



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

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

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

CONSOLIDATED INCOME STATEMENT

	Group		Incr/ (decr) %
	1st Qtr Ended 30/06/2018 S\$'000	30/06/2017 S\$'000	
Revenue	15,182	18,406	(17.5)
Cost of sales	(12,698)	(14,888)	(14.7)
Gross profit	2,484	3,518	(29.4)
Other operating income (expense)	521	(272)	NM
Distribution costs	(1,015)	(1,169)	(13.2)
Administrative expenses	(3,301)	(3,365)	(1.9)
Finance cost	(432)	(612)	(29.4)
Loss before income tax	(1,743)	(1,900)	(8.3)
Income tax benefit (expense)	31	(194)	NM
Loss for the period	(1,712)	(2,094)	(18.2)
Loss attributable to:			
Owners of the Company	(1,660)	(2,076)	(20.0)
Non-controlling interests	(52)	(18)	NM
	(1,712)	(2,094)	(18.2)
Gross profit margin	16.4%	19.1%	(14.1)
Net loss margin	-11.3%	-11.4%	(0.9)
EBITDA ⁽¹⁾ (S\$'000)	(372)	(58)	NM
EBITDA margin	-2.5%	-0.3%	NM

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

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1st Qtr Ended		Incr/
	30/06/2018	30/06/2017	(decr)
	S\$'000	S\$'000	%
Loss for the period	(1,712)	(2,094)	(18.2)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation gain (loss) arising on consolidation	276	(185)	NM
Other comprehensive income for the period, net of tax	276	(185)	NM
Total comprehensive income for the period	(1,436)	(2,279)	(37.0)
Total comprehensive income attributable to:			
Owners of the Company	(1,384)	(2,258)	(38.7)
Non-controlling interests	(52)	(21)	NM
	(1,436)	(2,279)	(37.0)

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

	Group		Incr/ (decr) %
	1st Qtr Ended		
	30/06/2018	30/06/2017	
	S\$'000	S\$'000	
Doubtful trade receivables recovered	-	(97)	(100.0)
Trade receivables written off	-	16	(100.0)
(Gain) loss on disposal of property, plant and equipment ("PPE")	(392)	71	NM
Depreciation	939	1,108	(15.3)
Amortisation of intangible assets	-	122	(100.0)
Foreign exchange (gain) loss	(126)	308	NM
Interest income	(1)	(1)	-
Interest expense	385	612	(37.1)

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2018	31/03/2018	30/06/2018	31/03/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	45,411	57,795	37,987	52,117
Trade receivables	14,093	11,421	3,049	3,112
Other receivables	1,268	952	74,585	61,671
Income tax receivables	167	120	-	-
Inventories	77,665	79,881	-	-
Total current assets	138,604	150,169	115,621	116,900
Non-current assets				
Property, plant and equipment	31,368	32,161	367	408
Other receivables	-	2	-	-
Deferred tax assets	87	85	-	-
Subsidiary corporations	-	-	6,019	6,019
Total non-current assets	31,455	32,248	6,386	6,427
Total assets	170,059	182,417	122,007	123,327
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	6,689	6,060	-	-
Other payables	4,777	7,975	707	1,439
Provision	671	902	263	494
Current portion of bank borrowings	3,487	8,895	-	-
Current portion of finance leases	512	594	3	4
Income tax payable	27	58	-	-
Total current liabilities	16,163	24,484	973	1,937
Non-current liabilities				
Bank borrowings	45,641	48,159	-	-
Finance leases	265	348	-	-
Deferred tax liabilities	29	29	9	9
Total non-current liabilities	45,935	48,536	9	9
Total liabilities	62,098	73,020	982	1,946
Net assets	107,961	109,397	121,025	121,381
Capital, reserves and non-controlling interests				
Share capital	118,340	118,340	118,340	118,340
(Accumulated losses) Retained earnings	(11,405)	(9,745)	2,685	3,041
Translation reserve	995	719	-	-
Equity attributable to owners of the Company	107,930	109,314	121,025	121,381
Non-controlling interests	31	83	-	-
Total equity	107,961	109,397	121,025	121,381
Total liabilities and equity	170,059	182,417	122,007	123,327

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

Amount repayable in one year or less, or on demand

	30/06/2018		31/03/2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	-	-	-	13
Short term loans	-	1,600	-	2,600
Bank bills payable	-	1,887	91	6,125
Finance leases	512	-	594	-
Overdrafts	-	-	66	-
	<u>512</u>	<u>3,487</u>	<u>751</u>	<u>8,738</u>

Amount repayable after one year

	30/06/2018		31/03/2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Term loans	44,141	1,500	46,659	1,500
Finance leases	265	-	348	-
	<u>44,406</u>	<u>1,500</u>	<u>47,007</u>	<u>1,500</u>

Details of any collaterals

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1st Qtr Ended	
	30/06/2018	30/06/2017
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(1,743)	(1,900)
Adjustments for :		
Interest expense	385	612
Interest income	(1)	(1)
Depreciation	939	1,108
Amortisation of intangible assets	-	122
Doubtful trade receivables recovered	-	(97)
Trade receivables written off	-	16
(Gain) loss on disposal of PPE	(392)	71
Net foreign exchange gain - unrealised	4	24
Provision for slow moving and aged inventory	-	(2)
Operating cash flows before movements in working capital	<u>(808)</u>	<u>(47)</u>
Trade receivables	(2,434)	2,535
Other receivables and prepayments	(222)	221
Inventories	2,416	2,339
Trade payables	516	(1,405)
Other payables	(1,209)	460
Provision	(232)	-
Bank bills payable	<u>(4,329)</u>	<u>(670)</u>
Cash (used in) generated from operations	(6,302)	3,433
Interest paid for bank bills	(42)	(69)
Interest received	1	1
Income tax paid	(43)	(250)
Net cash (used in) from operating activities	<u>(6,386)</u>	<u>3,115</u>
Investing activities		
Proceeds on disposal of PPE	489	247
Purchases of PPE	<u>(288)</u>	<u>(892)</u>
Net cash from (used in) investing activities	<u>201</u>	<u>(645)</u>
Financing activities		
Repayments of other payables	(2,000)	-
Interest paid for other borrowings	(474)	(551)
Repayment of obligations under finance leases	(165)	(170)
Repayment of bank loans	(3,530)	(5,368)
Transaction costs for loans	-	(35)
Contribution from a non-controlling interest	-	70
Restricted cash at bank	<u>(603)</u>	<u>-</u>
Net cash used in financing activities	<u>(6,772)</u>	<u>(6,054)</u>
Net decrease in cash and cash equivalents	(12,957)	(3,584)
Effect of exchange rate changes on cash and cash equivalents	37	(26)
Cash and cash equivalents at beginning of the period	<u>57,728</u>	<u>5,431</u>
Cash and cash equivalents at end of the period	<u>44,808</u>	<u>1,821</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	45,411	3,009
Restricted cash at bank	(603)	-
Bank overdraft	-	(1,188)
	<u>44,808</u>	<u>1,821</u>

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	(Accumulated losses) Retained earnings	Translation reserve	Attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
At 1 April 2018	118,340	(9,745)	719	109,314	83	109,397
Total comprehensive income for the period						
Loss for the year	-	(1,660)	-	(1,660)	(52)	(1,712)
Other comprehensive income for the period	-	-	276	276	-	276
Total	-	(1,660)	276	(1,384)	(52)	(1,436)
At 30 June 2018	118,340	(11,405)	995	107,930	31	107,961
At 1 April 2017	50,587	41,830	1,479	93,896	34	93,930
Total comprehensive income for the period						
Loss for the year	-	(2,076)	-	(2,076)	(18)	(2,094)
Other comprehensive income for the period	-	-	(182)	(182)	(3)	(185)
Total	-	(2,076)	(182)	(2,258)	(21)	(2,279)
Transactions with owners, recognised directly in equity						
Contribution from a non-controlling interest	-	-	-	-	70	70
At 30 June 2017	50,587	39,754	1,297	91,638	83	91,721
<u>Company</u>						
At 1 April 2018	118,340	3,041	-	121,381	-	121,381
Loss for the year, representing total comprehensive income for the period	-	(356)	-	(356)	-	(356)
At 30 June 2018	118,340	2,685	-	121,025	-	121,025
At 1 April 2017	50,587	3,423	-	54,010	-	54,010
Profit for the year, representing total comprehensive income for the period	-	270	-	270	-	270
At 30 June 2017	50,587	3,693	-	54,280	-	54,280

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

Nil.

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

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

The total number of issued shares excluding treasury shares.

	30/06/2018	31/03/2018
	1,798,000,000	1,798,000,000

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

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

As at 30 June 2018, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5, the Group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 March 2018 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 2018.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	Group	
	1st Qtr Ended	
	30/06/2018	30/06/2017
Net loss after tax attributable to owners of the Company (S\$'000)	(1,660)	(2,076)
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share	1,798,000	438,000
- Diluted earnings per share	1,798,000	438,000
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	(0.09)	(0.47)
(b) On a fully diluted basis	(0.09)	(0.47)

The Company has no dilutive equity instruments as at 30 June 2018.

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

	Group		Company	
	30/06/2018	31/03/2018	30/06/2018	31/03/2018
Net asset value attributable to shareholders of the Company (S\$'000)	107,930	109,314	121,025	121,381
Number of ordinary shares ('000)	1,798,000	1,798,000	1,798,000	1,798,000
Net asset value per ordinary share (cents)	6.00	6.08	6.73	6.75

8. Review of the Group's performance

Revenue

1Q FY2019 vs 1Q FY2018

	1st Qtr Ended		Incr/
	30/06/2018	30/06/2017	(decr)
	S\$'000	S\$'000	%
Rigging and lifting	12,005	14,018	(14.4)
Ship and Chandling	3,177	4,388	(27.6)
Total	<u>15,182</u>	<u>18,406</u>	(17.5)

For the three months ended 30 June 2018 ("1Q FY2019"), the Group's revenue was S\$15.2 million with a decrease of S\$3.2 million or 17.5% compared to S\$18.4 million for the corresponding period ended 30 June 2017 ("1Q FY2018"). The decrease was mainly contributed by the decrease of S\$2.0 million in the rigging and lifting segment due to completion of projects and low level of activity by our major customers attributed to weak oil prices and decrease of S\$1.2 million in the ship chandling segment due to seasonal purchase by Ship chandling customers.

Gross profit

1Q FY2019 vs 1Q FY2018

Gross profit decreased by S\$1.0 million or 29.4% from S\$3.5 million in 1Q FY2018 to S\$2.5 million in 1Q FY2019. The corresponding gross profit margin decreased from 19.1% to 16.4%. The decrease was mainly due to the tighter product margins result from the new pricing policy to enhance the company's competitiveness.

Other operating income (expense)

1Q FY2019 vs 1Q FY2018

Other operating income increased by S\$0.8 million in 1Q FY2019 compared to 1Q FY2018 mainly due to gain on disposal of PPE of S\$0.4 million in 1Q FY2019 by a subsidiary and net foreign exchange gain of S\$0.4 million.

Distribution costs

1Q FY2019 vs 1Q FY2018

Distribution costs in 1Q FY2019 decreased by S\$0.2 million compared to S\$1.2 million in 1Q FY2018 mainly due to decrease in marketing expenses.

Administrative expenses

1Q FY2018 vs 1Q FY2017

Administrative expenses in 1Q FY2019 did not vary significantly from that of 1Q FY 2018.

Finance cost

1Q FY2019 vs 1Q FY2018

Finance cost in 1Q FY2019 decreased by S\$0.2 million compared to 1Q FY2018 mainly due to lower interest of S\$0.2 million resulting from the repayment of bank borrowings.

Loss before income tax

As a result of the above reasons, loss before income tax was S\$1.7 million for 1Q FY2019.

Review of statement of financial position and cash flows

Current assets

The current assets decreased by S\$11.6 million from S\$150.2 million as at 31 March 2018 to S\$138.6 million as at 30 June 2018. The decrease was mainly due to: (i) a decrease in cash and cash equivalents of S\$12.4 million arising from repayment of bank borrowing and loan and (ii) a decrease in inventories by S\$2.2 million due to inventories sales during the normal course of business, offset by (i) an increase in trade receivables by S\$2.7 million mainly due to sales surge in June 2018, and (ii) an increase in other receivables by S\$0.3 million mainly arise from the prepayment and advance payment to supplier.

Non-current assets

The non-current assets decreased by S\$0.8 million from S\$32.2 million as at 31 March 2018 to S\$31.4 million as at 30 June 2018. The decrease was mainly due to a drop in PPE by S\$0.8 million (mainly due to depreciation of S\$0.9 million in 1Q FY2019 and net additions of PPE of S\$0.1 million).

Current liabilities

The current liabilities decreased by S\$8.3 million from S\$24.5 million as at 31 March 2018 to S\$16.2 million as at 30 June 2018. The decrease was mainly due to (i) repayment of bank borrowings and related interest of S\$5.4 million (ii) decrease in other payables of S\$3.2 million mainly due to repayment of loan from a third party of S\$2.0 million, (iii) decrease in provision of restructuring cost of S\$0.2 million due to repayment, offset by increase in trade payables of S\$0.6 million.

Non-current liabilities

Non-current liabilities decreased by S\$2.6 million from S\$48.5 million as at 31 March 2018 to S\$45.9 million as at 30 June 2018. The decrease mainly due to repayment of bank borrowings amounting to S\$2.5 million and repayment of finance lease of S\$0.1 million.

Capital, reserves and non-controlling interests

The decrease in shareholder's equity of S\$1.4 million mainly due to loss of S\$1.7 million during the period offset by the increase in translation reserve of S\$0.3 million.

Cash Flows

1Q FY2019 ended 30 June 2018

Net cash used in operating activities

In 1Q FY2019, we have operating cash outflows of S\$0.8 million from operating activities before changes in working capital.

Our net working capital outflow amounted to S\$5.5 million. This was mainly due to: (i) bank bills paid off of S\$4.3 million, (ii) an increase in trade receivables by S\$2.4 million, (iii) decrease in other payables of S\$1.2 million, (iv) an increase in other receivables by S\$0.2 million, and (v) repayment of provision of S\$0.2 million, offset by (i) a decrease inventories by S\$2.4 million result from sales during the normal course of business, and (ii) an increase in trade payable by S\$0.5 million.

We paid interest for bank bills and income tax of S\$0.1 million in total.

Overall, our net cash generated used in operating activities amounted to S\$6.4 million.

Net cash from investing activities

Net cash from investing activities amounted to S\$0.2 million in 1Q FY2019 mainly due to proceeds from net disposal of PPE of S\$0.3 million.

Net cash used in financing activities

Net cash used in financing activities amounted to S\$6.8 million in 1Q FY2019. This was mainly due to: (i) the repayment of bank borrowings and related interest of S\$4.0 million, (ii) repayment of loan from a third party of S\$2.0 million, (iii) the repayment of obligations under finance leases of S\$0.2 million, and (iv) restricted cash of S\$0.6 million due to covenant agreement with bank.

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

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

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

Gaylin Holdings Limited ("Gaylin"), a specialist provider of products, services, and solutions to the global offshore oil & gas and maritime industries, today announced it has narrowed its net loss by 47.4% to S\$1.7 million for the 3 months ended 30 June 2018 ("1Q FY2019")* as compared with the preceding quarter ended 31 March 2018 ("4Q FY2018"). This significant quarter-on-quarter (QoQ) improvement was achieved as the new management's revitalization strategies aimed at stabilizing Gaylin's business, realigning the cost base, and driving sales began to gain traction.

In 1Q FY2019, Gaylin's revenue decreased by only 2.2% QoQ to S\$15.2 million compared to 4Q FY2018. Rigging and lifting revenue declined by 0.8% QoQ largely due to completion of projects and lower activity levels, particularly in its Middle East operations. At the same time, ship chandling sales fell S\$500 thousand due to seasonal buying trends specifically linked to customers that have reduced activity and/or ceased projects, which Gaylin views as an isolated occurrence.

Gaylin has since taken swift action to boost its revenue. It has introduced a new pricing policy to promote sales of slow moving and aged inventory and appointed a new Middle East Regional Director based in Dubai, to spearhead business in its European and Middle Eastern markets. With its increased emphasis on regional business development, Gaylin has also secured additional new customers for its ship chandling segment.

As part of its operations and cost rationalization, Gaylin has listed a number of its owned properties in Singapore for sale and has also initiated the planned relocation of inventory to more cost-efficient storage sites. Gaylin is also actively exploring more cost-effective production capabilities for its business.

In addition, Gaylin has kickstarted integration planning for the proposed acquisition of Amos International to realize the full benefits.

While still early, the revitalization initiatives implemented by the executive management team to enhance Gaylin's financial stability and operational competitiveness have already begun to yield results as evident from the reduced net loss in 1Q FY2019. Going forward, we expect our competitiveness and capabilities in our major markets to further improve. Helmed by an experienced management team with proven track records in the global offshore and maritime sectors, we believe the Gaylin of today is well-placed to capitalize on opportunities as those markets strengthen.

In recent months, global oil prices have seen a rebound with per barrel oil price rising from below US\$30 in 2015 to over US\$70 causing an increasing sense of optimism across the global offshore services market as well as with Gaylin's management.

* Excludes allowance for slow moving and aged inventories and other non-recurring expenses.

11. Dividend

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

Nil

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

No

11(c) Date payable

Not applicable.

11(d) Books closure date

Not applicable.

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

Not applicable.

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

Not applicable as no IPT mandate has been obtained.

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

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

15. Negative confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 3 months ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

KYLE ARNOLD SHAW, JR

Executive Chairman

10 August 2018