
First-quarter financial statements and dividend announcement for the three months ended 30 September 2014

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a 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		
	30 Sept 2014 S\$'000	30 Sept 2013 S\$'000	Change %
Revenue	19,654	19,611	0.2
Cost of sales	(13,426)	(13,583)	-1.2
Gross profit	6,228	6,028	3.3
Other operating income	441	638	-30.9
Administration expenses	(4,521)	(4,441)	1.8
Sales and marketing expenses	(981)	(1,184)	-17.1
Other operating expenses	(9)	-	n.m.
Share of results of joint venture companies	(12)	(13)	-7.7
Profit from operations	1,146	1,028	11.5
Finance costs	(159)	(170)	-6.5
Profit from operations before taxation	987	858	15.0
Income tax expenses	(54)	(108)	-50.0
Profit from operations, net of tax	933	750	24.4
Attributable to:			
Owners of the Company	929	752	23.5
Non-controlling interests	4	(2)	n.m.
	933	750	24.4

n.m. – not meaningful

	Group 3 months ended		
	30 Sept 2014 S\$'000	30 Sept 2013 S\$'000	Change %
Profit for the period	933	750	24.4
Other comprehensive income:			
Foreign currency translation	(44)	3	n.m.
Total comprehensive income for the period	889	753	27.1
Total comprehensive income attributable to:			
Owners of the Company	885	755	17.2
Non-controlling interests	4	(2)	n.m.
Total comprehensive income for the period	889	753	27.1

The net profit attributable to shareholders is stated after (charging)/crediting:-

	Group 3 months ended		
	30 Sept 2014 S\$'000	30 Sept 2013 S\$'000	Change %
Depreciation	(688)	(916)	-24.9
Interest expense	(159)	(170)	-6.5
(Loss) / Gain on disposal of property, plant and equipment	(9)	290	n.m.
Foreign exchange gain	168	8	n.m.

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		Company	
	30 Sept 2014	30 June 2014	30 Sept 2014	30 June 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	20,846	19,227	-	-
Investment properties	1,645	1,377	-	-
Investment in subsidiaries	-	-	13,161	13,161
Investment in joint venture companies	351	363	7	7
Other receivables	1,180	1,062	-	-
Prepayments	3,786	3,784	-	-
	<u>27,808</u>	<u>25,813</u>	<u>13,168</u>	<u>13,168</u>
Current assets				
Gross amount due from a customer for work-in-progress	77	-	-	-
Inventories	33,709	29,302	-	-
Trade receivables	30,101	27,261	-	-
Other receivables and prepayments	1,398	1,175	156	-
Amount due from subsidiaries	-	-	19,771	20,496
Amount due from joint venture companies	190	180	190	180
Cash and bank balances	2,138	2,033	68	94
	<u>67,613</u>	<u>59,951</u>	<u>20,185</u>	<u>20,770</u>
Current liabilities				
Trade payables	16,868	12,567	-	-
Gross amount due to a customer for work-in-progress	69	-	-	-
Bills payables	13,222	12,310	-	-
Other payables	4,287	5,968	943	1,463
Derivative liabilities	-	-	-	-
Interest-bearing loans and borrowings	6,413	4,422	-	-
Income tax payable	819	765	21	19
	<u>41,678</u>	<u>36,032</u>	<u>964</u>	<u>1,482</u>
Net current assets	25,935	23,919	19,221	19,288
Non-current liabilities				
Interest-bearing loans and borrowings	5,919	2,856	-	-
Deferred tax liabilities	1,145	1,145	-	-
Other payables	260	114	-	-
Net assets	<u>46,419</u>	<u>45,617</u>	<u>32,389</u>	<u>32,456</u>
Equity attributable to owners of the Company:				
Share capital	33,269	33,269	33,269	33,269
Treasury shares	(113)	(646)	(113)	(646)
Reserves	13,210	12,945	(766)	(167)
	<u>46,366</u>	<u>45,568</u>	<u>32,390</u>	<u>32,456</u>
Non-Controlling interests	53	49	-	-
Total equity	<u>46,419</u>	<u>45,617</u>	<u>32,390</u>	<u>32,456</u>

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

Amount repayable in one year or less, or on demand

	Group 30 Sept 2014		Group 30 June 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bills payables	-	13,222	-	12,310
Interest-bearing loans and borrowings:				
Bank overdrafts	-	2,481	-	1,141
Fixed advance facility	-	1,300	-	1,300
Hire purchase creditors	555	-	562	-
Internationalisation finance scheme	-	262	-	262
Invoice financing	-	365	-	431
Term loan	350	1,100	126	600
	<u>905</u>	<u>18,730</u>	<u>688</u>	<u>16,044</u>

Amount repayable after one year

	Group 30 Sept 2014		Group 30 June 2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Interest-bearing loans and borrowings:				
Internationalisation finance scheme	-	722	-	787
Hire purchase creditors	306	-	345	-
Term loans	4,891	-	1,724	-
	<u>5,197</u>	<u>722</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 30.09.2014 S\$'000	Group 3 months ended 30.09.2013 S\$'000
Cash flows from operating activities		
Profit before tax from operations	987	858
Adjustments for:-		
Depreciation of property, plant and equipment	688	916
Loss /(Gain) on disposal of property, plant and equipment and investments	9	(290)
Fair value loss on derivatives	-	(4)
Interest expenses	159	170
Share of results of joint venture companies	12	13
	<u>868</u>	<u>805</u>
Operating profit before working capital changes	1,855	1,663
(Increase) / Decrease in inventories	(4,407)	1,407
Increase in net amount from a customer for contract work-in-progress	(8)	-
Increase in trade receivables	(2,840)	(1,261)
Increase in other receivables and prepayments	(352)	(1,472)
Increase / (Decrease) in trade payables	4,301	(3,715)
Decrease in other payables	(1,534)	(252)
Cash used in operating activities	(2,985)	(3,630)
Currency translation	(149)	26
Net cash flows used in operating activities	(3,134)	(3,604)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,233)	(310)
Purchase of investment properties	(268)	-
Proceed from disposal of properties, plant and equipment	60	420
Net cash flows (used in) / generated from investing activities	(2,441)	110
Cash flows from financing activities		
Purchase of treasury shares	(87)	-
Proceeds from interest-bearing loans and borrowings	4,802	-
Repayments of interest-bearing loans and borrowings	(176)	(131)
Interest paid	(199)	(170)
Net cash flows generated from / (used in) financing activities	4,340	(301)
Net decrease in cash and cash equivalents	(1,235)	(3,795)
Cash and cash equivalents at beginning of the period	892	5,298
Cash and cash equivalents at end of the period	(343)	1,503
Analysis of cash and cash equivalents		
Cash and bank balances	2,138	3,327
Bank overdrafts	(2,481)	(1,824)
Cash and cash equivalents at end of the period	(343)	1,503

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.

1st Quarter ended 30 Sept 2014

< -----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	Accumulated Profits/(Losses) S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total S\$'000
At 1 July 2014	33,269	(646)	(120)	(7,660)	260	(217)	15	20,667	12,945	49	45,617
Net profit for the period	-	-	-	-	-	-	-	929	929	4	933
Other comprehensive income for the period	-	-	-	-	-	(44)	-	-	(44)	-	(44)
Total comprehensive income for the period	-	-	-	-	-	(44)	-	929	885	4	889
Purchase of treasury shares	-	(87)	-	-	-	-	-	-	-	-	(87)
Treasury shares issued pursuant to employees' share scheme	-	620	(360)	-	(260)	-	-	-	(620)	-	-
At 30 Sept 2014	33,269	(113)	(480)	(7,660)	-	(261)	15	21,596	13,210	53	46,419
At 1 July 2013	33,269	(602)	(120)	(7,660)	-	(102)	15	17,828	9,961	14	42,642
Net profit for the period	-	-	-	-	-	-	-	752	752	(2)	750
Other comprehensive income for the period	-	-	-	-	-	3	-	-	3	-	3
Total comprehensive income for the period	-	-	-	-	-	-	-	752	755	(2)	753
At 30 Sept 2013	33,269	(602)	(120)	(7,660)	-	(99)	15	18,580	10,716	12	43,395
Company											
At 1 July 2014	33,269	(646)	(120)	-	260	-	-	(307)	(167)	-	32,456
Net profit for the period	-	-	-	-	-	-	-	21	21	-	21
Total comprehensive income for the period	-	-	-	-	-	-	-	21	21	-	21
Purchase of treasury shares	-	(87)	-	-	-	-	-	-	-	-	(87)
Treasury shares issued pursuant to employees' share scheme	-	620	(360)	-	(260)	-	-	-	(620)	-	-
At 30 Sept 2014	33,269	(113)	(480)	-	-	-	-	(286)	(766)	-	32,390
At 1 July 2013	33,269	(602)	(120)	-	-	-	-	(454)	(574)	-	32,093
Net profit for the period	-	-	-	-	-	-	-	22	22	-	22
Total comprehensive income for the period	-	-	-	-	-	-	-	22	22	-	22
Issuance of new shares pursuant to rights issue	-	-	-	-	-	-	-	-	-	-	-
At 30 Sept 2013	33,269	(602)	(120)	-	-	-	-	(432)	(552)	-	32,115

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.

There have been no changes in the Company's share capital since 30 June 2014.

As at 30 September 2014, the Company held 915,684 treasury shares (30 September 2013: 1,811,930) against a total number of 225,159,544 issued shares excluding treasury shares (30 September 2013: 224,263,298). The Company had no outstanding convertibles as at 30 September 2014 and 30 September 2013.

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 30.09.2014	As at 30.06.2014
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.

During the 1st quarter ended 30 September 2014, the Company transferred 1,956,246 treasury shares to a director pursuant to the KTL Performance Share Scheme.

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	
	3 months ended 30.09.2014	3 months ended 30.09.2013
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)	0.41	0.34
(ii) On a fully diluted basis (cents)	0.41	0.34

Note:

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

- Basic earnings per share	225,159,544	224,263,298
- Diluted earnings per share	225,159,544	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	
	30.09.2014	30.06.2014	30.09.2014	30.06.2014
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at end of the period (cents)	20.6	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

The Group's revenue for the three months ended 30 September 2014 ("1Q FY2015") was S\$19.7 million, 0.2% higher than the S\$19.6 million generated for the correspondence period in the last financial year ("1Q FY2014"). The increase was due to the increase in revenue generated from the oil and gas ("O&G") segment, offset by the decrease in revenue generated from the marine and others segments.

Gross Profit

The Group's gross profits for 1Q FY2015 were higher than that for 1Q FY2014 mainly due to higher revenue and higher gross profit margin.

Gross Profit Margin

The Group's gross profit margin for 1Q FY2015 was slightly higher mainly due to the increase in demand for our technical services to the offshore O&G customers. Such services command a higher gross profit margin.

Other Operating Income

Other operating income was lower for 1Q FY2015 as compared to the corresponding period of the last financial year, mainly due to the gain on disposal of property, plant and equipment in 1Q FY2014.

Operating Expenses

The Group's operating expenses – comprising administration and sales and marketing expenses – were S\$5.5 million and were comparable to those of 1Q FY2014.

Other Operating Expenses

Other operating expenses 1Q FY2015 of S\$9,000 was due to the loss on disposal of property, plant and equipment in 1Q FY2015.

Share of Results of Joint Venture Companies

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

Finance Costs

Finance costs decreased for 1Q FY2014 although the bank borrowings had increased as most of the bank borrowings occurred towards the end of the quarter.

Gain Attributable to the Shareholders of the Group

The net gain attributable to the shareholders of the Group for 1Q FY2015 was due to higher revenue, higher gross profit, lower operating expenses, lower finance costs and lower tax expenses, partially offset by higher other operating expenses and lower other operating income.

Balance Sheet Review

Current Assets

The current assets of S\$67.6 million as at 30 September 2014 was higher as compared to that as at 30 June 2014 mainly due to:

- i) higher inventories as we increased our purchases to cater for next quarter sales;
- ii) higher trade receivables as we increased our sales towards the quarter end of 1Q FY2015; and
- iii) higher other receivables and prepayments due to higher deposits.

Non-Current Assets

The increase in non-current assets from S\$25.8 million as at 30 June 2014 to S\$27.8 million as at 30 September 2014 was mainly due to:

- i) increase in property, plant and equipment for the construction of the new facilities in Malaysia as announced on 20 November 2012; and
- ii) increase in investment properties due to the partial payments for the four commercial units in KL Trillion as announced on 1 April 2014.

Current Liabilities

The increase in current liabilities from S\$36.0 million as at 30 June 2014 to S\$41.7 million as at 30 September 2014 was mainly due to:

- i. the increase in trade payables and bills payables as we increased our purchases of inventories to cater for next quarter sales;
- ii. the increase in interest-bearing loans and borrowings as we increased our borrowings to finance the new facilities in Malaysia and the four commercial units in KL Trillion as explained above;

which were offset by:

- iii. the decrease in other payables as we made certain payments for the property, plant and equipment previously purchased but not fully paid.

Non-Current Liabilities

The non-current liabilities as at 30 September 2014 was higher than that as at 30 June 2014 mainly due to the increase in bank borrowings towards the end of Q1 FY2015.

Share Capital and Reserves

The increase in share capital and reserves from S\$45.6 million as at 30 June 2014 to S\$46.5 million as at 30 Sept 2014 was mainly due to the profit earned during the financial period.

Cash flow Review

1st Quarter ended 30 September 2014

Net cash flows used in operating activities of S\$3.1 million arose mainly from:

- i. the increase in inventories as we increased our purchases towards quarter end to cater for next quarters sales;
- ii. the increase in trade receivables as we increase our sales towards the quarter end;
- iii. the increase in other receivables and prepayment due to higher deposits.
- iv. the decrease in other payables as we made certain payments for the property, plant and equipment previously purchased but not fully paid;

which were offset by:

- v. higher trade payables as we increase our purchases towards quarter end to cater for next quarters sales.

Net cash used in investing activities of S\$2.4 million in 1Q FY2015 was attributable mainly to the payment for the construction of the new facilities in Malaysia as announced on 20 November 2012.

Net cash generated from financing activities amounting to S\$4.3 million was attributable mainly to the increase in bank borrowings towards the quarter end.

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

The actual results for 1Q FY2015 are consistent with the commentary under paragraph 10 of the Company's announcement of the financial statements for the full year ended 30 June 2014.

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.

Amidst a challenging backdrop in the offshore oil and gas and marine sectors – where intensifying competition and increasing margin pressures may impact the rigging and lifting systems market – the Group continues to seek opportunities to scale up the value chain and create new recurring revenue streams for top line expansion, while driving internal efficiencies by streamlining operations to enhance margins.

Towards this end, the Group announced on 3 November 2014 the acquisition of Singapore-registered FW Coastal Ventures Pte Ltd that provides training for the offshore oil and gas industry, including specialised courses and test centres for welders to obtain qualifications. Training and development is regarded to be a value-added service and typically commands healthy margins – a space that the Group sees promising opportunities to expand into while diversifying its revenue streams.

The Group continues to be on the lookout for possible merger and acquisition opportunities to accelerate growth of its businesses and expansion into new markets to enhance shareholder value.

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/recommendeded, 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.

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 three months ended 30 September 2014

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 first quarter ended 30 September 2014 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

11 November 2014