Annual Report 2011

Contents

Corporate Calender

July 2010
Completes acquisition of Atlantic Engineering FZC

August 2010
Announces results for full year ended 30 June 2010 (27 August)

October 2010
AGM 2010 (22 October)

November 2010
Announces results for first quarter ended 30 September 2010 (11 November)

February 2011
Announces results for second quarter ended 31 December 2010 (11 February)

May 2011
Announces results for third quarter ended 31 March 2011 (11 May)

Incorporates wholly-owned subsidiary in Singapore, Rigsteel Pte. Ltd.

June 2011
Disposes 35% out of 54% owned in Intrepid Offshore Construction Pte. Ltd.

FOCUS

We have always focused on growth. Over the years, we have added clients and expanded our range of capabilities. Today, we have another wing in the Middle East, which together with our production facility in Singapore, will meet the rigging requirements of our clients from Asia, to Europe and Africa. We are also nurturing a new income stream from the rental of rigging equipment, a business that will augment our product sales.

Our dedication to excellence, timely delivery and efficiency have stood the test of time and will continue to take us through new challenges. Our ability to come up with cost efficient solutions that meet the industry's exacting performance standards will keep us ahead.

We are ready to ride on new trends and seize opportunities. Drawing on our experience, core strengths and established network, the Group will move forward with a renewed FOCUS to build our market position and grow our share of the rigging market.

Corporate Profile

KTL is one of the world's top suppliers of rigging equipment and related services to the offshore oil & gas (O&G), marine and construction industries

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

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

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

From the bases in Singapore and the Middle East, KTL is well positioned to service clients at every corner of the globe.

Vision

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

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

Core Values

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

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

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

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

Chairman's Message

Tan Tock Han
Executive Chairman

"By returning to and honing the unique strengths and competencies that have made KTL a trusted brandname over the years, we will carve out new platforms for growth, but we will need to move quickly to ride the tides of change sweeping the offshore O&G sector."

Dear Valued Shareholders,

At KTL Global Limited (KTL, and together with its subsidiaries, the Group), the past year proved to be a trying one as we grappled with an industry-wide decline in product demand, especially in the offshore oil and gas (O&G) segment. In particular, competition was intense as key players slashed prices to secure jobs and augment their orderbooks.

Group revenue and profitability were affected, especially in the first six months of the financial year ended 30 June 2011 (FY2011). However, we were determined to explore new ways to boost revenue, and our concerted efforts eventually bore fruit. We were able to win over a major new client, landing a sizeable equipment rental contract that commenced in January 2011.

Renewed Focus on Core Business and Expertise

To invigorate the business anew and boost profitability, the Group has taken steps to renew its focus on core strengths and proficiencies, formulating a two-pronged strategy targeted at seizing fresh opportunities in high-potential markets. One is the rental equipment business, where demand has been on the rise, especially among cost-conscious clients. The other is the Middle East, which will serve as a springboard into an even wider arena. In both these markets, our established expertise in critical processes and technologies will prove a key asset in securing new clients.

Growing rental contributions

KTL has all the requisites needed to capture a significant share of the rental equipment market. Our rich understanding of clients' needs as well as our strong engineering and technical capabilities enable us to design high value-added products, services and solutions that will win over new customers as well as capitalise on our existing client base. Given the attractive margins in this business segment, the recurrent income generated will provide a sturdy base for renewed growth.

Building up the Middle East base

This region has all the potential to become one of the largest shallow-water O&G markets in the world. KTL recently widened its reach there, opening a rigging facility at the Hamriyah Free Zone in the United Arab Emirates in the third quarter of FY2011. One of the largest of its kind in the region, the facility will allow us to rope in growth from markets there as well as in Europe and Africa, while complementing our operations in Singapore. As the Group continues to invest in the region over the coming year, it is poised to become the next major contributor to revenue growth.

Setting KTL Apart

Given the intense competition currently in the industry, we need to differentiate ourselves even more from other players, so the renewed focus on our core business has come at just the right time. By returning to and honing the unique strengths and competencies that have made KTL a trusted brandname over the years, we will carve out new platforms for growth, but we will need to move quickly to ride the tides of change sweeping the offshore O&G sector. To outvie other contenders, we have to be successful on three fronts.

1. Competing effectively

To succeed, we need to extend our reach to far more distant shores, so we can serve our clients in their own backyards. Having this prominent base in the Middle East will open up a whole new vista of opportunities for KTL as we extend our operational reach beyond the Asia-Pacific.

2. Competing creatively

To succeed, we need to turn all our skills, resources and ingenuity to crafting expeditious yet cost-competitive solutions that will enable our clients to accomplish their business goals even amid the tough operating conditions expected to prevail in the marine and offshore sectors. Especially in the rental market, the singular blend of resources we can deploy – an extensive inventory of cutting-edge equipment backed by a wealth of technical expertise – will win over clients seeking fluid, innovative answers to the challenges they face.

3. Competing technologically

To succeed, we need to leverage on the expertise and technologies amassed over the past decade to boost our capacity to compete in the deepwater and subsea market as the offshore O&G sector increasingly shifts its focus there. Clients seeking products able to meet the highly complex demands of this market will find what they need in KTL, banking on our ample engineering capabilities and broad array of sophisticated assets to facilitate their thrust into deeper waters.

Operations Review and Restructure

In line with our decision to focus on our core strengths, we have been reviewing all our operations with the aim of streamlining them and achieving an optimal structure that will enable KTL to push ahead with plans to become a leading global provider of wire rope solutions.

Following the initial review, one of our first moves was to begin divesting our stake in Intrepid Offshore Construction Pte. Ltd. (IOC), which is engaged in the design and fabrication of specialised deck equipment for deepwater vessels. The Group had sold 35% of its interest in IOC in June 2011 and will dispose of the remaining 19% stake within the next 12 months.

Looking Ahead

Market conditions are likely to remain challenging in the near term as the latest debt crisis in the West revives concerns about the global economy. Nevertheless, we are cautiously optimistic about our outlook, as we believe that recent initiatives to reposition our core business have begun to bear fruit and should lend some support to our efforts to turn our performance around. Steadfast initiatives to invest in the future and erect new pillars of growth should sharpen our competitive edge and enhance profitability for the Group over the long term.

Acknowledgments

On behalf of the Board, let me take this opportunity to thank all our shareholders, clients and business associates for their continued faith in KTL. Your support has sustained us through these challenging times, inspiring us to push on and face every hurdle with a heightened resolve to turn the company around. I would also like to express our deep appreciation for everyone on the KTL team – management and staff – who have rallied behind us and spared no effort to forge a brighter future for the company.

Tan Tock Han
Executive Chairman

Operations Review

We will continue to focus on honing our competitive edge in our core wire rope business, which will allow us to provide clients with higher-value, higher-margin services as we climb up the value chain.

Overview

At KTL, FY2011 was a challenging year as demand continued to contract industry-wide, especially from the offshore oil and gas (O&G) segment. To counter shrinking demand, key players slashed prices to secure jobs, hoping to capture greater market share and business volumes. As a result, we had to contend with intense competition throughout the 12 months for the financial year ended 30 June 2011.

Revenue, Gross Profit and Net Profit

However, the Group was quick to respond to the tepid demand affecting product sales. We heightened our marketing efforts, reaching out to both new and existing clients with cost-friendly solutions designed to meet their needs and specifications. These initiatives helped to shore up Group revenue for FY2011, which fell slightly by 9.7% year-on-year (yoy) to S$61.9 million.

Within individual business segments, revenue from the marine sector held steady at S$9.3 million, while sales to the engineering and construction industries grew by 12.5% yoy to S$8.9 million. Revenue from offshore O&G came in at S$43.7 million, with contributions from a major equipment rental contract underpinning sales.

Overall gross profit improved by 18% yoy to S$20.9 million in FY2011 from S$17.7 million in FY2010, thanks mainly to healthy contributions from equipment rental. Thus, the gross margin rose eight percentage points to 33.8% from 25.8% in the previous corresponding period – a commendable achievement given the tough market conditions.

At the net attributable level, the Group reported a loss after tax and minority interests of S$0.5 million, against a net profit of S$0.3 million in the previous year. The main reason was the increase in administration, sales and marketing expenses as the Group continued to invest in both the Singapore and Middle East facilities, building them up to strengthen our competitive position.

Building on Our First-Mover Advantage

A. Singapore – Competitive Rental Solutions

We began marketing these initiatives three years ago as the weakening economic backdrop prompted clients to trim their budgets. To fill this growing need in the market for cost-effective solutions, the Group moved to offer a viable alternative that would allow clients to both upgrade their assets and enhance their capabilities.

By making it affordable for clients to rent their equipment rather than make direct purchases, while still enjoying our tested expertise, we have been able to convince companies to explore these client-friendly options, with those ready to embrace them increasingly on the rise.

As a result, the Group recently clinched its second major rental deal in three years. Under this landmark contract worth more than S$5 million, we are providing heavy-lift slings to a major offshore construction player in India, a new client from the O&G sector.

The Group will continue to intensify marketing efforts in the segment, which has shown attractive growth prospects and promising returns. Capturing opportunities here will be simplified by our ability to invest in the necessary fixed assets and re-deploy them to our extensive customer base. The business requires an initial capital outlay that will act as a barrier to entry for rivals looking to join the fray. Thus, our track record for successful delivery and fashioning cost-effective answers should enable us to steadily increase our market share in the segment.

B. Middle East – New Geographic Reach

Our all-new base in the Middle East began operations in the third quarter of FY2011, bringing to fruition meticulous plans to create a fresh plank for growth there and widen our reach globally. Strategically located at the Hamriyah Free Zone in the United Arab Emirates, the state-of-the-art rigging facility sits on a 10,000 square metre plot of prime industrial land, owned by a company which we purchased for S$3 million in July 2010.

The Group has since installed new design, testing and fabrication facilities at the base, priming it to become one of the largest rigging and sling manufacturing plants in the Middle East. We have also put in a dedicated team of finance, human resource, sales and marketing personnel, to better serve our customers there. With these building blocks in place, the Group is now in a strong position to win contracts to test, certify and manufacture customised mooring and heavy-lift systems for the offshore O&G and marine industries throughout the region and beyond.

Among the first few Singapore firms to set up a major rigging facility in the Middle East, KTL can reap all the advantages of being a first mover in the industry there. Having such a pivotal base in the region will advance our strategy to tap into one of the world's largest shallow-water O&G markets, while roping in growth from other markets in Brazil, Europe, Africa and South America. Over time, we believe the Middle East base will become a major revenue contributor for the Group, complementing our operations in Singapore as we continue to tailor solutions that meet the exacting demands of our global clients.

Streamlining Operations

KTL has embarked on a Group-wide review with the aim of identifying and retaining key investments that can grow into leading businesses in the decade ahead. This streamlining exercise is aimed at creating an optimal structure that will facilitate our plans to become a top provider of wire rope solutions worldwide.

One of our first moves in this direction was to enter into a sale and purchase agreement to dispose of the Group's 54% interest in Intrepid Offshore Construction Pte. Ltd. (IOC), a company that provides offshore equipment design and fabrication services to the offshore O&G industry. The consideration of S$0.8 million is approximately equivalent to the sum paid initially by the Group for the stake. By June 2011, 35% had already been sold, and in the following 12 months, we will divest the remaining 19% stake.

Focus – The Way Forward

We will continue to focus on honing our competitive edge in our core wire rope business, which will allow us to provide clients with higher-value, higher-margin services as we climb up the value chain. Armed now with twin bases in Singapore and the Middle East, we have the mechanisms in place to drive fresh growth, rebuilding profitability and returning value to our loyal shareholders over the medium term.

Board of Directors

TAN TOCK HAN

EXECUTIVE CHAIRMAN

Mr Tan, 65, is our Executive Chairman and one of the Group's founders. He is involved in formulating the Group's strategic direction and expansion plans, and managing its overall business development. As one of our founders, he has played a pivotal role in the Group's growth and development. Mr Tan has more than 40 years of experience in the offshore O&G and marine industries. He joined Kim Teck Leong (the sole proprietorship) in 1967 after completing his secondary education. In 1973, he took the reins when KTL Offshore was incorporated and continued to expand the Group's business. Mr Tan is also chairman of the social service committee of the Singapore Hokkien Huay Kuan, and a council member of the Singapore Chinese Chamber of Commerce and the Singapore Federation of Chinese Clan Associations.

WILSON TAN

CHIEF EXECUTIVE OFFICER

Mr Tan, 39, is our Chief Executive Officer. He is currently responsible for executing the Group's strategies and budgets in ways designed to ensure profitability. He oversees its day-to-day operations and administrative matters, including sales, marketing and business development in Singapore. Mr Tan has about 10 years of experience in the offshore O&G and marine industries. He began his career at KTL Offshore in 1997. Over the years, he has diversified our business from the marine industry to offshore O&G and helped develop strong relationships with our customers. He graduated from Santa Monica College in the US with a diploma in marketing in 1996.

MARK BERETTA

CHIEF OPERATING OFFICER

Mr Beretta, 45, is our Chief Operating Officer. His responsibilities include overseeing strategic marketing and business development as well as growing the offshore O&G business. He oversees the sales and marketing team in its task of developing the existing clientele base and new regional markets. Mr Beretta has more than 20 years of experience in the wire rope and rigging industry, with 10 years in the offshore O&G industry. He began his career in 1987 as a trainee metallurgist at Haggie Rand Ltd in South Africa. While there, he held various positions as process/project metallurgist (1990), project manager (1994), business manager (1995) and technical sales and services manager (1999). He joined KTL Offshore in 1999 as marketing director and was later promoted to business development director. In July 2007, he was promoted to sales and marketing director. 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 Heriot-Watt University in the UK in 2001.

KENNY LIM

LEAD INDEPENDENT DIRECTOR

Mr Lim, 49, was appointed as the lead independent director of our Company on 31 October 2007. He is the founder and a director of Asia Pacific Business Consultants Pte. Ltd. (APB Consultants), which provides corporate and individual tax consultancy and advisory services. He joined Ernst & Whinney (now known as Ernst & Young) as an auditor in 1986. Thereafter, he joined the Inland Revenue Authority of Singapore and rose to the position of Deputy Director before leaving to join the private sector. He has since held senior management positions in organisations such as Pricewaterhouse Coopers, KPMG, Macquarie Investment Pte. Ltd. and UOB Asia Ltd. Before founding APB Consultants in 2006, he was a senior regional tax manager with British Petroleum, overseeing its tax functions in various countries in the Asia-Pacific. He has more than 24 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 also a fellow of the Institute of Certified Public Accountants of Singapore.

SUNNY WONG

INDEPENDENT DIRECTOR

Mr Wong, 55, who joined the board on 16 March 2010, currently serves as chairman of its nomination and remuneration committees, and sits on the Group's audit committee. He is also an independent director of Albedo Limited, Excelpoint Technology Ltd and Mencast Holdings Ltd. A practising advocate and solicitor of the Supreme Court of Singapore, he is the Managing Director of Wong Tan & Molly Lim LLC. Mr Wong graduated from the National University of Singapore with a bachelor of laws (honours).

CHEONG HOOI KHENG

NON-EXECUTIVE DIRECTOR

Ms Cheong, 58, was appointed as a non-executive director of our Company on 31 October 2007. Since March 1989, she has been an executive director of Hong Fok Corporation Limited, an investment holding company listed on SGX-ST that has businesses in property development. In addition, she is the financial adviser of Winfoong Investment Limited, an investment holding company with businesses in property investment and development. Ms Cheong has more than 26 years of experience in the real estate industry. She obtained a bachelor of science from California State University, Hayward, in the US and a master of business administration from Chaminade University, also in the US.

Executive Officers

LAW SAI LEUNG
CHIEF FINANCIAL OFFICER
Mr Law, 46, is our Chief Financial Officer and oversees all financial accounting and reporting matters related to our Group, as well as matters related to corporate finance. He joined the Group in January 2007, bringing with him about 18 years of experience in accountancy, auditing and finance. Previously, he had held financial management positions at various multinational companies and SMEs. He had also served as the group financial controller of a company listed on the mainboard of SGX-ST. Mr Law obtained his bachelor of commerce from The Australian National University in 1991. He is a member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

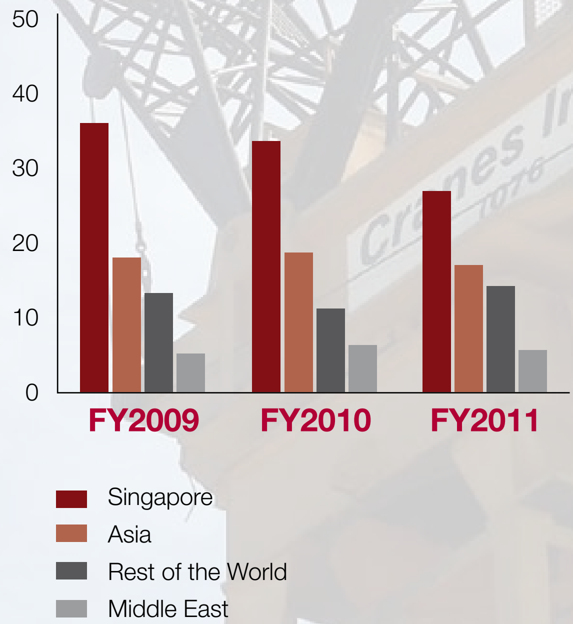
JONATHAN TAN
DIRECTOR OF ADMINISTRATION
Mr Tan, 31, is our director of administration. His current responsibilities include overseeing the administration, IT and HR departments. He also assists the Chief Executive Officer in managing the Group's day-to-day operations. He joined KTL Offshore in 2003 after obtaining a graduate diploma in finance management from the Singapore Institute of Management. He earned a bachelor of business (with a double major in marketing and economics) from Edith Cowan University in Australia in 2001.

Financial Highlights

	FY2009	FY2010	FY2011
Key Financial Ratios			
Earnings (Loss) Per Share (S¢)	3.1	0.2	(0.2)
Net Asset Value Per Share (S¢)	23.2	23.6	23.0
Income Statement (S$ million)			
Revenue	71.2	68.6	61.9
Gross profit	26.8	17.7	20.9
Net attributable profit (loss)	5.0	0.3	(0.5)
Balance Sheet (S$ million)			
Non-current assets	12.0	16.5	18.8
Current assets	56.5	56.4	59.7
Non-current liabilities	4.2	5.4	5.0
Current liabilities	27.1	29.1	36.6
Shareholders' Equity	37.1	38.0	36.8

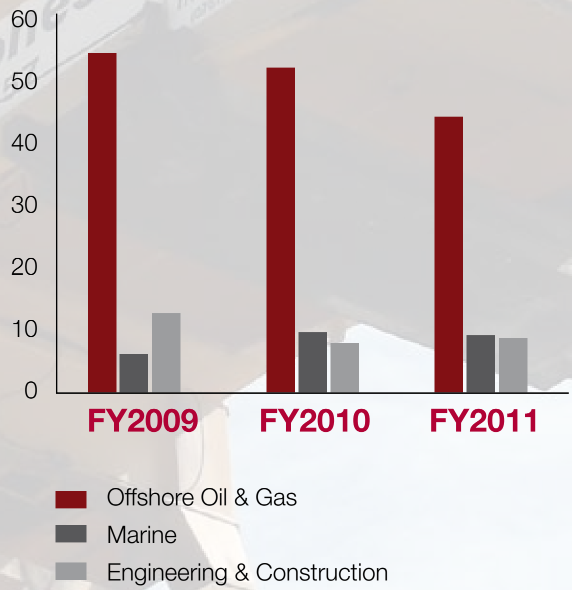
Revenue by Geography

(S$ million)



Revenue by Segment

(S$ million)



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 2005 (the "**Code**") issued by the Ministry of Finance in July 2005.

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 2011, 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 success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

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

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

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

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions; and
- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation.

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 have the opportunity to meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations. The Board as a whole is updated on changing commercial risks, and key changes in the relevant legal and regulatory requirements, as well as accounting standards.

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

Corporate Governance Report

The Board meets regularly on a quarterly basis and ad hoc Board meetings are convened when they are deemed necessary. The number of Board meetings held in the financial year ended 30 June 2011 ("**FY2011**") is set out below:

		Board Committees		
	Board	Audit	Nominating	Remuneration
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.

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. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises six directors, of whom two (constituting one-third of the Board) are independent, namely, Mr Kenny Lim and Mr Sunny Wong, and one is non-executive, namely, Mdm Cheong Hooi Kheng. The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. With two independent directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. There is therefore no individual or small group of individuals who dominate the Board's decision-making. The independence of each director is reviewed annually.

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 Company.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge.

Where necessary or appropriate, the non-executive directors on the Board will meet without the presence of the Management.

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

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents 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 three Board committees, the Board is of the view that there are sufficient safeguards in place to ensure accountability and independent decision-making.

The Board collectively ensures the following:

- in consultation with the Management, the scheduling of meetings to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;
- in consultation with the Management, the preparation of the agenda for Board meetings;
- in consultation with the Management, the exercise of control over the quality, quantity and timeliness of information between the Management and the Board; and
- compliance with corporate governance best practices.

Mr Kenny Lim has been appointed as the lead independent director. As such, he is the contact person for shareholders in situations where there are concerns or issues that communication with the Executive Chairman, Chief Executive Officer or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

4 BOARD MEMBERSHIP

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

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

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

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

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

2) Determining the independence of each director in accordance with Paragraph 2.1 of the Code on an annual basis.

3) Evaluating whether a director is able to and has adequately carried out his duties as a director of the Company, in particular, where the director concerned has multiple board representations.

4) Assessing the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board.

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

Corporate Governance Report

The Company does not have a formal process for the selection and appointment of new directors to the Board. However, if required, the Company will or is able to procure search services, contacts and recommendations for the purposes of identifying suitably qualified and experienced persons for appointment to the Board.

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

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	23 October 2009	Hong Fok Corporation Limited	–
Wilson Tan	Chief Executive Officer	19 March 2007	22 October 2010	–	–
Mark Beretta	Executive Director	31 October 2007	23 October 2008	–	–
Cheong Hooi Kheng	Non-Executive Director	31 October 2007	22 October 2010	Hong Fok Corporation Limited Winfoong International Limited	–
Kenny Lim	Lead Independent Director	31 October 2007	23 October 2009	Advanced Integrated Manufacturing Corp. Ltd. Eratat Lifestyle Limited China Minzhong Food Corporation Limited Great Group Holdings Limited KSH Holdings Limited	–
Sunny Wong	Independent Director	16 March 2010	22 October 2010	Albedo Limited Excelpoint Technology Ltd. Mencast Holdings Ltd.	Global Testing Corporation Ltd.

The NC, in determining whether to recommend a director for re-appointment will have regard to the director's performance and contribution to the Group and whether the director has adequately carried out his or her duties as a director.

The NC has nominated Mr Mark Beretta and Mr Kenny Lim, who will be retiring as directors at the forthcoming annual general meeting, to the Board for re-election as directors at the forthcoming annual general meeting.

Key information regarding the directors, including their shareholdings in the Company, is set out on pages 8 to 9 and 24 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 assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

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

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The criteria for the evaluation of the performance of individual directors include qualitative and quantitative factors such as performance of principal functions and fiduciary duties, level of participation at meetings, guidance provided to the Management and attendance record.

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

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process.

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

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

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

7. REMUNERATION MATTERS

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

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

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

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

1) Recommending to the Board a framework of remuneration for the directors and senior Management that covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.

2) Determining specific remuneration packages for each executive director.

3) Recommending to the Board the remuneration of non-executive directors, which should be appropriate to the level of their respective contributions, taking into account factors such as effort and time spent, and the responsibilities of the non-executive directors.

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

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 of remuneration should be appropriate to attract, retain and motivate the directors needed to the run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

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.

Directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings.

Remuneration for the executive directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole. The Company entered into service agreements with the executive directors, namely Mr Tan Tock Han, Mr Wilson Tan and Mr Mark Beretta, on 2 November 2007, for an initial period of three years with effect from the date of admission of the Company to the Official List of the SGX-ST. Upon the expiry of the initial period of three years, their employment was automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. 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.

9. DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

The level and mix of remuneration paid or payable to the directors and executive officers for FY2011 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					
Mark Beretta	52.6	34.6	8.5	4.3	100.0
$250,000 to less than $500,000					
Tan Tock Han[2]	68.2	11.9	10.3	9.6	100.0
Wilson Tan[2]	65.7	13.5	10.7	10.1	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
Executive officers and employees related to Directors					
Less than $250,000					
Tan Kheng Kuan[2]	73.1	13.1	–	13.8	100.0
Tan Suan Suan[2]	91.6	8.4	–	–	100.0
Law Sai Leung	85.3	14.7	–	–	100.0
Cheong Gim Kheng[2]	96.3	3.7	–	–	100.0
Lim Kor Hin[2]	84.8	15.2	–	–	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 Cheong Gim Kheng is the wife of Mr Tan Tock Han and mother of Mr Wilson Tan. Mdm Lim Kor Hin is the wife of Mr Tan Kheng Kuan.

Save as disclosed in Note (2) above, there were no employees of the Company or its subsidiaries who were immediate family members of any director or the Chief Executive Officer.

The Company had adopted the KTL Performance Share Scheme (the "**Scheme**") on 23 October 2009. The Scheme is administered by a committee of the directors, comprising Mr Tan Tock Han, Mr Kenny Lim, Mdm Cheong Hooi Kheng and Mr Sunny Wong. Under the Scheme, awards of fully-paid ordinary shares in the capital of the Company in the form of existing shares 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 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.

During FY2011, an aggregate of 583,658 shares, which vest immediately upon grant, were awarded under the Scheme. As at the end of FY2011, awards have been granted under the Scheme as follows:-

Name of participant	Number of shares comprised in awards during FY2011 (including terms)	Aggregate number of shares comprised in awards from commencement of Scheme to end of FY2011	Number of shares comprised in awards which have been issued and/or transferred since commencement of Scheme to end of FY2011	Number of shares comprised in awards not vested as at end of FY2011
Director				
Mark Beretta	327,579	327,579	327,579	–

As at the end of FY2011, 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.

In presenting the quarterly and full-year financial statements to shareholders, the Board aims to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects.

The Management provides the Board with relevant information on the performance of the Group on a timely and on-going basis in order that the Board may effectively discharge its duties.

11. AUDIT COMMITTEE

Principle 11: The Board should establish an Audit Committee 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. The members of the AC have sufficient financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

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

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

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

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

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

5) Considering the independence and the appointment and re-appointment of the external auditors.

6) Reviewing and ratifying any interested person transactions.

7) Undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters that require the attention of the AC.

8) Generally undertaking such other functions and duties as may be required by the relevant laws or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

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

The AC undertakes such further functions as may be agreed to by the AC and the Board from time to time.

The total non-audit fees paid to the external auditors for FY2011 amounted to approximately $23,000. 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 AC has reviewed arrangements under which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action.

12. INTERNAL CONTROLS

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information, and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss, and concerning the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board is therefore of the view that the system of internal controls and risk management maintained by the Group is adequate for safeguarding shareholders' investments and the Group's assets.

The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

13. INTERNAL AUDIT

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

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 internal auditors report directly to the chairman of the AC. The AC reviews and approves the internal audit plans, and reviews the scope and results of the internal audit performed by the internal auditors. The AC will ensure the adequacy of the internal audit function at least annually. In line with the Company's cost-saving measures, internal auditors were not appointed for FY2011 but the Company is in the process of engaging internal auditors to carry out an internal audit of its operations in the Middle East for FY2012.

14. COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular and fair communication with shareholders.

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

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company receive the Annual Report and the notice of the annual general meeting. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. The Company also ensures that there are separate resolutions at general meetings on each distinct issue.

The Board supports the Code's principle of encouraging shareholder participation. The Articles of Association of the Company currently allow a member of the Company to appoint up to two proxies to attend and vote at general meetings.

15. 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.

16. 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.

17. INTERESTED PERSON TRANSACTIONS

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

During FY2011, the Group has carried out the following interested person transactions:-

Name of Interested Person	Aggregate value of all interested person transactions during FY2010 (excluding transactions of less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions of less than $100,000)
Wiljohn Investment Pte. Ltd.(1)		
- Lease of premises at 61 Tuas Bay Drive, Singapore 637428	$1,716,000	–
- Lease of premises at 71 Tuas Bay Drive, Singapore 637430	$1,110,000	–

Note:-

(1) Wiljohn Investment Pte. Ltd. is a company that is wholly-owned by Mr Tan Tock Han and Mr Wilson Tan, the executive directors of the Company, and their associates.

Save as disclosed above, there were no material contracts of the Group involving the interests of the Chief Executive Officer, each director or controlling shareholder, either still subsisting at the end of FY2011 or if not then subsisting, entered into since the end of the previous financial year.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of KTL Global Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2011.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Tan Tock Han	–	–	90,109,000	91,109,000
Tan Kheng Yeow	–	–	88,000,000	88,000,000
Mark Gareth Joseph Beretta	240,000	567,579	–	–
Cheong Hooi Kheng	100,000	100,000	–	–
Ordinary shares of the holding company				
Tan Tock Han	30	30	–	–
Tan Kheng Yeow	20	20	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2011, except that Tan Tock Han had a deemed interest in 89,577,000 shares as at 21 July 2011.

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

By virtue of Section 7 of the Act, Mr Tan Tock Han and Mr Tan Kheng Yeow are deemed to have interests in the shares of the subsidiaries of the Company.

Directors' contractual benefits

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

Options

No options were issued by the Company or any of its subsidiaries during the financial year. As at 30 June 2011, there were no options on the unissued shares of the Company or any of its subsidiaries which were outstanding.

Audit Committee

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

Auditors

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

On behalf of the board of directors:

Tan Tock Han
Director

Tan Kheng Yeow
Director

Singapore
26 September 2011

Statement by Directors

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

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the board of directors:

Tan Tock Han
Director

Tan Kheng Yeow
Director

Singapore
26 September 2011

Independent Auditors' Report

For the year ended 30 June 2011 to the Members of KTL Global Limited

Report on the financial statements

We have audited the accompanying financial statements of KTL Global Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 28 to 82, which comprise the balance sheets of the Group and the Company as at 30 June 2011, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
26 September 2011

Consolidated Income Statement

For the year ended 30 June 2011

	Note	2011	2010
		$'000	$'000
Continuing operations			
Revenue	4	61,889	68,572
Cost of sales		(40,973)	(50,850)
Gross profit		20,916	17,722
Other operating income	5	1,658	2,581
Administration expenses		(16,373)	(15,872)
Sales and marketing expenses		(4,865)	(3,707)
Other operating expenses		(110)	(19)
Share of results of a joint venture company	14	(51)	552
Profit from continuing operations	7	1,175	1,257
Interest income		17	7
Finance costs	8	(960)	(628)
Profit before tax from continuing operations		232	636
Taxation	9	(747)	(87)
(Loss)/profit from continuing operations, net of tax		(515)	549
Discontinued operation			
Loss from discontinued operation, net of tax	10	(140)	(91)
(Loss)/profit for the year		(655)	458
Attributable to:			
Owners of the Company			
(Loss)/profit from continuing operations, net of tax		(312)	265
(Loss)/profit from discontinued operation, net of tax		(199)	80
(Loss)/profit for the year attributable to owners of the Company		(511)	345
Non-controlling interests			
(Loss)/profit from continuing operations, net of tax		(203)	284
Profit from discontinued operations, net of tax		59	(171)
(Loss)/profit for the year attributable to non-controlling interests		(144)	113
		(655)	458
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	11	(0.2)	0.2
Diluted	11	(0.2)	0.2

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011	2010
		$'000	$'000
(Loss)/profit for the year		(655)	458
Other comprehensive income:			
Foreign currency translation		(100)	2
Other comprehensive income for the year, net of tax		(100)	2
Total comprehensive income for the year		(755)	460
Total comprehensive income attributable to:			
Owners of the Company		(607)	347
Non-controlling interests		(148)	113
		(755)	460
Total comprehensive income attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(436)	267
Total comprehensive income from discontinued operation, net of tax		(171)	80
Total comprehensive income for the year attributable to owners of the Company		(607)	347

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

Balance Sheets

As at 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	18,248	14,794	–	–
Investment in subsidiaries	13	–	–	13,162	13,883
Investment in a joint venture company	14	508	559	7	7
Long term deposits	17	–	313	–	–
Derivative asset	29	–	134	–	134
Goodwill	13	–	722	–	–
		18,756	16,522	13,169	14,024
Current assets					
Inventories	15	32,286	26,851	–	–
Trade receivables	16	20,768	24,736	–	–
Other receivables	17	2,253	881	272	1
Prepayments		274	336	–	–
Amount due from subsidiaries	17	–	–	13,767	14,343
Income tax recoverable		–	231	–	–
Investment in unquoted equity shares held for sale	10	280	–	280	–
Cash and cash equivalents	18	3,835	3,406	272	47
		59,696	56,441	14,591	14,391
TOTAL ASSETS		78,452	72,963	27,760	28,415
EQUITY AND LIABILITIES					
Current liabilities					
Excess of progress billing over contract work-in-progress	19	–	255	–	–
Trade payables	20	9,033	9,805	–	–
Bills payables	21	16,790	13,695	–	–
Other payables	22	2,093	1,723	326	325
Interest-bearing loans and borrowings	23	8,719	3,547	–	–
Derivative liabilities		–	47	–	–
Income tax payable		10	25	4	7
		36,645	29,097	330	332
NET CURRENT ASSETS		23,051	27,344	14,261	14,059
Non-current liabilities					
Interest-bearing loans and borrowings	23	3,688	4,610	–	–
Long term deposits received		–	76	–	–
Deferred tax liabilities	24	1,354	763	–	–
		5,042	5,449	–	–
TOTAL LIABILITIES		41,687	34,546	330	332
NET ASSETS		36,765	38,417	27,430	28,083
Equity attributable to owners of the Company					
Share capital	25	28,168	28,168	28,168	28,168
Treasury shares	25	(815)	(185)	(815)	(185)
Treasury shares reserve	25	(17)	–	(17)	–
Reserves		9,508	10,056	94	100
		36,844	38,039	27,430	28,083
Non-controlling interests		(79)	378	–	–
TOTAL EQUITY		36,765	38,417	27,430	28,083
TOTAL EQUITY AND LIABILITIES		78,452	72,963	27,760	28,415

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

Statements of Changes in Equity

For the year ended 30 June 2011

	Note	Share capital	Treasury shares	Treasury shares reserve	Accumulated profits/ (losses)	Merger reserve*	Translation reserve	Total reserves	Equity attributable to owners of the Company, total	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
At 1 July 2010		28,168	(185)	–	17,715	(7,660)	1	10,056	38,039	378	38,417
Loss for the year		–	–	–	(511)	–	–	(511)	(511)	(144)	(655)
Other comprehensive income for the year		–	–	–	–	–	(96)	(96)	(96)	(4)	(100)
Total comprehensive income for the year		–	–	–	(511)	–	(96)	(607)	(607)	(148)	(755)
Change in ownership interests in a subsidiary		–	–	–	–	–	–	–	–	55	55
Reserve attributable to disposal group classified as held for sale		–	–	–	–	–	59	59	59	(364)	(305)
Purchase of treasury shares	25	–	(846)	–	–	–	–	–	(846)	–	(846)
Treasury shares issued pursuant to employees' share scheme	25	–	199	–	–	–	–	–	199	–	199
Loss on reissuance of treasury shares	25	–	17	(17)	–	–	–	–	–	–	–
At 30 June 2011		28,168	(815)	(17)	17,204	(7,660)	(36)	9,508	36,844	(79)	36,765
At 1 April 2009		27,388	–	–	17,370	(7,660)	(1)	9,709	37,097	28	37,125
Net profit for the year		–	–	–	345	–	–	345	345	113	458
Other comprehensive income for the year		–	–	–	–	–	2	2	2	–	2
Total comprehensive income for the year		–	–	–	345	–	2	347	347	113	460
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	237	237
Shares issued upon acquisition of a subsidiary	13	780	–	–	–	–	–	–	780	–	780
Purchase of treasury shares	25	–	(185)	–	–	–	–	–	(185)	–	(185)
At 30 June 2010		28,168	(185)	–	17,715	(7,660)	1	10,056	38,039	378	38,417

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

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

Statements of Changes in Equity

For the year ended 30 June 2011

	Note	Share capital $'000	Treasury shares $'000	Treasury shares reserve $'000	Accumulated profits $'000	Total equity $'000
Company						
At 1 July 2010		28,168	(185)	–	100	28,083
Loss for the year		–	–	–	(6)	(6)
Total comprehensive income for the year		–	–	–	(6)	(6)
Purchase of treasury shares	25	–	(846)	–	–	(846)
Treasury shares issued pursuant to employees' share scheme	25	–	199	–	–	199
Loss on reissuance of treasury shares	25	–	17	(17)	–	–
At 30 June 2011		28,168	(815)	(17)	94	27,430
At 1 July 2009		27,388	–	–	17	27,405
Net profit for the year		–	–	–	83	83
Total comprehensive income for the year		–	–	–	83	83
Shares issued for acquisition of a subsidiary		780	–	–	–	780
Purchase of treasury shares	25	–	(185)	–	–	(185)
At 30 June 2010		28,168	(185)	–	100	28,083

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

Consolidated Cash Flow Statement

For the year ended 30 June 2011

	Note	2011	2010
		$'000	$'000
Cash flows from operating activities			
Profit before tax from continuing operations		232	636
Loss before tax from discontinued operation	10	(129)	(91)
Adjustments for:			
Depreciation of property, plant and equipment		2,414	1,877
Provision for stock obsolescence	15	20	7
Allowance and write off of doubtful debts, net		36	14
Loss on disposal of property, plant and equipment		101	91
Fair value loss on derivatives		–	47
Interest expense		960	628
Interest income		(17)	(7)
Share of results of a joint venture company	14	51	(552)
Treasury shares issued pursuant to employee's share scheme	6	199	–
Loss on disposal of investment in subsidiary	7	323	–
Currency translation		30	1
Total adjustments		4,117	2,106
Operating cash flow before changes in working capital		4,220	2,651
Changes in working capital:			
(Increase)/decrease in inventories		(5,455)	5,577
Decrease in net amounts due to a customer for contract work-in-progress		(170)	(1,377)
Decrease/(increase) in trade receivables		2,475	(8,219)
(Increase)/decrease in other receivables and prepayments		(1,071)	1,412
Decrease in advances given to a related party		–	584
Long term deposits received		–	76
(Decrease)/increase in trade payables		(287)	2,219
Increase/(decrease) in other payables		431	(2,825)
Total changes in working capital		(4,077)	(2,553)
Cash generated from operating activities		143	98
Income taxes paid		(18)	(947)
Income tax refund		682	–
Interest income		17	7
Net cash flows generated from/(used in) operating activities		824	(842)
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,915)	(2,870)
Proceeds from disposal of property, plant and equipment		936	431
Net cash outflow on acquisition of a subsidiary	13	–	(3,112)
Net cash inflow on disposal of a subsidiary	10	184	–
Investment in a joint venture company		–	(7)
Net cash flows used in investing activities		(4,795)	(5,558)
Cash flows from financing activities			
Proceeds from interest bearing loans and borrowings		4,042	5,334
Purchase of treasury shares	25	(846)	(185)
Interest expense		(960)	(628)
Net cash flows generated from financing activities		2,236	4,521
Net decrease in cash and cash equivalents		(1,735)	(1,879)
Cash and cash equivalents at beginning of year		3,189	5,068
Cash and cash equivalents at end of year	18	1,454	3,189
Analysis of cash and cash equivalents			
Cash and bank balances		3,835	3,406
Bank overdrafts		(2,381)	(217)
Cash and cash equivalents at end of year		1,454	3,189

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

Notes to the Financial Statements

30 June 2011

1. Corporate information

1.1 The Company

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

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 July 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 Agreements for the Construction of Real Estate	1 January 2011
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
Improvements to FRSs 2010	1 January 2011, unless otherwise stated

Except for the revised FRS 24 and the Amendments to FRS 12, 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 revised FRS 24 and the Amendments to FRS 12 are described below.

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

2.3 Standards issued but not yet effective (cont'd)

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in the next financial year.

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

The Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets are effective for annual periods beginning on or after 1 January 2012.

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group currently provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. The Group is in the process of determining the impact on the financial position and result of the Group.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

(a) Basis of consolidation (cont'd)

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

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

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

– Derecognises the cumulative translation differences recorded in equity;

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

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

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

(b) Business combinations

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

2.5 Transactions with non-controlling interest

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

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

2.6 Foreign currency

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

(a) Transaction and balances

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

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

(b) Consolidated financial statements

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

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow the Group and the cost of the item can be measured reliably.

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

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

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

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

The residual values, useful life and depreciation method are reviewed at 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 items of property, plant and equipment.

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

2.8 Intangible assets - Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

2.8 Intangible assets - Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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 independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs 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, quoted share prices for publicly traded subsidiaries 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 forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

2.10 Subsidiaries

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

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

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

2.11 Joint venture

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

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

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

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

2.12 Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

(a) <u>Financial assets at fair value through profit or loss</u>

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

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

(b) <u>Loans and receivables</u>

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

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

2.12 Financial assets (cont'd)

Subsequent measurement (cont'd)

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

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

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

2.13 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

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

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

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

2.13 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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.

(b) Assets carried at cost

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

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.14 Contracts for projects

Contract work-in-progress consist of costs incurred and recognised profits to date. When progress billings are in excess of contract work-in-progress, the net amount is classified in current liabilities. When the contract work-in-progress is in excess of progress billlings, the net amount is classified in current assets.

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a project can be estimated reliably. When the outcome of a project cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the winch contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

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

2.14 Contracts for projects (cont'd)

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total budgeted contract costs.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

2.15 Cash and cash equivalents

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

2.16 Inventories

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

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

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

2.17 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to an asset may be presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

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

2.18 Provisions

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

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

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

2.19 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

(b) Other financial liabilities

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

Derecognition

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

2.20 Financial guarantee

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

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

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

2.21 Borrowing costs

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

2.22 Employee benefits

Defined contribution plans

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

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Share-based payments

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

2.23 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.

(a) As lessee

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

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

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

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

2.23 Leases (cont'd)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(e).

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, 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:

(a) Sale of goods

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

(b) Rendering of services

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

(c) Revenue from construction projects

Revenue from design and manufacturing of winches and construction of offshore equipment is recognised based on the stage of completion of the contract activities. The accounting policy is stated in Note 2.14.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

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

2.25 Taxes

(a) Current income tax

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

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

2.25 Taxes (cont'd)

(a) Current income tax (cont'd)

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

(c) Sales tax

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

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

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

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

2.26 Segment reporting

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

2.27 Contingencies

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

A present obligation that arises from past events but is not recognised because:

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

– The amount of the obligation cannot be measured with sufficient reliability.

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

2.28 Share capital and share issue expenses

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

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

2.29 Treasury shares

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

2.30 Related parties

A related party is defined as follows:

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

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

(ii) Has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

3. Significant accounting judgements and estimates

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

3. Significant accounting judgements and estimates

3.1 Judgements made in applying accounting policies

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

(i) Determination of functionary currency

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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:

(i) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment (excluding property) to be within 5 to 15 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and equipment (excluding property) at 30 June 2011 was $15,345,000 (2010: $11,754,000).

(ii) Allowances for inventory obsolescence

Allowance for inventory obsolescence is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories at 30 June 2011 was $32,286,000 (2010: $26,851,000).

(iii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Notes 16, 17 (excluding prepayments) and 18, to the financial statements.

3. Significant accounting judgements and estimates

3.2 Key sources of estimation uncertainty (cont'd)

(iv) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Goodwill is tested for impairment annually and at other times when such indicator exist. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

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

(v) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables, tax recoverable and deferred tax liabilities at 30 June 2011 was $10,000 (2010: $25,000), $Nil (2010: $231,000) and $1,354,000 (2010: $763,000) respectively.

(vi) Contracts for construction projects

The Group recognises contract revenue by reference to the stage of completion of the project activity at the end of each reporting period, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that project costs incurred for work performed to date bear to the estimated budgeted project costs. Significant assumptions are required to estimate the total project costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from project contracts at the end of each reporting period are disclosed in Note 19 to the financial statements.

4. Revenue

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

	Group	
	2011	2010
	$'000	$'000
Sale of goods	52,456	58,799
Service revenue	3,135	2,973
Rental of equipment	6,298	1,196
Contract revenue	–	5,604
	61,889	68,572

5. Other operating income

	Group 2011 $'000	Group 2010 $'000
Write back of allowance of doubtful debt	19	12
Foreign exchange gain, net	698	342
Operating lease income	561	1,866
Gain on disposal of property, plant and equipment	–	51
Sundry income	216	120
Grant income*	164	190
	1,658	2,581

* Grant income relates to grant received from SPRING Singapore for the development of the Group's plant and machinery and ERP system.

6. Salaries and related expenses

	Group 2011 $'000	Group 2010 $'000
Employee benefits expense (including directors):		
- Salaries and bonus	7,721	6,703
- CPF contributions	556	504
- Other short-term benefits	145	142
- Grant income from jobs credit scheme	–	(179)
- Treasury shares issued pursuant to employee's share scheme	199	–
	8,621	7,170

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. During the financial year, the Company received grant income of $Nil (2010: $179,000) under the Scheme. The Scheme had ceased with the final payment in June 2010.

7. Profit from continuing operations

	Group 2011 $'000	Group 2010 $'000
Profit from continuing operations is stated after (crediting)/charging:		
Bad debts written off	37	7
Allowance for doubtful debts	18	19
Depreciation of property, plant and equipment	2,414	1,877
Operating lease expenses	3,891	5,078
Loss on disposal/write-off of property, plant and equipment	101	91
Loss on disposal of investment in subsidiary	323	–
Non-audit fees paid to auditors of the Company	23	13

8. Finance costs

	Group	
	2011	2010
	$'000	$'000
Interest received and receivable from:		
- banks	17	7
Interest paid and payable to:		
- banks	903	600
- hire purchase creditors	57	28
	960	628

9. Taxation

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

	Group	
	2011	2010
	$'000	$'000
Current tax expense		
Current taxation		
- Current year	4	20
- (Over)/under provision in respect of previous years	(451)	42
- Withholding tax (foreign tax)	603	–
	156	62
Deferred tax expense		
Movement in temporary differences	290	25
Under provision in respect of previous years	301	–
Income tax expense	747	87

Reconciliation of effective tax rate

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

	Group	
	2011	2010
	$'000	$'000
Profit from continuing operations and before taxation	232	636
Income tax using Singapore tax rate at 17% (2010: 17%)	39	108
Expenses not deductible for tax purposes	166	69
Income not subject to taxation	(102)	(1)
(Over)/under provision in prior year	(150)	42
Partial tax exemption	(6)	(21)
Deferred tax assets not recognised	205	–
Share of results of joint venture company	9	(94)
Withholding tax	603	–
Others	(17)	(16)
Income tax expense recognised in the income statement	747	87

9. Taxation (cont'd)

As at 30 June 2011, the Group has unutilized tax losses amounting to approximately $1,208,000 (2010: $Nil) available to offset against future taxable profits for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilized tax losses is subject to agreement by the tax authority and compliance with certain provisions of the tax legislation in Singapore.

10. Investment in unquoted equity shares held for sale and loss from discontinued operation

On 16 March 2011, the Company announced the decision of its board of directors to dispose of the 76,006 ordinary shares, constituting approximately 54% interest, in the issued capital of Intrepid Offshore Construction Pte. Ltd. ("IOC") held by the Company.

The decision was made in view of the Group's current intention to rationalise its business and focus on its core business.

The aggregate consideration for the Proposed Disposal is $795,783 (which is approximately the same consideration for which the Company acquired its interest in IOC), payable in cash by the Buyers. 49,303 shares (35%) was disposed for $516,202 in March 2011 and the remaining 26,703 shares (19%) is expected to be disposed within 12 months, subject to further extension not exceeding 6 months as the parties may agree.

As at 30 June 2011, the recoverable amount related to sale of IOC amounting to $280,000 has been presented in the balance sheet as "Investment in unquoted equity shares held for sale" at its recoverable amount and its results and loss on disposal of subsidiary are presented separately on the income statement as "Loss from discontinued operation, net of tax".

Loss from discontinued operations

	Group	
	2011	2010
	$'000	$'000
Revenue	2,218	1,640
Expenses	(2,079)	(1,731)
Profit from operation	139	(91)
Loss on disposal	(268)	–
Loss before tax from discontinued operation	(129)	(91)
Tax expense	(11)	–
Loss from discontinued operation, net of tax	(140)	(91)

Cash flow statement disclosures

	Group	
	2011	2010
	$'000	$'000
Proceeds from disposal of a subsidiary	516	–
Operating	(298)	(231)
Investing	(34)	(17)
Financing	–	671
Net cash inflow on disposal of a subsidiary	184	423

Following the classification of the remaining interest in IOC as investment in unquoted equity shares held for sale, an impairment loss of $21,000 was recognised to reduce the carrying amount to its recoverable amount. This amount was included as part of the "Loss from discontinued operation, net of tax".

11. Earnings per share

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

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company (after deducting dividends and adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and loss and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	Group	
	2011	2010
	$'000	$'000
(Loss)/profit for the year attributable to owners of the Company	(511)	345
Add back/(less): (Loss)/profit from discontinued operation, net of tax, attributable to owners of the Company	199	(80)
(Loss)/profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	(312)	265
	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	159,722	160,537
Basic and fully diluted earnings per share (cents)	(0.2)	0.2

As there are no dilutive potential ordinary shares, the basic and fully diluted earnings per share are the same.

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

12. Property, plant and equipment

	Property	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Renovation	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At cost:								
At 1 July 2009	–	9,721	1,699	1,254	349	925	663	14,611
Additions	–	2,445	39	304	4	52	26	2,870
Acquisition of subsidiaries	3,040	–	–	–	–	–	7	3,047
Disposals/write-offs	–	(1,103)	(80)	–	–	–	–	(1,183)
At 30 June 2010	3,040	11,063	1,658	1,558	353	977	696	19,345
Additions	–	5,652	1,051	84	10	61	196	7,054
Reclassification	–	–	–	(159)	–	159	–	–
Disposals/write-offs	–	(762)	(828)	(6)	–	–	(76)	(1,672)
Exchange differences	(130)	–	–	(3)	–	–	–	(133)
At 30 June 2011	2,910	15,953	1,881	1,474	363	1,197	816	24,594
Accumulated depreciation and impairment:								
At 1 July 2009	–	2,172	454	267	92	109	241	3,335
Depreciation charge	–	1,096	161	255	64	186	115	1,877
Disposals/write-offs	–	(581)	(80)	–	–	–	–	(661)
At 30 June 2010	–	2,687	535	522	156	295	356	4,551
Depreciation charge	7	1,572	175	266	64	204	126	2,414
Disposals/write-offs	–	(227)	(329)	(3)	–	–	(60)	(619)
At 30 June 2011	7	4,032	381	785	220	499	422	6,346
Net carrying amount:								
At 30 June 2010	3,040	8,376	1,123	1,036	197	682	340	14,794
At 30 June 2011	2,903	11,921	1,500	689	143	698	394	18,248

Assets held under finance lease

Included in the property, plant and equipment of the Group are motor vehicles with a net book value of $1,445,000 (2010: $974,000) acquired under hire purchase agreements. The cash outflow on purchase of property, plant and equipment amounted to $1,139,000 (2010: $Nil).

Assets pledged as security

The Group's motor vehicles and machinery with a carrying amount $1,445,000 (2010: $1,120,000) are pledged to secure the Group's bank loans (Note 23).

13. Investment in subsidiaries

	Company 2011 $'000	Company 2010 $'000
Unquoted equity shares, at cost		
- KTL Offshore Pte. Ltd.	13,160	13,160
- KTL Logan Pte. Ltd.	1	1
- Intrepid Offshore Construction Pte. Ltd.	–	722
- Rigsteel Pte. Ltd.	1	–
	13,162	13,883

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
	Held by the Company				
#	KTL Offshore Pte. Ltd.	Singapore	Trading of rigging equipment and related services	100	100
#	KTL Logan Pte. Ltd.	Singapore	Design and manufacturing of winches	65	65
#	Intrepid Offshore Construction Pte. Ltd. (Note (i))	Singapore	Engineering and fabrication solutions for specialised deck, lifting and mooring equipment for deepwater vessels	–	54
**	Rigsteel Pte. Ltd.	Singapore	Dormant	100	–
	Held through KTL Offshore Pte Ltd				
*	PT. KTL Offshore Indonesia	Indonesia	Inspection and certification of lifting equipment and certification of wire ropes	95	95
@	KTL Offshore (Middle East) FZC (previously known as Atlantic Engineering FZC) (Note (ii))	United Arab Emirates	Trading of rigging equipment and related services	98	100

Audited by Ernst & Young LLP, Singapore.

@ Audited by Horwath, United Arab Emirates.

* Not required to be audited by laws of country of incorporation.

** Not required to be audited in this financial year.

13. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

On 23 November 2009 and 16 June 2010, the Group acquired 54% equity interest of Intrepid Offshore Construction Pte Ltd ("IOC") and 100% equity interest in KTL Offshore (Middle East) FZC. Upon the acquisition, they became subsidiaries of the Group.

The fair values of the identifiable assets and liabilities of the entities as at the date of the acquisition were:

	Recognised on date of acquisition	Carrying amount before combination
	$'000	$'000
Property, plant and equipment	3,047	952
Trade receivables	409	409
Other receivables	7	7
Cash	4	4
Derivative call option	134	–
	3,601	1,372
Trade payables	(43)	(43)
Other payables	(147)	(147)
	(190)	(190)
Net identifiable assets	3,411	1,182

	$'000
Net identifiable assets	3,411
Minority interest	(237)
Goodwill arising from acquisition	722
Total consideration for acquisition	3,896

Impact of the acquisition on the consolidated statement of comprehensive income

From the acquisition date, the subsidiaries contributed $1,170,000 of revenue and $153,000 to the Group's profit net of tax in the previous financial year. If the business combination had taken place at the beginning of the previous financial year, the Group's profit from operations, net of tax would have been $216,000 and revenue from operations would have been $70,683,000 in the previous financial year.

13. Investment in subsidiaries (cont'd)

Total cost of business combinations

	$'000
Consideration for acquisition	
- 2,000,000 ordinary shares issued at $0.39 each	780
- Cash paid	3,116
	3,896

The effect of acquisition on cash flows is as follows:

Total consideration for acquisition	3,896
Less: Non-cash consideration-issuance of shares (Note 25)	(780)
Consideration settled in cash	3,116
Less: Cash and cash equivalents of subsidiaries acquired	(4)
Net cash outflow on acquisition of subsidiaries	3,112

Notes: Change in proportion of ownership interest in subsidiaries

During the year ended 30 June 2011, the Group partially disposed the following subsidiaries:

(i) 35% equity interest of Intrepid Offshore Construction Pte Ltd ("IOC") and the remaining 19% interest has been classified as an investment in unquoted equity shares held for sale (Note 10); and

(ii) 2% equity interest in KTL Offshore (Middle East) FZC were transferred to Mark Gareth Joseph Beretta, an Executive Director of the Company, as an award in recognition of his contributions to the Group. KTL Offshore Pte Ltd continues to hold the remaining 98% of the issued share capital of KTL Offshore (Middle East) FZC.

The loss on disposal of $268,000 relating to IOC and $55,000 relating to KTL Offshore (Middle East) FZC were recognised in profit or loss.

14. Investment in a joint venture company

	Group	
	2011	2010
	$'000	$'000
Unquoted equity shares, at cost	7	7
Share of post-acquisition reserves	552	–
Share of results of a joint venture company	(51)	552
	508	559

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2011	2010
#	Advanced Mooring Systems Pte Ltd ("AMS")	Singapore	Design, production and supply of mooring systems for the offshore oil and gas industry	50	50

\# Audited by Ernst & Young LLP, Singapore.

14. Investment in a joint venture company (cont'd)

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

	2011	2010
	$'000	$'000
Total assets and liabilities:		
Current assets	9	32
Non-current assets	656	799
Total assets	665	831
Current liabilities	17	32
Non-current liabilities	80	100
Total liabilities	97	132
Income and expenses:		
Income	–	724
Expenses	51	172

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

15. Inventories

	Group	
	2011	2010
	$'000	$'000
Balance sheet:		
Trading goods and supplies	32,286	26,851
Income statement:		
Inventories recognised as an expense in cost of sales	38,529	42,692
Inclusive of the following charge:		
- Inventories written down	20	7

16. Trade receivables

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

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

	Group	
	2011	2010
	$'000	$'000
United States dollars	8,785	11,037
Euro	766	141
United Arab dirham	194	325

16. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $13,545,000 (2010: $14,131,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2011	2010
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	3,563	3,765
30 to 60 days	3,965	4,257
61 to 90 days	1,686	2,241
More than 90 days	4,331	3,868
	13,545	14,131

Receivables that are impaired

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

	Group Individually impaired	
	2011	2010
	$'000	$'000
Trade receivables – nominal amounts	46	309
Less: Allowance for impairment	(46)	(309)
	–	–
Movement in allowance accounts:		
At 1 July	309	302
Charge for the year	18	19
Write back of provision	(19)	(12)
Written off	(262)	–
At 30 June	46	309

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

17. Other receivables

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Non-current				
Long-term deposits	–	313	–	–
Current				
Deposits	1,525	749	–	–
Sundry debtors	245	106	–	–
Non-trade recoverable from IOC	467	–	272	–
Staff advances	9	11	–	–
Others	7	15	–	1
	2,253	881	272	1
Amount due from subsidiaries	–	–	13,767	14,343

Amount due from subsidiaries is non-trade related, interest-free and repayable on demand.

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United Arab dirham	130	48	–	–
United States dollars	439	1	272	–
Indonesia Rupiah	33	12	–	–

18. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash on hand and at bank	419	1,992	272	47
Short term deposits	3,416	1,414	–	–
	3,835	3,406	272	47
Less: Bank overdraft (Note 23)	(2,381)	(217)	–	–
	1,454	3,189	272	47

Cash and cash equivalents denominated in foreign currencies at 30 June are as follows:

United States dollars	51	1,688	5	2
United Arab dirham	35	37	–	–
Indonesia Rupiah	10	5	–	–

Cash at bank earns interest at floating rates based on daily bank deposit rates from 0% to 0.10% per annum (2010: 0% to 0.10%). Short-term deposits are made for varying periods of between seven days and one month depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates from 0.09% to 0.65% per annum (2010: 0.05% to 0.21%).

19. Excess of progress billing over contract work-in-progress

	Group 2011 $'000	Group 2010 $'000
Aggregate amount of costs incurred and recognised profits to date	–	10
Less: Progress billings	–	(265)
	–	(255)

20. Trade payables

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

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

	Group 2011 $'000	Group 2010 $'000
United States dollars	5,175	5,791
Euro	811	1,121
Pound Sterling	69	–
Indonesia Rupiah	2	5
United Arab Dirham	114	–

21. Bills payables

Bills payables are repayable within 1-6 months at effective interest rate of 1.6% to 3.9% per annum in 2011 (2010: 1.5% to 7% per annum). They are guaranteed by a corporate guarantee issued by KTL Global Limited to the banks for certain subsidiaries.

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

	Group 2011 $'000	Group 2010 $'000
United States dollars	13,448	11,805
Euro	–	1,472

22. Other payables

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deposits and advances received	560	195	–	–
Deferred income	125	–	–	–
Accrued operating expenses	720	509	326	325
Sundry creditors	688	1,019	–	–
	2,093	1,723	326	325

23. Interest-bearing loans and borrowings

	Weighted average effective interest rate (per annum)	Maturity	Group As at 30 June	
			2011	2010
			$'000	$'000
Non-current liabilities				
Secured borrowing				
• Obligations under finance lease (Note 26(c))	1.9% - 6.9%	2011-2021	801	377
Unsecured borrowings				
• UOB bridging loan	5.0%	2013	1,054	2,396
• DBS internationalisation finance scheme term loan	5.5%	2018	1,574	1,837
• UOB 2-year term loan	5.0%	2012	259	–
			3,688	4,610
Current liabilities				
Secured borrowings				
• Obligations under finance lease (Note 26(c))	1.9% - 6.9%	2011	229	157
• UOB term loan - current portion	5.0%	2010	–	14
Unsecured borrowings				
• UOB bridging loan	5.0%	2013	1,343	1,278
• Bank overdrafts (Note 18)	5.25% - 6.75%		2,381	217
• DBS invoice financing	4.75%	2011	982	1,619
• DBS internationalisation finance scheme term loan	5.5%	2018	262	262
• UOB 2-year term loan	5.0%	2012	1,522	–
• DBS fixed advance facility	4.75%	2011	2,000	–
			8,719	3,547

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

UOB term loan (current)

The loan denominated in SGD, was repayable in 36 monthly instalments and was fully repaid by 2010. The facility was secured by a fixed charge over 1 unit of 120 ton constant tension reeling machine (Note 12).

UOB 2-year term loan

The term loan is repayable in 24 monthly instalments, the facility is secured by a corporate guarantee issue by KTL Global Limited to the bank. The loan has an interest rate of 5% (2010: Nil) per annum.

UOB bridging loan

The four-year SGD bridging loan under the SPRING Singapore's Local Enterprise Finance Scheme to a subsidiary is secured by a corporate guarantee issued by KTL Global Limited to the bank. This loan has an interest rate of 5% (2010: 5%) per annum and is repayable in 48 monthly instalments from the day of first drawdown.

DBS invoice financing

The invoice financing of up to $4,500,000 (2010: $4,500,000) is guaranteed by a corporate guarantee issued by KTL Global Limited to the bank. This facility accepts 90% of the total value of invoices assigned and has a repayment period of 150 days.

DBS internationalisation finance scheme term loan

The eight-year SGD term loan to a subsidiary is secured by a corporate guarantee issued by KTL Global Limited to the bank. This loan has an interest rate of 1.25% (2010: 1.25%) per annum above the bank's prime lending rate and repayable in 96 monthly instalments from the day of first drawdown.

DBS fixed advance facility

The advance facility, denominated in SGD, is fully repayable in August 2011. The facility has an interest rate of 0.50% (2010: Nil) per annum above the bank's prime lending rate and is guaranteed by a corporate guarantee issued by KTL Global Limited to the bank.

Bank overdrafts

Bank overdrafts are denominated in SGD, bear interest at rates ranging from 5.25% to 6.75% (2010: 5.25% to 6.75%) per annum.

Obligations under finance lease

These obligations are secured by a charge over the leased assets (Note 12) and have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. The effective interest rate ranges from 1.9% to 6.9 % per annum in 2011 (2010: 4.5% to 6.9% per annum).

24. Deferred tax liabilities

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation	1,354	763	–	–

25. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2011		2010	
	No. of shares	$'000	No. of shares	$'000
	'000	$'000	'000	$'000
At 1 July	162,000	28,168	160,000	27,388
Shares issue for acquisition of a subsidiary	–	–	2,000	780
At 30 June	162,000	28,168	162,000	28,168

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value. On 25 March 2010, the Company issued 2 million new ordinary shares to the vendors of Intrepid Offshore Construction Pte. Ltd. as partial consideration for the acquisition of its 54% issued share capital.

(b) *Treasury shares*

	Group and Company			
	2011		2010	
	No. of shares	$'000	No. of shares	$'000
	'000	$'000	'000	$'000
At 1 July	500	(185)	–	–
Purchased during the financial year	2,534	(846)	500	(185)
Issued pursuant to employees' share scheme	(584)	199	–	–
Loss transferred to treasury shares reserve	–	17	–	–
At 30 June	2,450	(815)	500	(185)

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

During the year ended 30 June 2011, the Company purchased 2,534,000 (2010: 500) issued shares ranging from $0.333 to $0.335 (2010: $0.370) per share pursuant to the share purchase mandate and held them as treasury shares and the Company issued 584,000 (2010: Nil) treasury shares ranging from $0.336 to $0.370 pursuant to employees' share scheme.

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

26. Commitments

(a) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on certain motor vehicles, office equipment, dormitories, warehouse, and office premises. These leases have an average tenure of between 1 and 4 years, with options to renew the lease after that date. None of the lease includes contingent rentals. Future minimum rental payable under non-cancellable operating leases at 30 June are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not later than one year	868	2,905	–	–
Later than one year but not later than five years	392	757	–	–
	1,260	3,662	–	–

(b) *Operating lease commitments – as lessor*

The Group has entered into commercial property leases on its office premise. These non-cancellable leases have remaining lease terms of between 1 to 2 years. Future minimum rentals receivable under non-cancellable lease rentals as at 30 June are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not later than one year	60	492	–	–
Later than one year but not later than five years	55	–	–	–
	115	492	–	–

(c) *Finance lease commitments*

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

	Group			
	Minimum lease payments 2011	Present value of payments 2011	Minimum lease payments 2010	Present value of payments 2010
	$'000	$'000	$'000	$'000
Not later than one year	258	229	182	157
Later than one year but not later than five years	681	599	442	377
Later than five years	239	202	–	–
Total minimum lease payments	1,178	1,030	624	534
Less: Amounts representing finance charges	(148)	–	(90)	–
Present value of minimum lease payments	1,030	1,030	534	534

(d) *Capital commitments*

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2011	2010
	$'000	$'000
Commitments in respect of plant and machinery	960	–

27. Corporate guarantee

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

28. Related party disclosures

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

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

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Rental paid to a company related to the directors (Note 28(c))	2,826	2,826	–	–
Purchase of goods from a related party	–	2,629	–	–
Management fee charged to a subsidiary	–	–	1,958	1,915
Sale of mooring system to joint venture company	–	1,680	–	–
Design fees on mooring system paid to a company related to a director of the holding company of the joint venture partner	–	980	–	–

(b) *Compensation of key management personnel*

	Group	
	2011	2010
	$'000	$'000
Short-term employee benefits	2,003	2,147
Central Provident Fund contributions	77	52
Other short-term benefits	145	142
Treasury shares issued pursuant to employee's share scheme *	183	–
Total compensation paid to key management personnel	2,408	2,341
Comprise amounts paid to:		
Directors of the Company	1,660	1,583
Other key management personnel	748	758
	2,408	2,341

* Includes 327,579 shares issued to a director.

28. Related party disclosures (cont'd)

(c) *Company related to certain directors*

Lease agreements

The Group has entered into lease agreements on 5 May 2008 and 2 January 2009 with Wiljohn Investment Pte Ltd for the provision of warehouse and office space with a monthly rental of $143,000 and $92,500 per month respectively (Note 28(a)). The amounts were determined on an arm's length basis, with reference to independent valuations by a firm of professional valuers.

Wiljohn Investment Pte Ltd is jointly owned by Tan Tock Han, the Executive Chairman, Tan Kheng Yeow ("TKY"), Chief Executive Officer, Tan Kheng Kuan ("TKK"), the Director of Administration, Tan Suan Suan ("TSS"), the Executive Assistant to Chairman and Tan Khim Khim ("TKKh") and Cheong Gim Kheng ("CGK"). TKY, TKK, TSS and TKKh are children of the Executive Chairman and CGK is the wife of the Executive Chairman.

29. Fair value of financial instruments

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

(a) *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Group				
2011				
Available-for-sale financial asset:				
Investment in unquoted equity shares held for sale	–	–	280	280
2010				
Derivative assets:				
Call option	–	–	134	134
Derivative liabilities:				
Forward currency contracts	–	47	–	47

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

(a) *Fair value of financial instruments that are carried at fair value (cont'd)*

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

Forward currency contracts

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

As at 30 June 2010, there were outstanding forward currency contracts to purchase US$376,000 and Euro 660,000 at average exchange rates of US$1.4 to S$1.0 and Euro 1.8 to S$1.0 respectively. These contracts had maturity dates ranging from 26 July to 15 November 2010.

Movements in level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (level 3).

	Group	
	2011	2010
	$'000	$'000
Opening balance (Call option)	134	–
Recoverable amount from sale of a subsidiary	280	134
Disposed during the year (Call option)	(134)	–
Closing balance (Investment in unquoted equity shares held for sale)	280	134

There are no financial instruments transferred between level 1, level 2 and level 3 of the fair value hierarchy.

(b) *Financial instruments whose carrying amount approximate fair value*

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

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

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

(b) *Financial instruments whose carrying amount approximate fair value (cont'd)*

	Group			
	Carrying amount		Fair value	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Financial liabilities:				
Obligations under finance lease	1,030	534	1,026	482
Bridging and term loans	4,178	3,674	4,183	3,648

Determination of fair value

Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

Classification of financial instruments

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

	Loans and receivables	Available-for-sale assets	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2011					
Assets					
Property, plant and equipment	–	–	–	18,248	18,248
Investment in a joint venture company	–	–	–	508	508
Investment in unquoted equity shares held for sale	–	280	–	–	280
Inventories	–	–	–	32,286	32,286
Trade receivables	20,768	–	–	–	20,768
Other receivables	2,253	–	–	–	2,253
Prepayments	–	–	–	274	274
Cash and cash equivalents	3,835	–	–	–	3,835
	26,856	280	–	51,316	78,452
2011					
Liabilities					
Trade payables	–	–	9,033	–	9,033
Bill payables	–	–	16,790	–	16,790
Other payables	–	–	2,093	–	2,093
Interest-bearing loans and borrowings	–	–	12,407	–	12,407
Income tax payable	–	–	–	10	10
Deferred tax liabilities	–	–	–	1,354	1,354
	–	–	40,323	1,364	41,687

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

(b) *Financial instruments whose carrying amount approximate fair value (cont'd)*

Classification of financial instruments (cont'd)

	Loans and receivables	Fair value through profit or loss	Liabilities at amortised cost	Non-financial assets/ liabilities	Total
	$'000	$'000	$'000	$'000	$'000
2010					
Assets					
Property, plant and equipment	–	–	–	14,794	14,794
Investment in a joint venture company	–	–	–	559	559
Long term deposits	313	–	–	–	313
Derivative asset	–	134	–	–	134
Goodwill	–	–	–	722	722
Inventories	–	–	–	26,851	26,851
Trade receivables	24,736	–	–	–	24,736
Other receivables	881	–	–	–	881
Prepayments	–	–	–	336	336
Income tax recoverable	–	–	–	231	231
Cash and cash equivalents	3,406	–	–	–	3,406
	29,336	134	–	43,493	72,963
2010					
Liabilities					
Excess of progress billing over contract work-in-progress	–	–	–	255	255
Trade payables	–	–	9,805	–	9,805
Bill payables	–	–	13,695	–	13,695
Other payables	–	–	1,723	–	1,723
Interest-bearing loans and borrowings	–	–	8,157	–	8,157
Derivative liabilities	–	47	–	–	47
Income tax payable	–	–	–	25	25
Long term deposits received	–	–	76	–	76
Deferred tax liabilities	–	–	–	763	763
	–	47	33,456	1,043	34,546

30. Financial risk management objectives and policies

The Group is exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

(a) *Interest rate risk*

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

Sensitivity analysis for interest rate risk

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

	Group	
	Basis points Higher/ (lower)	Increase/ (decrease) Profit/loss net of tax
		$'000
2011		
- Singapore dollar	75	155
	(75)	(155)
2010		
- Singapore dollar	75	(95)
	(75)	95

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of the entities, primarily USD and SGD. The foreign currencies in which these transactions are denominated are mainly United States dollars and Euro. Approximately 38.1% (2010: 35.4%) of the Group's sales are denominated in foreign currencies whilst approximately 91.7% (2010: 88.7%) of the Group's purchases are denominated in foreign currencies.

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

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

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

Sensitivity analysis for foreign currency risk

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

		2011		2010	
		Increase/ (decrease) Loss net of tax	Equity	(Decrease)/ increase Profit net of tax	Equity
		$'000	$'000	$'000	$'000
USD	- strengthened 3% (2010: 3%)	253	253	(203)	(203)
	- weakened 3% (2010: 3%)	(253)	(253)	203	203
EUR	- strengthened 3% (2010: 3%)	6	6	(61)	(61)
	- weakened 3% (2010: 3%)	(6)	(6)	61	61

(c) *Credit risk*

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

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

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

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

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its debtors on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2011		2010	
	$'000	% of total	$'000	% of total
By country:				
Singapore	5,502	27	14,051	57
Asia	7,099	34	6,766	27
Middle East	4,818	23	1,853	8
Rest of the world	3,349	16	2,066	8
	20,768	100	24,736	100
By industry sectors:				
Offshore Oil and Gas	16,689	80	20,396	82
Marine	3,081	15	1,902	8
Others	998	5	2,438	10
	20,768	100	24,736	100

At the balance sheet date, approximately:

25.4% (2010: 28.1%) of the Group's trade receivables were due from 5 (2010: 5) major customers who are multi-industry conglomerates located in Singapore and overseas.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

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

(d) *Liquidity risk*

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

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

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2011				
Financial assets				
Trade receivables	20,768	–	–	20,768
Other receivables	2,253	–	–	2,253
Investment in unquoted equity shares held for sale	280	–	–	280
Cash and cash equivalents	3,835	–	–	3,835
Total undiscounted financial assets	27,136	–	–	27,136
Financial liabilities				
Trade payables	9,033	–	–	9,033
Bills payables	16,790	–	–	16,790
Other payables	2,093	–	–	2,093
Interest-bearing loans and borrowings	8,719	2,962	726	12,407
Interest on liabilities	789	339	61	1,189
Total undiscounted financial liabilities	37,424	3,301	787	41,512
Total net undiscounted financial liabilities	(10,288)	(3,301)	(787)	(14,376)

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

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

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2010				
Financial assets				
Long term deposits	–	313	–	313
Derivative asset	–	134	–	134
Trade receivables	24,736	–	–	24,736
Other receivables	881	–	–	881
Cash and cash equivalents	3,406	–	–	3,406
Total undiscounted financial assets	29,023	447	–	29,470
Financial liabilities				
Trade payables	9,805	–	–	9,805
Bills payables	13,695	–	–	13,695
Other payables	1,723	–	–	1,723
Derivative liabilities	47	–	–	47
Interest-bearing loans and borrowings	3,547	3,823	787	8,157
Long term deposits received	–	76	–	76
Interest on liabilities	669	467	67	1,203
Total undiscounted financial liabilities	29,486	4,366	854	34,706
Total net undiscounted financial liabilities	(463)	(3,919)	(854)	(5,236)

	1 year or less	
	2011	2010
	$'000	$'000
Company		
Financial assets		
Other receivables	272	1
Amount due from subsidiaries	13,767	14,343
Investment in unquoted equity shares held for sale	280	–
Cash and cash equivalents	272	47
Total undiscounted financial assets	14,591	14,391
Financial liabilities		
Other payables	326	325
Total undiscounted financial liabilities	326	325
Total net undiscounted financial assets	14,265	14,066

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

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

The table below shows the contractual expiry by maturity of the Company's loans and borrowings (excluding bank overdraft) of the subsidiaries guaranteed by KTL Global Ltd. The maximum amounts are allocated to the earliest period in which the guarantee could be called.

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Company				
2011				
Financial guarantees				
DBS invoice financing	982	–	–	982
DBS internationalisation finance scheme term loan	262	1,050	524	1,836
DBS fixed advance facility	2,000	–	–	2,000
UOB bridging loan	1,343	1,054	–	2,397
UOB 2-year term loan	1,522	259	–	1,781
	6,109	2,363	524	8,996
2010				
Financial guarantees				
DBS invoice financing	1,619	–	–	1,619
DBS internationalisation finance scheme term loan	262	1,050	787	2,099
UOB bridging loan	1,278	2,396	–	3,674
	3,159	3,446	787	7,392

31. Capital management

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 2011 and 30 June 2010.

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 cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group	
	2011	2010
	$'000	$'000
Interest-bearing loans and borrowings (Note 23)	12,407	8,157
Bills payables (Note 21)	16,790	13,695
Trade payables (Note 20)	9,033	9,805
Other payables (Note 22)	2,093	1,723
Less: Cash and cash equivalents (Note 18)	(3,835)	(3,406)
Net debt	36,488	29,974
Equity attributable to the owners of the Company	36,844	38,039
Total capital	36,844	38,039
Capital and net debt	73,332	68,013
Gearing ratio	50%	44%

32. Segment information

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

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

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

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

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

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

32. Segment information (cont'd)

Transfer prices between operating segments are on terms agreed between the parties with reference to transaction terms with third parties.

(a) *Business segments*

The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2011 and 2010. There were no adjustments and eliminations to arrive at amounts reported in the consolidated financial statements. As the chief operating decision maker does not review segment assets and segment liabilities, no such disclosure is required.

	Offshore oil and gas	Marine	Others	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2011				
Revenue	43,665	9,333	8,891	61,889
Other income				1,658
Segment revenue				63,547
Segment results	2,714	(857)	(576)	1,281
Share of results of a joint venture company				(51)
Loss on disposal of investment in a subsidiary				(55)
Finance income				17
Finance expenses				(960)
Profit before tax from continuing operations				232
Taxation				(747)
Loss after tax from continuing operations				(515)
Discontinued operations				
Loss from discontinued operation, net of tax				(140)
				(655)
Other segment information:				
Depreciation	1,692	362	360	2,414
Additions to non-current assets	4,955	1,059	1,040	7,054

32. Segment information (cont'd)

(a) *Business segments*

	Offshore oil and gas	Marine	Others	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2010				
Revenue	51,067	9,599	7,906	68,572
Other income				2,581
Segment revenue				71,153
Segment results	639	(291)	357	705
Share of results of a joint venture company				552
Finance income				7
Finance expenses				(628)
Profit before tax from continuing operations				636
Taxation				(87)
Profit after tax from continuing operations				549
Discontinued operations				
Loss from discontinued operation, net of tax				(91)
				458
Other segment information:				
Depreciation	1,409	257	211	1,877
Additions to non-current assets	1,395	809	666	2,870

(b) *Geographical segments*

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

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

	Group Revenue	
	2011	2010
	$'000	$'000
Singapore	26,482	33,300
Asia	17,680	18,865
Middle East	4,717	5,589
Rest of the world	13,010	10,818
	61,889	68,572

32. Segment information (cont'd)

(b) *Geographical segments (cont'd)*

	Assets		Additions to non-current assets	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Singapore	67,675	69,237	5,962	2,253
Asia	146	36	–	20
Middle East	10,580	3,690	1,092	597
Rest of the world	51	–	–	–
	78,452	72,963	7,054	2,870

Asia includes Brunei, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, People's Republic of China, South Korea, Taiwan, Thailand and Vietnam.

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

33. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of directors on 26 September 2011.

Shareholding Statistics

As at 12 September 2011

As at 12 September 2011

Issued and paid-up capital	:	$29,773,922
Number of shares	:	162,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 2,450,342 issued shares as treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 12 September 2011

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 999	3	0.30	1,770	0.00
1,000 – 10,000	505	50.35	3,295,628	2.06
10,001 – 1,000,000	485	48.35	32,095,260	20.12
1,000,001 and above	10	1.00	124,157,000	77.82
Grand Total	1,003	100.00	159,549,658	100.00

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 12 September 2011

NAME OF SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%[3]	NO. OF SHARES	%[3]
Tan Tock Han[1]	3,382,000	2.12	92,127,000	57.74
Tan Kheng Yeow[2]	163,000	0.10	88,000,000	55.16
Kim Teck Leong Pte. Ltd.	88,000,000	55.16	–	–

Notes:

(1) The direct interest of Tan Tock Han in 3,382,000 shares includes 1,000,000 shares held jointly with Cheong Gim Kheng (wife of Tan Tock Han). Tan Tock Han is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 (the “Act”) and the 4,127,000 shares held by his wife, Cheong Gim Kheng, in her sole name by virtue of Section 164(15) of the Act.

(2) Tan Kheng Yeow is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Act.

(3) The percentages of issued share capital are calculated based on 159,549,658 issued shares (excluding treasury shares) in the capital of the Company as at 12 September 2011.

Shareholding Statistics

As at 12 September 2011

TWENTY-ONE LARGEST SHAREHOLDERS

As at 12 September 2011

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE. LTD.	88,000,000	55.16
2	HONG LEONG FINANCE NOMINEES PTE LTD	16,387,000	10.27
3	CIMB SECURITIES (SINGAPORE) PTE LTD	4,259,000	2.67
4	SEAH TING PING	3,599,000	2.26
5	CHAN HING KA ANTHONY	2,780,000	1.74
6	EASTERN NAVIGATION PTE LTD	2,515,000	1.58
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,406,000	1.51
8	TAURUS CAPITAL PARTNERS PTE LTD	2,150,000	1.35
9	TING LAY CHOO	1,040,000	0.65
10	PHILLIP SECURITIES PTE LTD	1,021,000	0.64
11	CENTAURUS CAPITAL PARTNERS LTD	1,000,000	0.63
12	DBSN SERVICES PTE LTD	1,000,000	0.63
13	NG WEE HUAT	822,000	0.52
14	TAN KHENG KUAN (CHEN QINGQUAN)	650,000	0.41
15	BERETTA MARK GARETH JOSEPH	567,579	0.36
16	KIM ENG SECURITIES PTE. LTD.	550,000	0.34
17	DBS NOMINEES PTE LTD	505,000	0.32
18	HON CHUNG LIP	500,000	0.31
19	TANG GAR KEOW @ ANGIE TANG	500,000	0.31
20	CHUA TUNG MENG	405,000	0.25
21	YEO AI TEE	405,000	0.25
	TOTAL	131,061,579	82.16

FREE FLOAT

Based on the information provided to the Company as at 12 September 2011, approximately 39.1% 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 Fifth Annual General Meeting of KTL Global Limited (the "**Company**") will be held at 71 Tuas Bay Drive, Singapore 637430 on Friday, 21 October 2011 at 10.30 am for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 30 June 2011, together with the Directors' Report, Statement by Directors 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 will, upon re-election as a Director, remain as the chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

Resolution 4

4. To approve the payment of Directors' fees of S$280,000 for the financial year ended 30 June 2011. [FY2010: S$280,000]

Resolution 5

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

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

AS SPECIAL BUSINESS

Resolution 6

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

   "General authority to allot and issue new shares

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

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

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

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

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

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

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

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

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

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

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

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

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

"<u>Authority to issue shares pursuant to the KTL Performance Share Scheme</u>

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

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

"<u>Share purchase mandate</u>

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**") transacted through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

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

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

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

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

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

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

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares of the Company as at the date of the passing of this Resolution; and

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

(i) in the case of a Market Purchase : 105 percent of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120 percent of the Average Closing Price,

where:

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

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

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

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. [see Explanatory Note (iii)]

BY ORDER OF THE BOARD

Law Sai Leung
Company Secretary
Singapore
5 October 2011

Notice of Annual General Meeting

Explanatory Notes

(i) Ordinary Resolution 6, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 6 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(ii) Ordinary Resolution 7, if passed, will empower the Directors to grant awards under the KTL Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.

(iii) Ordinary Resolution 8, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Appendix.

Notes

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

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

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

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

KTL GLOBAL LIMITED

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

Board of Directors:-	Registered Office:-
Mr Tan Tock Han (Executive Chairman)	71 Tuas Bay Drive
Mr Tan Kheng Yeow (Chief Executive Officer)	Singapore 637430
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)	5 October 2011

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 “**2011 AGM**”) of KTL Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 5 October 2011 in respect of the AGM to be held on Friday, 21 October 2011 at 10.30 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 meeting held on 22 October 2010. The authority conferred on the directors of the Company (the “**Directors**”) under the current Share Purchase Mandate will expire at the forthcoming 2011 AGM to be held on 21 October 2011.

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

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

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

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

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2011 AGM, are summarised below:-

(a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the 2011 AGM on which the resolution renewing the Share Purchase Mandate is passed (the "**Approval Date**"). Shares, which are held as treasury shares, will be disregarded for purposes of computing the 10% limit.

As at 12 September 2011 (the "**Latest Practicable Date**"), the Company had 159,549,658 issued Shares (excluding treasury shares) and thus up to 15,954,965 issued Shares may be purchased by the Company.

(b) Duration of Authority

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

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

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

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

(c) Manner of Purchase

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

Market Purchases refer to purchases of Shares by the Company effected on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

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

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

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

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

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

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

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

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

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

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

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

(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.

(d) Maximum Purchase Price

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

However, the purchase price must not exceed:-

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

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

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

For the above purposes:-

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

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

4. STATUS OF PURCHASED SHARES

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

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

(a) Maximum Holdings

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

(b) Voting and other Rights

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

(c) Disposal and Cancellation

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

(i) selling the treasury shares for cash;

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

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

(iv) cancelling the treasury shares; or

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

5. SOURCE OF FUNDS

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

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

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

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

6. FINANCIAL EFFECTS

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

(a) Purchase or Acquisition Out of Capital or Profits

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

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

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

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

(b) Illustrative Financial Effects

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

(i) that the purchase or acquisition by the Company of 15,954,965 Shares, representing 10% of its issued Shares as at the Latest Practicable Date, was made on 30 June 2011;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.41 for each Share (being 105% of the Average Closing Price as at 30 June 2011);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $6,533,558 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 2011 ("**FY2011**"), are set out below.

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 30 June 2011	$'000	$'000	$'000	$'000
Share capital	28,168	28,168	28,168	28,168
Retained earnings	9,508	9,508	94	94
Treasury shares	832	7,366	832	7,366
Shareholders' funds	36,844	30,310	27,430	20,896
Net tangible assets(1)	36,844	30,310	27,430	20,896
Current assets	59,696	55,861	14,592	8,058
Current liabilities	36,645	39,344	330	330
Working capital	23,051	16,517	14,262	7,728
Total liabilities(2)	41,687	44,386	330	330
Cash and cash equivalents(2)	3,835	–	273	273
Number of Shares ('000)	159,550	143,595	159,550	143,595
Financial Ratios				
Net tangible assets per Share (cents)	23.1	21.1	17.2	14.6
Earnings per Share (cents)	(0.3)	(0.4)	–	–
Gearing ratio(3) (times)	0.8	1.1	–	–
Current ratio(4) (times)	1.6	1.4	44.2	24.4

Notes:-

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

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

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

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

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2011 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

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

7. LISTING RULES

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

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

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

8. LISTING STATUS ON THE SGX-ST

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

As at the Latest Practicable Date, there were approximately 62,360,079 issued Shares in the hands of the public (as defined above), representing 39.1% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to approximately 46,405,113 Shares, representing 32.3% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 2,450,342 treasury shares.

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

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

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

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

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

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

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

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

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

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

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

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

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

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

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

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

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

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

(b) Persons Acting in Concert

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

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

As at the Latest Practicable Date, Kim Teck Leong Pte. Ltd., the controlling Shareholder of the Company, together with persons acting in concert with it, comprising Cheong Gim Kheng, Tan Kheng Kuan and Tan Suan Suan, who are shareholders of Kim Teck Leong Pte. Ltd., and Cheong Hooi Kheng who is the sister of Cheong Gim Kheng, collectively held approximately 59.6% 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

No Shares were purchased by the Company under the Share Purchase Mandate in the 12 months preceding the Latest Practicable Date.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

	Direct Interest		Deemed Interest	
	Number of Shares	%[3]	Number of Shares	%[3]
Directors				
Tan Tock Han[1]	3,382,000	2.12	92,127,000	57.74
Tan Kheng Yeow[2]	163,000	0.10	88,000,000	55.16
Mark Gareth Joseph Beretta	567,579	0.36	–	–
Cheong Hooi Kheng	100,000	0.06	–	–
Substantial Shareholders (other than Directors)				
Kim Teck Leong Pte. Ltd.[1], [2]	88,000,000	55.16	–	–

Notes:

1) The direct interest of Mr Tan Tock Han in 3,382,000 shares includes 1,000,000 shares held jointly with his wife, Cheong Gim Kheng. Mr Tan Tock Han is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act and the 4,127,000 shares held by his wife, Cheong Gim Kheng, by virtue of Section 164(15) of the Companies Act.

(2) Mr Tan Kheng Yeow is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) The percentages of issued share capital are calculated based on 159,549,658 issued Shares (excluding treasury shares) in the capital of the Company as at the Latest Practicable Date.

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 8, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2011 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

This Letter has been seen and approved by all Directors who collectively and individually accept responsibility for this Letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Letter misleading.

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 2011 AGM:

(a) the Annual Report of the Company for the financial year ended 30 June 2011; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

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

Tan Tock Han
Executive Chairman

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

IMPORTANT
1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING PROXY FORM

I/We ____ (Name)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at 71 Tuas Bay Drive, Singapore 637430 on Friday, 21 October 2011 at 10.30 am and at any adjournment thereof. I/We direct my/our proxy/ proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Audited accounts for financial year ended 30 June 2011		
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$280,000		
5.	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
6.	General authority to allot and issue new shares		
7.	Authority to issue shares pursuant to the KTL Performance Share Scheme		
8.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the Meeting.)

Dated this ____________ day of __________________ 2011

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named, or at the Company's option, to treat this proxy form as invalid.

4. This proxy form must be deposited at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 not less than 48 hours before the time set for the Annual General Meeting.

5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

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

Corporate Information



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

EXECUTIVE OFFICERS
Law Sai Leung
(Chief Financial Officer)
Tan Kheng Kuan (Jonathan Tan)
(Director of Administration)

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

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

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

COMPANY SECRETARIES
Law Sai Leung
Vincent Lim Bock Hui

REGISTERED OFFICE
71 Tuas Bay Drive
Singapore 637430
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.)
8 Cross Street
#11-00 PWC Building
Singapore 048424

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ho Shyan Yan
(since financial year ended 30 June 2008)

PRINCIPAL BANKERS
DBS Bank Ltd
United Overseas Bank Limited

KTL GLOBAL LIMITED

71 Tuas Bay Drive
Singapore 637430
Telephone: (65) 6543 8888
Facsimile: (65) 6545 2323
Website: www.ktlgroup.com