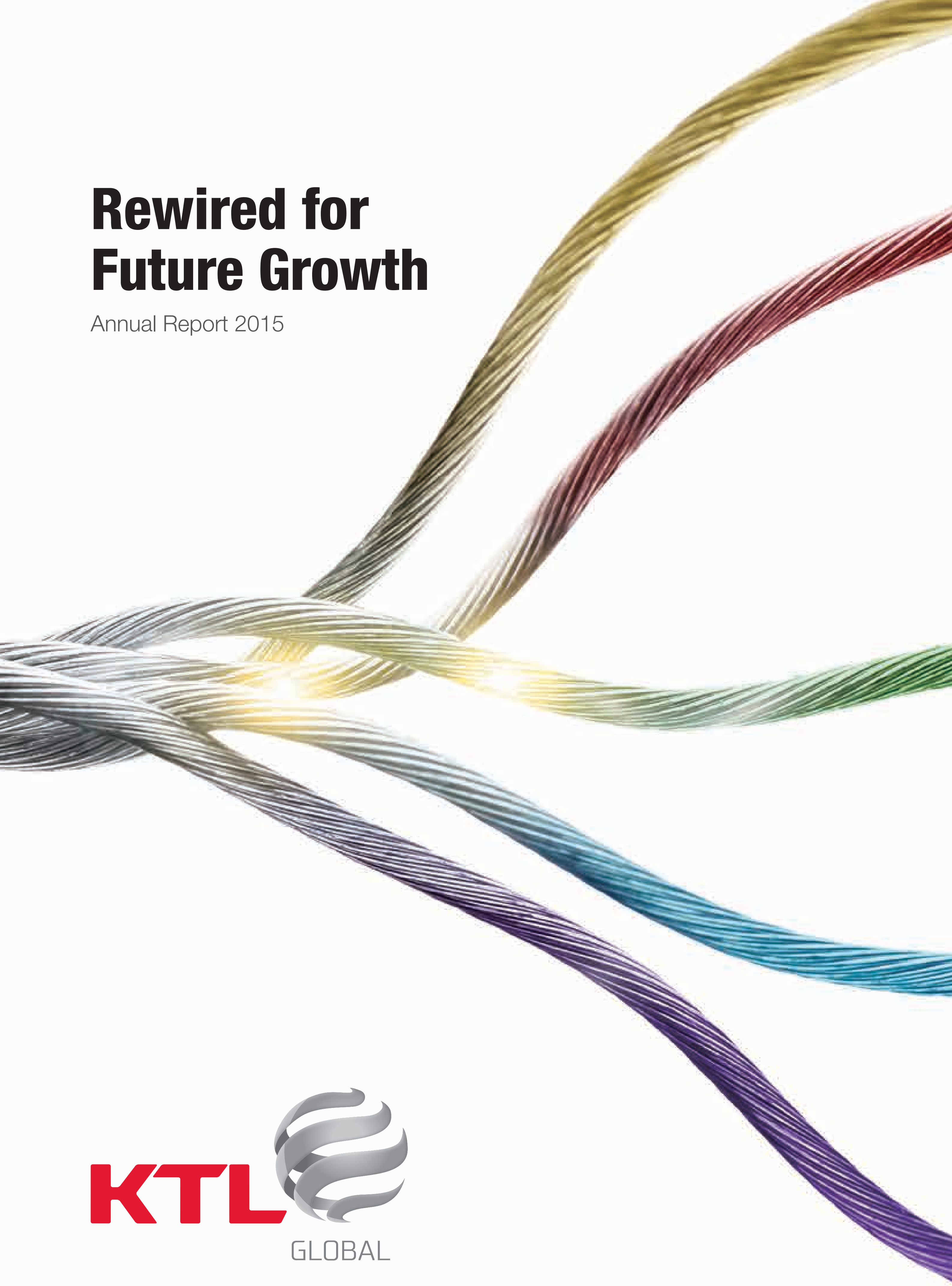
Rewired for Future Growth

Annual Report 2015



GLOBAL

Rewired for Future Growth

Annual Report 2015

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CORPORATE
PROFILE

KTL Global Limited ("KTL", and together with its subsidiaries, the "Group") is a leading solutions provider for the heavy lift and rigging equipment and related services to the offshore, oil & gas ("O&G"), marine and construction industries.

With a legacy of more than 100 years, the Group is one of the world's largest suppliers of premium steel wire ropes, synthetic ropes and subsea rigging equipment. It also provides testing, certification and maintenance services to the O&G market.

The Group has a diversified geographical presence that includes rigging facilities – the largest of their kind – in the Hamriyah Free Zone in the United Arab Emirates, Johor in Malaysia and South Korea. It has offices in China and Indonesia, as well as strategic partners in Mexico and Brazil.

Your Global Rope, Rigging & Mooring Partner

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

"The Group has unveiled three strategic thrusts to better position itself for growth in the long term and enhance value for shareholders."

Dear Shareholders,

The sharp fall in crude oil prices has fundamentally changed the global offshore oil and gas ("O&G") industry. Oil majors and national oil companies have cut spending as weaker prices have made their exploration and expansion plans less commercially viable. This in turn has affected many service providers in the O&G industry.

While the year ahead is likely to remain challenging, KTL believes that there are still pockets of growth. For instance, there is still demand in the O&G industry for specialised, higher-value products and services, particularly those that meet stringent safety requirements. As one of Asia's leading providers of rigging equipment to the O&G, marine and construction industries, we believe that KTL is well placed to meet this demand.

Before I share more on how KTL will navigate the current tough operating environment, allow me to briefly outline our financial performance for the year ended 30 June 2015 ("FY2015"). KTL's topline grew 0.2% to S$72.6 million, aided by higher contributions from the marine segment. However, net profit declined 48.8% to S$1.5 million due to higher finance costs and reduced gains from the sale of property, plant and equipment.

The Group has unveiled three strategic thrusts to better position itself for long-term growth and enhance value for shareholders.

Positioning For Growth – Three Strategic Thrusts

(I) Scaling Up The Value Chain

The Group will focus on products and services with higher value and profit margins. These include heavier-tonnage synthetic ropes. We have invested in and commissioned our first round-sling machine in Singapore, *KimLift*, allowing us to manufacture synthetic slings of up to 3,000 MT (compared to 1,700 MT previously) and halve production man-hours.

As more operations shift from capital expenditure-intensive models towards operating expenditure, the Group intends to increase its provision of managed services, which typically garner higher gross margins.

(II) Deepening Penetration In Existing Markets and Extending Geographical Footprint

In FY2015, the Group expanded into China and South Korea. In China, we established a 40%-owned joint venture, KTL Offshore Technology (Nantong) Co., Ltd. ("KTLN"), to trade in high-end slings and offer related technical services. KTLN is in the process of setting up four representative offices in some of China's coastal cities and constructing a 300,000-sq ft facility in Nantong, Jiangsu province.

In June 2015, the Group acquired a 20%-stake in South Korean rigging specialist Dae Kwang Co. Ltd. ("Dae Kwang"). Through Dae Kwang, the Group intends to provide higher-margin heavy-lift slings and managed services. Dae Kwang is building a 100,000-sq m facility, which will allow the Group to take on larger and higher-value projects.

KTL's business in the Middle East is still growing. We will continue to develop our capabilities there and position ourselves as a hub to target the European market. Our 107,635-sq ft plant in the Hamriyah Free Zone, United Arab Emirates, is the largest dedicated wire rope and rigging facility in the Middle East.

(III) Streamlining Internal And Operating Efficiencies

We will continue to improve internal and operating efficiencies to help mitigate cost pressures. Our rigging facility in Tanjung Langsat, Johor, is expected to be fully operational by December 2015 and will be one of the largest of its kind in Southeast Asia. We have moved most of our production facilities from Singapore to Johor, which will yield cost savings for the Group from FY2016.

Appreciation

I would like to thank my fellow Board members for their invaluable counsel and all management personnel and staff for helping to shape KTL. I would also like to express my gratitude to our loyal shareholders. We look forward to your continued support as we embark on the next leg of KTL's journey.

Tan Tock Han
Executive Chairman

FINANCIAL AND OPERATIONS REVIEW

"The Group announced on 7 April 2015 three strategic thrusts to drive its growth for the long term: Scaling up the value chain by specialising in higher-value products and higher-margin services; deepening penetration in existing markets and extending geographical reach; and improving internal efficiencies."

The Year In Review

The sharp fall in oil prices has dealt a huge blow to the offshore oil and gas sector. Companies that provide support services to the sector have come under much pressure as oil majors slashed spending and scaled down expansion plans. The Group has not been spared, even though it managed to eke out a profit for FY2015.

Financial Highlights

The Group's FY2015 revenue rose 0.2% to S$72.6 million from S$72.5 million the previous year, aided by higher contributions from the marine segment. Gross profit margin for the year slipped to 33.8% from 35.5% as cost of sales increased.

Geographically, revenue in Singapore increased 2.5% to S$34.7 million, accounting for 47.8% of the Group's overall top line. Contributions from the Rest of the World – which includes Africa, Australia, North and South America, Europe, New Zealand and other Middle Eastern countries – also grew, up 5.0% to S$14.8 million.

Other operating income for FY2015 declined 33.8% to S$1.7 million, mainly due to a decrease in gains from the disposal of property, plant and equipment. Operating expenses, which comprise mainly administration as well as sales and marketing costs, amounted to S$23.5 million, little changed from a year earlier. Finance costs nearly doubled to S$1.1 million from S$0.6 million as bank borrowings increased.

Net profit attributable to shareholders fell 48.8% to S$1.5 million on higher finance costs and reduced gains from the sale of property, plant and equipment.

Cash Flow

The Group saw a negative operating cash flow of S$1.0 million in the year under review. This was due to an increase in stock purchases and a decline in trade and other payables.

Net cash used in investing activities almost doubled to S$13.6 million from S$7.6 million the previous year. This was due to payments for the construction of new facilities at Tanjung Langsat in Johor; progress payments for four commercial units in KL Trillion bought for investment purposes; the lease of an industrial site in Johor; investments in joint-venture companies; and loans made to related companies.

Net cash from financing activities amounted to S$11.8 million, up from S$0.9 million in FY2014, driven by higher bank borrowings and proceeds from an issuance of ordinary shares.

The Group ended the year with a deficit of S$2.0 million in cash and cash equivalents.

Balance Sheet

As it took steps to expand its business, the Group's net gearing increased to 51.1% by the end of FY2015 from 43.7% the previous year. Total equity came to S$45.5 million, compared to S$45.6 million for FY2014.

BOARD OF DIRECTORS

TAN TOCK HAN
Executive Chairman

Mr Tan is the Executive Chairman and founder of KTL Offshore when it was incorporated in 1973. He is involved in formulating the Group's strategic direction and expansion plans, and managing its overall business development. As one of the 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 the Chief Executive Officer and is 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 and has since diversified the business from the marine industry to offshore O&G as well as helped develop strong relationships with customers. He graduated from Santa Monica College in the U.S. with a diploma in marketing in 1996.

MARK BERETTA
Chief Operating Officer

Mr Beretta is our Chief Operating Officer and is responsible for overseeing strategic marketing and business development, as well as growing the offshore O&G business. He oversees the sales and marketing team to develop the existing clientele base and reach out to 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, where 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 was appointed as Chief Operating Officer in October 2010. 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 U.K. in 2001.

KENNY LIM
Lead Independent Director

Mr Lim was appointed to the Board as Lead Independent Director 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. Mr Lim also sits as Independent Director on the boards of a number of companies listed on the Singapore Exchange and has over 25 years of experience in the tax, financial services and investment banking industries. Mr Lim holds a Bachelor of Accountancy and a Master of Business Administration 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 was appointed to the Board as Independent Director on 16 March 2010 and 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, Mencast Holdings Ltd and InnoTek Limited. 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 Law (Honours).

CHEONG HOOI KHENG
Non-Executive Director

Mdm Cheong was appointed to the Board as Non-Executive Director on 31 October 2007. Since March 1989, she has been an Executive Director of Singapore Exchange-listed Hong Fok Corporation Limited, an investment holding company with 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. Mdm Cheong has more than 25 years of experience in the real estate industry. She obtained a Bachelor of Science from California State University, Hayward, U.S., and a Master of Business Administration from Chaminade University, U.S.

EXECUTIVE OFFICERS

NG KOK PENG
Chief Financial Officer

Mr Ng was appointed Chief Financial Officer in March 2015 and oversees all financial accounting and reporting matters as well as corporate finance. Prior to joining the Group, he was Chief Financial Officer of Ley Choon Group Holdings Limited from November 2014 to February 2015 and Financial Controller of Oxley Holdings Limited from May 2010 to August 2014. He has more than 10 years of combined experience in audit, finance and accounting. Mr Ng is a member of the Institute of Singapore Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (U.K.). He holds a Bachelor of Science (Honours) in Applied Accounting from Oxford Brookes University.

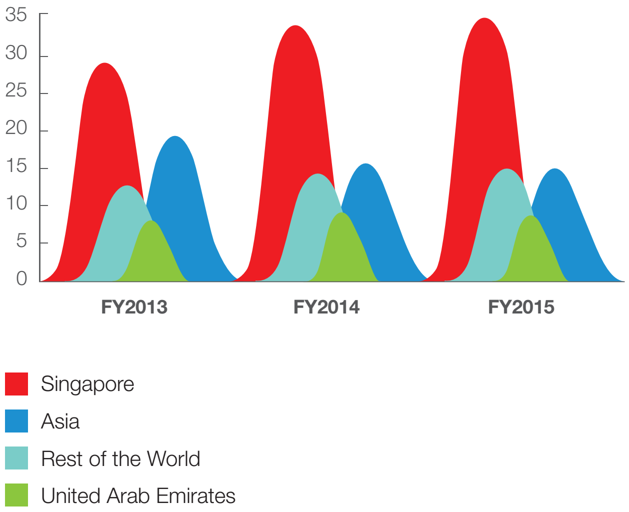
JONATHAN TAN
Director of Administration

Mr Tan is the Director of Administration and his 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.

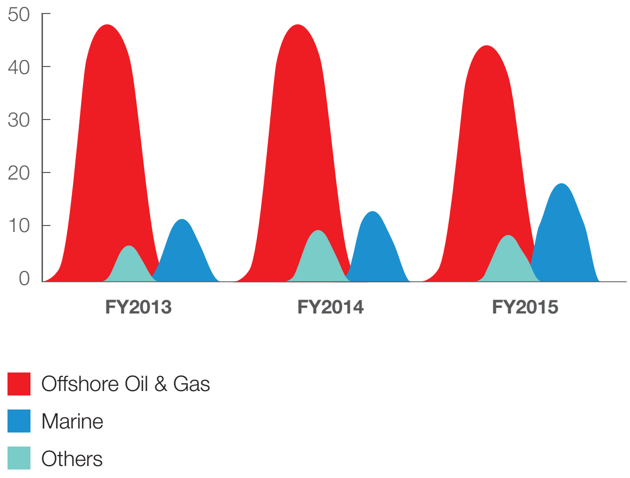
FINANCIAL
HIGHLIGHTS

	FY2013	FY2014	FY2015
Key Financial Ratios			
Earnings Per Share (S¢)	0.2	1.28	0.65
Net Asset Value Per Share (S¢)	19.0	20.4	19.6
Income Statement (S$ million)			
Revenue	68.0	72.5	72.6
Gross profit	23.5	25.7	24.5
Net attributable profit	0.5	2.9	1.5
Balance Sheet (S$ million)			
Non-current assets	23.3	25.8	32.8
Current assets	57.1	59.9	66.4
Non-current liabilities	5.3	4.1	11.4
Current liabilities	32.5	36.0	42.3
Shareholders' equity attributable to owners of the Company	42.6	45.6	45.5

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

Ng Kok Peng
(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

Ng Kok Peng
Vincent Lim Bock Hui

REGISTERED OFFICE

71 Tuas Bay Drive
Singapore 637430
Telephone : (65) 6543 8888
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
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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 2015 ("**FY2015**"), 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 will be 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 FY2015 is set out below:–

		Board Committees			
	Board	**AC**	**NC**	**RC**	**PSSC**
Number of meetings held	5	5	1	1	–
	Number of meetings attended				
Tan Tock Han	5	–	–	–	–
Wilson Tan	5	–	–	–	–
Mark Beretta	5	–	–	–	–
Cheong Hooi Kheng	5	5	1	1	–
Kenny Lim	5	5	1	1	–
Sunny Wong	5	5	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 Executive Chairman, Mr Tan Tock Han, and the Chief Executive Officer, Mr Wilson Tan, are immediate family members as well as part of the Management. 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 no individual or small group of individuals who dominate the Board's decision-making. The Board is therefore of the opinion that it is not necessary to have independent directors make up at least half of the Board.

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.

CORPORATE GOVERNANCE REPORT

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, will determine the selection criteria and will select 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	20 October 2014	–	–
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	20 October 2014	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 InnoTek Limited	–

According to Article 104 of the Company's Articles of Association, Mr Tan Tock Han and Mdm Cheong Hooi Kheng, will retire at the Company's forthcoming annual general meeting and will be eligible for re-election.

CORPORATE GOVERNANCE REPORT

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. None of the directors hold more than six directorships in listed companies concurrently.

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.

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 has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance.

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.

In carrying out its assessment of the Board's effectiveness, the NC simultaneously considers the effectiveness of the Board committees and the contribution of each individual director to the effectiveness of the Board.

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

(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 directors and non-executive director 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.

CORPORATE GOVERNANCE REPORT

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 FY2015 are set out as follows:–

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
Directors					
$500,000 to less than $750,000					
Tan Tock Han[2]	72.3	13.2	–	14.5	100.0
Wilson Tan[2]	69.6	12.7	–	17.7	100.0
Mark Beretta	58.8	18.8	–	22.4	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					
$250,000 to less than $500,000					
Tan Kheng Kuan[2]	61.1	10.3	–	28.6	100.0
Less than $250,000					
Tan Suan Suan[2]	88.1	11.9	–	–	100.0
Lim Kor Hin[2]	84.6	15.4	–	–	100.0
Law Sai Leung[3]	78.6	21.4	–	–	100.0
Ng Kok Peng[4]	100.0	–	–	–	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.

(3) Mr Law Sai Leung resigned as the Chief Financial Officer on 31 January 2015.

(4) Mr Ng Kok Peng was appointed as the Chief Financial Officer on 2 March 2015.

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 FY2015.

CORPORATE GOVERNANCE REPORT

The aggregate remuneration paid to the top five key management personnel of the Group in FY2015 amounted to S$828,147.

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 FY2015, 1,956,246 shares (which vest immediately upon grant) were awarded under the Scheme. As at the end of FY2015, awards have been granted under the Scheme as follows:–

Name of participant	Number of shares comprised in awards during FY2015 (including terms)	Aggregate number of shares comprised in awards from commencement of Scheme to end of FY2015	Number of shares comprised in awards which have been issued and/ or transferred since commencement of Scheme to end of FY2015	Number of shares comprised in awards not vested as at end of FY2015
Director				
Mark Beretta	1,956,246 (vesting immediately upon grant)	2,429,174	2,429,174	–

As at the end of FY2015, 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.

CORPORATE GOVERNANCE REPORT

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 Chief Financial Officer referred to in the preceding 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, compliance and information technology risks, and risk management systems were adequate as at 30 June 2015.

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.

CORPORATE GOVERNANCE REPORT

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 FY2015 for audit and non-audit services amounted to $123,000 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. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the AGM.

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 FY2015, 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 FY2015 or if not then subsisting, entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS

The net proceeds of S$888,800 raised by the Company from the placement of 7,000,000 new ordinary shares (completed on 16 April 2015) have been fully utilised. The said proceeds were used as the Group's contribution towards the registered capital of its associate company, KTL Offshore Technology (Nantong) Co., Ltd..

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 2015.

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	2,669,174	–	–
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 2015.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

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 2015, 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
21 September 2015

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 consolidated financial statements of the Group and the balance sheet and the statements of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and the financial performance, 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
21 September 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2015

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 98, which comprise the balance sheets of the Group and the Company as at 30 June 2015, 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 financial statements 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 2015

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 financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, 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 subsidiary corporations 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
21 September 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**72,591**	72,469
Cost of sales		**(48,055)**	(46,766)
Gross profit		**24,536**	25,703
Other operating income	5	**1,666**	2,515
Administration expenses		**(19,118)**	(18,886)
Sales and marketing expenses		**(4,417)**	(5,148)
Other operating expenses		**–**	(218)
Share of results of joint venture companies		**(68)**	(48)
Profit from operating activities	7	**2,599**	3,918
Finance costs	8	**(1,143)**	(582)
Profit before taxation		**1,456**	3,336
Income tax credit/(expense)	9	**55**	(462)
Profit for the year		**1,511**	2,874
Attributable to:			
Owners of the Company		**1,472**	2,874
Non-controlling interests		**39**	–*
		1,511	2,874
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	**0.65**	1.28
Diluted	10	**0.65**	1.27

* Denotes amount 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 financial year ended 30 June 2015

	2015 $'000	2014 $'000
Profit for the year	**1,511**	2,874
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	**(1,396)**	(115)
Other comprehensive income for the year, net of tax	**(1,396)**	(115)
Total comprehensive income for the year	**115**	2,759
Total comprehensive income attributable to:		
Owners of the Company	**76**	2,759
Non-controlling interests	**39**	–*
	115	2,759

* Denotes amount less than $1,000

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

BALANCE SHEETS

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Investment properties	11	**2,200**	1,377	**–**	–
Property, plant and equipment	12	**23,018**	19,227	**–**	–
Prepaid land lease	13	**3,755**	2,427	**–**	–
Investment in subsidiaries	14	**–**	–	**13,161**	13,161
Investment in joint ventures	15	**1,647**	363	**7**	7
Investment in associate	16	**–**	–	**–**	–
Amount due from a subsidiary	19	**–**	–	**741**	–
Other receivables	19	**359**	1,062	**–**	–
Prepayments	20	**1,776**	1,357	**–**	–
Deferred tax assets	26	**36**	–	**–**	–
		32,791	25,813	**13,909**	13,168
Current assets					
Inventories	17	**33,626**	29,302	**–**	–
Trade receivables	18	**25,716**	27,261	**–**	–
Other receivables	19	**958**	319	**36**	–
Amount due from subsidiaries	19	**–**	–	**18,642**	20,496
Amount due from associate and joint venture companies	19	**2,642**	180	**1,639**	180
Prepayments	20	**784**	856	**–**	–
Cash and bank balances	21	**2,692**	2,033	**133**	94
		66,418	59,951	**20,450**	20,770
TOTAL ASSETS		**99,209**	85,764	**34,359**	33,938
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	22	**11,522**	12,567	**–**	–
Bills payables	23	**6,745**	12,310	**–**	–
Other payables	24	**2,837**	5,968	**536**	1,463
Interest-bearing loans and borrowings	25	**20,995**	4,422	**–**	–
Income tax payable		**176**	765	**15**	19
		42,275	36,032	**551**	1,482
NET CURRENT ASSETS		**24,143**	23,919	**19,899**	19,288

BALANCE SHEETS

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities					
Other payables	24	**1,859**	114	**–**	–
Interest-bearing loans and borrowings	25	**8,433**	2,856	**–**	–
Deferred tax liabilities	26	**1,069**	1,145	**–**	–
		11,361	4,115	**–**	–
TOTAL LIABILITIES		**53,636**	40,147	**551**	1,482
NET ASSETS		**45,573**	45,617	**33,808**	32,456
Equity attributable to owners of the Company					
Share capital	27(a)	**34,203**	33,269	**34,203**	33,269
Treasury shares	27(b)	**(113)**	(646)	**(113)**	(646)
Reserves	28	**11,395**	12,945	**(282)**	(167)
		45,485	45,568	**33,808**	32,456
Non-controlling interests		**88**	49	**–**	–
TOTAL EQUITY		**45,573**	45,617	**33,808**	32,456
TOTAL EQUITY AND LIABILITIES		**99,209**	85,764	**34,359**	33,938

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

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	Non-controlling interests $'000	Total equity $'000
		Equity attributable to owners of the Company										
At 1 July 2014		33,269	(646)	(120)	(7,660)	260	(217)	15	20,667	12,945	49	45,617
Profit for the year		–	–	–	–	–	–	–	1,472	1,472	39	1,511
Other comprehensive income for the year		–	–	–	–	–	(1,396)	–	–	(1,396)	–	(1,396)
Total comprehensive income for the year		–	–	–	–	–	(1,396)	–	1,472	76	39	115
Issuance of new shares pursuant to a subscription agreement	27(a)	934	–	–	–	–	–	–	–	–	–	934
Purchase of treasury shares	27(b)	–	(87)	–	–	–	–	–	–	–	–	(87)
Reissued pursuant to KTL Performance Share Scheme	27(b)	–	260	–	–	(260)	–	–	–	(260)	–	–
Loss on reissuance of treasury shares	27(b)	–	360	(360)	–	–	–	–	–	(360)	–	–
Dividends paid	29	–	–	–	–	–	–	–	(1,006)	(1,006)	–	(1,006)
At 30 June 2015		34,203	(113)	(480)	(7,660)	–	(1,613)	15	21,133	11,395	88	45,573
At 1 July 2013		33,269	(602)	(120)	(7,660)	–	(102)	15	17,828	9,961	14	42,642
Profit for the year		–	–	–	–	–	–	–	2,874	2,874	–	2,874
Other comprehensive income for the year		–	–	–	–	–	(115)	–	–	(115)	–	(115)
Total comprehensive income for the year		–	–	–	–	–	(115)	–	2,874	2,759	–	2,759
Purchase of treasury shares	27(b)	–	(44)	–	–	–	–	–	–	–	–	(44)
Disposal of subsidiary without loss of control		–	–	–	–	–	–	–	(35)	(35)	35	–
Employee equity benefit expense		–	–	–	–	260	–	–	–	260	–	260
At 30 June 2014		33,269	(646)	(120)	(7,660)	260	(217)	15	20,667	12,945	49	45,617

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	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 2014		33,269	(646)	(120)	260	(307)	(167)	32,456
Profit for the year		–	–	–	–	1,511	1,511	1,511
Total comprehensive income for the year		–	–	–	–	1,511	1,511	1,511
Issuance of new shares pursuant to a subscription agreement		934	–	–	–	–	–	934
Purchase of treasury shares	27(b)	–	(87)	–	–	–	–	(87)
Reissued pursuant to KTL Performance Share Scheme	27(b)	–	260	–	(260)	–	(260)	–
Loss on reissuance of treasury shares	27(b)	–	360	(360)	–	–	(360)	–
Dividends paid	29	–	–	–	–	(1,006)	(1,006)	(1,006)
At 30 June 2015		34,203	(113)	(480)	–	198	(282)	33,808
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	27(b)	–	(44)	–	–	–	–	(44)
Employee equity benefit expense		–	–	–	260	–	260	260
At 30 June 2014		33,269	(646)	(120)	260	(307)	(167)	32,456

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit before taxation		**1,456**	3,336
Adjustments for:			
Depreciation of property, plant and equipment	12	**3,040**	3,441
Amortisation of prepaid land lease	7	**104**	–
Allowance for/(write-back of allowance for) inventory obsolescence	17	**20**	(18)
Bad debt written off	7	**–**	36
Allowance for doubtful debts, net		**–**	114
Gain on disposal of property, plant and equipment	5	**(48)**	(816)
Fair value gain on derivatives		**–**	(4)
Interest expense	8	**1,143**	582
Share of results of joint venture companies	15	**68**	48
Share of results of an associate		**–***	–
Employee equity benefit expense	6	**50**	260
Total adjustments		**4,377**	3,643
Operating cash flow before changes in working capital		**5,833**	6,979
Changes in working capital:			
Increase in inventories		**(4,344)**	(4,940)
Decrease in trade receivables		**1,545**	522
Increase/(decrease) in other receivables and prepayments		**136**	(427)
Decrease in trade payables		**(1,044)**	(3,809)
(Decrease)/increase in other payables		**(1,664)**	4,230
Total changes in working capital		**(5,371)**	(4,424)
Cash generated from operating activities		**462**	2,555
Income tax paid		**(645)**	(206)
Currency translation		**(779)**	(15)
Net cash flows (used in)/generated from operating activities		**(962)**	2,334
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(7,707)**	(7,355)
Increase in progress payments for purchase of property, plant and equipment		**(419)**	(351)
Proceeds from disposal of property, plant and equipment		**813**	1,467
Purchase of investment property	11	**(707)**	(1,377)
Prepaid land lease		**(1,806)**	–
Investments in joint ventures		**(1,352)**	–
Loans to related companies		**(2,463)**	–
Net cash flows used in investing activities		**(13,641)**	(7,616)

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Purchase of treasury shares	27(b)	**(87)**	(44)
Proceeds from interest-bearing loans and borrowings		**23,544**	3,998
Repayments of interest-bearing loans and borrowings		**(9,143)**	(2,456)
Proceeds from issuance of new shares pursuant to subscription agreement	27(a)	**934**	–
Dividends paid	29	**(1,006)**	–
Interest paid		**(1,143)**	(622)
Placement of short-term deposits pledged to secure a bank guarantee	21	**(1,330)**	–
Net cash flows generated from financing activities		**11,769**	876
Net decrease in cash and cash equivalents		**(2,834)**	(4,406)
Effect of exchange rate changes on cash and cash equivalent		**(20)**	–
Cash and cash equivalents at beginning of the year		**892**	5,298
Cash and cash equivalents at end of the year	21	**(1,962)**	892
Analysis of cash and cash equivalents			
Cash and bank balances	21	**1,362**	2,033
Bank overdrafts	25	**(3,324)**	(1,141)
Cash and cash equivalents at end of the year		**(1,962)**	892

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 2015

1. CORPORATE INFORMATION

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 principle 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 14.

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) except when otherwise 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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendment to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendment to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 *Revenue from Contract with Customers* and FRS 109 *Financial Instruments*, 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. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(a) Basis of consolidation (Continued)

- 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.

(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.

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 profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interest (Continued)

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.

2.6 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. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially at other comprehensive income and accumulated under translation reserve in equity. The 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold building	–	30 to 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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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.

2.8 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Impairment losses are recognised in the profit or loss.

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.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.11 Joint ventures and associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

The Group account for its investments in associate and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Joint ventures and associate (Continued)

Under the equity method, the investment in associate or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint ventures. The profit or loss reflects the share of results of the operations of the associate or joint ventures. Distributions received from joint ventures or associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or 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 associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Financial instruments

(a) *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

(a) *Financial assets (Continued)*

Subsequent measurement

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.

(b) *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.19 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.

Employment leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases

(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue (Continued)

(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.

2.23 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 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxes (Continued)

(b) Deferred tax (Continued)

— In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associate, 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 and associate, 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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the 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, judgement 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.

3.2 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 2015 is disclosed in Note 12.

(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 2015 is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(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. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, 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 19.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement 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, deferred tax liabilities and deferred tax assets at 30 June 2015 was $176,000 (2014: $765,000), $1,069,000 (2014: $1,145,000) and $36,000 (2014: $Nil) respectively. The carrying amount of the Company's income tax payable at 30 June 2015 was $15,000 (2014: $19,000).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

4. REVENUE

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

	Group	
	2015	2014
	$'000	$'000
Sale of goods	**64,380**	63,462
Service revenue	**5,329**	6,268
Rental of equipment	**2,882**	2,739
	72,591	72,469

5. OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Commission received	**–**	251
Exchange gain, net	**166**	–
Operating lease income	**1,201**	1,181
Gain on disposal of property, plant and equipment	**48**	816
Sundry income	**251**	267
	1,666	2,515

6. SALARIES AND RELATED EXPENSES

	Group	
	2015	2014
	$'000	$'000
Employee benefits expense (including directors):		
– Salaries and bonuses	**9,808**	8,794
– CPF contributions	**500**	517
– Other short-term benefits	**352**	321
– Employee share-based payments	**50**	260
	10,710	9,892

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

6. SALARIES AND RELATED EXPENSES (CONTINUED)

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 Scheme is vested immediately upon grant. During the year, 1,956,246 fully-paid ordinary shares of the Company have been transferred to a director in respect of the previous financial year.

The total expenses recognised relating to the share-based payment transaction amounted to $50,000 (2014: $260,000).

7. PROFIT FROM OPERATING ACTIVITIES

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

	Group	
	2015	**2014**
	$'000	**$'000**
Depreciation of property, plant and equipment	**3,040**	3,441
Amortisation of prepaid land lease	**104**	–
Bad debt written off	**–**	36
Allowance for doubtful debts	**–**	114
Operating lease expenses	**3,952**	3,720
Foreign exchange (gain)/loss, net	**(166)**	68
Audit fees		
– auditor of the Company	**123**	101
– other auditors	**18**	4
Non-audit fees		
– auditor of the Company	**12**	12

8. FINANCE COSTS

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense on:		
– bank loans and borrowings and bank overdrafts	**1,089**	535
– hire purchase creditors	**54**	47
	1,143	582

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

9. INCOME TAX (CREDIT)/EXPENSE

Major components of income tax (credit)/expense for the years ended 30 June 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	**$'000**
Current income tax		
– Current year income taxation	**57**	729
– Over provision in respect of previous years	**–**	(6)
	57	723
Deferred income tax		
– Movement in temporary differences	**(112)**	(256)
– Over provision in respect of previous years	**–**	(5)
Income tax (credit)/expense recognised in profit or loss	**(55)**	462

Relationship between tax expense and accounting profit

A reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before taxation	**1,456**	3,336
Tax at Singapore statutory tax rate at 17% (2014: 17%)	**248**	567
Non-deductible expenses	**289**	147
Income not subject to taxation	**–**	(82)
Over provision in respect of previous years	**–**	(11)
Effect of partial tax exemption and tax relief	**(110)**	(255)
Share of results of joint venture and associated companies	**12**	8
Deferred tax assets not recognised	**86**	–
Effect of difference in tax rates in other countries	**(594)**	77
Others	**14**	11
Income tax (credit)/expense recognised in profit or loss	**(55)**	462

At the end of the reporting period, the Group has unutilised tax losses of approximately $843,000 (2014: $337,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

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 2015 and 30 June 2014:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year, net of tax, attributable to owners of the Company	**1,472**	2,874
	Number of shares '000	**Number of shares '000**
Weighted average number of ordinary shares for basic earnings per share computation*	**226,303**	224,182
Effects of dilution:		
– Employee share-based payment scheme	**292**	2,130
Weighted average number of ordinary shares for diluted earnings per share computation*	**226,595**	226,312
Basic earnings per share (cents) attributable to owners of the Company	**0.65**	1.28
Fully diluted earnings per share (cents) attributable to owners of the Company	**0.65**	1.27

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

11. INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	$'000	**$'000**
Balance sheet:		
At 1 July	**1,377**	–
Additions	**935**	1,377
Exchange Difference	**(112)**	–
At 30 June	**2,200**	1,377

The investment properties held by the Group as at 30 June 2015 are under construction for which the fair value cannot be reliably measured at present. As at 30 June 2015, the Group has accrued construction related expenses incurred amounting to $228,000 (2014: $614,000).

During the financial year, there are no rental income, direct 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 bank loans (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Computers $'000	Total $'000
Cost:								
At 1 July 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 and 1 July 2014	6,577	19,942	1,763	1,519	380	1,887	1,197	33,265
Additions	1,170	5,132	1,059	18	80	211	37	7,707
Disposals/write-offs	–	(681)	(713)	–	–	–	(1)	(1,395)
Exchange differences	(235)	158	4	7	1	20	7	(38)
At 30 June 2015	7,512	24,551	2,113	1,544	461	2,118	1,240	39,539
Accumulated depreciation and impairment:								
At 1 July 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 differences	(1)	(7)	–	(1)	–	(2)	(1)	(12)
At 30 June 2014 and 1 July 2014	199	9,257	640	1,447	361	1,362	772	14,038
Depreciation charge	139	2,291	193	42	12	215	148	3,040
Disposals/write-offs	–	(327)	(302)	–	–	–	(1)	(630)
Exchange differences	–	49	2	4	–	13	5	73
At 30 June 2015	338	11,270	533	1,493	373	1,590	924	16,521
Net carrying amount:								
At 30 June 2014	6,378	10,685	1,123	72	19	525	425	19,227
At 30 June 2015	7,174	13,281	1,580	51	88	528	316	23,018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance lease

During the financial year, the Group acquired motor vehicle with aggregate costs of $1,059,000 (2014: $338,000) by means of finance leases. The cost amounting to $260,000 (2014: $149,000) was funded by finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $8,126,000 (2014: $7,706,000).

The carrying amount of motor vehicles and plant and machinery held under finance leases at the end of the reporting period were $2,360,000 (2014: $2,795,000). 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 $7,174,000 (2014: $6,378,000) are mortgaged to secure the Group's bank loans (Note 25).

Asset under construction

As at 30 June 2014, the Group's leasehold building and plant and machinery amounted to $3,654,000 and $291,000 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 $18,000 (2014: $40,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.1% (2014: 2.1%), which is the effective interest rate of the specific borrowing.

13. PREPAID LAND LEASE

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

	Group	
	2015	**2014**
	$'000	**$'000**
Cost:		
At 1 July	**2,547**	2,547
Addition	**1,806**	–
Exchange difference	**(379)**	–
At 30 June	**3,974**	2,547
Accumulated amortisation:		
At 1 July	**120**	35
Amortisation during the year	**116**	85
Exchange difference	**(17)**	–
At 30 June	**219**	120
Net carrying amount:	**3,755**	2,427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

13. PREPAID LAND LEASE (CONTINUED)

The Group has made prepayments for land leases over two plots of land in Malaysia where the Group's manufacturing and storage facilities reside. The leases are not transferrable and have a remaining tenure ranging from 28 to 29 years (2014: 29 years).

The amortisation of prepaid land lease amounted to $12,000 (2014: $85,000) is capitalised as the cost of building (Note 12).

14. INVESTMENT IN SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost		
– KTL Offshore Pte. Ltd.	**13,160**	13,160
– KTL Investment Pte. Ltd.	**1**	1
	13,161	13,161

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	Proportion (%) of ownership interest 2014
	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**	60
(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
(i)	KTL Offshore Services Pte. Ltd.	Singapore	Inspection and certification of lifting equipment and certification of wire ropes	**100**	–

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For the financial year ended 30 June 2015

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015	2014
	Held through KTL Investment Pte. Ltd.				
(v)	KTL Realty Holding Sdn Bhd	Malaysia	Property investment	**100**	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

The Group does not have subsidiary that has non-controlling interest that is material to the Group at the end of the reporting period.

15. INVESTMENT IN JOINT VENTURE COMPANIES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	**1,359**	7	**7**	7
Share of post-acquisition reserves	**288**	356	**–**	–
	1,647	363	**7**	7

	Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2015	2014
(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. ("KTL Seletar")	Singapore	Investment holding	**51**	51

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15. INVESTMENT IN JOINT VENTURE COMPANIES (CONTINUED)

Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2015	2014
Held through KTL Offshore Pte. Ltd.				
(iii) KTL Offshore Technology (Nantong) Co., Ltd. ("KTL Nantong")	People's Republic of China	Trading of high-end sling, processing, storage, display and other related services	**40**	–

(i) Audited by Ernst & Young LLP, Singapore

(ii) Audited by Reliance Audit LLP, Singapore

(iii) The entity has yet to appoint an auditor

The summarised financial information in respect of the Group's joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised of balance sheet

	AMS		KTL Nantong		KTL Seletar	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current assets						
Cash and cash equivalents	**8**	28	**1,408**	–	**14**	11
Trade and other receivables	**10**	–	**2,025**	–	**153**	187
	18	28	**3,433**	–	**167**	198
Non-current assets excluding goodwill	**1,006**	1,033	**4**	–	**58**	66
Total assets	**1,024**	1,061	**3,437**	–	**225**	264
Current liabilities	**(69)**	(78)	**(175)**	–	**(501)**	(416)
Non-current liabilities	**(102)**	(112)	**–**	–	**–**	–
Total liabilities	**(171)**	(190)	**(175)**	–	**(501)**	(416)
Net assets	**853**	871	**3,262**	–	**(276)**	(152)
Proportion of the Group's ownership	**50%**	50%	**40%**	–	**51%**	51%
Group's share of net assets/ (liabilities)	**427**	436	**1,305**	–	**(141)**	(78)
Less: Unrealised profits	**(139)**	(139)	**–**	–	**–**	–
Foreign currency translation	**42**	66	**12**	–	**–**	–
Carrying amount of the investment	**330**	363	**1,317**	–	**–**	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

15. INVESTMENT IN JOINT VENTURE COMPANIES (CONTINUED)

Summarised of comprehensive income

	AMS		KTL Nantong		KTL Seletar	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	**–**	–	**–**	–	**59**	25
Expense	**(102)**	(112)	**(63)**	–	**(183)**	(177)
Income tax	**–**	–	**–**	–	**–**	–
Profit after tax	**(102)**	(112)	**(63)**	–	**(124)**	(152)
Other comprehensive income	**18**	17	**–**	–	**–**	–
Total comprehensive income	**(84)**	(95)	**(63)**	–	**(124)**	(152)

The Group has not recognised its share of losses for KTL Seletar for current financial year amounted to $63,000 (2014: $77,000). At the end of the reporting period, the Group's cumulative share of unrecognised losses amounted to $141,000 (2014: $78,000).

16. INVESTMENT IN ASSOCIATE

	Group	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	**–***	–
Share of post-acquisition reserves	**–***	–
	–*	–

* denotes amount less than $1,000

Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2015	2014
(i) FW Coastal Ventures Pte. Ltd.	Singapore	Engaging in service activities incidental to oil and gas extraction	**30**	–

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For the financial year ended 30 June 2015

16. INVESTMENT IN ASSOCIATE (CONTINUED)

	Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2015	2014
	Held through FW Coastal Ventures Pte Ltd				
(ii)	Atlas Training Centre Sdn Bhd	Malaysia	Providing training for offshore oil and gas, commercial maritime and energy resource industries.	**30**	–
(ii)	Axis weld Sdn Bhd	Malaysia	Providing welding training courses, welding test and qualifies welders for offshore oil and gas industry	**30**	–

(i) Audited by Heng Lee Seng LLP

(ii) Audited by JK David & Co

The summarised financial information in respect of FW Coastal Ventures Pte Ltd based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Group 2015 $'000	Group 2014 $'000
Current assets	**1,130**	–
Non-current assets excluding goodwill	**2,839**	–
Total assets	**3,969**	–
Current liabilities, representing total liabilities	**(4,315)**	–
Net liabilities	**(346)**	–
Proportion of the Group's ownership	**30%**	–
Group's share of net liabilities	**(104)**	–
Carrying amount of the investment	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

16. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised statement of comprehensive income

	Group	
	2015	2014
	$'000	$'000
Revenue	807	–
Expenses	(1,135)	–
Net loss, representing total comprehensive income	(328)	–

The Group has not recognised its share of losses for current financial year amounted to $98,100. At the end of the reporting period, the Group's cumulative share of unrecognised losses amounted to $98,100.

17. INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Balance sheet:		
Trading goods and supplies	33,626	29,302
Income statement:		
Inventories recognised as an expense in cost of sales	42,677	43,346
Inclusive of the following charge:		
– Allowance for/(write-back of allowance for) inventories obsolescence	20	(18)

The write-back of allowance for inventories obsolescence reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts during the previous financial year.

18. 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	
	2015	2014
	$'000	$'000
United States Dollars	8,996	4,677
Euro	1,317	815
United Arab Emirates Dirham	698	777
Saudi Arabian Riyal	45	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

18. TRADE RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $16,550,000 (2014: $17,632,000) 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	
	2015	2014
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	**3,329**	4,412
30 to 60 days	**1,773**	2,417
61 to 90 days	**2,843**	1,965
More than 90 days	**8,605**	8,838
	16,550	17,632

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	
	2015	2014
	$'000	$'000
Trade receivables – nominal amounts	**118**	114
Less: Allowance for impairment	**(118)**	(114)
	–	–
Movement in allowance accounts:		
At 1 July	**114**	122
Charge for the year	**–**	114
Utilised	**–**	(122)
Exchange difference	**4**	–
At 30 June	**118**	114

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

19. OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current				
Amount due from a subsidiary	**–**	–	**741**	–
Withholding tax recoverable*	**250**	250	**–**	–
Deposits	**109**	812	**–**	–
	359	1,062	**741**	–
Current				
Deposits	**304**	245	**10**	–
Sundry debtors	**73**	18	**–**	–
Staff advances	**104**	21	**–**	–
Others	**477**	35	**26**	–
Other receivables	**958**	319	**36**	–
Total other receivables	**1,317**	1,381	**777**	–
Amounts due from subsidiaries	**–**	–	**18,642**	20,496
Amounts due from joint ventures and associate	**2,642**	180	**1,639**	180
	3,959	1,561	**21,058**	20,676
Add: Trade receivables (Note 18)	**25,716**	27,261	**–**	–
Add: Cash and bank balances (Note 21)	**2,692**	2,033	**133**	94
Less: GST receivables	**(327)**	–	**–**	–
Total loans and receivables	**32,040**	30,855	**21,191**	20,770

* 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 has received the letter of order from Commissioner of income tax dated 23 February 2015 stating that the amount will be refunded back to the Group. As the claims are not expected to be collected within 12 months from the balance sheet date, the withholding tax recoverable amounted to $250,000 (2014: $250,000) as at 30 June 2015 are classified as a non-current asset.

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

Amounts due from joint ventures and associate included a loan due from an associate of $1,451,000 (2014: $Nil). The three-year SGD loan to the associate bears interest at 5.25% (2014: Nil) per annum.

Non-current amount due from a subsidiary pertains to a quasi-equity loan which is unsecured, interest-free, has no fixed repayment terms and is not expected to be repaid within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

19. OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United Arab Emirates Dirham	**182**	–	**–**	–
Indonesia Rupiah	**17**	–	**–**	–
Indian Rupee	**250**	267	**–**	–
Euros	**293**	–	**–**	–
United States Dollars	**17**	130	**–**	–
Malaysian Ringgit	**415**	26	**–**	–

20. PREPAYMENTS

Non-current prepayments relate to progress payments made in respect of the purchase of property, plant and equipment by the Group.

21. CASH AND BANK BALANCES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash on hand and at banks	**1,362**	1,015	**133**	94
Short term deposits	**–**	1,018	**–**	–
Short term deposits pledged to secure a bank guarantee	**1,330**	–	**–**	–
Total cash and bank balances	**2,692**	2,033	**133**	94

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States Dollars	**635**	337	**–**	5
United Arab Emirates Dirham	**318**	80	**–**	–
Indonesia Rupiah	**38**	5	**–**	–
Malaysia Ringgit	**32**	87	**–**	–
Euro	**35**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

21. CASH AND BANK BALANCES (CONTINUED)

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 (2014: 0.05%).

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash on hand and at banks	**1,362**	1,015	**133**	94
Short term deposits	**–**	1,018	**–**	–
Less: Bank overdrafts (Note 25)	**(3,324)**	(1,141)	**–**	–
Cash and cash equivalents as shown in cash flow statement	**(1,962)**	892	**133**	94

22. TRADE PAYABLES

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

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

	Group	
	2015	2014
	$'000	$'000
United States Dollars	**5,793**	7,179
Euro	**1,839**	1,976
Pound Sterling	**101**	13
United Arab Emirates Dirham	**404**	188
Australian Dollars	**2**	8
Chinese Renminbi	**572**	–
Malaysian Ringgit	**45**	–

23. BILLS PAYABLES

Bills payables are repayable within 1-6 months at effective interest rate of 1.6% to 5.7% per annum (2014: 1.5% to 7.0% per annum). They are guaranteed by a corporate guarantee issued by the Company to the banks for a subsidiary.

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

	Group	
	2015	2014
	$'000	$'000
United States Dollars	**2,216**	9,655
Euro	**1,379**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

24. OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current				
Deposit	**78**	–	**–**	–
Deferred income#	**1,613**	–	**–**	–
Provision for staff gratuity ^	**168**	114	**–**	–
	1,859	114	**–**	–
Current				
Deposits and advances received	**431**	754	**–**	–
Deferred income#	**311**	–	**–**	–
Accrued operating expenses	**884**	1,712	**417**	717
Sundry creditors	**1,161**	2,505	**77**	–
GST payable	**50**	746	**42**	746
Amount due to related parties	**–**	251	**–**	–
	2,837	5,968	**536**	1,463
Total other payables	**4,696**	6,082	**536**	1,463
Add: Trade payables (Note 22)	**11,522**	12,567	**–**	–
Add: Bills payables (Note 23)	**6,745**	12,310	**–**	–
Add: Interest-bearing loans and borrowings (Note 25)	**29,428**	7,278	**–**	–
Less: GST payable	**(50)**	(746)	**(42)**	(746)
Less: Deferred income	**(1,924)**	–	**–**	–
Less: Provision for staff gratuity	**(168)**	(114)	**–**	–
Total financial liabilities carried at amortised costs	**50,249**	37,377	**494**	717

Amount due to related parties was non-trade related, unsecured, interest-free and repayable on demand. The amount was denominated in SGD and was 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.

Deferred income pertain to a novation fee received from the previous landlord due to a change in ownership of the office premise under lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

25. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Effective interest rate (per annum)	Mature in the financial year ending	Group 2015 $'000	Group 2014 $'000
Non-current liabilities					
Secured borrowing					
• Obligations under finance leases (Note 30(c))	(a)	1.90% – 5.50%	2016 – 2019	**206**	345
• 10-year term loan	(b)	2.10%	2024	**4,083**	1,724
• Term loans	(c)	4.75% – 5.00%	2018 – 2020	**1,160**	–
Unsecured borrowings					
• Term loans	(d)	2.80% – 4.75%	2017 – 2020	**2,472**	–
• 8-year term loan	(e)	5.50%	2018	**512**	787
				8,433	2,856
Current liabilities					
Secured borrowings					
• Obligations under finance leases (Note 30(c))	(a)	1.90% – 5.50%	2016 – 2019	**164**	562
• 10-year term loan	(b)	2.10%	2024	**447**	126
• Term loans	(c)	4.75% – 5.00%	2018 – 2020	**111**	600
Unsecured borrowings					
• Bank overdrafts (Note 21)	(f)	4.25% – 5.70%	2016	**3,324**	1,141
• Invoice financing	(g)	1.75% – 6.25%	2016	**3,325**	431
• Fixed advance facility	(h)	4.75%	2016	**2,000**	1,300
• Term loans	(d)	2.80% – 5.75%	2016 – 2020	**11,349**	–
• 8-year term loan	(e)	5.50%	2018	**275**	262
				20,995	4,422
Total interest bearing loans and borrowings				**29,428**	7,278

(a) Obligations under finance leases

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 (2014: 1.9% to 5.5% per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

25. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b) 10-year term loan

The ten-year SGD term loan to a subsidiary bears interest at 1.55% (2014: 1.55%) per annum above the bank's one-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 the Company to the bank and a property in Malaysia.

(c) Term loans

These SGD term loans to subsidiaries bear interest rates ranging from 0.5% to 5% (2014: Nil) per annum above the banks' prime lending rate and are repayable in between 48 to 120 monthly instalments commencing from October 2014.

The term loans are secured by a corporate guarantee issued by the Company to the banks and the investment properties under construction in Malaysia.

(d) Term loans

These unsecured SGD term loans to a subsidiary bear interest rates ranging from 2% to 5.75% (2014: Nil) per annum and are repayable in between 6 to 60 monthly instalments commencing from January 2015. The term loans are secured by a corporate guarantee issued by the Company to the banks.

(e) 8-year term loan

The eight-year SGD term loan to a subsidiary is secured by a corporate guarantee issued by the Company to the bank. This loan bears interest at 1.25% (2014: 1.25%) per annum above the bank's prime lending rate and is repayable in 96 monthly instalments commencing from June 2010.

(f) Bank overdrafts

Bank overdrafts are denominated in SGD and bear interest at rates ranging from 4.25% to 5.70% (2014: 4.25% to 5.70%) per annum. The overdraft facilities are secured by a corporate guarantee issued by the Company to the banks.

(g) Invoice financing

The invoice financing to a subsidiary is secured by a corporate guarantee issued by the Company to the banks. These facilities accept 80 to 90% of the total value of invoices assigned and has a repayment period of 120 to 150 days.

(h) Fixed advance facility

The advance facility, denominated in SGD, is repayable on 4 November 2015. The facility bears interest rate at 0.5% (2014: 0.5%) per annum above the bank's prime lending rate and is secured by a corporate guarantee issued by the Company to the bank.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

26. DEFERRED TAX LIABILITIES

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	**1,069**	1,163	**(94)**	(263)
Deferred tax assets				
Provisions	**–**	(18)	**18**	2
Unutilised tax losses	**(36)**	–	**(36)**	–
Net deferred tax liabilities	**1,033**	1,145	**(112)**	(261)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net amounts after appropriate offsetting are shown in the balance sheet as follows:

	2015	2014
Presented as:		
Deferred tax liabilities	**1,069**	1,145
Deferred tax assets	**(36)**	–
Net deferred tax liabilities	**1,033**	1,145

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2014: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of a subsidiary as the Group is able to control the timing of the reversal of temporary differences associated with the investment in the subsidiary and the Group has determined that undistributed earnings of its subsidiary will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregated to $1,836,000 (2014: $Nil). The deferred tax liability is estimated to be $312,000 (2014: $Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

27. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	**226,075**	**33,269**	226,075	33,269
Issuance of new shares	**7,000**	**934**	–	–
At 30 June	**233,075**	**34,203**	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.

(b) Treasury shares

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 July	**2,202**	**(646)**	1,812	(602)
Acquired during the financial year	**670**	**(87)**	390	(44)
Reissued pursuant to KTL Performance Share Scheme	**(1,956)**	**260**	–	–
Loss on reissuance transferred to treasury shares reserve	**–**	**360**	–	–
At 30 June	**916**	**(113)**	2,202	(646)

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

The Company acquired 670,000 (2014: 390,000) shares in the Company through purchases on the SGX-ST during the financial year. The total amount paid to acquire the shares was $87,000 (2014: $44,000) and this was presented as a component within shareholders' equity.

During the financial year ended 30 June 2015, the Company reissued 1,956,246 treasury shares at $0.133 each pursuant to KTL Performance Share Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

28. 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.

29. DIVIDENDS

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the financial year:		
– Final exempt (one-tier) dividends in respect of 2014: $0.45 cents per ordinary share (2013: $Nil)	1,006	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

30. 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	
	2015	**2014**
	$'000	**$'000**
Not later than one year	**3,967**	3,582
Later than one year but not later than five years	**16,147**	13,782
Later than five years	**5,667**	8,178
	25,781	25,542

At 30 June 2014, the Group had outstanding commitment amounted to $1,474,000 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	
	2015	**2014**
	$'000	**$'000**
Receivable from third parties:		
Not later than one year	**731**	508
Later than one year but not later than five years	**1,157**	–
	1,888	508
Receivable from related parties:		
Not later than one year	**570**	466
Later than one year but not later than five years	**2,281**	2,484
Later than five years	**2,423**	3,261
	5,274	6,211

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

30. COMMITMENTS (CONTINUED)

(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			
	2015		2014	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Not later than one year	**162**	**164**	598	562
Later than one year but not later than five years	**247**	**206**	385	345
Total minimum lease payments	**409**	**370**	983	907
Less: Amounts representing finance charges	**(39)**	**–**	(76)	–
Present value of minimum lease payments	**370**	**370**	907	907

(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	
	2015 $'000	2014 $'000
Commitments in respect of property, plant and equipment	**2,316**	3,681

(e) Corporate guarantees

	Company	
	2015 $'000	2014 $'000
Corporate guarantees issued by the Company for bank facilities granted to a subsidiary	**35,803**	18,681

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

31. 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Rental income from a company related to a director	**468**	30	**–**	–
Management fee charged to a subsidiary	**–**	–	**2,319**	2,851
Sale of good to related companies	**19**	66	**–**	–
Purchase of good from a related company	**(422)**	–	**–**	–
Purchase of equipment from a company related to a director	**–**	(878)	**–**	–
Purchase of professional services from firms related to directors	**(48)**	(15)	**–**	–

(b) Compensation of key management personnel

	Group	
	2015	2014
	$'000	$'000
Short-term employee benefits	**1,986**	2,681
Central Provident Fund contributions	**73**	96
Other short-term benefits	**395**	321
Share-based payments	**50**	260
Total compensation paid to key management personnel	**2,504**	3,358
Comprise amounts paid/payable to:		
– Directors of the Company	**1,675**	2,512
– Other key management personnel	**829**	846
	2,504	3,358

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

32. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group categorises 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.

Assets and liabilities 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**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Deposits (non-current)	**109**	812	**109**	804
Financial liabilities:				
Obligations under finance lease	**370**	907	**409**	983

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. 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	
	2015 $'000	**2014 $'000**
75 basis point higher (2014: 75)	**(221)**	(140)
75 basis point lower (2014: 75)	**221**	140

(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, Euro and United Arab Emirates Dirham. Approximately 43.0% (2014: 20.8%) of the Group's sales are denominated in foreign currencies whilst approximately 69.0% (2014: 82.1%) 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 holds 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 21.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Foreign currency risk (Continued)

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.

		(Decrease)/increase in profit before tax	
		2015	**2014**
		$'000	**$'000**
USD	– strengthened 3% (2014: 3%)	**(87)**	(413)
	– weakened 3% (2014: 3%)	**87**	413
EUR	– strengthened 3% (2014: 3%)	**(49)**	(35)
	– weakened 3% (2014: 3%)	**49**	35
AED	– strengthened 3% (2014: 3%)	**25**	–
	– weakened 3% (2014: 3%)	**(25)**	–

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

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 $35,803,000 (2014: $18,681,000).

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			
	2015		2014	
	$'000	% of total	$'000	% of total
By geographical area:				
Singapore	**11,654**	**45**	13,672	50
Asia	**9,627**	**37**	5,548	20
Middle East	**3,510**	**14**	2,320	9
Rest of the world	**925**	**4**	5,721	21
	25,716	**100**	27,261	100
By industry sectors:				
Offshore Oil and Gas	**20,343**	**79**	20,866	76
Marine	**2,602**	**10**	4,306	16
Others	**2,771**	**11**	2,089	8
	25,716	**100**	27,261	100

At the end of the reporting period, approximately 45.5% (2014: 36.5%) of the Group's trade receivables were due from 5 (2014: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(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 $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
2015				
Financial assets				
Trade receivables	25,716	–	–	25,716
Other receivables	958	359	–	1,317
Amount due from joint venture companies	2,642	–	–	2,642
Cash and bank balances	2,692	–	–	2,692
Total undiscounted financial assets	32,008	359	–	32,367
Financial liabilities				
Trade payables	11,522	–	–	11,522
Bills payables	6,745	–	–	6,745
Other payables	2,476	78	–	2,554
Interest-bearing loans and borrowings	20,995	5,585	2,848	29,428
Interest on liabilities	883	672	175	1,730
Total undiscounted financial liabilities	42,621	6,335	3,023	51,979
Total net undiscounted financial liabilities	(10,613)	(5,976)	(3,023)	(19,612)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (Continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'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)

	1 year or less	
	2015 $'000	**2014 $'000**
Company		
Financial assets		
Amount due from subsidiaries	**18,642**	20,496
Amount due from associate and joint venture companies	**1,639**	180
Other receivables	**36**	–
Cash and bank balances	**133**	94
Total undiscounted financial assets	**20,450**	20,770
Financial liability		
Other payables	**494**	1,463
Total undiscounted financial liability	**494**	1,463
Total net undiscounted financial assets	**19,956**	19,307

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (Continued)

The table below shows the contractual expiry by maturity of the subsidiaries 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 $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Company				
2015				
Corporate guarantee issued by the Company for bank facilities granted to a subsidiary	27,576	5,379	2,848	35,803
2014				
Corporate guarantee issued by the Company for bank facilities granted to a subsidiary	16,170	1,677	834	18,681

34. 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 2015 and 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

34. CAPITAL MANAGEMENT (CONTINUED)

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.

	Note	Group 2015 $'000	Group 2014 $'000
Interest-bearing loans and borrowings	25	**29,428**	7,278
Bills payables	23	**6,745**	12,310
Trade payables	22	**11,522**	12,567
Other payables		**2,554**	5,222
Less: Cash and bank balances	21	**(2,692)**	(2,033)
Net debt		**47,557**	35,344
Equity attributable to the owners of the Company		**45,485**	45,568
Less: Statutory reserve fund		**(15)**	(15)
Total capital		**45,470**	45,553
Capital and net debt		**93,027**	80,897
Gearing ratio		**51%**	44%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2015 and 30 June 2014.

35. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. SEGMENT INFORMATION (CONTINUED)

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 35(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.

(a) Business segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2015 and 2014. 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 2015				
Revenue	45,068	18,716	8,807	72,591
Other income				1,666
Segment revenue				74,257
Segment results	3,366	(998)	299	2,667
Share of results of joint venture companies				(68)
Share of result of associated company				*
Finance expenses				(1,143)
Profit before taxation				1,456
Taxation				55
Profit for the year				1,511
Other segment information:				
Amortisation of prepaid land lease	64	27	13	104
Depreciation	1,887	784	369	3,040
Additions to non-current assets	6,166	2,561	2,140	10,867

* denotes amount less than $1,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	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

(b) Geographical segments

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

	Group Revenue 2015 $'000	Group Revenue 2014 $'000
Singapore	**34,677**	33,826
United Arab Emirates	**8,375**	8,997
Indonesia	**3,319**	5,308
Malaysia	**5,333**	5,462
Asia	**6,095**	4,782
Rest of the world	**14,792**	14,094
	72,591	72,469

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

35. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments (Continued)

	Assets		Additions to non-current assets	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**60,110**	60,917	**4,476**	3,309
Indonesia	**401**	31	**18**	6
Malaysia	**18,832**	11,259	**5,984**	5,321
United Arab Emirates	**19,866**	13,557	**389**	96
	99,209	85,764	**10,867**	8,732

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of directors on 21 September 2015.

SHAREHOLDING STATISTICS

As at 9 September 2015

Issued and paid-up capital	:	$35,961,891
Number of shares	:	233,075,228
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 2,318,684 issued shares as treasury shares, constituting 1.01% of the total number of issued shares (excluding treasury shares).

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 9 September 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	13	1.44	167	–
100 – 1,000	29	3.21	23,937	0.01
1,001 – 10,000	327	36.17	2,023,626	0.88
10,001 – 1,000,000	518	57.30	40,416,209	17.51
1,000,001 – and above	17	1.88	188,292,605	81.60
Grand Total	**904**	**100.00**	**230,756,544**	**100.00**

Note: The above shareholdings do not include 2,318,684 treasury shares held by the Company.

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 9 September 2015

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%(3)	NO. OF SHARES	%(3)
Tan Tock Han(1)	8,926,400	3.87	132,713,000	57.51
Tan Kheng Yeow(2)	228,200	0.10	123,200,000	53.39
Kim Teck Leong Pte. Ltd.	123,200,000	53.39	–	–
Khua Kian Keong	15,503,000	6.72	–	–

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 230,756,544 issued shares (excluding treasury shares) in the capital of the Company as at 9 September 2015.

SHAREHOLDING STATISTICS

As at 9 September 2015

TWENTY-ONE LARGEST SHAREHOLDERS

As at 9 September 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE. LTD.	123,200,000	53.39
2	DBS NOMINEES PTE LTD	10,920,016	4.73
3	TAN TOCK HAN	8,869,000	3.84
4	OCBC SECURITIES PRIVATE LTD	8,271,400	3.58
5	CIMB SECURITIES (SINGAPORE) PTE LTD	5,797,815	2.51
6	BANK OF SINGAPORE NOMINEES PTE LTD	5,500,000	2.38
7	DBSN SERVICES PTE LTD	3,792,600	1.64
8	TAN CHEE LIN	3,630,000	1.57
9	TANG GAR KEOW @ ANGIE TANG	3,346,600	1.45
10	MAYBANK KIM ENG SECURITIES PTE LTD	2,905,000	1.26
11	BERETTA MARK GARETH JOSEPH	2,669,174	1.16
12	DE SOUZA JEREMY LARRY	1,884,900	0.82
13	CHAN HING KA ANTHONY	1,830,000	0.79
14	TING LAY CHOO	1,592,000	0.69
15	CHUA SUAN KEOW	1,427,100	0.62
16	EASTERN NAVIGATION PTE LTD	1,422,400	0.62
17	CITIBANK NOMINEES SINGAPORE PTE LTD	1,234,600	0.54
18	TAN CHONG HIOK	1,000,000	0.43
19	NG SENG HONG	980,000	0.42
20	TAN KHENG KUAN (CHEN QINGQUAN)	977,756	0.42
	TOTAL	**191,250,361**	**82.86**

Note: The above shareholdings do not include 2,318,684 treasury shares held by the Company.

FREE FLOAT

Based on the information provided to the Company as at 9 September 2015, approximately 30.16% 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 Ninth Annual General Meeting of KTL Global Limited (the "**Company**") will be held at 71 Tuas Bay Drive, Singapore 637430 on Tuesday, 20 October 2015 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 2015, together with the Directors' Report, Statement by Directors and Independent Auditors' Report.

Resolution 2

2. To re-elect Mr Tan Tock Han, 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 3

3. To re-elect Mdm Cheong Hooi Kheng, who is retiring by rotation pursuant to Article 104 of the Articles and who, being eligible, is offering herself for re-election as a Director.

   [Mdm Cheong will, upon re-election as a Director, remain as a member of the Audit Committee, Nominating Committee, Remuneration Committee and the Board considers her to be non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

Resolution 4

4. To approve the payment of Directors' fees of S$176,000 for the financial year ended 30 June 2015. [FY2014: S$160,000]

Resolution 5

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

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

AS SPECIAL BUSINESS

Resolution 6

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

   "<u>General authority to allot and issue new shares</u>

   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,

NOTICE OF ANNUAL GENERAL MEETING

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

(iii) 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 7
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

NOTICE OF ANNUAL GENERAL MEETING

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 8

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;

NOTICE OF ANNUAL 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

Ng Kok Peng
Company Secretary
Singapore
5 October 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

(i) Ordinary Resolution 6, 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 6 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 6 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 7, 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 8, 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

5 October 2015

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 "**2015 AGM**") of KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 5 October 2015 in respect of the AGM to be held on Monday, 20 October 2015 at 10.00 am at 71 Tuas Bay Drive, Singapore 637430 and Resolution 8 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, 21 October 2013 and 20 October 2014. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming 2015 AGM to be held on 20 October 2015.

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.

LETTER TO SHAREHOLDERS

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 financial condition, 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 2015 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 2015 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 2015 (the "**Latest Practicable Date**"), the Company had 230,756,544 issued Shares (excluding 2,318,684 treasury shares) and thus up to 23,075,654 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 2015 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.

LETTER TO SHAREHOLDERS

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.

LETTER TO SHAREHOLDERS

(d) Maximum Purchase Price

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) Maximum Holdings

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

LETTER TO SHAREHOLDERS

(b) Voting and other Rights

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) Disposal and Cancellation

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.

LETTER TO SHAREHOLDERS

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 20,988,838 Shares, being the number of Shares which the Company may purchase and hold as additional treasury shares, was made on 30 June 2015;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.1830 for each Share (being 105% of the Average Closing Price as at 30 June 2015);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $3,841,785 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,

LETTER TO SHAREHOLDERS

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 2015 ("**FY2015**"), are set out below.

	Group		**Company**	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**
Share capital	34,203	34,203	34,203	34,203
Reserves	11,395	11,395	(282)	(282)
Treasury shares	(113)	(3,954)	(113)	(3,954)
Shareholders' funds	45,485	41,644	33,808	29,967
Net tangible assets[(1)]	45,573	41,732	33,808	29,967
Current assets	66,418	63,859	20,450	16,609
Current liabilities	42,275	43,557	551	551
Working capital	24,143	20,302	19,899	16,058
Total liabilities[(2)]	53,636	54,918	551	551
Cash and bank balances[(2)]	2,692	133	133	133
Number of Shares ('000)[(3)]	230,757	209,768	230,757	209,768
Financial Ratios				
Net tangible assets per Share (cents)	19.7	19.9	14.7	14.3
Earnings per Share (cents)	0.6	0.7	0.7	0.7
Gearing ratio[(4)] (times)	0.8	0.9	–	–
Current ratio[(5)] (times)	1.6	1.5	37.1	30.1

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 bank balances and total liabilities at the Company level are not affected.

(3) Total number of Shares (excluding treasury shares) takes into account the Company's Share purchases on 20 July 2015 and 1 September 2015 of 1,000,000 Shares and 403,000 Shares, respectively.

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

(5) 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 FY2015 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.

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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 85,102,014 issued Shares in the hands of the public (as defined above), representing 36.88% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases 23,075,654 Shares, which represents the full 10% limit pursuant to the Share Purchase Mandate, through Market Purchases and holds 20,988,838 of such Shares as treasury shares while cancelling the remaining 2,086,816 Shares, the number of issued Shares in the hands of the public would be reduced to approximately 62,026,360 Shares, representing 29.57% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 2,318,684 treasury shares.

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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

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital 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

LETTER TO SHAREHOLDERS

(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 61.96% 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.

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12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

2,073,000 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 $0.125 to $0.169, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately $307,020.

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	3.87	132,713,000	57.51
Tan Kheng Yeow[2]	228,200	0.10	123,200,000	53.39
Mark Gareth Joseph Beretta	2,669,174	1.16	–	–
Cheong Hooi Kheng	140,000	0.06	–	–
Substantial Shareholders (other than Directors)				
Kim Teck Leong Pte. Ltd.[1], [2]	123,200,000	53.39	–	–
Khua Kian Keong	15,503,000	6.72	–	–

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 230,756,544 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 8, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2015 AGM.

LETTER TO SHAREHOLDERS

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 making 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.

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 2015 AGM:

(a) the Annual Report of the Company for the financial year ended 30 June 2015; 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

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

ANNUAL GENERAL MEETING
PROXY FORM

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.

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 Tuesday, 20 October 2015 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 2015		
2.	Re-election of Mr Tan Tock Han as a Director		
3.	Re-election of Mdm Cheong Hooi Kheng as a Director		
4.	Payment of Directors' fees of S$176,000		
5.	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
6.	General authority to allot and issue new shares		
7.	Authority to issue shares pursuant to the KTL Performance Share Scheme		
8.	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 __________________ 2015

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

No. 71 Tuas Bay Drive, Singapore 637430
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Fax: (65) 6545 2323