,000 (2013: nil) respectively relate to expenditure for a plant in the course of construction.

Capitalisation of borrowing costs

The Group's leasehold building includes borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a plant. During the financial year, the borrowing costs capitalised as cost of leasehold building amounted to $40,000 (2013: nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2013: nil), which is the effective interest rate of the specific borrowing.

13. Investment in subsidiaries

	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost		
- KTL Offshore Pte. Ltd.	13,160	13,160
- KTL Investment Pte. Ltd. (previously known as Rigsteel Pte. Ltd.)	1	1
	13,161	13,161

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	Proportion (%) of ownership interest 2013
	Held by the Company				
(i)	KTL Offshore Pte. Ltd.	Singapore	Trading of rigging equipment and related services	100	100
(i)	KTL Investment Pte. Ltd.	Singapore	Investment holding	100	100
	Held through KTL Offshore Pte. Ltd.				
(iii), (iv)	PT. KTL Offshore Indonesia	Indonesia	Inspection and certification of lifting equipment and certification of wire ropes	60	95
(ii)	KTL Offshore (Middle East) FZC	United Arab Emirates	Trading of rigging equipment and related services	98	98
(v)	KTL Offshore (Malaysia) Sdn Bhd	Malaysia	Trading of rigging equipment and related services	100	100
	Held through KTL Investment Pte. Ltd.				
(v)	KTL Realty Holding Sdn Bhd	Malaysia	Property investment	100	–

(i) Audited by Ernst & Young LLP, Singapore

(ii) Audited by M/S SPA Auditing, United Arab Emirates

(iii) Not required to be audited by laws of country of incorporation

(iv) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(v) Audited by member firms of EY Global in the respective countries

14. Investment in joint venture companies

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost	7	7	7	7
Share of post-acquisition reserves	356	404	–	–
	363	411	7	7

	Name	Country of incorporation	Principal activities	Proportion of ownership interest (%)	
				2014	2013
(i)	Advanced Mooring Systems Pte Ltd ("AMS")	Singapore	Design, production and supply of mooring systems for the offshore oil and gas industry	50	50
	Held through KTL Investment Pte. Ltd.				
(ii)	KTL Seletar Resources Pte. Ltd.	Singapore	Investment holding	51	–

(i) Audited by Ernst & Young LLP, Singapore

(ii) Audited by Reliance Audit LLP, Singapore

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint venture companies are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total assets and liabilities:				
Current assets	115	8	14	8
Non-current assets	550	574	517	574
Total assets	665	582	531	582
Current liabilities	251	31	39	31
Non-current liabilities	56	65	56	65
Total liabilities	307	96	95	96
Income and expenses:				
Income	–	–	–	–
Expenses	48	47	48	47

There are no contingent liabilities relating to the Group's and Company's interest in the joint venture companies.

15. Inventories

	Group	
	2014	2013
	$'000	$'000
Balance sheet:		
Trading goods and supplies	29,302	21,958
Income statement:		
Inventories recognised as an expense in cost of sales	49,818	41,787
Inclusive of the following charge:		
- Reversal of write-down of inventories	(18)	(14)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in the current financial year.

16. Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies as at 30 June are as follows:

	Group	
	2014	2013
	$'000	$'000
United States Dollars	4,677	4,961
Euro	815	–
United Arab Emirates Dirham	777	1,040

Receivables that are past due but not impaired

The Group has trade receivables amounting to $17,632,000 (2013: $18,706,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	2013
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	4,412	5,990
30 to 60 days	2,417	2,686
61 to 90 days	1,965	2,945
More than 90 days	8,838	7,085
	17,632	18,706

16. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2014	**2013**
	$'000	$'000
Trade receivables – nominal amounts	114	122
Less: Allowance for impairment	(114)	(122)
	–	–
Movement in allowance accounts:		
At 1 July	122	168
Charge for the year	114	–
Write-back of provision	–	(6)
Utilised	(122)	(40)
At 30 June	114	122

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are assessed to be in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. Other receivables and prepayments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Non-current				
Withholding tax recoverable*	250	367	–	–
Deposits	812	796	–	–
Other receivables	1,062	1,163	–	–
Prepaid land lease	2,427	2,512		
Prepayments for machinery	1,357	799		
Prepayments	3,784	3,311	–	–

* In prior year, foreign withholding tax had been paid at the rate of 10.0%. This rate can be reduced to 4.2% if certain conditions are met and the Group believes it is able to meet these conditions. The Group is in the process of providing supporting documents to the foreign tax authority. The withholding tax recoverable amounted to $250,000 (2013: $367,000) as at 30 June 2014. However, the Group expects to take more than 1 year to recover the amount and has classified this amount as a non-current asset.

17. Other receivables and prepayments (cont'd)

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Deposits	245	220	–	–
Sundry debtors	18	302	–	101
Staff advances	21	10	–	–
Others	35	7	–	–
Other receivables	319	539	–	101
Prepayments	856	268	–	–
Amount due from subsidiaries	–	–	20,496	15,371
Amount due from joint venture companies	180	20	180	20

Amount due from subsidiaries and joint venture companies are non-trade related, unsecured, interest-free and repayable on demand. The amounts are denominated in SGD and are to be settled by cash.

Prepaid land lease

The movement of the prepaid land lease at the end of the reporting period is as follows:

	Group	
	2014	2013
	$'000	$'000
Cost:		
At 1 July	2,547	–
Addition	–	2,547
At 30 June	2,547	2,547
Accumulated amortisation:		
At 1 July	35	–
Amortisation during the year	85	35
At 30 June	120	35
Net carrying amount	2,427	2,512

The amortisation of prepaid land lease is capitalised in the leasehold building under construction (Note 12).

17. Other receivables and prepayments (cont'd)

Other receivables denominated in foreign currencies at 30 June is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United Arab Emirates Dirham	–	122	–	–
Indonesia Rupiah	–	2	–	–
Indian Rupee	267	367	–	–
United States Dollars	130	–	–	–
Malaysian Ringgit	26	–	–	–

18. Derivatives

	Group			
	2014		2013	
	Notional Amount	Liabilities	Notional Amount	Liabilities
	$'000	$'000	$'000	$'000
Forward currency contracts	–	–	2,249	(4)

Forward currency contracts were used to hedge foreign currency risk arising from the Group's purchases denominated in USD for which firm commitments existed at the end of the previous reporting period, extended to October 2013.

19. Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash on hand and at banks	1,015	5,988	94	3,656
Short term deposits	1,018	418	–	–
Total cash and bank balances	2,033	6,406	94	3,656
Less: Bank overdraft (Note 23)	(1,141)	(1,108)	–	–
Cash and cash equivalents as shown in cash flows statement	892	5,298	94	3,656

19. Cash and bank balances (cont'd)

Cash and bank balances denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
United States Dollars	337	2,048	5	5
United Arab Emirates Dirham	80	93	–	–
Indonesia Rupiah	5	–	–	–
Malaysia Ringgit	87	–	–	–

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for one month and earn interests at 0.05% per annum (2013: 0.05%).

20. Trade payables

Trade payables are non-interest bearing and normally settled on 60-90 day terms.

Trade payables denominated in foreign currencies at 30 June are as follows:

	Group	
	2014	**2013**
	$'000	$'000
United States Dollars	7,179	10,352
Euro	1,976	2,228
Pound Sterling	13	60
United Arab Emirates Dirham	188	172
Australian Dollars	8	–

21. Bills payables

Bills payables are repayable within 1-6 months at effective interest rate of 1.5% to 7.0% per annum (2013: 1.6% to 5.1% per annum). They are guaranteed by a corporate guarantee issued by the Company to the banks for a subsidiary.

Bills payables denominated in foreign currency at 30 June are as follows:

	Group	
	2014	**2013**
	$'000	$'000
United States Dollars	9,655	7,829

22. Other payables

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Current				
Deposits and advances received	754	340	–	–
Accrued operating expenses	1,712	544	717	216
Sundry creditors	2,505	770	–	–
GST payable	746	–	746	–
	5,717	1,654	1,463	216
Amount due to related parties	251	–	–	–
	5,968	1,654	1,463	216
Non-current				
Deposits received	–	146	–	–
Provision for staff gratuity ^	114	52	–	–
	114	198	–	–

Amount due to related parties is non-trade related, unsecured, interest-free and repayable on demand. The amount is denominated in SGD and is to be settled by cash.

^ Provision made for end-of-service gratuity payable to the employees of a subsidiary of the Group at the end of the reporting period in accordance with the labour laws of that jurisdiction.

23. Interest-bearing loans and borrowings

	Effective interest rate (per annum)	Mature in the financial year ending	Group As at 30 June 2014 $'000	Group As at 30 June 2013 $'000
Non-current liabilities				
Secured borrowing				
• Obligations under finance lease (Note 27(c))	1.9% - 5.5%	2015-2019	345	792
• CIMB term loan	2.1%	2024	1,724	1,850
Unsecured borrowings				
• DBS internationalisation finance scheme term loan	5.5%	2018	787	1,050
			2,856	3,692

23. Interest-bearing loans and borrowings (cont'd)

	Effective interest rate (per annum)	Mature in the financial year ending	Group As at 30 June 2014 $'000	Group As at 30 June 2013 $'000
Current liabilities				
Secured borrowings				
• Obligations under finance lease (Note 27(c))	1.9% - 5.5%	2015-2019	562	554
• CIMB term loan	2.1%	2024	126	–
• UOB term loan	2.5%	2015	600	–
Unsecured borrowings				
• DBS invoice financing	4.8%	2015	431	871
• DBS internationalisation finance scheme term loan	5.5%	2018	262	262
• DBS fixed advance facility	4.8%	2015	1,300	1,800
• DBS 18-month term loan	5.5%	2014	–	178
• Bank overdrafts (Note 19)	4.3% - 5.7%		1,141	1,108
			4,422	4,773

Obligations under finance lease

These obligations are secured by a charge over the Group's property, plant and equipment (Note 12). These obligations are denominated in SGD and AED. The effective interest rate ranges from 1.9% to 5.5% per annum (2013: 1.9% to 5.5% per annum).

CIMB term loan

The ten-year SGD term loan to a subsidiary bears interest at 1.55% (2013: 1.55%) per annum above the bank's 1-month Cost of Fund and is repayable in 120 monthly instalments commencing from October 2014.

The term loan is secured by a corporate guarantee issued by KTL Global to the banks and the property under development in Malaysia.

DBS invoice financing

The invoice financing of up to $4,500,000 (2013: $4,500,000) to a subsidiary is guaranteed by a corporate guarantee issued by KTL Global Limited to the bank. This facility accepts 90% of the total value of invoices assigned and has a repayment period of 150 days.

23. Interest-bearing loans and borrowings (cont'd)

DBS internationalisation finance scheme term loan

The eight-year SGD term loan to a subsidiary is secured by a corporate guarantee issued by KTL Global Limited to the bank. This loan bears interest at 1.25% (2013: 1.25%) per annum above the bank's prime lending rate and is repayable in 96 monthly instalments commencing from 30 June 2010.

DBS fixed advance facility

The advance facility, denominated in SGD, is repayable on 10 July 2014. The facility has an interest rate of 0.5% (2013: 0.5%) per annum above the bank's prime lending rate and is guaranteed by a corporate guarantee issued by KTL Global Limited to the bank.

DBS 18-month term loan

The SGD-denominated term loan to a subsidiary was secured by a corporate guarantee issued by KTL Global Limited to the bank. The loan bore interest at 1.25% (2013: 1.25%) per annum over the bank's prevailing prime lending rate. The loan was fully repaid on 15 July 2013.

UOB 3-year term loan

The SGD-denominated term loan to a subsidiary is secured by a corporate guarantee issued by KTL Global Limited to the bank. The loan bears interest at 2.5% per annum over the Bank's Cost of Funds and is repayable on 24 July 2014.

Bank overdrafts

Bank overdrafts are denominated in SGD, bear interest at rates ranging from 4.25% to 5.70% (2013: 4.25% to 5.70%) per annum. The overdraft facilities are secured by a corporate guarantee issued by KTL Global to the banks.

24. Deferred tax liabilities

	Group			
	Consolidated balance sheet		**Consolidated income statement**	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	1,163	1,426	(263)	(16)
Deferred tax assets				
Provisions	(18)	(20)	2	(2)
Net deferred tax liabilities	1,145	1,406	(261)	(18)

25. Share capital and treasury shares

(a) ***Share capital***

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	226,075	33,269	162,000	28,168
Issuance of new shares	–	–	64,075	5,254
Share issuance expense	–	–	–	(153)
At 30 June	226,075	33,269	226,075	33,269

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

During the previous financial year, the Company issued 64,075,000 new ordinary shares at $0.082 each pursuant to a non-underwritten rights issue ("Rights Shares") on the basis of two Rights Share for every five existing ordinary shares held by entitled shareholders as at books closure date. The net proceeds from the issuance of new shares was $5,101,000.

(b) ***Treasury shares***

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	1,812	(602)	1,812	(602)
Acquired during the financial year	390	(44)	–	–
At 30 June	2,202	(646)	1,812	(602)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired 390,000 (2013: nil) shares in the Company through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was $44,000 (2013: nil) and this was presented as a component within shareholders' equity.

26. Reserves

(a) ***Treasury shares reserve***

Treasury shares reserve represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made in respect of this reserve.

(b) ***Statutory reserve fund***

In accordance with the Implementing Regulations of the Hamriyah Free Zone Authority applicable to a subsidiary in the Hamriyah Free Zone, United Arab Emirates, the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's paid up share capital. The reserve is not available for distribution except as provided in the Federal Law of Hamriyah Free Zone.

(c) ***Merger reserve***

Pursuant to two business transfer agreements each dated 12 September 2007, the Company acquired the relevant business of Wiljohn Investment Pte. Ltd. (formerly known as Kim Teck Leong Offshore Pte Ltd) (comprising the business, assets and liabilities, relating to the supply of rigging equipment and related services, but excluding the property located at Tuas South Avenue 2/Avenue 3) and Kim Test Services Pte Ltd (comprising the business, assets and liabilities, relating to the supply of rigging equipment) for a consideration of $5,285,963 and $256,424, respectively. The consideration was based on the respective net tangible asset value of Wiljohn Investment Pte. Ltd. and Kim Test Services Pte Ltd as at 30 June 2007.

(d) ***Employee equity benefit reserve***

Employee equity benefit reserve represents the equity-settled awards granted to employees (Note 6). The reserve is made up of the cumulative value of service received from employees recorded over the vesting period commencing from the grant date of equity-settled share scheme, and is reduced by the expiry, cancellation and settlement of the awards.

27. Commitments

(a) ***Operating lease commitments – as lessee***

The Group has entered into commercial leases on certain motor vehicles, office equipment, dormitories, warehouse, and office premises. These leases have an average tenure of between 1 and 10 years, with options to renew the lease after that date. None of the lease includes contingent rentals.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014	**2013**
	$'000	$'000
Not later than one year	3,582	3,407
Later than one year but not later than five years	13,782	13,405
Later than five years	8,178	11,224
	25,542	28,036

At the end of the reporting period, the Group has outstanding commitment amounted to $1,474,000 (2013: Nil) in relation to a lease contract for land in Malaysia.

(b) ***Operating lease commitments – as lessor***

The Group has entered into commercial property leases on its office premise. These non-cancellable leases have remaining lease terms of between 1 to 10 years. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014	**2013**
	$'000	$'000
Receivable from third parties:		
Not later than one year	508	747
Later than one year but not later than five years	–	69
	508	816
Receivable from related parties:		
Not later than one year	466	–
Later than one year but not later than five years	2,484	–
Later than five years	3,261	–
	6,211	–

27. Commitments (cont'd)

(c) ***Finance lease commitments***

The Group has finance leases for certain items of motor vehicles and machineries. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2014	2014	2013	2013
	$'000	$'000	$'000	$'000
Not later than one year	598	562	598	554
Later than one year but not later than five years	385	345	830	769
Later than five years	–	–	26	23
Total minimum lease payments	983	907	1,454	1,346
Less: Amounts representing finance charges	(77)	–	(108)	–
Present value of minimum lease payments	906	907	1,346	1,346

(d) ***Capital commitments***

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	$'000	$'000
Commitments in respect of property, plant and equipment	3,681	114

(e) ***Corporate guarantees***

	Company	
	2014	2013
	$'000	$'000
Corporate guarantees issued by the Company for bank facilities granted to a subsidiary	6,371	7,119

The Company has provided corporate guarantee to certain banks for invoice financing and loans taken by a subsidiary.

The corporate guarantees have not been recognised by the Group and the Company as management has assessed the fair value of the corporate guarantees to be immaterial.

The Company has given undertakings to finance certain subsidiaries and joint venture companies to enable them to meet their liabilities as and when they fall due.

28. Related party disclosures

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Rental income from a company related to a director	30	14	–	–
Sale of motor vehicle to a director	–	333	–	–
Management fee charged to a subsidiary	–	–	2,851	1,872
Sale of good to related company	66	–	–	–
Purchase of equipment from a company related to a director	(878)	–	–	–
Purchase of tax services from a firm related to a director	(15)	–	–	–

(b) ***Compensation of key management personnel***

	Group	
	2014	**2013**
	$'000	$'000
Short-term employee benefits	2,681	1,942
Central Provident Fund contributions	96	90
Other short-term benefits	321	313
Share-based payments	260	–
Total compensation paid to key management personnel	3,358	2,345
Comprise amounts paid/payable to:		
- Directors of the Company	2,512	1,602
- Other key management personnel	846	743
	3,358	2,345

29. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) ***Financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) $'000	**Significant observable inputs other than quoted prices** (Level 2) $'000	**Significant unobservable inputs** (Level 3) $'000	**Total** $'000
Group				
Recurring fair value measurements				
2014				
Derivative liabilities				
Forward currency contracts	–	–	–	–
2013				
Derivative liabilities				
Forward currency contracts	–	(4)	–	(4)

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

29. Fair value of financial instruments (cont'd)

(a) ***Financial instruments that are carried at fair value (cont'd)***

Determination of fair value

Forward currency contracts

The fair value of forward currency contracts is determined by reference to marked to market values provided by counterparties. The fair value measurement of forward currency contracts under the Group are classified under Level 2 of the fair value hierarchy, for which inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) are included as inputs in the determination of fair value.

(b) ***Financial instruments whose carrying amounts are reasonable approximation of fair value***

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, and non-current bank loans at floating rates, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Set below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements at other than fair value.

	Group			
	Carrying amount		Fair value	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets:				
Deposits (non-current)	812	796	804	785
Financial liabilities:				
Obligations under finance lease	907	1,346	983	1,350

Determination of fair value

Fair value has been estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending and leasing arrangements at the end of the reporting period.

29. Fair value of financial instruments (cont'd)

Classification of financial instruments

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements:

	Loans and receivables $'000	Liabilities at amortised cost $'000	Total $'000
2014			
Assets			
Trade receivables	27,261	–	27,261
Other receivables	1,381	–	1,381
Amount due from joint venture companies	180	–	180
Cash and bank balances	2,033	–	2,033
	30,855	–	30,855
Liabilities			
Trade payables	–	12,567	12,567
Bills payables	–	12,310	12,310
Other payables	–	6,082	6,082
Interest-bearing loans and borrowings	–	7,278	7,278
	–	38,237	38,237

	Loans and receivables $'000	Fair value through profit or loss $'000	Liabilities at amortised cost $'000	Total $'000
2013				
Assets				
Trade receivables	27,933	–	–	27,933
Other receivables	1,702	–	–	1,702
Amount due from a joint venture company	20	–	–	20
Cash and bank balances	6,406	–	–	6,406
	36,061	–	–	36,061
Liabilities				
Trade payables	–	–	16,376	16,376
Bills payables	–	–	9,412	9,412
Other payables	–	–	1,852	1,852
Derivative liabilities	–	4	–	4
Interest-bearing loans and borrowings	–	–	8,465	8,465
	–	4	36,105	36,109

30. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group's exposure to interest rate risk arises primarily from the Group's loans and borrowings. The Group does not use derivative financial instruments to hedge its exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates with all other variables held constant.

	Group	
	(Decrease)/increase in profit before tax	
	2014	**2013**
	$'000	$'000
75 basis point higher (2013: 75)	(140)	(114)
75 basis point lower (2013: 75)	140	114

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the entities, primarily USD and SGD. The foreign currencies in which these transactions are denominated are mainly United States dollars and Euro. Approximately 20.8% (2013: 15.8%) of the Group's sales are denominated in foreign currencies whilst approximately 82.1% (2013: 77.0%) of the Group's purchases are denominated in foreign currencies. The Group's trade receivables and trade payable balances at the end of the reporting period have similar exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalent of the Group and Company as at the end of the reporting period are set out in Note 19.

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to foreign currency risk is monitored on an ongoing basis. When necessary and deemed appropriate, the Group enters into forward currency contracts to hedge against fluctuations in the exchange rates.

30. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2014	2013
		(Decrease)/ increase in profit before tax	**(Decrease)/ increase in profit before tax**
		$'000	$'000
USD	- strengthened 3% (2013: 3%)	(413)	(341)
	- weakened 3% (2013: 3%)	413	341
EUR	- strengthened 3% (2013: 3%)	(35)	(67)
	- weakened 3% (2013: 3%)	35	67

(c) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets such as cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

30. Financial risk management objectives and policies (cont'd)

(c) *Credit risk (cont'd)*

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and

- corporate guarantees provided by the Company for bank facilities granted to a subsidiary as at the end of the reporting period amounted to $6,371,000 (2013: $7,119,000).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country or geographical area and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2014		2013	
	$'000	% of total	$'000	% of total
By geographical area:				
Singapore	13,672	50	14,067	50
Asia	5,548	20	8,460	30
Middle East	2,320	9	2,182	8
Rest of the world	5,721	21	3,224	12
	27,261	100	27,933	100
By industry sectors:				
Offshore Oil and Gas	20,866	76	22,597	81
Marine	4,306	16	3,963	14
Others	2,089	8	1,373	5
	27,261	100	27,933	100

At the end of the reporting period, approximately 36.5% (2013: 43.4%) of the Group's trade receivables were due from 5 (2013: 5) major customers who are multi-industry conglomerates located in Singapore and overseas.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

30. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and cash equivalents, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000
Group				
2014				
Financial assets				
Trade receivables	27,261	–	–	27,261
Other receivables	319	1,062	–	1,381
Amount due from joint venture companies	180	–	–	180
Cash and bank balances	2,033	–	–	2,033
Total undiscounted financial assets	29,793	1,062	–	30,855
Financial liabilities				
Trade payables	12,567	–	–	12,567
Bills payables	12,310	–	–	12,310
Other payables	5,968	114	–	6,082
Interest-bearing loans and borrowings	4,422	2,022	834	7,278
Interest on liabilities	212	239	38	489
Total undiscounted financial liabilities	35,479	2,375	872	38,726
Total net undiscounted financial liabilities	(5,686)	(1,313)	(872)	(7,871)

30. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2013				
Financial assets				
Trade receivables	27,933	–	–	27,933
Other receivables	539	1,163	–	1,702
Amount due from a joint venture company	20	–	–	20
Cash and bank balances	6,406	–	–	6,406
Total undiscounted financial assets	34,898	1,163	–	36,061
Financial liabilities				
Trade payables	16,376	–	–	16,376
Bills payables	9,412	–	–	9,412
Other payables	1,654	198	–	1,852
Derivative liabilities	4	–	–	4
Interest-bearing loans and borrowings	4,773	2,513	1,179	8,465
Interest on liabilities	447	301	78	826
Total undiscounted financial liabilities	32,666	3,012	1,257	36,935
Total net undiscounted financial assets/(liabilities)	2,232	(1,849)	(1,257)	(874)

	1 year or less	
	2014 $'000	**2013** $'000
Company		
Financial assets		
Other receivables	–	101
Amount due from subsidiaries	20,496	15,371
Amount due from joint venture companies	180	20
Cash and bank balances	94	3,656
Total undiscounted financial assets	20,770	19,148
Financial liabilities		
Other payables	1,463	216
Total undiscounted financial liabilities	1,463	216
Total net undiscounted financial assets	19,307	18,932

30. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

The table below shows the contractual expiry by maturity of the subsidiary's loans and borrowings guaranteed by the Company. The maximum amounts are allocated to the earliest period in which the guarantee could be called.

	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000
Company				
2014				
Corporate guarantee issued by the Company for bank facilities granted to a subsidiary	3,860	1,677	834	6,371
2013				
Corporate guarantee issued by the Company for bank facilities granted to a subsidiary	4,219	1,744	1,156	7,119

31. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, bills payables, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company less statutory reserve fund.

31. Capital management (cont'd)

	Note	Group 2014 $'000	Group 2013 $'000
Interest-bearing loans and borrowings	23	7,278	8,465
Bills payables	21	12,310	9,412
Trade payables	20	12,567	16,376
Other payables	22	6,082	1,852
Less: Cash and bank balances	19	(2,033)	(6,406)
Net debt		36,204	29,699
Equity attributable to the owners of the Company		45,568	42,628
Less: Statutory reserve fund	26	(15)	(15)
Total capital		45,553	42,613
Capital and net debt		81,757	72,312
Gearing ratio		44%	41%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2014 and 30 June 2013.

32. Segment information

For management purposes, the Group is organised into business segments based on the industry of the customers that it provides products and services to, and has three reportable operating segments as follows:

I. The offshore oil and gas segment relates to sales of goods and services to customers in the oil and gas industry. This reportable segment has been formed by aggregating the customers in the oil and gas industry which are regarded by management to exhibit similar economic characteristics.

II. The marine segment relates to sales of goods and services to customers in the marine industry.

III. Others business segment relates to sales to customers in other industry sectors, mainly in the offshore construction and engineering industries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table in Note 32(a), is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

There is no transaction between the segments.

32. Segment information (cont'd)

(a) *Business segments*

The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2014 and 2013. There were no adjustments and eliminations to arrive at amounts reported in the consolidated financial statements. As the chief operating decision maker does not review segment assets and segment liabilities, no such disclosure is presented.

	Offshore oil and gas $'000	**Marine** $'000	**Others** $'000	**Total** $'000
Year ended 30 June 2014				
Revenue	48,946	13,570	9,953	72,469
Other income				2,515
Segment revenue				74,984
Segment results	3,695	299	(28)	3,966
Share of results of joint venture companies				(48)
Finance expenses				(582)
Profit before taxation				3,336
Taxation				(462)
Profit for the year				2,874
Other segment information:				
Depreciation	2,324	644	473	3,441
Additions to non-current assets	5,898	1,635	1,199	8,732
Year ended 30 June 2013				
Revenue	48,908	12,053	7,083	68,044
Other income				1,720
Segment revenue				69,764
Segment results	1,530	(213)	177	1,494
Share of results of a joint venture company				(47)
Finance expenses				(740)
Profit before taxation				707
Taxation				(188)
Profit for the year				519
Other segment information:				
Depreciation	2,724	671	396	3,791
Additions to non-current assets	2,062	508	298	2,868

32. Segment information (cont'd)

(b) *Geographical segments*

The turnover by geographical segments is based on the delivery order address of the customers.

The following table provides an analysis of the Group revenue by geographical market:

	Group Revenue	
	2014	2013
	$'000	$'000
Singapore	33,826	28,823
United Arab Emirates	8,997	7,620
Indonesia	5,308	2,959
Malaysia	5,462	10,890
Asia	4,782	5,225
Rest of the world	14,094	12,527
	72,469	68,044

	Assets		Additions to non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore	60,917	63,579	3,309	2,733
Indonesia	31	67	6	–
Malaysia	11,259	3,154	5,321	–
United Arab Emirates	13,557	13,605	96	135
	85,764	80,405	8,732	2,868

Asia includes Brunei, Hong Kong, India, Japan, Philippines, People's Republic of China, South Korea, Taiwan, Thailand and Vietnam each country contributing less than 10% of total revenue.

Rest of the world include Africa, Australia, North and South America, Europe, New Zealand and other Middle Eastern countries each contributing less than 10% of total revenue.

33. Dividend

After the end of the reporting period, the directors proposed dividend of $1,000,000 representing 0.45 cents per ordinary share. The proposed dividend in respect of the current financial year will be recorded as a liability on the balance sheet of the Company and the Group upon approval by the shareholders at the next Annual General Meeting of the Company.

34. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of directors on 22 September 2014.

SHAREHOLDING STATISTICS

As at 9 September 2014

Issued and paid-up capital	:	$35,028,091
Number of shares	:	226,075,228
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 2,871,930 issued shares as treasury shares, constituting 1.29% of the total number of issued shares (excluding treasury shares).

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 9 September 2014

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 999	15	1.53	1,086	0.00
1,000 - 10,000	371	37.70	2,155,226	0.97
10,001 - 1,000,000	583	59.25	46,455,986	20.81
1,000,001 - and above	15	1.52	174,591,000	78.22
Grand Total	**984**	**100.00**	**223,203,298**	**100.00**

Note: The above shareholdings do not include 2,871,930 treasury shares held by the Company.

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 9 September 2014

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%[3]	NO. OF SHARES	%[3]
Tan Tock Han[1]	8,926,400	4.00	132,713,000	59.46
Tan Kheng Yeow[2]	228,200	0.10	123,200,000	55.20
Kim Teck Leong Pte. Ltd.	123,200,000	55.20	–	–

Notes:

(1) The direct interest of Tan Tock Han in 8,926,400 shares includes 1,857,800 shares held jointly with his late wife, Cheong Gim Kheng. Tan Tock Han is deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 (the "Act") and the 9,513,000 shares held by his late wife, Cheong Gim Kheng, in her sole name by virtue of Section 164(15) of the Act.

(2) Tan Kheng Yeow is deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Act.

(3) The percentages of issued share capital are calculated based on 223,203,298 issued shares (excluding treasury shares) in the capital of the Company as at 9 September 2014.

SHAREHOLDING
STATISTICS

As at 9 September 2014

TWENTY-ONE LARGEST SHAREHOLDERS

As at 9 September 2014

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE LTD	123,200,000	55.20
2	LIM & TAN SECURITIES PTE LTD	9,709,000	4.35
3	PHUA LAY PHENG	6,078,000	2.72
4	CIMB SECURITIES (SINGAPORE) PTE LTD	5,797,800	2.60
5	TAN TOCK HAN	5,133,800	2.30
6	DBSN SERVICES PTE LTD	3,792,600	1.70
7	CHEONG GIM KHENG	3,735,200	1.67
8	TANG GAR KEOW @ ANGIE TANG	3,346,600	1.50
9	TING LAY CHOO	3,314,000	1.48
10	EASTERN NAVIGATION PTE LTD	2,884,000	1.29
11	TAN CHEE LIN	2,378,000	1.07
12	CHAN HING KA ANTHONY	1,830,000	0.82
13	NG CHENG HUAT	1,197,000	0.54
14	TING BOON KIAT	1,181,000	0.53
15	NG SENG HONG	1,014,000	0.45
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	979,000	0.44
17	TAN KHENG KUAN (CHEN QINGQUAN)	939,756	0.42
18	MAYBANK KIM ENG SECURITIES PTE LTD	910,000	0.41
19	TAN SEK KHOON	897,000	0.40
20	PHILLIP SECURITIES PTE LTD	790,000	0.35
	TOTAL	**179,106,756**	**80.24**

Note: The above shareholdings do not include 2,871,930 treasury shares held by the Company.

FREE FLOAT

Based on the information provided to the Company as at 9 September 2014, approximately 35.56% of the issued ordinary shares (excluding treasury shares) of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of KTL Global Limited (the "**Company**") will be held at 71 Tuas Bay Drive, Singapore 637430 on Monday, 20 October 2014 at 10.00 am for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 30 June 2014, together with the Directors' Report, Statement by Directors and Independent Auditor's Report.

Resolution 2

2. To declare a first and final one-tier tax exempt dividend of S$0.0044668 per ordinary share for the financial year ended 30 June 2014.

Resolution 3

3. To re-elect Mr Mark Gareth Joseph Beretta, who is retiring by rotation pursuant to Article 104 of the Company's Articles of Association (the "**Articles**") and who, being eligible, is offering himself for re-election as a Director.

Resolution 4

4. To re-elect Mr Lim Yeow Hua @ Lim You Qin, who is retiring by rotation pursuant to Article 104 of the Articles and who, being eligible, is offering himself for re-election as a Director.

   [Mr Lim will, upon re-election as a Director, remain as the chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

Resolution 5

5. To approve the payment of Directors' fees of S$160,000 for the financial year ended 30 June 2014. [FY2013: S$145,000]

Resolution 6

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to set their remuneration.

7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

Resolution 7

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "General authority to allot and issue new shares

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

   (A) (i) allot and issue shares in the capital of the Company, whether by way of rights, bonus or otherwise; and/or

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

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

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

provided that:-

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

(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 percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this authority is given, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(ii) any subsequent bonus issue, consolidation or sub-division of shares;

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

(4) (unless revoked or varied by the Company in general meeting) this authority 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."

[See Explanatory Note (i)]

Resolution 8

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to issue shares pursuant to the KTL Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised and empowered to grant awards in accordance with the KTL Performance Share Scheme (the "**Scheme**") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of awards under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of all awards granted under the Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."
[see Explanatory Note (ii)]

Resolution 9

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Share purchase mandate

That:

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

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

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

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from 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 or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares (excluding any Shares held as treasury shares) of the Company as at the date of the passing of this Resolution; and

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

(i)	in the case of a Market Purchase	:	105% of the Average Closing Price; and
(ii)	in the case of an Off-Market Purchase	:	120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company 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 be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (iii)]

BY ORDER OF THE BOARD

Law Sai Leung
Company Secretary
Singapore
3 October 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(i) Ordinary Resolution 7, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 7 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(ii) Ordinary Resolution 8, if passed, will empower the Directors to grant awards under the KTL Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

(iii) Ordinary Resolution 9, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Appendix.

Notes

(i) A member of the Company entitled to attend and vote at the abovementioned Meeting may appoint not more than two proxies to attend and vote in his stead.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 not less than 48 hours before the time appointed for holding the abovementioned Meeting.

LETTER
TO SHAREHOLDERS

KTL GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

Board of Directors:-

Mr Tan Tock Han (Executive Chairman)
Mr Tan Kheng Yeow (Chief Executive Officer)
Mr Mark Gareth Joseph Beretta (Chief Operating Officer)
Mr Lim Yeow Hua @ Lim You Qin (Lead Independent Director)
Mdm Cheong Hooi Kheng (Non-Executive Director)
Mr Wong Fook Choy, Sunny (Independent Director)

Registered Office:-

71 Tuas Bay Drive
Singapore 637430

3 October 2014

To: The Shareholders of KTL Global Limited ("**Shareholders**")

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting (the "**2014 AGM**") of KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated [1] October 2014 in respect of the AGM to be held on Monday, 20 October 2014 at 10.00 am at 71 Tuas Bay Drive, Singapore 637430 and resolution 9 set out under "Special Business" in the Notice of the said AGM.

1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 7 October 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held on 22 October 2010, 21 October 2011,19 October 2012 and 21 October 2013. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming 2014 AGM to be held on 20 October 2014.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter ("**Letter**") is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity and capital of the Company and the Group.

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2014 AGM, are summarised below:-

(a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the 2014 AGM on which the resolution renewing the Share Purchase Mandate is passed (the **"Approval Date"**). Shares, which are held as treasury shares, will be disregarded for purposes of computing the 10% limit.

For illustrative purpose, as at 9 September 2014 (the "**Latest Practicable Date**"), the Company had 223,203,298 issued Shares (excluding 2,871,930 treasury shares) and thus up to 22,320,329 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares) of the Company remains unchanged up to the date of the 2014 AGM.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:-

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

(c) Manner of Purchase

Purchases of Shares may be made on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (**"Market Purchases"**) and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (**"Off-Market Purchases"**) as defined in Section 76C(6) of the Companies Act, Chapter 50 (the "**Companies Act**").

Market Purchases refer to purchases of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:-

(aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:-

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

(vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) <u>Maximum Purchase Price</u>

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase.

For the above purposes:-

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase 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.

4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:-

(a) <u>Maximum Holdings</u>

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) <u>Voting and other Rights</u>

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) <u>Disposal and Cancellation</u>

The Company may dispose of treasury shares at any time in the following ways:-

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

5. SOURCE OF FUNDS

Any purchase of Shares may be made out of the Company's distributable profits that are available for payment as dividends. The Companies Act also permits the Company to purchase its Shares out of capital, provided that:

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

(a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

(b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:-

(i) that the purchase or acquisition by the Company of 19,735,592 Shares, being the number of Shares which the Company may purchase and hold as additional treasury shares, was made on 30 June 2014;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.1197 for each Share (being 105% of the Average Closing Price as at 30 June 2014);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $2,362,350 was financed entirely using its internal sources of funds and bank borrowings; and

(iv) that the purchase or acquisition of Shares was made entirely out of profits and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 June 2014 ("**FY2014**"), are set out below.

	Group		Company	
As at 30 June 2014	**Before Share Purchase $'000**	**After Share Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase $'000**
Share capital	33,269	33,269	33,269	33,269
Reserves	12,945	12,945	(167)	(167)
Treasury shares	646	3,008	646	3,008
Shareholders' funds	45,568	43,206	32,456	30,094
Net tangible assets(1)	45,617	43,255	32,456	30,094
Current assets	59,951	57,918	20,770	18,408
Current liabilities	36,032	36,361	1,482	1,482
Working capital	23,919	21,557	19,288	16,926
Total liabilities(2)	40,147	40,476	1,482	1,482
Cash and cash equivalents(2)	2,033	-	94	94
Number of Shares ('000)	224,263	204,527	224,263	204,527
Financial Ratios				
Net tangible assets per Share (cents)	20.3	21.1	14.5	14.7
Earnings per Share (cents)	1.3	1.4	0.1	0.1
Gearing ratio(3) (times)	0.4	0.5	-	-
Current ratio(4) (times)	1.7	1.6	14.0	12.4

Notes:-

(1) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.

(2) As funding for the Share purchases is assumed to be obtained from the subsidiaries, the cash and cash equivalents and total liabilities at the Company level are not affected.

(3) Gearing ratio equals total borrowings divided by shareholders' funds.

(4) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2014 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last 5 Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 am (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of 2 weeks immediately preceding the announcement of the Company's quarterly results or 1 month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 79,373,014 issued Shares in the hands of the public (as defined above), representing 35.56% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases 22,320,329 Shares, which represents the full 10% limit pursuant to the Share Purchase Mandate, through Market Purchases and holds 19,735,592 of such Shares as treasury shares while cancelling the remaining 2,584,737 Shares, the number of issued Shares in the hands of the public would be reduced to approximately 57,052,685 Shares, representing 28.40% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 2,871,930 treasury shares.

Under the Companies Act, in the event that the number of Shares held as treasury shares by the Company at any time exceeds 10% of the total number of issued Shares at that time, the Company shall dispose of or cancel the excess treasury shares within 6 months.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

(i) affecting adversely the listing status of the Shares on the SGX-ST;

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

(a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act, Chapter 134 (the **"Income Tax Act"**), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

(b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (**"TOC Appendix 2"**) of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

(i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six (6) months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Kim Teck Leong Pte. Ltd., the controlling Shareholder of the Company, together with persons acting in concert with it, comprising Tan Tock Han, the late Cheong Gim Kheng, Tan Kheng Yeow, Tan Kheng Kuan and Tan Suan Suan, who are shareholders of Kim Teck Leong Pte. Ltd., and Cheong Hooi Kheng who is the sister of the late Cheong Gim Kheng, collectively held approximately 64.12% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

1,060,000 Shares had been purchased by the Company in the 12 months preceding the Latest Practicable Date by way of Market Purchases at prices per Share ranging from $0.10467 to $0.139, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately $131,432.

LETTER
TO SHAREHOLDERS

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are, as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	**%[3]**	**Number of Shares**	**%[3]**
Directors				
Tan Tock Han[1]	8,926,400	3.99	132,713,000	59.28
Tan Kheng Yeow[2]	228,200	0.10	123,200,000	55.03
Mark Gareth Joseph Beretta	712,928	0.32	-	-
Cheong Hooi Kheng	140,000	0.06	-	-
Substantial Shareholders (other than Directors)				
Kim Teck Leong Pte. Ltd.[1, 2]	123,200,000	55.03	-	-

Notes:

(1) The direct interest of Mr Tan Tock Han in 8,926,400 shares includes 1,857,800 shares held jointly with his late wife, Cheong Gim Kheng. Mr Tan Tock Han is deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act and the 9,513,000 shares held by his late wife, Cheong Gim Kheng, by virtue of Section 164(15) of the Companies Act.

(2) Mr Tan Kheng Yeow is deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) The percentages of issued share capital are calculated based on 223,203,298 issued Shares (excluding treasury shares) in the capital of the Company as at the Latest Practicable Date.

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 9, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2014 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

LETTER
TO SHAREHOLDERS

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 during normal business hours from the date of this Letter up to the date of the 2014 AGM:

(a) the Annual Report of the Company for the financial year ended 30 June 2014; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
KTL GLOBAL LIMITED

Tan Tock Han
Executive Chairman

KTL GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

IMPORTANT
1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING PROXY FORM

I/We ____ (Name)

of ____ (Address)

being a member/members of KTL GLOBAL LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at 71 Tuas Bay Drive, Singapore 637430 on Monday, 20 October 2014 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Audited accounts for financial year ended 30 June 2014		
2.	Payment of first and final one-tier tax exempt dividend		
3.	Re-election of Mr Mark Gareth Joseph Beretta as a Director		
4.	Re-election of Mr Lim Yeow Hua @ Lim You Qin as a Director		
5.	Payment of Directors' fees of S$160,000		
6.	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
7.	General authority to allot and issue new shares		
8.	Authority to issue shares pursuant to the KTL Performance Share Scheme		
9.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the Meeting.)

Dated this ________ day of ________________ 2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

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

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named, or at the Company's option, to treat this proxy form as invalid.

4. This proxy form must be deposited at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 not less than 48 hours before the time set for the Annual General Meeting.

5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

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

KTL GLOBAL LIMITED
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