



Trusted For Lifting & Rigging

GAYLIN HOLDINGS LIMITED (Company Registration Number: 201004068M)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

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

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

CONSOLIDATED INCOME STATEMENT

	Group		Incr/ (decr) %
	30/06/2016 S\$'000	30/06/2015 S\$'000	
Revenue	20,621	28,717	(28.2)
Cost of sales	(16,101)	(21,805)	(26.2)
Gross profit	4,520	6,912	(34.6)
Other income	151	26	480.8
Distribution costs	(1,090)	(1,327)	(17.9)
Administrative expenses	(3,644)	(4,572)	(20.3)
Other operating expenses	(831)	(739)	12.4
Interest expense	(669)	(692)	(3.3)
Loss before income tax	(1,563)	(392)	298.7
Income tax benefit (expense)	42	(106)	NM
Loss for the period	(1,521)	(498)	205.4
Attributable to:			
Owners of the Company	(1,494)	(493)	203.0
Non-controlling interests	(27)	(5)	440.0
	(1,521)	(498)	205.4
Gross profit margin	21.9%	24.1%	
Net loss margin	-7.4%	-1.7%	
EBITDA ⁽¹⁾ (S\$'000)	214	1,343	(84.1)
EBITDA margin	1.0%	4.7%	

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

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Incr/ (decr) %
	1st Qtr Ended 30/06/2016 S\$'000	30/06/2015 S\$'000	
Loss for the period	(1,521)	(498)	205.4
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Translation loss arising on consolidation	(75)	(290)	(74.1)
Other comprehensive loss for the period, net of tax	<u>(75)</u>	<u>(290)</u>	(74.1)
Total comprehensive loss for the period	<u>(1,596)</u>	<u>(788)</u>	102.5
Total comprehensive loss attributable to:			
Owners of the Company	(1,565)	(782)	100.1
Non-controlling interests	(31)	(6)	416.7
	<u>(1,596)</u>	<u>(788)</u>	102.5

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

	Group		Incr/ (decr) %
	1st Qtr Ended		
	30/06/2016	30/06/2015	
	S\$'000	S\$'000	
Allowance for doubtful trade receivables	734	-	NM
Doubtful trade receivables recovered	(28)	(12)	133.3
Trade receivables written off	6	216	(97.2)
Other receivables written off	-	1	(100.0)
Depreciation	940	857	9.7
Amortisation of intangible assets	168	186	(9.7)
Foreign exchange loss	92	522	(82.4)
Gain on disposal of property, plant and equipment ("PPE")	(101)	-	NM
Interest income	(1)	(6)	(83.3)
Interest expense	669	692	(3.3)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2016	31/03/2016	30/06/2016	31/03/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	2,151	4,252	54	89
Trade receivables	21,274	21,518	2,173	1,792
Other receivables and prepayments	3,835	3,679	44,360	44,219
Inventories	144,680	148,270	-	-
Total current assets	171,940	177,719	46,587	46,100
Non-current assets				
Property, plant and equipment	35,908	33,225	788	842
Club membership	40	40	-	-
Intangible assets	3,675	3,848	-	-
Deferred tax assets	304	304	162	163
Subsidiary corporations	-	-	6,101	6,101
Total non-current assets	39,927	37,417	7,051	7,106
Total assets	211,867	215,136	53,638	53,206
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	7,949	9,024	-	-
Other payables	8,219	5,255	668	383
Current portion of bank borrowings	52,446	55,272	-	-
Current portion of finance leases	758	519	5	5
Income tax payable	43	2	-	-
Total current liabilities	69,415	70,072	673	388
Non-current liabilities				
Bank borrowings	37,426	39,059	-	-
Finance leases	1,573	939	8	9
Deferred tax liabilities	225	242	-	-
Total non-current liabilities	39,224	40,240	8	9
Capital, reserves and non-controlling interests				
Share capital	50,587	50,587	50,587	50,587
Retained earnings	51,691	53,185	2,370	2,222
Translation reserve	900	971	-	-
Equity attributable to owners of the Company	103,178	104,743	52,957	52,809
Non-controlling interests	50	81	-	-
Total equity	103,228	104,824	52,957	52,809
Total liabilities and equity	211,867	215,136	53,638	53,206

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

Amount repayable in one year or less, or on demand

	30/06/2016		31/03/2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	18,081	158	17,162	135
Short term loans	8,200	8,607	9,700	7,239
Bank bills payable	-	15,991	-	21,036
Finance leases	758	-	519	-
Overdrafts	1,015	394	-	-
	<u>28,054</u>	<u>25,150</u>	<u>27,381</u>	<u>28,410</u>

Amount repayable after one year

	30/06/2016		31/03/2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	37,317	109	38,899	160
Finance leases	1,573	-	939	-
	<u>38,890</u>	<u>109</u>	<u>39,838</u>	<u>160</u>

Details of any collaterals

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	30/06/2016	30/06/2015
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(1,563)	(392)
Adjustments for :		
Interest expense	669	692
Interest income	(1)	(6)
Depreciation	940	857
Amortisation of intangible assets	168	186
Allowance for doubtful trade receivables	734	-
Doubtful trade receivables recovered	(28)	(12)
Trade receivables written off	6	216
Other receivables written off	-	1
Gain on disposal of property, plant and equipment	(101)	-
Net foreign exchange (gain) loss - unrealised	(16)	21
Operating cash flows before movements in working capital	<u>808</u>	<u>1,563</u>
Trade receivables	(552)	(526)
Other receivables and prepayments	(54)	(350)
Inventories	3,470	495
Trade payables	(947)	(4,704)
Other payables	875	2,498
Bank bills payable	(5,047)	2,852
Cash (used in) generated from operations	<u>(1,447)</u>	<u>1,828</u>
Interest paid for bank bills	(224)	(226)
Interest received	1	6
Income tax paid	(51)	(74)
Net cash (used in) from operating activities	<u>(1,721)</u>	<u>1,534</u>
Investing activities		
Proceeds on disposal of property, plant and equipment	170	9
Purchases of property, plant and equipment	(470)	(982)
Net cash used in investing activities	<u>(300)</u>	<u>(973)</u>
Financing activities		
Interest paid for other borrowings	(526)	(466)
Repayment of obligations under finance leases	(200)	(150)
New bank loans obtained	3,624	7,427
Repayment of bank loans	(4,376)	(1,782)
Net cash (used in) from financing activities	<u>(1,478)</u>	<u>5,029</u>
Net (decrease) increase in cash and cash equivalents	(3,499)	5,590
Effect of exchange rate changes on cash and cash equivalents	(11)	(109)
Cash and cash equivalents at beginning of the period	4,252	6,279
Cash and cash equivalents at end of the period	<u><u>742</u></u>	<u><u>11,760</u></u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	2,151	11,760
Bank overdraft	(1,409)	-
	<u><u>742</u></u>	<u><u>11,760</u></u>

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Translation reserve	Attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
At 1 April 2016	50,587	53,185	971	104,743	81	104,824
Total comprehensive loss for the period						
Loss for the period	-	(1,494)	-	(1,494)	(27)	(1,521)
Other comprehensive loss for the period	-	-	(71)	(71)	(4)	(75)
Total	-	(1,494)	(71)	(1,565)	(31)	(1,596)
At 30 June 2016	50,587	51,691	900	103,178	50	103,228
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
<u>Company</u>						
At 1 April 2016	50,587	2,222	-	52,809	-	52,809
Profit for the period, representing total comprehensive income for the period	-	148	-	148	-	148
At 30 June 2016	50,587	2,370	-	52,957	-	52,957
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

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

30/06/2016	31/03/2016
438,000,000	438,000,000

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

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

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

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

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

Not applicable.

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

The group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 March 2016 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2016.

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

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

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

	Group	
	1st Qtr Ended	
	30/06/2016	30/06/2015
Net loss after tax attributable to owners of the Company (S\$'000)	(1,494)	(493)
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	438,000	438,000
- Diluted earnings per share	438,000	438,000
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	(0.34)	(0.11)
(b) On a fully diluted basis	(0.34)	(0.11)

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

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

	Group		Company	
	30/06/2016	31/03/2016	30/06/2016	31/03/2016
Net asset value attributable to shareholders of the Company (S\$'000)	103,178	104,743	52,957	52,809
Number of ordinary shares ('000)	438,000	438,000	438,000	438,000
Net asset value per ordinary share (cents)	23.56	23.91	12.09	12.06

8. Review of the Group's performance

Revenue

For the first quarter ended 30 June 2016 ("1Q FY2017"), the Group's revenue was S\$20.6 million, 28.2% lower than the S\$28.7 million in the first quarter ended 30 June 2015 ("1Q FY2016"). The decrease was mainly due to a decline of S\$7.3 million in the rigging and lifting segment and S\$0.8 million in the ship chandling segment.

The decrease was mainly due to the continued weakness in the oil and gas industry resulting in project delays which affects the demand for our products and services.

Gross profit

Gross profit decreased by S\$2.4 million or 34.6% from S\$6.9 million in 1Q FY2016 to S\$4.5 million in 1Q FY2017. The corresponding gross profit margin decreased from 24.1% to 21.9%. The decrease was mainly due to the lower revenue, tighter product margins coupled with fixed manufacturing overhead.

Other income

Other income increased by S\$0.1 million mainly due to gain on disposal of PPE.

Distribution costs

Distribution costs decreased by S\$0.2 million or 17.9% in 1Q FY2017 compared to 1Q FY2016 mainly due to a decrease in freight outwards of S\$0.1 million coupled with a decrease in other marketing related costs of S\$0.1 million.

Administrative expenses

Administrative expenses decreased by S\$0.9 million or 20.3% in 1Q FY2017 compared to 1Q FY2016 mainly due to a decrease in (i) donation of S\$0.6 million, (ii) entertainment expenses of S\$0.1 million, and (iii) professional fees of S\$0.1 million.

Other operating expenses

Other operating expenses increased by S\$0.1 million in 1Q FY2017 compared to 1Q FY2016. The increase was mainly due to an increase in allowance for doubtful trade receivables of S\$0.7 million due from a customer which has been placed under judicial management, which was partially offset by (i) a decrease of S\$0.4 million in foreign exchange loss, and (ii) a decrease of S\$0.2 million in trade receivables written off.

Interest expense

Interest expense in 1Q FY2017 did not vary significantly from that of 1Q FY2016.

Loss before income tax

As a result of the above reasons, loss before income tax was S\$1.6 million for 1Q FY2017.

Review of statement of financial position and cash flows

Current Assets

The current assets decreased by S\$5.8 million from S\$177.7 million as at 31 March 2016 to S\$171.9 million as at 30 June 2016. The decrease was mainly due to a decline in inventories of S\$3.6 million and lower cash and bank balances of S\$2.1 million.

Non-Current Assets

The non-current assets increased by S\$2.5 million from S\$37.4 million as at 31 March 2016 to S\$39.9 million as at 30 June 2016. The increase was mainly due to: (i) an increase of S\$2.7 million in PPE mainly attributable to South Korea rigging facilities that are expected to commence full operation in FY2017. This increase was partially offset by a decrease in intangible assets of S\$0.2 million due to amortisation.

Current liabilities

The current liabilities decreased by S\$0.7 million from S\$70.1 million as at 31 March 2016 to S\$69.4 million as at 30 June 2016. The decrease was mainly due to: (i) a decrease in bank borrowings of S\$2.8 million, (ii) a decrease in trade payables of S\$1.1 million due to lower purchases, which was partially offset by higher other payables of S\$3.0 million mainly due to purchasing PPE attributable to South Korea rigging facilities.

Non-current liabilities

Non-current liabilities decreased by S\$1.0 million from S\$40.2 million as at 31 March 2016 to S\$39.2 million as at 30 June 2016 mainly due to lower of bank borrowings of S\$1.6 million, which was partially offset by an increase in finance leases of S\$0.6 million.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$1.6 million was mainly attributable to loss of S\$1.5 million during the period.

Cash Flows

1Q FY2017 ended 30 June 2016

Net cash used in operating activities

In 1Q FY2017, we generated net cash of S\$0.8 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$2.3 million. This was mainly due to: (i) a decrease in bank bills payable of S\$5.0 million, (ii) a decrease in trade payables of S\$0.9 million due to lower purchases, (iii) an increase in trade receivables of S\$0.6 million, which were partially offset by (i) a decrease in inventories of S\$3.5 million, and (ii) an increase in other payables of S\$0.9 million.

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

Overall our net cash used in operating activities amounted to S\$1.7 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.3 million in 1Q FY2017 mainly due to the purchase of PPE of \$0.5 million, which was partially offset by proceeds on disposal of PPE of S\$0.2 million.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$1.5 million in 1Q FY2017. This was mainly due to: (i) the repayment of bank borrowings and related interest of S\$4.9 million, (ii) the repayment of obligations under finance leases of S\$0.2 million, which were partially offset by an increase in bank borrowings of S\$3.6 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 Group expects the uncertainty within the oil and gas (O&G) industry to continue and the operational environment to remain challenging for the coming 12 months.

Despite this, Gaylin believes in the long term fundamentals of the O&G sector which will unlock more value from its overseas operations such as Europe, Malaysia and South Korea while strengthening its position in certain markets.

In addition to keeping costs in check, the Group will focus on avenues where it can market higher value services to customers. This includes rolling out project engineering services and workforce development programmes in the region, among others.

Construction of our new office, manufacturing and warehousing facilities in Busan, South Korea has been completed and we have commenced operations, including the supply and manufacture of rigging and lifting equipment. In addition, we expect to be providing inspections and related services in South Korea in the next 12 months. We are optimistic that these will contribute to our revenue growth and increase our market presence in South Korea.

11. Dividend

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

Nil

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

No

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

Not applicable

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

Not applicable as no IPT mandate has been obtained.

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

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

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

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3 months ended 30 June 2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD OF DIRECTORS

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer

TEO BEE HOE
Executive Director

BY ORDER OF THE BOARD

DESMOND TEO BEE CHIONG
Executive Director and Chief Executive Officer
12 August 2016