KTL GLOBAL

PIONEERING THE FUTURE OF LIFTING

2017
ANNUAL REPORT

PIONEERING
THE FUTURE OF LIFTING

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CORPORATE PROFILE

KTL Global Limited ("KTL", and together with its subsidiaries, the "Group") is a leading solutions provider for 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 and in Johor, Malaysia. It has offices in Indonesia, as well as strategic partners in Mexico and Brazil.

CORPORATE PROFILE

Your Global Rope, Rigging and Mooring Partner

VISION

We shall strive to maintain our position as a leading supplier to the O&G and related industries, for wire and synthetic rope, rigging and heavy lift products and services.

We intend to enhance this position by delivering upon the following core principles of our business philosophy:

(1) Implementation of market expansion and penetration strategies which are focused and effective.

(2) Providing wire and synthetic rope and rigging products and services on a scale that cannot easily be matched by our competitors in terms of size, quantity and availability.

(3) Delivering high quality products and services and from reputable brand names in the industry.

(4) Providing a total solutions concept for demanding problems faced by the market through innovation, commitment and professionalism.

(5) Developing our personnel through investment in training to become experts in their field.

CHAIRMAN'S MESSAGE

"The Group's synthetic manufacturing capability, continued cost cutting initiatives and significant efforts in inventory reduction is expected to put the Group in a position to weather the adverse market conditions."

Dear Shareholders,

The high level of market volatility in crude oil prices has fundamentally changed the global 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.

The year ahead is likely to remain challenging for KTL. As such, the management has made a decision to write down both plant and equipment as well as older inventories in order to streamline the Group's statement of financial position. This exercise was carried out to accurately reflect the weak O&G market conditions. We believe that this will place the Group in a better position going forward.

The Group completed a few significant heavy lift synthetic slings projects in FY2017. We believe that our upstream synthetic manufacturing capability will positively impact the Group strategically and financially. We also believe that it will strengthen our position as a leader in synthetic sling technology. The synthetic sling industry is a growing market which is expected to increase revenue and opportunities for the Group.

The Group has experienced a challenging FY2016 and FY2017 in financial terms. However, our cost cutting initiatives and significant reduction in inventories which were effected in FY2016 and FY2017 as well as the positive developments in our synthetic sling technology should put us in a better position to weather the adverse market conditions through FY2018.

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 and meeting you at the upcoming annual general meeting.

TAN TOCK HAN
Executive Chairman

FINANCIAL AND OPERATIONS REVIEW

"Strengthening our synthetic sling technology and continuing to improve on internal efficiencies"

THE YEAR IN REVIEW

The high level of market volatility in crude oil prices has dealt a huge blow to the O&G 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 in FY2017.

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL HIGHLIGHTS

The Group's revenue in FY2017 decreased 26.4% to S$30.9 million from S$42.0 million in the previous year, mainly due to the decrease in revenue generated across all segments. Gross profit margin for the year slipped to (3.0%) from 16.9% as cost of sales increased due to allowances for inventory obsolescence and inventory write-offs.

Other operating income for FY2017 increased 3.9% to S$2.0 million, mainly due to increase in sundry income. Operating expenses, which comprised mainly administration expenses as well as sales and marketing costs, amounted to S$14.5 million, a decrease of S$2.3 million, as compared to S$16.8 million in FY2016. The decrease in administrative expenses and sales and marketing costs in FY2017 was mainly due to decrease in staff remuneration, traveling allowance, advertisement, commission expenses and entertainment expenses. Finance costs decreased to S$1.4 million from S$1.6 million in FY2016 mainly due to decrease in interest charges from bank borrowings due to refinancing of bank borrowings, as announced in April 2016.

Net loss attributable to shareholders was due to decrease in revenue, higher allowance for inventory obsolescence, and impairment loss on investments in associates and plant and equipment.

CASH FLOW

The Group saw a positive operating cash flow of S$0.8 million in the year under review. This was due to a decrease in stock purchases and a decline in trade receivables.

Net cash used in investing activities decreased to S$0.6 million from S$11.2 million in the previous year. This was due to decrease in purchase of plant and equipment in FY2017 and investments in an associated company in FY2016.

Net cash used in financing activities amounted to S$0.3 million, down from S$1.1 million in FY2016, driven by repayment of bank borrowings.

The Group ended the year with S$1.4 million in cash and cash equivalents.

STATEMENT OF FINANCIAL POSITION

Total equity came to S$0.1 million, compared to S$30.2 million for FY2016 mainly due to net loss attributable to the shareholders during the year.

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 Vice President of the social service committee of the Singapore Hokkien Huay Kuan, Vice Chairman of Singapore Kim Mui Huay Kuan, Honorary Council Member of the Singapore Chinese Chamber of Commerce, Honorary Treasurer of Singapore Thong Chai Medical Institution and Council Member of 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 20 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.

BOARD OF DIRECTORS

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., 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 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) degree.

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. 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

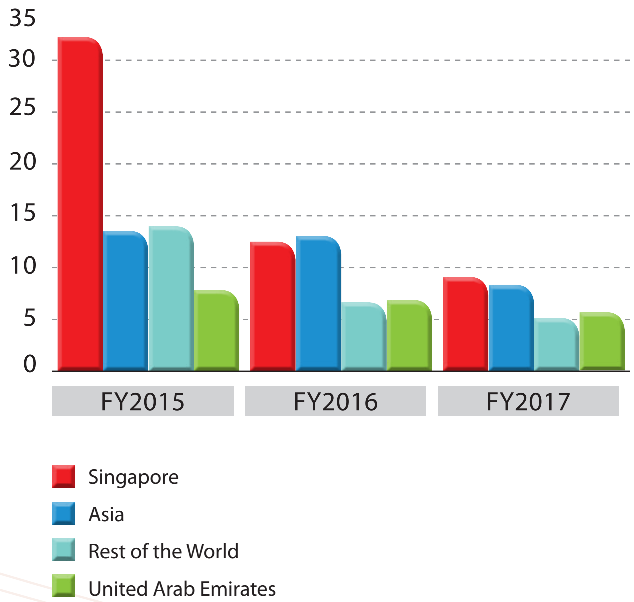
DIRECTOR OF ADMINISTRATION

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.

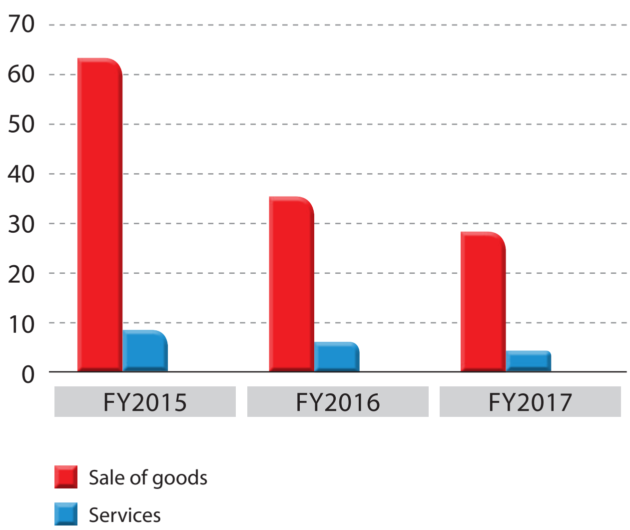
FINANCIAL HIGHLIGHTS

	FY2015	FY2016	FY2017
KEY FINANCIAL RATIOS			
Earnings/(Loss) Per Share (S¢)	0.69	(5.97)	(12.30)
Net Asset Value Per Share (S¢)	19.32	12.5	0.03
STATEMENT OF PROFIT OR LOSS (S$ MILLION)			
Revenue	72.6	42.0	30.9
Gross profit/(loss)	19.6	7.1	(0.9)
Net attributable profit/(loss)	1.6	(14.3)	(29.6)
STATEMENT OF FINANCIAL POSITION (S$ MILLION)			
Non-current assets	32.8	39.7	21.7
Current assets	66.4	39.2	30.4
Non-current liabilities	11.4	9.8	8.5
Current liabilities	42.9	38.9	43.5
Shareholders' equity attributable to owners of the Company	44.9	30.2	0.1

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*

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*

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

Crowe Horwath First Trust LLP
8 Shenton Way
#05-01 AXA Tower
Singapore 068811
Partner-in-charge: Goh Sia
(since financial year ended
30 June 2016)

PRINCIPAL BANKERS

United Overseas Bank Limited

DBS Bank Ltd

CIMB Bank Berhad (Singapore Branch)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

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

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

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 30 June 2017 ("**FY2017**"), 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**")	Chief Operating Officer
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, corporate strategy and objectives as well as business plans;

- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;

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

- reviewing the Management's performance;

CORPORATE GOVERNANCE REPORT

- setting the Group's values and standards and ensuring that obligations to shareholders and other stakeholders are understood and met; and

- assuming the responsibilities of corporate governance.

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 its 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 on 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. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The number of Board and Board committee meetings held in FY2017 is set out below:

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

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

CORPORATE GOVERNANCE REPORT

2. BOARD COMPOSITION AND GUIDANCE

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

The Board comprises six directors, of whom two are independent, namely, Mr Kenny Lim and Mr Sunny Wong, and one is non-executive, namely, Mdm Cheong Hooi Kheng. There is a strong independent element on the Board, with independent directors constituting one-third of the Board. This enables the Board to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. It also allows the Board to interact and work with the Management through a constructive exchange of ideas and views to shape the strategic process.

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. However, 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 nor cost-effective to have independent directors make up at least half of the Board.

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 Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its related corporations, its 10% 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. The NC and the Board are of the view that all its independent non-executive directors have satisfied the criteria of independence as a result of its review.

The NC and the Board will determine annually whether a Director who has served on the Board beyond nine years from the date of his first appointment, is independent, taking into account the need for progressive refreshing of the Board. The Board observes that Mr Kenny Lim, an independent director who has served on the Board for more than nine years, has been exercising independent judgement in the best interests of the Company in the discharge of his duties and should continue to be deemed independent. The Board recognises that he has developed insights into the Group's business and operations over the years, and is therefore able to provide invaluable contributions to the Board. It is also noted that he is able to exercise objective judgement on commercial and corporate governance matters independently. After due consideration and careful assessment, the NC and the Board are of the view that Mr Kenny Lim continues to be considered independent, notwithstanding that he has served on the Board for more than nine years.

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 provides an appropriate balance and diversity of skills, experience, gender and knowledge of the Company, 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 7 and 8 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. Further, the Board is of the view that the current Board composition is appropriate and effective for the purposes for which the Board's roles and responsibilities are set up.

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;

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

- compliance with the Company's guidelines on corporate governance.

In view that the Executive Chairman and the Chief Executive Officer are immediate family members, 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, when deemed necessary and at least once a year. Where appropriate, the lead independent director provides feedback to the Executive Chairman after such meetings.

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:

- 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 Chief Executive Officer, 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;

- 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);

- ensuring that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

- 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;

- 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; and

- 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.

The NC determines annually whether a director is independent, taking into consideration the checklist completed by each independent director to confirm his independence. Such checklist is drawn up based on the guidelines provided in the Code. 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, one-third of the directors shall retire from office at the Company's annual general meeting and each director is required to retire at least once every three years by rotation. 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	20 October 2015	–	Hong Fok Corporation Limited
Wilson Tan	Chief Executive Officer	19 March 2007	26 October 2016	–	–
Mark Beretta	Executive Director	31 October 2007	20 October 2014	–	–
Cheong Hooi Kheng	Non-Executive Director	31 October 2007	20 October 2015	Hong Fok Corporation Limited	Winfoong Investment Limited
Kenny Lim	Lead Independent Director	31 October 2007	20 October 2014	KSH Holdings Limited Oxley Holdings Limited Ying Li International Real Estate Limited	Advanced Integrated Manufacturing Corp. Ltd. (delisted) China Minzhong Food Corporation Limited (delisted) Eratat Lifestyle Limited (delisted)
Sunny Wong	Independent Director	16 March 2010	26 October 2016	Excelpoint Technology Ltd. Mencast Holdings Ltd. Civmec Limited InnoTek Limited	China Medical (International) Group Ltd

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

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold, as each director is able to devote sufficient time and attention to the affairs of the Company. None of the directors hold more than five directorships in listed companies concurrently.

Key information regarding the directors, including their shareholdings in the Company, is set out on pages 7, 8 and 28 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.

CORPORATE GOVERNANCE REPORT

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of the Chairman and each individual director to the effectiveness of the Board. Given the size of the Board, the NC is of the view that it is not necessary to assess each Board committee. 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.

The evaluation of individual directors aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board committee meetings, and any other duties. The Executive Chairman will be briefed on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC.

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.

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. As and when necessary, the directors are furnished with updates on the financial position and any material developments concerning the Group to support their decision-making process. Upon request, the Management will provide any additional information needed for the directors to make informed decisions.

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

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

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board and Board committee meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board or Board committee 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.

CORPORATE GOVERNANCE REPORT

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

- reviewing and recommending for endorsement by the entire Board a general framework of remuneration for the directors and key management personnel;
- 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;
- 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;
- reviewing and recommending to the Board the terms of renewal of the service contracts of directors;
- 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; and
- 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. The independent directors are not over-compensated to the extent that their independence may be compromised. 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 RC is of the view that it is currently not necessary to have contractual

CORPORATE GOVERNANCE REPORT

provisions to allow the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatements of financial statements, or of misconduct resulting in financial loss to the Company.

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 on 23 October 2009. Details on the Scheme are set out in the circular to shareholders dated 7 October 2009 issued by the Company. The Scheme is administered by the PSSC, comprising Mr Tan Tock Han, Mr Kenny Lim, Mdm Cheong Hooi Kheng and Mr Sunny Wong.

9. DISCLOSURE ON REMUNERATION

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

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

The level and mix of remuneration paid or payable to the directors and executive officers for FY2017 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]	79.7	–	–	20.3	100.0
Mark Beretta	73.3	–	–	26.7	100.0
$400,000 to less than $500,000					
Wilson Tan[2]	81.9	–	–	18.1	100.0
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					
$350,000 to less than $400,000					
Tan Kheng Kuan[2]	58.7	–	–	41.3	100.0
$150,000 to less than $250,000					
Tan Suan Suan[2]	92.3	–	–	7.7	100.0
Lim Kor Hin[2]	100.0	–	–	–	100.0
Ng Kok Peng	93.1	–	–	6.9	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.

CORPORATE GOVERNANCE REPORT

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 FY2017.

The aggregate remuneration paid to the top four key management personnel of the Group in FY2017 amounted to S$812,901.

The Company had adopted 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 and subsidiary holdings) 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 FY2017, no awards were granted under the Scheme. As at the end of FY2017, awards have been granted under the Scheme as follows:–

Name of participant	**Number of shares comprised in awards during FY2017 (including terms)**	**Aggregate number of shares comprised in awards from commencement of Scheme to end of FY2017**	**Number of shares comprised in awards which have been issued and/ or transferred since commencement of Scheme to end of FY2017**	**Number of shares comprised in awards not vested as at end of FY2017**
Director				
Mark Beretta	–	2,832,903	2,832,903	–

As at the end of FY2017, 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, compliance and information technology 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 Chief Executive Officer 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 Chief Executive Officer 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, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 30 June 2017.

12. AUDIT COMMITTEE

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

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

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

- 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;

CORPORATE GOVERNANCE REPORT

- 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;

- 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;

- 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;

- reviewing the co-operation given by the Management to the external auditors;

- reviewing the independence of the external auditors annually;

- 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;

- 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;

- reviewing and/or ratifying any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

- 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; and

- 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, and with the internal auditors, without the presence of the Management, at least annually.

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 FY2017 for audit and non-audit services amounted to $49,000 and $Nil, 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.

CORPORATE GOVERNANCE REPORT

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 administratively to the Chief Executive Officer. The internal auditor has full access to the Company's documents, records, properties and personnel. The AC is satisfied that the internal audit firm is staffed by suitably qualified and experienced persons.

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 internal auditors carry out their work in accordance with The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework.

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 and via SGXNet. The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters 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.

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's quarterly and full year results announcements, announcements and press releases are issued via SGXNet. The Company discloses all material information in a timely manner to its shareholders via these announcements and press releases and endeavours to ensure that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

CORPORATE GOVERNANCE REPORT

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. The Articles of Association of the Company currently allow a shareholder of the Company to appoint up to two proxies to attend and vote at general meetings in place of the shareholder, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

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 queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report. 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 and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the annual general meeting.

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.

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.

CORPORATE GOVERNANCE REPORT

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.

There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above $100,000 entered into by the Group during FY2017. However, the following is disclosed, for completeness:

Name of interested person	Aggregate value of all interested person transactions during FY2017 (excluding transactions less than S$100,000 and transaction conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Tan Tock Han	39	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The directors present their statement to the members together with the audited financial statements of KTL Global Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2017 and the statement of financial position of the Company as at 30 June 2017 and the statement of changes in equity for the financial year ended 30 June 2017.

In the opinion of the directors,

(a) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 35 to 100 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2017 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, with continuing financial support from certain directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests		**Deemed interests**	
	At 1 July 2016	**At 30 June 2017**	**At 1 July 2016**	**At 30 June 2017**
Company				
Ordinary shares				
Tan Tock Han	18,439,400	**18,439,400**	123,200,000	**123,200,000**
Tan Kheng Yeow	228,200	**264,400**	123,200,000	**123,200,000**
Mark Gareth Joseph Beretta	3,072,903	**3,072,903**	–	**–**
Cheong Hooi Kheng	140,000	**140,000**	–	**–**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

	Direct interests		Deemed interests	
	At 1 July 2016	**At 30 June 2017**	**At 1 July 2016**	**At 30 June 2017**
Holding Company				
– Kim Teck Leong Pte. Ltd.				
Ordinary shares				
Tan Kheng Yeow	25	**25**	–	**–**
Tan Tock Han/Tan Kheng Yeow	25	**25**	–	**–**
Tan Tock Han/Tan Kheng Kuan	10	**10**	–	**–**

There was no change in any of the above-mentioned interest in the Company and its related corporation between the end of the financial year and 21 July 2017.

By virtue of section 7 of the Singapore Companies Act, Cap 50, Mr. Tan Tock Han and Mr. Tan Kheng Yeow are deemed to have an interest in the whole of the share capital of the Company's subsidiaries.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The audit committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report.

INDEPENDENT AUDITORS

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

TAN TOCK HAN
Director

TAN KHENG YEOW
Director

27 September 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTL GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KTL Global Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 35 to 100, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes of equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $29,634,000 during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by $13,093,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTL GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of non-current assets – property, plant and equipment and investments in subsidiaries
(Refer to following notes to the financial statements
~ Notes 3, 6, and Note 2 "Critical accounting estimates, assumptions and judgements")

Key Audit Matters	***How we addressed the risk***
As at 30 June 2017, the Group's property, plant and equipment amounted to $14,545,000 after an impairment loss of $7,772,000 and write off of $770,000 recognised in profit or loss during the year. The Company's cost of investments in subsidiaries amounted to $13,161,000. Management has performed an impairment assessment as there is indication that the non-current assets may be impaired. The recoverable amount of the cash generating unit ("CGU") is compared with the carrying amount of the CGU to determine whether there is any impairment loss. We focused on this area because of the significant judgements required in estimating the expected future cash flows.	Our audit of the recoverable amounts of property, plant and machinery of the Group and the investment in subsidiaries of the Company focused on the management's assessment of the recoverable amounts. Our key procedures applied include, amongst others: • Challenge the reasonableness of the revenue growth rates and the discount rate used by management in the discounted cash flows of the subsidiaries against the past and recent performance, trend analysis, market expectation and the Group's marketing plan; • Perform sensitivity analysis to assess the impact on the recoverable amount of the CGU resulting from reasonably possible changes to the revenue growth rates and discount rate; and • Evaluate the basis of full impairment on the leasing equipment of a subsidiary in Singapore against management's plan and the existing usability of the equipment. Based on the above audit procedures performed, we found that the key estimates adopted by the management are reasonable. We have also considered the Group's disclosures about the estimation uncertainty to be adequate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTL GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Valuation of inventories
(Refer to following notes to the financial statements
~ Note 12 and Note 2 "Critical accounting estimates, assumptions and judgements")

Key Audit Matters	***How we addressed the risk***
As at 30 June 2017, the net carrying amount of inventories amounted to $17,498,000 which is stated after an allowance for slow moving and obsolete inventories of $2,733,000. Write-down recognised in profit or loss during the year is $2,398,000. Management has provided write-down to net realisable values (NRV) whenever they are lower than the costs. The estimation of NRV involves significant judgements about the future market demand and future selling price or scrap value of inventory items. We focused on this area because a change in the management's estimate of NRV could have a material impact on the carrying amounts of inventories.	Our audit of inventories valuation focused on challenging management's assessment of the slow moving and obsolete inventories. Our key procedures applied include, amongst others: • Evaluate and test key internal controls of purchasing cycle together with the costing computation; • Test the inventories ageing report for its accuracy and reliability; • Discuss with management to obtain understanding of the inventory management plans for slow moving and obsolete inventories and the basis of NRV; and • Perform analysis of the current state of the slow moving and obsolete items for purposes of challenging the reasonableness of NRV, taking into consideration recent sales trend, latest selling price, current market condition, management's plan to scrap the obsolete items and the estimated scrap value. Based on the above audit procedures performed, we found the inventory obsolescence provided in accordance with management's policy to be supportable on the basis of historical trends as well as management's inventory management plans.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTL GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTL GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Goh Sia.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

27 September 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017
(Amounts in Singapore dollars)

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**14,545**	27,062	**–**	–
Prepaid land lease	4	**3,174**	3,359	**–**	–
Investment properties	5	**2,062**	2,122	**–**	–
Subsidiaries	6	**–**	–	**13,161**	13,161
Associates	7	**–**	5,479	**–**	5,848
Joint ventures	8	**479**	730	**–**	–
Due from subsidiaries	9	**–**	–	**6,961**	741
Other receivables, deposits and prepayments	10	**150**	170	**–**	–
Deferred tax assets	11	**1,261**	811	**–**	–
		21,671	39,733	**20,122**	19,750
Current assets					
Inventories	12	**17,498**	25,536	**–**	–
Trade receivables	13	**7,199**	8,532	**–**	–
Other receivables, deposits and prepayments	10	**2,242**	1,149	**7**	–
Income tax receivable		**10**	–	**–**	–
Due from subsidiaries	9	**–**	–	**5,970**	12,997
Due from associate and joint venture companies	9	**56**	2,299	**–**	1,774
Cash and bank balances	14	**1,363**	1,713	**13**	44
		28,368	39,229	**5,990**	14,815
Non-current asset classified as held for sale	15	**2,068**	–	**2,068**	–
		30,436	39,229	**8,058**	14,815
TOTAL ASSETS		**52,107**	78,962	**28,180**	34,565

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017
(Amounts in Singapore dollars)

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
LIABILITIES					
Current liabilities					
Trade payables		**6,592**	8,435	**–**	–
Bills payables	16	**3,565**	–	**–**	–
Other payables and accruals	17	**4,993**	3,559	**254**	287
Due to a related party	9	**–**	4	**–**	4
Due to a director	9	**1,000**	–	**–**	–
Due to an associate	9	**–**	300	**–**	–
Interest-bearing loans and borrowings	18	**27,379**	26,591	**–**	–
Income tax payable		**–**	48	**12**	10
		43,529	38,937	**266**	301
Non-current liabilities					
Other payables	17	**1,374**	1,805	**–**	–
Due to an associate	9	**–**	77	**–**	–
Interest-bearing loans and borrowings	18	**6,916**	7,851	**–**	–
Deferred tax liabilities	11	**175**	97	**–**	–
		8,465	9,830	**–**	–
TOTAL LIABILITIES		**51,994**	48,767	**266**	301
NET ASSETS		**113**	30,195	**27,914**	34,264
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	**34,836**	34,836	**34,836**	34,836
Treasury shares	20	**(286)**	(274)	**(286)**	(274)
Reserves	21	**(34,468)**	(4,374)	**(6,636)**	(298)
Reserve attributable to non-current asset held for sale	15	**(12)**	–	**–**	–
		70	30,188	**27,914**	34,264
Non-controlling interests		**43**	7	**–**	–
TOTAL EQUITY		**113**	30,195	**27,914**	34,264

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

	Note	2017 $'000	2016 $'000
Revenue	22	**30,882**	41,961
Cost of sales		**(31,805)**	(34,872)
Gross (loss)/profit		**(923)**	7,089
Other operating income	23	**1,966**	1,893
Administrative expenses		**(11,903)**	(13,470)
Sales and marketing expenses		**(2,565)**	(3,348)
Other operating expenses	23	**(15,021)**	(4,908)
Share of results of joint venture companies	8	**(228)**	(910)
Share of results of associates	7	**44**	(669)
Finance costs	25	**(1,360)**	(1,604)
Loss before tax	26	**(29,990)**	(15,927)
Income tax credit	27	**356**	1,674
Loss for the year		**(29,634)**	(14,253)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation differences arising from consolidation		**(448)**	(925)
Other comprehensive loss, net of tax		**(448)**	(925)
Total comprehensive loss for the year		**(30,082)**	(15,178)
Loss attributable to:			
Equity holders of the Company		**(29,610)**	(14,172)
Non-controlling interests		**(24)**	(81)
		(29,634)	(14,253)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(30,058)**	(15,097)
Non-controlling interests		**(24)**	(81)
		(30,082)	(15,178)
Loss per share (cents)	28		
Basic		**(12.30)**	(5.97)
Diluted		**(12.30)**	(5.97)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

2017 Group	Share capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Premium paid on acquisition of non-controlling interest $'000	Translation reserve $'000	Statutory reserve fund $'000	Accumulated losses $'000	Reserve attributable to non-current asset held for sale $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company										
Balance at 1 July 2016	34,836	(274)	(488)	–	(2,538)	15	(1,363)	–	30,188	7	30,195
Loss for the year	–	–	–	–	–	–	(29,610)	–	(29,610)	(24)	(29,634)
Other comprehensive loss, net of tax	–	–	–	–	(448)	–	–	–	(448)	–	(448)
Total comprehensive loss for the year	–	–	–	–	(448)	–	(29,610)	–	(30,058)	(24)	(30,082)
Transfer of reserve attributable to non-current asset held for sale (Note 15)	–	–	–	–	12	–	–	(12)	–	–	–
Contributions by and distributions to owners											
Acquisition of non-controlling interest without a change in control (Note 6)	–	–	–	(60)	–	–	–	–	(60)	60	–
Adjustment of treasury shares	–	(12)	12	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners	–	(12)	12	(60)	–	–	–	–	(60)	60	–
Balance at 30 June 2017	**34,836**	**(286)**	**(476)**	**(60)**	**(2,974)**	**15**	**(30,973)**	**(12)**	**70**	**43**	**113**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

2016 Group	Share capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Employee equity benefit reserve $'000	Translation reserve $'000	Statutory reserve fund $'000	Accumulated profits/ (losses) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to equity holders of the Company									
Balance at 1 July 2015	34,203	(113)	(480)	50	(1,613)	15	12,809	44,871	88	44,959
Loss for the year	–	–	–	–	–	–	(14,172)	(14,172)	(81)	(14,253)
Other comprehensive loss, net of tax	–	–	–	–	(925)	–	–	(925)	–	(925)
Total comprehensive loss for the year	–	–	–	–	(925)	–	(14,172)	(15,097)	(81)	(15,178)
Contributions by and distributions to owners										
Issuance of new shares on acquisition of an associate	633	–	–	–	–	–	–	633	–	633
Repurchase of treasury shares (Note 20)	–	(219)	–	–	–	–	–	(219)	–	(219)
Reissued pursuant to KTL Performance Share Scheme (Note 20)	–	50	–	(50)	–	–	–	–	–	–
Loss on reissuance of treasury shares	–	8	(8)	–	–	–	–	–	–	–
Total contributions by and distributions to owners	633	(161)	(8)	(50)	–	–	–	414	–	414
Balance at 30 June 2016	34,836	(274)	(488)	–	(2,538)	15	(1,363)	30,188	7	30,195

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

Company	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
Balance at 1 July 2016	34,836	(274)	(488)	–	190	(298)	34,264
Loss for the year	–	–	–	–	(6,350)	(6,350)	(6,350)
Total comprehensive loss for the year	–	–	–	–	(6,350)	(6,350)	(6,350)
Contributions by and distributions to owners							
Adjustment to treasury shares	–	(12)	12	–	–	12	–
Total contributions by and distributions to owners	–	(12)	12	–	–	12	–
Balance at 30 June 2017	**34,836**	**(286)**	**(476)**	**–**	**(6,160)**	**(6,636)**	**27,914**
Balance at 1 July 2015	34,203	(113)	(480)	50	(189)	(619)	33,471
Profit for the year	–	–	–	–	379	379	379
Total comprehensive income for the year	–	–	–	–	379	379	379
Contributions by and distributions to owners							
Issuance of new shares on acquisition of an associate	633	–	–	–	–	–	633
Repurchase of treasury shares (Note 20)	–	(219)	–	–	–	–	(219)
Reissued pursuant to KTL Performance Share Scheme (Note 20)	–	50	–	(50)	–	(50)	–
Loss on reissuance of treasury shares	–	8	(8)	–	–	(8)	–
Total contributions by and distributions to owners	633	(161)	(8)	(50)	–	(58)	414
Balance at 30 June 2016	34,836	(274)	(488)	–	190	(298)	34,264

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Loss before tax		**(29,990)**	(15,927)
Adjustments:			
(Reversal of)/Impairment loss on prepaid land lease	4	**(43)**	45
(Reversal of)/Impairment loss on investment properties	5	**(50)**	67
Impairment loss on investment in joint venture	8	**23**	7
Impairment loss on investments in associates	7	**4,941**	–
Impairment on plant and equipment	3	**7,772**	–
Plant and equipment written off	3	**770**	–
Allowance for impairment on amounts due from associate and joint venture companies	9	**984**	1,195
Depreciation of property, plant and equipment	3	**4,069**	3,870
Depreciation of investment properties	5	**43**	7
Amortisation of prepaid land lease	4	**121**	126
Allowance for slowing moving and obsolete inventories	12	**2,398**	103
Inventories written off	12	**509**	797
Allowance for doubtful debts	32(iii)	**280**	3,008
Loss on disposal of property, plant and equipment	23	**58**	219
Interest expense	25	**1,360**	1,604
Share of results of joint venture companies	8	**228**	910
Share of results of associates	7	**(44)**	669
Operating loss before working capital changes		**(6,571)**	(3,300)
Inventories		**5,145**	7,190
Trade receivables		**1,027**	14,176
Other receivables, deposits and prepayments		**(1,358)**	585
Trade payables		**1,661**	(3,087)
Other payables and accruals		**993**	284
Due to a related party		**(4)**	4
Cash generated from operations		**893**	15,852
Income tax paid		**(60)**	(100)
Withholding tax paid		**(14)**	(100)
Net cash from operating activities		**819**	15,652

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars)

	Note	2017 $'000	2016 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	A	**(575)**	(6,781)
Proceeds from disposal of property, plant and equipment		**216**	1,934
Addition of investment properties		**–**	(345)
Acquisition of/additional investment in associate and joint venture		**–**	(5,515)
Advances to associates		**(246)**	(452)
Net cash used in investing activities		**(605)**	(11,159)
Cash flows from financing activities			
Purchase of treasury shares	20	**–**	(219)
Loan from a director		**1,000**	–
Proceeds from interest-bearing loans and borrowings		**4,957**	25,288
Repayments of interest-bearing loans and borrowings		**(5,175)**	(25,600)
Interest paid		**(1,360)**	(1,604)
Pledge of fixed deposits	14	**294**	1,036
Net cash used in financing activities		**(284)**	(1,099)
Net (decrease)/increase in cash and cash equivalents		**(70)**	3,394
Cash and cash equivalents at beginning of year		**1,419**	(1,962)
Effects of exchange rate changes in cash and cash equivalents		**14**	(13)
Cash and cash equivalents at end of year	14	**1,363**	1,419

Note A

	Note	2017 $'000	2016 $'000
Total additions to property, plant and equipment	3	**625**	10,462
Add: Amount paid in current year as prepayment		**21**	–
Less: Amount paid in prior year as prepayment		**–**	(1,776)
Less: Amount financed through finance lease		**(71)**	(1,905)
Purchase of property, plant and equipment per consolidated statement of cash flows		**575**	6,781

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

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

1. GENERAL INFORMATION

KTL Global Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and its principal place of business is at 71 Tuas Bay Drive, Singapore 637430.

The Company's immediate and ultimate holding company is Kim Teck Leong Pte. Ltd., incorporated in Singapore.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 6.

The financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 27 September 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Group incurred a net loss of $29,634,000 (2016: $14,253,000) for the financial year ended 30 June 2017 and as of that date, the cash and cash equivalents and net current liabilities of the Group were $1,363,000 (2016: $1,419,000) and $13,093,000 (2016: net current assets of $292,000) respectively, resulting from a classification of the entire amounts of the long-term portion of bank loans amounting to $21,906,000 (2016: a loan amounting to $21,387,000) as current liabilities ("Accounting Classification"). As further disclosed in Note 18, the Accounting Classification arose from the technical breach of financial covenants (relating to profitability and loan servicing ratio) stipulated by the loan facility agreements pertaining to loans with carrying amounts of $26,509,000 (2016: $24,973,000) as at 30 June 2017.

These facts and circumstances indicate the existence of material uncertainties that may cast significant doubts over the ability of the Group and of the Company to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis. Management's assessment of the Group and the Company's ability to continue as a going concern includes the following key assumptions:

(a) For those loans that are under technical breach of financial covenants, the banks will continue extending their loan facilities to the Group for a period of 12 months from the date these financial statements were approved;

(b) The Group will receive continuing support from the banks for extending their trade facilities as and when required;

(c) The Group will achieve the budgeted increase in revenue and improved margin within next financial year, and receive continuous support from its suppliers in order to generate positive operating cash flows to meet its working capital and financing requirements;

(d) The Group will be able to continue servicing the loan interest and principal as and when they fall due in accordance with the original repayment schedule;

(e) The Group will be able to divest its investment properties at the market value as at 30 June 2017 as and when required; and

(f) The Group will obtain necessary continuing support from its substantial shareholder, the Tan Family (meaning Tan Tock Han, Tan Kheng Yeow, Tan Kheng Kuan, each of their respective spouses and children, and Kim Teck Leong Pte. Ltd.) as and when necessary, including additional advances to the Group and not drawing or drawing partial salaries from the Group for the executive positions held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Basis of preparation (Continued)

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to these financial statements.

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are presented in Singapore dollars ("$") and all values are rounded to the nearest thousand ($'000) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 July 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective

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

Descriptions	**Effective for annual periods beginning on or after**
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (Dec 2016)	
– FRS 112 *Disclosure of Interests in Other Entities*	1 January 2017
FRS 115 *Revenue from Contracts with Customers (including Clarifications)*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 102: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40: *Transfers of Investment Property*	1 January 2018
Improvements to FRSs (Dec 2016)	
– FRS 101 *First-time Adoption of Financial Reporting Standards*	1 January 2018
– FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 104: *Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
INT FRS 123: *Uncertainty over Income Tax Treatment*	1 January 2019

Except for the new standards FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards and interpretations 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 the above mentioned standards is described below.

<u>FRS 115 *Revenue from Contracts with Customers (including clarifications)*</u>

FRS 115 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in financial year 2019.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customers.

The application of FRS 115 may have a material impact on the amounts reported and disclosures in the Group’s consolidated financial statements. The Group is in the process of assessing the impact of the new standard for the future periods which is likely in respect of identifying performance obligations and allocating consideration within contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement*, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. FRS 109 also introduces a new expected loss impairment model, and adds detailed guidance on impairment-related presentation and disclosures. FRS 109 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of FRS 109 or continue to apply the existing hedge accounting requirements in FRS 39 for all hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted.

Based on the Group's initial assessment, the Group does not expect significant adjustments on the adoption of FRS 109 as the Group does not expect significant changes in the measurement basis or significant increase in impairment allowance.

FRS 116 *Leases*

This new standard on leases supersedes the previous standard (FRS 17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For lessees, FRS 116 reforms lessee accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. FRS 116 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of this standard. The Group will apply the new FRS 116 when it becomes effective in financial year 2020. At the reporting date, the Group has non-cancellable operating lease commitments as disclosed in Note 30. Based on the Group's initial assessment, these commitments will result in the recognition of asset and liability for future lease payments.

Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(a) Basis of consolidation (Continued)

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

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

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

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

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Group accounting (Continued)

(i) Subsidiaries (Continued)

(c) Disposals of subsidiaries or businesses

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

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Transactions with non-controlling interests

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

(iii) Associates

Associates are entities over which the Group exercises significant influence, but not control, over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Group accounting (Continued)

(iii) Associates (Continued)

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence are retained are recognised in profit or loss.

(iv) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group recognises its interest in the joint venture using proportionate consolidation method. Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

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

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Currency translation (Continued)

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") 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 reporting date. 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 determined.

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

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of 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.

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold building	30 to 50
Plant and machinery	5 to 15
Motor vehicles	5 to 10
Furniture and fittings	5
Office equipment	5
Renovation	5
Computers	5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within “Other operating income (expenses)”.

Prepaid land lease

Prepaid land lease are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 30 years.

Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order 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 investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The properties are continued to be depreciated over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

	Useful lives (Years)
Investment properties	50

The useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties.

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. The gain or loss on the retirement or disposal of an investment property is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in statement of profit or loss and other comprehensive income in the year of retirement or disposal within "Other operating income (expenses)".

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

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position 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. Financial assets are initially recognised at fair value plus, in the case of financial assets not fair value through profit or loss, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Group has no financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate 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.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. 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.

Impairment of financial assets

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

<u>Financial assets carried at amortised cost</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Finished goods comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

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

Financial liabilities

(i) 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. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, there were no financial liabilities at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 the profit or loss.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(i) 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 this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers 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 item 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 directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date 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. Where 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.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liabilities 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.

Borrowings

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

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

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 in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Share capital and treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital and treasury shares (Continued)

When ordinary shares are reacquired ("treasury shares"), the amount of consideration paid including any directly attributable incremental costs is presented as a component within equity, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company, if the shares are purchased out of earnings of the Company. When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the treasury shares reserve of the Company.

Revenue recognition

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

Revenue from sale of goods:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. 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.

Rendering of services:

Revenue from inspection and certification of offshore rigging equipment is recognised over the period in which the services are rendered.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

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

Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees' benefits (Continued)

(i) Retirement benefits (Continued)

Malaysia

The Company makes contribution to the Employee Provident Fund (EPF) Scheme in Malaysia, a defined contribution pension schemes.

(ii) Employee leave entitlement

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

(iii) Share-based compensation

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.

(iv) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

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 the 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 the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(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.

(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).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Chief Executive Officer) responsible for allocating resources and assessing performance of the operating segments.

Non-current assets held-for-sale

Non-current assets (or disposal groups) is classified as assets held for sale when the sale is highly probable and the assets or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These non-current assets are not depreciated or amortised while they are classified as held for sale.

Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements

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

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. In estimating the future cash flows, management has taken into account past performance, market expectation and the Group's marketing plan. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model and revenue growth rates. In estimating the recoverable amount of leasing equipment of a subsidiary in Singapore, management does not foresee any material scrap value to be realised from these obsolete equipment.

The carrying amounts and further details of the key assumptions and the sensitivity analysis for the impairment assessment of property, plant and equipment and subsidiaries are disclosed in Notes 3 and 6 to the financial statements.

(b) Allowance for slowing moving and obsolete inventories

Management of the Group reviews the aging analysis of inventories at the end of each period, and makes allowance for stock items that are identified as obsolete and slow-moving. Management estimates the net realisable value for goods for resale based primarily on recent sales trend, latest selling prices and current market conditions. Management also estimate the net realisable value of obsolete items at scrap value which is in accordance with management's inventory management plan. The carrying amount of inventories and the expense recognised on the write-down are disclosed in Note 12 to the financial statements. If the net realisable value of the inventories decrease by 10% from management's estimate, the Group's allowance for slowing moving and obsolete inventories will increase by $273,000 (2016: $34,000).

(c) Impairment of loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements (Continued)

(i) Critical accounting estimates and assumptions (Continued)

(c) Impairment of loans and receivables (Continued)

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of trade receivables and its related allowance for doubtful debts are disclosed in Notes 13 and 32 (iii) to the financial statements.

If 10% of all past due but not impaired trade receivables are not collected, the Group's allowance for impairment will increase by $638,000 (2016: $574,000).

(d) Income tax

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has unutilised capital allowances and tax losses totalling $10,086,000 and $17,666,000 (2016: $1,021,000 and $4,869,000) respectively, out of which $10,086,000 and $10,248,000 (2016: $1,021,000 and $14,000) respectively was not recognised as deferred tax assets due to uncertainty of recovery. The unutilised tax losses and allowances do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the further recognition of deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, loss for the year would decrease by $3,861,000 (2016: $248,000).

Deferred tax assets amounted to $1,261,000 (2016: $811,000) as at 30 June 2017 (Note 11) was recognised on tax loss of a subsidiary in Singapore as management expects that there will be probable future taxable profits for which these tax losses can be utilised, based on the 5-years budget of this loss-making subsidiary. Any significant adverse change in the financial performance of this subsidiary in the next financial year is likely to reduce the amount of deferred tax assets recognised.

(e) 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 of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 30 June 2017 is disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates, assumptions and judgements (Continued)

(ii) Critical judgements in applying the entity's accounting policies

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 in 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 determines 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. 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								
As at 1 July 2015	7,512	24,551	2,113	1,544	461	2,118	1,240	39,539
Additions	161	10,107	37	–	7	85	65	10,462
Disposals	–	(3,464)	–	–	–	–	–	(3,464)
Exchange differences	(275)	(162)	–	(1)	(3)	(6)	–	(447)
As at 30 June 2016	7,398	31,032	2,150	1,543	465	2,197	1,305	46,090
As at 1 July 2016	7,398	31,032	2,150	1,543	465	2,197	1,305	46,090
Additions	–	442	125	1	1	51	5	625
Disposals	–	(419)	(65)	–	–	–	(6)	(490)
Written off	–	(1,430)	–	(327)	(123)	–	(312)	(2,192)
Exchange differences	(119)	(137)	1	6	(1)	1	(1)	(250)
As at 30 June 2017	**7,279**	**29,488**	**2,211**	**1,223**	**342**	**2,249**	**991**	**43,783**
Accumulated depreciation and impairment loss								
As at 1 July 2015	338	11,270	533	1,493	373	1,590	924	16,521
Charge for the year	201	3,049	207	26	22	220	145	3,870
Disposals	–	(1,311)	–	–	–	–	–	(1,311)
Exchange differences	(6)	(45)	3	(1)	–	(2)	(1)	(52)
As at 30 June 2016	533	12,963	743	1,518	395	1,808	1,068	19,028
As at 1 July 2016	533	12,963	743	1,518	395	1,808	1,068	19,028
Charge for the year	203	3,306	230	11	21	194	104	4,069
Disposals	–	(146)	(64)	–	–	–	(6)	(216)
Written off	–	(660)	–	(327)	(123)	–	(312)	(1,422)
Impairment loss	–	7,610	82	3	19	55	3	7,772
Exchange differences	(5)	–	–	7	–	5	–	7
As at 30 June 2017	**731**	**23,073**	**991**	**1,212**	**312**	**2,062**	**857**	**29,238**
Net carrying amount								
As at 30 June 2016	6,865	18,069	1,407	25	70	389	237	27,062
As at 30 June 2017	**6,548**	**6,415**	**1,220**	**11**	**30**	**187**	**134**	**14,545**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets held under finance leases

During the financial year, the Group acquired plant and machinery and motor vehicles with an aggregate cost of $109,000 (2016: $3,539,000) by means of finance leases. The cost amounting to $71,000 (2016: $1,905,000) was funded by finance leases.

The carrying amount of motor vehicles and plant and machinery held under finance leases at the reporting date were $1,480,000 (2016: $3,977,000). Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold building with a carrying amount of $6,548,000 (2016: $6,865,000) are mortgaged to secure the Group's bank loans (Note 18).

Impairment of assets

During the financial year, subsidiaries carried out a review of the recoverable amounts of their plant and equipment due to the continuous operating losses. An impairment loss of $3,294,000 representing the write-down of these plant and equipment of a subsidiary in Malaysia to their recoverable amounts was recognised in "Other expenses" (Note 23) in the consolidated profit or loss for the financial year ended 30 June 2017 which is allocated to "Sale of goods" segment (Note 31). The recoverable amount of the plant and equipment was estimated based on its value in use and pre-tax discount rate of 9.2%, sales growth within the forecast period ranged from 5% to 106% and long-term growth rate of 1.4% per annum.

In addition, a subsidiary in Singapore provided a full impairment of $4,478,000 (2016: Nil) on its plant and machinery for operating lease purpose as the technology for these leasing equipment is considered obsolete.

4. PREPAID LAND LEASE

	Group	
	2017	**2016**
	$'000	**$'000**
Cost		
At beginning of year	**3,734**	3,974
Exchange differences	**(119)**	(240)
At end of year	**3,615**	3,734
Accumulated amortisation and impairment loss		
At beginning of year	**375**	219
Amortisation for the year	**121**	126
(Reversal of)/Impairment loss	**(43)**	45
Exchange differences	**(12)**	(15)
At end of year	**441**	375
Net carrying amount	**3,174**	3,359
Amount to be amortised:		
– Not later than 1 year	**122**	123
– Later than 1 year and not later than 5 years	**489**	490
– Later than 5 years	**2,563**	2,746

NOTES TO THE FINANCIAL STATEMENTS

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4. PREPAID LAND LEASE (CONTINUED)

The Group has made prepayments for land leases over two plots of land in Malaysia which is partially occupied by the Group's manufacturing and storage facilities reside. The leases are not transferrable and have a remaining tenure ranging from 26 and 27 years (2016: 27 and 28 years).

At the reporting date, management performed an impairment test for a plot of land which is currently vacant. The recoverable amount of the prepaid land lease is determined on fair value less cost of disposal based on a valuation performed by an independent valuer. Accordingly, the impairment loss made in prior year is fully reversed in current year.

The entire prepaid land lease is mortgaged to secure the Group's bank loans (Note 18).

5. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	$'000	**$'000**
Cost		
At beginning of year	**2,196**	2,200
Additions	**–**	131
Exchange differences	**(70)**	(135)
At end of year	**2,126**	2,196
Accumulated depreciation and impairment loss		
At beginning of year	**74**	–
Depreciation for the year	**43**	7
(Reversal of)/Impairment loss	**(50)**	67
Exchange difference	**(3)**	–
At end of year	**64**	74
Net carrying amount	**2,062**	2,122

Investment properties comprise of four freehold properties (office lots) in Kuala Lumpur, Malaysia. Valuation is performed by Jordan Lee & Jaafar Sdn. Bhd., an independent valuer with a recognised and relevant professional qualification. The valuation is based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market, adjusted for any difference in the nature, location or condition of the specific property. In estimating the fair value for disclosure, the level of fair value hierarchy is Level 2 (significant other observable inputs). Based on the valuation report dated 11 May 2017, fair value of the investment properties is at MYR6,350,000 (approximately $2,062,000) (2016: MYR6,350,000 or $2,122,000). As a result, a partial reversal of prior year impairment loss amounting to MYR153,000 (approximately $50,000) is recognised in the profit or loss under "Other operating income" (Note 23) during current financial year.

During the financial year, there were no rental income and direct operating expenses as the investment properties have not been leased out.

The entire investment properties are mortgaged to secure the Group's bank loans (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

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6. SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'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 of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2017 %	Proportion (%) of ownership interest 2016 %
Held by the Company				
KTL Offshore Pte. Ltd.(i)	Trading of rigging equipment and related services	Singapore	**100**	100
KTL Investment Pte. Ltd.(i)	Investment holding	Singapore	**100**	100
Held through KTL Offshore Pte. Ltd.				
PT. KTL Offshore Indonesia(iii)	Inspection and certification of lifting equipment and certification of wire ropes	Indonesia	**95**	60
KTL Offshore (Middle East) FZC(ii)	Trading of rigging equipment and related services	United Arab Emirates	**98**	98
KTL Offshore (Malaysia) Sdn. Bhd.(ii)	Trading of rigging equipment and related services	Malaysia	**100**	100
KTL Offshore Services Pte. Ltd.(i)	Inspection and certification of lifting equipment and certification of wire ropes	Singapore	**100**	100
KTL Offshore Trading (Malaysia) Sdn. Bhd.(iv)(v)	Trading of rigging equipment	Malaysia	**100**	100
KTL Offshore Services (Malaysia) Sdn. Bhd.(iv)(v)	Provision of services to customers mainly in the offshore, oil and gas and marine industries	Malaysia	**100**	100
Future Synthetics Pte. Ltd. (Formerly known as KTL Future Synthetics Pte. Ltd.)(i)(v)(vi)	Developing and advancing the technology of synthetics material for use in the manufacture of heavy lift synthetics slings	Singapore	**100**	–
Held through KTL Investment Pte. Ltd.				
KTL Realty Holding Sdn Bhd(ii)	Property investment	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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6. SUBSIDIARIES (CONTINUED)

(i) Audited by Crowe Horwath First Trust LLP, Singapore
(ii) Audited by network firms of Crowe Horwath International in the respective countries
(iii) Audited by Armandias Kantor Akuntan Publik Terdaftar, Indonesia
(iv) Not material to the Group and not required to be disclosed under SGX Listing Rule 717
(v) Not commenced operation at year end
(vi) Newly incorporated during the year

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

Additional interest in a subsidiary

On 3 March 2017, the Group increased its equity interest in PT. KTL Offshore Indonesia from 60% to 95% through acquisition of 35% equity interest from non-controlling interest for a nominal consideration of US$1. Consequently, the Group's share of net liabilities of the subsidiary increased.

The following summarises the effect of the changes in the Group's ownership interests in the subsidiary on the equity attributable to owners of the parent:

	2017 $'000	2016 $'000
Consideration paid for acquisition of shares from non-controlling interests	*	–
Increase in equity attributable to non-controlling interests	60	–
Decrease in equity attributable to owners of the Company	(60)	–

* Denotes amount less than $1,000

Impairment testing of investment in subsidiary

As at reporting date, management performed an impairment test for the investment in KTL Offshore Pte. Ltd. that recorded continuous operating losses.

The recoverable amount of the cost of investment is determined on value-in-use calculations using cash flow projections approved by management covering a 5-year period. A terminal value, which is the present value of all future cash flows, assuming a long-term growth rate is also applied in the fifth year. Accordingly, no impairment loss is recognised as the recoverable amount exceeds the carrying value of the investment. The key estimated variables in the value-in-use calculation are as follows:

	2017	2016
Pre-tax discount rate	8.4%	8.4%
Sales growth		
– within next 1-3 years	18.4% to 54.9%	-22.5% to 29.7%
– within next 4-5years	5%	5%
Long-term growth rate beyond 5-year	1.4%	1.4%

Pre-tax discount rate – Discount rate represents the current market assessment of the risks specific to the subsidiary, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the subsidiaries and derived from its weighted average cost of capital (WACC).

NOTES TO THE FINANCIAL STATEMENTS

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6. SUBSIDIARIES (CONTINUED)

Impairment testing of investment in subsidiary (Continued)

Sales growth – The estimated sales growth is based on current year results and expectations of future recovery in the oil and gas market.

Long-term growth rate – The forecasted growth rate is based on track records of the subsidiary, management experience in the past and does not exceed the long-term growth rate for the relevant industries.

Management has performed a sensitivity analysis of the pre-tax discount rate, long-term growth rate and sales growth within next 5 years and concluded that no impairment charge is required as an increase in pre-tax discount rate to 17.3% (2016: 12.8%) or using long-term negative growth rate of 14.7% (2016: 5.2%) per annum or the sales growth within next 5 years is under-achieved by 25%, would still result in the recoverable amount exceeding the carrying amount of the investment as at 30 June 2017.

7. ASSOCIATES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	**5,479**	–	**5,848**	–
Acquisition of an associate	**–**	5,848	**–**	5,848
Additional investment	**1,500**	300	**–**	–
Share of post-acquisition reserves	**30**	(669)	**–**	–
Impairment loss	**(4,941)**	–	**(3,780)**	–
Classified as non-current asset held for sale (Note 15)	**(2,068)**	–	**(2,068)**	–
At end of year	**–**	5,479	**–**	5,848

	Group	
	2017	**2016**
	$'000	**$'000**
Representing:		
Goodwill	**–**	3,764
Share of net assets	**–**	1,715
	–	5,479

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2017 %	2016 %
Held by the Company				
Dae Kwang Co., Ltd. ("Dae Kwang")[i]	Engaged in manufacturing and supply of lifting and rigging hardware, steel wire rope, heavy lift slings, deep water mooring systems and emergency towing systems, deck machinery and winch systems	Republic of Korea	**20**	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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7. ASSOCIATES (CONTINUED)

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2017 %	2016 %
Held through KTL Investment Pte. Ltd.				
FW Coastal Ventures Pte. Ltd. ("FW Coastal")(ii)	Engaging in service activities incidental to oil and gas extraction	Singapore	**40**	30
Held through FW Coastal				
Atlas Training Centre Sdn. Bhd. ("Atlas Training")(iii)	Providing training for offshore oil and gas, commercial maritime and energy resource industries	Malaysia	**40**	30
Axis Weld Sdn. Bhd. ("Axis Weld")(iii)	Providing welding training courses, welding test and qualifies welders for offshore oil and gas industry	Malaysia	**40**	30

(i) Audited by Seyoung Accounting & Consulting, Korea

(ii) Audited by Heng Lee Seng LLP, Singapore

(iii) Audited by JK David & Co, Malaysia

All of the above associates are accounted for using the equity method in these consolidated financial statements.

Investment in FW Coastal

On 17 November 2016, the Group capitalised an amount owing from FW Coastal amounting to $1,500,000 to pay for its proportionate increased fully paid-up share capital in FW Coastal. The Group's equity interest remained unchanged at 30%.

On 3 January 2017, the Group acquired additional 10% equity interest in FW Coastal from a director of the Company at a nominal consideration of $1. Consequently, the Group's equity interest increased from 30% to 40%.

An impairment loss of $1,500,001 was recognised against the investment in the Group's profit or loss during the year in view that FW Coastal has ceased its operation subsequent to reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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7. ASSOCIATES (CONTINUED)

Investment in Dae Kwang

The investment is classified as non-current asset held for sale at 30 June 2017 (Note 15).

The summarised financial information in respect Dae Kwang based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	Dae Kwang	
	2017	**2016**
	$'000	**$'000**
Summarised profit or loss and other comprehensive income		
Revenue	**21,376**	11,232*
Expense	**(20,161)**	(13,100)*
Income tax credit	**14**	–
Profit/(Loss) after tax	**1,229**	(1,868)*
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**1,229**	(1,868)*
Summarised financial position		
Current assets		
Cash and cash equivalents	**1,337**	378
Trade and other receivables	**4,290**	5,267
Inventories	**9,785**	9,127
	15,412	14,772
Non-current assets excluding goodwill	**17,182**	16,686
Total assets	**32,594**	31,458
Current liabilities	**(16,817)**	(16,301)
Non-current liabilities	**(7,052)**	(6,582)
Total liabilities	**(23,869)**	(22,883)
Net assets	**8,725**	8,575
Net assets of associate		
Proportion of the Group's ownership interest	**20%**	20%
Group's share of net assets	**1,745**	1,715
Goodwill	**3,764**	3,764
Impairment loss	**(3,441)**	–
Carrying amount of interest in associate at end of year	**2,068#**	5,479

* Representing the period from 23 December 2015 (acquisition date) to 30 June 2016

\# Representing carrying amount of non-current asset held for sale as at 30 June 2017, which is stated after an impairment loss recognised during the financial year amounting to $3,441,000 (2016: Nil) (Note 15)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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8. JOINT VENTURES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	**730**	1,647	**–**	7
Share of post-acquisition reserves	**(228)**	(910)	**–**	–
Impairment loss	**(23)**	(7)	**–**	(7)
At end of year	**479**	730	**–**	–

Name of companies	**Principal activities**	**Country of incorporation and place of business**	**Proportion (%) of ownership interest 2017**	**2016**
Held by the Company				
Advanced Mooring Systems Pte Ltd ("AMS")[(i)]	Design, production and supply of mooring systems for the offshore oil and gas industry	Singapore	**–**	50
Held through KTL Investment Pte. Ltd.				
KTL Seletar Resources Pte. Ltd. ("KTL Seletar)[(i)]	Investment holding	Singapore	**–**	51
Held through KTL Offshore Pte. Ltd.				
KTL Offshore Technology (Nantong) Co., Ltd. ("KTL Nantong")[(ii)]	Trading of high-end sling, processing, storage, display and other related services	People's Republic of China	**40**	40
Subsidiary of KTL Nantong Co., Ltd.				
Shanghai Kaidele Ocean Engineering Technology Co., Ltd.[(ii)]	Trading of high-end sling, processing, storage, display and other related services	People's Republic of China	**40**	40

(i) Struck off during the year

(ii) The entities are in the process of voluntary liquidation

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements.

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8. JOINT VENTURES (CONTINUED)

The summarised financial information in respect of KTL Nantong, based on its financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	KTL Nantong	
	2017	**2016**
	$'000	**$'000**
Summarised profit or loss and other comprehensive income		
Revenue	**–**	586
Expense	**(570)**	(1,959)
Income tax	**–**	(3)
Loss after tax	**(570)**	(1,376)
Other comprehensive loss	**–**	–
Total comprehensive loss	**(570)**	(1,376)
Includes:		
– Depreciation	**–**	– *
Summarised financial position		
Current assets		
Cash and cash equivalents	**1,260**	1,364
Trade and other receivables	**101**	647
	1,361	2,011
Non-current assets excluding goodwill	**2**	2
Total assets	**1,363**	2,013
Current liabilities	**(45)**	(125)
Total liabilities	**(45)**	(125)
Net assets	**1,318**	1,888
Net assets of joint ventures		
Proportion of the Group's ownership interest	**40%**	40%
Group's share of net assets	**527**	755
Foreign currency translation	**(18)**	(18)
Impairment loss	**(30)**	(7)
Carrying amount of interest in joint ventures at end of year	**479**	730

* Denotes amount less than $1,000.

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9. DUE FROM SUBSIDIARIES/ASSOCIATES AND JOINT VENTURE COMPANIES DUE TO A DIRECTOR/A RELATED PARTY/AN ASSOCIATE

Non-current amounts due from subsidiaries pertains to quasi-equity loans. They are unsecured, interest-free and not expected to be repaid within the next twelve months.

In prior year, non-current amount due to an associate relates to a rental deposit which is repayable at the end of the lease period. It is unsecured, interest-free and is not expected to be repaid within the next twelve months. At year end, the deposit was offset with the rental receivable as the associate has ceased operation.

The current amounts due from/due to the above parties are non-trade in nature, unsecured, interest-free and repayable on demand, except for a loan due to a director amounting to $1,000,000 (2016: Nil) bearing an interest at 5% (2016: Nil) per annum.

The amounts due from associate and joint venture companies amounting to $56,000 (2016: $2,298,000) and Nil (2016: $1,000). The amounts due from associate and joint venture companies are stated after an allowance for impairment amounting to approximately $2,179,000 (2016: $1,195,000).

In prior year, the amount due from an associate consisted of $1,774,000 bears interest at 5.25% per annum, out of which, $1,500,000 was capitalised as additional investment in the associate (Note 7) in current year. The remaining balance was either offset with amount receivables or impaired at current financial year end.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Withholding tax recoverable	**–**	37	**–**	–
Deposit	**129**	116	**–**	–
Prepayment for plant and equipment	**21**	–	**–**	–
Prepayment	**–**	17	**–**	–
	150	170	**–**	–
Current				
Deposits	**199**	223	**–**	–
Staff advances	**14**	7	**–**	–
Prepayments	**522**	346	**7**	–
GST receivable	**23**	407	**–**	–
Other receivables	**44**	166	**–**	–
Withholding tax recoverable	**50**	–	**–**	–
Advance payment to supplier	**1,390**	–	**–**	–
	2,242	1,149	**7**	–

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11. DEFERRED TAX ASSETS/LIABILITIES

	Group 2017 $'000	Group 2016 $'000
At beginning of year	**(714)**	1,033
Recognised in the profit or loss (Note 27)	**(372)**	(1,747)
At end of year	**(1,086)**	(714)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,261)**	(811)
Deferred tax liabilities	**175**	97
	(1,086)	(714)

The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Tax over book depreciation $'000	Unutilised tax losses $'000	Total $'000
2017			
At beginning of year	**394**	**(1,108)**	**(714)**
Recognised in the profit or loss	**78**	**(450)**	**(372)**
At end of year	**472**	**(1,558)**	**(1,086)**
2016			
At beginning of year	1,069	(36)	1,033
Recognised in the profit or loss	(675)	(1,072)	(1,747)
At end of year	394	(1,108)	(714)

Deferred tax assets pertain to a subsidiary in Singapore which recorded continuous operating losses, is recognised based on the probable future taxable profits up to the extent of the management-approved budgets for next 5 years. The unrecognised deferred tax assets are disclosed in Note 27.

12. INVENTORIES

	Group 2017 $'000	Group 2016 $'000
Statement of financial position		
Trading goods and supplies	**17,498**	25,536
Statement of profit or loss and other comprehensive income		
Inventories recognised as an expense in cost of sales	**21,878**	30,265
Inclusive of the following charge:		
– Allowance for slowing moving and obsolete inventories	**2,398**	103
– Inventories written off	**509**	797

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12. INVENTORIES (CONTINUED)

The movement in allowance for slowing moving and obsolete inventories is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
At beginning of the year	**335**	232
Additional allowance provided	**2,398**	103
At end of the year	**2,733**	335

13. TRADE RECEIVABLES

	Group	
	2017	**2016**
	$'000	**$'000**
Non-related parties	**10,604**	11,573
Joint venture company	**–**	12
Less: Allowance for impairment of trade receivables (Note 32 (iii))		
– Non-related parties	**(3,405)**	(3,107)
– Joint venture company	**–**	(12)
	7,199	8,466
Unbilled trade receivables	**–**	66
	7,199	8,532

Trade receivables from related parties are unsecured, interest free and have a credit term of 30 days.

14. CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**9**	7	**–**	–
Cash at banks	**1,354**	1,412	**13**	44
Fixed deposits	**–**	294	**–**	–
Cash and bank balances presented on the statement of financial position	**1,363**	1,713	**13**	44
Less: Pledged fixed deposits (Note A)	**–**	(294)		
Cash and cash equivalents presented on the consolidated statement of cash flow	**1,363**	1,419		

Note A

In prior year, fixed deposits are pledged in connection with banking facilities provided by the banks.

Cash at bank earns interest at floating rates based on daily bank deposit rates. In prior year, fixed deposits are made for 1 month and earn interests at 1% per annum.

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15. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Subsequent to year end, on 16 August 2017, the Company entered into a sale and purchase agreement with the existing shareholder of an associate, Dae Kwang Co. Ltd ("DK") for the disposal of its 20% equity interest in the associate for a consideration of US$1.5 million (equivalent to $2,068,000). On 20 September 2017, the Company received $^{2}/_{3}$ of the consideration amounted to US$1 million.

Accordingly, the investment in DK (Note 7) and its related reserve are classified as held for sale and presented separately on the statements of financial position as at 30 June 2017. No liability is related to investment in DK.

The major classes of assets and reserve of the investment in Dae Kwang classified as held for sale as at 30 June 2017 were as follows:

	2017 $'000
Company	
Asset:	
Cost of investment in associate (Note 7)	**5,848**
Less: Accumulated impairment loss	**(3,780)**
Non-current asset classified as held for sale	**2,068**
Group	
Asset:	
Cost of investment in associate (Note 7)	**5,848**
Less: Accumulated share of post-acquisition reserves	**(339)**
Less: Accumulated impairment loss	**(3,441)**
Non-current asset classified as held for sale	**2,068**
Reserve:	
Translation reserve attributable to non-current asset held for sale	**(12)**

The management does not consider the planned disposal to constitute a discontinued operation as this does not represent a separate major line of business.

The completion of the disposal is subjected to the approval from shareholders and the process is expected to be completed within 12 months from the financial year end.

Equity-accounted carrying amount is written down to the consideration agreed in the proposed disposal resulting in an impairment loss of $3,441,000 recognised in the Group's profit or loss for the financial year ended 30 June 2017.

16. BILLS PAYABLES

The total bills payable as at 30 June 2017 amounted to $3,565,000 (2016: Nil). Bills payables were repayable within two to six months at effective interest rate of 1.6% to 4.5% (2016: Nil) per annum. The bills payables were secured by the same securities as Loan 2 as disclosed in Note 18.

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17. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Deposit	**168**	292	**–**	–
Deferred income[(a)]	**988**	1,300	**–**	–
Provision for staff gratuity[(b)]	**218**	213	**–**	–
	1,374	1,805	**–**	–
Current				
Deposits and advances received	**212**	439	**–**	–
Deferred income[(a)]	**500**	311	**–**	–
Accrued expenses	**670**	628	**192**	203
Other payables	**3,582**	2,150	**33**	54
GST payables	**29**	31	**29**	30
	4,993	3,559	**254**	287
Total:	**6,367**	5,364	**254**	287

(a) Deferred income pertains to a novation fee received from the previous landlord arising from a change in ownership of the premise under lease. It will be amortised and offset against future operating lease expense over the remaining lease period.

(b) Provision made for end-of-service gratuity payable to employees of a subsidiary in accordance with the labour laws of that jurisdiction.

(c) Included in the other payable is an amount of $1,500,000 representing rental payable. Subsequent to the reporting period, the Group entered into a supplemental deed with the landlord to defer the above rental payable and $100,000 per month of the future rental until 2023 with an interest at 6% per annum.

18. INTEREST-BEARING LOANS AND BORROWINGS

Group

	Not later than 1 year $'000	Later than 1 year and not later than 5 years $'000	Later than 5 years $'000	Total $'000
2017				
Loans[(i)]	**26,915**	**4,873**	**833**	**32,621**
Finance lease obligations[(ii)]	**464**	**1,210**	**–**	**1,674**
	27,379	**6,083**	**833**	**34,295**
2016				
Loans[(i)]	26,136	3,971	2,297	32,404
Finance lease obligations[(ii)]	455	1,583	–	2,038
	26,591	5,554	2,297	34,442

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18. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans

Group

	On demand or not later than 1 year $'000	Later than 1 year and not later than 5 years $'000	Later than 5 years $'000	Total $'000
2017				
Loan 1 (secured)	**3,665**	**–**	**–**	**3,665**
Loan 2 (secured)	**21,353**	**–**	**–**	**21,353**
Loan 3 (secured)	**406**	**706**	**–**	**1,112**
Loan 4 (secured)	**1,209**	**–**	**–**	**1,209**
Loan 5 (secured)	**–**	**4,167**	**833**	**5,000**
Loan 6 (secured)	**282**	**–**	**–**	**282**
	26,915	**4,873**	**833**	**32,621**
2016				
Loan 1 (secured)	441	1,924	1,743	4,108
Loan 2 (secured)	24,973	–	–	24,973
Loan 3 (secured)	387	1,112	–	1,499
Loan 4 (secured)	155	653	554	1,362
Loan 6 (secured)	180	282	–	462
	26,136	3,971	2,297	32,404

Loan 1 (secured)

The 10-year Singapore dollar ("SGD") denominated term loan of a subsidiary bears interest at 2% (2016: 2%) per annum over 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, personal guarantee from certain directors of the Group and leasehold building and prepaid land lease in Malaysia (Notes 3 and 4).

The total amount repayable after 12 months according to the original instalment plan is $3,201,000 (2016: Nil). As at 30 June 2017, the entire loan is classified as current liabilities due to technical breach of loan covenants.

Loan 2 (secured)

The 3-year SGD-denominated term loans of a subsidiary bears interest rate at 3% (2016: 3%) per annum over SIBOR. The loan is repayable over 36 monthly instalments commencing May 2016 and a final payment of $13,917,000 on April 2019, with the option to extend for another two years.

The total amount repayable after 12 months according to the original instalment plan is $17,558,000 (2016: $21,387,000). As at 30 June 2017 and 2016, the entire Loan 2 is classified as current liabilities due to technical breach of loan covenants. The Group was given until 30 November 2016 to comply with those loan covenants. There was no further extension of this waiver, nevertheless, the subsidiary continued to service the principal and interest instalments timely.

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18. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans (Continued)

Loan 2 (secured) (Continued)

The loan is secured by:

(i) fixed charges and assignments over (a) first legal mortgage, all real property in Singapore belonging to a subsidiary; (b) first fixed equitable charge, all other real property belonging to a subsidiary; (c) first fixed charge on book debts, investment and dividends, uncalled capital and goodwill, intellectual property, plant and machinery and other equipments and floating charges over all assets and undertaking of certain subsidiaries;

(ii) charge over certain bank accounts of the Company and certain subsidiaries;

(iii) pledge of shares and dividend of the Company and certain subsidiaries;

(iv) assignment of all present and future right, title and interest in and to the insurances of a subsidiary;

(v) assignment of all present and future right, title and interest in and to an operating lease agreement in which a subsidiary is the lessee, in relation to 61 Tuas Bay Drive, Singapore 637430; and

(vi) joint and several personal guarantee of 2 directors of the Company and 1 director of a subsidiary.

Among other terms of the loan, the loan will be cancelled and all amounts accrued shall become immediately due and payable upon the occurrence of a Change of Control, which has been defined to include the Tan Family (meaning Tan Tock Han, Tan Kheng Yeow, Tan Kheng Kuan, each of their respective spouses and children, and Kim Teck Leong Pte. Ltd.) ceasing directly or indirectly to hold beneficially at least 53% of the issued share capital of the Company. As of the date of these financial statements, there is no occurrence of Change of Control and Tan Family has undertaken to continuously comply with this covenant up to 12 months after these financial statements were approved.

Other than the shareholding covenant, the loan is also subject to other loan covenant such as financial covenants relating to profitability and loan servicing ratio.

Loan 3 (secured)

The 5-year SGD-denominated term loan of a subsidiary bears interest rate at 4.75% (2016: 4.75%) per annum and is repayable over 60 monthly instalments commencing January 2015. The loan is secured by a property of a director, corporate guarantee by the Company and personal guarantee from certain directors of the Company with effect from March 2016.

Loan 4 (secured)

The SGD-denominated term loan of a subsidiary bears interest rates at 1.95% (2016: 1.95%) per annum above the 3-month SIBOR and are repayable in 120 monthly instalments commencing October 2014.

The term loan is secured by a corporate guarantee issued by the Company to the bank and the investment properties in Malaysia (Note 5).

The total amount repayable after 12 months according to the original instalment plan is $1,052,000 (2016: Nil). As at 30 June 2017, the entire loan is classified as current liabilities due to technical breach of loan covenants.

Loan 5 (secured)

The SGD-denominated bridging loan under SPRING Singapore's Local Enterprise Finance Scheme bears fixed interest rate at 6.25% per annum and is repayable over 72 monthly instalments and first 24 monthly instalments commencing March 2017 shall only service the interest. The loan is secured by corporate guarantee by the Company and personal guarantee from directors of the Company and a director of a subsidiary.

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18. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans (Continued)

Loan 6 (secured)

The SGD-denominated term loan of a subsidiary bears interest rate at 2% per annum (2016: 2%) over the bank's one month cost of fund and is repayable over 36 monthly instalments commencing December 2015. The loan is secured by leasehold building and prepaid land lease in Malaysia (Notes 3 and 4), corporate guarantee by the Company and personal guarantee from certain directors of the Company.

The total amount repayable after 12 months according to the original instalment plan is $95,000 (2016: Nil). The entire loan is classified as current liabilities due to technical breach of loan covenants as at 30 June 2017.

(ii) Finance lease obligation

	Group	
	2017	**2016**
	$'000	**$'000**
Due within 1 year (current)		
Minimum lease payment	**476**	502
Interest	**(12)**	(47)
Present value of minimum lease payment	**464**	455
Due after 1 year less than 5 years (non-current)		
Minimum lease payment	**1,225**	1,740
Interest	**(15)**	(157)
Present value of minimum lease payment	**1,210**	1,583
Finance lease obligations	**1,674**	2,038

These obligations are secured by a charge over the Group's property, plant and equipment (Note 3). Lease terms range from 1 to 5 years. The effective interest rate ranges from 3.4% to 8.9% per annum (2016: 2.2% to 5.6%).

19. SHARE CAPITAL

	Group and Company			
	2017		**2016**	
	Number of ordinary shares '000	**$'000**	**Number of ordinary shares '000**	**$'000**
At beginning of year	**242,525**	**34,836**	233,075	34,203
Issued for the acquisition of Dae Kwang	**–**	**–**	9,450	633
At end of year	**242,525**	**34,836**	242,525	34,836

In year 2016, pursuant to the sale and purchase agreement for the acquisition of 20% equity interest in an associate, Dae Kwang, the Company is required to issue 9,450,000 ordinary shares at an issue price of $0.1854 per share as part of the purchase consideration. The acquisition was completed on 23 December 2015, consequently, the shares were measured at the prevailing market price of S$0.067 per share, totalling $633,000.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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20. TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
At beginning of year	**1,915**	**(274)**	916	(113)
Repurchased during the year	**–**	**–**	1,403	(219)
Reissued pursuant to KTL Performance Share Scheme (Note 21)	**–**	**–**	(404)	50
Loss on reissuance transferred to treasury shares reserve	**–**	**–**	–	8
Adjustment to treasury share reserve	**–**	**(12)**	–	–
At end of year	**1,915**	**(286)**	1,915	(274)

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

In prior year, the Company acquired 1,403,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $219,000 and this was presented as a component within shareholders' equity. The shares were held as treasury shares.

21. RESERVES

(a) Treasury shares reserve

Treasury shares reserve represents the gain or loss arising from purchase, sales, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (where 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.

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21. RESERVES (CONTINUED)

(c) Employee equity benefit reserve

The Company had adopted the KTL Performance Share Scheme (the "Scheme") on 23 October 2009. The Scheme is administered by the remuneration committee. 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.

In prior year, employee equity benefit reserve represents the equity-settled awards granted to employees under the Scheme. 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 the equity-settled share scheme, and is reduced by the expiry, cancellation and settlement of the awards.

There were no new grants during the year ended 30 June 2017 and 2016.

22. REVENUE

	Group	
	2017	**2016**
	$'000	**$'000**
Sale of goods	**26,802**	35,625
Revenue from services	**3,130**	4,095
Rental of equipment	**950**	2,241
	30,882	41,961

23. OTHER OPERATING INCOME/EXPENSES

	Group	
	2017	**2016**
	$'000	**$'000**
Other operating income		
Sub-lease income from office premise under operating lease	**1,629**	1,630
Gain on disposal of property, plant and equipment	**–**	22
Sundry income	**244**	241
Reversal of impairment of investment properties (Note 5)	**50**	–
Reversal of impairment of prepaid land lease (Note 4)	**43**	–
	1,966	1,893

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23. OTHER OPERATING INCOME/EXPENSES (CONTINUED)

	Group	
	2017	2016
	$'000	$'000
Other operating expenses		
Allowance for impairment on amounts due from associate and joint venture companies (Note 9)	**984**	1,195
Allowance for doubtful debts (Note 32 (iii))	**280**	3,008
Bad debts written off	**4**	116
Foreign exchange loss – net	**189**	229
Impairment loss on prepaid land lease (Note 4)	**–**	45
Impairment loss on investment properties (Note 5)	**–**	67
Impairment loss on investment in joint ventures (Note 8)	**23**	7
Impairment loss on investment in associates (Note 7)	**4,941**	–
Loss on disposal of property, plant and equipment	**58**	241
Impairment loss on plant and equipment (Note 3)	**7,772**	–
Plant and equipment written off (Note 3)	**770**	–
	15,021	4,908

24. PERSONNEL EXPENSES

	Group	
	2017	2016
	$'000	$'000
Salaries and bonuses[(i)]	**7,516**	8,795
Other short-term benefits	**543**	631
Total short-term employee benefits	**8,059**	9,426
Contributions to defined contribution plan[(i)]	**444**	511
Termination benefits	**51**	188
	8,554	10,125

(i) Includes directors' remuneration as disclosed in Note 29.

25. FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense on:		
– Bank overdrafts, loans and borrowings	**1,345**	1,590
– Lease obligations	**15**	14
	1,360	1,604

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26. LOSS BEFORE TAX

This determined after charging/(crediting) the following:

	Group	
	2017	2016
	$'000	$'000
Depreciation of property, plant and equipment (Note 3)	**4,069**	3,870
Amortisation of prepaid land lease (Note 4)	**121**	126
Bad debts written off (Note 23)	**4**	116
Allowance for doubtful debts (Note 32 (iii))	**280**	3,008
Operating lease expenses	**3,539**	3,584
Foreign exchange loss – net (Note 23)	**189**	229
(Reversal of)/Impairment loss on prepaid land lease (Note 4)	**(43)**	45
(Reversal of)/Impairment loss on investment properties (Note 5)	**(50)**	67
Impairment loss on investment in joint ventures (Note 8)	**23**	7
Impairment loss on plant and equipment (Note 3)	**7,772**	–
Plant and equipment written off (Note 3)	**770**	–
Allowance for impairment on amount due from associate and joint ventures (Note 9)	**984**	1,195
Impairment loss on investment in associate (Note 7)	**4,941**	–
Depreciation of investment properties (Note 5)	**43**	7
Audit fees		
– Auditors of the Company	**49**	49
– Other auditors	**55**	61
Non-audit fees		
– Auditors of the Company	**–**	–
– Other auditors	**–**	4

27. INCOME TAX CREDIT

	Group	
	2017	2016
	$'000	$'000
Current tax		
– Withholding tax	**14**	100
– Current year	**2**	11
– Over provision in prior years	**–**	(38)
Deferred tax (Note 11)		
– Movement in temporary differences	**(372)**	(1,804)
– Under provision in prior years	**–**	57
Income tax credit recognised in profit or loss	**(356)**	(1,674)

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27. INCOME TAX CREDIT (CONTINUED)

The reconciliation of the tax credit and the product of accounting loss multiplied by the applicable rate is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Accounting loss	**(29,990)**	(15,927)
Tax at the applicable tax rate of 17% (2016: 17%)	**(5,098)**	(2,708)
Non-deductible expenses	**1,663**	751
Tax incentives	**(66)**	(71)
Under provision in respect of previous years	**–**	21
Share of losses of joint venture companies and associates	**31**	268
Deferred tax assets not recognised	**3,609**	137
Effect of difference in tax rates in other countries	**(525)**	(161)
Withholding tax	**14**	100
Others	**16**	(11)
Income tax credit recognised in profit or loss	**(356)**	(1,674)

At the end of the reporting period, the Group has unutilised capital allowance and tax losses of approximately $10,086,000 and $17,666,000 (2016: $1,021,000 and $4,869,000) respectively 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 tax loss has no expiry. 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.

The Company and subsidiaries in Singapore

The Company and subsidiaries in Singapore are subjected to an applicable tax rate of 17% (2016: 17%). Certain subsidiaries are in a tax loss position hence they are not subjected to tax in the current and previous years.

Subsidiaries in Malaysia

Subsidiaries in Malaysia are subjected to an applicable tax rate of 24% (2016: 24%). The subsidiaries are in a tax loss position hence they are not subjected to tax in the current and previous years.

Subsidiary in United Arab Emirates

Subsidiary incorporated in United Arab Emirates is exempted from income tax.

Subsidiaries in Indonesia

Subsidiaries in Indonesia are subjected to an applicable tax rate of 25% (2016: 25%).

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28. EARNINGS PER SHARE

(i) Basic earnings per share

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

	2017 $'000	2016 $'000
Net loss attributable to equity holders of the Company	**(29,610)**	(14,172)

(ii) Diluted earnings per share

For the purpose of calculating diluted earnings per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Diluted earnings per share are calculated by dividing loss 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. There were no dilutive potential ordinary shares as at 30 June 2017.

The following table reflects the loss and number of shares used in the computation of basic and diluted earnings per share for the years ended 30 June 2017 and 30 June 2016:

	2017	2016
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**240,610**	237,468
Effects of dilution:		
– Employee share-based payment scheme ('000)	**–**	–
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	**240,610**	237,468
Basic earnings per share (cents) attributable to owners of the Company	**(12.30)**	(5.97)
Diluted earnings per share (cents)	**(12.30)**	(5.97)

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29. RELATED PARTY INFORMATION

Some of the arrangements with related parties (as defined in Note 2 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

	Group	
	2017	**2016**
	$'000	**$'000**
Advance to an associate	**(246)**	(452)
Sales of goods to an associate	**196**	7
Purchase of professional services from related parties	**(24)**	(14)
Rental income from an associate	**404**	543

In addition to the above, the Group waived the interest chargeable of $77,000 (2016: $93,000) on amount due from one of the associates amounting to $1,458,000 (2016: $1,774,000) before a full impairment is made during the financial year (Note 9).

Related parties comprise mainly companies or firms which are controlled or jointly controlled by the Group's key management personnel and their close family members.

	Group	
	2017	**2016**
	$'000	**$'000**
Key management personnel compensation		
Wages and salaries	**1,796**	2,003
Other short term benefits	**516**	530
Directors fee	**176**	176
	2,488	2,709
Employer's contribution to defined contribution plans	**79**	83
	2,567	2,792

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. All directors and certain executive officers are considered key management personnel.

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

30. COMMITMENTS

(i) Contingent liabilities

Corporate guarantees

The Company has issued corporate guarantees to certain banks in respect of banking facilities amounting to $32,621,000 (2016: $32,404,000) granted to wholly-owned subsidiaries. As at 30 June 2017 and 2016, the corporate guarantees have not been recognised as management has assessed the fair value to be immaterial.

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30. COMMITMENTS (CONTINUED)

(ii) 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.

	Group	
	2017	**2016**
	$'000	**$'000**
Future minimum lease payments		
– Not later than 1 year	**3,808**	3,894
– Later than 1 year and not later than 5 years	**12,176**	15,800
– Later than 5 years	**463**	1,901
	16,447	21,595

(iii) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its office premise under operating lease.

	Group	
	2017	**2016**
	$'000	**$'000**
Future minimum lease payments		
– Not later than 1 year	**1,000**	1,645
– Later than 1 year and not later than 5 years	**224**	1,341
	1,224	2,986

(iv) Future capital expenditure

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
In respect of property, plant and equipment	**4**	105	**–**	–

31. SEGMENT INFORMATION

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 below, 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.

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31. SEGMENT INFORMATION (CONTINUED)

For management purposes, the Group is organised into business segments based on the nature of revenue type in 2017. Prior to 2017, business segments were determined based on the industry of the customers that it provides products and services to. The management is of the view that the change in business segments provide a more relevant and appropriate information for strategy forming and decision making. Accordingly, comparative information has been restated.

The following summary describes the operations in each of the Group's reportable segments:

(a) Sales of goods comprise of fabrication and trade of products range from heavy lift slings and grommets, wire ropes, shackles and rigging accessories; and

(b) Services comprise of testing, inspection, spooling, rental, training and wire rope fabrication.

Other operations include property investment and investment holding companies with head-office corporate functions and inactive companies. Expenses incurred by these companies, which mainly include remuneration for key management personnel under corporate functions, are presented as unallocated expenses in the reconciliation below.

Business segments

30 June 2017	**Sale of goods $'000**	**Services $'000**	**Others $'000**	**Total $'000**
Revenue				
External sales	**26,802**	**4,080**	**–**	**30,882**
Segment results				
Loss from operations	**(19,636)**	**(2,307)**	**(6,503)**	**(28,446)**
Share of profit of associates				**44**
Share of loss of joint venture companies				**(228)**
Finance costs				**(1,360)**
Loss before tax				**(29,990)**
Income tax credit				**356**
Loss for the year				**(29,634)**
Other segment information				
Amortisation of prepaid land lease	**121**	**–**	**–**	**121**
Allowance for doubtful debts	**280**	**–**	**–**	**280**
Depreciation	**3,864**	**205**	**43**	**4,112**
Inventories written off	**509**	**–**	**–**	**509**
Share of profit of associates	**(44)**	**–**	**–**	**(44)**
Share of loss of joint venture companies	**228**	**–**	**–**	**228**
Allowance for slowing moving and obsolete inventories	**2,398**	**–**	**–**	**2,398**
Impairment on investments in associate and joint venture companies	**4,964**	**–**	**–**	**4,964**
Impairment on plant and equipment	**3,294**	**4,478**	**–**	**7,772**
Plant and equipment written off	**770**	**–**	**–**	**770**
Additions to non-current assets	**615**	**10**	**1,500**	**2,125**

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31. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

30 June 2016 (Restated)	**Sale of goods $'000**	**Services $'000**	**Others $'000**	**Total $'000**
Revenue				
External sales	35,625	6,336	–	41,961
Segment results				
(Loss)/Profit from operations	(14,273)	3,818	(2,289)	(12,744)
Share of losses of joint venture companies				(910)
Share of losses of associates				(669)
Finance costs				(1,604)
Loss before tax				(15,927)
Income tax credit				1,674
Loss for the year				(14,253)
Other segment information				
Amortisation of prepaid land lease	126	–	–	126
Allowance for doubtful debts	1,519	921	568	3,008
Depreciation	3,657	213	7	3,877
Allowance for impairment on amount due from joint venture companies	1,195	–	–	1,195
Inventories written off	797	–	–	797
Share of losses of joint venture companies	910	–	–	910
Share of losses of associates	669	–	–	669
Additions to non-current assets	16,303	7	300	16,610

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market which is based on the location of the customers regardless of where the goods or services are delivered or rendered:

	Group	
	2017 $'000	**2016 $'000**
Singapore	**9,946**	13,411
United Arab Emirates	**6,208**	7,452
Indonesia	**2,635**	2,668
Malaysia	**5,099**	5,588
Asia	**1,571**	5,630
Rest of the world	**5,423**	7,212
	30,882	41,961

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.

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31. SEGMENT INFORMATION (CONTINUED)

Geographical segments (Continued)

None of an individual customer contributes more than 10% of total revenue.

	Non-current assets	
	2017	**2016**
	$'000	**$'000**
Singapore	**5,220**	26,333
Indonesia	**14**	22
Malaysia	**10,741**	9,737
United Arab Emirates	**4,306**	2,660
	20,281	38,752

Non-current assets presented above exclude deferred tax assets and financial instruments.

32. FINANCIAL INSTRUMENTS

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 market risks (interest rate risk and foreign currency risk), liquidity risk and credit 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.

(i) Market risk

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on sales, purchases and investments that are denominated in a currency other than the functional currencies of Group's entities.

The currencies that give rise to this risk mainly include United States Dollars (USD), Euro, Malaysian Ringgit (MYR) and United Arab Emirates Dirham (AED).

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination. The Group does not use derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation from its businesses.

Group 2017	Singapore dollars $'000	United States dollars $'000	Euro $'000	Malaysian Ringgit $'000	AED $'000	Others $'000	Total $'000
Financial assets							
Cash and bank balances	850	250	3	16	199	45	1,363
Trade receivables	2,702	1,227	682	–	1,518	1,070	7,199
Other receivables	97	26	–	61	162	40	386
Due from associate and joint venture companies	–	56	–	–	–	–	56
Intragroup receivables	64,074	5,024	55	1,770	–	–	70,923
	67,723	6,583	740	1,847	1,879	1,155	79,927
Financial liabilities							
Interest bearing loans and borrowings	34,206	–	–	71	18	–	34,295
Bill Payables	–	1,878	1,687	–	–	–	3,565
Trade payables	386	3,813	647	15	844	887	6,592
Other payables and accruals	3,721	–	–	333	537	41	4,632
Due to a director	1,000	–	–	–	–	–	1,000
Intragroup payables	64,074	5,024	55	1,770	–	–	70,923
	103,387	10,715	2,389	2,189	1,399	928	121,007
Net financial (liabilities)/ assets	(35,664)	(4,132)	(1,649)	(342)	480	227	(41,080)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	6,032	2,980	–	(1,272)	–	(875)	6,865
Foreign currency exposure	(29,632)	(1,152)	(1,649)	(1,614)	480	(648)	(34,215)

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 2016	Singapore dollars $'000	United States dollars $'000	Euro $'000	Malaysian Ringgit $'000	AED $'000	Others $'000	Total $'000
Financial assets							
Cash and bank balances	589	939	38	31	78	38	1,713
Trade receivables	4,821	2,264	505	–	925	17	8,532
Other receivables	264	–	–	60	164	24	512
Due from associate and joint venture companies	1,775	7	–	517	–	–	2,299
Intragroup receivables	55,020	3,721	23	249	–	–	59,013
	62,469	6,931	566	857	1,167	79	72,069
Financial liabilities							
Interest bearing loans and borrowings	34,387	–	–	22	33	–	34,442
Trade payables	2,699	4,272	278	24	518	644	8,435
Other payables and accruals	2,343	627	–	4	500	35	3,509
Due to a related party	4	–	–	–	–	–	4
Due to an associate	300	–	–	77	–	–	377
Intragroup payables	55,020	3,721	23	249	–	–	59,013
	94,753	8,620	301	376	1,051	679	105,780
Net financial (liabilities)/ assets	(32,284)	(1,689)	265	481	116	(600)	(33,711)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	4,636	2,594	–	(583)	–	–	6,647
Foreign currency exposure	(27,648)	905	265	(102)	116	(600)	(27,064)

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 3% increase and decrease in the Singapore dollars against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the Singapore dollars strengthens by 3% (2016: 3%) against the relevant foreign currency, with all other variables held constant, loss for the year will increase/(decrease) by:

Group	Singapore dollars $'000	United States dollars $'000	Euro $'000	Malaysian Ringgit $'000	AED $'000	Other $'000
2017						
Loss for the year	**738**	**(29)**	**(41)**	**(40)**	**12**	**(16)**
2016						
Loss for the year	688	23	7	(3)	3	(15)

A 3% weakening of foreign currencies against the respective functional currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remains constant.

The Group is also exposed to currency translation risk arising from its net investment in its foreign operation in other countries mainly Malaysia and United Arab Emirates. The Group's net investment in Malaysia and United Arab Emirates is not hedged as currency position in Malaysian Ringgit and United States dollars and is considered to be long-term in nature.

The Company does not have any significant foreign exchange risk arising from its financial assets and liabilities. As such foreign exchange and its sensitivity analysis is not prepared.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

(b) Interest rate risk

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at reporting date, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount of the Group's interest-bearing financial instruments:

		Group	
	Note	**2017**	**2016**
		$'000	**$'000**
Fixed rate instruments			
Financial assets – loan to an associate	9	–	1,774
Financial assets – fixed deposit	14	–	294
Financial liabilities – due to a director	9	**(1,000)**	–
Financial liabilities – other payable	17	**(1,500)**	–
Financial liabilities – interest-bearing loans and borrowings	18	**(7,786)**	(3,537)
		(10,286)	(1,469)
Variable rate instruments			
Financial liabilities – bills payables	16	**(3,565)**	–
Financial liabilities – interest-bearing loans and borrowings	18	**(26,509)**	(30,905)
		(30,074)	(30,905)

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 75 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 75 basis point higher or lower and all other variables were held constant, the Group's loss for the year ended 30 June 2017 would increase/decrease by $187,000 (2016: $192,000). This mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay and includes both interest and principal cash flows.

Group	Weighted average effective interest rate %	On demand or not later than 1 year $'000	Later than 1 year and not later than 5 years $'000	Later than 5 years $'000
2017				
Non-derivative instruments				
Trade payables		**6,592**	**–**	**–**
Other payables	**1.94**	**4,554**	**168**	**–**
Bill payables		**3,565**	**–**	**–**
Borrowings[(a)]	**4.09**	**29,070**	**5,702**	**852**
Loan from a director	**5.00**	**1,050**	**–**	**–**
Lease obligation	**5.09**	**476**	**1,225**	**–**
		45,307	**7,095**	**852**
2016				
Non-derivative instruments				
Trade payables		8,435	–	–
Other payables		3,217	292	–
Borrowings[(a)]	3.71	27,106	4,472	2,553
Lease obligation	4.44	502	1,740	–
		39,260	6,504	2,553

(a) Included in the borrowings are Loan 1, Loan 2, Loan 4 and Loan 6 (2016: Loan 2) are classified as on demand due to technical breach of financial covenants.

Maturity profile of borrowings based on original repayment schedule

Group	On demand or not later than 1 year $'000	Later than 1 year and not later than 5 years $'000	Later than 5 years $'000
2017	**6,252**	**26,878**	**2,494**
2016	5,860	27,134	2,425

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by directors of the Company.

The Group's trade receivables comprise 5 debtors (2016: 5 debtors) who are multi-industry conglomerates (including offshore oil and gas and marine) located in Singapore and overseas that represented 32% (2016: 37%) of trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Corporate guarantees provided to banks on		
– Subsidiaries' loans	**32,621**	32,404

The average credit period on sales of goods is 30 to 90 days (2016: 30 to 90 days). No interest is charged on the trade receivables on the outstanding balance.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
By geographical areas:		
– Singapore	**2,272**	3,745
– Asia	**1,800**	1,462
– Middle East	**2,311**	2,263
– Other countries	**816**	996
	7,199	8,466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The age analysis of trade receivables (exclude unbilled trade receivables) is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not past due and not impaired	**823**	2,727
Past due but not impaired		
– Past due 0 to 3 months	**3,966**	3,388
– Past due over 3 months	**2,410**	2,351
	6,376	5,739
Past due and impaired trade receivables	**3,405**	3,119
Less: Allowance for impairment loss	**(3,405)**	(3,119)
	7,199	8,466

The amounts presented in the statement of financial position are net of allowance for impairment of trade receivables. Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that are assessed to be in financial difficulties and have defaulted on payments, which includes an amount of $2,570,000 (2016: $2,634,000) due from a single customer in Singapore who is now placed under judicial management. These receivables are not secured by any collateral or credit enhancements.

The movement in allowance for impairment of trade receivables is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Balance at beginning of year	**3,119**	118
Allowance made during the year	**280**	3,008
Translation difference	**6**	(7)
Balance at end of year	**3,405**	3,119

Included in the Group's trade receivable balance are debtors with total carrying amount of approximately $6,376,000 (2016: $5,739,000) which are past due but not impaired as there has not been a significant change in credit quality and the amounts are deemed recoverable. The Group does not hold any collateral over these balances.

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 3 months.

As other receivables are not significant, no detailed age analysis has been set out as above.

Impairment on amount due from joint ventures

An allowance for impairment amounting to approximately $2,179,000 (2016: $1,195,000) was made to amounts due from associate and joint venture (Note 9) whose financial capability to repay is in doubt based on its current financial performance. These amounts are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

(iv) Financial instruments by category

The following table sets out the financial instruments as at reporting date:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Loans and receivables	**9,005**	13,056	**5,983**	14,815
Financial liabilities at amortised cost	**50,084**	46,767	**225**	261

Capital risk management policies and objectives

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 2017 and 30 June 2016.

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.

		Group	
	Note	2017	2016
		$'000	$'000
Interest-bearing loans and borrowings	18	**34,295**	34,442
Bills payables	16	**3,565**	–
Trade payables		**6,592**	8,435
Other payables and accruals	17	**6,367**	5,364
Due to a director/related party	9	**1,000**	4
Due to associates	9	**–**	377
Less: Cash and cash equivalents	14	**(1,363)**	(1,419)
Net debts		**50,456**	47,203
Equity attributable to the owners of the Company		**71**	30,188
Less: Statutory reserve fund		**(15)**	(15)
Total capital		**56**	30,173
Capital and net debt		**50,512**	77,376
Gearing ratio		**100%**	61%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
(Amounts in Singapore dollars unless otherwise stated)

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

(i) Fair value of financial instruments that are carried at fair value on a recurring or non-recurring basis

There are no financial instruments in this category at 30 June 2017 and 2016.

(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, trade and other receivables (including amounts due from subsidiaries, associate and joint venture companies), trade and other payables (including amounts due to a related party and associates), lease obligations and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At the reporting date, there are no financial instruments in this category.

SHAREHOLDING STATISTICS

AS AT 15 SEPTEMBER 2017

Issued and paid-up capital	:	$37,713,920.88
Number of shares	:	242,525,228
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 1,914,955 issued shares as treasury shares, constituting 0.8% of the total number of issued shares (excluding treasury shares).

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 15 September 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	14	1.59	174	–
100 – 1,000	28	3.18	20,937	0.01
1,001 – 10,000	309	35.12	1,884,326	0.78
10,001 – 1,000,000	509	57.84	40,575,402	16.86
1,000,001 – and above	20	2.27	198,129,434	82.35
Grand Total	**880**	**100.00**	**240,610,273**	**100.00**

Note: The above shareholdings do not include 1,914,955 treasury shares held by the Company.

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 15 September 2017

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%(2)	NO. OF SHARES	%(2)
Tan Tock Han(1)	18,439,400	7.66	123,200,000	51.20
Tan Kheng Yeow(1)	264,400	0.11	123,200,000	51.20
Kim Teck Leong Pte. Ltd.	123,200,000	51.20	–	–
Khua Kian Keong	15,503,000	6.44	–	–

Notes:

(1) Tan Tock Han and Tan Kheng Yeow are 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.

(2) The percentages of issued share capital are calculated based on 240,610,273 issued shares (excluding treasury shares) in the capital of the Company as at 15 September 2017.

SHAREHOLDING STATISTICS

AS AT 15 SEPTEMBER 2017

TWENTY-ONE LARGEST SHAREHOLDERS

As at 15 September 2017

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE. LTD.	123,200,000	51.20
2	DBS NOMINEES PTE LTD	11,145,016	4.63
3	SUNG SIL KWON	9,450,000	3.93
4	TAN TOCK HAN	8,869,000	3.69
5	CITIBANK NOMINEES SINGAPORE PTE LTD	6,844,800	2.84
6	CIMB SECURITIES (SINGAPORE) PTE LTD	5,797,815	2.41
7	DBSN SERVICES PTE LTD	3,792,600	1.58
8	TAN CHEE LIN	3,630,500	1.51
9	OCBC SECURITIES PRIVATE LTD	3,442,600	1.43
10	TANG GAR KEOW @ ANGIE TANG	3,346,600	1.39
11	BERETTA MARK GARETH JOSEPH	3,072,903	1.28
12	MAYBANK KIM ENG SECURITIES PTE LTD	2,905,000	1.21
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,084,500	0.87
14	DE SOUZA JEREMY LARRY	1,884,900	0.78
15	CHAN HING KA ANTHONY	1,830,000	0.76
16	TING LAY CHOO	1,666,000	0.69
17	CHUA SUAN KEOW	1,427,100	0.59
18	EASTERN NAVIGATION PTE LTD	1,422,400	0.59
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,314,500	0.55
20	NG SENG HONG	1,003,200	0.42
	TOTAL	**198,129,434**	**82.35**

Note: The above shareholdings do not include 1,914,955 treasury shares held by the Company.

FREE FLOAT

Based on the information provided to the Company as at 15 September 2017, approximately 32.84% 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 Annual General Meeting (the "**AGM**") of KTL Global Limited (the "**Company**") will be held at 71 Tuas Bay Drive, Singapore 637430 on Monday, 23 October 2017 at 10.00 am for the following purposes:–

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 30 June 2017, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

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

Resolution 3

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

   Mr Lim Yeow Hua @ Lim You Qin will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose 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 2017 (FY2016: S$176,000).

Resolution 5

5. To re-appoint Crowe Horwath First Trust LLP as the Independent Auditors of the Company and to authorise the Directors to fix 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:–

   "General authority to allot and issue new shares

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:–

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

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

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

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

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

Resolution 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 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 and subsidiary holdings) in the capital of the Company from time to time."

[see Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

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;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued ordinary Shares (excluding any treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier; and

NOTICE OF ANNUAL GENERAL MEETING

"**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-Market Day 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
6 October 2017

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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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.

NOTICE OF ANNUAL GENERAL MEETING

Notes

(i) Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(iii) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(iv) If the member is a corporation, the instrument appointing the proxy must be under its common seal or signed by its duly authorised officer or attorney.

(v) The duly executed instrument appointing a proxy or proxies 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 AGM.

Personal data privacy:–

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

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

6 October 2017

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 "**2017 AGM**") of KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 6 October 2017 in respect of the AGM to be held on Wednesday, 23 October 2017 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, 20 October 2014, 20 October 2015 and 26 October 2016. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming 2017 AGM to be held on 23 October 2017.

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 2017 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 (excluding any treasury shares and subsidiary holdings) as at the date of the 2017 AGM on which the resolution renewing the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, Chapter 50 (the "**Companies Act**"), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings). "**Relevant Period**" means the period commencing from the date on which the Share Purchase Mandate is renewed and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

For illustrative purpose, as at 15 September 2017 (the "**Latest Practicable Date**"), the Company had 240,610,273 issued Shares (excluding 1,914,955 treasury shares held by the Company and no subsidiary holdings) and thus up to 24,061,027 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2017 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.

LETTER TO SHAREHOLDERS

(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.

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

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

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

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

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

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

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

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

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

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

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

LETTER TO SHAREHOLDERS

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

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

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

(d) 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.

LETTER TO SHAREHOLDERS

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.

(b) Voting and other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, 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 any share scheme, whether for employees, directors or other persons;

(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.

LETTER TO SHAREHOLDERS

5. SOURCE OF FUNDS

The Companies Act permits the Company to purchase its Shares out of capital or profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of the payment for the Shares, the following conditions are satisfied:–

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

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

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

6. FINANCIAL EFFECTS

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

(a) <u>Purchase or Acquisition Out of Capital or Profits</u>

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.

LETTER TO SHAREHOLDERS

(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 22,337,567 Shares, being the number of Shares which the Company may purchase and hold as additional treasury shares, was made on 30 June 2017;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.039389 for each Share (being 105% of the Average Closing Price as at 30 June 2017);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $879,858 was financed entirely using its internal sources of funds and bank borrowings; and

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

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("**FY2017**"), are set out below.

	Group		**Company**	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 30 June 2017	**$'000**	**$'000**	**$'000**	**$'000**
Share capital	34,836	34,836	34,836	34,836
Reserves	(34,480)	(34,480)	(6,636)	(6,636)
Treasury shares	(286)	(1,166)	(286)	(1,166)
Shareholders' funds	70	(810)	27,914	27,034
Net tangible assets(1)	113	(767)	27,914	27,034
Current assets	30,436	29,556	8,058	7,718
Current liabilities	43,529	43,529	266	266
Working capital	(13,093)	(13,973)	7,792	6,912
Total liabilities(2)	51,994	51,994	266	266
Cash and bank balances(2)	1,363	483	13	13
Number of Shares ('000)	240,610	218,273	240,610	218,273
Financial Ratios				
Net tangible assets per Share (cents)	0.05	(0.35)	11.60	12.39
Earnings per Share (cents)	(12.31)	(13.57)	(2.64)	(2.91)
Gearing ratio(3) (times)	555.14	N.M.	–	–
Current ratio(4) (times)	0.70	0.68	30.29	26.98

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

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

LETTER TO SHAREHOLDERS

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 FY2017 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

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

7. LISTING RULES

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

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

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

LETTER TO SHAREHOLDERS

8. LISTING STATUS ON THE SGX-ST

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

As at the Latest Practicable Date, there were approximately 79,012,814 issued Shares in the hands of the public (as defined above), representing 32.84% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases 24,061,027 Shares, which represents the full 10% limit pursuant to the Share Purchase Mandate, through Market Purchases and holds 22,337,567 of such Shares as treasury shares while cancelling the remaining 1,723,460 Shares, the number of issued Shares in the hands of the public would be reduced to approximately 54,951,787 Shares, representing 25.38% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 1,914,955 treasury shares.

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

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

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

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

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.

LETTER TO SHAREHOLDERS

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

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

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

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

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

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

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

(b) Persons Acting in Concert

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

LETTER TO SHAREHOLDERS

(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, 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-in-law of Tan Tock Han, collectively held approximately 59.44% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

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

11. REPORTING REQUIREMENTS

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

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

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

12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

The Company had not purchased any Shares in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are as follows:–

	Direct Interest		Deemed Interest	
	Number of Shares	**%[2]**	**Number of Shares**	**%[2]**
Directors				
Tan Tock Han[1]	18,439,400	7.66	123,200,000	51.20
Tan Kheng Yeow[1]	264,400	0.11	123,200,000	51.20
Mark Gareth Joseph Beretta	3,072,903	1.28	–	–
Cheong Hooi Kheng	140,000	0.06	–	–
Substantial Shareholders (other than Directors)				
Kim Teck Leong Pte. Ltd.[1]	123,200,000	51.20	–	–

Notes:–

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

(2) The percentages of issued share capital are calculated based on 240,610,273 issued shares (excluding treasury shares) in the capital of the Company.

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 2017 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after 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.

LETTER TO SHAREHOLDERS

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 during normal business hours from the date of this Letter up to the date of the 2017 AGM:

(a) the Annual Report of the Company for the financial year ended 30 June 2017; and

(b) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
KTL GLOBAL LIMITED

Tan Tock Han
Executive Chairman

KTL GLOBAL LIMITED

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

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. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

I/We ______________________________ (Name) ______________ (NRIC/Passport/Co. Registration Number)

of ____ (Address)

being a member/members of KTL GLOBAL LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at 71 Tuas Bay Drive, Singapore 637430 on Monday, 23 October 2017 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 financial statements for financial year ended 30 June 2017		
2.	Re-election of Mr Mark Gareth Joseph Beretta as a Director		
3.	Re-election of Mr Lim Yeow Hua @ Lim You Qin as a Director		
4.	Payment of Directors' fees of S$176,000		
5.	Re-appointment of Crowe Horwath First Trust 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 ____________________ 2017

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. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM 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.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form duly executed 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 AGM.

6. 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 common seal or under the hand of an officer or attorney duly authorised.

7. 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.

8. The Company shall be entitled to reject a proxy form which 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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 October 2017.

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KTL GLOBAL LIMITED

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