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GAYLIN HOLDINGS LIMITED (Company Registration Number: 201004068M)

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

PART I - 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, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED INCOME STATEMENT

	Group			Group		
	4th Qtr Ended		Incr/	Financial Year Ended		Incr/
	31/03/2017	31/03/2016	(decr)	31/03/2017	31/03/2016	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	21,598	21,922	(1.5)	79,658	93,886	(15.2)
Cost of sales	(21,112)	(16,106)	31.1	(68,624)	(72,099)	(4.8)
Gross profit	486	5,816	(91.6)	11,034	21,787	(49.4)
Other income	53	9,303	(99.4)	666	9,846	(93.2)
Distribution costs	(1,209)	(1,108)	9.1	(4,614)	(4,990)	(7.5)
Administrative expenses	(3,524)	(4,080)	(13.6)	(13,851)	(16,709)	(17.1)
Other operating expenses	(1,442)	(3,792)	(62.0)	(2,054)	(5,895)	(65.2)
Interest expense	(673)	(819)	(17.8)	(2,782)	(2,970)	(6.3)
(Loss) profit before income tax	(6,309)	5,320	NM	(11,601)	1,069	NM
Income tax benefit	77	280	(72.5)	199	179	11.2
(Loss) profit for the period	(6,232)	5,600	NM	(11,402)	1,248	NM
Loss attributable to:						
Owners of the Company	(6,277)	5,617	NM	(11,355)	1,264	NM
Non-controlling interests	45	(17)	NM	(47)	(16)	193.8
	(6,232)	5,600	NM	(11,402)	1,248	NM
Gross profit margin	2.3%	26.5%		13.9%	23.2%	
Net (loss) profit margin	-28.9%	25.5%		-14.3%	1.3%	
EBITDA ⁽¹⁾ (S\$'000)	(4,514)	7,366	NM	(4,163)	8,365	NM
EBITDA margin	-20.9%	33.6%		-5.2%	8.9%	

⁽¹⁾ : Denotes earnings before interest, taxes, depreciation and amortisation

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	4th Qtr Ended		Incr/	Financial Year Ended		Incr/
	31/03/2017	31/03/2016	(decr)	31/03/2017	31/03/2016	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss) profit for the period / year	(6,232)	5,600	NM	(11,402)	1,248	NM
Other comprehensive (loss) income						
Items that may be reclassified subsequently to profit or loss:						
Translation (loss) gain arising on consolidation	(681)	(196)	247.4	508	27	NM
Other comprehensive (loss) income for the period, net of tax	(681)	(196)	247.4	508	27	NM
Total comprehensive (loss) income for the period	(6,913)	5,404	NM	(10,894)	1,275	NM
Total comprehensive (loss) income attributable to:						
Owners of the Company	(6,959)	5,422	NM	(10,847)	1,296	NM
Non-controlling interests	46	(18)	NM	(47)	(21)	123.8
	(6,913)	5,404	NM	(10,894)	1,275	NM

1(a)(ii) Loss before income tax is arrived at after charging/(crediting) the following:

	Group			Group		
	4th Qtr Ended		Incr/ (decr)	Financial Year Ended		Incr/ (decr)
	31/03/2017	31/03/2016		31/03/2017	31/03/2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful trade receivables	401	206	94.7	1,150	629	82.8
Doubtful trade receivables recovered	-	-	NM	(59)	(31)	90.3
Trade receivables written off	66	-	NM	87	216	(59.7)
Other receivables written off	95	-	NM	95	-	NM
Depreciation	1,052	979	7.5	3,989	3,520	13.3
Amortisation of intangible assets	70	248	(71.8)	667	806	(17.2)
Foreign exchange loss (gain)	96	583	(83.5)	(308)	1,814	NM
Loss (gain) on disposal of property, plant and equipment ("PPE")	84	79	6.3	(157)	311	NM
Loss on disposal of club membership	-	-	NM	40	-	NM
Impairment of intangible asset	722	759	(4.9)	722	759	(4.9)
Impairment of goodwill	-	2,165	(100.0)	-	2,165	(100.0)
Interest income	(1)	(2)	(50.0)	(4)	(15)	(73.3)
Interest expense	673	819	(17.8)	2,782	2,970	(6.3)
Inventories written down to net realisable value	2,271	881	157.8	2,271	881	158
Trade payables written back	-	-	NM	-	(428)	(100)
Change in fair value of contingent consideration	-	(9,176)	(100.0)	-	(9,176)	(100)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	6,602	4,252	35	89
Trade receivables	21,173	21,518	3,487	1,792
Other receivables	2,118	3,679	44,163	44,219
Income tax receivables	101	-	-	-
Inventories	127,924	148,270	-	-
Total current assets	<u>157,918</u>	<u>177,719</u>	<u>47,685</u>	<u>46,100</u>
Non-current assets				
Property, plant and equipment	35,523	33,225	604	842
Club membership	-	40	-	-
Intangible assets	2,566	3,848	-	-
Other receivables	151	-	-	-
Deferred tax assets	266	304	-	163
Subsidiary corporations	-	-	6,019	6,101
Total non-current assets	<u>38,506</u>	<u>37,417</u>	<u>6,623</u>	<u>7,106</u>
Total assets	<u><u>196,424</u></u>	<u><u>215,136</u></u>	<u><u>54,308</u></u>	<u><u>53,206</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	10,027	9,024	-	-
Other payables	7,554	5,255	188	383
Current portion of bank borrowings	77,879	55,272	-	-
Current portion of finance leases	664	519	5	5
Income tax payable	234	2	-	-
Total current liabilities	<u>96,358</u>	<u>70,072</u>	<u>193</u>	<u>388</u>
Non-current liabilities				
Bank borrowings	5,093	39,059	-	-
Finance leases	908	939	4	9
Deferred tax liabilities	135	242	101	-
Total non-current liabilities	<u>6,136</u>	<u>40,240</u>	<u>105</u>	<u>9</u>
Capital, reserves and non-controlling interests				
Share capital	50,587	50,587	50,587	50,587
Retained earnings	41,830	53,185	3,423	2,222
Translation reserve	1,479	971	-	-
Equity attributable to owners of the Company	<u>93,896</u>	<u>104,743</u>	<u>54,010</u>	<u>52,809</u>
Non-controlling interests	34	81	-	-
Total equity	<u>93,930</u>	<u>104,824</u>	<u>54,010</u>	<u>52,809</u>
Total liabilities and equity	<u><u>196,424</u></u>	<u><u>215,136</u></u>	<u><u>54,308</u></u>	<u><u>53,206</u></u>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

	31/03/2017		31/03/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	45,208	5,671	17,162	135
Short term loans	8,200	8,040	9,700	7,239
Bank bills payable	-	9,589	-	21,036
Finance leases	664	-	519	-
Overdrafts	690	481	-	-
	<u>54,762</u>	<u>23,781</u>	<u>27,381</u>	<u>28,410</u>

Amount repayable after one year

	31/03/2017		31/03/2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	5,093	-	38,899	160
Finance leases	908	-	939	-
	<u>6,001</u>	<u>-</u>	<u>39,838</u>	<u>160</u>

Details of any collaterals

Certain bank borrowings are secured by a legal mortgage over the Group's freehold & leasehold land and buildings, certain plant and machinery, a floating charge over certain inventories of the Group and corporate guarantees of the Company and certain subsidiaries.

Finance leases are secured by charges over the leased assets. Certain leases are guaranteed by a corporate guarantee by the Company.

Classification of bank borrowings

The Group's banking facilities are subject to the fulfilment of covenants relating to certain financial ratios and minimum level of net worth by the Group and its subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group and its subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand.

Whilst none of the financial covenants were breached, the Group did not repay the debts due to the bank in March 2017 of S\$1.1 million as a result of which technically, all outstanding facilities with the relevant banks become due immediately. Notwithstanding this, no facilities were recalled by the banks as at 31 March 2017 and at the date of this announcement, the monies outstanding as at 31 March 2017 have been settled and all facilities continue to remain available.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	4th Qtr Ended	31/03/2016	Financial Year Ended	31/03/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
(Loss) profit before income tax	(6,309)	5,320	(11,601)	1,069
Adjustments for :				
Interest expense	673	819	2,782	2,970
Interest income	(1)	(2)	(4)	(15)
Depreciation	1,052	979	3,989	3,520
Amortisation of intangible assets	70	248	667	806
Allowance for doubtful trade receivables	401	206	1,150	629
Doubtful trade receivables recovered	-	-	(59)	(31)
Trade receivables written off	66	-	87	216
Other receivables written off	95	-	95	-
Loss (gain) on disposal of property, plant and equipment	84	79	(157)	311
Loss on disposal of club membership	-	-	40	-
Change in fair value of contingent consideration	-	(9,176)	-	(9,176)
Impairment of intangible asset	722	759	722	759
Impairment of goodwill	-	2,165	-	2,165
Net foreign exchange (gain) loss - unrealised	(211)	31	(209)	6
Inventories written down to net realisable value	2,271	881	2,271	881
Trade payables written back	-	-	-	(428)
Operating cash flows before movements in working capital	(1,087)	2,309	(227)	3,682
Trade receivables	(3,206)	(4,295)	(528)	8,571
Other receivables and prepayments	905	152	1,557	577
Inventories	5,377	2,968	16,456	2,054
Trade payables	2,252	459	932	(8,001)
Other payables	(120)	1,255	(23)	575
Bank bills payable	(521)	(6,107)	(4,966)	(6,905)
Cash generated from operations	3,600	(3,259)	13,201	553
Interest paid for bank bills	(99)	(233)	(550)	(922)
Interest received	1	2	4	15
Income tax (paid) refund	(34)	(73)	250	(723)
Net cash from (used in) operating activities	3,468	(3,563)	12,905	(1,077)
Investing activities				
Proceeds on disposal of property, plant and equipment	-	25	2,461	133
Purchases of property, plant and equipment	(643)	(1,743)	(4,860)	(10,222)
Net cash used in investing activities	(643)	(1,718)	(2,399)	(10,089)
Financing activities				
Proceeds from loan from immediate holding company	-	-	1,500	-
Interest paid for other borrowings	(585)	(592)	(2,333)	(2,054)
Dividend paid	-	-	-	(2,190)
Repayment of obligations under finance leases	(93)	(136)	(961)	(566)
New bank loans obtained	4,969	9,684	11,341	30,260
Repayment of bank loans	(4,589)	(4,013)	(18,821)	(16,087)
Transaction costs for loans	(12)	(139)	(112)	(139)
Contribution from non-controlling interests	-	14	-	14
Net cash (used in) from financing activities	(310)	4,818	(9,386)	9,238
Net increase (decrease) in cash and cash equivalents	2,515	(463)	1,120	(1,928)
Effect of exchange rate changes on cash and cash equivalents	(34)	(80)	59	(99)
Cash and cash equivalents at beginning of the period / year	2,950	4,795	4,252	6,279
Cash and cash equivalents at end of the period / year	5,431	4,252	5,431	4,252

Cash and cash equivalents comprise the following:

Cash and bank balances	6,602	4,252	6,602	4,252
Bank overdraft	(1,171)	-	(1,171)	-
	<u>5,431</u>	<u>4,252</u>	<u>5,431</u>	<u>4,252</u>

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Translation reserve	Attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
At 1 April 2016	50,587	53,185	971	104,743	81	104,824
Total comprehensive (loss) income for the period						
Loss for the period	-	(11,355)	-	(11,355)	(47)	(11,402)
Other comprehensive income (loss) for the period	-	-	508	508	-	508
Total	-	(11,355)	508	(10,847)	(47)	(10,894)
At 31 March 2017	50,587	41,830	1,479	93,896	34	93,930
At 1 April 2015	50,587	54,111	939	105,637	88	105,725
Total comprehensive income (loss) for the period						
Loss (profit) for the period	-	1,264	-	1,264	(16)	1,248
Other comprehensive income (loss) for the period	-	-	32	32	(5)	27
Total	-	1,264	32	1,296	(21)	1,275
Dividend paid, representing transactions with owners						
Contribution from a non-controlling interest recognised directly in equity	-	-	-	-	14	14
	-	(2,190)	-	(2,190)	-	(2,190)
Total	-	(2,190)	-	(2,190)	14	(2,176)
At 31 March 2016	50,587	53,185	971	104,743	81	104,824
<u>Company</u>						
At 1 April 2016	50,587	2,222	-	52,809	-	52,809
Profit for the period, representing total comprehensive income for the period	-	1,201	-	1,201	-	1,201
At 31 March 2017	50,587	3,423	-	54,010	-	54,010
At 1 April 2015	50,587	3,356	-	53,943	-	53,943
Profit for the period, representing total comprehensive income for the period	-	1,056	-	1,056	-	1,056
Dividend paid, representing transactions with owners recognised directly in equity	-	(2,190)	-	(2,190)	-	(2,190)
At 31 March 2016	50,587	2,222	-	52,809	-	52,809

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.

Nil.

There were no outstanding convertibles which may be converted to shares. There were no treasury shares and subsidiary holdings held.

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

	31/03/2017	31/03/2016
The total number of issued shares excluding treasury shares	438,000,000	438,000,000

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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.

As at 31 March 2017, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 March 2016 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2016.

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 effect, of the change

Please refer to section 4 and the audited financial statements for the year ended 31 March 2016 for more information.

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

	Group		Group	
	4th Qtr Ended	12 months Ended	31/03/2017	31/03/2016
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net (loss) profit after tax attributable to owners of the Company (S\$'000)	(6,277)	5,617	(11,355)	1,264
Weighted average number of ordinary shares for calculation of ('000):				
- Basic earnings per share	438,000	438,000	438,000	438,000
- Diluted earnings per share	438,000	438,000	438,000	438,000
Earnings per share ("EPS") (cents/share)				
(a) Based on weighted average number of ordinary shares	(1.43)	1.28	(2.59)	0.29
(b) On a fully diluted basis	(1.43)	1.28	(2.59)	0.29

The Company has no dilutive equity instruments as at 31 March 2017.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year

	Group		Company	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Net asset value attributable to shareholders of the Company (S\$'000)	93,896	104,743	54,010	52,809
Number of ordinary shares ('000)	438,000	438,000	438,000	438,000
Net asset value per ordinary share (cents)	21.44	23.91	12.33	12.06

8. Review of the Group's performance

Revenue

For the twelve months ended 31 March 2017 ("12M FY2017"), the Group's revenue was S\$79.7 million with a decrease of S\$14.2 million or 15.2% compared to S\$93.9 million for the corresponding period ended 31 March 2016 ("12M FY2016"). The decrease was mainly due to a decline of S\$13.9 million in the rigging and lifting segment due to the continued weakness in the oil and gas ("O&G") industry.

For the fourth quarter ended 31 March 2017 ("4Q FY2017"), the Group's revenue was S\$21.6 million, 1.5% lower than the S\$21.9 million in the fourth quarter ended 31 March 2016 ("4Q FY2016"). The decrease was mainly due to a decrease of S\$0.7 million in the rigging and lifting segment offset by the increase of S\$0.5 million in the ship chandling segment.

Gross profit

Gross profit decreased by S\$10.8 million or 49.4% from S\$21.8 million in 12M FY2016 to S\$11.0 million in 12M FY2017. The corresponding gross profit margin decreased from 23.2% to 13.9%. For 4Q FY2017, the gross profit was S\$0.5 million, 91.6% lower than the S\$5.8 million achieved in 4Q FY2016. The corresponding gross profit margin decreased from 26.5% to 2.3%. The decrease was mainly due to the tighter product margins and the write-down of inventories during the quarter of S\$2.3 million.

Other income

FY2017 vs FY2016

Other income decreased by S\$9.2 million in 12M FY2017 compared to 12M FY2016 mainly due to the non-recurring change in fair value of contingent consideration of S\$9.2 million.

Distribution costs

FY2017 vs FY2016

Distribution costs decreased by S\$0.4 million or 7.5% in 12M FY2017 compared to 12M FY2016 mainly due to a decrease in (i) staff related expenses of S\$0.1 million, and (ii) freight outwards of S\$0.2 million coupled with a decrease in other marketing related costs of S\$0.1 million.

Administrative expenses

FY2017 vs FY2016

Administrative expenses decreased by S\$2.9 million or 17.1% in 12M FY2017 compared to 12M FY2016 mainly due to a decrease in (i) staff related expenses of S\$1.0 million, (ii) donation of S\$0.7 million, (iii) withholding tax of S\$0.3 million, (iv) entertainment expenses of S\$0.2 million, (v) travelling expenses of S\$0.1 million, and (vi) insurance expenses of S\$0.1 million. This is in line with the Group's cost control measures.

4Q FY2017 vs 4Q FY2016

Administrative expenses decreased by S\$0.6 million or 13.6% in 4Q FY2017 compared to 4Q FY2016 mainly due to a decrease in (i) staff related expenses of S\$0.2 million and (ii) depreciation of S\$0.2 million.

Other operating expenses

FY2017 vs FY2016

Other operating expenses decreased by S\$3.8 million or 65.2% in 12M FY2017 compared to 12M FY2016. The decrease was mainly due to (i) one-off impairment of goodwill of S\$2.2 million in 12M FY2016, (ii) turnaround of a foreign exchange loss of S\$1.8 million in 12M FY2016 to a foreign exchange gain of S\$0.3 million in 12M FY2017, (iii) loss on disposal of property, plant and equipment ("PPE") of S\$0.3 million in 12M FY2016 compared to a gain on disposal of PPE in 12M FY2017 of S\$0.2 million, which is offset by an increase of S\$0.5 million in allowance for doubtful trade receivables.

4Q FY2017 vs 4Q FY2016

Other operating expenses decreased by S\$2.4 million or 62.0% in 4Q FY2017 compared to 4Q FY2016. The decrease was mainly due to one-off impairment of goodwill of S\$2.2 million in 4Q FY2016.

Interest expense

FY2017 vs FY2016

Interest expense in 12M FY2017 did not vary significantly from that of 12M FY2016.

Loss before income tax

As a result of the above reasons, loss before income tax was S\$11.6 million for 12M FY2017.

Review of statement of financial position and cash flows

Current assets

The current assets decreased by S\$19.8 million from S\$177.7 million as at 31 March 2016 to S\$157.9 million as at 31 March 2017. The decrease was mainly due to: (i) a decline in inventories of S\$20.3 million, and (ii) a decline in trade receivables of S\$0.3 million due to lower sales in 12M FY2017.

Non-current assets

The non-current assets increased by S\$1.1 million from S\$37.4 million as at 31 March 2016 to S\$38.5 million as at 31 March 2017. An increase of PPE of S\$2.3 million was offset by (i) amortisation of intangible assets of S\$0.7 million and (ii) impairment of intangible assets of S\$0.7 million.

Current liabilities

The current liabilities increased by S\$26.3 million from S\$70.1 million as at 31 March 2016 to S\$96.4 million as at 31 March 2017. The increase was mainly due to an increase in bank borrowings of S\$22.6 million mainly due to reclassification of bank borrowings of S\$39.5 million from non-current to current offset by (i) repayment of bank loans of S\$18.8 million, (ii) increase in trade payable of S\$1.0 million, and (iii) higher other payables of S\$2.3 million mainly due to loan from immediate holding company.

Non-current liabilities

Non-current liabilities decreased by S\$34.1 million from S\$40.2 million as at 31 March 2016 to S\$6.1 million as at 31 March 2017 mainly due to reclassification of bank borrowings.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$10.9 million was mainly attributable to loss of S\$11.4 million during the period, which was partially offset by an increase in translation reserve of S\$0.5 million.

Cash Flows

12M FY2017 ended 31 March 2017

Net cash from operating activities

In 12M FY2017, we have operating cash outflows of S\$0.2 million from operating activities before changes in working capital.

Our net working capital inflow amounted to S\$13.1 million. This was mainly due to: (i) a decrease in inventories of S\$16.5 million, (ii) a decrease in other receivables of S\$1.6 million, (iii) an increase in trade payables of S\$0.9 million due to lower purchase offset by (i) decrease in bank bills payable of S\$5.0 million due to repayment and restructuring of bank borrowings, and (ii) increase in trade receivables of S\$0.5 million.

We paid interest for bank bills of S\$0.6 million and received income tax refund of \$0.3 million.

Overall, our net cash generated from operating activities amounted to S\$12.9 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$2.4 million in 12M FY2017 mainly due to the purchase of PPE of S\$4.9 million mainly attributable to South Korea rigging facilities that have commenced operations, which was partially offset by proceeds on disposal of PPE of S\$2.5 million mainly due to sale of property at 27B Benoi Road, Pioneer Lot, Singapore 629917.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$9.4 million in 12M FY2017. This was mainly due to: (i) the repayment of bank borrowings and related interest of S\$18.8 million, and (ii) the repayment of obligations under finance leases of S\$1.0 million, offset by (i) an increase in bank borrowings of S\$11.3 million, and (ii) proceeds from loan from immediate holding company of S\$1.5 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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 continued weakness in the O&G industry has created a challenging business environment for the Group whose products and services demands are generally driven by the overall performance of the O&G sector.

At the same time, the Group will effectively manage its cost as it rides out the current O&G cycle.

While Gaylin's focus remains on its overseas operations, the Group will keep a lookout for opportunities to market higher value services which include project engineering services and workforce development programmes among others, across its customer base.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

Nil

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

No

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

Not applicable

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as no IPT mandate has been obtained.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1) of the Listing Manual.

- 15 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Segmental information

Year ended 31 March 2017

	Rigging and lifting S\$'000	Ship handling S\$'000	Group S\$'000
Revenue			
Sales	65,784	14,274	80,058
Inter-segment sales	(279)	(121)	(400)
Sales to external customers	65,505	14,153	79,658
(Loss) profit from operations	(10,602) ⁽¹⁾	318	(10,284)
Interest expense			(2,782)
Income tax benefit			199
Unallocated profit from operations			1,465
Loss for the year			<u><u>(11,402)</u></u>
Assets			
Segment assets	182,336	13,214	195,550
Unallocated assets			874
Total assets			<u><u>196,424</u></u>
Liabilities			
Segment liabilities	91,564	10,631	102,195
Unallocated liabilities			299
Total liabilities			<u><u>102,494</u></u>
Other information			
Depreciation and amortisation	3,869	563	4,432
Unallocated depreciation			224
			<u><u>4,656</u></u>
Impairment of intangible asset	722	-	722
Impairment of goodwill	-	-	-
Addition to non-current assets	4,773	1,428	6,201
Unallocated non-current assets			2
			<u><u>6,203</u></u>

⁽¹⁾ (Loss) profit for the year from rigging and lifting segment includes:
Impairment of intangible asset arising from the acquisition of Rigmarine of S\$0.7 million

Year ended 31 March 2016

	Rigging and lifting S\$'000	Ship handling S\$'000	Group S\$'000
Revenue			
Sales	79,831	14,710	94,541
Inter-segment sales	(369)	(286)	(655)
Sales to external customers	79,462	14,424	93,886
Profit from operations	2,932 ⁽¹⁾	2	2,934
Interest expense			(2,970)
Income tax benefit			179
Unallocated profit from operations			1,105
Profit for the year			<u>1,248</u>
Assets			
Segment assets	200,348	13,439	213,787
Unallocated assets			1,349
Total assets			<u>215,136</u>
Liabilities			
Segment liabilities	100,703	9,211	109,914
Unallocated liabilities			398
Total liabilities			<u>110,312</u>
Other information			
Depreciation and amortisation	3,860	286	4,146
Unallocated depreciation			180
			<u>4,326</u>
Impairment of intangible asset	759	-	759
Impairment of goodwill	2,165	-	2,165
Addition to non-current assets	5,405	7,701	13,106
Unallocated non-current assets			266
			<u>13,372</u>

⁽¹⁾ Profit for the year from rigging and lifting segment includes:

(i) Reversal of contingent consideration arising from the acquisition of Rigmarine of S\$9.2 million

(ii) Impairment of goodwill and intangible asset arising from the acquisition of Rigmarine of S\$2.2 million and S\$0.8 million

Geographical information

Revenue from external customers
(based on location of customer)

	Group		
	FY2017 S\$'000	FY2016 S\$'000	Incr/ (decr) %
Singapore	15,428	21,781	(29.2)
Azerbaijan	13,549	16,144	(16.1)
France	8,119	2,440	232.7
Other Asia ^{(1) (2)}	24,861	30,282	(17.9)
Europe ⁽¹⁾	11,464	11,147	2.8
Others ⁽¹⁾	6,237	12,092	(48.4)
	<u>79,658</u>	<u>93,886</u>	<u>(15.2)</u>

Revenue from countries in "Other Asia", "Europe" and "Others" includes revenue from customers in countries that individually account for less than 10% of the Group's revenue.

Revenue from Other Asia excludes revenue from Singapore.

Non-current assets
(based on location of assets)

	Group		
	FY2017 S\$'000	FY2016 S\$'000	Incr/ (decr) %
Singapore	11,293	12,658	(10.8)
Malaysia	7,353	7,462	(1.5)
Azerbaijan	3,085	4,071	(24.2)
South Korea	7,743	3,961	95.5
Middle East	5,099	6,484	(21.4)
Others	3,667	2,477	48.0
	<u>38,240</u>	<u>37,113</u>	<u>3.0</u>

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.

The Group typically experiences a fluctuation in revenue contribution from each customer in each financial year due to the project based nature of our business and industry, whereby our customers' projects typically differ in their scope and size, and their occurrence is irregular, resulting in the supply of different products to them on an irregular basis.

Sales to France increased by S\$5.7 million due to an increase in projects and orders from customers. Sales to Other Asia, Azerbaijan and Others decreased by S\$5.4 million, S\$2.6 million and S\$5.9 million respectively mainly due to a drop in demand from customers in these regions.

17 A breakdown of sales

	Group		
	FY2017 S\$'000	FY2016 S\$'000	Incr/ (decr) %
(a) Sales reported for the first half year	38,954	54,539	(28.6)
(b) Operating (loss) profit after tax reported for the first half year	(3,035)	(451)	572.9
(c) Sales reported for the second half year	40,704	39,347	3.4
(d) Operating (loss) profit after tax reported for the second half year	(8,367)	1,699	(592.5)

18 A breakdown of the annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2017	FY2016
Type of Dividend	-	-
Dividend per share	-	-
Annual Dividend (S\$'000)	-	-

19 Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Teo Bee Hua, Steven	54	Brother of Teo Bee Chiong (Executive Director, CEO and deemed Substantial Shareholder) and Teo Bee Hoe (Executive Director, COO and deemed Substantial Shareholder)	Chief Administrative Officer (CAO) Assist the Chief Executive Officer in the general management and administration of the Group, in particular, its inventory management and procurement functions. Position held since 2012	NA
Teo Sze Han, Jae	34	Daughter of Teo Bee Chiong (Executive Director, CEO and deemed Substantial Shareholder)	Deputy Chief Administrative Officer (DCAO) Primarily responsible for the Group's human resource and information technology functions in addition to driving cross-functional solutions and aligning business processes and controls across the Group. Position held since 5 February 2016	NA
Teo Sze Yao, Jayden	33	Nephew of Teo Bee Chiong (Executive Director, CEO and deemed Substantial Shareholder)	Senior Sales Manager Manages the sales support team and provides sales support. Position held since 2013	NA
Teo Sze Purn, Terry	32	Nephew of Teo Bee Chiong (Executive Director, CEO and deemed Substantial Shareholder)	Operations Manager In charge of operations flow between sales, production, logistics & warehouse and provide technical support. Position held since 2011	NA

BY ORDER OF THE BOARD

DESMOND TEO BEE CHIONG

Executive Director and Chief Executive Officer

26 May 2017