



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

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

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

CONSOLIDATED INCOME STATEMENT

	Group		Incr/ (decr) %
	1st Qtr Ended 30/6/2015 S\$'000	30/6/2014 S\$'000	
Revenue	28,717	25,782	11.4
Cost of sales	(21,805)	(18,368)	18.7
Gross profit	6,912	7,414	(6.8)
Other income	26	46	(43.5)
Distribution costs	(1,327)	(997)	33.1
Administrative expenses	(4,572)	(2,678)	70.7
Other operating expenses	(739)	(83)	NM
Interest expense	(692)	(473)	46.3
(Loss) profit before income tax	(392)	3,229	NM
Income tax expense	(106)	(484)	(78.1)
(Loss) profit for the period	(498)	2,745	NM
Attributable to:			
Shareholders of the Company	(493)	2,711	NM
Non-controlling interests	(5)	34	NM
	(498)	2,745	NM
Gross profit margin	24.1%	28.8%	
Net (loss) profit margin	-1.7%	10.6%	
EBITDA ⁽¹⁾ (S\$'000)	1,343	4,120	(67.4)
EBITDA margin	4.7%	16.0%	

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

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1st Qtr Ended		
	30/6/2015	30/6/2014	Incr/ (decr)
	S\$'000	S\$'000	%
(Loss) profit for the period	(498)	2,745	NM
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Translation loss arising on consolidation	(290)	(4)	NM
Other comprehensive loss for the period	(290)	(4)	NM
Total comprehensive (loss) income for the period	(788)	2,741	NM
Total comprehensive (loss) income attributable to:			
Shareholders of the Company	(782)	2,692	NM
Non-controlling interests	(6)	49	NM
	(788)	2,741	NM

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

	Group		Incr/ (decr) %
	1st Qtr Ended		
	30/6/2015	30/6/2014	
	S\$'000	S\$'000	
Allowance for doubtful trade receivables	-	18	(100)
Trade receivables written off	216	-	NM
Other receivables written off	1	-	NM
Doubtful trade receivables recovered	(12)	-	NM
Depreciation	857	403	113
Amortisation of intangible assets	186	15	NM
Foreign exchange loss	522	65	NM
Gain on disposal of property, plant and equipment	-	(25)	(100)
Interest income	(6)	(16)	(63)
Interest expense	692	473	46

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/6/2015 S\$'000	31/3/2015 S\$'000	30/6/2015 S\$'000	31/3/2015 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	11,760	6,279	1,196	1,222
Trade receivables	31,244	31,257	2,538	2,131
Other receivables and prepayments	4,699	4,441	49,140	49,559
Inventories	148,492	149,372	-	-
Total current assets	196,195	191,349	52,874	52,912
Non-current assets				
Property, plant and equipment	26,358	26,413	717	756
Club memberships	40	40	-	-
Intangible assets	4,880	5,067	-	-
Goodwill	2,165	2,165	-	-
Prepayment	2,753	2,875	-	-
Deferred tax assets	364	364	219	219
Subsidiaries	-	-	6,102	6,101
Total non-current assets	36,560	36,924	7,038	7,076
Total assets	232,755	228,273	59,912	59,988
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	12,772	17,850	-	-
Other payables	16,231	14,209	5,899	6,027
Current portion of bank borrowings	66,578	58,106	-	-
Current portion of finance leases	513	537	5	5
Income tax payable	553	578	-	-
Total current liabilities	96,647	91,280	5,904	6,032
Non-current liabilities				
Bank borrowings	29,333	29,360	-	-
Finance leases	1,151	1,277	13	14
Deferred tax liabilities	687	631	-	-
Total non-current liabilities	31,171	31,268	13	14
Capital, reserves and non-controlling interests				
Share capital	50,587	50,587	50,587	50,587
Retained earnings	53,618	54,111	3,408	3,355
Translation reserve	650	939	-	-
Equity attributable to shareholders of the Company	104,855	105,637	53,995	53,942
Non-controlling interests	82	88	-	-
Total equity	104,937	105,725	53,995	53,942
Total liabilities and equity	232,755	228,273	59,912	59,988

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

Amount repayable in one year or less, or on demand

	30/6/2015		31/3/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	12,023	-	9,959	-
Money market loan	9,000	-	7,500	-
Bank bills payables	6,112	24,833	5,754	22,357
Finance leases	513	-	537	-
Time loans	-	5,000	-	5,000
Revolving credit loans	-	9,610	-	7,536
	<u>27,648</u>	<u>39,443</u>	<u>23,750</u>	<u>34,893</u>

Amount repayable after one year

	30/6/2015		31/3/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	29,033	300	29,360	-
Finance leases	1,151	-	1,277	-
	<u>30,184</u>	<u>300</u>	<u>30,637</u>	<u>-</u>

Details of any collaterals

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1st Qtr Ended	
	30/6/2015	30/6/2014
	S\$'000	S\$'000
Operating activities		
(Loss) profit before income tax	(392)	3,229
Adjustments for :		
Interest expense	692	473
Interest income	(6)	(16)
Depreciation	857	403
Amortisation of intangible assets	186	15
Allowance for doubtful trade receivables	-	18
Doubtful trade receivables recovered	(12)	-
Trade receivables written off	216	-
Other receivables written off	1	-
Gain on disposal of property, plant and equipment	-	(25)
Net foreign exchange loss - unrealised	21	67
Operating cash flows before movements in working capital	<u>1,563</u>	<u>4,164</u>
Trade receivables	(526)	388
Other receivables and prepayments	(350)	(281)
Inventories	495	(6,961)
Trade payables	(4,704)	(3,633)
Other payables	2,498	327
Bank bill payables	2,852	6,253
Cash generated from operations	<u>1,828</u>	<u>257</u>
Interest paid for bank bills	(226)	(233)
Interest received	6	16
Income tax paid	(74)	(48)
Net cash from (used in) operating activities	<u>1,534</u>	<u>(8)</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	9	53
Purchases of property, plant and equipment	(982)	(326)
Prepayments for proposed acquisition	-	(5,086)
Net cash used in investing activities	<u>(973)</u>	<u>(5,359)</u>
Financing activities		
Interest paid for other borrowings	(466)	(240)
Repayment of obligations under finance leases	(150)	(255)
New bank loans obtained	7,427	3,197
Repayment of bank loans	(1,782)	(1,017)
Net cash from financing activities	<u>5,029</u>	<u>1,685</u>
Net increase (decrease) in cash and cash equivalents	5,590	(3,682)
Exchange difference on cash and cash equivalents	(109)	(13)
Cash and cash equivalents at beginning of the period	6,279	18,824
Cash and cash equivalents at end of the period	<u>11,760</u>	<u>15,129</u>

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Translation reserve	Attributable to shareholders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
At 1 April 2015	50,587	54,111	939	105,637	88	105,725
Total comprehensive loss for the period						
Loss for the period	-	(493)	-	(493)	(5)	(498)
Other comprehensive loss for the period	-	-	(289)	(289)	(1)	(290)
Total	-	(493)	(289)	(782)	(6)	(788)
At 30 June 2015	50,587	53,618	650	104,855	82	104,937
At 1 April 2014	47,224	50,723	11	97,958	(62)	97,896
Total comprehensive income for the period						
Profit for the period	-	2,711	-	2,711	34	2,745
Other comprehensive (loss) income for the period	-	-	(19)	(19)	15	(4)
Total	-	2,711	(19)	2,692	49	2,741
Issuance of shares, representing transactions with owners, recognised directly in equity	3,363	-	-	3,363	-	3,363
At 30 June 2014	50,587	53,434	(8)	104,013	(13)	104,000
<u>Company</u>						
At 1 April 2015	50,587	3,355	-	53,942	-	53,942
Profit for the period, representing total comprehensive income for the period	-	53	-	53	-	53
At 30 June 2015	50,587	3,408	-	53,995	-	53,995
At 1 April 2014	47,224	4,129	-	51,353	-	51,353
Profit for the period, representing total comprehensive income for the period	-	132	-	132	-	132
Issuance of shares, representing transactions with owners, recognised directly in equity	3,363	-	-	3,363	-	3,363
At 30 June 2014	50,587	4,261	-	54,848	-	54,848

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Nil.

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued shares excluding treasury shares

30/6/2015	31/3/2015
438,000,000	438,000,000

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

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

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 March 2015 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect, of the change

Please refer to section 4 and the audited financial statements for the year ended 31 March 2015 for more information.

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

	Group	
	1st Qtr Ended	
	30/06/2015	30/06/2014
Net (loss) profit after tax attributable to shareholders of the Company (S\$'000)	(493)	2,711
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	438,000	433,187
- Diluted earnings per share	438,000	433,187
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	(0.11)	0.63
(b) On a fully diluted basis	(0.11)	0.63

The Company has no dilutive equity instruments as at 30 June 2015.

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

	Group		Company	
	30/06/2015	31/3/2015	30/06/2015	31/3/2015
Net asset value attributable to shareholders of the Company (S\$'000)	104,855	105,637	53,995	53,942
Number of ordinary shares ('000)	438,000	438,000	438,000	438,000
Net asset value per ordinary share (cents)	23.94	24.12	12.33	12.32

8. Review of the Group's performance

Revenue

For the first quarter ended 30 June 2015 ("1Q FY2016"), the Group's revenue was S\$28.7 million, 11.4% higher than the S\$25.8 million in the first quarter ended 30 June 2014 ("1Q FY2015"). The increase was mainly due to an increase in the rigging and lifting segment of S\$3.7 million contributed by the acquisition of Rig Marine Holdings FZE and its subsidiaries ("Rigmarine") in 2Q FY2015, which was offset by a decrease in ship chandling segment of S\$0.8 million. The contribution from Rigmarine was S\$8.2 million which was partially offset by a decrease in sales from Singapore and China operations as a result of project delays from the slowdown in oil and gas industry.

Gross profit

Gross profit decreased by S\$0.5 million or 6.8% from S\$7.4 million in 1Q FY2015 to S\$6.9 million in 1Q FY2016. The corresponding gross profit margin decreased from 28.8% to 24.1%. The decrease was mainly due to an increase in sales of lower margin products which formed a higher proportion of the Group's revenue coupled with the decrease in sales from Singapore and China operations as a result of project delays from the slowdown in oil and gas industry.

Other income

Other income in 1Q FY2016 did not vary significantly from that of 1Q FY2015.

Distribution costs

Distribution costs increased by S\$0.3 million or 33.1% in 1Q FY2016 compared to 1Q FY2015 mainly due to increase in staff-related cost as our headcount has increased mainly due to acquired subsidiaries.

Administrative expenses

Administrative expenses increased by S\$1.9 million or 70.7% in 1Q FY2016 compared to 1Q FY2015 mainly contributed by expenses of S\$1.5 million from Rigmarine which was acquired in 2Q FY2015 and donations of S\$0.6 million due to 40th anniversary celebrations (which were committed in earlier quarters). This was partially offset by lower professional fees of S\$0.1 million.

Other operating expenses

Other operating expenses increased by S\$0.7 million in 1Q FY2016 compared to 1Q FY2015. The increases were mainly due to: (i) unrealised exchange loss of S\$0.5 million resulting from United States Dollar denominated inter-company loans and Euro denominated trade payables; and (ii) trade receivables written off of S\$0.2 million.

Interest expense

Interest expense increased by S\$0.2 million or 46.3% in 1Q FY2016 compared to 1Q FY2015 mainly due to higher bank borrowings.

Loss before income tax

As a result of the above reasons, loss before income tax was S\$0.4 million for 1Q FY2016.

Review of statement of financial position and cash flows

Current Assets

The current assets increased by S\$4.8 million from S\$191.3 million as at 31 March 2015 to S\$196.2 million as at 30 June 2015. The increase was mainly due to (i) higher cash and bank balances of S\$5.5 million, and (ii) an increase in other receivables and prepayments of S\$0.3 million, which was partially offset by a decline in inventories of S\$0.9 million.

Non-Current Assets

The non-current assets decreased by S\$0.4 million from S\$36.9 million as at 31 March 2015 to S\$36.6 million as at 30 June 2015. The decrease was mainly due to: (i) amortisation of intangible assets of S\$0.2 million and (ii) a decrease in prepayment of S\$0.1 million due to currency realignment.

Current liabilities

The current liabilities increased by S\$5.4 million from S\$91.3 million as at 31 March 2015 to S\$96.6 million as at 30 June 2015. The increase was mainly due to: (i) an increase in bank borrowings of S\$8.5 million from bank loans of S\$5.7 million and bank bill payables of S\$2.8 million, (ii) an increase in other payables of S\$2.0 million, which was partially offset by lower trade payables of S\$5.1 million.

Non-current liabilities

Non-current liabilities decreased by S\$0.1 million from S\$31.3 million as at 31 March 2015 to S\$31.2 million as at 30 June 2015 mainly due to repayment of finance leases of S\$0.1 million.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$0.8 million was mainly attributable to (i) loss of S\$0.5 million during the period, and (ii) a decrease in translation reserve of S\$0.3 million.

Cash Flows

1Q FY2016 ended 30 June 2015

Net cash used in operating activities

In 1Q FY2016, we generated net cash of S\$1.6 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$29,000. This was mainly due to: (i) an increase in other payables of S\$2.5 million, (ii) an increase in bank bill payables of S\$2.9 million, and (iii) a decrease in inventories of S\$0.5 million, which was partially offset by (i) a decrease in trade payables of S\$4.7 million, (ii) an increase in trade receivables of S\$0.5 million and (iii) an increase in other receivables of S\$0.4 million.

We paid interest for bank bills of S\$0.2 million.

Overall our net cash from operating activities amounted to S\$1.5 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$1.0 million in 1Q FY2016 mainly due to the purchase of plant and equipment.

Net cash from financing activities

Net cash generated from financing activities amounted to S\$5.0 million in 1Q FY2016. This was mainly due to an increase in bank borrowings of S\$7.4 million, which was partially offset by (i) the repayment of bank borrowings and related interest of S\$2.2 million; and (iii) the repayment of obligations under finance leases of S\$0.2 million.

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

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

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The demand for Gaylin's products and services is generally driven by the level of activities in the exploration, development and production of oil and gas (O&G) in the global offshore O&G industry.

The fall in oil prices and the expected reduction in global O&G upstream have created a challenging environment. Despite the current low oil price environment, the Group believes long term fundamentals driving the offshore O&G market remains stable.

The Group remains committed to unlock optimal synergies and efficiencies while exercising prudence in managing costs.

11. Dividend

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

Nil

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

No

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

Not applicable

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

Not applicable as no IPT mandate has been obtained.

- 14 Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

In accordance with the "Use of Proceeds and Listing Expenses" section of our IPO prospectus dated 17 October 2012, the net proceeds ("Net Proceeds") have been utilised as follows:

Use of Net Proceeds	Allocation of Net Proceeds	Net Proceeds utilised as at 30 June 2015	Balance of Net Proceeds as at 30 June 2015
	S\$'000	S\$'000	S\$'000
Expansion of our operations into Asian and/or other markets	20,000	18,828	1,172
Expansion of our operations into Malaysia	2,000	2,000	-
General working capital	21,042	21,042	-
	<u>43,042</u>	<u>41,870</u>	<u>1,172</u>

Breakdown of general working capital

	S\$'000
Inventories	7,778
Trade and other payables	11,497
Income tax	1,767
	<u>21,042</u>

15. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3 months ended 30 June 2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer

TEO BEE HOE
Executive Director

BY ORDER OF THE BOARD

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer
14 August 2015