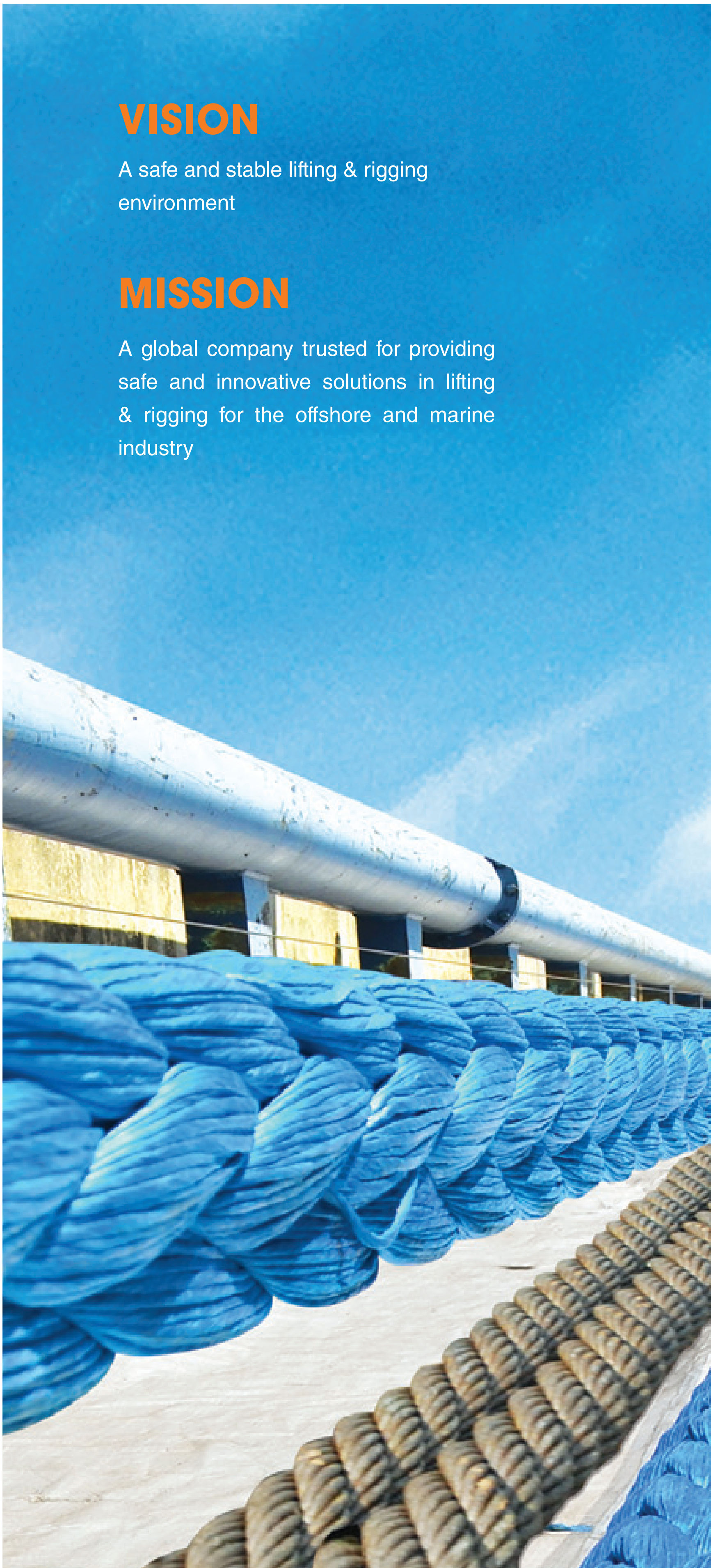
GAYLIN®

Trusted For Lifting & Rigging

SCALE SYNERGY

GAYLIN HOLDINGS LIMITED

Annual Report 2015



VISION

A safe and stable lifting & rigging environment

MISSION

A global company trusted for providing safe and innovative solutions in lifting & rigging for the offshore and marine industry

CONTENTS

ABOUT GAYLIN

Founded in 1974, Gaylin Holdings Limited ("**Gaylin**" or the "**Group**") is one of the largest Singapore-based, multi-disciplinary specialist providers of rigging and lifting solutions to the global offshore oil and gas ("**O&G**") industry.

We provide rigging and lifting equipment such as heavy lift slings and grommets, wire rope slings, crane wire, mooring equipment and related fittings and accessories; and related services such as project engineering services for deepwater mooring systems, workforce development, load testing, spooling services, rental services and other fabrication services. The Group also operates a ship chandling business.

With approximately 1.4 million square feet of office, manufacturing and warehousing facilities in Singapore, Malaysia, Vietnam, Indonesia, China, South Korea, the United Arab Emirates ("**UAE**"), Azerbaijan and Kazakhstan competently supported by approximately 450 employees, we are one of the most trusted one-stop service providers for lifting and rigging today. Through our global network, we serve a diverse base of customers from Asia, Oceania, Europe, the Middle East and Africa. In 2012, Gaylin became a public-listed company on the Mainboard of the Singapore Exchange ("**SGX-ST**") (Stock code: RF7).

A multi-award winning company, Gaylin has received certifications and accolades such as:

- Asia Pacific Entrepreneurship Awards (APEA) – Outstanding Entrepreneurship Award conferred to CEO, Desmond Teo (2014)
- ISO/IEC 17020:2012 (2014)
- bizSAFE STAR (2013)
- SS506: Part 1:2009 and OHSAS 18001:2007 (2013)
- ISO 9001:2008 (2012)
- ISO 9002 (1998)
- Promising SME 500 Award – Platinum (2012)
- Circle of Excellence in Offshore & Marine Industry (2012)
- 2011 Singapore Brand Award (2011)

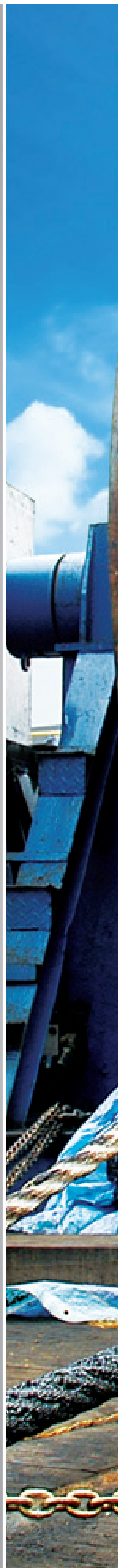
BUSINESS HIGHLIGHTS

GROWING OUR SCALE TO BETTER SERVE CUSTOMERS

- Extended our office and manufacturing **facilities** around the world by more than threefolds from 0.4 million square feet in 2013 to approximately 1.4 million square feet today
- Expanded our global **staff** count from 181 in 2013 to approximately 450 today
- Grew our **global footprint** from 3 countries in 2013 to 9 today
- Grew our **network** from 10 subsidiaries in 2013 to 22 today

INTEGRATING SYNERGIES FOR LONG-TERM GROWTH

- Significantly expanded specialist services to include project engineering services for deepwater mooring systems and workforce development programmes
- Widened range of products and new product categories including the world's largest sling shackle from *Feubo*
- Gained access into the Middle East and the Caspian Sea region with the potential to boost other prospective markets such as Africa and Europe
- Tapped into opportunities to cross-sell a significantly wider range of products and services across a larger network




WIRE ROPE
RIGGING CENTRE
TROCO

ENHANCING OUR ONE-STOP CAPABILITIES

LIFTING AND RIGGING EQUIPMENT

SLINGS AND GROMMETS
- Cable laid slings and grommets
- Synthetic heavy lift slings
- Gator laid slings and grommets

WIRE ROPES
- Crane wire rope
- Steel wire rope

WINCHES AND POWER LIFTING EQUIPMENT
- Pneumatic powered winches and hoists
- Hydraulic and electric powered winches

MOORING AND MARINE EQUIPMENT

- Anchor chains
- Gator laid slings and grommets

- Mooring components: Triplates, swivels, kenters, pear links
- Anchors
- Chains
- Buoys
- Deck equipment
- Fendering

RELATED FITTINGS AND ACCESSORIES

- Shackles
- Sockets
- Alloy chains
- Connecting links
- Master links
- Hooks
- Lever hoist / Chain hoist
- Snatch blocks
- Remotely operated vehicle (ROV) hooks

SERVICES

LOAD TESTING
- In-house / on-site load testing and inspection
- 2,600 tonnes capacity up to 330 feet (Singapore)
- 3,000 tonnes capacity up to 262 feet (Malaysia)
- Load cells of 5 tonnes to 1,000 tonnes
- Re-certification services

LIFTING SERVICES
- Lift planning and management
- Qualified rigging teams
- Site competent personnel and technical authority
- LOLER periodic surveys
- Technical and compliance audits
- Installation service

SPOOLING SERVICES
- In-house / mobile spooling machines capable of handling steel and synthetic ropes with cumulative weight ranging from 15 tonnes to 250 tonnes

WINCHES AND POWER LIFTING SERVICES
- Building capabilities (hydraulic and electric powered winches)
- Service
- Re-certification
- Skilled operators

RENTAL SERVICES
- Spooling machines
- Heavy lift slings and grommets
- Anchors
- Load cells and water load bags
- Related fittings and accessories: Lifting gears, mooring gears
- Winches

ENGINEERING SERVICES
- Mooring system design and analysis

FABRICATION SERVICES
- Custom-made items to meet customers' requirements and specifications

WORKFORCE DEVELOPMENT PROGRAMMES / TRAINING
- Over 50 accredited and individually tailored courses in lifting equipment and lifting operations
- Full range of health and safety management programmes

PRODUCTS/ SERVICES RANGE

ENHANCED PRODUCTS/ SERVICES RANGE

MESSAGE TO SHAREHOLDERS

"Much of our efforts last year was to review, consolidate, and strengthen our processes and capabilities as well as assimilate and integrate the operations and staff of our new companies into Gaylin and we have made much progress on this front."

DEAR SHAREHOLDERS,

On behalf of the Board of Gaylin, I am pleased to present to you our Annual Report for the financial year ended 31 March 2015 ("**FY2015**"), and take you through some of the highlights and pertinent issues faced by the Group during the year.

The operating climate in the O&G industry has taken a downturn and, beset by falling oil prices and a generally bearish global economy, it has been a tough year for the sector. In the face of such developments, many national oil companies and oil majors have temporarily frozen their exploration and production projects and cut back on their capital expenditure budgets, and the impact of their actions has filtered down to O&G service players.

To mitigate our vulnerabilities to the changing O&G landscape, we have been working constantly to transform Gaylin to a bigger, stronger and more resilient organisation. Much of our efforts last year was to review, consolidate, and strengthen our processes and capabilities as well as assimilate and integrate the operations and staff of our new companies into Gaylin and we have made much progress on this front.

FINANCIAL REVIEW

Against this operating environment, Gaylin still managed to grow our topline to a record high in FY2015, thanks to the strategic acquisitions made over the last few years which helped diversify and boost our income streams. In FY2015, Gaylin reported net profit attributable to shareholders of S$7.4 million on the back of a 14.1% rise in revenue to S$109.9 million, underpinned by improved sales from both our business segments.

Revenue from our Rigging and Lifting business surged by 11.0% to an all-time high of S$88.5 million in FY2015 compared to S$79.7 million for the financial year ended 31 March 2014 ("**FY2014**"), supported by robust sales from markets such as Azerbaijan, Other Asia and Europe. At the same time, contribution from our Ship Chandling business also remained robust with sales rising by 28.9% to S$21.4 million in FY2015, from S$16.6 million a year ago.

However, due to our active business expansion in FY2015 and the consequent rise in headcount, our operating costs were substantially higher, thus trimming our net profit attributable to shareholders.

Nevertheless, we believe the long term fundamentals driving the O&G industry remain stable. Demonstrating our continued confidence in the business, the Board is recommending a first and final cash dividend of 0.5 cents per share for FY2015, even though the Group's dividend assurance as stated during our IPO extended to only FY2013 and FY2014. This represents a payout of approximately 30% of FY2015's net profit attributable to shareholders.

KEY DEVELOPMENTS AND FUTURE OUTLOOK

On 2 December 2014, my brother Mr Teo Bee Kheng, an Executive Director and Chief Operating Officer ("**COO**") of Gaylin, passed away. A co-founder of the Group, he had contributed significantly to the success of Gaylin and his demise was a great loss for our family and the Group. Mr Teo Bee Hoe, our Executive Director and Deputy COO, assumed the position of COO and took over the management of the production department. With a strong team in place, this unit has continued to operate smoothly.

There have been other developments in FY2015. Gaylin became the first company in Singapore to offer the largest sling shackle ever made in the world, manufactured by a German brand, *Feubo*. This, coupled with our appointment in FY2014 as the Authorised Distributor of *Modulift*, one of England's fastest growing bespoke heavy-lifting specialists, further extends our already comprehensive range of products to include spreader beams, lifting beams and other below the hook lifting equipment.

In the Middle East, we completed the acquisition of our 100% stake in Rig Marine Holdings FZE ("**Rigmarine**") which has been consolidated with effect from 1 July 2014. Capitalising on the enhanced range of products and services and customer base that the Rigmarine group of companies have unlocked for us, we have improved our scope of specialised services to include project engineering services for deepwater mooring systems and workforce development. These are two key areas that Rigmarine is highly reputed for in the Middle East and the Caspian Sea region.

The integration with Rigmarine is on-going and we are currently focusing on product and operations training for the sales team to better drive cross-selling opportunities. With a view to assimilate Rigmarine's expertise in Quality Assurance ("**QA**") and Health, Safety and Environment ("**HSE**") systems; and its expertise in mooring equipment, some of Gaylin's operations personnel will be sent to the Middle East in the coming months.

In Malaysia, we expanded the scale of operations at Tanjung Langsat by more than four times to 543,101 square feet in September 2014 when we acquired a neighbouring plot of land in Johor Bahru for approximately RM10.1 million. With this enhanced scale, we believe Gaylin is very well-positioned to reach out better and faster to offshore O&G customers in Malaysia and the region.

In South Korea, where ship chandling is our main source of revenue, we formed a wholly-owned subsidiary in April 2015, Gaylin Korea Pte. Ltd., to advance our Rigging and Lifting business in the country. As a first step, we entered into an agreement to purchase a property in Busan which will be used as a rigging and manufacturing shop, enabling Gaylin to establish a direct line to major local builders and yard operators. We are looking into building the workshop and performing upgrading works to the premise.

LOOKING AHEAD

With oil prices having slumped close to a six-year low in January 2015, we expect the O&G landscape to remain challenging in the coming months with capital expenditure cuts and project deferments from O&G players. That said, this turbulence has not changed the long term fundamentals of the O&G industry as energy consumption is perennial.

Against this backdrop, Gaylin will focus on unlocking value from our strategic acquisitions by leveraging on our newly-acquired businesses and optimising our operations while exercising prudent cost management to protect our margins. At the same time, we will not rule out inorganic growth if a good investment opportunity presents itself.

We are also increasing our marketing efforts for heavy-lifting products such as the *Feubo* wide body lifting shackle and *Modulift* systems and grommets. This new range of bespoke products will open up more opportunities for the Group.

As a cohesive group and with the right business strategy, we are confident that we will be able to grow from strength to strength as we have over the years.

OUR APPRECIATION

I would like to extend my deepest appreciation to the Gaylin team – our board of directors, our management team, and our highly talented and dedicated employees in Singapore and our global offices. My gratitude also goes out to our shareholders, business partners, customers and suppliers for their support and confidence in Gaylin. Please be assured that we will continue to work hard to deliver results and exceed your expectations.

Yours sincerely,

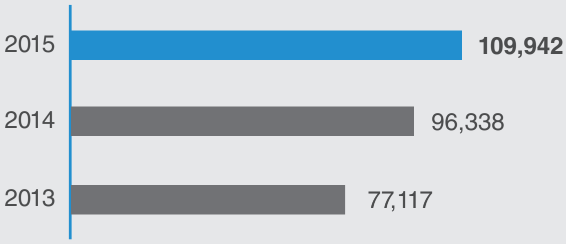
DESMOND TEO PBM

Executive Director and
Chief Executive Officer

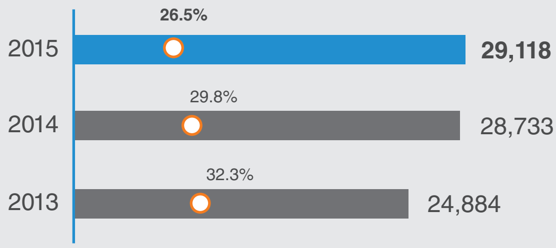
"Against a challenging operating environment, Gaylin still managed to grow our topline to a record high in FY2015, thanks to the strategic acquisitions made over the last few years which helped diversify and boost our income streams."

FINANCIAL HIGHLIGHTS

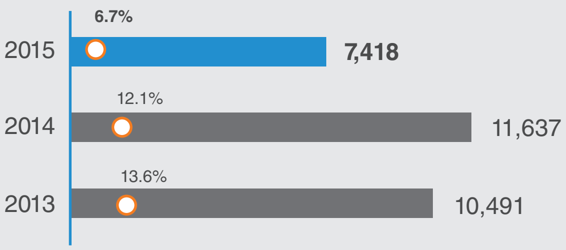
REVENUE (S$'000)



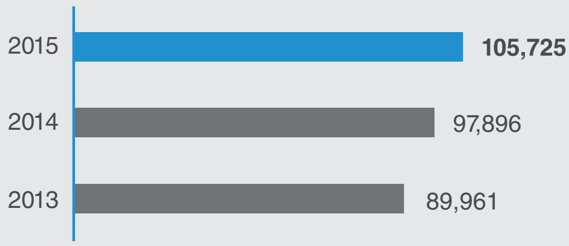
GROSS PROFIT (S$'000) AND GROSS PROFIT MARGIN (%)



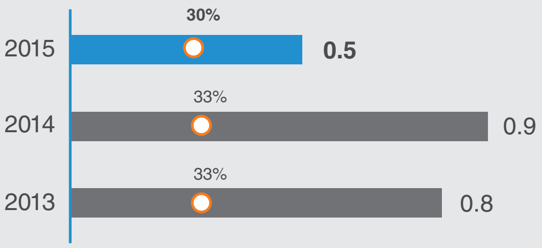
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'000) AND NET PROFIT MARGIN (%)



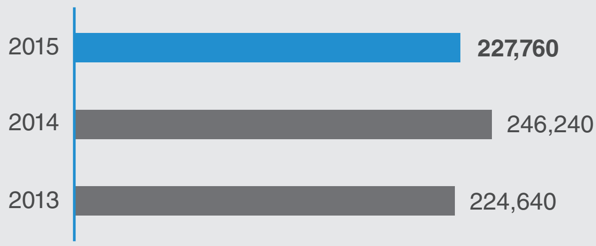
TOTAL SHAREHOLDERS' EQUITY (S$'000)



DIVIDEND PER SHARE (S¢) AND DIVIDEND PAYOUT (%)

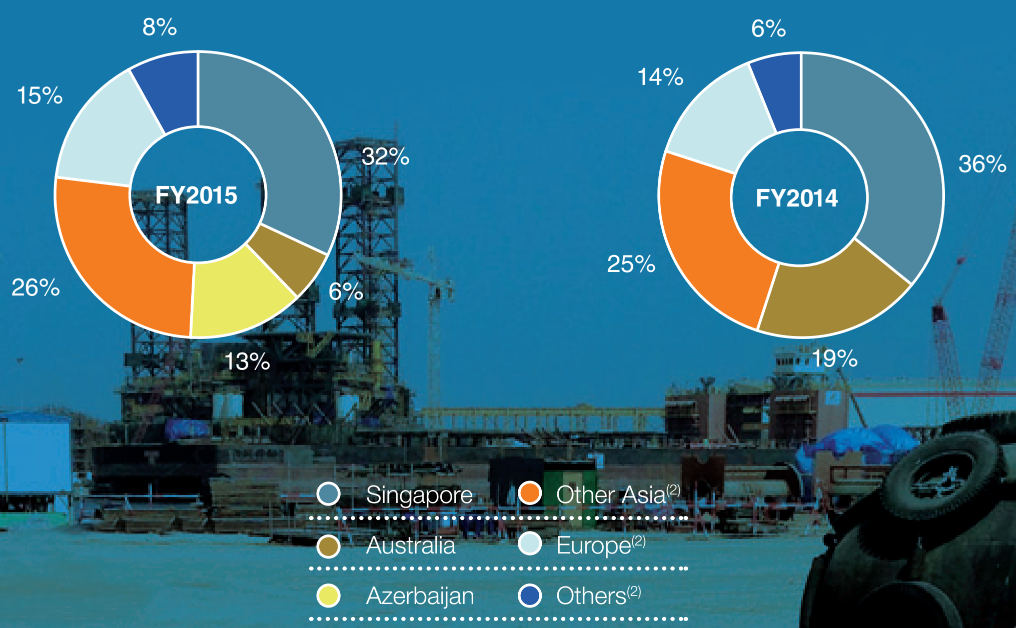


MARKET CAPITALISATION[1] (S$'000)



[1] *Based on closing price on 31 March of each respective year end.*

REVENUE BREAKDOWN BY LOCATION OF CUSTOMERS (%)



(2) *Includes revenue from customers in countries that individually account for less than 10% of Group revenue.*

OPERATING AND FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(S$'000)	FY2015	FY2014	Change (%)
Revenue	**109,942**	**96,338**	**14.1**
Cost of sales	(80,824)	(67,605)	19.6
Gross profit	**29,118**	**28,733**	**1.3**
Other income	2,385	379	529.3
Distribution costs	(4,737)	(3,890)	21.8
Administrative expenses	(15,749)	(9,602)	64.0
Other operating expenses	(582)	(677)	(14.0)
Interest expenses	(2,067)	(1,761)	17.4
Profit before income tax	**8,368**	**13,182**	**(36.5)**
Income tax expense	(909)	(1,621)	(43.9)
Profit for the year	**7,459**	**11,561**	**(35.5)**
Attributable to:			
Shareholders of the Company	7,418	11,637	(36.3)
Non-controlling interests	41	(76)	NM [1]
	7,459	**11,561**	**(35.5)**

For FY2015, the Group reported a net profit attributable to shareholders of S$7.4 million on the back of a 14.1% rise in revenue to an all-time high of S$109.9 million. Despite a generally bearish O&G industry and slower sales from its Singapore operations, the Group achieved record sales due to higher revenue contributions from Rigmarine and its Ship Chandling segment.

However, due to active business expansion in FY2015 and the consequent rise in headcount, the Group's operating costs were substantially higher, thus trimming net profit attributable to shareholders by 36.3%.

Revenue: Increased by 14.1% mainly due to an increase in the Rigging and Lifting segment of S$8.8 million resulting from the acquisition of Rigmarine in July 2014; and an increase in the Ship Chandling segment of S$4.8 million. The contribution from Rigmarine was S$22.2 million which was partially offset by a decrease in sales from Singapore operations as a result of project delays from the slowdown in the O&G industry.

Gross profit: Gross profit margin decreased to 26.5% from 29.8% due to an increase in sales of lower margin products which formed a higher proportion of the revenue in FY2015. This was coupled with the decrease in sales from Singapore operations attributed to project delays from the slowdown in the O&G industry.

Other income: Increased by 529.3% mainly due to net foreign exchange gain of S$1.1 million from the appreciation of the United States Dollar and the depreciation of the Euro; and accrued income of S$0.7 million from the vendor relating to the acquisition of Lv Yang (Tianjin) Offshore Equipment Co. Ltd ("**Lv Yang Tianjin**") arising from the profit guarantee per the purchase agreement.

Distribution costs: Increased mainly due to a rise in staff-related cost with the Group's increased headcount from newly acquired subsidiaries.

Administrative expenses: Increased mainly due to newly acquired subsidiaries that included staff-related cost of S$2.2 million; general expenses of S$0.7 million; rental related expenses of S$0.8 million; professional fees of S$0.9 million; depreciation of S$0.8 million; travelling expenses of S$0.4 million; and insurance of S$0.2 million.

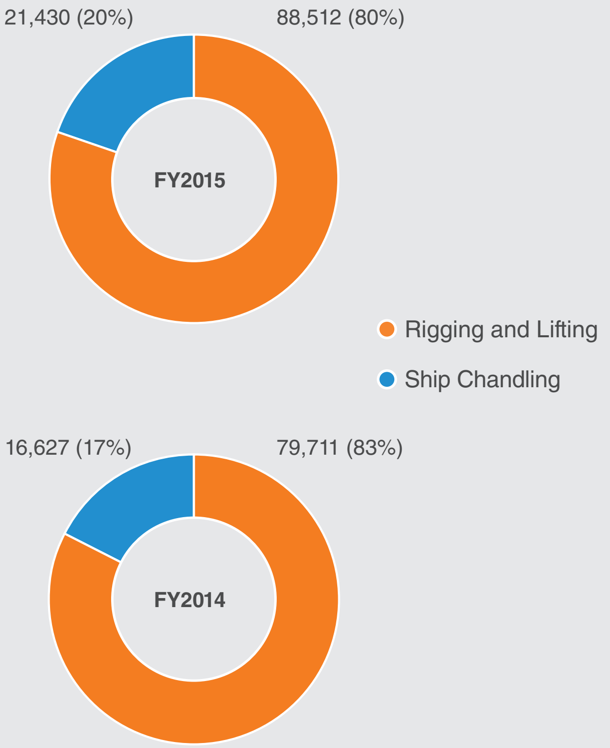
Other operating expenses: Decreased mainly due to turnaround of a foreign exchange loss of S$0.6 million in FY2014 to a foreign exchange gain of S$1.1 million in FY2015 which was partially offset by goodwill written off of S$0.4 million.

Interest expense: Increased due to higher bank borrowings.

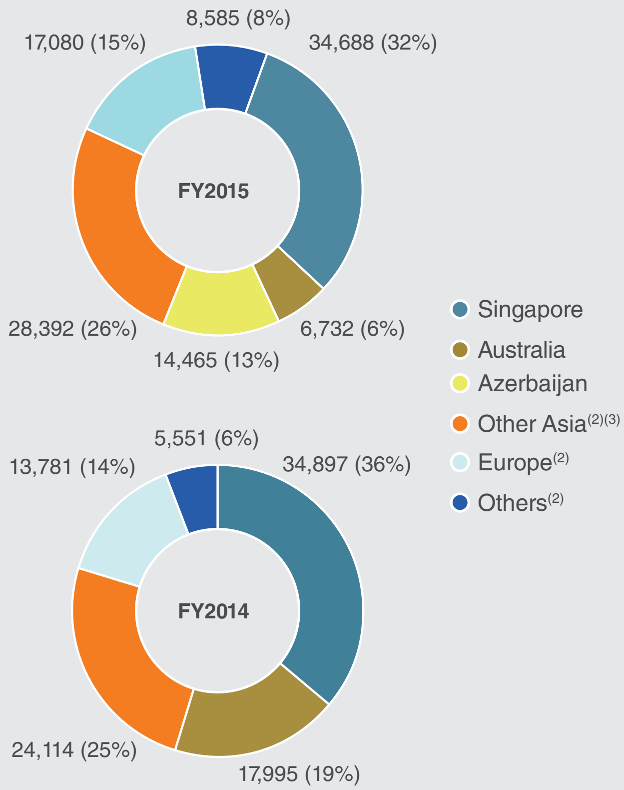
Profit before income tax: Decreased mainly due to significantly higher operating costs and expenses.

[1] *NM denotes "not meaningful".*

REVENUE BY BUSINESS SEGMENTS (S$'000)



REVENUE BY LOCATION OF CUSTOMERS (S$'000)



The Group's Rigging and Lifting segment contributed 80.5% of its total revenue while Ship Chandling accounted for 19.5% in FY2015, compared to 82.7% and 17.3% respectively in FY2014.

Pursuant to the acquisition of Rigmarine in July 2014, the Group's Rigging and Lifting segment achieved a record revenue of S$88.5 million in FY2015, an improvement of 11% compared to S$79.7 million in FY2014, which was underpinned by sales from Azerbaijan, Other Asia and Europe. Rigmarine contributed approximately S$22.2 million to this.

At the same time, contribution from Ship Chandling also remained robust with sales rising by 28.9% to S$21.4 million in FY2015, from S$16.6 million a year ago.

It is typical for the Group to experience a fluctuation in revenue contribution from each customer in each financial year due to the project-based nature of its business and industry. In general, customers' projects typically differ in scope and size, and their occurrence is irregular, resulting in the supply of different products to them from the Group on an irregular basis.

In FY2015, sales to Azerbaijan increased by S$14.5 million due to the acquisition of Rigmarine. Sales to Gaylin's customers based in Other Asia, Europe and Others rose by S$4.3 million, S$3.3 million and S$3.0 million respectively as the Group clinched more orders from its existing and new customers in these regions. On the other hand, revenue contribution from Australia decreased by S$11.3 million mainly due to the project-based nature of some of the Group's key customers.

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

OPERATING AND FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(S$'000)	As at 31 Mar 2015	As at 31 Mar 2014	Change (%)
Current assets	**191,349**	**173,448**	**10.3**
Cash and cash equivalents	6,279	18,824	(66.6)
Trade receivables	31,257	26,595	17.5
Other receivables and prepayments	4,441	3,167	40.2
Inventories	149,372	124,862	19.6
Non-current assets	**36,924**	**14,741**	**150.5**
Property, plant and equipment	26,413	14,028	88.3
Club memberships	40	76	(47.4)
Intangible assets	5,067	165	NM
Goodwill	2,165	444	387.6
Prepayments	2,875	-	NM
Deferred tax assets	364	28	NM
Total assets	**228,273**	**188,189**	**21.3**
Current liabilities	**91,280**	**72,448**	**26.0**
Trade payables	17,850	16,628	7.3
Other payables	14,209	2,093	578.9
Current portion of bank borrowings	58,106	51,217	13.5
Current portion of finance leases	537	737	(27.1)
Income tax payable	578	1,773	(67.4)

(S$'000)	As at 31 Mar 2015	As at 31 Mar 2014	Change (%)
Non-current liabilities	**31,268**	**17,845**	**75.2**
Bank borrowings	29,360	15,613	88.0
Finance leases	1,277	1,741	(26.7)
Deferred tax liabilities	631	491	28.5
Total liabilities	**122,548**	**90,293**	**35.7**
Total shareholders' equity	**105,725**	**97,896**	**8.0**

Current assets: Increased by S$17.9 million to S$191.3 million mainly due to increases in inventories of S$24.6 million due to anticipated market demand and inventories from acquisition of Rigmarine; in trade receivables of S$4.7 million mainly due to the acquisition of Rigmarine; in other receivables and prepayments of S$1.3 million mainly due to an increase in estimated receivable from the vendor relating to the acquisition of Lv Yang Tianjin arising from the profit guarantee per the purchase agreement, which was partially offset by a decline in cash and bank balances of S$12.5 million.

Non-current assets: Increased by S$22.2 million to S$36.9 million mainly because of increases in fixed assets of S$12.4 million; in intangible assets of S$4.9 million; in goodwill of S$2.2 million contributed by the acquisition of Rigmarine which was partially offset by goodwill written off of S$0.4 million from the acquisition of Lv Yang Tianjin; in prepayment of S$2.9 million for purchasing land in South Korea; in deferred tax assets of S$0.3 million.

Current liabilities: Increased by S$18.8 million to S$91.3 million mainly due to increases in other payables of S$12.1 million arising from the acquisition of Rigmarine; in bank borrowings of S$6.9 million from bank loans of S$13.2 million which was partially offset by a decline in bank bill payables of S$6.3 million; and in trade payables of S$1.2 million. These were partially offset by lower income tax payable of S$1.2 million and a decline in finance leases of S$0.2 million.

Non-current liabilities: Increased by S$13.4 million to S$31.3 million mainly due to an increase in bank borrowings of S$13.7 million, which was partially offset by repayment of finance leases of S$0.5 million.

Shareholder's equity: Increased by S$7.7 million mainly due to profit of S$7.4 million earned during the period; an increase in translation reserve of S$0.9 million and an increase of share capital of S$3.4 million pursuant to the issuance of 6 million shares for the acquisition of Rigmarine which was partially offset by the distribution of dividend of S$3.9 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

(S$'000)	FY2015	FY2014
Net cash (used in) / from operating activities	(19,150)	3,204
Net cash used in investing activities	(14,407)	(2,599)
Net cash from / (used in) financing activities	20,904	(3,155)
Net decrease in cash and cash equivalents	(12,653)	(2,550)
Cash and cash equivalents at end of financial year	**6,279**	**18,824**

Net cash used in operating activities: The Group generated a net cash of S$14.3 million from operating activities before changes in working capital in FY2015. Net working capital outflow amounted to S$33.4 million mainly due to an increase in inventories of S$19.4 million due to anticipated market demand; a decrease in trade payables of S$6.5 million as the Group made payments for a larger proportion of trade payables; a decrease in bank bill payables of S$6.4 million; a decrease in other payables of S$1.4 million, which was partially offset by a decrease in trade receivables of S$3.2 million. The Group also paid income taxes of S$2.4 million and interest for bank bills of S$1.0 million. Overall, this resulted in a net cash of S$19.2 million used in operating activities.

Net cash used in investing activities: $14.4 million of net cash was used in investing activities. This stemmed from the acquisition of Rigmarine of S$4.4 million; the purchase of plant and equipment of S$7.7 million; prepayment of S$2.9 million for purchasing land in South Korea, which was partially offset by proceeds from disposal of plant and equipment of S$0.5 million.

Net cash from financing activities: The Group generated S$20.9 million in net cash from financing activities. This was mainly attributable to an increase in bank borrowings of S$31.8 million, which was partially offset by dividend paid of S$3.9 million; repayment of bank borrowings and related interest of S$5.9 million; and repayment of obligations under finance leases of S$1.1 million.

Cash and cash equivalents: The Group's cash position as at 31 March 2015 decreased by S$12.7 million to S$6.3 million as at the end of FY2015.

SHAREHOLDERS' RETURNS

Based on an earnings per share of 1.70 Singapore cents and 438 million shares as at 31 March 2015, the Group declared a total dividend of 0.5 Singapore cents per share, representing a dividend payout of approximately 30% of its FY2015 net profit attributable to shareholders.

UPDATE ON USE OF IPO PROCEEDS AS AT 31 MARCH 2015

Use of Net Proceeds (S$'000)	Allocated	Utilised	Balance
Expansion of operations into Asian and/or other markets	20,000	18,405	1,595
Expansion of operations into Malaysia	2,000	2,000	-
General working capital	21,042	21,042	-
Total	**43,042**	**41,447**	**1,595**

Breakdown of General Working Capital	(S$'000)
Inventories	7,778
Trade and other payables	11,497
Income tax	1,767
Total	**21,042**

CORPORATE SOCIAL RESPONSIBILITY

At Gaylin, we understand that while corporate and financial performances are important pillars of the Group's foundation, they should not be at the expense of social and environmental well-being. With this in mind, we are committed to conducting our business in a way that best serves the interests of our stakeholders, including the Community, the Environment, our Shareholders and Business Partners.

COMMITMENT TO THE COMMUNITY

Gaylin has always been an avid supporter of many community initiatives aimed at helping the elderly and less privileged in Singapore. Our on-going efforts, led fervently by our CEO, Desmond Teo, have seen the number of beneficiaries adopted by Gaylin over the years growing and they include:

- Bukit Batok East Citizens' Consultative Committee ("**CCC**") Community Development Welfare Fund ("**CDWF**")
- Disabled People's Association
- Kwan Eng Health Care Centre
- Kwong Wai Shiu Hospital
- Lakeside Family Services
- Maha Karuna Buddhist Society
- Mahabodhi Monastery
- Promisedland Community Services ("**PCS**") – Lifeblood Centre
- Phuket Oilfield Classics
- Pioneer Junior College
- Raffles Charity Day
- Ren Ci Hospital
- SGX Bull Charge Run
- Shan You Counselling Centre
- South West Community Development Council ("**CDC**")
- Sri Veeramakaliamman Indian Temple
- St Gabriel's Primary School
- St Gabriel's Secondary School
- The UOB Heartbeat Run / Walk
- Touch & Care Community Services
- Yayasan Mendaki
- Yew Tee CCC CDWF
- Yew Tee Day Rice Donation
- Young Men's Christian Association ("**YMCA**") of Singapore

At Gaylin's 40th Anniversary dinner celebration on 3 December 2014, Desmond made donations to Ren Ci Hospital, Yew Tee CCC CDWF and South West CDC, underscoring his wholehearted commitment to give back to the community. The dinner was attended by many distinguished guests. Amongst them were Ms Low Yen Ling – the Mayor of South West District, Parliamentary Secretary, Ministry of Culture, Community and Youth & Ministry of Social and Family Development; Advisor to Bukit Gombak Grassroots Organisations, Member of Parliament ("**MP**") for Chua Chu Kang Group Representation Constituency ("**GRC**") as well as Mr Alex Yam – Advisor to Yew Tee Grassroots Organisations, MP for Chua Chu Kang GRC.

COMMITMENT TO THE ENVIRONMENT

Reducing our carbon footprint has been an increasing area of focus for Gaylin. An example of our on-going efforts to conserve and improve energy efficiency is the application of Solacoat on our buildings, which reflects the sun's solar rays and assists in reducing greenhouse gas emissions from air-conditioners. Thanks to this initiative, our energy consumption and electricity bills have reduced considerably.

Our green endeavours extend to encouraging our employees to embrace a green lifestyle so as to ensure that resource consciousness and environmental conservation become second nature.

COMMITMENT TO OUR EMPLOYEES

OCCUPATIONAL SAFETY AND HEALTH

"Safety First" is one of the top priorities here at Gaylin and we exercise our duty of care by providing a working environment that goes beyond health and safety regulatory obligations. We aim for "Zero Accidents" at the workplace and have introduced several initiatives to achieve this goal. As part of our Workplace Safety and Health ("**WSH**") efforts, we aim to:

- Conduct on-going identification of hazards, the assessment of risk, and the implementation of necessary control measures
- Minimise incidents and manage hazards through conducting WSH inspection and appropriate training regularly
- Comply with local WSH legislations and other requirements
- Review and improve our WSH management and performance
- Enhance employee ownership by ensuring our employees pledge their commitment to adopt safe working practices

As a general rule of thumb, we are committed to enforcing safe working practices within our sphere of influence. Our employees are properly and adequately equipped with personal protective equipment such as helmets, goggles, gloves and boots at all times. This underpins the importance of an effective occupational health and safety management approach to prevent health and safety-related incidences.

Regular in-house training for the Sales Team being conducted to ensure we provide the best service to our customers

Our Workplace Health & Safety Consultant conducting a briefing during our weekly Tool Box Meeting

With operations in nine countries, we recognise the need to instil sound and practical health and safety regimes, comply with applicable laws and regulatory requirements in all the countries we operate in, and ensure a competent workforce across the organisation.

We continuously strive to be an "employer of choice" by providing our employees a work environment that seeks to enhance our staff's physical wellness and mental well-being. Training forms an integral part of our corporate culture. We believe that continuous skills upgrading will enable them to do their jobs confidently but also with opportunities for personal development.

TRAINING

All new employees are required to undergo orientation programmes conducted by our senior staff to familiarise themselves with our Group's corporate identity, policies and standard operation practices. As a large part of our business focuses on heavy machinery, operations personnel are required to undergo compulsory training on safety and product handling as our products are used in area where safety standards are stringent. In addition, when new products are acquired, training is arranged for our warehouse and operations personnel.

At Rigmarine, we have a two-year apprenticeship training programme that gives employees an understanding of the way Rigmarine functions. This programme covers the initial company induction, through all the aspects of work, from inspection of clients' equipment at Rigmarine and at the clients' sites.

On-the-job training reinforces the technical training our staff undergo. Immediate supervisors will closely monitor individual staff and impart practical skills and working knowledge. Such on-the-job training for our staff includes product knowledge, equipment operation and quality assurance.

External courses are arranged for our employees to attend so that they can improve their work performance in their respective business units. These courses include:

- Basic Offshore Safety Induction Emergency Course
- Crane Erector Course
- Det Norske Veritas ("**DNV**") Business Assurance Course
- Lifting Gear Course
- Lifting Supervisor Course
- Rigging Operation Course
- Safety Instruction Course
- Signalman and Rigger Course
- Splicer Qualification Course
- Warehouse & Storage Safety Course
- Safety Orientation Course
- Workforce Skills Qualifications ("**WSQ**") Operate Forklift Course

CORPORATE SOCIAL RESPONSIBILITY

On-the-Job Training being conducted with the recent acquisition of new machines

Accredited Rigging and Lifting Course at Rigmarine Azerbaijan

COMMITMENT TO SHAREHOLDERS

As a listed company, it is important that we provide our stakeholders and shareholders 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 evaluate the Group and make informed investment decisions.

All our corporate announcements, press releases and presentation slides are released on the Singapore Exchange's SGXNET and on Gaylin's website simultaneously. We maintain a dedicated investor relations section within our corporate website, where investors can easily access up-to-date information relating to the Group. Investors can also sign up for an e-mail 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.

SOUND CORPORATE GOVERNANCE

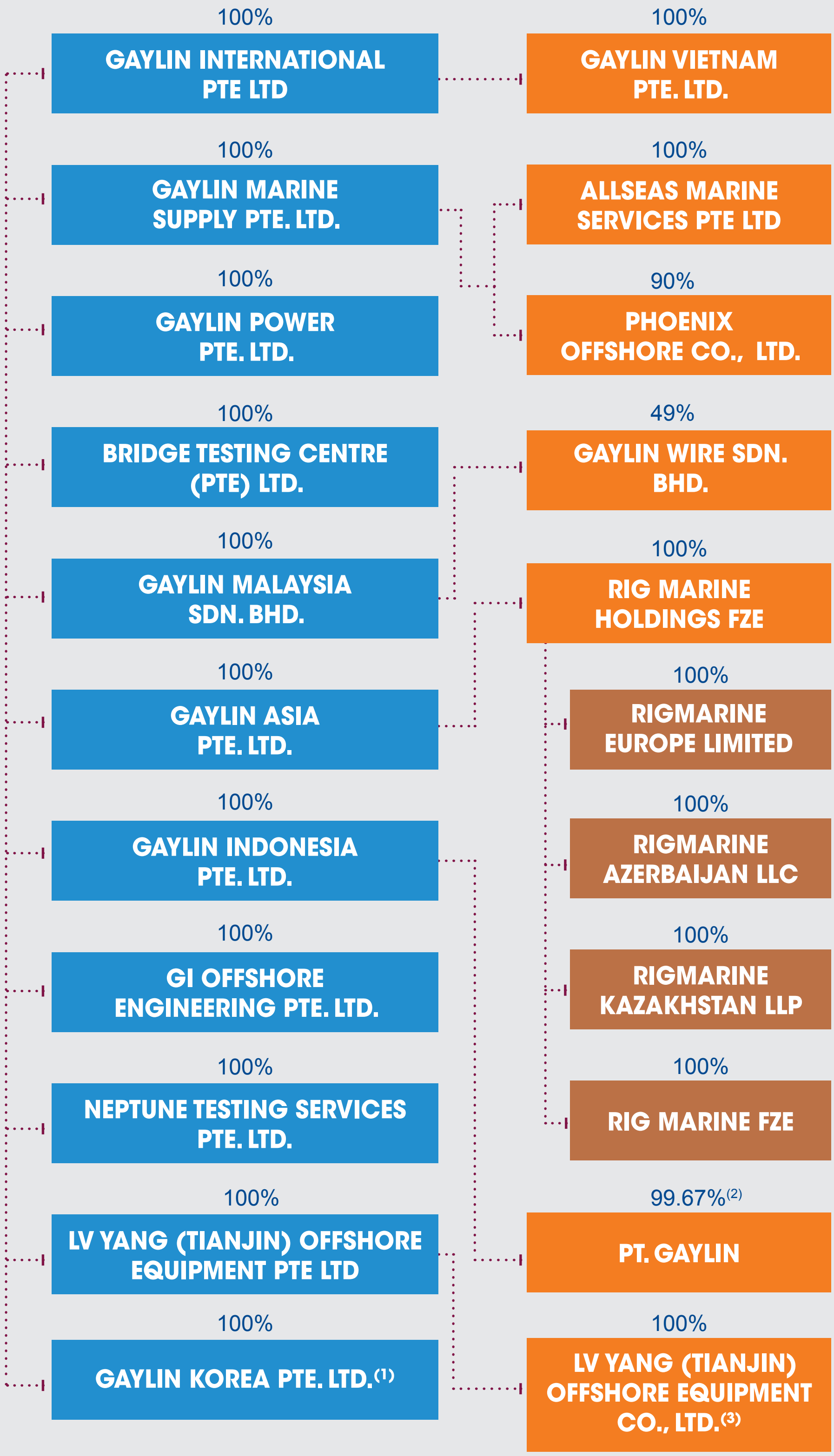
The Board and management of Gaylin understands that well-defined corporate governance processes are vital in enhancing corporate accountability and sustainability and is committed to ensuring high standards of corporate governance to preserve and maximise shareholder value.

We have formulated policy frameworks that are relevant and essential to our business operations that will assist us and our stakeholders in achieving a higher level of confidence in meeting business goals as well as ensuring proper compliance with rules and regulations. All this will and has contributed directly and significantly to the organisation's business reputation and continuity.

CORPORATE STRUCTURE

GAYLIN®
Trusted For Lifting & Rigging

GAYLIN HOLDINGS LIMITED



(1) Incorporated on 30 April 2015.
(2) The remaining interests are held in trust and the company is in the process of transferring them to a director.
(3) Lv Yang (Tianjin) Offshore Equipment Pte Ltd is now a wholly-owned subsidiary of the Company following the completion of the capital reduction exercise on 16 March 2015.

BOARD OF DIRECTORS

ANG MONG SENG BBM

Independent Non-Executive Chairman
Date of appointment:
26 September 2012
Last date of re-appointment:
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 GRC 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 PBM

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 36 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 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 more than 20 years, Mr Teo is the Patron of numerous organisations namely Ren Ci Hospital, Tanjong Pagar – Tiong Bahru CCC, Yew Tee CCC, Yew Tee Community Club Management Committee ("**CCMC**") and Yew Tee Constituency Sports Club ("**CSC**"). He was recently appointed Chairman of Yew Tee CCC CDWF. For his invaluable contribution to community service, Mr Teo was conferred the Public Service Medal – PBM (Pingat Bakti Masyarakat) from the President of Singapore in 2010. On 19 July 2014, at the Asia Pacific Entrepreneurship Awards ceremony, Mr Teo received the Outstanding Entrepreneurship Award for his exemplary achievements in entrepreneurship.

TEO BEE HOE

Executive Director and
Chief Operating Officer (COO)
Date of appointment: 25 February 2010
Date of last re-appointment:
23 July 2013

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.

WU CHIAW CHING

Independent Non-Executive Director
Date of appointment:
26 September 2012
Date of last re-appointment:
10 October 2012

The partner of Wu Chiaw Ching & Company, Mr Wu Chiaw Ching is a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, UK and Certified Public Accountants, Australia and a member of the Singapore Institute of Directors. He is an independent director of SGX-ST listed Goodland Group Limited, LHT Holdings Limited, Natural Cool Holdings Limited and GDS Global Limited. He holds a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore, a Post-graduate Diploma in Business and Administration from Massey University, New Zealand, a Diploma in Management Consultancy from the National Productivity Board, Singapore and a Master of Arts (Finance and Accounting) from Leeds Metropolitan University, UK.

NG SEY MING

Independent Non-Executive Director
Date of appointment:
26 September 2012
Date of last re-appointment:
10 October 2012

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 Hiap Tong Corporation 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.

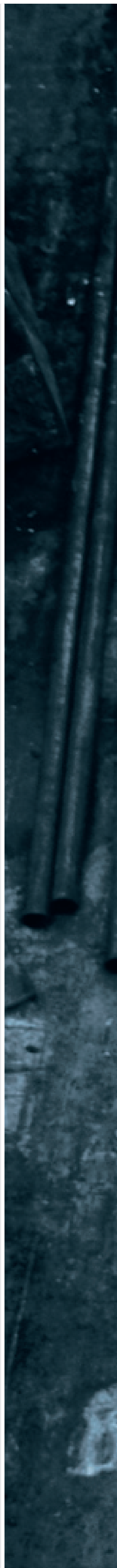
LAU LEE HUA

Independent Non-Executive Director
Date of appointment:
26 September 2012
Date of last re-appointment:
10 October 2012

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 VWO) 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.

** Mr Teo Bee Kheng, Executive Director and COO of the Group, passed away on 2 December 2014.*

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.

PATRICK TEO BBM(L)

Deputy CEO

Mr Patrick Teo joined the Group in June 2012 and leads its investor relations, corporate affairs and business development. He was previously the Assistant CEO of Crescendas Group from 2004 to 2012. A JTC scholar, he began his 11-year career in JTC Corporation in 1982 and rose through the ranks to Senior Executive Surveyor. He was also General Manager in Jurong Country Club from 1995 to 2004. Mr Teo holds a Bachelor's Degree in Applied Science (Distinction) from Western Australian Institute of Technology (now Curtin University). He is a member of the Singapore Institute of Surveyors and Valuers and the Singapore Institute of Directors. For his active contribution to the community, he was conferred the Public Service Medal – PBM (Pingat Bakti Masyarakat) in 1997 and the Public Service Star – BBM (Bintang Bakti Masyarakat) in 2004 for his service. At 2014 National Day Awards, he was conferred the Public Service Star (Bar) – BBM (L) (Bingtang Bakti Masyarakat (Lintang)) by President Tony Tan.

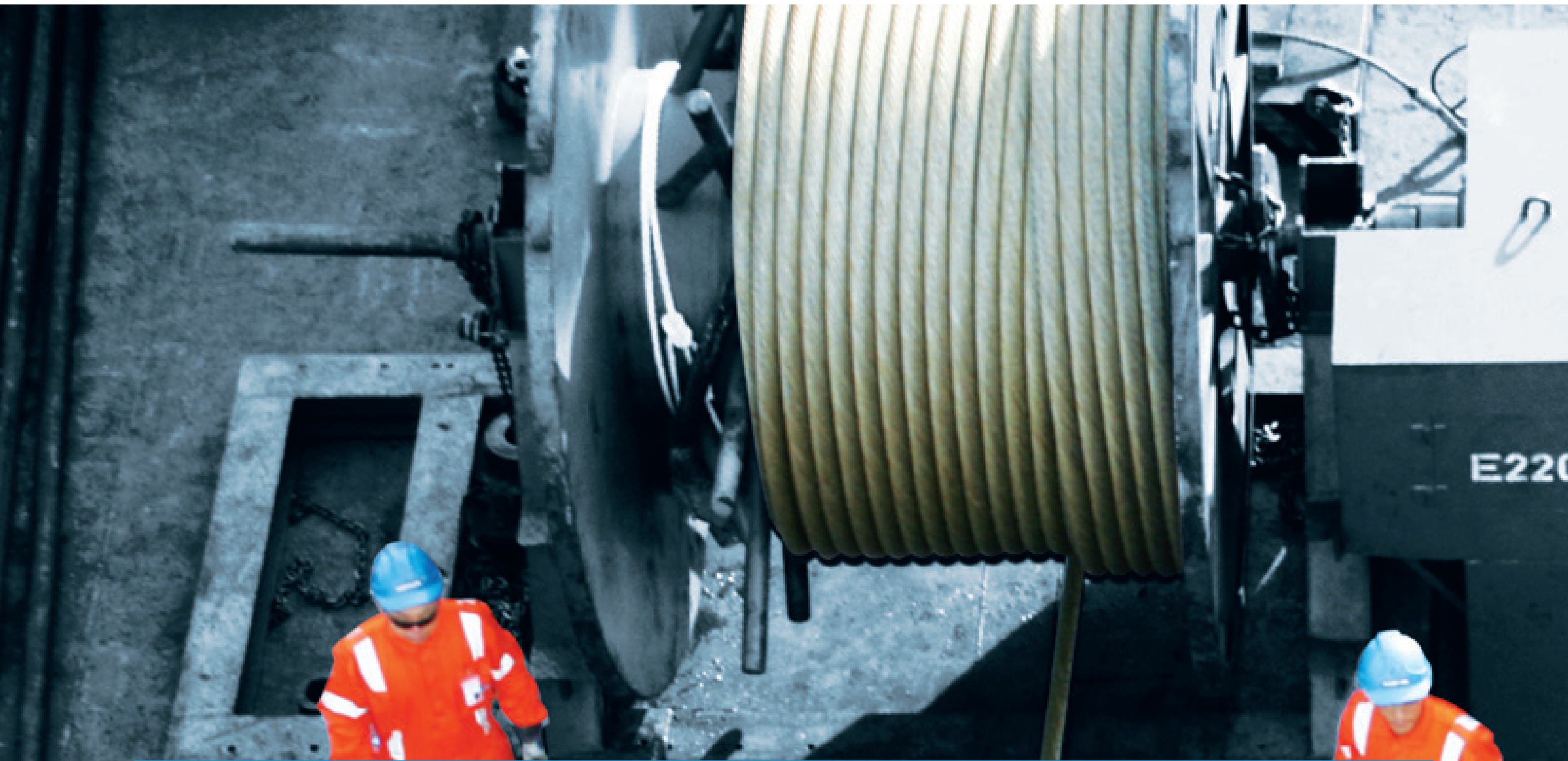
GOH GUAT BEE

Chief Financial Officer (CFO)

Ms Goh Guat Bee joined the Group in March 2011 and is responsible for its financial affairs including financial reporting and controls, treasury and corporate regulatory compliance. She started her career in 1999 at Deloitte & Touche LLP in audit and was an audit supervisor prior to joining Singapore Telecommunications Limited as a finance manager in 2004. She became its senior finance manager in 2007 and was further promoted to deputy director of National Broadband Network Strategy team in 2010. Ms Goh holds a Bachelor of Accountancy (Banking and Finance Minor) from the Nanyang Technological University and became a non-practicing member of the Institute of Singapore Chartered Accountants in 2002.

** Ms Jessica Teo, Marketing and Sales Director of the Group, resigned with effect from 27 February 2015 to pursue other interests.*

CORPORATE INFORMATION



BOARD OF DIRECTORS

Ang Mong Seng
(Independent Non-Executive Chairman)

Desmond Teo
(Executive Director and CEO)

Teo Bee Hoe
(Executive Director and COO)

Wu Chiaw Ching
(Independent Non-Executive Director)

Ng Sey Ming
(Independent Non-Executive Director)

Lau Lee Hua
(Independent Non-Executive Director)

AUDIT COMMITTEE

Wu Chiaw Ching (Chairman)
Ang Mong Seng
Ng Sey Ming
Lau Lee Hua

REMUNERATION COMMITTEE

Ang Mong Seng (Chairman)
Ng Sey Ming
Wu Chiaw Ching
Lau Lee Hua

NOMINATING COMMITTEE

Ng Sey Ming (Chairman)
Ang Mong Seng
Wu Chiaw Ching
Desmond Teo

COMPANY SECRETARY

Yeoh Kar Choo Sharon, ACIS

SHARE REGISTRAR

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#10-01
Singapore 049909

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Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
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Singapore 068809
Partner-in-charge: Ong Bee Yen
Date of Appointment: 25 October 2011

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CORPORATE **GOVERNANCE**

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 2015 (“FY2015”) with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) issued in May 2012, 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 FY2015, 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 Articles of Association, the Listing Manual of the 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 Articles of Association, 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 FY2015.

CORPORATE GOVERNANCE

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 has set aside funding and will be responsible for arranging and funding the training of Directors.

Briefing and updates provided to the Directors for FY2015 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; and

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

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 FY2015 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	4	4	4	4	1	1	3	3
Mr Desmond Teo	4	4	4[2]	4[2]	1	1	2[2]	2[2]
Mr Teo Bee Kheng[3]	3	2	–	–	–	–	–	–
Mr Teo Bee Hoe	4	4	–	–	–	–	–	–
Mr Wu Chiaw Ching	4	4	4	4	1	1	3	3
Mr Ng Sey Ming	4	4	4	4	1	1	3	3
Ms Lau Lee Hua	4	4	4	4	1[2]	1[2]	3	3

(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.

(3) Mr Teo Bee Kheng passed away on 2 December 2014.

Principle 2: Board Composition and Guidance

The Board currently comprises six (6) Directors, four (4) 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	–	–	–
Mr Wu Chiaw Ching	Independent Non-Executive Director	Chairman	Member	Member
Mr Ng Sey Ming	Independent Non-Executive Director	Member	Chairman	Member
Ms Lau Lee Hua	Independent Non-Executive Director	Member	–	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 four (4) Independent Directors, who made 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 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 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 Chief Executive Officer (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.

CORPORATE GOVERNANCE

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
Mr Wu Chiaw Ching - 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 sets a budget for such training and professional development programmes. 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 Wu Chiaw Ching, 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 Article 114 of the Articles of Association of the Company, at least one-third of the Directors shall retire from office at the annual general meetings of the Company. Accordingly, Mr Ng Sey Ming and Ms Lau Lee Hua 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 Ng Sey Ming and Ms Lau Lee Hua. In assessing their independence, the NC having considered the guidelines set out in the Code, is of the view that Mr Ng Sey Ming and Ms Lau Lee Hua are independent and there are no relationships identified in the Code which would deem them not to be independent. Each of Mr Ng Sey Ming and Ms Lau Lee Hua has also declared that he/she is independent.

More information on Mr Ng Sey Ming and Ms Lau Lee Hua can be found in the Key Information in the section entitled "Board of Directors" on Page 21 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 Wu Chiaw Ching, 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.

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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 FY2015, 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 four (4) members, all of whom including the Chairman, are independent:

Mr Ang Mong Seng - Chairman
Mr Wu Chiaw Ching - Member
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.

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). The current Service Agreements will be expiring in October 2015.

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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.

During the year under review, the RC has engaged the services of the remuneration consultant, Hay Group Pte. Ltd. (the "Remuneration Consultant") to provide remuneration recommendation on the Executive Directors, Mr Desmond Teo and Mr Teo Bee Hoe. The Remuneration Consultant reported directly to the Chairman of the RC. There is no existing relationship between the Company and the Remuneration Consultant. The RC has ensured that the making of the remuneration recommendation is independent and objective and free from the undue influence by the Executive Directors to which the recommendation relates to. The remuneration recommendation has been adopted by the RC and endorsed by the Board and will be put into effect for FY2016. At renewal, the terms of the Service Agreements of the Executive Directors, Mr Desmond Teo and Mr Teo Bee Hoe; and CAO, Mr Steven Teo, will be revised taking into consideration, inter alia, the remuneration recommendation made by the Remuneration Consultant. The Executive Directors abstained from discussing and voting on the above matter.

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.

Given the confidentiality and sensitivity of Directors' remuneration matters, 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 FY2015:-

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 Teo Bee Kheng(1)	78	17	–	5	100
Mr Teo Bee Hoe	82	14	–	4	100
S$500,001 to S$750,000					
Mr Desmond Teo(2)	82	14	–	4	100

(1) Mr Teo Bee Kheng passed away on 2 December 2014.

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

The table below provides a breakdown of the level and mix of remuneration of each of the top four key management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for FY2015. The Board believes that the disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of the key management personnel's remuneration matters.

Remuneration Band and Name of Executive	Salary	Bonus / Profit Sharing	Fees	Benefits in Kind	Total
	%	%	%	%	%
Up to S$250,000					
Mr Patrick Teo	80	20	–	–	100
S$250,001 to S$500,000					
Mr Steven Teo	81	14	–	5	100
Ms Goh Guat Bee	75	25	–	–	100
Ms Jessica Teo[3]	66	21	–	13	100

(3) Ms Jessica Teo has resigned with effect from 27 February 2015.

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 FY2015.

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$50,001 to S$100,000					
Mr Teo Sze Wei, Jeremy[4]	87	13	–	–	100
S$100,001 to S$150,000					
Ms Teo Sze Han, Jae[5]	74	26	–	–	100
Mr Teo Sze Kiat, Jimmy[6]	77	23	–	–	100
Mr Teo Sze Yao, Jayden[6]	74	26	–	–	100
Mr Teo Sze Purn, Terry[6]	74	26	–	–	100

(4) Son of Mr Desmond Teo (Executive Director and CEO), Mr Jeremy Teo has resigned with effect from 13 March 2015.

(5) Daughter of Mr Desmond Teo (Executive Director and CEO).

(6) Son of the late Mr Teo Bee Kheng (Executive Director and COO who passed away on 2 December 2014).

Further information on Directors and the key management personnel is on pages 20 to 22 of this Annual Report. The Company has not yet granted any options 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.

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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 FY2015, 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 FY2015 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 four (4) members, all of whom including the Chairman, are independent and two (2) AC members have recent and relevant accounting or financial management expertise or experience:

Mr Wu Chiaw Ching - Chairman
Mr Ang Mong Seng - Member
Mr Ng Sey Ming - Member
Ms Lau Lee Hua - Member

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) making recommendations to the Board on the appointment, reappointment and removal of the external and internal auditors, and approving 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;

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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.

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 FY2015, 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.

Mr Wu Chiaw Ching, 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 FY2015, there were no reported incidents pertaining to whistle blowing.

The aggregate amount of audit and non-audit fees paid or payable to the Company's external auditors for FY2015 are S$204,000 and S$55,100 respectively.

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 and compliance risks. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance 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, the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements were reported to the AC. The AC, together with the Board has also reviewed the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect. The Board and the AC are of the view that the internal audit is adequately resourced and has the appropriate standing within the Group.

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 and compliance 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 in FY2015 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.

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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 an internal investor relations function as well as 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 23 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. The Company has carried out its intention (which was made known in its IPO prospectus dated 17 October 2012) in recommending and distributing dividends of not less than 30% out of the Group's net profits attributable to the shareholders for FY2013 and FY2014. The Board has also declared a final dividend of 0.5 Singapore cents per ordinary share for FY2015, subject to shareholders' approval at the forthcoming AGM. The Board may also declare an interim dividend without the 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 on us by the Company's financing arrangements (if any) and the general economic and business condition in countries which the Group operates.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs. Subject to legislative amendment to the Companies Act of the relevant provision regarding appointment of proxies, the Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

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 Articles of Association of the Company allow 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.

While acknowledging that voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution, the Company is concerned over the cost effectiveness and efficiency of the polling procedures which may be logistically and administratively burdensome. Electronic polling may be efficient in terms of speed but may not be cost effective. The Board will adhere to the requirements of the Listing Manual where all resolutions are to be voted by poll for general meetings held on and after 1 August 2015.

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 for the following material contracts previously disclosed in the IPO Prospectus, there are 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 2015 or if not then subsisting, entered into since the end of the previous financial year.

a) The Call Option Agreement dated 26 September 2012 entered into between the Company and the controlling shareholder, Keh Swee Investment Pte. Ltd. ("Keh Swee") pursuant to which the Company was granted the Call Option.

b) The Service Agreements of Mr Desmond Teo, Mr Teo Bee Hoe and Mr Steven Teo, each dated 26 September 2012.

c) 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.

d) The Halo Non-Competition Deed dated 26 September 2012 entered into between the Company and Halo Wire Rope, L.L.C.

e) The letter of undertaking dated 26 September 2012 from Keh Swee to the Company.

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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. During the financial year, there were the following IPTs:

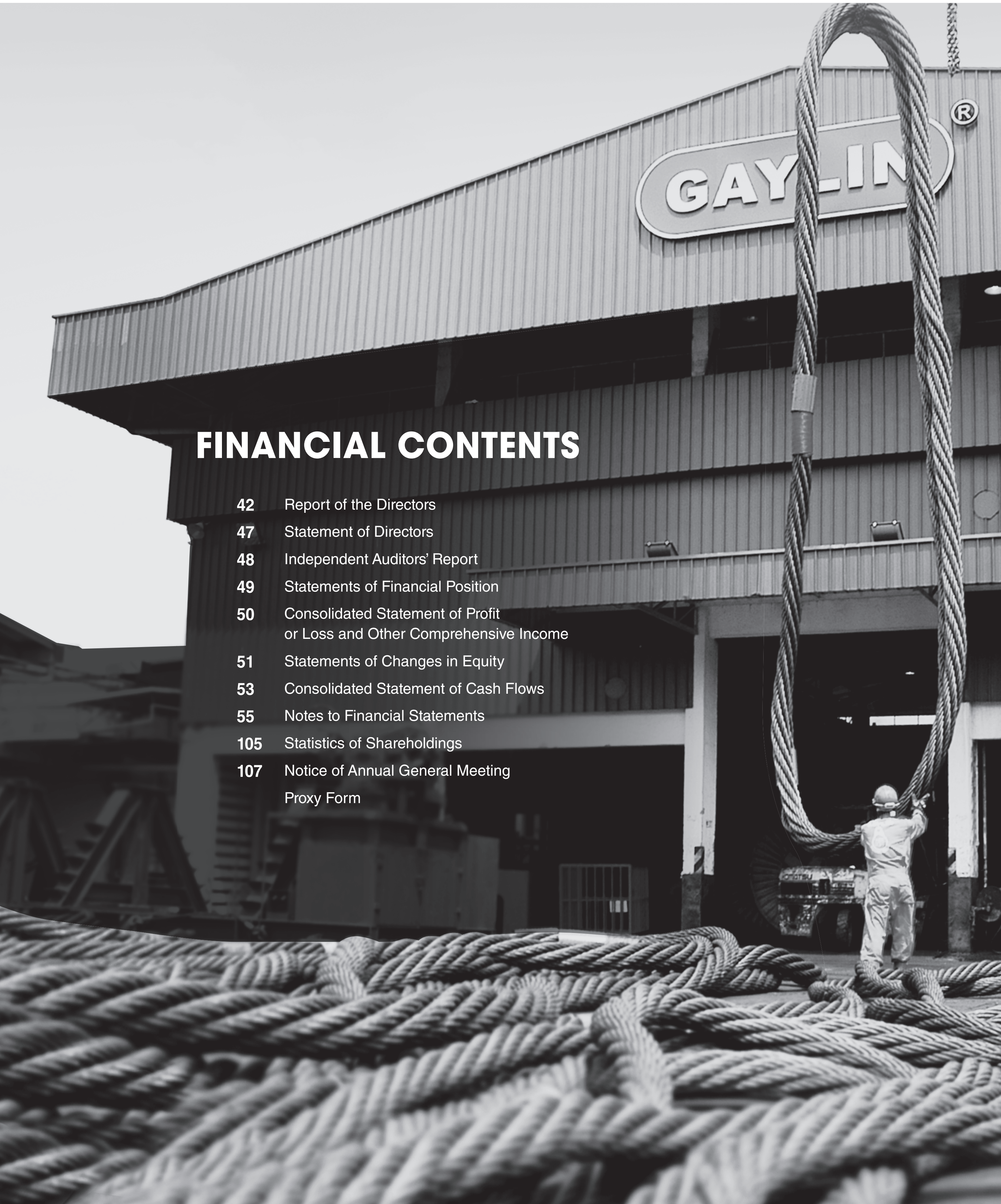
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
United World Shipping Pte Ltd	S$166,409	Nil

Save for the above, there were no other IPTs, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into during FY2015.

Non-Audit Fees

The nature of the non-audit services that were rendered by the Company's external auditors, Deloitte, to the Group and their related fees for FY2015 were as follows:

Fees for tax compliance services to the Group – S$55,100.



FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The directors present their report 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 2015.

1 DIRECTORS

The directors of the Company in office at the date of this report 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)
Mr Wu Chiaw Ching (Independent Non-Executive Director)
Mr Ng Sey Ming (Independent Non-Executive Director)
Ms Lau Lee Hua (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**
The ultimate 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

REPORT OF THE DIRECTORS

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

	Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**
The Company **- Gaylin Holdings Limited** **(Ordinary shares)**		
Teo Bee Chiong	267,410,000	268,360,000
Teo Bee Hoe	267,410,000	268,360,000

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

The directors' interests in the shares of the Company at 21 April 2015 were the same as at 31 March 2015.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options 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 options to take up unissued shares.

(c) *Unissued shares under options*

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

REPORT OF THE DIRECTORS

6 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 of Mr Ang Mong Seng (Chairman), Mr Wu Chiaw Ching, Mr Ng Sey Ming and Ms Lau Lee Hua.

(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.

(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, 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.

7 AUDIT COMMITTEE

The Audit Committee comprises four independent members:

Mr Wu Chiaw Ching - Chairman
Mr Ang Mong Seng - Member
Mr Ng Sey Ming - Member
Ms Lau Lee Hua - Member

7 AUDIT COMMITTEE (cont'd)

The duties of the Audit Committee include:

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 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 of Directors ("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) making recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving 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;

REPORT OF THE DIRECTORS

7 AUDIT COMMITTEE (cont'd)

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 Audit Committee;

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 Audit Committee 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.

The Audit Committee 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 Audit Committee holds separate sessions with the internal and external auditors at least once a year without the presence of the Company's management to discuss any matters deemed appropriate to be discussed privately. In addition, the Audit Committee reviews announcements relating to the Group's quarterly and full year financial results, the financial statements of the Company and the consolidated financial statements of the Group prior to its recommendations to the Board for approval.

The Audit Committee also reviews the independence and objectivity of the external auditors. The Audit Committee has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

8 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Teo Bee Chiong

Teo Bee Hoe

26 June 2015

STATEMENT OF **DIRECTORS**

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 49 to 104 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the results, 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.

ON BEHALF OF THE DIRECTORS

Teo Bee Chiong

Teo Bee Hoe

26 June 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Gaylin Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gaylin Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 104.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

26 June 2015

STATEMENTS OF **FINANCIAL POSITION**

31 March 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
		$	$	**$**	$
ASSETS					
Current assets					
Cash and cash equivalents	6	**6,279,243**	18,823,593	**1,222,390**	14,796,425
Trade receivables	7	**31,256,924**	26,595,374	**2,130,624**	1,480,075
Other receivables and prepayments	8	**4,441,464**	3,166,581	**49,559,363**	29,783,318
Inventories	9	**149,371,843**	124,862,046	**–**	–
Total current assets		**191,349,474**	173,447,594	**52,912,377**	46,059,818
Non-current assets					
Property, plant and equipment	10	**26,413,411**	14,028,116	**755,692**	–
Club memberships	11	**40,000**	75,500	**–**	–
Intangible assets	12	**5,066,501**	165,000	**–**	–
Goodwill	13	**2,164,543**	443,973	**–**	–
Prepayment	8	**2,874,830**	–	**–**	–
Deferred tax assets	19	**364,268**	29,296	**218,863**	–
Subsidiaries	14	**–**	–	**6,101,393**	6,101,393
Total non-current assets		**36,923,553**	14,741,885	**7,075,948**	6,101,393
Total assets		**228,273,027**	188,189,479	**59,988,325**	52,161,211
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	**17,849,703**	16,628,363	**–**	–
Other payables	16	**14,209,971**	2,093,387	**6,027,220**	541,930
Current portion of bank borrowings	17	**58,105,982**	51,216,516	**–**	–
Current portion of finance leases	18	**537,110**	736,743	**4,617**	–
Income tax payable		**577,702**	1,773,471	**–**	265,893
Total current liabilities		**91,280,468**	72,448,480	**6,031,837**	807,823
Non-current liabilities					
Bank borrowings	17	**29,359,669**	15,612,791	**–**	–
Finance leases	18	**1,276,987**	1,740,698	**14,205**	–
Deferred tax liabilities	19	**631,176**	491,594	**–**	–
Total non-current liabilities		**31,267,832**	17,845,083	**14,205**	–
Capital, reserves and non-controlling interests					
Share capital	20	**50,586,533**	47,223,533	**50,586,533**	47,223,533
Retained earnings		**54,111,333**	50,722,834	**3,355,750**	4,129,855
Translation reserve		**939,053**	11,536	**–**	–
Equity attributable to shareholders of the Company		**105,636,919**	97,957,903	**53,942,283**	51,353,388
Non-controlling interests		**87,808**	(61,987)	**–**	–
Total equity		**105,724,727**	97,895,916	**53,942,283**	51,353,388
Total liabilities and equity		**228,273,027**	188,189,479	**59,988,325**	52,161,211

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2015

	Note	Group 2015	Group 2014
		$	$
Revenue	21	**109,942,427**	96,337,937
Cost of sales		**(80,823,754)**	(67,604,585)
Gross profit		**29,118,673**	28,733,352
Other income	22	**2,384,967**	379,198
Distribution costs		**(4,738,438)**	(3,890,197)
Administrative expenses		**(15,748,705)**	(9,601,755)
Other operating expenses	23	**(582,208)**	(677,404)
Interest expense		**(2,066,631)**	(1,760,722)
Profit before income tax		**8,367,658**	13,182,472
Income tax expense	24	**(908,973)**	(1,621,466)
Profit for the year	25	**7,458,685**	11,561,006
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Translation gain arising on consolidation		**928,871**	85,923
Other comprehensive income for the year, net of tax		**928,871**	85,923
Total comprehensive income for the year		**8,387,556**	11,646,929
Profit attributable to:			
Shareholders of the Company		**7,417,728**	11,636,646
Non-controlling interests		**40,957**	(75,640)
		7,458,685	11,561,006
Total comprehensive income attributable to:			
Shareholders of the Company		**8,345,245**	11,722,569
Non-controlling interests		**42,311**	(75,640)
		8,387,556	11,646,929
Basic and diluted earnings per share	26	**1.70 cents**	2.69 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2015

	Share capital	Retained earnings	Translation reserve	Attributable to shareholders of the Company	Non-controlling interests	Total equity
	$	$	$	$	$	$
Group						
At 1 April 2013	47,223,533	42,542,188	(74,387)	89,691,334	1	89,691,335
Total comprehensive income for the year						
Profit for the year	–	11,636,646	–	11,636,646	(75,640)	11,561,006
Other comprehensive income for the year	–	–	85,923	85,923	–	85,923
Total	–	11,636,646	85,923	11,722,569	(75,640)	11,646,929
Transactions with owners, recognised directly in equity						
Acquisition of a subsidiary (Note 28)	–	–	–	–	13,652	13,652
Dividend paid (Note 27)	–	(3,456,000)	–	(3,456,000)	–	(3,456,000)
Total	–	(3,456,000)	–	(3,456,000)	13,652	(3,442,348)
At 31 March 2014	47,223,533	50,722,834	11,536	97,957,903	(61,987)	97,895,916
Total comprehensive income for the year						
Profit for the year	–	7,417,728	–	7,417,728	40,957	7,458,685
Other comprehensive income for the year	–	–	927,517	927,517	1,354	928,871
Total	–	7,417,728	927,517	8,345,245	42,311	8,387,556
Transactions with owners, recognised directly in equity						
Issuance of shares (Note 28)	3,363,000	–	–	3,363,000	–	3,363,000
Contribution from a non-controlling interest	–	–	–	–	20,255	20,255
Cancellation of shares held by a non-controlling interest (Note 14)	–	(87,229)	–	(87,229)	87,229	–
Dividend paid (Note 27)	–	(3,942,000)	–	(3,942,000)	–	(3,942,000)
Total	3,363,000	(4,029,229)	–	(666,229)	107,484	(558,745)
At 31 March 2015	50,586,533	54,111,333	939,053	105,636,919	87,808	105,724,727

STATEMENTS OF **CHANGES IN EQUITY**

Year ended 31 March 2015

	Share capital	Retained earnings	Total equity
	$	$	$
Company			
At 1 April 2013	47,223,533	5,146,413	52,369,946
Profit for the year, representing total comprehensive income for the year	–	2,439,442	2,439,442
Dividend paid, representing transactions with owners, recognised directly in equity (Note 27)	–	(3,456,000)	(3,456,000)
At 31 March 2014	47,223,533	4,129,855	51,353,388
Profit for the year, representing total comprehensive income for the year	–	3,167,895	3,167,895
Transactions with owners, recognised directly in equity			
Issuance of shares (Note 28)	3,363,000	–	3,363,000
Dividend paid (Note 27)	–	(3,942,000)	(3,942,000)
Total	3,363,000	(3,942,000)	(579,000)
At 31 March 2015	50,586,533	3,355,750	53,942,283

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Group	
	2015	2014
	$	$
Operating activities		
Profit before income tax	**8,367,658**	13,182,472
Adjustments for:		
Interest expense	**2,066,631**	1,760,722
Interest income	**(21,836)**	(42,514)
Depreciation	**2,685,285**	1,708,701
Amortisation of intangible assets	**573,259**	60,000
Allowance for doubtful trade receivables	**78,709**	25,265
Doubtful trade receivables recovered	**(2,282)**	(7,451)
Trade receivables written off	**19,530**	33
Other receivables written off	**4,496**	1,655
Gain on disposal of property, plant and equipment	**(125,578)**	(175,560)
Disposal of club membership	**35,500**	–
Change in fair value of contingent consideration	**(715,670)**	–
Goodwill written off from acquisition of a subsidiary (Note 28)	**–**	2,345
Impairment of goodwill (Note 13)	**443,973**	–
Net foreign exchange (gain) loss - unrealised	**(22,255)**	37,614
Inventories written down (written back) to net realisable value	**898,949**	(589,595)
Trade payables written back	**(4,002)**	–
Operating cash flows before movements in working capital	**14,282,367**	15,963,687
Trade receivables	**3,167,928**	2,419,875
Other receivables and prepayments	**380,858**	(588,271)
Inventories	**(19,400,043)**	(19,203,695)
Trade payables	**(6,519,077)**	(1,401,914)
Other payables	**(1,364,406)**	(2,337,196)
Bank bills payable	**(6,399,156)**	10,806,862
Cash (used in) generated from operations	**(15,851,529)**	5,659,348
Interest paid for bank bills	**(950,362)**	(890,304)
Interest received	**21,836**	42,514
Income tax paid	**(2,370,336)**	(1,607,367)
Net cash (used in) from operating activities	**(19,150,391)**	3,204,191

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Group	
	2015	2014
	$	$
Investing activities		
Proceeds on disposal of property, plant and equipment	**520,252**	572,617
Purchases of property, plant and equipment (Note A)	**(7,665,880)**	(1,975,289)
Acquisition of subsidiaries (Note 28)	**(4,386,184)**	(1,197,050)
Prepayment for leasehold land	**(2,874,830)**	–
Net cash used in investing activities	**(14,406,642)**	(2,599,722)
Financing activities		
Interest paid for other borrowings	**(1,116,269)**	(870,418)
Dividend paid	**(3,942,000)**	(3,456,000)
Repayment of obligations under finance leases	**(1,052,802)**	(1,416,875)
New bank loans obtained	**31,820,394**	4,407,321
Repayment of bank loans	**(4,824,837)**	(1,832,944)
Contribution from non-controlling interests	**20,255**	13,652
Net cash from (used in) financing activities	**20,904,741**	(3,155,264)
Net decrease in cash and cash equivalents	**(12,652,292)**	(2,550,795)
Effect of exchange rate changes on cash and cash equivalents	**107,942**	(33,661)
Cash and cash equivalents at beginning of the year	**18,823,593**	21,408,049
Cash and cash equivalents at end of the year	**6,279,243**	18,823,593

Note A

During the year, the Group purchased property, plant and equipment with an aggregate cost of $8,321,644 (2014 : $3,940,994) of which $348,784 (2014 : $1,955,694) was acquired under finance lease arrangements, and $306,980 (2014 : $10,011) remained unpaid as at the end of the reporting period.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

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 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 subsidiaries.

The principal activities of the significant subsidiaries are described in Note 14 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 2015 were authorised for issue by the Board of Directors on 26 June 2015.

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 Singapore Financial Reporting Standards ("FRS").

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 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRS does not result in changes to the Group's and Company's accounting policies and has no material impact on the amounts reported for the current or prior years, except as disclosed below:

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In September 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 (as revised in 2011) *Separate Financial Statements* and FRS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to FRS 110, FRS 111 and FRS 112 were issued to clarify certain transitional guidance on the first-time application of these Standards.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the current year, the Group has applied for the first time FRS 110 and FRS 112 together with the amendments to FRS 110 and FRS 112 regarding the transitional guidance.

The impact of the application of these Standards is set out below.

Impact of the application of FRS 110

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee. Some guidance included in FRS 110 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Specifically, the Group has a 49% ownership interest in Gaylin Wire Sdn Bhd ("GWSB"), a Malaysian incorporated company that was set up in the current financial year. The Group's 49% interest in GWSB gives the Group the same percentage of the voting rights in GWSB. The remaining 51% of the ordinary shares of GWSB is owned by an external party.

The directors of the Group made an assessment as to whether or not the Group has control over GWSB in accordance with the new definition of control and the related guidance set out in FRS 110. The directors concluded that the Group has control over GWSB on the basis of the Group's ability to appoint majority representation on GWSB's board of directors that grants the Group the ability to direct the relevant activities of GWSB and affect GWSB's returns. The chairman of GWSB's board of directors is appointed by the Group and he has the casting vote where there is equality in votes. In addition, the affirmative vote of the chairman is needed for decisions on operations and business activities of GWSB. The Group also has a call option that can be exercised anytime which will enable it to obtain an additional 2% interest in GWSB that will enable the Group to have majority voting rights. Therefore, management is of the view that GWSB is a subsidiary of the Group. There is no impact to the comparative amounts as GWSB was only incorporated in 2015.

Impact of the application of FRS 112

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated financial statements.

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

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements Disclosure Initiative*
- Improvements to Financial Reporting Standards (January 2014)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The management is evaluating the potential impact upon adoption of the above FRSs and amendments to FRS in future periods on the financial statements of the Group and of the Company as follows:

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) derecognition (iii) general hedge accounting and (iv) impairment requirements for financial assets.

Key requirements of FRS 109:

- 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.

FRS 109 applies to annual periods beginning on or after 1 January 2018, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the Group and the Company in the period of initial application.

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 applies to annual periods beginning on or after 1 January 2017, with early application permitted. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the Group and the Company in the period of initial application.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The amendments apply to annual periods beginning on or after 1 January 2016, with early application permitted. Management is currently evaluating the potential impact of the application of the amendments to FRS 1 on the financial statements of the Group and the Company in the period of initial application.

Improvements to Financial Reporting Standards (January 2014)

Standards included in this cycle of improvement project comprised of the following. Amendments apply for annual periods beginning on or after 1 July 2014, unless otherwise stated.

Standard	Topic	Key amendment
FRS 103 *Business Combinations*	Accounting for contingent consideration in a business combination	Clarified that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of FRS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

Management is currently evaluating the potential impact of the application of Improvements to Financial Reporting Standards (January 2014) on the financial statements of the Group and the Company in the period of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 subsidiaries. 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 begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary 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.

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 subsidiaries 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 subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the Group loses control of a subsidiary, 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 and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (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 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, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries 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 in accordance with FRS 39, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being 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.

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 Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

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.

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 that are 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 against the allowance account. 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 the 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.

Derecognition of financial assets

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

Classification as debt or equity

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.

Equity instruments

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

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).

Derecognition of financial liabilities

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

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.

The Group as lessor

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.

The Group as lessee

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of 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.

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:

Leasehold land and buildings	-	7 to 30 years (additions over the remaining life of the lease) (2014 : 24 to 30 years)	
Leasehold improvements	-	15 years	(2014 : 15 years)
Plant, machinery and equipment	-	2 to 15 years	(2014 : 3 to 10 years)
Motor vehicles	-	3 to 9 years	(2014 : 4 to 9 years)
Furniture and fittings	-	2 to 10 years	(2014 : 3 to 10 years)
Office equipment	-	2 to 10 years	(2014 : 3 to 10 years)

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.

During the year, there were revisions in depreciation rates to certain plant, machinery and equipment to best reflect the consumption of economic benefits for these assets. The effect of this change in estimate has decreased the depreciation expense and correspondingly increased profit before tax in the current year by $158,243.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

INTANGIBLE ASSETS - Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. 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 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 (2014 : 4 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

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.

<u>Sale of goods</u>

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.

<u>Rendering of services</u>

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

<u>Interest income</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 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 subsidiaries operate by the end of the reporting period.

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 subsidiaries 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

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 - Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances 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) 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.

In making its judgement, 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 depreciation including physical deterioration, functional obsolescence and economic obsolescence were also considered in the valuation. Estimates of depreciation, 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. In 2014, management reversed the write-down made in prior years in respect of inventories that had an increase in net realisable value when compared with the recent purchase prices and selling prices of similar inventory items. Management ensures that the reversals do not cause the carrying value of these inventories to exceed their original costs of purchase. The carrying amounts of the Group's inventories are disclosed in Note 9 to the financial statements.

(ii) Acquisition of Rig Marine Holdings FZE and its subsidiaries

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

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

NOTES TO FINANCIAL STATEMENTS

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

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

(ii) Acquisition of Rig Marine Holdings FZE and its subsidiaries (cont'd)

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 ending 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. During the year, the Group paid $8,448,525 to the previous shareholders under the first tranche. The second tranche will be payable after 30 June 2015 and the third tranche will be payable after 30 June 2016.

Management has determined the fair value of the total consideration to be $17,624,172 and has recorded the remaining estimated consideration payable of $9,175,647 as contingent consideration in other payables (Note 16).

Management assessed the fair value of the contingent consideration as at the end of the reporting period based on the results achieved by Rigmarine for the financial period ended 31 March 2015 and has prepared estimates for Rigmarine's performance for the three months ending 30 June 2015 as well as the twelve months ending 30 June 2016. Management determined that it is more likely than not that no consideration will be payable under the second tranche as management is of the view that the ANPAT for the twelve month period ending 30 June 2015 will be lower than the annual target amount. Estimations were also made by management on the probability of achieving certain cumulative ANPAT for the twelve month periods ending 30 June 2015 and 30 June 2016 in determining the remaining consideration payable under the third tranche. There were no changes to the estimated consideration payable of $9,175,647 as a result of this assessment.

(iii) 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 include:

a) Purchase consideration that is contingent on the financial performance of Lv Yang Tianjin for each of the twelve months period ending 30 June 2014 and 30 June 2015, each an assessment period. 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; and

b) The Group has the right to take ownership interest of the remaining 10% effective equity interest in Lv Yang Group if the consolidated financial results of Lv Yang Group fall short of agreed targets for the financial period from 1 July 2013 to 30 June 2014.

As at 31 March 2014, management performed a review of the consolidated financial results of Lv Yang Group for the 9 months ended 31 March 2014 and the projected profits for the 3 months ending 30 June 2014 with the purpose of ascertaining whether (i) the purchase consideration of $3,512,500 recorded on acquisition represents the best estimate of the purchase consideration as of 31 March 2014, and (ii) the fair values of assets acquired and liabilities assumed and the resulting goodwill recorded requires any remeasurement as of 31 March 2014.

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 Lv Yang (Tianjin) Offshore Equipment Co., Ltd. (cont'd)

A significant amount of judgement is involved in the process as the re-assessment involves projections and estimates of future events that have yet to occur. As at 31 March 2014, the Group recorded $1,200,000 recoverable from the vendor (Note 8) and goodwill of $443,973 (Note 13).

As at 31 March 2015, the Group re-assessed the purchase consideration and made an adjustment of $715,670 that is recoverable from the vendor and correspondingly recognised an impairment loss on the goodwill balance as the subsidiary continued to make losses. As at 31 March 2015, the total recoverable from the vendor is $1,961,304 (Note 13) for the first assessment period, after adjusting for exchange differences.

The Group commenced legal action against the vendor in the current year for the recoverable amount of $1,961,304 as the vendor did not make any payment on the above monies. The Group's legal advisors have assessed that the Group is likely to succeed at trial and accordingly, management has assessed that this amount will be collectible.

In addition, management has estimated that the Group is entitled to an additional $0.9 million for the second assessment period. Given the current lawsuit in place for the first assessment period monies of $1,961,304, management has not recorded this contingent asset as there is no virtual certainty of the realisation of this asset.

(iv) Control over Gaylin Wire Sdn Bhd

Note 14 describes that GWSB is a subsidiary of the Group even though the Group has only a 49% ownership interest in GWSB. The Group's 49% interest in GWSB gives the Group the same percentage of the voting rights in GWSB. The remaining 51% of the ordinary shares of GWSB is owned by an external party.

The directors of the Group made an assessment as to whether or not the Group has control over GWSB in accordance with the new definition of control and the related guidance set out in FRS 110. The directors concluded that the Group has control over GWSB on the basis of the Group's ability to appoint majority representation on GWSB's board of directors that grants the Group the ability to direct the relevant activities of GWSB and affect GWSB's returns. The chairman of GWSB's board of directors is appointed by the Group and he has the casting vote where there is equality in votes. In addition, the affirmative vote of the chairman is needed for decisions on operations and business activities of GWSB. The Group also has a call option that can be exercised anytime which will enable it to obtain an additional 2% interest in GWSB that will enable the Group to have majority voting rights. Therefore, management is of the view that GWSB is a subsidiary of the Group.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(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) 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, on-going dealings with them and the status of the projects handled by the customers. 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 been changed.

In respect of long outstanding balances, the Group reviews each debtor individually and considers legal actions where appropriate. The Group has receivables of $2,368,069 (2014 : $205,915) that were under legal claims which commenced either before year-end or up to the date of the financial statements. A provision of $56,779 (2014 : $Nil) has been made for these receivables as the end of the reporting period. Management has assessed that the remaining balance of $2,311,290 (2014 : $205,915) can be collected on the basis of discussions held with the debtors and their legal representatives and accordingly, no provision was made for the remaining balance.

The carrying amounts of the Group's trade and other receivables are disclosed in Notes 7 and 8 respectively. As at the end of the reporting period, the Group has made a total allowance for receivables of $111,318 (2014 : $35,652).

(ii) Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge.

During the year, there were revisions in depreciation rates to certain plant, machinery and equipment to best reflect the consumption of economic benefits for these assets. The effect of this change in estimate has decreased the depreciation expense and correspondingly increased profit before tax in the current year by $158,243.

The carrying amounts of property, plant and equipment are disclosed in Note 10 to the financial statements.

(iii) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment exhibit any indication of impairment. In instances where there are indications of impairment, the recoverable amounts of property, plant and equipment will be based on value-in-use calculations. These calculations require the use of management's judgement and estimates. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 10 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

(iv) Fair value of net assets acquired in business combinations

The Group accounts for business combinations using the acquisition method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their fair values. As part of this process, it is also necessary to identify and recognise certain assets and liabilities which are not included in the acquiree's statement of financial position. Significant judgement is required in determining whether the intangibles have indefinite or finite useful lives and in determining the useful lives for finite intangibles. The judgements made in the context of the purchase price allocation can impact the Group's future results of operations. Accordingly, the Group obtains assistance from independent valuation specialists and makes certain assumptions and estimates to determine the valuation of the identified net assets for the acquisition. These assumptions and estimates involve inherent uncertainties and the application of judgements. The valuations are based on information available at the acquisition date. Details are provided in Note 28 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**40,156,647**	47,001,171	**52,884,199**	45,988,884
Financial liabilities				
Borrowings and payables at amortised cost	**121,339,422**	88,028,498	**6,046,042**	541,930

(b) *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 as per 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 other than in relation to foreign exchange risk exposure due to the acquisition of subsidiaries in 2015 and 2014. There has been no change in the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group transacts business in other foreign 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.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *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	
	2015	2014	**2015**	2014
	$	$	**$**	$
United States dollar	**23,614,230**	12,355,573	**17,536,569**	7,871,453
Euro	**4,595,902**	3,885,510	**519,864**	364,764
Singapore dollar	**17,298,866**	10,076,785	**3,021,442**	2,081,742
United Arab Emirates dirham	**788,020**	–	**794,947**	–
Azerbaijani manat	**755,653**	–	**2,211,364**	–
British pound	**1,007,659**	39,582	**308,204**	–

The Company has a number of investments in foreign subsidiaries, 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. 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 before income tax.

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

	Group	
	2015	2014
	$	$
United States dollar	**303,883**	224,206
Euro	**203,802**	176,037
Singapore dollar	**713,871**	399,752
United Arab Emirates dirham	**(346)**	–
Azerbaijani manat	**(72,786)**	–
British pound	**34,973**	1,979

If the relevant foreign currencies strengthen by 5%, there would be an equal and opposite impact on the Group's profit before income tax.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

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

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 are seasonal and can vary over time subject to the demands of the market.

The Group's sensitivity to Singapore dollar has increased due to Singapore dollar denominated loans advanced to subsidiaries in 2015.

The Group's sensitivity to Azerbaijani manat has increased due to an increase in trade receivables denominated in Azerbaijani manat as a result of the acquisition of Rigmarine during the year.

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 fixed deposits, bank borrowings and finance leases, which are disclosed in Notes 6, 17 and 18 to the financial statements respectively. 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. Fixed deposits and finance leases are at fixed interest rates in 2015 and 2014.

Summary quantitative data of the Group's interest bearing bank borrowings can be found in Note 17 to the financial statements.

The Group has borrowings at variable rates totalling $87,465,651 (2014 : $66,829,307) 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 2015 of the Group would decrease/increase by $874,657 (2014 : $668,293).

(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.

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31 March 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management (cont'd)

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 subsidiaries amounting to about 98.1% (2014 : 96.7%) and 46.1% (2014 : 64.0%) of the respective balances are due from one subsidiary. This subsidiary 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 7 and 8 to the financial statements respectively.

(iv) Liquidity risk management

Management is of the view that there is minimal liquidity risk as the Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. If required, financing can be obtained from existing lines of banking facilities. As at the end of the reporting period, the Group's maximum available credit from its banking facilities excluding term loans is approximately $115 million (2014 : $103 million). The Group's unutilised available credit from its banking facilities excluding term loans is approximately $67 million (2014 : $57 million).

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 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						
2015						
Trade and other payables	–	32,059,674	–	–	–	32,059,674
Finance leases	4.9	593,609	1,341,600	–	(121,112)	1,814,097
Bank borrowings	2.6	59,702,632	23,527,505	7,959,756	(3,724,242)	87,465,651
		92,355,915	24,869,105	7,959,756	(3,845,354)	121,339,422

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Over 5 years	Adjustment	Total
	%	$	$	$	$	$
2014						
Trade and other payables	–	18,721,750	–	–	–	18,721,750
Finance leases	4.7	819,827	1,855,531	–	(197,917)	2,477,441
Bank borrowings	2.5	52,173,858	10,308,797	6,727,953	(2,381,301)	66,829,307
		71,715,435	12,164,328	6,727,953	(2,579,218)	88,028,498
Company						
2015						
Trade and other payables	–	6,027,220	–	–	–	6,027,220
Finance lease	5.9	5,611	15,430	–	(2,219)	18,822
		6,032,831	15,430	–	(2,219)	6,046,042
2014						
Trade and other payables	–	541,930	–	–	–	541,930

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 30, if the full guaranteed amount is claimed by the counterparty to the guarantee is $87,303,463 (2014 : $66,829,307). The earliest period that the guarantee could be called is within 1 year (2014 : 1 year) from the end of the reporting period. As mentioned in Note 30, management has assessed and is of the view that no amount will be payable under this arrangement.

Non-derivative financial assets

All financial assets in 2015 and 2014 are repayable on demand or due within 1 year from the end of the reporting period.

Other than the fixed deposits and loans to subsidiaries as disclosed in Notes 6 and 8 to the financial statements respectively, all financial assets in 2015 and 2014 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.

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FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that the Group 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.

The capital structure of the Group consists of debt, which includes bank loans, finance leases and equity, comprising share capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2014.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

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 and repayable on demand.

As disclosed in Note 18, certain directors and a shareholder of the immediate holding company issued personal guarantees for certain finance leases of the Group.

Compensation of directors and key management personnel

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

	Group	
	2015	2014
	$	$
Short-term benefits	**2,980,446**	3,466,538

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Cash on hand	**46,715**	214,991	**–**	–
Fixed deposits	**–**	5,007,873	**–**	5,007,873
Bank balances	**6,232,528**	13,600,729	**1,222,390**	9,788,552
	6,279,243	18,823,593	**1,222,390**	14,796,425

Fixed deposits bore an average effective interest rate of 0.4% (2014 : 0.4%) per annum and for a tenure of approximately 2 months (2014 : 2 months).

7 TRADE RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Outside parties	**30,998,064**	26,246,029	**–**	–
Less: Allowance for doubtful trade receivables	**(111,318)**	(35,652)	**–**	–
	30,886,746	26,210,377	**–**	–
Subsidiaries (Notes 5 and 14)	**–**	–	**2,130,624**	1,480,075
Goods and Service Tax receivable	**370,178**	384,997	**–**	–
	31,256,924	26,595,374	**2,130,624**	1,480,075

The average credit period on sales of goods is 30 to 90 days (2014 : 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 $111,318 (2014 : $35,652). 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 $17,521,869 (2014 : $15,027,805) 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 provision 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	
	2015	2014
	$	$
Not past due and not impaired	**13,735,055**	11,567,569
Past due but not impaired	**17,521,869**	15,027,805
Trade receivables not impaired	**31,256,924**	26,595,374
Impaired receivables	**111,318**	35,652
Less: Allowance for doubtful trade receivables	**(111,318)**	(35,652)
Total trade receivables, net	**31,256,924**	26,595,374

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7 TRADE RECEIVABLES (cont'd)

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

	2015	2014
	$	$
Past due for:		
< 1 month	**7,042,627**	4,747,947
1 month to 2 months	**2,825,549**	3,851,120
2 months to 3 months	**4,230,159**	1,333,140
3 months to 6 months	**2,320,183**	3,003,710
6 months to 12 months	**866,949**	1,664,966
12 months to 24 months	**105,977**	372,657
> 24 months	**130,425**	54,265
	17,521,869	15,027,805

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 debts as management is of the view that these receivables are recoverable.

Movement in the allowance for doubtful trade receivables:

	Group	
	2015	2014
	$	$
At beginning of year	**35,652**	389,466
Charged to profit or loss (Notes 23 and 25)	**78,709**	25,265
Written off against allowance	**(761)**	(371,628)
Doubtful debts recovered (Note 22)	**(2,282)**	(7,451)
At end of year	**111,318**	35,652

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Dividend receivable from a subsidiary (Notes 5 and 14)	**–**	–	**1,000,000**	900,000
Advances to subsidiaries (Notes 5 and 14)	**–**	–	**8,850,340**	1,122,257
Loans to subsidiaries (Notes 5 and 14)	**–**	–	**39,610,209**	27,690,127
Advance payments to suppliers	**759,595**	741,882	**–**	–
Deposits	**726,269**	390,233	**66,823**	–
Prepayments	**3,566,041**	457,498	**28,178**	70,934
Estimated receivable from vendor arising from profit guarantee per purchase agreement (Notes 3(a)(iii) and 28)	**1,961,304**	1,200,000	**–**	–
Others	**303,085**	376,968	**3,813**	–
Total	**7,316,294**	3,166,581	**49,559,363**	29,783,318
Less: Non-current prepayment for purchase of leasehold land	**(2,874,830)**	–	**–**	–
Other receivables and prepayments – current	**4,441,464**	3,166,581	**49,559,363**	29,783,318

The advances to subsidiaries are interest-free, unsecured, and repayable on demand. The loans to subsidiaries of $39,610,209 (2014 : $27,690,127) bear an interest of 3% (2014 : 3%) per annum, are unsecured and repayable on demand.

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

9 INVENTORIES

	Group	
	2015	2014
	$	$
Raw materials and products		
- At cost	**48,661,641**	55,860,803
- At net realisable value	**97,551,364**	65,987,416
Goods-in-transit at cost	**3,158,838**	3,013,827
	149,371,843	124,862,046

The cost of inventories recognised included write-downs of $898,949 (2014 : reversal of $589,595) in respect of inventory to lower of cost or net realisable value. Previous write-downs have been reversed in 2014 as a result of an increase in carrying values of certain inventories as determined in the paragraph below.

The carrying values of the Group's inventories as at 31 March 2015 and 2014 are based on management's estimations, which are made with reference to the assessment of the net realisable value of the inventories carried out by an independent valuation specialist.

The Group has pledged inventories with carrying amount of $56,977,935 (2014 : $43,687,560) to secure banking facilities available to the Group (Note 17).

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Plant, machinery and equipment	Motor vehicles	Furniture and fittings	Office equipment	Construction in-progress	Total
	$	$	$	$	$	$	$	$
Group								
Cost:								
At 1 April 2013	8,170,239	–	10,109,209	2,336,160	1,383,947	1,016,733	1,288,675	24,304,963
Additions	–	–	213,505	1,252,168	29,840	53,907	2,391,574	3,940,994
Acquired on acquisition of subsidiaries (Note 28)	–	–	1,108,914	30,768	7,490	63,093	–	1,210,265
Disposals	–	–	(50,417)	(895,253)	(49,281)	(200,765)	–	(1,195,716)
Transfer from construction-in-progress	–	906,721	1,773,254	–	–	–	(2,679,975)	–
Currency realignment	–	–	21,329	1,934	626	1,647	(20,124)	5,412
At 31 March 2014	8,170,239	906,721	13,175,794	2,725,777	1,372,622	934,615	980,150	28,265,918
Additions	4,088,273	4,090	1,801,382	633,750	74,469	968,706	750,974	8,321,644
Acquired on acquisition of subsidiaries (Note 28)	784,316	–	5,517,181	175,239	75,128	112,582	–	6,664,446
Disposals	–	–	(59,032)	(761,776)	(23,764)	(2,470)	–	(847,042)
Transfer from construction-in-progress	757,771	–	21,317	–	–	203,432	(982,520)	–
Currency realignment	(116,951)	(37,266)	653,850	23,467	5,669	19,576	29,284	577,629
At 31 March 2015	13,683,648	873,545	21,110,492	2,796,457	1,504,124	2,236,441	777,888	42,982,595
Accumulated depreciation:								
At 1 April 2013	3,162,716	–	7,058,511	1,449,995	1,131,151	522,688	–	13,325,061
Depreciation for the year	297,922	15,373	675,767	425,058	129,623	164,958	–	1,708,701
Disposals	–	–	(32,252)	(522,096)	(48,459)	(195,852)	–	(798,659)
Currency realignment	–	(261)	2,222	471	274	(7)	–	2,699
At 31 March 2014	3,460,638	15,112	7,704,248	1,353,428	1,212,589	491,787	–	14,237,802
Depreciation for the year	282,966	60,246	1,421,599	518,068	97,192	305,214	–	2,685,285
Disposals	–	–	(8,928)	(424,247)	(16,723)	(2,470)	–	(452,368)
Currency realignment	2,398	(2,892)	80,830	10,413	1,748	5,968	–	98,465
At 31 March 2015	3,746,002	72,466	9,197,749	1,457,662	1,294,806	800,499	–	16,569,184
Carrying amount:								
At 31 March 2015	9,937,646	801,079	11,912,743	1,338,795	209,318	1,435,942	777,888	26,413,411
At 31 March 2014	4,709,601	891,609	5,471,546	1,372,349	160,033	442,828	980,150	14,028,116

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Furniture and fittings	Office equipment	Construction in-progress	Total
	$	$	$	$
Company				
Cost:				
At 1 April 2013 and 31 March 2014	–	–	–	–
Additions	30,724	760,625	6,800	798,149
At 31 March 2015	30,724	760,625	6,800	798,149
Accumulated depreciation:				
At 1 April 2013 and 31 March 2014	–	–	–	–
Depreciation for the year	2,418	40,039	–	42,457
At 31 March 2015	2,418	40,039	–	42,257
Carrying amount:				
At 31 March 2015	28,306	720,586	6,800	755,692
At 31 March 2014	–	–	–	–

The leasehold land and buildings are carried at cost less accumulated depreciation in the statements of financial position in accordance with the Group's accounting policy.

Certain of the Group's plant and equipment with total carrying amount of $3,017,388 (2014 : $3,849,385) are under finance lease obligations (Note 18).

The Group has pledged leasehold land and buildings with carrying amount of $8,092,069 (2014 : $4,709,601) to secure banking facilities granted to the Group (Note 17).

11 CLUB MEMBERSHIPS

	Group
	$
At 1 April 2013 and 31 March 2014	75,500
Disposal	(35,500)
At 31 March 2015	40,000

Management has assessed that the fair values of the club memberships approximate its carrying amounts as at 31 March 2015 and 2014.

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12 INTANGIBLE ASSETS

	Group
	$
Cost:	
At 1 April 2013 and 31 March 2014	240,000
Acquired on acquisition of a subsidiary (Note 28)	5,474,760
At 31 March 2015	5,714,760
Amortisation:	
At 1 April 2013	15,000
Amortisation for the year	60,000
31 March 2014	75,000
Amortisation for the year	573,259
At 31 March 2015	648,259
Carrying amount:	
At 31 March 2015	5,066,501
At 31 March 2014	165,000

The amortisation expense has been included in the line item "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income. The average remaining amortisation period for the intangible assets is 7 years (2014 : 3 years).

13 GOODWILL

	Group
	$
At 1 April 2013	–
Acquired on acquisition of a subsidiary (Note 28)	443,973
At 31 March 2014	443,973
Acquired on acquisition of a subsidiary (Note 28)	2,164,543
Impairment loss	(443,973)
At 31 March 2015	2,164,543

In 2015, goodwill was acquired in relation to 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.

In 2014, goodwill was recognised in relation to the acquisition of Lv Yang Tianjin. The carrying amount of goodwill was allocated to Lv Yang (Tianjin) Offshore Equipment Pte Ltd (single cash generating unit) under the rigging and lifting operating segment.

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

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.

13 GOODWILL (cont'd)

The Group prepares cash flow forecasts for Rigmarine derived from the most recent financial budgets approved by management for the next ten years and extrapolates cash flows for the following ten years based on an estimated growth rate of 2.0%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the cash flows for Rigmarine is 18.1%. As at 31 March 2015, any reasonably possible change to the key assumptions applied for Rigmarine are not likely to cause the recoverable amounts to be below the carrying amounts of the cash generating unit.

During the year, management re-assessed the recoverability of goodwill arising from the acquisition of Lv Yang Tianjin and recognised an impairment loss amounting to $443,973 (2014 : $Nil) as the subsidiary continued to make losses.

14 SUBSIDIARIES

	Company	
	2015	2014
	$	$
Unquoted equity shares - at cost	**6,101,393**	6,101,393

Details of the significant subsidiaries are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held		Principal activities
		2015	2014	
		%	%	
Gaylin International Pte Ltd [1]	Singapore	**100**	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Gaylin Vietnam Pte Ltd [2]	Vietnam	**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
Gaylin Power Pte. Ltd. [1]	Singapore	**100**	100	Supply of rigging and lifting equipment
Lv Yang (Tianjin) Offshore Equipment Pte Ltd [1]	Singapore	**100**	90	Supply of rigging and lifting equipment
Lv Yang (Tianjin) Offshore Equipment Co., Ltd. [3], [7], [9]	People's Republic of China ("PRC")	**100**	90	Supply and manufacture of rigging and lifting equipment and provision of related services

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14 SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held		Principal activities
		2015	2014	
		%	%	
Allseas Marine Services Pte Ltd [(1)]	Singapore	**100**	100	Provision of ship chandler's supplies and services and general merchandise
Phoenix Offshore Co., Ltd. [(4)]	Korea	**90**	90	Provision of ship chandler's supplies and services and general merchandise
Gaylin Wire Sdn Bhd [(2), (6)]	Malaysia	**49**	–	Supply of rigging and lifting equipment
Rig Marine Holdings FZE [(3), (5), (8)]	United Arab Emirates ("UAE")	**100**	–	Investment holding
Rig Marine FZE [(3), (5), (8)]	UAE	**100**	–	Supply and manufacture of rigging and lifting equipment and provision of related services
Rigmarine Europe Limited [(2), (5)]	United Kingdom [(10)]	**100**	–	Supply and manufacture of rigging and lifting equipment and provision of related services
Rigmarine Kazakhstan LLP [(3), (4), (5)]	Kazakhstan	**100**	–	Supply and manufacture of rigging and lifting equipment and provision of related services
Rigmarine Azerbaijan LLC [(3), (4), (5)]	Azerbaijan	**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 for statutory purposes.

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

(4) Not audited for statutory purposes.

(5) Acquired during the year.

(6) Incorporated during the year.

(7) During the year, non-controlling interests amounting to $87,229 were transferred to retained earnings pursuant to the cancellation of the shares held by the non-controlling interest as elaborated in Note 3(a)(ii).

(8) Audited by Axis Auditing & Accounting for statutory purposes.

(9) Audited by Tianjin Juntian Certified Public Accountants Co., Ltd. for statutory purposes.

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

14 SUBSIDIARIES (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 subsidiaries	
		2015	2014
Rigging and lifting	Singapore	**8**	7
	Malaysia	**1**	1
	Vietnam	**1**	1
	Indonesia	**1**	1
	PRC	**1**	–
	UAE	**2**	–
	Azerbaijan	**2**	–
	Kazakhstan	**1**	–
Ship chandling	Singapore	**2**	2
		19	12

Principal activity	Place of operation	Number of non wholly–owned subsidiaries	
		2015	2014
Rigging and lifting	Singapore	**–**	1
	Malaysia	**1**	–
	PRC	**–**	1
Ship chandling	Korea	**1**	1
		2	3

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

15 TRADE PAYABLES

	Group	
	2015	2014
	$	$
Outside parties	**17,849,703**	16,628,363

The average credit period of trade payables is 30 days to 90 days (2014 : 30 days to 90 days). No interest is charged on the outstanding balances.

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16 OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Outside parties	**3,614,630**	1,035,950	**341,687**	68,544
Accrued operating expenses	**1,419,694**	1,057,437	**181,410**	470,906
Contingent consideration (Note 28)	**9,175,647**	–	**–**	–
Amount owing to subsidiaries (Notes 5 and 14)	**–**	–	**5,504,123**	2,480
	14,209,971	2,093,387	**6,027,220**	541,930

No interest is charged on the outstanding balances.

17 BANK BORROWINGS

	Group	
	2015	2014
	$	$
Term loan I	**906,555**	1,088,063
Term loan II	**920,324**	994,306
Term loan III	**13,404**	172,242
Term loan IV	**7,949,003**	8,549,554
Term loan V	**25,708,332**	9,166,667
Term loan VI	**593,673**	–
Term loan VII	**162,188**	–
Term loan VIII	**3,064,533**	–
Money market loans	**7,500,000**	3,000,000
Time loan	**5,000,000**	5,000,000
Revolving credit loans	**7,536,420**	4,407,321
Bank bills payable	**28,111,219**	34,451,154
	87,465,651	66,829,307
Due within 12 months	**(58,105,982)**	(51,216,516)
Due after 12 months	**29,359,669**	15,612,791

17 BANK BORROWINGS (cont'd)

The average effective interest rates paid were as follows:

	Group	
	2015	2014
	%	%
Term loans	**2.4**	2.3
Money market loans	**2.6**	2.5
Time loan	**2.4**	2.7
Revolving credit loans	**3.0**	2.6
Bank bills payable	**2.6**	2.6

Term loans

For term loan I, interest is levied at 2.6% (2014 : 2.6%) per annum and 2.1% (2014 : 2.1%) per annum in the first and second year respectively below the bank's commercial financing rate and thereafter at 0.8% (2014 : 0.8%) per annum over the bank's commercial financing rate. The 15-year term loan is repayable by equal monthly instalments and is expected to mature in November 2019.

For term loan II, interest is levied at 3.0% (2014 : 3.0%) per annum, 2.8% (2014 : 2.8%) per annum and 1.8% (2014 : 1.8%) per annum in the first, second and third year respectively below the bank's commercial financing rate and thereafter at 0.8% (2014 : 0.8%) per annum over the bank's commercial financing rate. The 14-year term loan is repayable by equal monthly instalments and is expected to mature in June 2026.

Term loan II is secured by a legal mortgage over the Group's leasehold land and buildings (Note 10) at 27B Benoi Road, Pioneer Lot, Singapore 629917. It is also guaranteed by a corporate guarantee by the Company.

For term loan III, interest is levied at 2.6% (2014 : 2.6%) per annum and 2.1% (2014 : 2.1%) per annum in the first and second year respectively below the bank's commercial financing rate and thereafter at 0.8% (2014 : 0.8%) per annum over the bank's commercial financing rate. The 5 year term loan is repayable by equal monthly instalments and matured in April 2015.

For term loan IV, interest is levied at 1.8% (2014 : 1.8%) per annum over the 3-month SWAP offer rate ("SOR") or the bank's 3-month cost of fund ("COF"), whichever is the higher. The 15 year term loan is repayable by equal monthly instalments and is expected to mature in September 2026.

The term loans I, III and IV of the Group are secured by a legal mortgage over the Group's leasehold land and buildings (Note 10) at 17 Joo Koon Way, Singapore 628948, and 7 Gul Avenue, Singapore 62965. They are also guaranteed by a corporate guarantee by the Company.

For term loan V, interest is levied at 2.2% (2014 : 2.2%) per annum over SOR or COF, whichever is the higher. The term loan relates to 8 (2014 : 1) drawdowns and each drawdown is to be repaid in 12 fixed quarterly principal repayments with the first principal repayment due six months from the initial drawdown. The drawdowns will mature from October 2016 to June 2018 (2014 : October 2016).

Term loan V is secured by a floating charge over certain inventories of the Group and a corporate guarantee by the Company.

For term loan VI, interest is levied at 3.5% (2014: Nil%) over the London Interbank Offer Rate or other rate as determined by the bank. The term loan is expected to mature in November 2017.

Term loan VI is guaranteed by a corporate guarantee by the Company.

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17 BANK BORROWINGS (cont'd)

For term loan VII, interest is levied at 2.3% (2014 : Nil%) per annum over the bank's 3-month COF. The term loan is to be repaid over 12 fixed quarterly principal repayments and is expected to mature in June 2017.

Term loan VII is secured by a legal mortgage over certain plant and machinery of the Group and a corporate guarantee by Gaylin International Pte Ltd ("GIPL").

For term loan VIII, interest is levied at 2.0% (2014 : Nil%) per annum over the Bank's prevailing 1/3/6/9 or 12-month Singapore dollar effective COF. The term loan is to be repaid over monthly principal repayments from October 2016 and will mature in December 2025.

Term loan VIII is secured by a legal mortgage over the Group's leasehold land and buildings (Note 10) at PLO225 Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, Johor, Malaysia and a corporate guarantee by the Company.

Money market loans

The money market loan is secured by a legal mortgage over the Group's leasehold land and buildings (Note 10) at 17 Joo Koon Way, Singapore 628948 and 7 Gul Avenue, Singapore 629651. It is also guaranteed by a corporate guarantee by the Company.

The money market loan bears interest at 2.0% (2014 : 2.3%) per annum above the bank's COF or SOR whichever is higher. It is expected to mature within the next 12 months.

Time loan

The time loan is guaranteed by a corporate guarantee by the Company. The time loan bears interest at an average rate of 2.4% (2014 : 2.7%) per annum and is expected to mature within the next 12 months.

Revolving credit loans

The revolving credit loans are guaranteed by a corporate guarantee by the Company.

The revolving credit loans bear interest at an average rate of 3.0% (2014 : 2.6%) per annum and are expected to mature within the next 12 months.

The estimated fair values of the term loans, money market loans, time loan and revolving credit 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.

Bank bills payable

The bank bills payable of the Group, with maturity ranging from less than 1 to 6 months (2014 : 1 to 6 months) from the end of the financial year, are secured in the following manner:

	Group	
	2015	2014
	$	$
Category 1 [(1)]	**5,754,187**	9,554,005
Category 2 [(2)]	**22,357,032**	24,897,149
Total bank bills payable	**28,111,219**	34,451,154

(1) Secured by a legal mortgage over the Group's leasehold land and buildings (Note 10) at 17 Joo Koon Way, Singapore 628948 and 7 Gul Avenue, Singapore 629651 and guaranteed by a corporate guarantee by the Company.

(2) Guaranteed by a corporate guarantee by the Company.

Interest is levied at the bank's cost of funds at 1.5% to 3.2% (2014 : 2.3% to 3.4%) per annum for local currency bills.

18 FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$	**$**	$
Amounts payable under finance leases:								
Within one year	**593,609**	819,827	**537,110**	736,743	**5,611**	–	**4,617**	–
In the second to fifth years inclusive	**1,341,600**	1,855,531	**1,276,987**	1,740,698	**15,430**	–	**14,205**	–
	1,935,209	2,675,358	**1,814,097**	2,477,441	**21,041**	–	**18,822**	–
Less: Future finance charges	**(121,112)**	(197,917)	**N/A**	N/A	**(2,219)**	–	**N/A**	N/A
Present value of lease obligations	**1,814,097**	2,477,441	**1,814,097**	2,477,441	**18,822**	–	**18,822**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(537,110)**	(736,743)			**(4,617)**	–
Amount due for settlement after 12 months			**1,276,987**	1,740,698			**14,205**	–

The effective interest rate ranged from 3.2% to 7.4% (2014 : 3.2% to 7.4%) per annum, with a remaining lease term of approximately 1 month to 54 months (2014 : 2 months to 59 months). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk.

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 10).

In 2015, certain leases are guaranteed by:

a) a guarantee by a director of the Company; or

b) a corporate guarantee by the Company.

In 2014, certain leases were guaranteed by:

a) a joint and several personal guarantees of one or more directors of the Company;

b) guarantees by a director of the Company and a shareholder of the immediate holding company; or

c) a corporate guarantee by the Company.

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31 March 2015

19 DEFERRED TAX

	Group		Company	
	2015	2014	**2015**	2014
	$	$	**$**	$
Deferred tax assets	**(364,268)**	(29,296)	**(218,863)**	–
Deferred tax liabilities	**631,176**	491,594	**–**	–
	266,908	462,298	**(218,863)**	–

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

	Accelerated tax depreciation	Tax losses	Capital allowances	Total
	$	$	$	$
Group				
At 1 April 2013	265,472	–	–	265,472
Charged to profit or loss (Note 24)	226,122	(29,296)	–	196,826
At 31 March 2014	491,594	(29,296)	–	462,298
Charged (credited) to profit or loss (Note 24)	69,378	(116,109)	(218,863)	(265,594)
Acquired on acquisition of a subsidiary (Note 28)	70,204	–	–	70,204
At 31 March 2015	631,176	(145,405)	(218,863)	266,908
Company				
At 1 April 2013 and 31 March 2014	–	–	–	–
Credited to profit or loss	–	–	(218,863)	(218,863)
At 31 March 2015	–	–	(218,863)	(218,863)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $11,287,134 (2014 : $Nil). 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.

20 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Issued and paid-up
		$
Issued and paid-up:		
At 1 April 2013 and 31 March 2014	432,000,000	47,223,533
Issue of shares pursuant to acquisition of a subsidiary (Note 28)	6,000,000	3,363,000
At 31 March 2015	438,000,000	50,586,533

20 SHARE CAPITAL (cont'd)

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.

On 13 June 2014, the Company issued 6,000,000 ordinary shares at $0.5605 per share as partial consideration for the acquisition of a subsidiary (Note 28).

21 REVENUE

Revenue comprises income earned from the following, excluding applicable goods and services tax.

	Group	
	2015	2014
	$	$
Supply and manufacture of rigging and lifting equipment and provision of related services	**88,512,101**	79,710,597
Ship chandling	**21,430,326**	16,627,340
	109,942,427	96,337,937

22 OTHER INCOME

	Group	
	2015	2014
	$	$
Interest income	**21,836**	42,514
Doubtful debts recovered (trade) (Note 7)	**2,282**	7,451
Trade receivables recovered	**2,462**	141
Sundry income	**218,291**	10,252
Government grants	**176,695**	143,280
Gain on disposal of property, plant and equipment	**125,578**	175,560
Change in fair value of contingent consideration [Note 3(a)(iii)]	**715,670**	–
Trade payables written back	**4,002**	–
Foreign exchange gain, net	**1,118,151**	–
	2,384,967	379,198

23 OTHER OPERATING EXPENSES

	Group	
	2015	2014
	$	$
Trade receivables written off	**19,530**	33
Other receivables written off	**4,496**	1,655
Allowance for doubtful trade receivables	**78,709**	25,265
Foreign exchange loss, net	**–**	648,106
Disposal of club membership	**35,500**	–
Impairment of goodwill (Note 13)	**443,973**	–
Goodwill written off on acquisition (Note 28)	**–**	2,345
	582,208	677,404

NOTES TO FINANCIAL STATEMENTS

31 March 2015

24 INCOME TAX EXPENSE

	Group	
	2015	2014
	$	$
Current year	**1,250,503**	1,654,021
Overprovision in prior years	**(75,936)**	(229,381)
Deferred tax (Note 19)	**(265,594)**	196,826
	908,973	1,621,466

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

A reconciliation of the domestic statutory tax rate to the Group's effective tax rate applicable to the results from operations for the year is as follows:

	Group	
	2015	2014
	$	$
Profit before income tax	**8,367,658**	13,182,472
Tax at the domestic income tax rate of 17%	**1,422,502**	2,241,020
Non-deductible items	**348,523**	334,598
Effect of exemption and incentives	**(829,356)**	(612,738)
Effect of different tax rate of overseas operations	**47,668**	(43,091)
Deferred tax benefits not recognised	**4,550**	205,853
Utilisation of deferred tax benefits previously not recognised	**(1,746)**	(247,076)
Overprovision in prior years	**(75,936)**	(229,381)
Others	**(7,232)**	(27,719)
	908,973	1,621,466

The tax loss carryforwards arise from local and foreign subsidiaries of the Group which have tax losses of $807,126 (2014 : $846,317) available for offsetting against future taxable income.

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

	Tax loss carryforwards not recognised
	$
At 1 April 2013	1,453,387
Arising during the year	846,317
Utilised during the year	(1,453,387)
At 31 March 2014	846,317
Arising during the year	26,765
Adjustment during the year	(55,687)
Utilised during the year	(10,269)
At 31 March 2015	807,126

24 INCOME TAX EXPENSE (cont'd)

The realisation of the future income tax benefits from the tax loss carryforwards for the local subsidiaries 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 subsidiaries 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 subsidiaries 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.

25 PROFIT FOR THE YEAR

	Group	
	2015	2014
	$	$
Directors' remuneration	**1,724,331**	2,003,404
Employee benefits expense (including directors' remuneration)		
Salaries and related benefits	**17,538,519**	12,301,990
Costs of defined contribution plan	**868,997**	703,203
Total employee benefits expenses	**18,407,516**	13,005,193
Allowance for doubtful trade receivables (Note 7)	**78,709**	25,265
Recovery of doubtful trade receivables (Note 7)	**(2,282)**	(7,451)
Trade receivables written off	**19,530**	33
Other receivables written off	**4,496**	1,655
Cost of inventories recognised as expense	**66,800,388**	57,429,855
Inventory written down (written back) to net realisable value included in cost of inventories	**898,949**	(589,595)
Foreign exchange (gain) loss	**(1,118,151)**	648,106
Audit fees:		
- paid to auditors of the Company	**204,000**	180,187
- paid to other auditors	**316,510**	64,917
Total audit fees	**520,510**	245,104
Non-audit fees:		
- paid to auditors of the Company	**55,100**	–
- paid to other auditors	**78,113**	20,300
Total non-audit fees	**133,213**	20,300
Aggregate amount of fees paid to auditors	**653,723**	265,404

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31 March 2015

26 EARNINGS PER SHARE

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

	Group	
	2015	2014
	$	$
Net profit attributable to shareholders of the Company	**7,417,728**	11,636,646

	2015	2014
	Number of shares ('000)	
Weighted average number of ordinary shares for purpose of earnings per share	**436,800**	432,000

There are no dilutive equity instruments for 2015 and 2014.

27 DIVIDENDS

During the financial year ended 31 March 2015, the Company declared and paid a final tax-exempt dividend of $0.009 per share totalling $3,942,000 for the financial year ended 31 March 2014.

Subsequent to 31 March 2015, the directors of the company recommended that a final tax-exempt dividend be paid at $0.005 per share as of book closure date totalling $2,190,000 for the financial year ended 31 March 2015. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

28 ACQUISITION OF SUBSIDIARIES

2015

Acquisition of Rigmarine

On 1 July 2014, Gaylin Asia Pte Ltd acquired 100% of the issued share capital of Rigmarine for an estimated consideration of $17,624,172, which is to be settled via cash and issuance of shares of the Company. The final purchase consideration could increase or reduce depending on whether the financial results of Rigmarine exceed or fall short of agreed targets during the stipulated periods [Note 3(a)(ii)].

This transaction has been accounted for by the acquisition method of accounting and fair values of assets and liabilities have been disclosed below.

Rigmarine is principally involved in the business of the supply, rental, inspection and recertification of all lifting, mooring, towing and deck equipment via various service centers in the UAE, Azerbaijan and Kazakhstan. The Group has acquired Rigmarine as a gateway for the Group's expansion into the Middle East and Caspian Sea markets and to tap on its direct connection with certain key suppliers.

28 ACQUISITION OF SUBSIDIARIES (cont'd)

Consideration transferred (at acquisition date fair values)

	$
Consideration satisfied by shares	3,363,000
Consideration satisfied by cash during the year	5,085,525
Contingent consideration to be paid upon achievement of certain profit targets (Notes 3(a)(ii) and 16)	9,175,647
Total	17,624,172

Acquisition-related costs amounting to $183,815 have been excluded from the consideration paid and have been recognised as an expense in the period, within the 'Administrative Expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

The results of Rigmarine acquired during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition.

Identifiable assets and liabilities at the date of acquisition

	1 July 2014
	$
Cash and cash equivalents	699,341
Trade receivables	6,864,054
Other receivables	501,864
Inventories	5,013,875
Property, plant and equipment	6,664,446
Intangible assets	5,474,760
Trade payables	(6,853,510)
Other payables	(2,794,323)
Finance leases	(40,674)
Deferred tax liabilities	(70,204)
Net assets	15,459,629

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $7,365,918 had gross contractual amounts of $7,365,918. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $Nil.

Goodwill arising on acquisition

	1 July 2014
	$
Total consideration	17,624,172
Less: Fair value of identifiable net assets acquired	(15,459,629)
Goodwill arising on acquisition	2,164,543

The goodwill arising on acquisition is primarily due to the synergies that will be achieved from the acquisition: i) as a gateway for the Group's expansion into the Middle East and Caspian Sea market; ii) as a platform for cross-selling of products; and iii) for the Group to tap on Rigmarine's direct connection with certain key suppliers. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for tax purposes.

NOTES TO FINANCIAL STATEMENTS

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28 ACQUISITION OF SUBSIDIARIES (cont'd)

Net cash flow on acquisition of subsidiary

	1 July 2014
	$
Consideration satisfied by cash	5,085,525
Less: Cash and cash equivalents acquired	(699,341)
Net cash outflow on acquisition of subsidiary	4,386,184

Impact of acquisition on the results of the Group

Included in the profit for the year is an amount of a profit of $2,391,170 attributable to the subsidiary acquired. Revenue for the period since acquisition from the subsidiary amounted to $22,211,071 after eliminating for intercompany sales.

Had the business combination during the year been effected at 1 April 2014, the revenue of the Group and the profit for the year would have been $118,469,072 and $7,368,184 respectively.

2014

Acquisition of Lv Yang Tianjin

On 1 July 2013, Lv Yang (Tianjin) Offshore Equipment Pte Ltd acquired 100% of the issued share capital of Lv Yang Tianjin for a cash consideration of $3,512,500. The final purchase consideration could increase or reduce depending on whether the consolidated financial results of Lv Yang Group exceed or fall short of agreed targets during the stipulated periods (Note 3).

This transaction has been accounted for by the acquisition method of accounting and fair values of assets and liabilities have been disclosed below.

Lv Yang Tianjin is principally involved in the supply and manufacture of rigging and lifting equipment and provision of related services. The Group has acquired Lv Yang Tianjin to facilitate the Group's expansion into the China market, as well as to allow the Group to tap on Lv Yang Tianjin's direct connection with certain key suppliers.

Acquisition-related costs amounting to $46,354 have been excluded from the consideration paid and have been recognised as an expense in the period, within the 'Administrative Expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

The results of Lv Yang Tianjin acquired during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition.

Identifiable assets and liabilities at the date of acquisition

	1 July 2013
	$
Cash and cash equivalents	2,409,583
Trade receivables	754,507
Other receivables	327,158
Inventories	1,010,958
Property, plant and equipment	1,170,603
Trade payables	(1,061,741)
Other payables	(2,742,541)
Net assets	1,868,527

28 ACQUISITION OF SUBSIDIARIES (cont'd)

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $1,081,665 had gross contractual amounts of $1,081,665. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $Nil.

Goodwill arising on acquisition

	1 July 2013
	$
Consideration paid	3,512,500
Less: Fair value of identifiable net assets acquired	(1,868,527)
Less: Estimated receivable from vendor arising from profit guarantee per purchase agreement [Notes 3(a)(iii) and 8]	(1,200,000)
Goodwill arising on acquisition	443,973

The goodwill arising on acquisition is primarily due to the benefit of expected synergies, revenue growth and future market development achieved from combining the operations of the company with the Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for tax purposes.

Net cash flow on acquisition of subsidiary

	1 July 2013
	$
Total consideration, satisfied by cash	3,512,500
Less: Cash and cash equivalents acquired	(2,409,583)
Net cash outflow on acquisition of subsidiary	1,102,917

Impact of acquisition on the results of the Group

Included in the profit for 2014 is an amount of a loss of $1,034,796 attributable to the subsidiary acquired. Revenue for 2014 from the subsidiary amounted to $2,061,038 after eliminating for intercompany sales.

Had the business combination in 2014 been effected at 1 April 2013, the revenue of the Group and the profit for 2014 would have been $96,890,611 and $11,239,264 respectively.

Acquisition of Phoenix Offshore Co., Ltd.

On 26 August 2013, the Group acquired 90% of the issued share capital of Phoenix Offshore Co., Ltd. for a cash consideration of KRW108,000,000 (equivalent to $125,220). This transaction has been accounted for by the acquisition method of accounting and fair values of assets and liabilities have been disclosed below.

Phoenix Offshore Co., Ltd. is principally involved in the provision of ship chandler's supplies and services and general merchandise. The Group has acquired Phoenix Offshore Co., Ltd. to expand the ship chandling's operations.

No significant acquisition-related cost was incurred for Phoenix Offshore Co., Ltd.

The results of Phoenix Offshore Co., Ltd. acquired during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition.

NOTES TO FINANCIAL STATEMENTS

31 March 2015

28 ACQUISITION OF SUBSIDIARIES (cont'd)

Identifiable assets and liabilities at the date of acquisition

	26 August 2013
	$
Cash and cash equivalents	31,087
Trade receivables	888,160
Other receivables	209,099
Property, plant and equipment	39,662
Trade payables	(700,105)
Other payables	(331,375)
Net assets	136,528

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of $1,097,259 had gross contractual amounts of $1,097,259. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $Nil.

Goodwill written off from acquisition of a subsidiary

	26 August 2013
	$
Consideration paid	125,220
Less: 90% of fair value of identifiable net assets acquired	(122,875)
Goodwill written off	2,345

Net cash flow on acquisition of subsidiary

	26 August 2013
	$
Total consideration, satisfied by cash	125,220
Less: Cash and cash equivalents acquired	(31,087)
Net cash outflow on acquisition of subsidiary	94,133

Impact of acquisition on the results of the Group

Included in the profit for 2014 is an amount of $97,721 attributable to the subsidiary acquired. Revenue for 2014 from the subsidiary amounted to $3,848,084 after eliminating for intercompany sales.

Had the business combination in 2014 been effected at 1 April 2013, the revenue of the Group and the profit for 2014 would have been $96,419,424 and $11,558,339 respectively.

29 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:

29 SEGMENT INFORMATION (cont'd)

Rigging and lifting

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

Ship chandling

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 profit represents the profit earned by 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 13. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

	Rigging and lifting	Ship chandling	Total
	$	$	$
2015			
Revenue			
Sales	88,971,399	22,345,886	111,317,285
Inter-segment sales	(459,298)	(915,560)	(1,374,858)
Sales to external customers	88,512,101	21,430,326	109,942,427
Profit from operations			
Segment result	7,790,804	1,815,031	9,605,835
Interest expense			(2,066,631)
Income tax expense			(908,973)
Unallocated profit from operations			828,454
Profit for the year			7,458,685
Assets			
Segment assets	215,603,539	10,373,729	225,977,268
Unallocated assets			2,295,759
Total assets			228,273,027
Liabilities			
Segment liabilities	118,009,664	3,996,717	122,006,381
Unallocated liabilities			541,919
Total liabilities			122,548,300
Other information			
Depreciation and amortisation	2,996,293	219,794	3,216,087
Unallocated depreciation and amortisation			42,457
Total depreciation and amortisation			3,258,544
Addition to non-current assets	21,679,784	3,022,291	24,702,075
Unallocated addition to non-current assets			798,149
Total addition to non-current assets			25,500,224

NOTES TO FINANCIAL STATEMENTS

31 March 2015

29 SEGMENT INFORMATION (cont'd)

	Rigging and lifting	Ship chandling	Total
	$	$	$
2014			
Revenue			
Sales	80,222,874	17,045,769	97,268,643
Inter-segment sales	(512,277)	(418,429)	(930,706)
Sales to external customers	79,710,597	16,627,340	96,337,937
Profit from operations			
Segment result	12,296,604	849,421	13,146,025
Interest expense			(1,760,722)
Income tax expense			(1,621,466)
Unallocated profit from operations			1,797,169
Profit for the year			11,561,006
Assets			
Segment assets	164,569,539	8,752,581	173,322,120
Unallocated assets			14,867,359
Total assets			188,189,479
Liabilities			
Segment liabilities	84,772,618	4,723,154	89,495,772
Unallocated liabilities			797,791
Total liabilities			90,293,563
Other information			
Depreciation and amortisation	1,553,383	215,318	1,768,701
Addition to non-current assets	5,540,968	54,264	5,595,232

29 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	
	2015	2014
	$	$
Revenue from external customers (based on location of customer)		
Singapore	**34,688,470**	34,896,777
Australia	**6,732,135**	17,995,280
Azerbaijan	**14,465,358**	–
Other Asia (1) (2)	**28,391,870**	24,114,014
Europe (1)	**17,079,767**	13,781,490
Others (1)	**8,584,827**	5,550,376
	109,942,427	96,337,937
Non-current assets (based on location of assets)		
Singapore	**11,367,859**	9,645,107
Malaysia	**7,681,348**	3,700,809
Middle East	**6,773,473**	–
Azerbaijan	**4,878,950**	–
Others	**5,857,655**	1,366,673
	36,559,285	14,712,589

(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.

Information about major customers

There are no revenues from transactions with any single external customer that amounts to 10 per cent or more of the Group's revenue.

30 COMMITMENTS

(a) Capital commitments

	Group	
	2015	2014
	$	$
Commitment for plant and equipment	**785,860**	954,887

NOTES TO FINANCIAL STATEMENTS

31 March 2015

30 COMMITMENTS (cont'd)

(b) Operating lease commitments

The Group as lessee

	Group 2015 $	Group 2014 $
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	**3,065,552**	1,482,943

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

	Group 2015 $	Group 2014 $
Within 1 year	**2,562,958**	1,697,817
Within 2 to 5 years	**2,967,158**	2,840,778
After 5 years	**5,825,027**	5,699,096
	11,355,143	10,237,691

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 subsidiaries of the Group. Management has assessed the fair value of the corporate guarantees to be immaterial.

31 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company incorporated a wholly-owned subsidiary, Gaylin Korea Pte Ltd, with an initial issued and paid up capital of $1. The principal activity of Gaylin Korea Pte Ltd is that of investment holding.

STATISTICS OF SHAREHOLDINGS

As at 16 June 2015

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	:	Nil

** This is based on records kept with the Accounting & 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, 33.59% of the issued ordinary shares of the Company is held in the hands of the public as at 16 June 2015. 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	135	15.75	134,100	0.03
1,001 - 10,000	375	43.76	1,722,200	0.39
10,001 - 1,000,000	325	37.92	32,909,700	7.52
1,000,001 AND ABOVE	22	2.57	403,234,000	92.06
TOTAL	**857**	**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	38,939,500	8.89
3	KHWAJA ASIF RAHMAN	17,000,000	3.88
4	RHODUS CAPITAL LIMITED	12,300,000	2.81
5	COMFORT SHIPPING PTE. LTD.	8,400,000	1.92
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,057,000	1.61
7	CITIBANK NOMINEES SINGAPORE PTE LTD	6,977,000	1.59
8	WEE SENG INVESTMENTS PTE. LTD.	6,490,000	1.48
9	ABN AMRO NOMINEES SINGAPORE PTE LTD	5,804,000	1.33
10	CIMB SECURITIES (SINGAPORE) PTE LTD	5,784,900	1.32
11	LE PIN PTE LTD	5,500,000	1.26
12	RAFFLES NOMINEES (PTE) LIMITED	3,955,800	0.90
13	MICHAEL JOHN DUNCAN	3,529,412	0.81
14	LIM KUAN KANG	2,500,000	0.57
15	ALEXANDER CHARLES COBBAN	2,470,588	0.56
16	LOY CHIAT JIAM	2,410,000	0.55
17	SEAH CHIONG SOON	2,000,000	0.46
18	TAN AH LAM	1,969,800	0.45
19	BANK OF SINGAPORE NOMINEES PTE LTD	1,694,000	0.39
20	DB NOMINEES (SINGAPORE) PTE LTD	1,600,000	0.37
	TOTAL	**400,792,000**	**91.52**

STATISTICS OF **SHAREHOLDINGS**

As at 16 June 2015

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
Teo Bee Hua(2)	–	–	268,360,000	61.27
Khawaja Asif Rahman(3)	17,000,000	3.88	5,500,000	1.26

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 Teo Bee Hua 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 Teo Bee Hua are deemed to be interested in all the shares held by Keh Swee Investment Pte. Ltd.

(3) Mr Khawaja Asif Rahman is deemed to be interested in all the shares held by Le Pin 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 Jurong Country Club, Albizia Room, 9 Science Centre Road, Singapore 609078 on Thursday, 23 July 2015 at 10.00 a.m. to transact the following business: -

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 March 2015 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a First and Final Dividend of 0.5 Singapore cents per ordinary share one-tier tax exempt for the financial year ended 31 March 2015. **[Resolution 2]**

3. To re-elect Mr Ng Sey Ming, who is retiring by rotation in accordance with Article 114 of the Company's Articles of Association, as Director of the Company.
[See Explanatory Note 1] **[Resolution 3]**

4. To re-elect Ms Lau Lee Hua, who is retiring by rotation in accordance with Article 114 of the Company's Articles of Association, as Director of the Company.
[See Explanatory Note 2] **[Resolution 4]**

5. To approve the sum of S$225,000/- as Directors' fees for the financial year ending 31 March 2016. (FY 2015: S$225,000/-) **[Resolution 5]**

6. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**

7. 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: -

8. Authority to allot and issue shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Act"), the Articles of Association 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,

NOTICE OF
ANNUAL GENERAL MEETING

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, 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, 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, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares, 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) 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 Articles of Association for the time being of the Company; and

(4) (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 3] **[Resolution 7]**

9. 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) 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 4] **[Resolution 8]**

By Order of the Board

Sharon Yeoh
Company Secretary

7 July 2015
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Ng Sey Ming, if re-elected, will remain as member of the Company's Audit Committee, Nominating Committee and Remuneration Committee and will also continue to remain as Chairman of the Nominating Committee. Mr Ng Sey Ming will be considered as an independent director of the Company.

2. Ms Lau Lee Hua, if re-elected, will remain as member of the Company's Audit Committee and Remuneration Committee. Ms Lau Lee Hua will be considered as an independent director of the Company.

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 issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to a number not exceeding in total 50% of the total number of issued Shares (excluding treasury shares, 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.

   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, 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.

4. The ordinary resolution 8 in item 9 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) in the capital of the Company for the time being.

Note:

A member 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. A proxy need not be a member of the Company. 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 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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IMPORTANT FOR CPF INVESTORS ONLY:

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF investors and shall not be effective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company Secretary of Gaylin Holdings Limited.

GAYLIN HOLDINGS LIMITED

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

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 (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at **Jurong Country Club, Albizia Room, 9 Science Centre Road, Singapore 609078 on Thursday, 23 July 2015 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a 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' Report and Audited Accounts for the financial year ended 31 March 2015		
2	Declaration of First and Final Dividend		
3	Re-election of Mr Ng Sey Ming as a Director		
4	Re-election of Ms Lau Lee Hua as a Director		
5	Approval of Directors' fees FY 2016		
6	Re-appointment of Deloitte & Touche LLP as Auditors		
AS SPECIAL BUSINESS			
7	Authority to issue new shares		
8	Authority to issue shares under the Gaylin Employee Share Option Scheme		

Dated this __________ day of ____________________ 2015

Total Number of Shares Held

____
Signature(s) of Member(s) or
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 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

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

4 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.

5 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.

6 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 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.

7 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.

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 48 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 Annual General Meeting dated 7 July 2015.

GAYLIN®

Trusted For Lifting & Rigging

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(Reg No. 201004068M)

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