GAYLIN®

Trusted For Lifting & Rigging

UNLOCKING VALUE GLOBALLY

Annual Report

2017

VISION

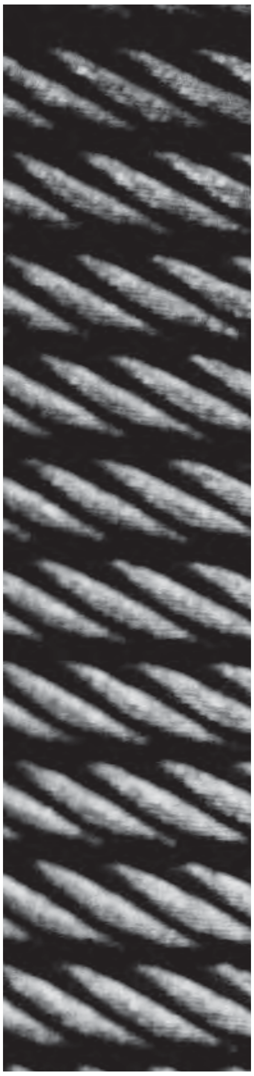
A safe and stable lifting & rigging environment

MISSION

To have a global oil and gas presence and a trusted ability to provide integrated solutions in lifting, mooring and winch systems

CONTENTS

CORPORATE PROFILE



Since becoming a public-listed company on the Mainboard of the Singapore Exchange ("SGX-ST") (Stock code: RF7) in 2012, we are now competently supported by more than 400 employees and a market presence in 10 countries.

ABOUT GAYLIN

Founded in 1974, Gaylin has evolved to become one of the largest multi-discipline specialist providers of rigging, lifting, winching and marine solutions to the global oil, gas, shipbuilding, marine, civil engineering and renewable energy markets. Today with design, engineering, manufacturing and service delivery centres throughout Middle East, Caspian Sea, Europe and Asia, the Group's service network has become a renowned single source for quality products and professional service.

Gaylin offers a comprehensive range of lifting, mooring and marine products on sale or rental basis. They include rigging and lifting equipment such as heavy lift slings and grommets, crane ropes, mooring equipment and all related accessories; wire rope management, spooling services, lubrication and non-destructive testing ("NDT"); winch systems; and mooring components and systems. We also offer training courses and competency assurance services for the lifting and marine industry as well as operate a ship chandling business.

Since becoming a public-listed company on the Mainboard of the Singapore Exchange ("SGX-ST") (Stock code: RF7) in 2012, we are now competently supported by more than 400 employees and a market presence in 10 countries (namely Singapore, Malaysia, Vietnam, Indonesia, China, South Korea, the United Arab Emirates ("UAE"), Azerbaijan, Kazakhstan and the United Kingdom).

Gaylin was awarded the bizSAFE STAR and SS506: Part 1:2009, OHSAS 18001:2007 certifications in 2013 for the manufacture of wire rope slings. Gaylin is also ISO 9002-certified since 1998 for the manufacture of wire rope slings and ISO 9001:2008-certified since 2012 for its quality management system. In 2014, Gaylin received ISO/IEC 17020:2012 certification for lifting equipment inspection from the Singapore Accreditation Council (SAC). In recognition of its drive for excellence, Gaylin has been conferred the "Enterprise 50 (E50) Award" in 2009, the "2011 Singapore Brand Award" and the "Promising SME 500 Award" in the platinum category in 2012.

GLOBAL FOOTPRINT

MESSAGE TO SHAREHOLDERS

Our efforts have yielded encouraging results because we have seen a 44% rise in sales from Europe and France collectively in FY2017 and we are building on the momentum we have gathered in Europe.

DEAR SHAREHOLDERS,

Financial year 2017 was another difficult year for Gaylin as the global offshore Oil & Gas ("O&G"), and marine sectors continued to see sliding capital expenditures by oil majors due to volatile and soft oil prices. While oil prices have recovered to around US$50 per barrel in late May 2017, after the Organization of the Petroleum Exporting Countries ("OPEC") and other oil producers agreed to maintain output cuts of about 1.8 million barrels a day until March 2018[1], we expect the offshore sector to remain weak for some time to come.

Against this landscape, the Group posted a lower revenue of S$79.7 million for the full year ended 31 March 2017 ("FY2017") compared to a revenue of S$93.9 million for the same period in the preceding financial year ("FY2016"). Even though Gaylin remained profitable at the gross profit level, a drop in overall sales volume coupled with tighter profit margins and an inventory write-down of S$2.3 million, resulted in a net attributable loss of S$11.4 million for the Group in FY2017.

We expect the oil market to rebalance eventually and until it does, Gaylin is doing its best to ride out this cycle. Our fundamentals remain sound and we believe that we are resilient enough to do so as our operations are still generating positive net cash flows.

[1] The Business Times, 30 May 2017 "Opec ponders how to coexist with US shale oil"

MESSAGE TO SHAREHOLDERS

FY2017 IN REVIEW

In our previous annual report, we outlined plans to integrate our subsidiary, Rig Marine Holdings FZE and its subsidiary corporations ("Rigmarine") into the Gaylin family as well as tap on their niche capabilities to market higher value services to our overseas markets such as Europe and South Korea among others. We have been busy in FY2017 executing these plans. I am happy to report that our integration process is on track and we have begun to reap mutual synergies from each other.

The Group has expanded the operations of Rigmarine Europe Limited ("RME") to Aberdeen, Scotland in December 2016 which effectively allowed us to establish a direct presence and stronger line to European customers that provide supply and services to the subsea and renewable sectors. Not only does this facility carry a large stock of heavy-lift rigging and a full range of subsea lifting equipment in Aberdeen, it also has a number of key features that are unique to the United Kingdom, ultimately including alternative manufacturing methods for heavy-lift slings and test beds up to 2,000 tons. This facility is also a European hub for our spooling services and winch packages and we have seen positive results with two significant projects secured in the Norwegian sector in early 2017.

With the current situation in the O&G industry, there are business opportunities for us in Europe as operators. In particular, customers in the subsea sector are seeking suppliers who can diversify and offer cost reducing initiatives as well as multi-disciplined packages at low lead times. This is exactly what the Group can offer as seen from the number of multi-million Euro contracts RME has already delivered out of Aberdeen.

The Group is also seeing growing demand for its personnel development programmes in Aberdeen given the sizable pool of skilled workers in the area. Since the opening of our Aberdeen office, the Group is rapidly developing a skilled workforce through Rigmarine's accredited training programmes and third-party qualifications and at the same time, offering modern apprenticeship schemes to job seekers in the local area.

Our efforts have yielded encouraging results because we have seen a 44% rise in sales from Europe and France collectively in FY2017 and we are building on the momentum we have gathered in Europe. Our Aberdeen office currently has 14 employees and we expect this headcount to increase to over 25 by the end of the year. At the same time, we plan to ramp up our Group's apprenticeship programmes and are also in ongoing dialogues with our customers to tailor solutions that offer them savings on capital expenditure with rental offerings rather than outright purchase.

Over in Asia, Gaylin opened a purpose-built, 3,967 square metre facility in Busan, South Korea in April 2016 making it one of 10 global hubs the Group has alongside Singapore, Malaysia, Vietnam, Indonesia, China, UAE, Azerbaijan, Kazakhstan and the United Kingdom.

Strategically located close to a number of major seaports, our Busan facility is a three-storey office and a workshop over two levels. It comes stocked with a full range of equipment including a comprehensive range of lifting equipment, marine mooring systems, winch packages and associated services and we have also equipped it with a 2,000-ton and a 600-ton horizontal test machine.

Given that the facility sits in the nucleus of South Korea's machinery, steel, shipbuilding and marine industries, we have big plans for it in terms of both of our rigging and lifting and ship chandling businesses. We currently manufacture wire rope slings up to 128mm diameter in Busan but we eventually plan to use the location to supply more specialist offerings, such as crane examination, light engineering and spooling services. Like what we have done successfully in Aberdeen and other markets, we also plan to build an industry competent national workforce through Rigmarine's development programmes.

We have also adjusted our sales strategy in Vietnam as customers began to demand for cost effective O&G solutions amidst the downturn. To better cater to such requirements in Vietnam, we have begun to introduce a much wider range of rental assets that includes specialist equipment such as load cells, spreader beams, testing equipment, winch systems and spooling capabilities at our workshop in Dong Xuyen Industrial Park.

Looking ahead, we expect the global O&G industry to remain soft with industry players hungry for cheaper and smarter solutions. We see this as a possible opportunity for the Group as we are able to meet such requirements given our global network and wide product range. We also plan to carry on with our game plan to tap on our niche expertise to offer higher-value specialist solutions across all our markets. At the same time, we will continue to keep a tight rein on our cost management policies across the board and, where there are viable opportunities and if it makes sense, pursue measured growth.

APPRECIATION

I would like to extend my appreciation to the board of directors, management and all Gaylin employees for counsel, commitment and hardwork last year. Your efforts have allowed us to create a more nimble and resilient Gaylin. I would also like to say a big thank you to our valued business partners, customers, suppliers and shareholders who have stood by us during these difficult times. I hope to have many more years of support as we continue to deliver results for Gaylin.

Yours sincerely,

Desmond Teo BBM

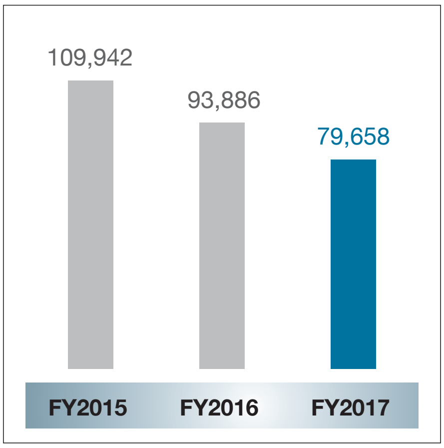
Executive Director and Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

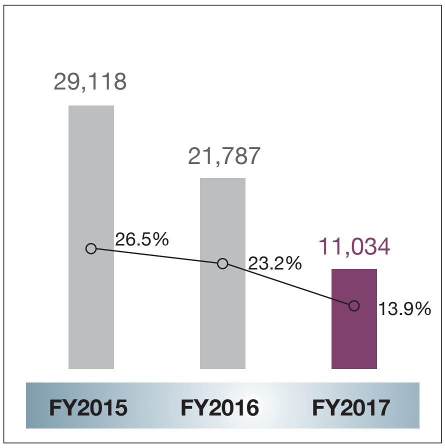
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 March

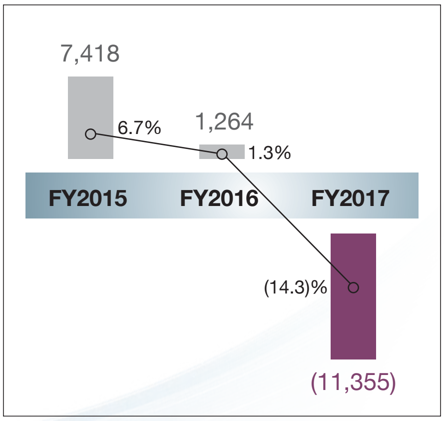
Revenue (S$'000)



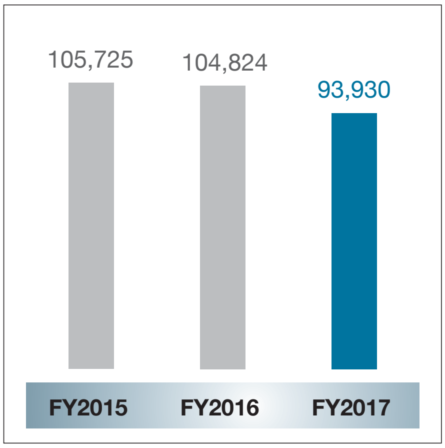
Gross profit (S$'000) and Margin (%)



Net Profit/(Loss) Attributable to Shareholders (S$'000) and Margin (%)



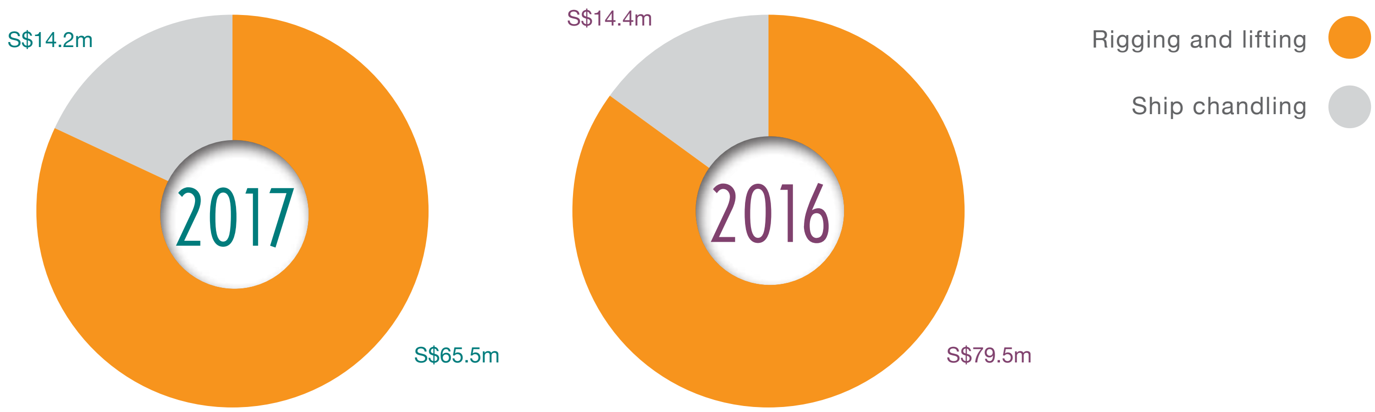
Total Shareholders' Equity (S$'000)



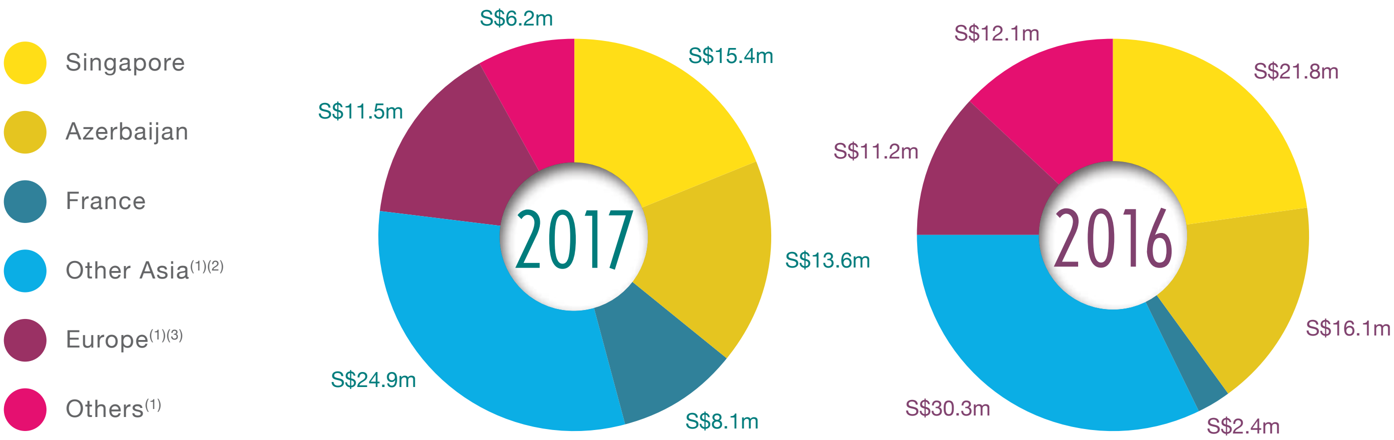
OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

Revenue By Business Segments (S$m)



Revenue By Geography (S$m)



[1] Includes revenue from customers in countries that individually account for less than 10% of the Group's revenue
[2] Excludes revenue from Singapore
[3] Excludes revenue from France

Revenue

In FY2017, the Group recorded revenue of S$79.7 million, representing a year-on-year decline of 15.2%, compared to S$93.9 million in FY2016 due mainly to the continued weakness in the O&G industry. Revenue generated by the Group's rigging and lifting segment fell 17.6% to S$65.5 million in FY2017 while its ship chandling revenue dipped 1.9% to S$14.2 million, compared to S$79.5 million and S$14.4 million respectively in FY2016.

In line with the industry situation, revenue contribution from most of the Group's geographical markets, with the exception of Europe and France, was reduced in FY2017 - Singapore by 29.2% to S$15.4 million; Azerbaijan by 16.1% to S$13.6 million, Other Asia by 17.9% to S$24.9 million and Others by 48.4% to S$6.2 million.

OPERATING AND FINANCIAL REVIEW

Share of revenue from Europe and France increased by 2.9% to S$11.5 million and 232.7% to S$8.1 million in FY2017, compared to S$11.2 million and S$2.4 million respectively in FY2016. The improved sales was largely due to the opening of a new facility in Aberdeen, Scotland by RME as well as the Group's intensified efforts to market higher-value services across the continent.

Given the project-based nature of its business and industry, the Group usually experiences a fluctuation in revenue contribution from each customer in each financial year. Customers' projects typically differ in scope and size, and project occurrence is irregular, resulting in the supply of different products to customers on an irregular basis.

Gross Profit

In FY2017, gross profit of the Group decreased by 49.4% to S$11.0 million from S$21.8 million in FY2016. Corresponding to this, its gross profit margin decreased from 23.2% in FY2016 to 13.9% in FY2017. The pressure on margins was mainly due to lower sales volume, tighter product margins and an inventory write-down of S$2.3 million in the fourth quarter of FY2017.

Other Income

Other income decreased by 93.2% from S$9.8 million in FY2016 to S$0.7 million in FY2017. This was mainly due to a non-recurring change in fair value of contingent consideration of S$9.2 million in the fourth quarter of FY2016 arising from the acquisition of Rigmarine as profit targets were not met.

Costs and Expenses

Distribution costs decreased by 7.5% to S$4.6 million in FY2017 from S$5.0 million in FY2016. This was due to decreases in staff related expenses, freight outwards and other marketing related costs amounting to S$0.1 million, S$0.2 million and S$0.1 million respectively in FY2017.

Through its cost control measures, the Group trimmed its administrative expenses by 17.1% to S$13.9 million in FY2017, compared to S$16.7 million in FY2016. During the year, the Group managed to cut staff related expenses by S$1.0 million; donation by S$0.7 million; withholding tax by S$0.3 million; entertainment expenses by S$0.2 million; travelling expenses by S$0.1 million and insurance expenses by S$0.1 million.

Other operating expenses also decreased by 65.1% to S$2.1 million in FY2017 compared to S$5.9 million in FY2016. The decrease was mainly due to several reasons that included an one-off impairment of goodwill of S$2.2 million in FY2016; a turnaround of a foreign exchange loss of S$1.8 million in FY2016 to a foreign exchange gain of S$0.3 million in FY2017; and a loss on disposal of property, plant and equipment ("PPE") of S$0.3 million in FY2016 compared to a gain on disposal of PPE in FY2017 of S$0.2 million, which were in turn offset by an increase of S$0.5 million in allowance for doubtful trade receivables.

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

Loss Attributable to Shareholders of the Company

As a result of the above, the Group posted a loss attributable to shareholders of the Company of S$11.4 million in FY2017 compared to a profit of S$1.3 million in FY2016.

FINANCIAL POSITION

Current assets of the Group 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. This was because of a decline in inventories of S$20.3 million, and a decline in trade receivables of S$0.3 million due to lower sales in FY2017.

The Group's 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. The underlying reasons included a net increase in PPE of S$2.3 million that was in turn offset by amortisation of intangible assets of S$0.7 million and impairment of intangible assets of S$0.7 million.

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 from an increase in bank borrowings of S$22.6 million arising from a reclassification of bank borrowings of S$39.5 million from non-current to current that was offset by repayment of bank loans of S$18.8 million; an increase in trade payable of S$1.0 million; and higher other payables of S$2.3 million because of a loan from the immediate holding company.

At the same time, 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.

Shareholder's Equity

Shareholder's equity of the Group decreased from S$104.8 million as at 31 March 2016 to S$93.9 million as at 31 March 2017. This decrease of S$10.9 million was mainly attributable to loss of S$11.4 million in FY2017 and partially offset by an increase in translation reserve of S$0.5 million.

OPERATING AND FINANCIAL REVIEW

CASH FLOWS

Net cash from operating activities

Net cash generated from operating activities amounted to S$12.9 million in FY2017. The Group had operating cash outflows of S$0.2 million from operating activities before changes in working capital. The cash generated from operations amounted to S$13.2 million during the period mainly due to a decrease in inventories of S$16.5 million; a decrease in other receivables of S$1.6 million; an increase in trade payables of S$0.9 million that were offset by a decrease in bank bills payable of S$5.0 million due to repayment and restructuring of bank borrowings as well as an increase in trade receivables of S$0.5 million. The Group also paid interest for bank bills of S$0.6 million and received income tax refund of S$0.3 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S$2.4 million in FY2017 mainly due to the purchase of PPE of S$4.9 million for the Group's South Korea rigging facility that has commenced operations. This was partially offset by proceeds on disposal of PPE of S$2.5 million mainly from the 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 FY2017. This was mainly due to the repayment of bank borrowings and related interest of S$21.2 million and the repayment of obligations under finance leases of S$1.0 million which were in turn offset by an increase in bank borrowings of S$11.3 million and proceeds from loan from immediate holding company of S$1.5 million.

As at 31 March 2017, the Group's cash and cash equivalents amounted to S$5.4 million compared to S$4.3 million a year ago.

CORPORATE SOCIAL RESPONSIBILITY

UPHOLDING A STRONG SENSE OF CSR

Gaylin's CSR objectives are to contribute to the society and community, both of which have enabled our success, and to build long-term and sustainable value for all our stakeholders. To ensure that our actions and initiatives stay effective and relevant, Gaylin has in place sound policies and compliance frameworks that are essential to our business operations to meet business goals.

COMMITMENT TO OUR EMPLOYEES

Workplace Safety and Health ("WSH") and training are two factors that Gaylin take very seriously. With the welfare of our employees in mind, we always strive to provide our employees a work environment that seeks to enhance their physical wellness and mental well-being.

In the area of WSH, we have strong support from top management and are able to ensure that sound WSH policies are fully integrated into the daily operations of Gaylin. Day-to-day safety measures include proper personal protective equipment and fire safety procedures which are observed at all times.

Like WSH, employees' training shares equal footing at Gaylin. We believe continual skill upgrading will enable our employees to perform their jobs confidently and build more room for personal growth. To this end, we offer training through an in-house instructor who is qualified to deliver close to 100 technical and Health, Safety and Environment ("HSE") based training to our employees. At the end of the day, it is a win-win situation for our employees, clients, and the Group as a whole especially when these training sessions have made a positive impact on our employees in terms of their product and service delivery to clients.

COMMITMENT TO OUR CLIENTS, SUPPLIERS AND SHAREHOLDERS

As a listed company, the Group is committed to providing the investment community with transparent, timely and accurate information. Our aim is to keep our existing and potential investors updated on the Group's performance and strategic initiatives, in order to help them make informed investment decisions.

Technical Classroom Training at Gaylin's Singapore facility

Accredited Rigging and Lifting Training at Rigmarine's Azerbaijan facility

CORPORATE SOCIAL RESPONSIBILITY

Specialist Product training in Gaylin Malaysia

Accredited HSE Training to a major client in the Caspian Sea Region

All our corporate announcements, press releases and distribution-related materials are released on the Singapore Exchange's SGXNET and on Gaylin's website simultaneously. This way, investors can easily access up-to-date information relating to the Group. Furthermore, investors can sign up for an email alert service which informs them whenever an announcement is posted on the website. On top of this, we have also disclosed our Investor Relations contact person on our website to allow investors to reach us easily.

Good corporate governance is integral to any sound corporation. Not resting on our laurels, we constantly assess our governing frameworks to ensure our internal controls remain relevant and our risk management methods are running at optimum levels organisation-wide. Our aim is to not only ensure total compliance with major operators and contractors in the O&G industry but also to enhance corporate accountability so as to uphold long term shareholder value.

COMMITMENT TO THE COMMUNITY

Led by our CEO, Desmond Teo, Gaylin has always been known in the industry to be an avid supporter of many community initiatives aimed at helping the elderly and less privileged in Singapore. Over the years, the number of beneficiaries adopted by the Group have been many from educational, religious and health institutions to non-profit welfare associations and grassroots organisations.

For his invaluable contribution to community service, Desmond was conferred the Public Service Medal (Pingat Bakti Masyarakat) in 2010 and a Public Service Star (Bintang Bakti Masyarakat) in 2016 from the President of Singapore.

BOARD OF DIRECTORS

ANG MONG SENG BBM | **Independent Non-Executive Chairman**
Date of appointment: 26 September 2012
Last date of reappointment: 23 July 2014

Mr Ang Mong Seng has more than 30 years of experience in estate management. He was the Chief Operating Officer of EM Services Pte Ltd from 2002 to 2011 and General Manager for Sembawang Town Council from 1988 to 1997. He was a former Member of Parliament for the Bukit Gombak Single Member Constituency from 1997 to 2001 and Hong Kah Group Representation Constituency from 2001 to 2011. He also served as Chairman for the Hong Kah Town Council from 1997 to 2011 and was a member of the House Committee in Parliament until 2011 when he retired from politics. He is currently an independent director of SGX-ST listed companies Hoe Leong Corporation Ltd., Ann Aik Limited and Chip Eng Seng Corporation Ltd. Mr Ang holds a Bachelor of Arts degree from Nanyang University, Singapore.

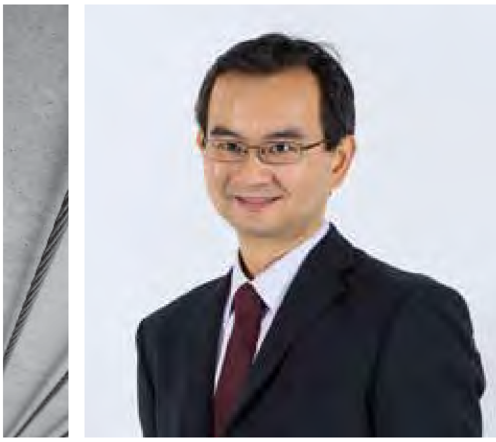
DESMOND TEO BBM | **Executive Director and Chief Executive Officer (CEO)**
Date of appointment: 25 February 2010
Date of last re-appointment: 23 July 2014

Mr Desmond Teo, an offshore O&G industry veteran with close to 40 years of experience, drives the overall management and strategic direction of the Group. He spearheads the formulation of its expansion plans, development and maintenance of customer and supplier relationships as well as oversees general operations. Mr Desmond Teo joined the Group in 1979 and was involved in various aspects of the business before being appointed as its managing director in the late 1990s. He has been instrumental in the Group's regional expansion and continually sources for investment opportunities to promote business growth. He is a member of the Singapore Institute of Directors and honorary president of the Singapore Ship-Chandlers Association. An active community leader for over two decades, Mr Desmond Teo is the Patron of numerous organisations namely Ren Ci Hospital, Tanjong Pagar – Tiong Bahru Citizens' Consultative Committee ("CCC"), Yew Tee CCC, Yew Tee Community Club Management Committee and Yew Tee Constituency Sports Club and is currently the Chairman of Yew Tee CCC Community Development and Welfare Fund Committee. For his invaluable contribution to community service, Mr Desmond Teo was conferred the Public Service Medal (Pingat Bakti Masyarakat) in 2010 and a Public Service Star (Bintang Bakti Masyarakat) in 2016 from the President of Singapore. Mr Desmond Teo also received the Outstanding Entrepreneurship Award for his exemplary achievements in entrepreneurship at the Asia Pacific Entrepreneurship Awards ceremony in July 2014.

BOARD OF DIRECTORS

TEO BEE HOE | Executive Director and Chief Operating Officer (COO)
Date of appointment: 25 February 2010
Date of last re-appointment: 22 July 2016

Mr Teo Bee Hoe is responsible for overseeing the technical and services aspects of the operations of the production department. He joined the Group in 1974 and has over 40 years of operational experience in the supply of rigging and lifting equipment and related services. Formerly the Deputy COO of the Group, he took on the role of COO with effect from 4 December 2014. He is responsible for managing the operations of the production department, which include key aspects such as production, fabrication, logistics and delivery as well as related services, and also assists the Group's Executive Director and CEO in managing its day-to-day business operations.



NG SEY MING | Independent Non-Executive Director
Date of appointment: 26 September 2012
Date of last re-appointment: 23 July 2015

Mr Ng Sey Ming is a partner in the Banking & Finance practice group in Rajah & Tann Singapore LLP. He commenced his legal practice there in 2000 and was made a partner in 2007. He was admitted as a Solicitor of England and Wales, and an Advocate and Solicitor of the High Court of Malaya, in 2007. Currently, Mr Ng is an independent director of SGX-ST listed Hong Leong Asia Ltd. and XMH Holdings Ltd. Mr Ng holds a Bachelor of Laws (Honours) from the National University of Singapore and is a member of the Singapore Academy of Law and the Law Society of Singapore.

LAU LEE HUA | Independent Non-Executive Director
Date of appointment: 26 September 2012
Date of last re-appointment: 23 July 2015

Ms Lau Lee Hua is the proprietor-auditor of Lau Lee Hua & Co., a certified public accounting firm, since 1995. She is a practising member of Institute of Singapore Chartered Accountants having been admitted in 1995 and upgraded to a Fellow of the Association of Chartered Certified Accountants in 1997. She was appointed as Honorary Treasurer of the Movement for the Intellectually Disabled of Singapore, a voluntary welfare organisation, on 28 September 2013. Ms Lau was awarded the "Long Service Award" by the People's Association in 2001 and the "MINDS Meritorious Service Award" by Movement for the Intellectually Disabled of Singapore in 2009. Ms Lau is also an independent director of SGX-ST listed Natural Cool Holdings Limited.

Note: Mr Wu Chiaw Ching resigned as Independent Non-Executive Director with effect from 31 December 2016.

SENIOR MANAGEMENT

STEVEN TEO | Chief Administrative Officer (CAO)

Mr Steven Teo assists the CEO in the general management and administration of the Group, in particular, its inventory management and procurement functions. He was previously involved in the marketing and sales functions of the Group and was instrumental in improving its inventory management system. He joined the Group in 1983 and has more than 30 years of experience in the business of supplying rigging and lifting equipment and related services.

UTHAYA CHANDRIKAA D/O PONNUSAMY | Chief Financial Officer (CFO)

Ms Uthaya Ponnusamy joined the Group in January 2017 and is responsible for its financial affairs including financial reporting and controls, treasury and corporate regulatory compliance. She started her career in 2001 at Arthur Andersen LLP in audit and joined Deloitte & Touche LLP ("Deloitte") in 2003 as an audit senior. She was promoted to audit manager in 2006 and was seconded to Deloitte's New York Office from 2007 to 2009. She was promoted to senior manager in 2009 and then to lead audit director in 2015. During her time at Deloitte, she led and managed financial audits for multi-national corporations and public listed companies in Singapore. She was also involved in the listing of companies on the Singapore Exchange. Ms Ponnusamy obtained a Bachelor of Accountancy (Honours) from Nanyang Technological University in 2001 and is a member of the Institute of Singapore Chartered Accountants.

MICHAEL JOHN DUNCAN | Managing Director, Gaylin International Pte. Ltd.

Mr Michael John Duncan was appointed as Managing Director of Gaylin International Pte. Ltd. on 4 September 2015. His responsibilities at the Group include improving the overall infrastructure and corporate consistency, driving key functions in the areas of global sales and key contracts, as well as spearheading future growth programmes. Formerly Group Managing Director of Rigmarine, Mr Duncan is an O&G industry veteran with almost 30 years of experience from the lifting and marine/ mooring sector. Under his leadership, Rigmarine has built a sound and sustainable business model over the years despite the challenging environment that it operates in. With a proven track record in operational structure in multinational businesses, quality, strategy and business development, Mr Duncan reports directly to the CEO and plays a prominent and instrumental role in the management of all group companies.

JAE TEO | Deputy Chief Administrative Officer

Ms Jae Teo was appointed Deputy CAO on 5 February 2016 and assists the CAO in the Human Resource ("HR") and Information Technology ("IT") functions of the Group. She is also in charge of cross-functional solutions and aligning business processes and controls across the Group. Ms Teo began her career in the banking industry before joining the Group's production departments in January 2011. She then rose through the ranks to become Senior Business Process Manager where she oversaw the streamlining and integration of business process and controls. Shortly after, she took on additional portfolios in Insurance, IT and HR on a Group level. She was also involved in various key projects such as the Initial Public Offering of the Group, the SAP implementation and acquisition projects which involved Group-wide process integration.

CORPORATE STRUCTURE

GAYLIN®

Trusted For Lifting & Rigging

- 100% Gaylin International Pte Ltd
  - 100% Gaylin Vietnam Pte Ltd
- 100% Gaylin Marine Supply Pte. Ltd.
  - 100% Allseas Marine Services Pte. Ltd.
  - 90% Phoenix Offshore Co., Ltd.
- 100% Gaylin Power Pte. Ltd.
- 100% Bridge Testing Centre (Pte) Ltd.
- 100% Gaylin Malaysia Sdn. Bhd.
  - 49% Gaylin Wire Sdn. Bhd.[1]
- 100% Gaylin Asia Pte. Ltd.
  - 100% Rig Marine Holdings FZE
    - 100% Rigmarine Europe Limited
    - 100% Rigmarine Azerbaijan LLC
    - 100% Rigmarine Kazakhstan LLP
    - 100% Rig Marine FZE
- 100% Gaylin Indonesia Pte. Ltd.
  - 99.67% PT. Gaylin[2]
- 100% GI Offshore Engineering Pte. Ltd.
- 100% Neptune Testing Services Pte. Ltd.
- 100% Lv Yang (Tianjin) Offshore Equipment Pte. Ltd.
  - 100% Lv Yang (Tianjin) Offshore Equipment Co., Ltd.
- 100% Gaylin Korea Pte. Ltd.
  - 90% Gaylin Korea Co., Ltd.

[1] *On 30 November 2015, the Group announced plans to dissolve Gaylin Wire Sdn. Bhd.*

[2] *The remaining interests of this subsidiary are held in trust and we are in the process of transferring to our direct holding.*

CORPORATE INFORMATION

BOARD OF DIRECTORS
Ang Mong Seng – Independent Non-Executive Chairman
Desmond Teo Bee Chiong – Executive Director and CEO
Teo Bee Hoe – Executive Director and COO
Lau Lee Hua – Independent Non-Executive Director
Ng Sey Ming – Independent Non-Executive Director

AUDIT COMMITTEE
Lau Lee Hua – Chairman*
Ang Mong Seng
Ng Sey Ming

REMUNERATION COMMITTEE
Ang Mong Seng – Chairman
Ng Sey Ming
Lau Lee Hua

NOMINATING COMMITTEE
Ng Sey Ming – Chairman
Ang Mong Seng
Desmond Teo Bee Chiong
Lau Lee Hua*

COMPANY SECRETARY
Yeoh Kar Choo Sharon, ACIS

SHARE REGISTRAR
RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

AUDITORS
Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown Two, #33-00
Singapore 068809
Partner-in-charge: Patrick Tan Hak Pheng
Date of Appointment: 22 July 2016

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INVESTOR RELATIONS
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101 Thomson Road
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Notes:
Mr Wu Chiaw Ching resigned as Independent Non-Executive Director with effect from 31 December 2016.
**Appointed with effect from 31 December 2016.*

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") and the Management of Gaylin Holdings Limited (the "Company") are committed to achieving a high standard of corporate governance within the Company and its subsidiaries (the "Group"). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interest of the Company's shareholders (the "shareholders").

This report outlines the Company's corporate governance practices that were in place for the financial year ended 31 March 2017 ("FY2017") with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"), which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited.

The Board is pleased to confirm that for FY2017, the Group has adhered to the principles and guidelines in the Code where appropriate.

Principle 1: The Board's Conduct of its Affairs

The Board is collectively responsible for the long-term success of the Group and is accountable to its shareholders. The functions of the Board include the following which are also part of the matters reserved for the Board's approval:-

a) deciding on strategic objectives, key business initiatives, major investments and funding matters;

b) monitoring the performance of Management and reviewing the financial performance of the Group;

c) implementing effective risk management systems including safeguarding of shareholders' interest and the Company's assets;

d) ensuring the adequacy of the internal controls;

e) considering sustainable issues; and

f) ensuring compliance with the Code, the Companies Act (Cap 50) of Singapore ("Companies Act"), the Company's Constitution, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Listing Manual"), accounting standards and other relevant statutes and regulations.

The Board meets each quarter in the year to approve, among others, announcements of the Group's quarterly and full year financial results. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings.

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, corporate or financial restructuring, capital expenditure budgets, review of performance, share issuances, dividends to shareholders and interested person transactions. Clear directions have been imposed on Management that such matters must be approved by the Board.

To facilitate effective management, the Board delegates certain functions to the various Board committees. The Board delegates such functions and authority to the Board committees without abdicating its responsibility. These committees, which include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (each a "Board Committee"), operate within clearly defined terms of reference and functional procedures. Each of these committees reports its activities regularly to the Board.

The Company recognises the importance of appropriate training for its Directors. Newly appointed Directors are given an orientation and will be briefed on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors. Such training would include areas such as accounting, legal and industry-specific knowledge as appropriate. There was no new Director appointed during FY2017.

All Directors, as appropriate, will also be given regular training particularly on relevant new laws, regulations and changing commercial risks which have an important bearing on the Company and the Directors' obligations towards the Company.

The Company will be responsible for arranging and funding the training of Directors.

Briefing and updates provided to the Directors for FY2017 included:

a) briefing by the external auditors, Deloitte & Touche LLP, on the key developments in financial reporting and governance standard at the quarterly review meetings;

b) the Chief Executive Officer (the "CEO") updates the Board at each Board meeting on business and strategic developments pertaining to the Group's business; and

c) News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board.

Please also refer to Principle 4 regarding the NC's plan for the Directors' training and professional development programmes.

The number of Board and Board Committee meetings held during FY2017 and the attendance of each Director are set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**	**No. of Meetings Held(1)**	**No. of Meetings Attended**
Mr Ang Mong Seng	5	5	4	4	1	1	2	2
Mr Desmond Teo	5	5	4(2)	4(2)	1	1	2(2)	2(2)
Mr Teo Bee Hoe	5	4	4(2)	2(2)	–	–	2(2)	1(2)
Mr Wu Chiaw Ching*	5	4	4	3	1	1	2	1
Mr Ng Sey Ming	5	5	4	4	1	1	2	1
Ms Lau Lee Hua	5	5	4	4	1(2)	1(2)	2	1

* Resigned on 31 December 2016

(1) Represents the number of meetings held as applicable to each individual Director.
(2) Attendance at meetings that were held on a "By Invitation" basis.

Principle 2: Board Composition and Guidance

The Board currently comprises five (5) Directors, three (3) of whom are Independent Non-Executive Directors (the "Independent Non-Executive Directors" or the "Independent Directors" or each the "Independent Non-Executive Director" or the "Independent Director"), and two (2) are Executive Directors (the "Executive Directors" or each the "Executive Director").

Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Mr Ang Mong Seng	Independent Non-Executive Chairman	Member	Member	Chairman
Mr Desmond Teo	Executive Director and CEO	–	Member	–
Mr Teo Bee Hoe	Executive Director and COO	–	–	–
Ms Lau Lee Hua	Independent Non-Executive Director	Chairman	Member	Member
Mr Ng Sey Ming	Independent Non-Executive Director	Member	Chairman	Member

The NC has reviewed and is satisfied that the current composition and Board size is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The three (3) Independent Directors, who make up more than half of the Board composition, provide the Board with independent and objective judgement on corporate affairs of the Company.

Each of the Independent Directors has confirmed that he/she does not have any relationship with the Company or its related corporations, its 10% shareholders or its officers including confirming not having any relationships and circumstances provided in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgement in carrying out the functions as an Independent Director with a view to the best interests of the Company. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board beyond nine years from the date of first appointment.

The Board comprises of Directors who are qualified and/or experienced in various fields including business and management, accounting and finance, investor relations and legal practices. The NC is of the view that the current Board comprises of persons who as a group have core competencies necessary to lead and manage the Company effectively.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business and no one individual should represent a considerable concentration of power.

The Chairman of the Board and the CEO are two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

Mr Ang Mong Seng is an Independent and Non-Executive Director and also the Chairman of the Board. He assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between the Management and the Board; sets agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board and promotes high standards of corporate governance. Day-to-day operations of the Group are entrusted to the CEO, Mr Desmond Teo, Executive Director who assumes full executive responsibility over the mapping of business plans and operational decisions of the Group.

Mr Ang Mong Seng and Mr Desmond Teo are not related to each other. There is a clear division of responsibilities of the Chairman of the Board and the CEO.

All the Board committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors.

Principle 4: Board Membership

The NC consists of three (3) Independent Directors and one (1) Executive Director, the majority of whom, including the Chairman, are independent.

Mr Ng Sey Ming - Chairman
Mr Ang Mong Seng - Member
Ms Lau Lee Hua - Member
Mr Desmond Teo - Member

The key terms of reference of the NC include, to:

a) evaluate and review nominations for appointment and re-appointment to the Board and the various committees;

b) nominate a Director for re-election at the Annual General Meeting ("AGM"), having regard to the Director's contribution and performance;

c) determine annually and as and when circumstances require if a Director is independent;

d) recommend to the Board the process for the evaluation of the performance of the Board, the Board committees, individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director, annual assessment of the effectiveness of the Board;

e) decide whether a Director who has multiple Board representations is able to and has been adequately carrying out his duties as Director of the Company;

f) review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel; and

g) review the training and professional development programmes for the Board.

The NC makes recommendations to the Board on relevant matters relating to Board including succession planning; all Board appointments/re-appointments of Directors, taking into consideration composition of the Board and progressive renewal of the Board; how the Director fits into the overall competency matrix of the Board as well as the Director's contribution and performance at Board meetings, including attendance, preparedness and participation; training and professional development programmes for the Board.

Currently, there is an informal succession plan put in place by the CEO. Going forward and at the relevant time, the NC will look into such plan in close consultation with the CEO and the Chairman.

Management has an open policy for professional training for all the Board members, including Executive Directors and Independent Directors. The Company endorses the Singapore Institute of Directors ("SID") training programmes and all Board members are encouraged to attend any relevant training organised by the SID or any other organisation which provides relevant training courses for Directors. The cost of such training will be borne by the Company.

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board. Notwithstanding that the Chairman of the Board is an Independent Non-Executive Director, the Company maintains a very strong and independent element on the Board with Independent Directors making up more than half of the Board.

In identifying suitable candidates, the NC may:

a) advertise or use services of external advisers to facilitate a search;

b) approach alternative sources such as the SID; and/or

c) consider candidates from a wide range of backgrounds from internal or external sources.

After short-listing the candidates, the NC shall:

i. consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote to the position; and

ii. evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually based on Guideline 2.3 of the Code's definition of what constitutes the independence of the Independent Directors. The NC has affirmed that Mr Ang Mong Seng, Mr Ng Sey Ming and Ms Lau Lee Hua are independent. None of the Independent Directors have served on the Board beyond nine years from their respective date of appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

Pursuant to Regulation 114 of the Constitution of the Company, at least one-third of the Directors shall retire from office at the annual general meetings of the Company. Accordingly, Mr Desmond Teo and Mr Ang Mong Seng will retire at the forthcoming AGM. The NC has recommended to the Board that the retiring Directors be nominated for re-election. In recommending the above Directors for re-appointment, the NC has given regard to the results of the Board assessment in respect of their competencies in fulfilling their responsibilities as Directors to the Board. The NC has also reviewed the independence of Mr Ang Mong Seng. In assessing his independence, the NC having considered the guidelines set out in the Code, is of the view that Mr Ang Mong Seng is independent and there are no relationships identified in the Code which would deem him not to be independent. Mr Ang Mong Seng has also declared that he is independent.

More information on Mr Ang Mong Seng can be found in the Key Information in the section entitled "Board of Directors" on Page 12 in this Annual Report.

All Directors are required to declare their Board appointments. The NC has reviewed and is satisfied that notwithstanding their multiple Board appointments, Mr Ang Mong Seng, Mr Ng Sey Ming and Ms Lau Lee Hua, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company.

To address the competing time commitments that are faced when Directors serve on multiple Boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company Board appointments which any Director may hold. Based on the recommendation, the Board has determined and set the maximum number of listed company Board appointments at not more than five (5) listed companies of the same financial year end. Currently, none of the Directors hold more than five directorships in listed companies which adopt the same financial year end.

There is no alternate Director on the Board.

Each member of the NC abstains from voting on any resolutions and making any recommendation and or participating in discussion on matters in which he is interested.

Principle 5: Board Performance

A review of the Board's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and a self-assessment evaluation to assess the contribution of each Director to the effective functioning of the Board. Each Board member will be required to complete an appraisal form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance.

The Board has not engaged any external facilitator in conducting the assessment of Board performance. Where relevant, the NC will consider such engagement.

For FY2017, the NC, in assessing the contribution of each Director, had considered each Director's attendance and participation at Board and Board Committee meetings, his/her qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered.

The NC has assessed the current Board and Board Committee's performance to-date, as well as the performance of each individual Director, and is of the view that the performance of the Board as a whole and each individual Director was satisfactory.

Principle 6: Access to Information

The Board is provided with adequate information by the Management prior to Board meetings on matters to be deliberated. This facilitates an informed decision-making process to enable the Directors to discharge their duties and responsibilities. Directors are also updated on initiatives and developments on the Group's business whenever possible on an on-going basis. All Directors are entitled to be provided with any additional information as needed to make informed decisions. In this connection, the Directors have separate and unrestricted access to the Management who shall provide such information in a timely manner. Where necessary, Directors, whether as a group or individually, can seek independent professional advice at the Company's expense for the discharge of their duties.

The Directors also have separate and independent access to the Company Secretary. The Company Secretary is required to attend all Board and Board Committee meetings and ensures that Board procedures are followed and the applicable rules and regulations are complied with.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows with the Board and its Board Committees and between Management and Non-Executive Directors, advising the Board on all governance matters as well as facilitating orientation and assisting with professional development as required.

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Chairman of the Board and the Company Secretary will assist him/them to appoint an independent professional advisor, if necessary, to render the professional advice and to keep the Board informed of the advice.

The cost of such professional advice will be borne by the Company.

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The RC consists of three (3) members, all of whom including the Chairman, are independent:

Mr Ang Mong Seng – Chairman
Mr Ng Sey Ming - Member
Ms Lau Lee Hua – Member

According to its terms of reference, the responsibilities of the RC include the following:-

a) make recommendations to the Board a framework of remuneration for the Board and key management personnel of the Group and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;

b) review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

c) consider whether Directors, the CEO and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and

d) consider the remuneration disclosure requirements for Directors and the top five key management personnel as required by the Code.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Company's relative performance and the performance of individual Directors and key management personnel. Executive Directors and the CAO are paid a basic salary and a performance-related bonus that are linked to the performance of the Company. Other key management personnel are paid basic salary and performance bonus. The RC does consider long-term incentive schemes for the Executive Directors and key management personnel. In this connection, the RC shall at the relevant time look into granting of options under the Gaylin Employee Share Option Scheme which was approved by the shareholders of the Company on 24 September 2012.

The performance-related element of the Executive Directors' remuneration is designed to align their interests with the interests of shareholders and promote the long-term success of the Company.

The RC also ensures that the remuneration of the Independent Non-Executive Directors are appropriate to their level of contribution taking into account factors such as effort and time spent, and their responsibilities. Independent Non-Executive Directors receive a basic fee for their services. The RC ensures that the Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. No Director is involved in deciding his or her own remuneration package.

All revisions to the remuneration packages for the Directors and key management personnel are subjected to the review by and approval of the Board. Directors' fees are further subjected to the approval of shareholders at annual general meetings. Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. During the financial year, the RC did not require the service of an external remuneration consultant.

The Company has entered into separate service agreements (the "Service Agreements") with the Executive Directors, Mr Desmond Teo and Mr Teo Bee Hoe; and CAO, Mr Steven Teo, for a period of three (3) years from the date of the listing on the SGX-ST and thereafter continue from year to year (unless otherwise terminated by either party giving not less than six (6) months' prior written notice to the other).

Pursuant to the terms of their respective Service Agreements, each of Mr Desmond Teo, Mr Teo Bee Hoe and Mr Steven Teo is entitled to an annual performance bonus (the "Annual Performance Bonus") in respect of each financial year, which is calculated based on the consolidated net profit before tax and exceptional items (before making deductions for such Annual Performance Bonus) of the Group.

On 1 May 2016, each of Mr Desmond Teo, Mr Teo Bee Hoe and Mr Steven Teo has entered into supplementary service agreements with the Company for a period of one year. They have voluntarily agreed to reduce their remuneration and entitlements. Upon expiry of the aforesaid supplementary agreements, the Company has on 1 May 2017, renewed the respective supplementary service agreements on the same terms and conditions, for a period of one year.

The Company does not have contractual provisions to allow the Company to claw back incentive components of remuneration from Executive Directors and key management personnel in the event of any misstatement of financial results, or of misconduct resulting in financial loss to the Company. However, the Executive Directors owe a fiduciary duty to the Company under law and as such, the Company would have recourse against the Executive Directors in the event of such breach of fiduciary duties.

Although Guideline 9.2 of the Code recommends that companies fully disclose the name and remuneration of each Director and the CEO, the Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitive pressures in the market. As such, the Board has elected not to fully disclose the remuneration of each individual Director and the CEO. The table below provides a breakdown of the level and mix of the remuneration of each Director and the CEO in bands of S$250,000 for FY2017:-

Remuneration Band and Name of Director	Salary	Bonus/ Profit Sharing	Fees	Benefits in Kind	Total
	%	%	%	%	%
Up to S$250,000					
Mr Ang Mong Seng	–	–	100	–	100
Mr Wu Chiaw Ching*	–	–	100	–	100
Mr Ng Sey Ming	–	–	100	–	100
Ms Lau Lee Hua	–	–	100	–	100
S$250,001 to S$500,000					
Mr Desmond Teo(1)	94	–	–	6	100
Mr Teo Bee Hoe	94	–	–	6	100

* Resigned on 31 December 2016

(1) Mr Desmond Teo is Executive Director and CEO.

Guideline 9.3 of the Code recommends that companies disclose the name and remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000. As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel. In addition, companies should also disclose the aggregate of the total remuneration paid or payable to the top five key management personnel (who are not Directors and the CEO).

The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of their remuneration due to the competitiveness of the market for key talent. As such, the Board has deviated from complying with the above recommendation. The Board only partially complies with the above recommendation by providing below a breakdown showing the level and mix of remuneration of each of the top five key management personnel (who are not Director or the CEO) in bands of S$250,000 for FY2017.

Remuneration Band and Name of Executive	Salary	Bonus/Profit Sharing	Fees	Benefits in Kind	Total
	%	%	%	%	%
Up to S$250,000					
Ms Jae Teo(2)	100	–	–	–	100
Ms Uthaya Chandrikaa D/O Ponnusamy(3)	100	–	–	–	100
Ms Goh Guat Bee(4)	100	–	–	–	100
Mr Patrick Teo(5)	74	–	–	26	100
Ms Hing Lai Kuen(6)	100	–	–	–	100
S$250,001 to S$500,000					
Mr Steven Teo(7)	97	–	–	3	100
Mr Michael John Duncan	100	–	–	–	100

(2) Daughter of Mr Desmond Teo (Executive Director and CEO).
(3) Ms Uthaya Chandrikaa D/O Ponnusamy was appointed on 9 January 2017.
(4) Ms Goh Guat Bee resigned on 8 August 2016.
(5) Mr Patrick Teo retired on 13 June 2016.
(6) Ms Hing Lai Kuen was appointed on 30 June 2016 and resigned on 3 March 2017.
(7) Brother of Mr Desmond Teo (Executive Director and CEO) and Mr Teo Bee Hoe (Executive Director and COO).

Except as disclosed below, the Group does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$50,000 for FY2017.

Remuneration Band and Name of employee who is an immediate family member of a Director or CEO	Salary	Bonus/ Profit Sharing	Fees	Benefits in Kind	Total
	%	%	%	%	%
S$100,001 to S$150,000					
Ms Jae Teo[2]	100	–	–	–	100
S$300,001 to S$350,000					
Mr Steven Teo[7]	97	–	–	3	100

Further information on Directors and the key management personnel is on pages 12 to 14 of this Annual Report.

During FY2017 and as at 31 March 2017, no option has been granted under the Gaylin Employee Share Option Scheme.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability
Principle 11: Risk Management and Internal Controls

The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate, the Independent Directors in consultation with the Management, will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

The Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. As and when circumstances arise, the Board can request Management to provide any necessary explanation and information on the management accounts of the Company.

The Board is responsible for the governance of risk. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Company's level of risk tolerance and risk policies.

The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

The Board has engaged the services of an independent accounting and auditing firm, KPMG Services Pte. Ltd. ("KPMG") as its internal auditors (the "internal auditors") in respect of internal audit services, under which the internal controls of the Group addressing financial, operational, compliance risks and information technology controls are regularly being reviewed and recommendations made to improve the internal controls.

Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC for further discussion.

The Board and the AC also work with the internal auditors, external auditors and the Management on their recommendations to institute and execute relevant controls with a view to enhance the Group's risk management system. The Group's risk management framework is supported by risk reporting dashboard and risk registers.

The Board notes that no cost effective system of internal controls and risk management systems could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. The Board also believes its responsibility of overseeing the Company's risk management framework and policies are well supported.

For FY2017, the Board and the AC have received assurance from the CEO and the CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors, and reviews performed by Management, various Board Committees and the Board, the Board with the concurrence of the AC, is of the view that the Group's internal control system and risk management system, addressing financial, operational, compliance and information technology controls and risk management system, put in place during FY2017 are adequate and effective pursuant to Listing Rule 1207(10) of the Listing Manual.

The Board did not establish a separate Board risk committee as the Board is already currently assisted by the Management with review by the AC in carrying out its responsibility of overseeing the Group's risk management framework and policies.

AUDIT COMMITTEE

Principle 12: Audit Committee

The AC comprises three (3) members, all of whom including the Chairman, are independent.

Ms Lau Lee Hua - Chairman
Mr Ang Mong Seng - Member
Mr Ng Sey Ming – Member

The Board is of the opinion that the AC chairman and members of the AC are appropriately qualified with the relevant accounting, financial, business management and corporate experience to discharge their responsibilities.

The key terms of reference of the AC are to:-

a) review the audit plans of the Company's external auditors and the internal auditors, including the results of the internal auditors' review and evaluation of the system of internal controls;

b) review the external auditors' reports;

c) review with independent internal auditors the findings of their review report, internal control process and procedures, and make recommendations on the internal control process and procedures to be adopted by the Company;

d) review the recommendations of the external and internal auditors and monitor the implementation of an automated inventory and information system;

e) review the co-operation given by the Directors and Management to the external auditors and internal auditors;

f) review the financial statements of the Company and the Group, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before their submission to the Board for approval;

g) commission and review the findings of internal investigation of any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

h) make recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approve the remuneration and terms of engagement of the external and internal auditors;

i) review the key financial risk areas, with a view to providing independent oversight on the Group's financial reporting, with the outcome of such review to be disclosed in the annual reports or, if the findings are material, to be immediately announced via SGXNET;

j) review and recommend to the Board the types of risks or risk appetite the Company undertakes to achieve its business strategies. Oversee the risk management framework, policies and resources to manage and report risks within the Company's risk appetite;

k) review, either internally or with the assistance of any third parties and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance, risk management policies and information technology controls;

l) recommend to the Board on the opinion and disclosure in the annual report on the adequacy and effectiveness of the Company's risk management and internal controls systems in accordance with the Listing Manual and Code of Corporate Governance;

m) review interested person transactions, falling within the scope of Chapter 9 of the Listing Manual, if any, and connected person transactions;

n) review transactions falling within the scope of Chapter 10 of the Listing Manual, if any;

o) review any potential conflicts of interest and set framework to resolve or mitigate any potential conflict of interest;

p) review and approve relevant policies and procedures implemented by the Group and conduct periodic review of such policies and procedures;

q) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

r) review arrangements by which the Group's staff may, in confidence, raise concerns about improprieties in matters of financial reporting and to ensure those arrangements are in place for independent investigations of such matter and for appropriate follow-up; and

s) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time.

The AC meets on a quarterly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Company's financial performance.

During this process, the AC reviewed the key areas of critical judgements and key estimates applied for key financial issues including going concern, valuation of inventories, allowance for receivables, impairment of property, plant and equipment and intangible assets, critical accounting policies and any other significant matters that might affect the disclosures in the financial statements. The AC also considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the external auditors have been included as Key Audit Matters ("KAMs") in the audit report for the financial year ended 31 March 2017 in pages 38 to 41 of this Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied in the valuation of assets, as well as the reasonableness of the estimates and key assumptions used. In addition to the views from the external auditors, subject matter experts, such as independent valuers, were consulted where necessary. The AC concluded that Management's accounting treatment and estimates in each of the KAMs were appropriate.

The AC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and reports to the Board annually.

The AC reviews annually the adequacy of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively.

The AC examines the internal audit plans, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

The AC meets with the internal auditors and the external auditors, in each case, without the presence of the Management, at least annually. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, Deloitte & Touche LLP ("Deloitte" or the "external auditors"), are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of Deloitte for re-appointment as auditors of the Company at the forthcoming AGM.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to the Management and full discretion to invite any Director or key management personnel or any executive officer to attend its meetings. The AC is reasonably resourced to enable it to discharge its functions properly. During FY2017, the AC has received full co-operation from the Management and the Group's officers in the course of it carrying out its duties. It is also satisfied with the adequacy of the scope and quality of the external audits being conducted by Deloitte.

The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

Ms Lau Lee Hua, the AC Chairman is a practicing Chartered Accountant and is able to lead the AC and its members to be kept abreast of changes to accounting standards and issues which have a direct impact on financial statements. In addition, the AC also relies on the external auditors, Deloitte and internal auditors, KPMG, for updates on any changes to the accounting standards. Furthermore, as mentioned under Principle 4, the NC intends to send all the Directors, including the relevant Independent Directors, for training with SID on courses which are relevant to them in order to discharge their duties and responsibilities.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

The Company has adopted a Whistle-Blowing Policy to provide a channel for its employees to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The Whistle-Blowing Policy provides for procedures to validate concerns and for investigation to be carried out independently. For FY2017, there were no reported incidents pertaining to whistle blowing.

The aggregate amount of audit fees paid or payable to the Company's external auditors for FY2017 are S$180,000. There were no non-audit fees paid to the Company's external auditors for FY2017.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Principle 13: Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal audit function of the Company is outsourced to KPMG. The internal auditors report primarily to the Chairman of the AC and have full access to the documents, records properties and personnel including access to the AC.

The Board recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Company's assets. Rule 719(1) of the SGX-ST Listing Manual requires an issuer to have a robust and effective system of internal controls, addressing financial, operational, compliance risks and information technology. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational, compliance and information technology controls.

The internal audit plan is approved by the AC and the results of the audit findings are submitted to the AC for its review. The internal auditors conducted an annual review in accordance with their audit plans. Any material issues and recommendations for improvements were reported to the AC.

Based on the internal auditors' report submitted by the internal auditors and the various controls put in place by the Management and the review and work performed by the internal and external auditors, Management and the various Board Committees, the Board, with the concurrence of the AC, is of the view that the internal controls in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks in its current business environment.

The AC is satisfied that the internal auditors have adequate resources to perform their function effectively and are staffed by suitably qualified and experienced professionals with the relevant experience.

The internal audit work carried out by the internal auditors was guided by the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors.

On an annual basis, the AC reviews the internal audit program and function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

Principle 14: Shareholders' Rights
Principle 15: Communication with Shareholders

The Company treats all shareholders fairly and equitably and respects shareholders' rights. The Company continually reviews and updates governance arrangements with regard to shareholders' rights.

Relevant information pertaining to the Group, such as changes in the Company or its business which would affect the share price of the Company is disseminated in a timely manner to shareholders through public announcements via SGXNET or through circulars to shareholders and the annual reports.

The Company has appointed an external investor relations firm to facilitate the communication with all stakeholders (shareholders, analysts and media) on a regular basis, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance. To enable shareholders to contact the Company easily, the contact details of the investor relations function are set out in page 16 of this Annual Report as well as on the Company's website. The Company has procedures in place with regard to responding to investors' queries.

Shareholders are encouraged to participate effectively in voting procedures relating to the general meetings.

The Company does not practice selective disclosure. The Company avoids boilerplate disclosures and provides detailed and forthcoming disclosure in its announcements to the SGX-ST. Such announcements are also available on the Company's website.

The Company does not have a formal dividend policy. The declaration and payment of dividends will be determined at the sole discretion of the Board subject to approval of the shareholders. In making their recommendation, the Board will consider the Group's cash, gearing, return on equity and retained earnings, actual and projected financial performance and working capital needs, projected level of capital expenditure and other investment plans, restriction on payment of dividends imposed by the Company's financing arrangements (if any) and the general economic and business condition in countries which the Group operates. Any proposal for the declaration of dividends will be clearly communicated to the shareholders to the SGX-ST via SGXNET. No dividend has been declared for FY2017 due to the Group's loss position.

The Company's constitution allows a shareholder to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board ("CPF") which purchases shares on behalf of the CPF investors.

Principle 16: Conduct of Shareholder Meetings

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. Notice of general meeting is announced through SGXNET and published in the newspapers within the same period.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Proxy form is sent with notice of general meeting to all shareholders. Separate resolutions are proposed for substantially separate issues at the meeting.

The Constitution of the Company allows members of the Company to appoint not more than two proxies to attend and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors, including Chairman of the Board and the respective Chairman of the AC, NC and RC, the Management, and the external auditors are in attendance at general meetings to address any queries of the shareholders.

The Company with the help of the Company Secretary prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and Management and such minutes, where relevant will be made available to shareholders upon their request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

DEALING IN SECURITIES

The Group has adopted an internal compliance code to provide guidance to its Directors and all employees of the Group with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Directors and employees of the Group while in possession of unpublished price-sensitive information. Directors and employees are not allowed to deal in the Company's securities on short-term considerations and during the two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and the one month before the announcement of the Company's full year financial results. The Directors and employees are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Listing Manual and any other relevant regulations with regard to their securities transactions. They are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

MATERIAL CONTRACTS

Save as disclosed below and Notes 5 and 6 to the financial statements, there were no other material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder either still subsisting as at 31 March 2017 or if not then subsisting, entered into since the end of the previous financial year.

a) The Service Agreements of Mr Desmond Teo, Mr Teo Bee Hoe and Mr Steven Teo, each dated 26 September 2012 and the Supplementary Service Agreements of Mr Desmond Teo, Mr Teo Bee Hoe and Mr Steven Teo, each dated 1 May 2017;

b) The Covenantors Non-Competition Deed dated 26 September 2012 entered into between the Company and Mr Teo Bee Yen, Mr Desmond Teo, Mr Teo Bee Hoe, Mr Steven Teo and Keh Swee Investment Pte. Ltd. ("Keh Swee");

c) The letter of undertaking dated 26 September 2012 from Keh Swee to the Company; and

d) The Shareholders' loan agreement entered into between Gaylin International Pte. Ltd., a wholly-owned subsidiary of the Company and Keh Swee dated 8 August 2016.

INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for Interested Person Transactions ("IPTs") pursuant to Rule 920 of the Listing Manual of the SGX-ST.

All IPTs will be properly documented and submitted to the AC for quarterly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

The Board will ensure all IPTs to be entered are complied with the relevant rules under Chapter 9 of the Listing Manual of the SGX-ST.

The Company confirms that there were no IPTs of S$100,000 or more entered into for financial year under review.

NON-AUDIT FEES

There were no non-audit services that were rendered by the Company's external auditors, Deloitte, to the Group for FY2017.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 44 to 95 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr Ang Mong Seng	(Independent Non-Executive Chairman)
Mr Teo Bee Chiong	(Executive Director and Chief Executive Officer)
Mr Teo Bee Hoe	(Executive Director and Chief Operating Officer)
Ms Lau Lee Hua	(Independent Non-Executive Director)
Mr Ng Sey Ming	(Independent Non-Executive Director)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of directors	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**
Holding company		
– Keh Swee Investment Pte. Ltd.		
(Ordinary shares)		
Teo Bee Chiong	1,000,001	1,000,001
Teo Bee Hoe	1,000,001	1,000,001

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and companies in which interests are held	Shareholdings in which directors are deemed to have an interest At beginning of year	At end of year
Company		
– Gaylin Holdings Limited		
(Ordinary shares)		
Teo Bee Chiong	268,360,000	268,360,000
Teo Bee Hoe	268,360,000	268,360,000

By virtue of Section 7 of the Singapore Companies Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interests in the shares of the Company at 21 April 2017 were the same as at 31 March 2017.

4 SHARE OPTION

(a) Option to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Option exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 SHARE PLAN

The Gaylin Employee Share Option Scheme ("ESOS") was approved by the shareholder on 24 September 2012 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 October 2012. The ESOS is administered by the Remuneration Committee comprising Mr Ang Mong Seng (Chairman), Ms Lau Lee Hua and Mr Ng Sey Ming.

(a) Participants

Executive directors, non-executive directors and confirmed full-time employees of the Group are eligible to participate in the ESOS.

(b) Size of the ESOS

The aggregate number of shares in respect of which the Remuneration Committee may grant options on any date, when added to the nominal amount of shares issued and issuable in respect of all options granted under the ESOS shall not exceed 15.0% of the issued share capital of the Company on the day immediately preceding the date of the relevant grant.

5 SHARE PLAN (CONT'D)

(c) Maximum entitlements

The aggregate number of shares comprised in any option to be offered to a participant under the ESOS shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service and potential for future development of that participant.

(d) Options, exercise period and exercise price

The options that are granted under the ESOS may have exercise prices that are, at the Remuneration Committee's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for the shares on the Official List of the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option; or at a discount to the market price (subject to a maximum discount of 20.0%). Options which are fixed at the market price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the ESOS will have a life span of ten years.

(e) Duration of the ESOS

The ESOS shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(f) At the end of the financial period, no awards have been granted under the ESOS.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive and all independent directors, is chaired by Ms Lau Lee Hua, and includes Mr Ang Mong Seng and Mr Ng Sey Ming. Mr Wu Chiaw Ching resigned during the year. The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) The quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditors;

(f) Interested person transactions falling within the scope of Chapter 9 of the Listing Manual, Section 8: Rules of Catalist of the Singapore Securities Trading Limited and other relevant statutory requirements and any potential conflicts of interests; and

(g) The re-appointment of the external auditors of the Group.

6 AUDIT COMMITTEE (CONT'D)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

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Teo Bee Chiong

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Teo Bee Hoe

27 June 2017

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Gaylin Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 95.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Going concern	
The volatile oil and gas industry has continued to create a challenging business environment for the Group, where the demand for its products and services are generally driven by the overall performance of the oil and gas sector. Excluding its inventories, the Group is in a net current liability position of $66,363,156 as at 31 March 2017. Given that the saleability of inventories is dependent on external factors such as, the market environment and customer demands, there is uncertainty on the actual realisation of these inventories within the next 12 months to fulfil the Group's upcoming debt obligations. In consideration of the challenging business environment and planning for its cash flow needs, the Group has restructured certain of its credit facilities. Based on the Group's 12-month cash flow forecast drawn up by management, the Board of Directors has concluded that there is no material uncertainty regarding the Group's ability to continue as a going concern. As this assessment involves consideration of future events, there is a risk that management's judgement may be inappropriate and additional disclosures may be required. The Group's liquidity risk management strategy and management's critical judgement made in connection with the Group's ability to continue as a going concern are set out in Notes 4 and 3 to the consolidated financial statements respectively.	Our audit procedures focused on evaluating and challenging the critical judgements used by management in concluding on the going concern assessment. These procedures included the following: • We reviewed management's assessment on the Group's compliance with loan covenants stipulated in the loan agreements. • We reviewed the Group's correspondence with its principal banker to determine whether there is any indication that the loan will be recalled. • We reviewed and discussed with management on their assessment of the Group's liquidity risks. • We also obtained the Board-approved consolidated cash flow forecast of the next twelve months. • We challenged the key assumptions made by management in the consolidated cash flow forecast and, where applicable, reviewed the relevant loan agreements with financial institutions, including those entered into subsequent to the end of the reporting period but before the date of this report. Based on our procedures, we noted that the key assumptions adopted by management to be within a reasonable range of our expectations. We have also assessed the adequacy and validated the appropriateness of the disclosures made in the consolidated financial statements.

Key Audit Matters	**Our audit performed and responses thereon**
Valuation of inventories (Note 10)	
Under FRS 2 *Inventories,* the Group's inventories are carried at the lower of cost and net realisable value. The assessment of the net realisable value requires the exercise of significant judgement. Factors affecting net realisable value, including physical deterioration, functional and economic obsolescence were also considered in the valuation. Inventories amounting to S$127,923,753 represent 65% of the Group's total assets as at 31 March 2017. Management engaged an independent valuation specialist to perform a valuation of the inventories held by certain subsidiary corporations, representing 86% of the Group's inventories, to assess their net realisable value. Inappropriate management's estimates made in the assessment of net realisable value may result in a significant impact on the carrying amount of inventories. The accounting policies and critical judgements for valuation of inventories are set out in Notes 2 and 3 to the consolidated financial statements.	Our audit procedures focused on evaluating and challenging the critical judgements used by management in concluding the assessment of net realisable value. These procedures included the following: • We evaluated the appropriateness of the design and implementation of management's controls over the assessment of net realisable value. • We performed cost testing, on a sample basis, to compare the unit cost recorded in the inventory listing to the last purchased unit cost. • We evaluated the competency, reputation and objectivity of the independent valuation specialist appointed by the Group. We also engaged our valuation specialist to review the valuation method and key assumptions used in the impairment assessment. • We performed a retrospective review on the assumptions made in prior year. • For the inventories balance for which an external valuation was not obtained, we performed price testing, on a sample basis, to compare the unit cost to the latest customer selling price for any indication of a decrease in net realisable value. Based on our procedures, we noted that the key assumptions and estimates adopted by management to be reasonable. We have also assessed the adequacy and validated the appropriateness of the disclosures made in the consolidated financial statements.

Key Audit Matters	Our audit performed and responses thereon

Impairment of non-current assets – Property, plant and equipment, finite-lived intangible assets, and investment in subsidiary corporations (Notes 11, 13 and 15 respectively)

Under FRS 36 *Impairment of Assets*, the Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. The assessment of the recoverable amount requires exercise of significant judgement as disclosed in Notes 3(b)(iii) and 3(b)(iv) to the financial statements.

These assets represent a significant portion of the Group's total non-current assets as at 31 March 2017 as follows:

- Property, plant and equipment (92% of Group's total non-current assets)
- Finite-lived intangible assets (7% of Group's total non-current assets)

Investment in subsidiaries represent 91% of Company's total non-current assets.

Due to the volatility in the oil and gas industry, there is a risk that the recoverable amounts of the above non-current assets are lower than their carrying amounts, resulting in potential impairment to be recognised.

Inappropriate management's estimates made in the impairment assessment of the above non-current assets may result in a significant impact on their carrying amounts.

The key assumptions to the impairment test and, where relevant, the sensitivity of changes to these assumptions to the risk of impairment are disclosed in Notes 13 and 15 to the financial statements.

Our audit procedures focused on evaluating and challenging the key assumptions used by management in concluding the impairment review. These procedures included the following:

- We evaluated the appropriateness of the design and implementation of management's controls over the impairment assessment of non-current assets.
- We obtained and reviewed the impairment analysis of property, plant and equipment, finite-lived intangible assets and investment in subsidiary corporations.
- For assets with impairment indicators, we obtained and reviewed the management's basis and assumptions in deriving the discounted cash flows.
- We obtained management's representation that the basis and assumptions have been approved by the Board of Directors.
- We used our valuation specialist to review the valuation method and key assumptions used in the impairment assessment.
- We challenged the discounted cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations.
- We also performed a retrospective review on prior year forecasts, where relevant, and assessed whether the Group has achieved them.

Based on our procedures, we noted management's key assumptions to be reasonable.

We have also assessed the adequacy and validated the appropriateness of the disclosures made in the consolidated financial statements.

Key Audit Matters	Our audit performed and responses thereon
Allowance for receivables – trade receivables (Note 8)	
Under FRS 39 *Financial Instruments: Recognition and Measurement,* the Group is required to assess at the end of each reporting period whether there is objective evidence that a financial asset is impaired. The identification of bad and doubtful trade receivables requires the use of judgement and estimates in assessing the ultimate realisation of these receivables, including past collection history of each customer and on-going dealings. These assets represent 13% of the Group's total current assets as at 31 March 2017. Due to the slowdown in the oil and gas industry, there is a risk that customers may not make prompt payments due to their financial condition and inadequate allowances have been recognised for uncollectible aged trade receivables. Inappropriate management's judgement and estimates made in the identification of bad and doubtful trade receivables may result in a significant impact to the carrying amount of the receivable balances.	Our audit procedures included the following: • We evaluated the appropriateness of the design and implementation of management's controls over the identification of bad and doubtful trade receivables. • We reviewed the appropriateness of the Group's policy on allowance for receivables and assessed the adequacy of the allowance, including discussing with management on the credit quality and collectability of material long outstanding trade receivables. • We reviewed management's basis of assessment for the recoverability of trade receivables and adequacy of allowance. • We performed an independent search on the Group's key customers, with significant delay in payment, for indicators of financial difficulties. • We reviewed debtors' aging and turnover, and assessed the recoverability of trade receivables up to the date of this report. Based on our procedures, we noted management's allowance for receivables to be reasonable. We have also assessed the adequacy and validated the appropriateness of the disclosures made in the consolidated financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair view financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner responsible for the audit resulting in this independent auditors' report is Mr Patrick Tan Hak Pheng.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2017

STATEMENTS OF FINANCIAL POSITION

31 MARCH 2017

	Note	Group 2017	Group 2016	Company 2017	Company 2016
		$	$	$	$
ASSETS					
Current assets					
Cash and bank balances	7	**6,601,759**	4,252,063	**35,361**	89,292
Trade receivables	8	**21,173,232**	21,518,144	**3,486,820**	1,791,673
Other receivables	9	**2,118,279**	3,679,087	**44,162,691**	44,219,259
Income tax receivable		**101,106**	–	**–**	–
Inventories	10	**127,923,753**	148,269,267	**–**	–
Total current assets		**157,918,129**	177,718,561	**47,684,872**	46,100,224
Non-current assets					
Property, plant and equipment	11	**35,522,855**	33,224,896	**603,513**	842,140
Club memberships	12	**–**	40,000	**–**	–
Intangible assets	13	**2,566,164**	3,848,372	**–**	–
Goodwill	14	**–**	–	**–**	–
Prepayment	9	**150,599**	–	**–**	–
Deferred tax assets	20	**266,304**	303,845	**–**	162,489
Investment in subsidiary corporations	15	**–**	–	**6,019,555**	6,101,394
Total non-current assets		**38,505,922**	37,417,113	**6,623,068**	7,106,023
Total assets		**196,424,051**	215,135,674	**54,307,940**	53,206,247
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	**10,027,384**	9,023,844	**–**	–
Other payables	17	**7,553,529**	5,255,327	**188,484**	383,496
Current portion of bank borrowings	18	**77,879,167**	55,271,631	**–**	–
Current portion of finance leases	19	**663,796**	519,254	**5,199**	4,901
Income tax payable		**233,656**	1,518	**–**	–
Total current liabilities		**96,357,532**	70,071,574	**193,683**	388,397
Non-current liabilities					
Bank borrowings	18	**5,093,179**	39,059,013	**–**	–
Finance leases	19	**908,179**	939,341	**4,106**	9,304
Deferred tax liabilities	20	**134,898**	241,750	**101,015**	–
Total non-current liabilities		**6,136,256**	40,240,104	**105,121**	9,304
Capital, reserves and non-controlling interests					
Share capital	21	**50,586,533**	50,586,533	**50,586,533**	50,586,533
Retained earnings		**41,830,080**	53,185,173	**3,422,603**	2,222,013
Translation reserve		**1,479,013**	971,131	**–**	–
Equity attributable to owners of the Company		**93,895,626**	104,742,837	**54,009,136**	52,808,546
Non-controlling interests		**34,637**	81,159	**–**	–
Total equity		**93,930,263**	104,823,996	**54,009,136**	52,808,546
Total liabilities and equity		**196,424,051**	215,135,674	**54,307,940**	53,206,247

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $	Group 2016 $
Revenue	22	**79,657,680**	93,885,945
Cost of sales		**(68,624,033)**	(72,099,356)
Gross profit		**11,033,647**	21,786,589
Other operating income	23	**666,434**	9,846,391
Distribution cost		**(4,613,905)**	(4,990,154)
Administrative expenses		**(13,850,693)**	(16,709,476)
Other operating expenses	24	**(2,054,497)**	(5,894,157)
Finance cost	25	**(2,782,074)**	(2,970,478)
(Loss) Profit before income tax		**(11,601,088)**	1,068,715
Income tax	26	**198,768**	179,152
(Loss) Profit for the year	27	**(11,402,320)**	1,247,867
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Translation gain arising on consolidation, representing other comprehensive income for the year, net of tax		**508,587**	26,575
Total comprehensive income for the year		**(10,893,733)**	1,274,442
(Loss) Profit attributable to:			
Owners of the Company		**(11,355,093)**	1,263,840
Non-controlling interests		**(47,227)**	(15,973)
		(11,402,320)	1,247,867
Total comprehensive income attributable to:			
Owners of the Company		**(10,847,211)**	1,295,918
Non-controlling interests		**(46,522)**	(21,476)
		(10,893,733)	1,274,442
Basic and diluted (loss) earnings per share	28	**(2.59 cents)**	0.29 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Share capital $	Retained earnings $	Translation reserve $	Attributable to owners of the Company $	Non-controlling interests $	Total $
Group						
Balance as at 1 April 2015	50,586,533	54,111,333	939,053	105,636,919	87,808	105,724,727
Total comprehensive income for the year						
Profit for the year	–	1,263,840	–	1,263,840	(15,973)	1,247,867
Other comprehensive income for the year	–	–	32,078	32,078	(5,503)	26,575
Total	–	1,263,840	32,078	1,295,918	(21,476)	1,274,442
Transactions with owners, recognised directly in equity						
Contribution from a non-controlling interest	–	–	–	–	14,827	14,827
Dividend (Note 29)	–	(2,190,000)	–	(2,190,000)	–	(2,190,000)
Total	–	(2,190,000)	–	(2,190,000)	14,827	(2,175,173)
Balance as at 31 March 2016	50,586,533	53,185,173	971,131	104,742,837	81,159	104,823,996
Total comprehensive income for the year						
Loss for the year	–	(11,355,093)	–	(11,355,093)	(47,227)	(11,402,320)
Other comprehensive income for the year	–	–	507,882	507,882	705	508,587
Total	–	(11,355,093)	507,882	(10,847,211)	(46,522)	(10,893,733)
Balance as at 31 March 2017	50,586,533	41,830,080	1,479,013	93,895,626	34,637	93,930,263

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Share capital $	Retained earnings $	Total $
Company			
Balance as at 1 April 2015	50,586,533	3,355,750	53,942,283
Profit for the year, representing total comprehensive income for the year	–	1,056,263	1,056,263
Dividend, representing transaction with owners, recognised directly in equity (Note 29)	–	(2,190,000)	(2,190,000)
Balance as at 31 March 2016	50,586,533	2,222,013	52,808,546
Profit for the year, representing total comprehensive income for the year	–	1,200,590	1,200,590
Balance as at 31 March 2017	50,586,533	3,422,603	54,009,136

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Group	
	2017	**2016**
	$	**$**
Operating activities		
(Loss) Profit before income tax	**(11,601,088)**	1,068,715
Adjustments for:		
Interest expense	**2,782,074**	2,970,478
Interest income	**(4,040)**	(15,440)
Depreciation	**3,988,901**	3,519,910
Amortisation of intangible assets	**666,516**	806,265
Allowance for doubtful trade receivables	**1,149,722**	628,839
Doubtful trade receivables recovered	**(59,340)**	(31,203)
Trade receivables written off	**87,315**	215,962
Other receivables written off	**95,082**	–
(Gain) Loss on disposal of property, plant and equipment	**(157,478)**	310,969
Loss on disposal of club membership and related deposit	**40,300**	–
Change in fair value of contingent consideration	**–**	(9,175,647)
Impairment of intangible assets (Note 13)	**722,378**	759,455
Impairment of goodwill (Note 14)	**–**	2,164,543
Net foreign exchange (gain) loss - unrealised	**(209,313)**	5,921
Inventories written down to net realisable value	**2,271,225**	881,139
Trade payables written back	**–**	(428,124)
Operating cash flows before movements in working capital	**(227,746)**	3,681,782
Trade receivables	**(528,096)**	8,570,599
Other receivables	**1,557,110**	577,134
Inventories	**16,456,396**	2,054,432
Trade payables	**932,342**	(8,000,535)
Other payables (Note A)	**(22,757)**	574,587
Bank bills payable	**(4,965,899)**	(6,904,796)
Cash generated from operations	**13,201,350**	553,203
Interest paid on bank bills	**(550,466)**	(922,536)
Interest received	**4,040**	15,440
Income tax recovered (paid)	**249,865**	(723,091)
Net cash from (used in) operating activities	**12,904,789**	(1,076,984)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Group	
	2017	2016
	$	$
Investing activities		
Proceeds on disposal of property, plant and equipment	**2,460,899**	132,389
Purchases of property, plant and equipment (Note A)	**(4,859,787)**	(10,221,780)
Net cash used in investing activities	**(2,398,888)**	(10,089,391)
Financing activities		
Proceeds from loan from holding company	**1,500,000**	–
Interest paid on other borrowings	**(2,333,349)**	(2,055,308)
Dividend paid	**–**	(2,190,000)
Repayment of obligations under finance leases	**(960,960)**	(565,724)
Proceeds from bank loans	**11,341,126**	30,260,303
Repayment of bank loans	**(18,820,506)**	(16,086,917)
Transaction costs for loans	**(112,499)**	(138,885)
Contribution from non-controlling interests	**–**	14,827
Net cash (used in) from financing activities	**(9,386,188)**	9,238,296
Net increase (decrease) in cash and cash equivalents	**1,119,713**	(1,928,079)
Effect of exchange rate changes on cash and cash equivalents	**59,427**	(99,101)
Cash and cash equivalents at beginning of the year	**4,252,063**	6,279,243
Cash and cash equivalents at end of the year	**5,431,203**	4,252,063
Cash and cash equivalents consist of:		
Cash and bank balances (Note 7)	**6,601,759**	4,252,063
Bank overdrafts (Note 18)	**(1,170,556)**	–
	5,431,203	4,252,063

Note A

During the year, the Group purchased property, plant and equipment with an aggregate cost of $6,202,883 (2016 : $10,606,819) of which $1,073,670 (2016 : $210,000) was acquired under finance lease arrangements. $810,215 (2016 : $390,190) remained unpaid as at the end of the reporting period.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 201004068M) is incorporated in the Republic of Singapore with its principal place of business and registered office at 7 Gul Avenue, Singapore 629651. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is also the Company's functional currency.

The Company is engaged in investment holding and the provision of management services to its subsidiary corporations.

The principal activities of the significant subsidiary corporations are disclosed in Note 15 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 27 June 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 April 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and all relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[(1)]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[(1)]
- FRS 116 *Leases*[(2)]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[(3)]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[(3)]

[(1)] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[(2)] Applies to annual periods beginning on or after 1 January 2019, with early application permitted if FRS 115 is adopted.
[(3)] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109 that are applicable to the Group:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL").

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial adoption of the new FRS 109 may result in changes to the accounting policies relating to the impairment provisions of financial assets. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced its assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimate impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of FRS 116 will result in certain lease commitments of the Group to be recorded in the consolidated statement of financial position with a right-of-use asset and a related lease liability. Management is currently assessing its potential impact and it is not practicable to provide a reasonable estimate of the financial effect until the management complete its detailed review. Management does not plan to early adopt the new FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management is currently evaluating the potential impact of the application of the above amendment and expects additional disclosures with regards to the cash flows from financing activities. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment.

Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

Management is currently evaluating the potential impact of the application of the above amendments. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment.

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRSs") for annual periods beginning on or after 1 January 2018. The Group will be adopting the new framework for the first time for financial year ending 31 March 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect significant changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing the new/revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, income and expenses of a subsidiary corporation acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary corporations

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary corporation at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investment in subsidiary corporations is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For all financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

<u>Derecognition of financial assets</u>

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

<u>Financial liabilities</u>

Trade and other payables are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

<u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

<u>The Group as lessee</u>

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories comprise wire ropes, accessories and ship supplies. Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method for accessories and ship supplies and specific identification method for wire ropes. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	–	40 years
Leasehold land and buildings	–	7 to 30 years (additions over the remaining life of the lease)
Leasehold improvements	–	15 years
Plant, machinery and equipment	–	2 to 15 years
Motor vehicles	–	3 to 9 years
Furniture and fittings	–	2 to 10 years
Office equipment	–	2 to 10 years

No depreciation is charged on freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the consolidated financial statements.

Construction-in-progress are not depreciated until they are ready for effective use.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary corporation or the relevant cash generating unit, the amount of goodwill attributable to the disposal is included in the determination of profit or loss on disposal.

CLUB MEMBERSHIPS - Club memberships are stated at cost, less any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets of the Group relate to customer relationships acquired in business combinations and have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These are amortised to profit or loss on a straight-line basis over their estimated useful lives of 4 to 8 years (2016 : 4 to 8 years).

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of services such as inspection and training, is recognised upon the completion of the services rendered and acceptance by customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiary corporations operate by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiary corporations except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that foreign operation accumulated in the Group's translation reserve are reclassified to profit or loss. Any exchange differences that have been previously attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances, bank overdrafts, and other short-term highly liquid assets and are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Going concern

As at 31 March 2017, excluding its inventories, the Group is in a net current liability position of $66,363,156. Given that the saleability of inventories is dependent on external factors such as, the market environment and customer demands, there is uncertainty on the actual realisation of these inventories within the next 12 months to fulfil the Group's upcoming debt obligations.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) Critical judgements in applying the Group's accounting policies (Cont'd)

(i) Going concern (Cont'd)

Management is of the view that the Group will be able to meet its obligations in the foreseeable future as a result of the following:

- the Group has unutilised available credit facilities as disclosed in Note 4(c)(iv) and it has also restructured certain of its credit facilities to free up cash resources; and

- there are positive cash inflows from management's cash flow projections of the Group over the next 12 months, which will be sufficient to meet the Group's working capital and operational needs.

Accordingly, management does not believe that there is a material uncertainty over the ability of the Group to continue to operate as a going concern.

(ii) Acquisition of Lv Yang (Tianjin) Offshore Equipment Co., Ltd.

The acquisition of equity interests in Lv Yang (Tianjin) Offshore Equipment Co., Ltd. ("Lv Yang Tianjin") involved certain terms and conditions between the Group, vendor and/or other interested party to the transaction. Such terms and conditions included the following:

- Purchase consideration that is contingent on the financial performance of Lv Yang Tianjin for each of the twelve months period ended 30 June 2014 and 30 June 2015, each an assessment period. The final purchase consideration could increase or reduce depending on whether the consolidated financial results of Lv Yang Tianjin and its immediate holding company, Lv Yang (Tianjin) Offshore Equipment Pte Ltd (collectively referred to as "Lv Yang Group"), exceed or fall short of agreed targets during the stipulated periods.

As Lv Yang Group did not meet the agreed targets, an amount recoverable of $1,961,304 was recognised in 2015. The Group also commenced legal action against the vendor for the recoverable amount as the vendor did not make any payment on the monies due to the Group.

In 2016, an additional amount of $67,161 pertaining to legal fees recoverable from the vendor was recorded.

During the year, the lawsuit was settled for $1,750,000, with $228,465 set off against other payables and $50,000 (net of legal fees and exchange difference) written off as bad debts. $1,450,000 was received before the end of reporting period. The remaining amount of $300,000 has been assessed to be collectible and included in other receivables (Note 9).

(iii) Acquisition of Rig Marine Holdings FZE and its subsidiary corporations

On 1 July 2014, the Group acquired Rig Marine Holdings FZE and its subsidiary corporations (collectively "Rigmarine") from the previous shareholders.

The final purchase consideration is contingent on the performance of Rigmarine for certain stipulated periods.

Pursuant to the purchase agreement, the maximum payout which the Group may be liable to is $18,994,871, and this will crystallise if the cumulative consolidated net profit after tax of Rigmarine, adjusted for certain expenses as defined in the purchase agreement ("ANPAT"), is not lower than an agreed target amount for the twelve-month periods ended 30 June 2015 and 30 June 2016. This is to be assessed on both an annual and aggregated basis. The purchase consideration is to be settled via three tranches. In 2015, the Group paid $8,448,525 to the previous shareholders under the first tranche. The second tranche was payable after 30 June 2015 and the third tranche was payable after 30 June 2016.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(a) Critical judgements in applying the Group's accounting policies (Cont'd)

(iii) Acquisition of Rig Marine Holdings FZE and its subsidiary corporations (Cont'd)

In 2015, management determined the fair value of the total consideration to be $17,624,172 and recorded the remaining estimated consideration payable of $9,175,647 as contingent consideration in other payable. At 31 March 2016, based on the ANPAT of Rigmarine for the year ended 31 March 2016 as well as the estimates for Rigmarine's performance for the three months ended 30 June 2016, management had determined that it will be unlikely that the payments for second and third tranche will be made and had remeasured the contingent consideration in accordance with FRS 37 to be $Nil and reversed $9,175,647 to profit or loss (Note 23).

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Valuation of inventories

Management reviews the inventory listing on a periodic basis. This review involves a comparison of the carrying value of the inventory items with the respective net realisable value as well as assessing factors such as the shelf lives of the inventory and customer preferences and purchasing trends. The purpose is to ascertain whether a write-down is required to be made in the consolidated financial statements taking into consideration selling prices, condition of items and available demand.

Management considered the carrying value of inventory items with reference to prices of similar inventory items transacted around the year end date, inflation rates, foreign exchange rates and age and condition of inventory items. Management also engages an independent valuation specialist to perform a valuation of the inventories to assess their net realisable value.

In determining the net realisable value of inventories, the Cost approach is used and net realisable values of inventories are estimated taking into consideration estimated current cost to replace inventories. Factors affecting net realisable value including physical deterioration, functional obsolescence and economic obsolescence were also considered in the valuation. Estimates of net realisable value, after consideration of the selling prices of aged stocks in the current market, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Based on the assessment and valuation performed, management is satisfied that adequate write down for inventories has been made in the financial statements. The carrying amounts of the Group's inventories are disclosed in Note 10 to the financial statements.

(ii) Allowances for receivables

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Judgement is required in assessing the ultimate realisation of these receivables, including the past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has changed.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

(ii) Allowances for receivables (Cont'd)

In particular, for receivables that are past due but not impaired, the Group reviews them closely to assess if there is any objective evidence of impairment, such as observable data indicating that there have been significant changes in the customer's payment ability or whether there have been significant adverse changes in the market, economic or legal environment in which the customer operates.

In respect of long outstanding balances, the Group reviews each debtor individually and considers legal actions where appropriate. The Group has receivables of $385,388 (2016 : $2,408,621) that were under legal claims which commenced before year-end. An allowance of $229,499 (2016 : $359,453) has been made for these receivables as at the end of the reporting period and trade receivables of $7,058 (2016 : $1,151) were written off. Management has assessed that the remaining balance of $148,831 (2016 : $2,048,017) can be collected on the basis of discussions held with the debtors and their legal representatives and accordingly, no allowance was made for the remaining balance.

The carrying amounts of the Group's trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively. As at the end of the reporting period, the Group has made a total allowance for receivables of $1,505,356 (2016 : $625,094).

(iii) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment exhibit any indication of impairment. In determining the net realisable value of property, plant and equipment, the Cost approach is used and net realisable values of property, plant and equipment are estimated taking into consideration estimated current cost to replace the property, plant and equipment. Factors affecting net realisable value including physical deterioration, functional obsolescence and economic obsolescence were also considered in the valuation. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 11 to the financial statements.

(iv) Impairment of intangible assets

Determining whether an intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which the intangible asset has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of intangible assets at the end of the reporting period is disclosed in Note 13 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables (including cash and cash equivalents)	**29,121,421**	28,589,454	**47,608,475**	46,023,030
Financial liabilities				
Borrowings and payables, at amortised cost	**102,125,234**	110,068,410	**197,789**	397,701

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar arrangement

The Group and Company do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Group's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out in accordance with the risk management mandate of the Audit Committee and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. There has been no significant change to the Group's exposure to these financial risks. There has been no change in the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group transacts its business in various currencies including the United States dollar, Euro, Singapore dollar, United Arab Emirates dirham, Azerbaijani manat and British pound and therefore is exposed to foreign exchange risk. The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (Cont'd)

(i) Foreign exchange risk management (Cont'd)

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Group			
	Liabilities		Assets	
	2017	2016	2017	2016
	$	$	$	$
United States dollar	**10,835,336**	10,306,233	**14,099,934**	12,671,451
Euro	**3,559,147**	2,619,575	**7,115,739**	895,373
Singapore dollar	**13,697,808**	11,184,779	**911,536**	2,812,629
United Arab Emirates dirham	**445,791**	631,013	**322,776**	836,133
Azerbaijani manat	**34,989**	113,675	**1,075,028**	1,126,757
British pound	**1,596,978**	504,482	**421,566**	138,009

The Company has a number of investments in foreign subsidiary corporations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated balances as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in United States dollar, Euro, Singapore dollar, United Arab Emirates dirham, Azerbaijani manat and British pound against the respective functional currencies of the entities in the Group. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis below includes only outstanding United States dollar, Euro, Singapore dollar, United Arab Emirates dirham, Azerbaijani manat and British pound denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external balances as well as balances to foreign operations within the Group where they give rise to an impact on the Group's profit or loss (pre-tax).

If the relevant foreign currencies weaken by 5% against the functional currency of each Group entity, the Group's profit or loss (pre-tax) will (decrease) increase by:

	Group	
	2017	2016
	$	$
United States dollar	**(163,230)**	(118,261)
Euro	**(177,830)**	86,210
Singapore dollar	**639,314**	418,608
United Arab Emirates dirham	**6,151**	(10,256)
Azerbaijani manat	**(52,002)**	(50,654)
British pound	**58,771**	18,324

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (Cont'd)

(i) Foreign exchange risk management (Cont'd)

If the relevant foreign currencies strengthen by 5%, there would be an equal and opposite impact on the Group's profit or loss (pre-tax).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. The foreign currency denominated sales and purchases can vary over time subject to the demands of the market.

The Group's sensitivity to Euro has increased due to an increase in Euro denominated sales near end of the reporting period. The Group's sensitivity to Singapore dollar has also increased due to an increase in intercompany advances to subsidiary corporations.

No sensitivity analysis is prepared for the Company as its monetary assets and liabilities are mainly denominated in its functional currency.

(ii) Interest rate risk management

The primary source of the Group's interest rate risk relates to interest-bearing bank borrowings as disclosed in Note 18 to the financial statements. As the interests for bank borrowings are based on variable rates, the Group is exposed to risks arising from changes in interest rate. This risk is not hedged. Finance leases are at fixed interest rates in 2017 and 2016.

The Group has borrowings at variable rates totalling $77,802,891 (2016 : $94,035,787) and is therefore exposed to interest rate risks arising from the variability of cash flows.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the profit before income tax for the year ended 31 March 2017 of the Group would decrease/increase by $778,029 (2016 : $940,358).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (Cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management periodically.

The Group's bank balances are held with reputable financial institutions.

Concentration of credit risk exists when economic, industry or geographical factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. There is no concentration of credit risk as the Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The Company is exposed to a concentration of credit risk as trade receivables and loans to subsidiary corporations amounting to about 98.9% (2016 : 92.1%) and 40.2% (2016 : 41.5%) of the respective balances are due from one subsidiary corporation. This subsidiary corporation has been assessed to be creditworthy and management has assessed that no allowance for doubtful receivables is required.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

(iv) Liquidity risk management

Management monitors its liquidity position to ensure the Group has sufficient funds to meet its contractual and financial obligations. To manage its liquidity risk, the Group closely monitors its net operating cash flows and maintains a level of cash and cash equivalents deemed adequate by management for the Group's working capital and operational purposes. As at the end of the reporting period, the Group's maximum available credit from its banking facilities excluding term loans is approximately $36 million (2016 : $97 million). The Group's unutilised available credit from its banking facilities excluding term loans is approximately $9 million (2016 : $59 million).

The flagging offshore exploration and development activities on the back of the volatile global oil and gas industry has continued to create a challenging environment for the Group, where the demand for its products and services are generally driven by the overall performance of the oil and gas sector. In view of the operating landscape, the Group continues to proactively implement cost-cutting measures and also closely monitors its credit facilities to ensure all covenants will continue to be met and its repayment obligations will be made timely. In consideration of the challenging environment and in planning for cash flow needs, the Group has restructured certain of its credit facilities post year end.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (Cont'd)

(iv) Liquidity risk management (Cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The adjustment column represents future cash flow attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
2017						
Trade and other payables	–	16,080,913	–	–	–	16,080,913
Loan from holding company (fixed rate)	2.0	1,530,000	–	–	(30,000)	1,500,000
Finance leases (fixed rates)	3.3	704,108	932,878	–	(65,011)	1,571,975
Bank borrowings (fixed rate)	6.2	6,460,549	–	–	(1,291,094)	5,169,455
Bank borrowings (variable rates)	3.1	75,891,493	2,738,671	3,528,691	(4,355,964)	77,802,891
		100,667,063	3,671,549	3,528,691	(5,742,069)	102,125,234
2016						
Trade and other payables	–	14,279,171	–	–	–	14,279,171
Finance leases (fixed rates)	3.7	563,216	977,531	–	(82,152)	1,458,595
Bank borrowings (fixed rate)	3.9	144,512	163,242	–	(12,897)	294,857
Bank borrowings (variable rates)	3.3	56,831,179	33,203,033	9,157,953	(5,156,378)	94,035,787
		71,818,078	34,343,806	9,157,953	(5,251,427)	110,068,410

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (Cont'd)

(iv) Liquidity risk management (Cont'd)

Liquidity and interest risk analyses (Cont'd)

Non-derivative financial liabilities (Cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	$	$	$	$	$
Company						
2017						
Trade and other payables	–	188,484	–	–	–	188,484
Finance lease (fixed rate)	5.9	5,611	4,209	–	(515)	9,305
		194,095	4,209	–	(515)	197,789
2016						
Trade and other payables	–	383,496	–	–	–	383,496
Finance lease (fixed rate)	5.9	5,611	9,819	–	(1,225)	14,205
		389,107	9,819	–	(1,225)	397,701

Non-derivative financial assets

All financial assets in 2017 and 2016 are repayable on demand or due within 1 year from the end of the reporting period.

Other than the loans to subsidiary corporations as disclosed in Note 9 to the financial statements, all financial assets in 2017 and 2016 are interest-free.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Capital management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is required to maintain compliance with covenants under loan agreements with banks and the covenants include a maximum gearing ratio and a minimum tangible net worth amount. The Group reviews the capital structure on a regular basis to ensure the covenants are complied with.

Whilst none of the financial covenants were breached, the Group did not repay the debts due to the bank in March 2017 of $1,069,167. As a result, certain outstanding facilities with the bank became due immediately and have been classified as current on the statement of financial position and is disclosed in Note 18 to the financial statements. Notwithstanding this, no facilities were recalled by the bank as at 31 March 2017 and at the date of the financial statements, the amount outstanding as at 31 March 2017 have been settled and all facilities continue to remain available.

The capital structure of the Group consists of debt, which includes bank loans and finance leases and equity, comprising share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2016.

5 HOLDING COMPANY TRANSACTIONS

The Company's immediate and ultimate holding company is Keh Swee Investment Pte. Ltd., a company incorporated in Singapore. Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the Group's transactions and arrangements are with the holding company and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, bear interest at 2.0% per annum, repayable on demand and expected to be settled in cash, unless stated otherwise.

Transactions with the holding company

	Group	
	2017	**2016**
	$	**$**
Interest expense on loan from holding company	**18,979**	–

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash.

Transactions with related parties

	Group	
	2017	**2016**
	$	**$**
Sale of motor vehicle to a key management personnel	**–**	81,500

Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	Group	
	2017	**2016**
	$	**$**
Short-term employee benefits	**1,977,306**	2,777,795
Post-employment benefits	**51,897**	69,411

7 CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash on hand	**193,821**	37,915	**–**	–
Cash at bank	**6,407,938**	4,214,148	**35,361**	89,292
	6,601,759	4,252,063	**35,361**	89,292

8 TRADE RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Outside parties	**22,589,171**	21,841,317	**–**	–
Less: Allowance for doubtful trade receivables	**(1,505,356)**	(625,094)	**–**	–
	21,083,815	21,216,223	**–**	–
Subsidiary corporations (Notes 5 and 15)	**–**	–	**3,486,820**	1,776,443
Value added tax receivable	**89,417**	301,921	**–**	15,230
	21,173,232	21,518,144	**3,486,820**	1,791,673

The average credit period on trade receivables is 30 to 90 days (2016 : 30 to 90 days). No interest is charged on the outstanding balances.

As at the end of the reporting period, an allowance has been made for estimated irrecoverable amounts from the sales of goods to outside parties of $1,505,356 (2016 : $625,094). This allowance has been determined based on management's evaluation of the collectability of specific customer accounts.

Included in the Group's trade receivables balance are debtors with a carrying amount of $10,087,249 (2016 : $11,395,113) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. There has also not been a significant change in credit quality of the balances that are not past due.

The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further allowance required in excess of the allowance for doubtful trade receivables.

The table below is an analysis of the Group's trade receivables as at the end of the reporting period:

	Group	
	2017	**2016**
	$	**$**
Not past due and not impaired	**11,085,983**	10,123,031
Past due but not impaired	**10,087,249**	11,395,113
Trade receivables not impaired	**21,173,232**	21,518,144
Impaired receivables – individually assessed	**1,505,356**	625,094
Less: Allowance for doubtful trade receivables	**(1,505,356)**	(625,094)
Net trade receivables	**21,173,232**	21,518,144

8 TRADE RECEIVABLES (CONT'D)

Aging profile of receivables that are past due but not impaired:

	Group	
	2017	2016
	$	$
Past due for:		
< 1 month	**4,843,055**	4,541,094
1 month to 2 months	**2,251,309**	2,161,067
> 2 months to 3 months	**663,373**	1,777,861
> 3 months to 6 months	**1,398,584**	1,871,102
> 6 months to 12 months	**819,467**	802,233
> 12 months to 24 months	**108,142**	184,390
> 24 months	**3,319**	57,366
	10,087,249	11,395,113

There are no past due receivables in the Company's trade receivables as at the end of the reporting period. The Company has not made any allowance for doubtful trade receivables as management is of the view that these receivables are recoverable.

Movements in the allowance for doubtful trade receivables:

	Group	
	2017	2016
	$	$
At beginning of year	**625,094**	111,318
Charged to profit or loss (Note 24)	**1,149,722**	628,839
Written off against allowance	**(210,120)**	(83,860)
Doubtful trade receivables recovered (Note 23)	**(59,340)**	(31,203)
At end of year	**1,505,356**	625,094

9 OTHER RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Due from subsidiary corporations (Notes 5 and 15)	**–**	–	**111,375**	33,994
Advances to subsidiary corporations (Notes 5 and 15)	**–**	–	**8,438,920**	8,938,307
Loans to subsidiary corporations (Notes 5 and 15)	**–**	–	**35,535,749**	35,149,086
Advance payments to suppliers	**105,452**	219,054	**–**	–
Deposits	**406,344**	633,542	**250**	20,678
Prepayments	**816,996**	640,786	**76,397**	77,194
Estimated receivable from vendor arising from profit guarantee per purchase agreement (Note 3(a)(ii))	**300,000**	2,028,465	**–**	–
Recoverable from third parties	**640,086**	157,240	**–**	–
Total	**2,268,878**	3,679,087	**44,162,691**	44,219,259
Less: Current portion	**(2,118,279)**	(3,679,087)	**(44,162,691)**	(44,219,259)
Non-current portion	**150,599**	–	**–**	–

Loans to subsidiary corporations bear interest of 3.5% (2016 : 3.0%) per annum.

The Group and the Company have not made any allowance for doubtful debts as management is of the view that other receivables are recoverable.

10 INVENTORIES

	Group	
	2017	**2016**
	$	**$**
Raw materials and products		
– Accessories and ship supplies	**57,167,515**	67,353,148
– Wire ropes	**70,756,238**	80,916,119
	127,923,753	148,269,267

The cost of inventories recognised during the year included write-downs of $2,271,225 (2016 : $881,139) to bring the carrying value of inventories to their net realisable value.

The Group has pledged inventories with carrying amount of $59,340,206 (2016 : $69,953,305) to secure banking facilities available to the Group (Note 18).

During the year, the Group transferred certain equipment with a carrying value of $1,993,274 from inventories to property, plant and equipment (Note 11) as there was a change in the use of the equipment where the Group utilised these equipment as rental assets to generate rental income under operating leases.

The Group also transferred equipment with a carrying value of $55,013 (2016: $2,308,433) from property, plant and equipment (Note 11) to inventories. Those equipment items were formerly used by the Group as rental assets that generated rental income. Management intends to sell these equipment items and accordingly, the items were transferred to inventories.

11 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Plant, machinery and equipment	Motor vehicles	Furniture and fittings	Office equipment	Construction in-progress	Total
	$	$	$	$	$	$	$	$	$
Cost:									
At 1 April 2015	–	13,683,648	873,545	21,110,492	2,796,457	1,504,124	2,236,441	777,888	42,982,595
Additions	71,101	4,023,880	–	3,799,297	560,432	67,431	380,436	1,704,242	10,606,819
Disposals	–	(533,644)	–	(174,440)	(412,182)	(2,350)	(208,406)	–	(1,331,022)
Transfer to inventories (Note 10)	–	–	–	(2,540,415)	–	–	–	–	(2,540,415)
Transfer from prepayment	2,514,555	–	–	–	–	–	–	360,275	2,874,830
Transfer from construction-in-progress	–	–	–	1,291,046	–	–	–	(1,291,046)	–
Other transfers	–	–	(3,936)	–	–	3,936	–	–	–
Currency realignment	(147,642)	(14,801)	–	(249,154)	(13,297)	(2,321)	(10,884)	(40,759)	(478,858)
At 31 March 2016	2,438,014	17,159,083	869,609	23,236,826	2,931,410	1,570,820	2,397,587	1,510,600	52,113,949
Additions	1,420,492	7,460	41,437	3,722,860	164,552	165,543	93,642	586,897	6,202,883
Disposals	–	(1,764,600)	–	(216,663)	(1,170,382)	(40,551)	(55,793)	(60,389)	(3,308,378)
Transfer from (to) inventories (Note 10)	–	–	–	1,993,274	–	–	–	(55,013)	1,938,261
Transfer from construction-in-progress	1,324,651	–	–	33,149	–	–	12,000	(1,369,800)	–
Currency realignment	244,100	26,904	416	175,472	10,655	4,043	11,023	36,839	509,452
At 31 March 2017	5,427,257	15,428,847	911,462	28,944,918	1,936,235	1,699,855	2,458,459	649,134	57,456,167
Accumulated depreciation:									
At 1 April 2015	–	3,746,002	72,466	9,197,749	1,457,662	1,294,806	800,499	–	16,569,184
Depreciation for the year	–	557,201	57,974	1,831,405	549,927	81,927	441,476	–	3,519,910
Eliminated on disposals	–	(239,552)	–	(111,978)	(406,428)	(575)	(128,852)	–	(887,385)
Transfer to inventories (Note 10)	–	–	–	(231,982)	–	–	–	–	(231,982)
Currency realignment	–	(2,002)	–	(64,423)	(7,216)	(1,430)	(5,603)	–	(80,674)
At 31 March 2016	–	4,061,649	130,440	10,620,771	1,593,945	1,374,728	1,107,520	–	18,889,053
Depreciation for the year	54,930	615,882	58,688	2,389,808	369,423	100,748	399,422	–	3,988,901
Eliminated on disposals	–	(322,989)	–	(76,632)	(534,356)	(20,810)	(50,170)	–	(1,004,957)
Currency realignment	2,035	3,014	7	40,481	5,560	2,529	6,689	–	60,315
At 31 March 2017	56,965	4,357,556	189,135	12,974,428	1,434,572	1,457,195	1,463,461	–	21,933,312
Carrying amount:									
At 31 March 2017	5,370,292	11,071,291	722,327	15,970,490	501,663	242,660	994,998	649,134	35,522,855
At 31 March 2016	2,438,014	13,097,434	739,169	12,616,055	1,337,465	196,092	1,290,067	1,510,600	33,224,896

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the additions to freehold land and buildings are borrowing costs incurred during the year of $95,894 (2016 : $71,101) which arose from the loan taken by a subsidiary corporation to fund the purchase of freehold land and buildings.

The freehold land and buildings include the cost of freehold land of $2,512,869 (2016 : $2,366,913).

	Furniture and fittings $	Office equipment $	Construction in-progress $	Total $
Company				
Cost:				
At 1 April 2015	30,724	760,625	6,800	798,149
Additions	12,693	248,200	5,200	266,093
At 31 March 2016	43,417	1,008,825	12,000	1,064,242
Additions	–	2,000	–	2,000
Disposals	(32,340)	–	–	(32,340)
Transfer	–	12,000	(12,000)	–
At 31 March 2017	11,077	1,022,825	–	1,033,902
Accumulated depreciation:				
At 1 April 2015	2,418	40,039	–	42,457
Depreciation for the year	9,707	169,938	–	179,645
At 31 March 2016	12,125	209,977	–	222,102
Depreciation for the year	6,620	217,414	–	224,034
Eliminated on disposals	(15,747)	–	–	(15,747)
At 31 March 2017	2,998	427,391	–	430,389
Carrying amount:				
At 31 March 2017	8,079	595,434	–	603,513
At 31 March 2016	31,292	798,848	12,000	842,140

Certain of the Group's plant and equipment with total carrying amount of $2,930,274 (2016 : $2,856,461) are under finance lease obligations (Note 19).

The Group has pledged certain property, plant and equipment with carrying amount of $15,860,612 (2016 : $15,052,663) to secure banking facilities granted to the Group (Note 18).

12 CLUB MEMBERSHIPS

	Group $
At 1 April 2015	75,500
Disposal	(35,500)
At 31 March 2016	40,000
Written off	(40,000)
At 31 March 2017	–

13 INTANGIBLE ASSETS

	Group $
Cost:	
At 1 April 2015	5,714,760
Currency alignment	340,431
At 31 March 2016	6,055,191
Currency alignment	183,782
At 31 March 2017	6,238,973
Amortisation:	
At 1 April 2015	648,259
Amortisation for the year	806,265
Currency alignment	12,549
At 31 March 2016	1,467,073
Amortisation for the year	666,516
Currency alignment	46,452
At 31 March 2017	2,180,041
Impairment:	
At 1 April 2015	–
Impairment for the year	759,455
Currency alignment	(19,709)
At 31 March 2016	739,746
Impairment for the year	722,378
Currency alignment	30,644
At 31 March 2017	1,492,768
Carrying amount:	
At 31 March 2017	2,566,164
At 31 March 2016	3,848,372

The amortisation expense has been included under “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income. The remaining amortisation period for the intangible assets is 63 months (2016 : 9 months to 75 months).

The Group tests intangible assets annually for impairment or more frequently if there are indications that the intangible assets might be impaired.

The recoverable amounts of the intangible assets are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, customer account attritions, revenue estimates and other factors. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Account attritions and revenue estimates are based on the current year results and expectations of future changes in the market.

13 INTANGIBLE ASSETS (CONT'D)

The Group prepares value in use calculations derived from the most recent financial results and compares them to the estimates made in prior year and revises them prospectively for the account attritions and changes in revenue noted for the year. The rate used to estimate the customer account attritions is 10.5% (2016 : 16.0%) per annum and the rate used to discount the cash flows is 18.1% (2016 : 18.1%) per annum.

During the year, management re-assessed the recoverability of intangible assets and recorded an impairment loss amounting to $722,378 (2016 : $759,455).

A sensitivity analysis is performed with a possible 3% favourable/unfavourable change to the rate used to discount the cash flows on the basis that each of the other key assumptions remained unchanged, the impairment loss to be recognised will be reduced by $243,000 or increased by $213,000 for the Group.

14 GOODWILL

	Group $
Cost:	
At 1 April 2015, 31 March 2016 and 31 March 2017	2,608,516
Impairment:	
At 1 April 2015	443,973
Impairment for the year	2,164,543
At 31 March 2016 and 31 March 2017	2,608,516
Carrying amount:	
At 31 March 2016 and 31 March 2017	–

Goodwill arose mainly from the acquisition of Rigmarine. The carrying amount of goodwill has been allocated to Rigmarine (single cash generating unit) under the rigging and lifting operating segment.

The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

In 2016, the Group prepared cash flow forecasts for Rigmarine derived from the most recent financial budgets approved by management for the next five years and estimated cash flows for the following five years based on an estimated growth rate of Nil%. This rate did not exceed the average long-term growth rate for the relevant markets. The rate used to discount the cash flows for Rigmarine was 18.1%. The goodwill was fully impaired in 2016.

15 INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company 2017 $	Company 2016 $
Unquoted equity shares - at cost	**6,101,394**	6,101,394
Less: Allowance for impairment	**(81,839)**	–
	6,019,555	6,101,394
Movement in allowance accounts:		
Charge to profit or loss and balance as at year end	**81,839**	–

As at the end of the reporting period, allowance has been made for impairment of investment in a subsidiary corporation of $81,839 (2016 : $Nil) as the management intends to wind up the subsidiary corporation.

The recoverable amounts of the cash generating units used in assessing for impairment are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts.

The Company prepared cash flow forecasts for the subsidiary corporations derived from the most recent financial budgets approved by management for the next five years and estimated cash flows for the following five years. The rate used to discount the cash flows is 5.3% (2016 : 6.1%).

If a sensitivity analysis is performed with a possible 50 basis points decrease/increase in the rate used to discount the cash flows on the basis that each of the other key assumptions remained unchanged, no further impairment loss will be recognised for the Company.

Details of the significant subsidiary corporations are as follows:

Name of subsidiary corporation	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held 2017 %	Proportion of ownership interest and voting power held 2016 %	Principal activities
Allseas Marine Services Pte. Ltd. (1)	Singapore	**100**	100	Provision of ship chandler's supplies and services and general merchandise
Gaylin Asia Pte. Ltd. (1)	Singapore	**100**	100	Investment holding
Gaylin International Pte Ltd (1)	Singapore	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Gaylin Malaysia Sdn. Bhd. (2)	Malaysia	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services

15 INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Name of subsidiary corporation	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held		Principal activities
		2017	2016	
		%	%	
Gaylin Marine Supply Pte. Ltd. (1)	Singapore	**100**	100	Investment holding
Gaylin Power Pte. Ltd. (1)	Singapore	**100**	100	Supply of rigging and lifting equipment
Lv Yang (Tianjin) Offshore Equipment Pte. Ltd. (1)	Singapore	**100**	100	Supply of rigging and lifting equipment
Phoenix Offshore Co., Ltd. (4)	South Korea	**90**	90	Provision of ship chandler's supplies and services and general merchandise
Rigmarine Azerbaijan LLC (3)	Azerbaijan	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Rigmarine Europe Limited (2), (3), (5)	United Kingdom (3)	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Rig Marine Holdings FZE (3)	United Arab Emirates ("UAE")	**100**	100	Investment holding
Rig Marine FZE (3)	UAE	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Rigmarine Kazakhstan LLP (3)	Kazakhstan	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services

Notes:

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by member firms of Deloitte Touche Tohmatsu Limited.

(3) Audited by member firms of Deloitte Touche Tohmatsu Limited for purposes of consolidation.

(4) Audited by Deloitte & Touche LLP, Singapore for purposes of consolidation.

(5) The subsidiary corporation has a branch which has its principal place of business in Azerbaijan.

15 INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of operation	Number of wholly-owned subsidiary corporations 2017	2016
Rigging and lifting	Singapore	**5**	5
	Malaysia	**1**	1
	Vietnam	**1**	1
	Indonesia	**1**	1
	People's Republic of China	**1**	1
	UAE	**1**	1
	Azerbaijan	**1**	1
	Kazakhstan	**1**	1
	United Kingdom	**1**	1
Ship chandling	Singapore	**1**	1
Investment holding	Singapore	**5**	5
	UAE	**1**	1
		20	20

		Number of non wholly-owned subsidiary corporations 2017	2016
Rigging and lifting	Malaysia	**1**	1
	South Korea	**1**	1
Ship chandling	South Korea	**1**	1
		3	3

Management assessed that there are no subsidiary corporations with non-controlling interests that are material to the Group.

16 TRADE PAYABLES

	Group 2017 $	2016 $
Outside parties	**10,027,384**	9,023,844

The average credit period of trade payables is 30 days to 90 days (2016 : 30 days to 90 days). No interest is charged on the outstanding balances.

17 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Outside parties	**3,088,010**	1,536,092	**49,274**	207,346
Accruals	**1,866,510**	2,463,247	**139,210**	176,150
Loan from holding company (Note 5)	**1,500,000**	–	**–**	–
Interest payable to holding company (Note 5)	**3,979**	–	**–**	–
Due to directors of subsidiary corporations	**1,095,030**	1,255,988	**–**	–
	7,553,529	5,255,327	**188,484**	383,496

The loan from holding company of $1,500,000 bears interest at 2.0% per annum.

The amount due to directors of subsidiary corporations is unsecured, interest-free, repayable on demand and expected to be settled in cash.

18 BANK BORROWINGS

	Group	
	2017	2016
	$	$
Bank overdrafts:		
– Secured	**689,404**	–
– Unsecured	**481,152**	–
	1,170,556	–
Bank loans:		
– Secured	**58,501,553**	65,761,123
– Unsecured	**13,711,030**	7,533,390
	72,212,583	73,294,513
Bank bills payable	**9,589,207**	21,036,131
Total bank borrowings	**82,972,346**	94,330,644
Due within 12 months	**(38,364,422)**	(55,271,631)
Due after 12 months but classified as current	**(39,514,745)**	–
Due after 12 months	**5,093,179**	39,059,013

The bank loans bear floating interest rates ranging from 2.3% to 6.3% (2016 : 3.0% to 6.4%) per annum. The bank bills payable bear interest rates ranging from 2.8% to 3.5% (2016 : 3.0% to 3.8%) per annum, and the bank overdrafts bear interest rates at the bank's prevailing prime lending rate of approximately 5% per annum. Bank loans at floating interest rates are contractually repriced on a short-term basis, typically six months or less.

Securities include legal mortgage over the Group's and Company's property, plant and equipment (Note 11) and a corporate guarantee by the holding company.

18 BANK BORROWINGS (CONT'D)

During the year, the Group did not repay the debts due to a bank in March 2017 of $1,069,167. As a result, certain outstanding facilities with the bank became due immediately. Notwithstanding this, no facilities were recalled by the bank as at 31 March 2017 and at the date of the financial statements, the amount outstanding as at 31 March 2017 have been settled and all facilities continue to remain available.

The estimated fair values of the loans approximate their carrying values as the loans are expected to be repriced on a timely basis depending on movements in the market lending rates.

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Group				
Amounts payable under finance leases:				
Within one year	**704,108**	563,216	**663,796**	519,254
In the second to fifth years inclusive	**932,878**	977,531	**908,179**	939,341
	1,636,986	1,540,747	**1,571,975**	1,458,595
Less: Future finance charges	**(65,011)**	(82,152)	**N/A**	N/A
Present value of lease obligations	**1,571,975**	1,458,595	**1,571,975**	1,458,595
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(663,796)**	(519,254)
Amount due for settlement after 12 months			**908,179**	939,341
Company				
Amounts payable under finance leases:				
Within one year	**5,611**	5,611	**5,199**	4,901
In the second to fifth years inclusive	**4,209**	9,819	**4,106**	9,304
	9,820	15,430	**9,305**	14,205
Less: Future finance charges	**(515)**	(1,225)	**N/A**	N/A
Present value of lease obligations	**9,305**	14,205	**9,305**	14,205
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(5,199)**	(4,901)
Amount due for settlement after 12 months			**4,106**	9,304

The effective interest rate ranged from 3.2% to 7.9% (2016 : 3.2% to 7.4%) per annum for the Group and 5.9% (2016 : 5.9%) per annum for the Company, with a remaining lease term of approximately 13 months to 36 months (2016 : 8 months to 51 months) and 21 months (2016 : 33 months) respectively. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk.

19 FINANCE LEASES (CONT'D)

The carrying amount of the finance lease obligations approximates their fair values which are determined using discounted cash flows analysis based on average incremental market lending rates.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets (Note 11).

At end of the reporting period, certain leases are guaranteed by a corporate guarantee by the Company.

20 DEFERRED TAX

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Deferred tax assets	**(266,304)**	(303,845)	**–**	(162,489)
Deferred tax liabilities	**134,898**	241,750	**101,015**	–
	(131,406)	(62,095)	**101,015**	(162,489)

The following are the deferred tax assets and liabilities recognised by the Group and the Company, and the movements thereon, during the reporting period:

Group	**Accelerated tax depreciation**	**Unutilised tax losses**	**Unutilised capital allowances and other timing differences**	**Total**
	$	**$**	**$**	**$**
At 1 April 2015	631,176	(145,405)	(218,863)	266,908
Charged (Credited) to profit or loss (Note 26)	154,188	(49,742)	(433,449)	(329,003)
At 31 March 2016	785,364	(195,147)	(652,312)	(62,095)
(Credited) Charged to profit or loss (Note 26)	(597,533)	33,543	494,679	(69,311)
At 31 March 2017	187,831	(161,604)	(157,633)	(131,406)

Company	**Accelerated tax depreciation**	**Unutilised capital allowances and other timing differences**	**Total**
	$	**$**	**$**
At 1 April 2015	–	(218,863)	(218,863)
Charged (Credited) to profit or loss	69,364	(12,990)	56,374
At 31 March 2016	69,364	(231,853)	(162,489)
Charged to profit or loss	31,651	231,853	263,504
At 31 March 2017	101,015	–	101,015

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is $14,011,179 (2016 : $12,110,225). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Issued and paid-up:				
At beginning and end of year	**438,000,000**	438,000,000	**50,586,533**	50,586,533

The fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

22 REVENUE

	Group	
	2017	2016
	$	$
Supply and manufacture of rigging and lifting equipment	**58,400,448**	70,470,531
Rendering of services	**7,104,759**	8,992,157
Ship chandling	**14,152,473**	14,423,257
	79,657,680	93,885,945

23 OTHER OPERATING INCOME

	Group	
	2017	2016
	$	$
Interest income	**4,040**	15,440
Doubtful trade receivables recovered (Note 8)	**59,340**	31,203
Sundry income	**56,648**	21,934
Government grants	**80,572**	174,043
Gain on disposal of property, plant and equipment	**157,478**	–
Change in fair value of contingent consideration (Note 3(a)(iii))	**–**	9,175,647
Trade payables written back	**–**	428,124
Foreign exchange gain, net	**308,356**	–
	666,434	9,846,391

24 OTHER OPERATING EXPENSES

	Group	
	2017	**2016**
	$	**$**
Trade receivables written off	**87,315**	215,962
Other receivables written off	**95,082**	–
Allowance for doubtful trade receivables (Note 8)	**1,149,722**	628,839
Foreign exchange loss, net	**–**	1,814,389
Impairment of intangible assets (Note 13)	**722,378**	759,455
Impairment of goodwill (Note 14)	**–**	2,164,543
Loss on disposal of property, plant and equipment	**–**	310,969
	2,054,497	5,894,157

25 FINANCE COST

	Group	
	2017	**2016**
	$	**$**
Interest expense on:		
Loan from holding company (Note 5)	**18,979**	–
Bank loans	**2,239,257**	2,009,125
Bank bills payable	**385,010**	868,317
Bank overdrafts	**67,673**	31,040
Finance leases	**71,155**	61,996
	2,782,074	2,970,478

26 INCOME TAX

	Group	
	2017	**2016**
	$	**$**
Current tax:		
Current	**298,319**	107,377
(Over) Underprovision in prior years	**(427,776)**	42,474
Deferred tax:		
Current	**(298,402)**	(329,003)
Underprovision in prior years	**229,091**	–
	(198,768)	(179,152)

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

26 INCOME TAX (CONT'D)

The income tax for the year can be reconciled to the accounting (loss) profit as follows:

	2017 $	2016 $
(Loss) Profit before income tax	**(11,601,088)**	1,068,715
Income tax (benefit) expense at 17%	**(1,972,185)**	181,681
Effect of non-deductible (taxable) items	**473,269**	(365,905)
Effect of exemption and incentives	**(114,199)**	(414,584)
Effect of different tax rate of overseas operations	**(124,371)**	(39,665)
Deferred tax benefits not recognised	**1,862,496**	373,200
Utilisation of deferred tax benefits previously not recognised	**(111,412)**	–
(Over) Underprovision of current tax in prior years	**(427,776)**	42,474
Overprovision of deferred tax in prior years	**229,091**	–
Others	**(13,681)**	43,647
	(198,768)	(179,152)

The tax loss carryforwards arise from local and foreign subsidiary corporations of the Group which have tax losses of $13,661,027 (2016 : $2,815,629) available for offsetting against future taxable income.

The total tax loss carryforwards for the year can be reconciled as follows:

	Local $	Foreign $	Total $
At 1 April 2015	3,815	803,311	807,126
Arising during the year	1,602,965	418,539	2,021,504
Adjustment during the year	(3,815)	(9,186)	(13,001)
At 31 March 2016	1,602,965	1,212,664	2,815,629
Arising during the year	10,193,509	1,766,767	11,960,276
Adjustment during the year	165,758	635,994	801,752
Utilised during the year	(1,916,630)	–	(1,916,630)
At 31 March 2017	10,045,602	3,615,425	13,661,027
Deferred tax asset not recognised	1,707,752	878,070	2,585,822

The realisation of the future income tax benefits from the tax loss carryforwards for the local subsidiary corporations is available for an unlimited future period subject to conditions imposed by law including the retention of majority shareholders as defined.

The realisable of the future income tax benefits from the tax loss carryforwards for the foreign subsidiary corporations is available for a maximum of five to ten years subject to agreement with the Inland Revenue Board of the country in which the foreign subsidiary corporations operate.

Future tax benefits arising from these tax loss carryforwards have not been recognised in the financial statements as there is no reasonable certainty of their recovery in future periods.

27 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	Group	
	2017	**2016**
	$	**$**
Directors' remuneration:		
– of the Company	**950,389**	1,343,199
– of the subsidiary corporations	**1,280,919**	1,263,329
Employee benefits expense (including directors' remuneration)		
Salaries and related benefits	**17,378,936**	20,726,482
Costs of defined contribution plan	**823,959**	933,323
Total employee benefits expense	**18,202,895**	21,659,805
Cost of inventories recognised as expense	**42,488,669**	54,683,061
Inventories written down to net realisable value included in cost of inventories	**2,271,225**	881,139
Foreign exchange (gain) loss, net	**(308,356)**	1,814,389
Audit fees:		
– paid to auditors of the Company	**180,000**	204,000
– paid to other auditors	**129,238**	126,476
Total audit fees	**309,238**	330,476
Non-audit fees:		
– paid to auditors of the Company	**-**	22,700
– paid to other auditors	**62,848**	68,782
Total non-audit fees	**62,848**	91,482
Aggregate amount of fees paid to auditors	**372,086**	421,958

28 (LOSS) EARNINGS PER SHARE

The calculation of the (loss) earnings per share attributable to the ordinary equity holders of the Group is based on the following data:

	Group	
	2017	2016
	$	$
Net (loss) profit attributable to shareholders of the Company	(11,355,093)	1,263,840

	Group	
	2017	2016
	Number of shares ('000)	
Weighted average number of ordinary shares for purpose of (loss) earnings per share	438,000	438,000

There are no dilutive equity instruments for 2017 and 2016.

29 DIVIDEND

In 2016, the Company declared and paid a final tax-exempt dividend of $0.005 per share totalling $2,190,000 in respect of the financial year ended 31 March 2015.

30 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable segments under FRS 108 *Operating Segments* are set out below:

<u>Rigging and lifting</u>

This segment comprises the supply and manufacture of rigging and lifting equipment and provision of related services.

<u>Ship chandling</u>

This segment provides ship chandler's supplies and services and general merchandise.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represent the results of each segment and is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets and liabilities attributable to each segment.

All assets and liabilities are allocated to reportable segments. Goodwill has been allocated to reportable segments as described in Note 14. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

30 SEGMENT INFORMATION (CONT'D)

	Rigging and lifting $	Ship chandling $	Total $
2017			
Revenue			
Sales	65,784,131	14,274,150	80,058,281
Inter-segment sales	(278,924)	(121,677)	(400,601)
Sales to external customers	65,505,207	14,152,473	79,657,680
(Loss) Profit from operations			
Segment results	(10,602,296)	318,478	(10,283,818)
Finance cost			(2,782,074)
Income tax			198,768
Unallocated profit from operations			1,464,804
Loss for the year			(11,402,320)
Assets			
Segment assets	182,336,354	13,213,966	195,550,320
Unallocated assets			873,731
Total assets			196,424,051
Liabilities			
Segment liabilities	91,563,948	10,631,036	102,194,984
Unallocated liabilities			298,804
Total liabilities			102,493,788
Other information			
Allowance for doubtful trade receivables	1,120,881	28,841	1,149,722
Doubtful trade receivables recovered	(54,457)	(4,883)	(59,340)
Trade receivables written off	87,315	–	87,315
Other receivables written off	92,699	2,383	95,082
Inventories written down to net realisable value	2,271,225	–	2,271,225
Allocable depreciation and amortisation	3,868,802	562,581	4,431,383
Unallocated depreciation			224,034
Total depreciation and amortisation			4,655,417
Impairment of intangible assets	722,378	–	722,378
Allocable additions to non-current assets	4,772,985	1,427,898	6,200,883
Unallocated additions to non-current assets			2,000
Total additions to non-current assets			6,202,883

30 SEGMENT INFORMATION (CONT'D)

	Rigging and lifting $	Ship chandling $	Total $
2016			
Revenue			
Sales	79,831,303	14,709,772	94,541,075
Inter-segment sales	(368,615)	(286,515)	(655,130)
Sales to external customers	79,462,688	14,423,257	93,885,945
Profit from operations			
Segment results	2,931,742	1,729	2,933,471
Finance cost			(2,970,478)
Income tax			179,152
Unallocated profit from operations			1,105,722
Profit for the year			1,247,867
Assets			
Segment assets	200,347,921	13,439,374	213,787,295
Unallocated assets			1,348,379
Total assets			215,135,674
Liabilities			
Segment liabilities	100,702,947	9,211,030	109,913,977
Unallocated liabilities			397,701
Total liabilities			110,311,678
Other information			
Allowance for doubtful trade receivables	597,762	31,077	628,839
Doubtful trade receivables recovered	(19,103)	(12,100)	(31,203)
Trade receivables written off	215,962	–	215,962
Inventories written down to net realisable value	881,139	–	881,139
Allocable depreciation and amortisation	3,859,838	286,692	4,146,530
Unallocated depreciation			179,645
Total depreciation and amortisation			4,326,175
Impairment of intangible assets	759,455	–	759,455
Impairment of goodwill	2,164,543	–	2,164,543
Allocable additions to non-current assets	5,405,248	7,701,395	13,106,643
Unallocated additions to non-current assets			266,093
Total additions to non-current assets			13,372,736

30 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group operates mainly in the geographical areas of Singapore, Azerbaijan, Middle East, Malaysia, Australia, Other Asia, Europe and Others. The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Group	
	2017	**2016**
	$	**$**
Revenue from external customers (based on location of customer)		
Singapore	**15,427,522**	21,780,886
Azerbaijan	**13,548,044**	16,144,601
France	**8,119,251**	2,440,450
Other Asia [1] [2]	**24,861,311**	30,282,004
Europe [1] [3]	**11,464,168**	11,146,356
Others [1]	**6,237,384**	12,091,648
	79,657,680	93,885,945
Non-current assets (based on location of assets)		
Singapore	**11,292,400**	12,657,239
Malaysia	**7,353,093**	7,462,258
South Korea	**7,743,060**	3,961,211
Azerbaijan	**3,085,044**	4,071,294
Middle East	**5,098,835**	6,484,144
Others	**3,667,186**	2,477,122
	38,239,618	37,113,268

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

[2] Revenue from Other Asia excludes revenue from Singapore.

[3] Revenue from Europe excludes revenue from France.

Information about major customers

Included in revenue arising from the Group's Rigging and Lifting segment of $65.5 million (2016 : $79.5 million), is an amount of approximately $8.3 million (2016 : $3.6 million) which arose from sales to the Group's largest customer.

31 COMMITMENTS

(a) Capital commitments

	Group 2017 $	Group 2016 $
Commitment for plant and equipment	**408,000**	2,967,439
Commitment for construction of leasehold building	**–**	1,029,955
	408,000	3,997,394

(b) Operating lease arrangements

The Group as lessee

	Group 2017 $	Group 2016 $
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	**3,062,922**	3,590,035

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group 2017 $	Group 2016 $
Within 1 year	**1,941,778**	2,179,972
Within 2 to 5 years	**3,338,435**	3,633,245
After 5 years	**5,968,007**	5,620,036
	11,248,220	11,433,253

The lease of land is subject to annual adjustment to market rate with any increase capped at a percentage of the immediate preceding year's rental.

Operating lease payments represent rentals payable by the Group for rental of land, office space, warehouse and dormitory. These leases have varying terms and are subject to revisions to reflect current market rental and value. The operating lease commitments estimated above were determined assuming the same rental expense fixed as at end of the reporting period till the end of the lease.

(c) Other commitments

The Company has granted corporate guarantees to banks in respect of bank facilities utilised by the subsidiary corporations of the Group. The maximum amount that the Group and the Company could be forced to settle, if the full guaranteed amount is claimed by the counterparty to the guarantee is $84,298,305 and $84,289,824 respectively (2016 : $95,420,092 and $95,334,939 respectively). The earliest period that the guarantee could be called is within 1 year (2016 : 1 year) from the end of the reporting period. Management has assessed the fair value of the corporate guarantees to be immaterial and is of the view that no amount will be payable under this arrangement.

32 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into a Supplemental Agreement with Rigmarine's previous shareholders to extend the purchase consideration period from the existing twelve-month periods ended 30 June 2015 and 30 June 2016 as mentioned in Note 3(a)(iii) to 30 June 2017. No further consideration is expected to be paid by the Group as a result of this extension.

SHAREHOLDERS' STATISTICS

AS AT 13 JUNE 2017

SHARE CAPITAL

Issued and Fully Paid Up Capital	:	S$52,563,000**
Class of Shares	:	ordinary shares
Number of Shares	:	438,000,000
Voting Rights	:	1 vote per share
Treasury Shares/Subsidiary Holdings	:	Nil

** This is based on records kept with the Accounting and Corporate Regulatory Authority ("ACRA") and differs from the accounting records of the Company which is S$50,586,533 due to certain share issue expenses.

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 33.34% of the issued ordinary shares of the Company is held in the hands of the public as at 13 June 2017. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDERS

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	130	15.85	125,700	0.03
1,001 – 10,000	359	43.78	1,647,600	0.38
10,001 – 1,000,000	312	38.05	32,994,700	7.53
1,000,001 AND ABOVE	19	2.32	403,232,000	92.06
TOTAL	**820**	**100.00**	**438,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KEH SWEE INVESTMENT PTE. LTD.	264,410,000	60.37
2	UOB KAY HIAN PRIVATE LIMITED	33,725,800	7.70
3	RAFFLES NOMINEES (PTE) LIMITED	21,840,600	4.99
4	KHWAJA ASIF RAHMAN	17,000,000	3.88
5	CITIBANK NOMINEES SINGAPORE PTE LTD	14,507,000	3.31
6	COMFORT SHIPPING PTE. LTD.	8,400,000	1.92
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,047,000	1.61
8	WEE SENG INVESTMENTS PTE. LTD.	6,490,000	1.48
9	CIMB SECURITIES (SINGAPORE) PTE LTD	5,784,300	1.32
10	CHRYSSES ENGINEERING SINGAPORE PTE LTD	5,500,000	1.26
11	MICHAEL JOHN DUNCAN	3,529,412	0.81
12	LIM KUAN KANG	2,500,000	0.57
13	ALEXANDER CHARLES COBBAN	2,470,588	0.56
14	LOY CHIAT JIAM	2,410,000	0.55
15	TAN AH LAM	1,969,800	0.45
16	SEAH CHIONG SOON	1,605,500	0.37
17	DB NOMINEES (SINGAPORE) PTE LTD	1,600,000	0.37
18	CHIN BENG DEVELOPMENT PTE LTD	1,320,000	0.30
19	NAM LEONG CO PTE LTD	1,122,000	0.26
20	CHEW BOON CHYE	900,000	0.21
	TOTAL	**404,132,000**	**92.29**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Shareholdings registered in the name of substantial shareholder		Shareholdings in which the substantial shareholders are deemed to be interested	
	No. of Shares	%	No. of Shares	%
Keh Swee Investment Pte. Ltd.[1]	264,410,000	60.37	3,950,000	0.90
Desmond Teo[2]	–	–	268,360,000	61.27
Teo Bee Hoe[2]	–	–	268,360,000	61.27
Teo Bee Yen[2]	–	–	268,360,000	61.27
Steven Teo[2]	–	–	268,360,000	61.27
Khwaja Asif Rahman [3]	17,000,000	3.88	6,602,000	1.51

Notes:

(1) 3,950,000 ordinary shares are beneficially owned by Keh Swee Investment Pte. Ltd., and registered in the name of CIMB Securities (Singapore) Pte. Ltd.

(2) Each of Mr Desmond Teo, Mr Teo Bee Hoe, Mr Teo Bee Yen, and Mr Steven Teo owns 1,000,001 ordinary shares representing 20.0% of the issued share capital of Keh Swee Investment Pte. Ltd. Mr Desmond Teo, Mr Teo Bee Hoe, Mr Teo Bee Yen and Mr Steven Teo are deemed to be interested in all the shares held by Keh Swee Investment Pte. Ltd.

(3) Mr Khwaja Asif Rahman is deemed to be interested in 1,102,000 ordinary shares registered under UOB Kay Hian Private Limited and all the shares held by Chrysses Engineering Singapore Pte Ltd by virtue of Section 7 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles Country Club, Albatross Room, 450 Jalan Ahmad Ibrahim, Singapore 639932 on Friday, 21 July 2017 at 10.00 a.m. to transact the following business: -

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2017 and the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Teo Bee Chiong, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company. **[Resolution 2]**

3. To re-elect Mr Ang Mong Seng, who is retiring by rotation in accordance with Regulation 114 of the Company's Constitution, as Director of the Company.
[See Explanatory Note 1] **[Resolution 3]**

4. To approve the sum of S$153,000/- as Directors' fees for the financial year ending 31 March 2018. (FY 2017: S$225,000/-) **[Resolution 4]**

5. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications: -

7. <u>Authority to allot and issue shares in the capital of the Company</u>

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act"), the Constitution and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):

(i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force; and

(ii) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force or such additional Instruments in (b)(i) above, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:-

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for issue of Shares and/or Instruments by way of a renounceable rights issued where shareholders of the Company are entitled to participate in the same on a pro-rata basis ("Enhanced Rights Issue Limit");

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note 2] **[Resolution 6]**

8. Authority to issue shares under the Gaylin Employee Share Option Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, authority be and is hereby given to the Directors to:

(a) offer and grant options from time to time in accordance with the rules of the Gaylin Employee Share Option Scheme (the "ESOS"); and

(b) allot and issue from time to time such number of shares ("Shares") in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the ESOS,

provided that the aggregate number of Shares to be issued pursuant to the ESOS shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note 3] **[Resolution 7]**

By Order of the Board

Sharon Yeoh
Company Secretary

5 July 2017
Singapore

Explanatory Notes:

1) Mr Ang Mong Seng, if re-elected, will remain as the Chairman of the Remuneration Committee and the Board and a member of the Audit Committee and Nominating Committee. Mr Ang Mong Seng will be considered as an independent director of the Company.

2) The ordinary resolution 6 in item 7 above, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier, to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to a number not exceeding in (i) total 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro rata basis to shareholders , and (ii) additional 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) issued by way of renounceable rights issue on a pro rata basis in the capital of the Company, provided that the total number of Shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued Shares excluding treasury shares and subsidiary holdings.

   Enhanced Rights Issue Limit
   With regard to item 7 sub-paragraph (3), the mandate for the issue of Shares pursuant to a pro-rata renounceable rights issue is subject to conditions set out in Practice Note 8.3 dated 13 March 2017. The Company will release immediate announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in its annual report. The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders.

   For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, at the time when this ordinary resolution is passed, after adjusting for new Shares arising from the conversion or exercise of convertible securities, share options or vesting of share awards outstanding or subsisting at the time this ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

3) The ordinary resolution 7 in item 8 above, if passed, will empower the Directors, from the date of this Annual General Meeting until the date of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier, to offer and grant options and to issue Shares in the capital of the Company pursuant to the ESOS, provided that the aggregate number of Shares to be issued under the ESOS shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company for the time being.

Notes:

1. A member (other than a relevant intermediary) entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf and where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Gul Avenue, Singapore 629651 not less than 48 hours before the time set for holding the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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GAYLIN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No: 201004068M

PROXY FORM

IMPORTANT
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____

being a member/members of **GAYLIN HOLDINGS LIMITED** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at **Raffles Country Club, Albatross Room, 450 Jalan Ahmad Ibrahim, Singapore 639932 on Friday, 21 July 2017 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.

No.	Resolutions Relating To:	For	Against
AS ORDINARY BUSINESS			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2017 and the Auditors' Report thereon		
2	Re-election of Mr Teo Bee Chiong as a Director		
3	Re-election of Mr Ang Mong Seng as a Director		
4	Approval of Directors' fees FY2018		
5	Re-appointment of Deloitte & Touche LLP as Auditors		
AS SPECIAL BUSINESS			
6	Authority to issue new shares		
7	Authority to issue shares under the Gaylin Employee Share Option Scheme		

Dated this ____________ day of __________________ 2017

Total Number of Shares Held

____
Signature(s) of Member(s) and
Common Seal of Corporate Member

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the AGM. Where a member appoints more than one proxy, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3 A proxy need not be a member of the Company.

4 For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

You are entitled to appoint one (1) or more proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 7 Gul Avenue, Singapore 629651 not less than 48 hours before the time set for holding the AGM.

6 The instrument appointing a proxy or proxies shall be in writing and signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B, and 41C of the Companies Act, Chapter 50 effective from 31 March 2017 is applicable at this AGM.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a notarially certified copy thereof shall be deposited at the Company's registered office at 7 Gul Avenue, Singapore 629651 not less than 48 hours before the time set for holding the AGM or adjourned meeting. Otherwise, the person so named in the instrument of proxy shall not be entitled to vote in respect thereof.

8 A corporation which is a member may by resolution of its directors or other governing body authorise any person to act as its representative at the AGM.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 July 2017.

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