

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2015
PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended (Q3)			Group 9 months ended (9M)		
	31 Mar 2015	31 Mar 2014	Change	31 Mar 2015	31 Mar 2014	Change
<u>Income Statement</u>	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Revenue	16,519	18,214	(9.3)	56,749	55,017	3.1
Cost of sales	(10,401)	(11,549)	(9.9)	(38,483)	(35,956)	7.0
Gross profit	6,118	6,665	(8.2)	18,266	19,061	(4.2)
Other operating income	535	406	31.8	1,721	2,143	(19.7)
Administration expenses	(4,727)	(4,707)	0.4	(13,849)	(13,617)	1.7
Sales and marketing expenses	(1,110)	(1,330)	(16.5)	(3,333)	(3,793)	(12.1)
Other operating expenses	-	(31)	nm	-	(186)	nm
Share of results of a joint venture company	(16)	(12)	33.3	(35)	(36)	(2.8)
Profit from operating activities	800	991	(19.3)	2,770	3,572	(22.5)
Finance costs	(239)	(162)	47.5	(557)	(456)	22.1
Profit before taxation	561	829	(32.3)	2,213	3,116	(29.0)
Taxation	(4)	(228)	(98.2)	(58)	(460)	(87.4)
Profit for the period	557	601	(7.3)	2,155	2,656	(18.9)
Attributable to:						
Owners of the Company	573	598	(4.2)	2,182	2,659	(17.9)
Non-controlling interests	(16)	3	nm	(27)	(3)	800.0
	557	601	(7.3)	2,155	2,656	(18.9)

nm – not meaningful

<u>Statement of</u>	Group			Group		
	3 months ended		Change	9 months ended		Change
	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014	
<u>Comprehensive Income</u>	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Profit for the period	557	601	(7.3)	2,155	2,656	(18.9)
Other comprehensive income:						
Foreign currency translation	(293)	127	nm	(768)	(133)	477.4
Total comprehensive income for the period	264	728	(63.7)	1,387	2,523	(45.0)
Attributable to:						
Owners of the Company	280	725	(61.4)	1,414	2,526	(44.0)
Non-controlling interests	(16)	3	nm	(27)	(3)	800.0
	264	728	(63.7)	1,387	2,523	(45.0)

1(a)(ii) Notes to the Income Statement

	Group			Group		
	3 months ended		Change	9 months ended		Change
	31 Mar 2015	31 Mar 2014		31 Mar 2015	31 Mar 2014	
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Other income including						
Rental and storage charges	221	202	9.4	849	701	21.1
Finance costs	(239)	(162)	47.5	(557)	(456)	22.1
Depreciation	(724)	(924)	(21.6)	(2,100)	(2,801)	(25.0)
Amortisation of land use right	(36)	-	nm	(36)	-	Nm
Allowance for doubtful debts and bad debts written off	-	-	-	-	(35)	Nm
Foreign exchange gain/(loss)	493	(30)	nm	646	(150)	Nm
(Loss)/Profit on sale of property, plant and equipment	(98)	57	nm	(9)	787	Nm

nm – 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		Company	
	31 Mar 2015	30 Jun 2014	31 Mar 2015	30 Jun 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	23,257	19,227	-	-
Investment properties under construction	1,940	1,377	-	-
Investment in subsidiaries	-	-	13,161	13,161
Investment in joint venture and associated companies	1,680	363	8	7
Other receivables	1,359	1,062	-	-
Prepaid land lease	4,126	2,427	-	-
Prepayments	436	1,357	-	-
	32,798	25,813	13,169	13,168
Current assets				
Gross amount due from a customer for work-in-progress	827	-	-	-
Inventories	37,718	29,302	-	-
Trade receivables	31,939	27,261	-	-
Other receivables and prepayments	1,085	1,175	122	-
Amount due from subsidiaries	-	-	17,790	20,496
Amount due from related companies	1,687	180	1,687	180
Cash and bank balances	2,658	2,033	47	94
	75,914	59,951	19,646	20,770
Current liabilities				
Trade payables	13,305	12,567	-	-
Gross amount due to a supplier for work-in-progress	1	-	-	-
Bills payables	17,704	12,310	-	-
Other payables	7,651	5,968	365	1,463
Interest-bearing loans and borrowings	14,260	4,422	-	-
Income tax payable	629	765	17	19
	53,550	36,032	382	1,482
Net current assets	22,364	23,919	19,264	19,288
Non-current liabilities				
Interest-bearing loans and borrowings	8,444	2,856	-	-
Deferred tax liabilities	693	1,145	-	-
Other payables	114	114	-	-
Net assets	45,911	45,617	32,433	32,456
Equity attributable to owners of the Company:				
Share capital	33,269	33,269	33,269	33,269
Treasury shares	(113)	(646)	(113)	(646)
Reserves	12,733	12,945	(723)	(167)
	45,889	45,568	32,433	32,456
Non-controlling interests	22	49	-	-
Total equity	45,911	45,617	32,433	32,456

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

Amount repayable in one year or less, or on demand

	Group 31 Mar 2015		Group 30 Jun 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bills payables	-	17,704	-	12,310
Interest-bearing loans:				
Bank overdrafts	-	3,504	-	1,141
Fixed advance facility	-	2,000	-	1,300
Money market loan	-	1,333	-	-
Specific advance facility	-	2,000	-	-
Hire purchase creditors	205	-	562	-
Internationalisation finance scheme	-	262	-	262
Invoice financing	-	3,851	-	431
Term loan	680	425	126	600
	<u>885</u>	<u>31,079</u>	<u>688</u>	<u>16,044</u>

Amount repayable after one year

	Group 31 Mar 2015		Group 30 Jun 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Interest-bearing loans:				
Hire purchase creditors	303	-	345	-
Internationalisation finance scheme	-	590	-	787
Term loan	6,018	1,533	1,724	-
	<u>6,321</u>	<u>2,123</u>	<u>2,069</u>	<u>787</u>

Details of the collaterals:

All bank borrowings are unsecured with the exception of the hire purchases which are secured by charges over the leased assets and term loans which are secured by charge over certain property, plant and equipment and investment properties.

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

	Group 3 months ended 31 Mar 2015 S\$'000	Group 3 months ended 31 Mar 2014 S\$'000	Group 9 months ended 31 Mar 2015 S\$'000	Group 9 months ended 31 Mar 2014 S\$'000
Cash flows from operating activities				
Profit before tax from operations	561	829	2,213	3,116
Adjustments for:-				
Depreciation of property, plant and equipment	724	924	2,100	2,801
Amortisation of land use right	36	-	36	-
Allowance for doubtful debts	-	-	-	35
Loss/(Gain) on disposal of property, plant and equipment and investments	98	(57)	9	(787)
Fair value gain on derivatives	-	-	-	(4)
Interest expenses	239	162	557	456
Share of results of a joint venture company	16	12	35	36
	1,113	1,041	2,737	2,537
Operating profit before working capital changes	1,674	1,870	4,950	5,653
Increase in inventories	(2,179)	(2,093)	(8,416)	(2,076)
Decrease/(Increase) in net amount due from a customer/due to a supplier for contract work-in-progress	180	-	(826)	-
(Increase)/Decrease in trade receivables	(2,912)	788	(4,678)	(117)
Increase in other receivables and prepayments	(112)	(296)	(207)	(617)
Increase/(Decrease) in trade payables	4,551	(494)	738	(5,222)
Increase in other payables	(972)	1,183	1,683	925
Cash (used in) / generated from operating activities	230	958	(6,756)	(1,454)
Income tax paid	(296)	(105)	(645)	(207)
Currency translation	(185)	128	(663)	(122)
Net cash flows (used in) / generated from operating activities	(251)	981	(8,064)	(1,783)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,437)	(2,771)	(5,549)	(5,063)
Purchase of investment properties	-	-	(595)	-
Proceeds from disposal of plant and equipment	-	211	342	1,392
Acquisition of land use right	-	-	(1,806)	-
Investment in an associated company	(1,352)	-	(1,352)	-
Loans to related companies	-	-	(1,520)	-
Net cash flows used in investing activities	(2,789)	(2,560)	(10,480)	(3,671)
Cash flows from financing activities				
Purchase of treasury shares	-	-	(87)	-
Net proceeds from interest-bearing loans and borrowings	3,343	1,738	18,456	1,692
Dividends paid	-	-	(1,006)	-
Interest paid	(239)	(162)	(557)	(456)
Net cash flows generated from financing activities	3,104	1,576	16,806	1,236
Net increase / (decrease) in cash and cash equivalents	64	(3)	(1,738)	(4,218)
Cash and cash equivalents at beginning of the period	(910)	1,083	892	5,298
Cash and cash equivalents at end of the period	(846)	1,080	(846)	1,080
Analysis of cash and cash equivalents:				
Cash and bank balances	2,658	2,581	2,658	2,581
Bank overdrafts	(3,504)	(1,501)	(3,504)	(1,501)
Cash and cash equivalents at end of the period	(846)	1,080	(846)	1,080

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

9 months ended 31 Mar 2015

< ----- Equity attributable to owners of the Company ----- >											
Group	Share Capital S\$'000	Treasury shares S\$'000	Treasury shares reserve S\$'000	Merger reserve S\$'000	Employee Equity Benefit Reserve S\$'000	Translation reserve S\$'000	Statutory reserve fund S\$'000	Accumulate d Profits/ (Losses) S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total S\$'000
At 1 Jul 2014	33,269	(646)	(120)	(7,660)	260	(217)	15	20,667	12,945	49	45,617
Net profit for the period	-	-	-	-	-	-	-	2,182	2,182	(27)	2,155
Other comprehensive income for the period	-	-	-	-	-	(768)	-	-	(768)	-	(768)
Total comprehensive income for the period	-	-	-	-	-	(768)	-	2,182	1,414	(27)	1,387
Dividend on ordinary shares	-	-	-	-	-	-	-	(1,006)	(1,006)	-	(1,006)
Purchase of treasury shares	-	(87)	-	-	-	-	-	-	-	-	(87)
Treasury shares issued pursuant to employees' share scheme	-	620	(360)	-	(260)	-	-	-	(620)	-	-
At 31 Mar 2015	33,269	(113)	(480)	(7,660)	-	(985)	15	21,843	12,733	22	45,911
At 1 Jul 2013	33,269	(602)	(120)	(7,660)	-	(102)	15	17,828	9,961	14	42,642
Net profit for the period	-	-	-	-	-	-	-	2,659	2,659	(3)	2,656
Other comprehensive income for the period	-	-	-	-	-	(133)	-	-	(133)	-	(133)
Total comprehensive income for the period	-	-	-	-	-	(133)	-	2,659	2,526	(3)	2,523
At 31 Mar 2014	33,269	(602)	(120)	(7,660)	-	(235)	15	20,487	12,487	11	45,165
Company											
At 1 Jul 2014	33,269	(646)	(120)	-	260	-	-	(307)	(167)	-	32,456
Net profit for the period	-	-	-	-	-	-	-	1,070	1,070	-	1,070
Total comprehensive income for the period	-	-	-	-	-	-	-	1,070	1,070	-	1,070
Dividend on ordinary shares	-	-	-	-	-	-	-	(1,006)	(1,006)	-	(1,006)
Purchase of treasury shares	-	(87)	-	-	-	-	-	-	-	-	(87)
Treasury shares issued pursuant to employees' share scheme	-	620	(360)	-	(260)	-	-	-	(620)	-	-
At 31 Mar 2015	33,269	(113)	(480)	-	-	-	-	(243)	(723)	-	32,433
At 1 Jul 2013	33,269	(602)	(120)	-	-	-	-	(454)	(574)	-	32,093
Net profit for the period	-	-	-	-	-	-	-	78	78	-	78
Total comprehensive income for the period	-	-	-	-	-	-	-	78	78	-	78
At 31 Mar 2014	33,269	(602)	(120)	-	-	-	-	(376)	(496)	-	32,171

3 months ended 31 Mar 2015

< ----- Equity attributable to owners of the Company ----- >

	Share Capital	Treasury shares	Treasury shares reserve	Merger reserve	Translation reserve	Statutory reserve fund	Accumulate d Profits/ (Losses) S\$'000	Total Reserves	Non- controlling interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 Jan 2015	33,269	(113)	(480)	(7,660)	(692)	15	21,270	12,453	38	45,647
Net profit for the period	-	-	-	-	-	-	573	573	(16)	557
Other comprehensive income for the period	-	-	-	-	(293)	-	-	(293)	-	(293)
Total comprehensive income for the period	-	-	-	-	(293)	-	573	280	(16)	264
At 31 Mar 2015	33,269	(113)	(480)	(7,660)	(985)	15	21,843	12,733	22	45,911
At 1 Jan 2014	33,269	(602)	(120)	(7,660)	(362)	15	19,889	11,762	8	44,437
Net profit for the period	-	-	-	-	-	-	598	598	3	601
Other comprehensive income for the period	-	-	-	-	127	-	-	127	-	127
Total comprehensive income for the period	-	-	-	-	127	-	598	725	3	728
At 31 Mar 2014	33,269	(602)	(120)	(7,660)	(235)	15	20,487	12,487	11	45,165
Company										
At 1 Jan 2015	33,269	(113)	(480)	-	-	-	132	(348)	-	32,808
Net profit for the period	-	-	-	-	-	-	(375)	(375)	-	(375)
Total comprehensive income for the period	-	-	-	-	-	-	(375)	(375)	-	(375)
At 31 Mar 2015	33,269	(113)	(480)	-	-	-	(243)	(723)	-	32,433
At 1 Jan 2014	33,269	(602)	(120)	-	-	-	(408)	(528)	-	32,139
Net profit for the period	-	-	-	-	-	-	32	32	-	32
Total comprehensive income for the period	-	-	-	-	-	-	32	32	-	32
At 31 Mar 2014	33,269	(602)	(120)	-	-	-	(376)	(496)	-	32,171

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

As at 31 March 2015, the Company held 915,684 treasury shares (31 March 2014: 1,811,930) against a total number of 225,159,544 issued shares excluding treasury shares (31 March 2014: 224,263,298). The Company had no outstanding convertibles as at 31 March 2015 and 31 March 2014.

On 16 April 2015, the Company allotted and issued an aggregate of 7,000,000 shares at an issue price of S\$0.1334 for each share (the "Placement"). Following the completion of the Placement, the total number of issued shares of the Company increased to 233,075,228 shares (including treasury shares).

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 31 Mar 2015	As at 30 Jun 2014
Total number of issued shares (excluding treasury shares)	225,159,544	223,873,298

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.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares for the 3 months ended 31 March 2015.

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

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied to the audited financial statements for the financial year ended 30 June 2014.

- 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.**

Not applicable.

- 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.**

	Group		Group	
	3 months ended	3 months ended	9 months ended	9 months ended
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Earnings per ordinary share for the period based on net profit after tax attributed to the shareholders of the Company				
(i) Based on weighted average number of ordinary shares in issue (cents)	0.25	0.27	0.97	1.19
(ii) On a fully diluted basis (cents)	0.25	0.27	0.97	1.19

Note:

Weighted average number of ordinary shares excluding treasury shares for calculation of:

- Basic earnings per share	225,159,544	224,263,298	224,747,926	224,263,298
- Diluted earnings per share	225,159,544	224,263,298	224,747,926	224,263,298

- 7. Net Asset Value (for the issuer and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31 Mar 2015	30 Jun 2014	31 Mar 2015	30 Jun 2014
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at end of the period (cents)	20.4	20.4	14.4	14.5
No. of issued shares excluding treasury shares	225,159,544	223,873,298	225,159,544	223,873,298

- 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.**

Financial Performance

Revenue

Revenue for the Group for the nine months ended 31 March 2015 ("9MFY15") rose by S\$1.7 million or 3.1% to S\$56.7 million compared to S\$55.0 million for the corresponding nine months ended 31 March 2014 ("9MFY14"), attributed mainly to the higher revenue recorded by the Middle-East subsidiary in 9MFY15.

For the third quarter ("Q3FY15"), revenue declined by S\$1.7 million or 9.3% over the corresponding period in the prior year ("Q3FY14"). This is attributed to the lower revenue contributed by the Singapore subsidiary, offset by the higher revenue contribution from the Middle-East subsidiary.

Gross Profit

Gross profit for 9MFY15 declined by S\$0.8 million or 4.2% to S\$18.3 million compared to S\$19.1 million in 9MFY14 due to the lower gross profit margin of 32.2% for 9MFY15 compared to 34.6% for 9MFY14. The decline in gross profit margin is due to lower contribution from the rental of equipment to offshore oil & gas ("O&G") customers which typically command a higher profit margin.

Accordingly, gross profit for Q3FY15 decreased 8.2% to S\$6.1 million compared to S\$6.7 million in Q3FY14.

Other Operating Income

Other operating income decreased by S\$0.4 million for 9MFY15 compared to 9MFY14 and S\$0.1 million for Q3FY15 compared to Q3FY14 mainly due to the gain on disposal of property, plant and equipment recorded in the corresponding prior periods.

Operating Expenses

Operating expenses for the Group comprising administration and sales and marketing expenses fell marginally by S\$0.2 million to S\$17.2 million for 9MFY15 compared to S\$17.4 million for 9MFY14.

For Q3FY15, operating expenses decreased marginally by S\$0.2 million to S\$5.8 million compared to S\$6.0 million for Q3FY14.

Other Operating Expenses

Other operating expenses of S\$0.2 million in 9MFY14 is attributed to the foreign exchange loss of S\$0.2 million.

Correspondingly, the Group recognised foreign exchange gains of S\$0.6 million and S\$0.5 million respectively in 9MFY15 and Q3Y15 which was classified as other operating income in the current period.

Share of Results of A Joint Venture Company

This arose mainly from the share of loss of Advanced Mooring Systems Pte. Ltd., a joint venture between KTL Global Limited and LMC Asia Pacific Pte Ltd.

Finance Costs

Finance costs rose by 22.1% to S\$0.6 million for 9MFY15 and by 47.5% to S\$0.2 million for Q3FY15 compared to 9MFY14 and Q3FY14 respectively, due to the increase in bank borrowings taken up by the Group to finance its working capital, construction of new facilities in Malaysia (as announced on 20 November 2012 and 15 May 2014) and the acquisition of four commercial units in KL Trillion (as announced on 1 April 2014).

Profit for the Period

The Group's profit for 9MFY15 declined by S\$0.5 million or 18.9% to S\$2.2 million compared to S\$2.7 million for 9MFY14. The decline is attributed to the lower gross profit of S\$0.8 million and lower other operating income of S\$0.4 million offset by lower operating expenses and taxation of S\$0.2 million and S\$0.4 million respectively.

For Q3FY15, profit remains at S\$0.6 million. This is attributed to the lower operating expenses and lower taxation of S\$0.2 million each offset by lower gross profit of S\$0.5 million during the three-month period.

Balance Sheet Review

Current Assets

Current assets rose by S\$15.9 million to S\$75.9 million as at 31 March 2015 compared to S\$60.0 million as at 30 June 2014, mainly attributed to:

- i) higher inventories of S\$8.4 million in anticipation of future sales;
- ii) higher trade receivables of S\$4.6 million;
- iii) gross amount due from a customer for work-in-progress of S\$0.8 million;
- iv) increase of S\$1.5 million due from related companies; and
- v) higher cash and bank balances of S\$0.6 million.

Non-Current Assets

Non-current assets rose S\$7.0 million to S\$32.8 million as at 31 March 2015 from S\$25.8 million as at 30 June 2014 as a result of:

- i) increase in property, plant and equipment for the construction of the new facilities in Malaysia as announced on 20 November 2012 and 15 May 2014;
- ii) increase in investment properties under construction due to the partial payments for the acquisition of four commercial units in KL Trillion as announced on 1 April 2014;
- iii) investment in an associated company in China of S\$1.3 million; and
- iv) increase in prepaid land lease,

which were offset by a decrease in prepayments.

Current Liabilities

Current liabilities increased by S\$17.6 million to S\$53.6 million as at 31 March 2015 from S\$36.0 million as at 30 June 2014, due mainly to:

- i) increase of S\$5.4 million in bills payables due to the higher purchases for inventories during 9MFY15;
- ii) increase of S\$9.8 million in interest-bearing loans and borrowings as the Group increased its borrowings to finance the new facilities in Malaysia and the four commercial units in KL Trillion as explained above and the higher working capital required due to the higher inventories and trade receivables;
- iii) increase of S\$1.7 million in other payables; and
- iv) increase of S\$0.7 million in trade payables,

which were offset by a decrease of S\$0.1 million in tax payable.

Non-Current Liabilities

Non-current liabilities as at 31 March 2015 was higher than that as at 30 June 2014 by S\$5.1 million mainly due to an increase of S\$5.6 million in interest-bearing loans and borrowings, offset by a decrease of S\$0.5 million in deferred tax liabilities.

Cash flow Review

Operating Cash Flow

The Group recorded a net operating cash outflow of S\$8.1 million in 9MFY15 compared to outflow of S\$1.8 million in 9MFY14 as a result of higher working capital requirement due to the increase in inventories as well as trade and other receivables while being offset by an increase in trade and other payables during the nine-month period.

For Q3FY15, the Group recorded a net operating cash outflow of S\$0.3 million compared to net operating cash generated of S\$1.0 million in Q3FY14. This was due to the increase in inventories as well as trade and other receivables and decrease in other payables offset by an increase in trade payables during the three-month period.

Investing Cash Flow

The Group saw investing cash outflow of S\$10.5 million in 9MFY15 compared to outflow of S\$3.7 million in 9MFY14 because of the acquisition of property, plant and equipment, investment properties under construction, prepaid land lease, investment in an associated company in China as well as the loans to related company while offset by proceeds from disposal of fixed assets.

For Q3FY15, investing cash outflow was S\$2.8 million compared to outflow of S\$2.6 million in Q3FY14. This arose from the acquisition of property, plant and equipment and investment in an associated company in China during Q3FY15.

Financing Cash Flow

The Group generated financing cash flow of S\$16.8 million in 9MFY15 compared to S\$1.2 million in 9MFY14. This is mainly attributed to the proceeds from interest-bearing loans and borrowings of S\$18.5 million offset by dividends payment of S\$1.0 million and interest paid of S\$0.6 million during 9MFY15.

For Q3FY15, financing cash flow of S\$3.1 million was generated compared to S\$1.6 million in Q3FY14. This is mainly attributed to the proceeds from interest-bearing loans and borrowings of S\$3.3 million offset by interest paid of S\$0.2 million.

Overall, cash and cash equivalents decreased by S\$1.7 million for 9MFY15 compared to decrease of S\$4.2 million for 9MFY14. The cash flow of S\$16.8 million generated from financing activities in 9MFY15 was mainly used to fund the cash outflow of S\$8.1 million for operating activities and S\$10.5 million for investing activities during the nine-month period.

For Q3FY15, cash and cash equivalents increased by S\$0.06 million compared to decrease of S\$0.003 million for Q3FY14. The cash flow of S\$3.1 million generated from financing activities in Q3FY15 was mainly used to fund the cash outflow of S\$0.3 million for operating activities and S\$2.8 million for investing activities during the three-month period.

9. Where a forecast, or a prospect statement, has 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 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.

Although the global offshore and oil & gas ("O&G") industries continue to be impacted by the recent fall in prices of crude oil, the specialized rope and rigging sub-sector – which the Group is primarily involved in – has been relatively stable. With an increase in drilling operations in ultra-deep waters, there is higher demand for specialized steel and synthetic ropes used to secure and lift equipment used in offshore and marine activities. The industry is also witnessing higher safety standards requirements and greater emphasis on quality and certification of equipment, which has led to increased demand for both rope and rigging as well as for related services which the Group provides in this sub-sector.

Against this backdrop and leveraging on the change in market dynamics, the Group recently conducted a strategic review and outlined three key strategic thrusts as announced on SGXNET on 7 April 2015.

The first is to scale up the value chain by focusing on higher-value products (including the use of synthetic materials other than steel) and higher-margin services business (including certification and managed services).

The second is to deepen penetration in existing markets and extending its geographical footprint to include North Asia. Towards this end, the Group entered into a joint venture in China and expects the construction of its 300,000 square feet facility in Nantong, Jiangsu Province, to be completed by December 2015. This joint venture has secured S\$1.1 million in orders in the first three months of operations since December 2014, and the Group expects revenue to be recognised in FY2016. Apart from China, the Group's Middle East operation is expected to record revenue contribution increase of approximately 40% in FY2015 compared to FY2014 in view of the continued emphasis for more sophisticated rope and rigging products and services, as well as additional demand from Europe.

The third is to streamline internal and operating efficiencies, including a significant relocation of operations from Singapore to its yard in Johor, which is Malaysia's largest dedicated rigging facility situated on approximately 217,800 square feet of land. These efforts are expected to translate into significant operational cost efficiencies in FY2016 which will increase further in FY2017. Since the beginning of 2015, the Group has leased out more than 70,000 square feet of its Singapore facility – which will remain as the Group's headquarters and will carry out manufacturing of synthetic slings, lifting slings and mooring rope – and intends to lease out more space as it is freed up.

The Group will continue to strengthen and build upon its core competencies while exploring possible mergers and acquisitions to better position the Group as a global leader in specialized rope and rigging for the O&G industry. Barring any unforeseen circumstances and in view of the strategies being implemented, the Group is optimistic of its performance for the whole of FY2015.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended.

13. Interested person transactions

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

14. Use of Proceeds

As at 27 April 2015, the net proceeds of S\$888,800 raised by the Company from the Placement have been fully utilized. The said proceeds were used as the Group's contribution toward the registered capital of its associated company, KTL Offshore Technology (Nantong) Co., Ltd. (please refer to the Company's announcement dated 27 April 2015).

**CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF
THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

For the announcement of unaudited financial statements for the 9 months ended 31 March 2015

We, Tan Tock Han and Tan Kheng Yeow, being Directors of KTL Global Limited ("the Company"), do hereby confirm, for and 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 that may render the unaudited financial statements for the 9 months ended 31 March 2015 to be false or misleading in any material aspect.

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

(Signed)

Tan Tock Han
Executive Chairman

(Signed)

Tan Kheng Yeow
Chief Executive Officer

8 May 2015