



UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

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		
	2nd Qtr Ended 30/09/2016	30/09/2015	Incr/ (decr) %	6 months Ended 30/09/2016	30/09/2015	Incr/ (decr) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	18,333	25,822	(29.0)	38,954	54,539	(28.6)
Cost of sales	(14,635)	(20,098)	(27.2)	(30,735)	(41,902)	(26.7)
Gross profit	3,698	5,724	(35.4)	8,219	12,637	(35.0)
Other income	408	398	2.5	371	159	133.3
Distribution costs	(1,278)	(1,370)	(6.7)	(2,368)	(2,698)	(12.2)
Administrative expenses	(3,462)	(3,937)	(12.1)	(7,106)	(8,509)	(16.5)
Other operating expenses	(101)	(116)	(12.9)	(745)	(589)	26.5
Interest expense	(737)	(656)	12.3	(1,406)	(1,348)	4.3
(Loss) profit before income tax	(1,472)	43	NM	(3,035)	(348)	772.1
Income tax (expense) benefit	(43)	3	NM	(1)	(103)	(99.0)
(Loss) profit for the period	(1,515)	46	NM	(3,036)	(451)	573.2
(Loss) profit attributable to:						
Owners of the Company	(1,575)	44	NM	(3,069)	(449)	583.5
Non-controlling interests	60	2	NM	33	(2)	NM
	(1,515)	46	NM	(3,036)	(451)	573.2
Gross profit margin	20.2%	22.2%		21.1%	23.2%	
Net (loss) profit margin	-8.3%	0.2%		-7.8%	-0.8%	
EBITDA ⁽¹⁾ (S\$'000)	409	1,645	(75.1)	623	2,988	(79.1)
EBITDA margin	2.2%	6.4%		1.6%	5.5%	

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

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	2nd Qtr Ended		Incr/ (decr) %	6 months Ended		Incr/ (decr) %
	30/09/2016	30/09/2015		30/09/2016	30/09/2015	
	S\$'000	S\$'000		S\$'000	S\$'000	
(Loss) profit for the period	(1,515)	46	NM	(3,036)	(451)	573.2
Other comprehensive (loss) income						
Items that may be reclassified subsequently to profit or loss:						
Translation gain arising on consolidation	235	678	(65.3)	160	387	(58.7)
Other comprehensive income for the period, net of tax	235	678	(65.3)	160	387	(58.7)
Total comprehensive (loss) income for the period	(1,280)	724	NM	(2,876)	(64)	NM
Total comprehensive (loss) income attributable to:						
Owners of the Company	(1,346)	725	NM	(2,912)	(57)	NM
Non-controlling interests	66	(1)	NM	36	(7)	NM
	(1,280)	724	NM	(2,876)	(64)	NM

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

	Group			Group		
	2nd Qtr Ended		Incr/ (decr)	6 months Ended		Incr/ (decr)
	30/09/2016	30/09/2015		30/09/2016	30/09/2015	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Allowance for doubtful trade receivables	5	115	(95.7)	739	115	542.6
Doubtful trade receivables recovered	(31)	(14)	121.4	(59)	(27)	118.5
Trade receivables written off	-	-	NM	6	216	(97.2)
Depreciation	977	760	28.6	1,917	1,616	18.6
Amortisation of intangible assets	167	186	(10.2)	335	372	(9.9)
Foreign exchange (gain) loss	(359)	(265)	35.5	(268)	258	NM
Loss (gain) on disposal of property, plant and equipment ("PPE")	96	(76)	NM	(5)	(76)	(93.4)
Interest income	(1)	(5)	(80.0)	(2)	(10)	(80.0)
Interest expense	737	656	12.3	1,406	1,348	4.3

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	
	30/09/2016	31/03/2016	30/09/2016	31/03/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	5,320	4,252	134	89
Trade receivables	17,750	21,518	2,621	1,792
Other receivables and prepayments	3,580	3,679	44,068	44,219
Inventories	141,416	148,270	-	-
Total current assets	168,066	177,719	46,823	46,100
Non-current assets				
Property, plant and equipment	35,384	33,225	731	842
Club membership	40	40	-	-
Intangible assets	3,539	3,848	-	-
Deferred tax assets	304	304	163	163
Subsidiary corporations	-	-	6,101	6,101
Total non-current assets	39,267	37,417	6,995	7,106
Total assets	207,333	215,136	53,818	53,206
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	7,876	9,024	-	-
Other payables	7,293	5,255	581	383
Current portion of bank borrowings	42,375	55,272	-	-
Current portion of finance leases	656	519	5	5
Income tax payable	90	2	-	-
Total current liabilities	58,290	70,072	586	388
Non-current liabilities				
Bank borrowings	45,688	39,059	-	-
Finance leases	1,183	939	7	9
Deferred tax liabilities	224	242	-	-
Total non-current liabilities	47,095	40,240	7	9
Capital, reserves and non-controlling interests				
Share capital	50,587	50,587	50,587	50,587
Retained earnings	50,116	53,185	2,638	2,222
Translation reserve	1,128	971	-	-
Equity attributable to owners of the Company	101,831	104,743	53,225	52,809
Non-controlling interests	117	81	-	-
Total equity	101,948	104,824	53,225	52,809
Total liabilities and equity	207,333	215,136	53,818	53,206

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

	30/09/2016		31/03/2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	9,889	1,195	17,162	135
Short term loans	8,200	12,117	9,700	7,239
Bank bills payable	223	9,900	-	21,036
Finance leases	656	-	519	-
Overdrafts	-	851	-	-
	<u>18,968</u>	<u>24,063</u>	<u>27,381</u>	<u>28,410</u>

Amount repayable after one year

	30/09/2016		31/03/2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	45,611	77	38,899	160
Finance leases	1,183	-	939	-
	<u>46,794</u>	<u>77</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 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.

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	
	2nd Qtr Ended		6 months Ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
(Loss) profit before income tax	(1,472)	43	(3,035)	(348)
Adjustments for :				
Interest expense	737	656	1,406	1,348
Interest income	(1)	(5)	(2)	(10)
Depreciation	977	760	1,917	1,616
Amortisation of intangible assets	167	186	335	372
Allowance for doubtful trade receivables	5	115	739	115
Doubtful trade receivables recovered	(31)	(14)	(59)	(27)
Trade receivables written off	-	-	6	216
Loss (gain) on disposal of property, plant and equipment	96	(76)	(5)	(76)
Net foreign exchange gain - unrealised	(2)	(40)	(16)	(25)
Operating cash flows before movements in working capital	476	1,625	1,286	3,181
Trade receivables	3,728	3,656	3,177	3,131
Other receivables and prepayments	288	(1,730)	234	(2,080)
Inventories	3,491	(2,394)	6,961	(1,899)
Trade payables	(201)	5,057	(1,149)	354
Other payables	(1,036)	(2,792)	(161)	(292)
Bank bills payable	(5,866)	(1,626)	(10,913)	1,227
Cash generated from (used in) operations	880	1,796	(565)	3,622
Interest paid for bank bills	(129)	(218)	(353)	(445)
Interest received	1	5	2	10
Income tax refund (paid)	19	(370)	(33)	(443)
Net cash from (used in) operating activities	771	1,213	(949)	2,744
Investing activities				
Proceeds on disposal of property, plant and equipment	606	84	776	93
Purchases of property, plant and equipment	(2,634)	(1,729)	(3,104)	(2,711)
Net cash used in investing activities	(2,028)	(1,645)	(2,328)	(2,618)
Financing activities				
Proceeds from loan from immediate holding company	1,500	-	1,500	-
Interest paid for other borrowings	(627)	(438)	(1,153)	(903)
Repayment of obligations under finance leases	(493)	(143)	(694)	(292)
New bank loans obtained	8,143	2,459	11,767	9,886
Repayment of bank loans	(3,517)	(4,860)	(7,893)	(6,642)
Transaction costs for loans	(61)	-	(61)	-
Net cash from (used in) financing activities	4,945	(2,982)	3,466	2,049
Net increase (decrease) in cash and cash equivalents	3,688	(3,414)	189	2,175
Effect of exchange rate changes on cash and cash equivalents	39	82	28	(26)
Cash and cash equivalents at beginning of the period	742	11,760	4,252	6,279
Cash and cash equivalents at end of the period	4,469	8,428	4,469	8,428
Cash and cash equivalents comprise the following:				
Cash and bank balances	5,320	8,428	5,320	8,428
Bank overdraft	(851)	-	(851)	-
	4,469	8,428	4,469	8,428

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) profit for the period	-	(3,069)	-	(3,069)	33	(3,036)
Other comprehensive income for the period	-	-	157	157	3	160
Total	-	(3,069)	157	(2,912)	36	(2,876)
At 30 September 2016	50,587	50,116	1,128	101,831	117	101,948
At 1 April 2015	50,587	54,111	939	105,637	88	105,725
Total comprehensive (loss) income for the period						
Loss for the period	-	(449)	-	(449)	(2)	(451)
Other comprehensive income (loss) for the period	-	-	392	392	(5)	387
Total	-	(449)	392	(57)	(7)	(64)
At 30 September 2015	50,587	53,662	1,331	105,580	81	105,661
<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	-	416	-	416	-	416
At 30 September 2016	50,587	2,638	-	53,225	-	53,225
At 1 April 2015	50,587	3,355	-	53,942	-	53,942
Profit for the period, representing total comprehensive income for the period	-	5	-	5	-	5
At 30 September 2015	50,587	3,360	-	53,947	-	53,947

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

Nil.

There were no outstanding convertibles which may be converted to shares. There were no treasury shares 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

The total number of issued shares excluding treasury shares

30/09/2016	31/03/2016
438,000,000	438,000,000

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. There were no treasury shares during and as at the end of the current financial period 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 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	
	2nd Qtr Ended	30/09/2015	6 months Ended	30/09/2015
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net (loss) profit after tax attributable to owners of the Company (S\$'000)	(1,575)	44	(3,069)	(449)
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	(0.36)	0.01	(0.70)	(0.10)
(b) On a fully diluted basis	(0.36)	0.01	(0.70)	(0.10)

The Company has no dilutive equity instruments as at 30 September 2016.

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	
	30/09/2016	31/03/2016	30/09/2016	31/03/2016
Net asset value attributable to shareholders of the Company (S\$'000)	101,831	104,743	53,225	52,809
Number of ordinary shares ('000)	438,000	438,000	438,000	438,000
Net asset value per ordinary share (cents)	23.25	23.91	12.15	12.06

8. Review of the Group's performance

Revenue

For the six months ended 30 September 2016 ("HY FY2017"), the Group's revenue was S\$38.9 million with a decrease of S\$15.6 million or 28.6% compared to S\$54.5 million for the corresponding period ended 30 September 2015 ("HY FY2016"). The decrease was mainly due to a decline of S\$15.4 million in the rigging and lifting segment due to the continued weakness in the oil and gas industry.

For the second quarter ended 30 September 2016 ("2Q FY2017"), the Group's revenue was S\$18.3 million, 29.0% lower than the S\$25.8 million in the second quarter ended 30 September 2015 ("2Q FY2016"). The decrease was mainly due to a decline of S\$8.1 million in the rigging and lifting segment.

Gross profit

Gross profit decreased by S\$4.4 million or 35.0% from S\$12.6 million in HY FY2016 to S\$8.2 million in HY FY2017. The corresponding gross profit margin decreased from 23.2% to 21.1%. For 2Q FY2017, the gross profit was S\$3.7 million, 35.4% lower than the S\$5.7 million achieved in 2Q FY2016. The corresponding gross profit margin decreased from 22.2% to 20.2%. The decrease was mainly due to the lower revenue and tighter product margins in Singapore operations.

Other income

Other income increased by S\$0.2 million in HY FY2017 compared to HY FY2016 mainly due to turnaround of a foreign exchange loss of S\$0.3 million in HY FY2016 to a foreign exchange gain of S\$0.3 million in HY FY2017, which was partially offset by a decrease in gain on disposal of motor vehicles of S\$0.1 million.

Distribution costs

Distribution costs decreased by S\$0.3 million or 12.2% in HY FY2017 compared to HY FY2016 mainly due to a decrease in freight outwards of S\$0.2 million coupled with a decrease in other marketing related costs of S\$0.1 million.

Administrative expenses

Administrative expenses decreased by S\$1.4 million or 16.5% in HY FY2017 compared to HY FY2016 mainly due to a decrease in (i) donation of S\$0.7 million, (ii) entertainment expenses of S\$0.2 million, (iii) professional fees of S\$0.1 million, (iv) travelling expenses of S\$0.1 million, and (v) staff related expenses of S\$0.1 million.

Other operating expenses

Other operating expenses increased by S\$0.2 million or 26.5% in HY FY2017 compared to HY FY2016. The increase was mainly due to an increase in allowance for doubtful trade receivables of S\$0.7 million due from a customer which has been placed under judicial management, which was partially offset by (i) a decrease of S\$0.3 million in foreign exchange loss, and (ii) a decrease of S\$0.2 million in trade receivables written off.

Interest expense

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

Loss before income tax

As a result of the above reasons, loss before income tax was S\$3.0 million for HY FY2017.

Review of statement of financial position and cash flows

Current Assets

The current assets decreased by S\$9.6 million from S\$177.7 million as at 31 March 2016 to S\$168.1 million as at 30 September 2016. The decrease was mainly due to: (i) a decline in inventories of S\$6.9 million, and (ii) a decline in trade receivables of S\$3.8 million due to lower sales. This decrease was partially offset by an increase in cash and bank balances of S\$1.1 million.

Non-Current Assets

The non-current assets increased by S\$1.9 million from S\$37.4 million as at 31 March 2016 to S\$39.3 million as at 30 September 2016. The increase was mainly due to an increase of S\$2.2 million in PPE mainly attributable to South Korea rigging facilities that have commenced operations. This increase was partially offset by a decrease in intangible assets of S\$0.3 million due to amortisation.

Current liabilities

The current liabilities decreased by S\$11.8 million from S\$70.1 million as at 31 March 2016 to S\$58.3 million as at 30 September 2016. The decrease was mainly due to: (i) a decrease in bank borrowings of S\$12.9 million due to repayment and restructuring of bank borrowings, and (ii) a decrease in trade payables of S\$1.1 million due to lower purchases. This decrease was partially offset by higher other payables of S\$2.0 million mainly due to loan from immediate holding company.

Non-current liabilities

Non-current liabilities increased by S\$6.9 million from S\$40.2 million as at 31 March 2016 to S\$47.1 million as at 30 September 2016 mainly due to: (i) an increase in bank borrowings of S\$6.6 million mainly due to restructuring of bank borrowings, and (ii) an increase in finance leases of S\$0.2 million.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$2.9 million was mainly attributable to loss of S\$3.0 million during the period.

Cash Flows

HY FY2017 ended 30 September 2016

Net cash used in operating activities

In HY FY2017, we generated net cash of S\$1.3 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$1.9 million. This was mainly due to: (i) a decrease in bank bills payable of S\$10.9 million due to restructuring of bank borrowings, and (ii) a decrease in trade payables of S\$1.1 million due to lower purchase, which were partially offset by (i) a decrease in inventories of S\$7.0 million, and (ii) a decrease in trade receivables of S\$3.2 million.

We paid interest for bank bills of S\$0.4 million.

Overall our net cash used in operating activities amounted to S\$0.9 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$2.3 million in HY FY2017 mainly due to the purchase of PPE of \$3.1 million, which was partially offset by proceeds on disposal of PPE of S\$0.8 million.

Net cash from financing activities

Net cash generated from financing activities amounted to S\$3.5 million in HY FY2017. This was mainly due to: (i) an increase in bank borrowings of S\$11.8 million, and (ii) proceeds from loan from immediate holding company of S\$1.5 million, which were partially offset by (i) the repayment of bank borrowings and related interest of S\$9.0 million, and (ii) the repayment of obligations under finance leases of S\$0.7 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 operating climate remains challenging for the Group, whose products and services demands are generally driven by the overall performance of the oil and gas (O&G) sector, which is currently still in a state of weakness.

While maintaining a cautious outlook for the second half of FY2017, Gaylin's focus will be on unlocking value from its overseas operations such as Europe (UK), Malaysia and South Korea, where its manufacturing and warehousing facilities in Busan has recently commenced operations.

The Group will also continue its cost control efforts and at the same time, be on the lookout for opportunities where it can 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. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months ended 30 September 2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer

TEO BEE HOE
Executive Director

BY ORDER OF THE BOARD

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer
14 November 2016