



# **KTL Global Limited**

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

## **Unaudited Third Quarter Financial Statements and Dividend Announcement For the Financial Period Ended 30 September 2019**

**1(a) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

(The figures have not been audited or reviewed by the auditors)

	Group Third Quarter Ended		% Change Increase/ (Decrease)	Group Nine Months Ended		% Change Increase/ (Decrease)
	30-Sep-19 S\$'000	30-Sep-18 S\$'000		30-Sep-19 S\$'000	30-Sep-18 S\$'000	
<b>Revenue</b>	12,306	9,265	33%	27,811	23,289	19%
Cost of sales	(5,400)	(7,617)	-29%	(16,180)	(19,431)	-17%
<b>Gross profit</b>	6,906	1,648	N.M.	11,631	3,858	N.M.
Other operating income	332	340	-2%	873	677	29%
Administration expenses	(2,127)	(2,338)	-9%	(6,629)	(7,741)	-14%
Sales and marketing expenses	(529)	(678)	-22%	(1,590)	(1,866)	-15%
Other operating expenses	(157)	(7)	N.M.	(476)	(3,082)	-85%
Share of results of an associate	-	-	N.M.	25	-	N.M.
<b>Profit (loss) from operations</b>	4,425	(1,035)	N.M.	3,834	(8,154)	N.M.
Finance costs	(437)	(395)	11%	(1,280)	(1,277)	0%
<b>Profit (loss) from operations before taxation</b>	3,988	(1,430)	N.M.	2,554	(9,431)	N.M.
Income tax expense	(13)	42	N.M.	(90)	42	N.M.
<b>Profit (loss) net of tax</b>	3,975	(1,388)	N.M.	2,464	(9,389)	N.M.
<b>Other comprehensive income (loss):</b>						
Exchange differences on translating foreign operations, net of tax	(497)	(892)	-44%	480	(575)	N.M.
Other comprehensive (loss) income for the period	(497)	(892)	-44%	480	(575)	N.M.
<b>Total comprehensive income (loss)</b>	3,478	(2,280)	N.M.	2,944	(9,964)	N.M.
Profit (loss) net of tax attributable to:						
-Owners of the parent	2,918	(1,399)	N.M.	1,118	(9,401)	N.M.
-Non-controlling interests	1,057	11	N.M.	1,346	12	N.M.
<b>Profit (loss) net of tax</b>	3,975	(1,388)	N.M.	2,464	(9,389)	N.M.
Total comprehensive income (loss) attributable to:						
-Owners of the parent	2,421	(2,291)	N.M.	1,598	(9,976)	N.M.
-Non-controlling interests	1,057	11	N.M.	1,346	12	N.M.
<b>Total comprehensive income (loss)</b>	3,478	(2,280)	N.M.	2,944	(9,964)	N.M.

**1(a)(i) Profit (Loss) Before Income Tax is arrived after crediting / (charging) the following :**

	Group Third Quarter Ended		% Change Increase/ (Decrease)	Group Nine Months Ended		% Change Increase/ (Decrease)
	30-Sep-19 S\$'000	30-Sep-18 S\$'000		30-Sep-19 S\$'000	30-Sep-18 S\$'000	
Depreciation of property, plant and equipment	(291)	(503)	-42%	(914)	(1,267)	-28%
Inventory written off	-	-	N.M.	-	(363)	N.M.
Reversal of Allowance for inventory obsolescence	-	8	N.M.	-	359	N.M.
Reversal of Impairment losses on investment	-	-	N.M.	-	170	N.M.
Reversal of Allowance for doubtful debts	-	229	N.M.	-	318	N.M.
Interest expenses	(437)	(395)	11%	(1,280)	(1,277)	0%
Gain on disposal of property, plant and equipment, net	8	-	N.M.	8	-	N.M.
Foreign exchange (loss) gain, net	(281)	4	N.M.	(456)	(412)	11%
Lease termination compensation, net	-	-	N.M.	-	(2,707)	N.M.

**Note:**

(1) N.M. = Not Meaningful

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As At		Company As At	
	30-Sep-19 S\$'000	31-Dec-18 S\$'000	30-Sep-19 S\$'000	31-Dec-18 S\$'000
<b>ASSETS</b>				
<b>Non-current assets:</b>				
Property, plant and equipment	10,534	11,143	-	-
Prepaid land lease	2,981	3,074	-	-
Investment properties	1,654	1,655	-	-
Subsidiaries	-	-	51	51
Joint ventures	-	502	-	-
Other receivables, deposits and prepayments	401	401	-	-
<b>Total non-current assets</b>	<b>15,570</b>	<b>16,775</b>	<b>51</b>	<b>51</b>
<b>Current assets:</b>				
Inventories	12,024	12,953	-	-
Trade receivables	8,974	6,916	-	-
Other receivables, deposits and prepayments	1,324	1,126	27	8
Due from a subsidiary	-	-	-	-
Due from associate and joint venture companies	-	198	-	-
Cash and bank balances	527	2,453	34	748
<b>Total current assets</b>	<b>22,849</b>	<b>23,646</b>	<b>61</b>	<b>756</b>
<b>Total assets</b>	<b>38,419</b>	<b>40,421</b>	<b>112</b>	<b>807</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	36,776	36,776	36,776	36,776
Reserves	(52,353)	(53,951)	(37,278)	(36,403)
<b>Equity, attributable to owners of the parent</b>	<b>(15,577)</b>	<b>(17,175)</b>	<b>(502)</b>	<b>373</b>
Non-controlling interests	1,419	73	-	-
<b>Total equity</b>	<b>(14,158)</b>	<b>(17,102)</b>	<b>(502)</b>	<b>373</b>
<b>Non-current liabilities:</b>				
Other payables	1,638	2,799	-	-
Interest-bearing loans and borrowings	443	783	-	-
<b>Total non-current liabilities</b>	<b>2,081</b>	<b>3,582</b>	<b>-</b>	<b>-</b>
<b>Current liabilities:</b>				
Trade payables	5,005	5,143	-	-
Bills payables	4,399	4,721	-	-
Other payables and accruals	6,718	7,033	172	423
Due to a subsidiary	-	-	431	-
Loan from controlling shareholders	12,665	11,625	-	-
Interest-bearing loans and borrowings	21,702	25,408	-	-
Income tax payable	7	11	11	11
<b>Total current liabilities</b>	<b>50,496</b>	<b>53,941</b>	<b>614</b>	<b>434</b>
<b>Total liabilities</b>	<b>52,577</b>	<b>57,523</b>	<b>614</b>	<b>434</b>
<b>Total equity and liabilities</b>	<b>38,419</b>	<b>40,421</b>	<b>112</b>	<b>807</b>

**1(b)(ii) Aggregate amount of group's bank borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

	<b>As At 30 September 2019</b>		<b>As At 31 December 2018</b>	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Bills payables	4,399	-	4,721	-
Interest-bearing loans and borrowings:				
Hire purchase creditors	468	-	498	-
Term loan	21,234	-	24,910	-
	26,101	-	30,129	-

**Amount repayable after one year**

	<b>As At 30 September 2019</b>		<b>As At 31 December 2018</b>	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Interest-bearing loans and borrowings:				
Hire purchase creditors	443	-	723	-
Term loan	-	-	60	-
	443	-	783	-

**Details of the collaterals:**

All bank borrowings and debt securities are secured by charges over the leased assets, certain property, plant and equipment, investment properties and personal guarantee by certain directors and a shareholder of the Company and subsidiary company.

**Classification of bank borrowings**

As a result of a technical breach of financial covenants stipulated in the loan facility agreements pertaining to loans amounting to S\$21.2 million (31 December 2018: S\$24.9 million), the long term portion of the loan amounting to S\$16.6 million (31 December 2018: S\$7.3 million) was classified as current liabilities.

As at 15 May 2019, management has obtained the waiver for the breach of financial covenants from the banks for a loan facility amounting to S\$15.2 million until 31 December 2019. Management is still in the process of obtaining the waiver for the breach of financial covenants for the other loan facilities from the banks until 31 December 2019.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group Third quarter ended		Group Nine months ended	
	30-Sep-19 S\$'000	30-Sep-18 S\$'000	30-Sep-19 S\$'000	30-Sep-18 S\$'000
<b>Cash Flows From (Used In) Operating Activities:</b>				
Profit (Loss) before tax from operations	3,988	(1,430)	2,554	(9,431)
Adjustments for:				
Depreciation of property, plant and equipment	291	503	914	1,267
Loss on disposal of plant and equipment	8	-	8	-
Allowance for doubtful debts	46	-	-	-
Impairment (Reversal of Impairment) on plant and equipment	6	-	(64)	-
Impairment on investment in joint venture	-	-	-	(170)
Reversal for inventory obsolescence	-	(8)	-	(359)
Inventory written off	-	-	-	363
Allowance for impairment on amount due from joint venture companies and associates	-	19	-	135
Bad debts written off	-	10	-	10
Reversal for doubtful debts	-	(229)	12	(318)
Loss on disposal of property, plant and equipment and investments	-	-	-	82
Amortisation of prepaid land lease	32	31	94	95
Waiver of amount owing to a joint venture company	-	-	(527)	-
Interest expenses	437	395	1,280	1,277
Share of results of joint venture companies	-	-	(25)	-
Share distribution expenses	-	-	-	57
<b>Operating Cash Flows Before Working Capital Changes</b>	<b>4,808</b>	<b>(709)</b>	<b>4,246</b>	<b>(6,992)</b>
Inventories	(132)	(622)	929	564
Trade receivables	(2,408)	681	(2,071)	3,477
Other receivables, deposits and prepayments	821	481	(1)	(1,763)
Trade payables	659	41	(137)	(1,434)
Other payables and accruals	(556)	(562)	(948)	4,602
<b>Net Cash Flows From (Used In) Operations Before Interest and Tax</b>	<b>3,192</b>	<b>(690)</b>	<b>2,018</b>	<b>(1,546)</b>
Income tax (paid) refund	(13)	42	(94)	93
Currency translation	(488)	9	463	(155)
<b>Net Cash Flows From (Used In) Operating Activities</b>	<b>2,691</b>	<b>(639)</b>	<b>2,387</b>	<b>(1,608)</b>
<b>Cash Flows Generated From (Used In) Investing Activities:</b>				
Purchase of property, plant and equipment	(384)	(83)	(1,099)	(908)
Proceeds from disposal of property, plant and equipment	579	227	866	321
Advances to associate and joint venture companies	-	(19)	-	(205)
Proceeds from disposal of investments, classified as held for sale	-	-	527	722
<b>Net Cash Flows Generated From (Used In) Investing Activities</b>	<b>195</b>	<b>125</b>	<b>294</b>	<b>(70)</b>
<b>Cash Flows (Used In) From Financing Activities:</b>				
Proceeds from interest-bearing loans and borrowings	-	-	-	261
Repayment of interest-bearing loans and borrowings	(1,614)	(2,068)	(4,367)	(4,456)
(Repayment of) Loan from controlling shareholders	(1,882)	2,895	1,040	6,048
Interest paid	(437)	(395)	(1,280)	(1,277)
Withdrawal of fixed deposit	-	-	-	150
<b>Net Cash Flows (Used In) From Financing Activities</b>	<b>(3,933)</b>	<b>432</b>	<b>(4,607)</b>	<b>726</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,047)</b>	<b>(82)</b>	<b>(1,926)</b>	<b>(952)</b>
Cash and Cash Equivalents at Beginning of Period	1,574	552	2,453	1,422
<b>Cash and Cash Equivalents at End of Period</b>	<b>527</b>	<b>470</b>	<b>527</b>	<b>470</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	ATTRIBUTABLE TO OWNERS OF THE PARENT									Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Treasury Shares Reserve	Premium paid on on acquisition of non-controlling interest	Reserve attributable to non-current asset held for sale	Translation Reserve	Statutory Reserve Fund	Accumulated Profits (Losses)	Total Reserves		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current Period:</b>											
Balance as at 1 January 2019	36,776	-	(706)	(60)		(2,591)	15	(50,609)	(53,951)	73	(17,102)
Net profit for the period	-	-	-	-	-	-	-	(1,800)	(1,800)	289	(1,511)
Other comprehensive income for the period	-	-	-	-	-	977	-	-	977	-	977
Total comprehensive income for the period	-	-	-	-	-	977	-	(1,800)	(823)	289	(534)
Balance as at 30 June 2019	36,776	-	(706)	(60)	-	(1,614)	15	(52,409)	(54,774)	362	(17,636)
Net profit for the period	-	-	-	-	-	-	-	2,918	2,918	1,057	3,975
Other comprehensive income for the period	-	-	-	-	-	(497)	-	-	(497)	-	(497)
<b>Balance as at 30 September 2019</b>	<b>36,776</b>	<b>-</b>	<b>(706)</b>	<b>(60)</b>	<b>-</b>	<b>(2,111)</b>	<b>15</b>	<b>(49,491)</b>	<b>(52,353)</b>	<b>1,419</b>	<b>(14,158)</b>
<b>Previous Period:</b>											
Balance as at 1 January 2018	34,836	(286)	(476)	(60)	(12)	(2,742)	15	(35,465)	(38,740)	56	(4,134)
Net loss for the period	-	-	-	-	-	-	-	(8,003)	(8,003)	1	(8,002)
Transfer of reserve, for the completion of disposal on non-current asset held for sale	-	-	-	-	12	(12)	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	317	-	-	317	-	317
Total comprehensive loss for the period	-	-	-	-	12	305	-	(8,003)	(7,686)	1	(7,685)
Transfer of treasury shares	-	286	(230)	-	-	-	-	-	(230)	-	56
Issuance of share capital	1,000	-	-	-	-	-	-	-	-	-	1,000
Balance as at 30 June 2018	35,836	-	(706)	(60)	-	(2,437)	15	(43,468)	(46,656)	57	(10,763)
Net loss for the period	-	-	-	-	-	-	-	(1,399)	(1,399)	11	(1,388)
Other comprehensive income for the period	-	-	-	-	-	(892)	-	-	(892)	-	(892)
<b>Balance as at 30 September 2018</b>	<b>35,836</b>	<b>-</b>	<b>(706)</b>	<b>(60)</b>	<b>-</b>	<b>(3,329)</b>	<b>15</b>	<b>(44,867)</b>	<b>(48,947)</b>	<b>68</b>	<b>(13,043)</b>

**COMPANY**

<b>Current Period:</b>											
Balance as at 1 January 2019	36,776	-	(706)	-	-	-	-	(35,697)	(36,403)	-	373
Net loss for the period	-	-	-	-	-	-	-	(595)	(595)	-	(595)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(595)	(595)	-	(595)
Balance as at 30 June 2019	36,776	-	(706)	-	-	-	-	(36,292)	(36,998)	-	(222)
Net loss for the period	-	-	-	-	-	-	-	(280)	(280)	-	(280)
<b>Balance as at 30 September 2019</b>	<b>36,776</b>	<b>-</b>	<b>(706)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,572)</b>	<b>(37,278)</b>	<b>-</b>	<b>(502)</b>
<b>Previous Period:</b>											
Balance as at 1 January 2018	34,836	(286)	(476)	-	-	-	-	(6,244)	(6,720)	-	27,830
Net loss for the period	-	-	-	-	-	-	-	(68)	(68)	-	(68)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(68)	(68)	-	(68)
Transfer of treasury shares	-	286	(230)	-	-	-	-	-	(230)	-	56
Issuance of share capital	1,000	-	-	-	-	-	-	-	-	-	1,000
Balance as at 30 June 2018	35,836	-	(706)	-	-	-	-	(6,312)	(7,018)	-	28,818
Net loss for the period	-	-	-	-	-	-	-	5	5	-	5
<b>Balance as at 30 September 2018</b>	<b>35,836</b>	<b>-</b>	<b>(706)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,307)</b>	<b>(7,013)</b>	<b>-</b>	<b>28,823</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no changes in the issued share capital of the Company since 30 June 2019.

As at 30 September 2019, the Company held no treasury shares (30 September 2018: nil) against a total number of 315,669,019 issued shares excluding treasury shares (30 September 2018: 268,669,019). The Company had no outstanding convertibles as at 30 September 2019 and 30 September 2018.

The percentage of the aggregate number of treasury shares held against the total number of issued shares as at 30 September 2019 is nil% (30 September 2018: nil%).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 30 September 2019	As At 31 December 2018
No. of issued shares excluding treasury shares	315,669,019	315,669,019

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable. No treasury shares have been sold, transferred, cancelled or used in any manner as at the end of the current financial period reported on, except as disclosed in 1(d)(ii).

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial periods reported on.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by auditors.

**3 Where the figures have been audited or reviewed, the auditor' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Other than the adoption of the new and revised Financial Reporting Standards ("FRS") which come into effect for the financial year ending 31 December 2019, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 December 2018.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change**

The adoption of new or revised standards effective in the current financial period is not expected to result in material adjustments to the financial position, financial performance, or cash flows of the Group for the financial year ending 31 December 2019, except for the following standards:

- SFRS (I) 9 Financial Instruments effective for financial period beginning 1 January 2018;
- SFRS (I) 15 Revenue from Contracts with Customers for financial period beginning 1 January 2018; and
- SFRS (I) 16 Leases for financial period beginning 1 January 2019.



**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share for the period is computed based on profit, net of tax and total comprehensive income attributable to owners of the parent:-

	<b>Group Third quarter ended</b>		<b>Group Nine months ended</b>	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Earnings per ordinary share				
(a) Based on the weighted average number of ordinary shares in issue	0.92 cents	(0.52) cents	0.35 cents	(3.54) cents
Weighted average number of ordinary shares in issue	315,669,019	268,669,019	315,669,019	265,292,515
(b) On a fully diluted basis	0.92 cents	(0.52) cents	0.35 cents	(3.54) cents
Weighted average number of ordinary shares in issue	315,669,019	268,669,019	315,669,019	265,292,515

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares at the end of the:-

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group As At		Company As At	
	30-Sep-19	31-Dec-18	30-Sep-19	31-Dec-18
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	(4.93) cents	(5.44) cents	(0.16 cents)	0.12 cents
Number of shares in issue excluding treasury shares	315,669,019	315,669,019	315,669,019	315,669,019

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **Profit or Loss Review**

##### **Revenue**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

The Group's revenue for the three months ended 30 September 2019 ("3Q 2019") was S\$12.3 million, approximately 33% higher than the S\$9.3 million generated for the corresponding period in the last financial quarter ("3Q 2018"). The Group's revenue for the nine months ended 30 September 2019 ("9M 2019") was S\$27.8 million, approximately 19% higher than the S\$23.3 million generated for the corresponding period in the last financial year ("9M 2018").

The increase was mainly due to revenue recognised by its 80% owned subsidiary Bluegas Private Limited ("Bluegas") of S\$5.9 million in 3Q 2019 and S\$8.2 million for 9M 2019. Oil & gas ("O&G") revenue for 3Q2019 was S\$6.4 million as compared to S\$9.3 million in 3Q 2018, and for 9M 2019, the revenue was S\$19.6 million as compared to S\$23.3 million in 9M 2018. The decrease is mainly due to the decrease in revenue generated from all segment for 3Q 2019 and 9M 2019.

##### **Gross Profit**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

The Group's gross profit for 3Q 2019 and 9M 2019 was higher than that for 3Q 2018 and 9M 2018, mainly due to the recognition of Bluegas' revenue and gross profit of S\$5.3 million in 3Q 2019 and S\$7.0 million in 9M 2019. There was no major fluctuation of O&G gross profit margin in 3Q 2019 as compared to 3Q 2018. However, for 9M 2019, O&G sector gross profit margin increased to S\$4.6 million from S\$3.9 million in 9M 2018, mainly due to lower fixed costs such as rental expenses, depreciation and salary which resulted in a higher gross profit margin.

##### **Other Operating Income**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

No major movement for 3Q 2019 and 3Q 2018 other operating income. The Group's other operating income was higher for 9M 2019 compared to 9M 2018, mainly due to the write back of an investment in joint venture of S\$0.6 million and gain on disposal of property, plant and equipment S\$0.1 million, partly offset by decrease in bad debts recovery of S\$0.3 million, rental and storage charges S\$0.2 million.

##### **Operating Expenses**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

The Group's operating expenses comprised administration and sales and marketing expenses. Administration expenses for 3Q 2019 and 9M 2019, were lower than that for 3Q 2018 and 9M 2018 respectively. This was mainly due to decrease in rental expenses and payroll related expenses. Sales and marketing expenses for 3Q 2019 and 9M 2019, were also lower than that for 3Q 2018 and 9M 2018 respectively. This was mainly due to decrease in salaries related expenses.

##### **Other Operating Expenses**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

Other operating expenses for 3Q 2019 were higher compared to that for 3Q 2018, mainly due to increase in foreign exchange losses of S\$0.1 million and loss on disposal of property, plant and equipment of S\$0.1 million, partly offset by reversal of doubtful debts of S\$0.1 million in 3Q 2018. Other operating expenses for 9M 2019 was lower than that for 9M 2018, mainly due to compensation incurred in 9M 2018 for the early termination of leases at 61 and 71 Tuas Bay Drive as announced on 5 April 2018, which amounted to S\$2.7 million (net).

##### **Finance Costs**

###### **3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

Finance costs for 3Q 2019 and 9M 2019 were higher than that for 3Q 2018 and 9M 2018 respectively, mainly due to increase in the cost of the borrowings.

**Profit or loss, attributable to owners of the parent**

**3Q 2019 vs 3Q 2018 & 9M 2019 vs 9M 2018**

The improvement in the profit or loss attributable to owners of the parent for 3Q 2019 and 9M 2019 as compared to that for 3Q 2018 and 9M 2018 respectively, were mainly due to the recognition of revenue and gross profit margin from Bluegas and decrease in administration expenses, sales and marketing expenses, partly offset by increase in finance costs.

**Statement of Financial Position Review**

**30 September 2019 vs 31 December 2018**

**Current assets**

The current assets of S\$22.8 million as at 30 September 2019 was lower compared to that as at 31 December 2018 mainly due to decreases in inventories of S\$0.9 million, amount due from associate and joint venture companies of S\$0.2 million and cash and bank balances of S\$1.9 million, partly offset by increase in trade receivables of S\$2.1 million mainly from Bluegas, other receivables, deposits and prepayments of S\$0.2 million.

**Non-current assets**

The non-current assets of S\$15.6 million as at 30 September 2019 was lower compared to that as at 31 December 2018 mainly due to decrease in property, plant and equipment of S\$0.6 million mainly due to depreciate charge, decrease in prepaid land lease due to amortisation of S\$0.1 million and decrease in joint ventures of S\$0.5 million.

**Current liabilities**

The current liabilities of S\$50.5 million as at 30 September 2019 was lower compared to that as at 31 December 2018, mainly due to decreases in interest-bearing loans and borrowings of S\$3.7 million, bill payables of S\$0.3 million, trade payables of S\$0.1 million and other payables and accruals of S\$0.3 million, partly offset by increase in loan from controlling shareholders of S\$1.0 million.

**Non-current liabilities**

The non-current liabilities of S\$2.1 million as at 30 September 2019 was lower compared to that as at 31 December 2018, mainly due to decrease in interest-bearing loans and borrowings of S\$0.3 million and other payables of S\$1.2 million.

**Cash Flow Review**

**3Q 2019**

The net cash flows generated from operating activities for 3Q 2019 was S\$2.7 million and this was mainly due to profit before tax of S\$4.0 million, increase in trade payables of S\$0.7 million and decrease in other receivables, deposit and prepayments of S\$0.8 million, partly offset by increase in trade receivables of S\$2.4 million and inventories of S\$0.1 million, decrease in other payables and accruals of S\$0.6 million. Cash flows generated from investing activities of S\$0.2 million was mainly due to proceeds from disposal of property, plant and equipment of S\$0.6 million, partly offset by purchase of property, plant and equipment of S\$0.4 million. The cash flows used in financing activities was S\$3.9 million and this was mainly due to repayment of interest-bearing loans and borrowings of S\$1.6 million, repayment of loan from controlling shareholders of S\$1.9 million and interest paid of S\$0.4 million.

**9M 2019**

The net cash flows generated from operating activities for 9M 2019 was S\$2.4 million and this was mainly due to profit before tax of S\$2.6 million, decrease in inventories of S\$0.9 million, partly offset by increase in trade receivables of S\$2.1 million, decrease in trade payables of S\$0.1 million and other payables and accruals of S\$0.9 million. Cash flows generated from investing activities of S\$0.3 million was mainly due to proceeds from disposal of investments of S\$0.5 million and proceeds from disposal of property, plant and equipment of S\$0.9 million, partly offset by purchase of property, plant and equipment of S\$1.1 million. The cash flows used in financing activities of S\$4.6 million, was mainly due to repayment of interest-bearing loans and borrowings of S\$4.4 million and interest paid of S\$1.3 million partly offset by the loan from controlling shareholders of S\$1.0 million.

- 9 **Where a forecast, or a prospect statement, had been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The global expenditure in the offshore O&G market is expected to further improve. The Group had expanded its business operations in Indonesia and anticipate activities to continue to grow in Indonesia over the next twelve months. The Group's 80% owned subsidiary, Bluegas Private Limited, has commenced business and have positive contribution for 3Q 2019. We will continue to take steps to manage our costs, cash flows and gearing, and capitalise on new business opportunities.

Going concern of the Group

The Board is of the opinion that the Group and the Company are able to meet their short-term debt obligations as and when they fall due and are able to continue to operate as going concerns for the following reasons:

- (i) The Group had implemented several cost-cutting initiatives and significant reductions in inventories were effected in the financial years ended 30 June 2016 and 30 June 2017 and the 18-month period ended 31 December 2018;
- (ii) The Group had concluded its lease arrangement with its previous landlord (please refer to the announcement on 5 April 2018) and achieved a significant overall reduction in rental expenses in Singapore by more than 40% monthly;
- (iii) Barring any further deterioration of the oil and gas market, the Group is cautiously confident of generating sufficient operating cash flows to meet its working capital requirement needs, taking into consideration its current order book;
- (iv) The Group has the option of divesting its investment properties as and when required;
- (v) As announced by the Company on 7 May 2019, the Company had on 6 May 2019 obtained formal written bank confirmation for an extension of 24 months for a loan amounting to S\$13.9 million (S\$15.2 million as at 31 March 2019). The banks have also agreed to reduce the Group's monthly repayment by more than 50%. Although the final bullet payment to be made by the Group will increase, the reduction in the monthly repayment amount will support the recovery of the Group's position. In addition, the Group's principal bankers had, on 15 May 2019, granted formal waivers for certain breaches of financial covenants;
- (vi) The Company's shareholders, Tan Tock Han and Tan Kheng Kuan, have provided a letter confirming that they are willing and able and undertake to provide continuing financial support to the Group to enable it to operate as a going concern and also to enable it to meet its obligations for at least 18 months from 30 June 2018 (the "Financial Support"). Such financial support shall include not drawing or drawing partial salaries should the Group not have sufficient funds to pay its creditors in full;
- (vii) The Group's 80% owned subsidiary, Bluegas Private Limited, has commenced business with positive contribution in 3Q 2019 and is expected to continue to contribute to the Group; and
- (viii) as announced by the Company on 22 August 2019, the Company had entered into a share sale and purchase agreement with Kim Teck Leong Pte. Ltd., pursuant to which the Company shall dispose of 100% of the share capital in KTL Offshore Pte. Ltd. and KTL Investment Pte. Ltd. and their subsidiaries (the "Disposal"). The Disposal is subject to, *inter alia*, the Company obtaining approval from the SGX-ST and the shareholders of the Company in general meeting.

**11 If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

None.

**(b) (i) Amount per share**

None.

**(ii) Previous corresponding period**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for 3Q 2019, as the Group currently has no sufficient reserves available for distribution.

**13 Interested person transactions**

The Company does not have a general mandate for interested person transactions.

**14 Confirmation pursuant to Rule 720 (1) of the Listing Manual**

The Company confirms that it has procured undertaking from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under 720 (1) of the Listing Manual.

**15 Update on the use of Placement proceeds**

The Board refers to the placement exercise which was completed on 23 November 2018 (the "Placement"), pursuant to which gross proceeds of S\$940,000 were raised. After deducting the actual expenses incurred in relation to the Placement of S\$32,100, the Company raised net proceeds of S\$907,900 from the Placement.

As announced previously on 8 August 2019 in the unaudited second quarter financial statements and dividend announcement for the financial period ended 30 June 2019, all proceeds have been fully utilised in accordance with the stated use.

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, Tan Kheng Kuan and Liu Changsheng, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the third quarter ended 30 September 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors  
KTL Global Limited

Tan Kheng Kuan  
Chief Executive Officer  
Date: 14 November 2019

Liu Changsheng  
Executive Director  
Date: 14 November 2019