



Trusted For Lifting & Rigging



THE BIG

GAYLIN HOLDINGS LIMITED
Annual Report 2014

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

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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. With a current staff strength of over 450 and approximately 1.4 million square feet of office, manufacturing and warehousing facilities in Singapore, Malaysia, Vietnam, Indonesia, China, South Korea, the United Arab Emirates (“the UAE”), Azerbaijan and Kazakhstan, the Group is a trusted one-stop service provider. Through our global network of offices, Gaylin serves 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).

For more information, please visit www.gaylin.com

**BUSINESS
SNAPSHOT**



WHAT WE DO

- Manufacture and supply of rigging and lifting equipment: Heavy lift slings and grommets, wire rope slings, crane wire, mooring equipment and related fittings and accessories
- Provide related services: Load testing, spooling services, rental services and other fabrication services
- Supply a wide range of ship stores and equipment to ships, oil rigs and offshore platforms

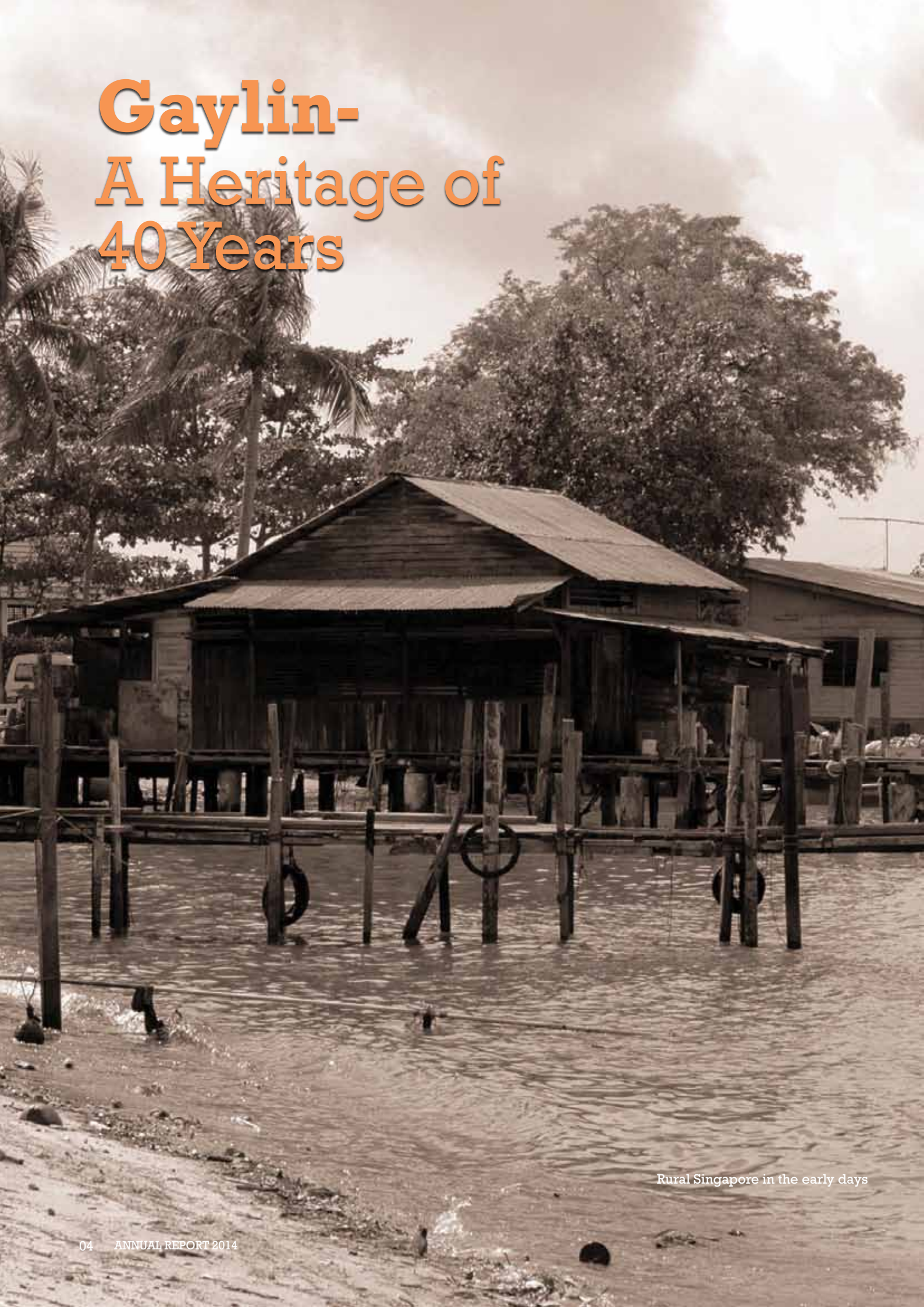
WHAT WE HAVE ACHIEVED

- 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)
- Enterprise 50 (E50) Award (2009)

WHERE WE ARE TODAY



Gaylin- A Heritage of 40 Years



Rural Singapore in the early days



BAND OF BROTHERS

The story of Gaylin began 40 years ago when five brothers growing up in the backwaters of rural Singapore came together to eke out a living for themselves. Like families living in kampongs in those days, the Teo brothers led a life beset by shortage and spent their childhood playing marbles after school while taking on odd jobs to get food on the table in the evenings. Together with their parents, who worked at a nearby rubber plantation stoking its burners and washing rubber sheets, and two sisters, the family of nine lived in a two-room attap house. Times were hard but the Teos took solace in simple happiness and being extremely tight-knit. To make some extra income, the whole family used to weave 3 metres by 3 metres cargo nets using ropes supplied by clients which they were paid S\$10 a piece for their workmanship, earning them around S\$80 a day.

Eldest brother and founder, Teo Bee Yen ("Bee Yen") first set up Gaylin in 1974 with a start-up capital of around S\$50,000. Gaylin Trading Company hand spliced and traded wire ropes and other related products out of a modest shophouse at Beach Road. Only 24 years old at the time and with little money to spare to hire staff, he roped in second brother Teo Bee Kheng ("Bee Kheng") and third brother Teo Bee Hoe ("Bee Hoe"), aged 20 and 18 years old respectively then, to handle all the production work. During those days, Gaylin could not afford to stock the plentiful inventory it now does. Instead, Bee Yen would buy wire rope and chandling supplies from stockists

only when an order came in to instantly resell it to Gaylin's customers, earning only a small middleman commission from the process.

Within a year from start-up, the three brothers managed to reap returns. Things were not easy though and most days, the brothers had to work tirelessly round-the-clock to handle sales, operational and administrative work. Determined to make a success of Gaylin, every cent counted to the brothers...which was why Bee Yen dived into the murky Kallang River once to recover a 60-kilogramme spool of wire rope when it accidentally fell in. That spool of wire rope was worth S\$550, a considerable sum at that time when the average monthly wage per person was around S\$330.

Straight after his National Service stint in 1979, 20-year-old Desmond Teo Bee Chiong ("Desmond Teo" or "Desmond") joined Gaylin. For over two years, he delivered wire ropes for the company, often waking up in the wee hours to deliver supplies to vessels by 5.00 am before the vessels set sail and thereafter working late into the evening. At first a monolingual Chinese speaker like his brothers, he quickly picked up English from these customers and honed his fluency. Witnessing his language ability and enthusiasm for work, Desmond was then tasked to handle sales by Bee Yen in 1982. Despite his humble educational background, Desmond had a keen eye for a good deal and a shrewd mind for business - not only did he excel at business development, he also had a vision to expand Gaylin's operations into the region.

One of his ideas was to directly procure and distribute quality products from suppliers from all over the world rather than go through a stockist, and in 1983, he made his first overseas trip to Korea to negotiate terms with

a manufacturer. Stemming from that initial successful business trip, Gaylin today carries products from over 20 brands worldwide and enjoys strong relationships with these suppliers. In 1985, he decided to expand the ship supply business to tap into the then booming global marine industry. Desmond wanted to establish direct relationships with vessel owners based overseas and for much of the 1980s, he travelled to countries like Greece and Norway to meet potential customers and built a network of contacts.

At the time when Gaylin was entering a phase of rapid-expansion, 19-year-old youngest brother, Steven Teo ("Steven"), was brought into the company in 1983 to handle ship supplies. In 1998, 24 years after he founded the company, Bee Yen decided to retire from Gaylin to pursue his passion of being a professional photographer and Desmond stepped up to manage the business. Bee Yen had no qualms at all about handing over the reins to Desmond and his siblings as he knew very well that their capabilities would hold the company in good stead.

True enough, 16 years later, and 40 years after it was first established, Gaylin became a public-listed company with a market capitalisation of around S\$250 million. It has a strong footprint in nine countries and is one of the largest and most trusted providers of rigging and lifting solutions to the offshore O&G industry globally.

ALWAYS BE HONEST

Growing up in rural Singapore left a deep impression on Desmond as it was then his character was forged and his moral compass defined - which is why he has always sought to do business in only the most ethical manner. When asked what the most important business philosophy was to

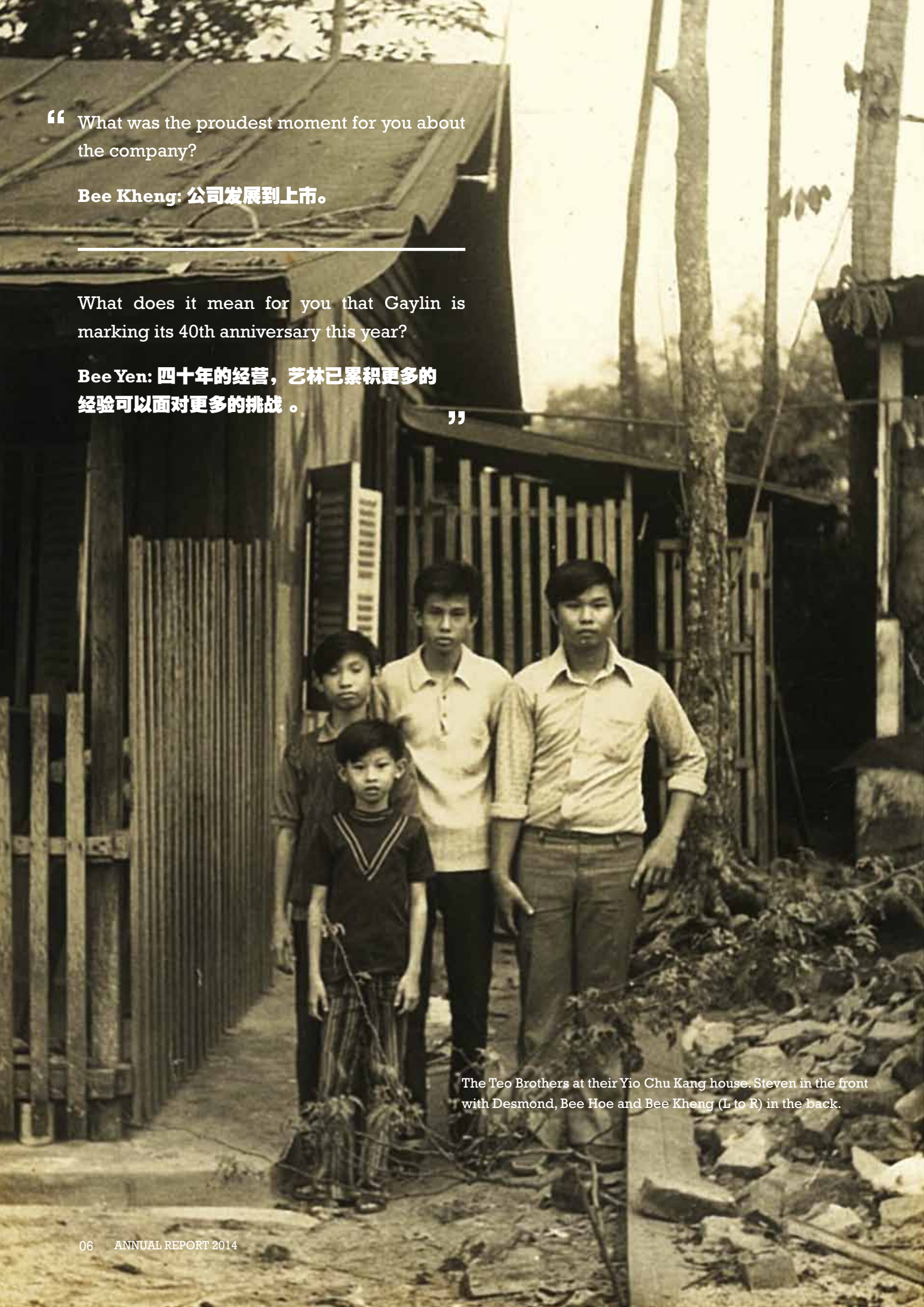
“ What was the proudest moment for you about the company?

Bee Kheng: 公司发展上市。

What does it mean for you that Gaylin is marking its 40th anniversary this year?

Bee Yen: 四十年的经营, 艺林已累积更多的经验可以面对更多的挑战。

”



The Teo Brothers at their Yio Chu Kang house. Steven in the front with Desmond, Bee Hoe and Bee Kheng (L to R) in the back.

him, Desmond's prompt reply was, "My parents told us to be honest in whatever we do and never ever cheat anybody no matter how tough circumstances were." In the 40 years since they started Gaylin, the Teo brothers have resolutely stuck to this advice, and kept Gaylin on a steady growth track even during the economic crises in Singapore. Along the way, they also made good friends among their business associates.

For Desmond, one of the toughest lessons learnt was in 1993 when two of Gaylin's major customers, who collectively owed the company S\$1.5 million in receivables, became insolvent and the amount had to be written off. This was a painful hit as at that time, Gaylin's annual turnover was only S\$20 million. From then on, the company took special care to limit its exposure to a single customer and adopted stringent checks to assess the credit worthiness of new customers. Today Gaylin has a well-diversified pool of over 800 customers to mitigate exposure risk to any one region, economy or customer.

Some of these customers have remained loyal clients of Gaylin for more than 10 years, not an easy feat considering the intense competition in the industry. In 1992, an Australian chief engineer phoned Desmond at around midnight with an emergency order - he required a few wire rope slings costing less than S\$1,000 early the next day. Unfazed by this last minute order or the small order size, Desmond calmly said "sure" and the slings were promptly delivered at 6.00 am in the morning. The engineer was so impressed with Gaylin's quick response time and commitment that he spread the word to many Australian O&G companies about Gaylin's capabilities. And to this day, he remains a supportive client and a good friend of Desmond.

FROM A FAMILY-RUN BUSINESS TO A GLOBAL COMPANY

The 1980s marked a period of significant expansion for Gaylin with the company relocating twice in four years to larger warehouses to accommodate its rapidly growing operations. More importantly, it was also the era when Gaylin began to gear its business towards the offshore industry on a global scale.

In the 1990s, Gaylin began evolving into a one-stop specialist provider of rigging and lifting solutions. It aggressively upgraded its fabrication facilities and capabilities as well as started manufacturing cable laid slings and grommets. By the end of the decade, Gaylin had expanded its suite of services to include load testing services, inspections and spooling services at its own premises, thus completing its evolution into a one-stop rigging and lifting specialist.

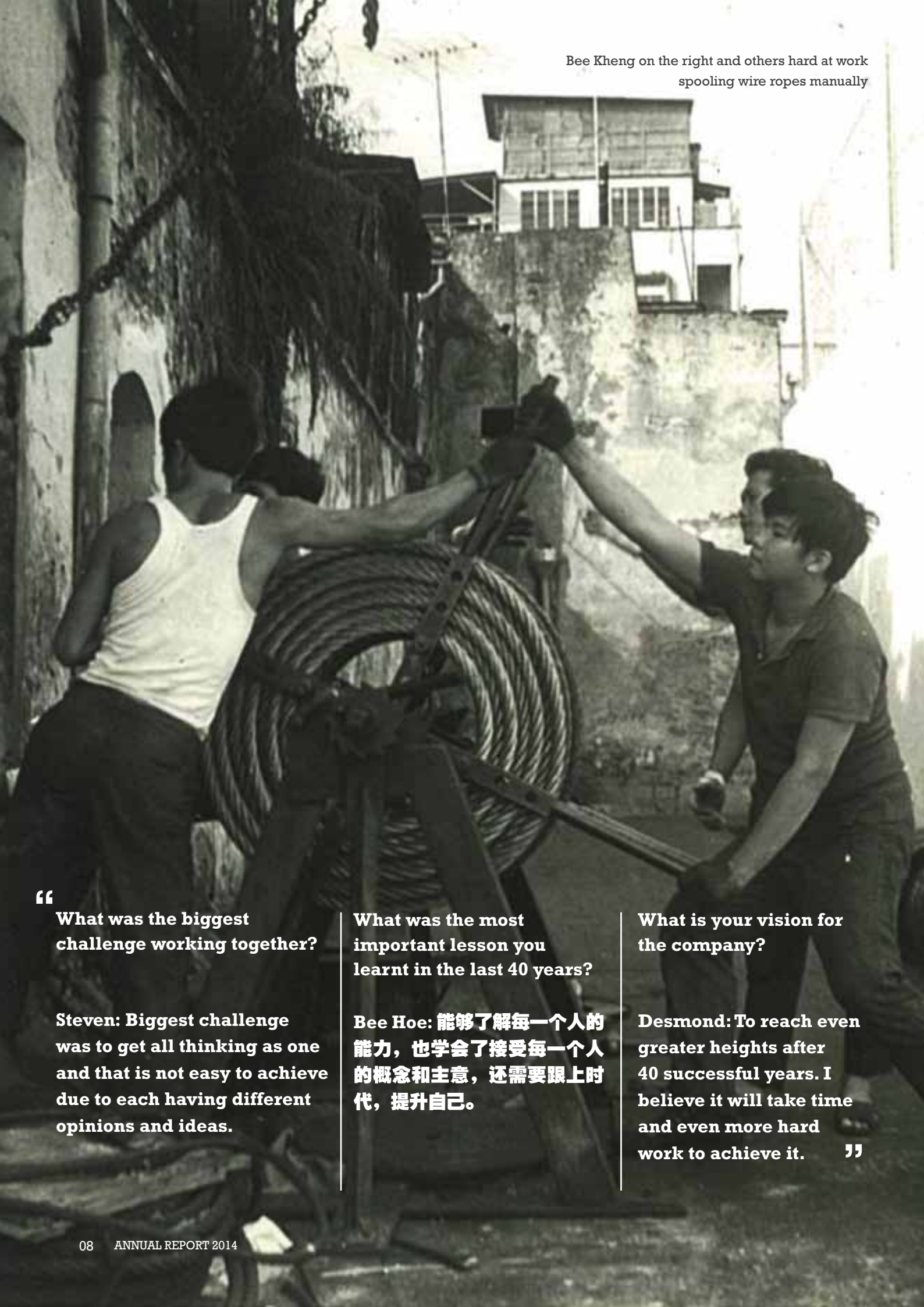
During the 2000s, Gaylin intensified its efforts to partner with international suppliers of top quality wire rope and related products, successfully increasing its portfolio of distributed brands from a handful in its early days to over 20 today. They included key brands like Samson Rope and Slingmax, whose distributorships were wrested by Gaylin from competitors in 2004 and 2007 respectively, amongst many other well-known brands. To this day, Gaylin remains the Number 1 customer in Asia for some of these brands.

To house its growing business, Gaylin moved to its current headquarters at 7 Gul Avenue in 2004. In 2008, Gaylin made its first overseas foray and successfully set up operations in Vietnam and followed that with new facilities in Malaysia and China in 2012 and 2013 respectively. To date,

Gaylin has approximately 1.4 million square feet of office, manufacturing and warehousing space in its network, making it one of the largest players of its kind in the region.

On 25 October 2012, Gaylin became a public company on the Mainboard of the SGX-ST and leveraged on its listed status to expand more aggressively in the Asia Pacific and beyond. Since then, the company has grown even more dynamically in size and market presence through a combination of organic growth and strategic acquisitions.

Gaylin has come a long way from its modest beginnings. Looking back on the last 40 years, Desmond and his brothers are thankful for Gaylin's many achievements. Despite being in this line for 40 years, they remain as energised and motivated as ever about the Group's prospects as they did in the early days when they first established the business. Underlining this passion, Desmond is in the office before 7 am every day and has memorised the prices and dimensions of every product in Gaylin's sales catalogue. Just as they have done so for the last 40 years, the Gaylin team will continue to give their best to deliver value to all stakeholders going forward.



“
What was the biggest challenge working together?

Steven: Biggest challenge was to get all thinking as one and that is not easy to achieve due to each having different opinions and ideas.

What was the most important lesson you learnt in the last 40 years?

Bee Hoe: 能够了解每一个人的能力，也学会了接受每一个人的概念和主意，还需要跟上时代，提升自己。

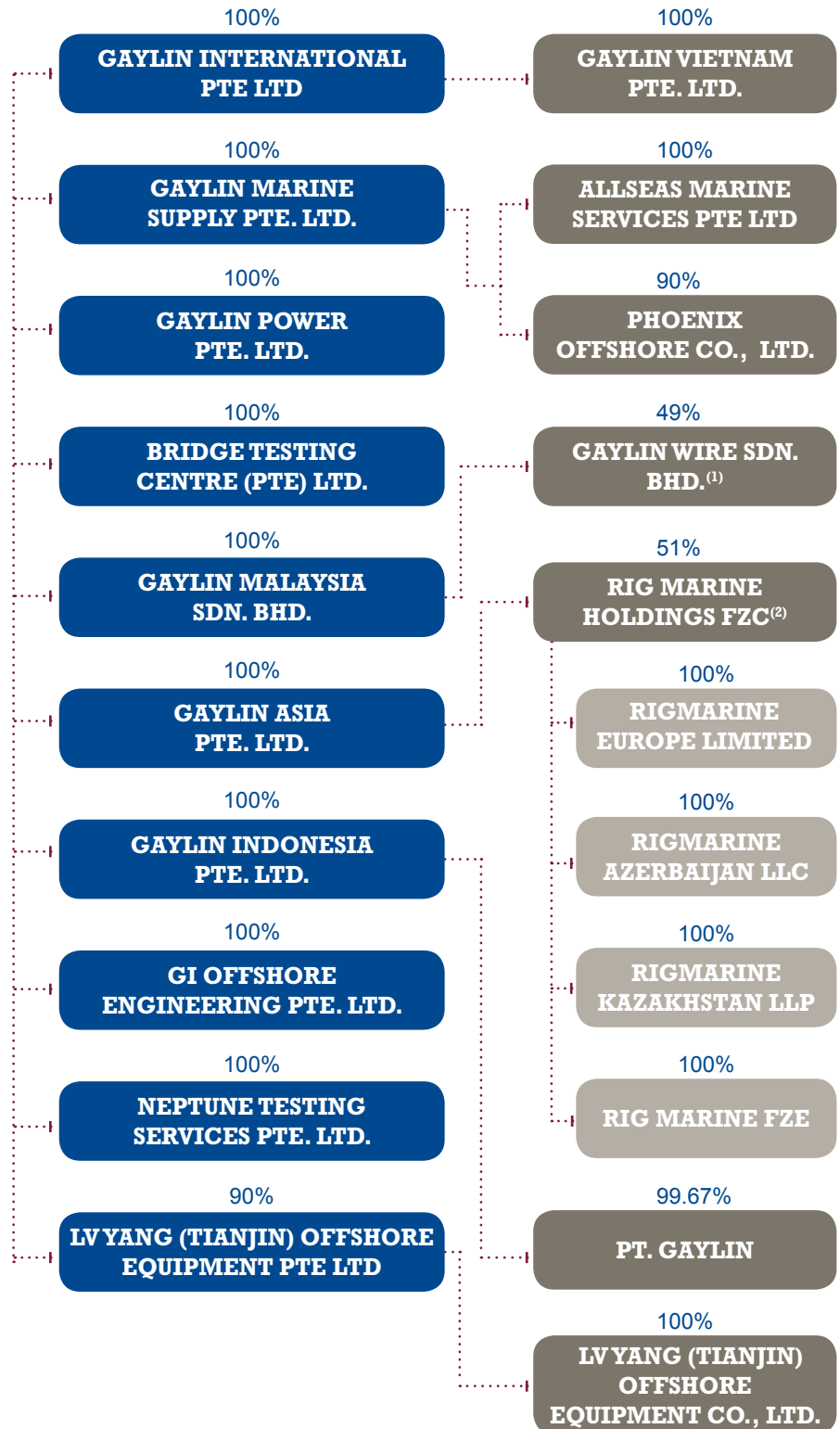
What is your vision for the company?

Desmond: To reach even greater heights after 40 successful years. I believe it will take time and even more hard work to achieve it. ”

CORPORATE STRUCTURE



Trusted For Lifting & Rigging
GAYLIN HOLDINGS LIMITED



⁽¹⁾ Gaylin Wire Sdn. Bhd. was set up in May 2014.

⁽²⁾ The Group has completed its acquisition of a 51% stake in Rig Marine Holdings FZC in June 2014.

BOARD OF DIRECTORS



1

ANG MONG SENG BBM 1

Independent Non-Executive Chairman

Date of appointment: 26 September 2012

Date of last re-appointment: 10 October 2012

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 its General Manager from 1988 to 1997. He was a former Member of Parliament for the Bukit Gombak Single Member Constituency from 1997 to 2001 and Hong Kah Group Representation Constituency from 2001 to 2011. He also served as Chairman for the Hong Kah Town Council from 1997 to 2011 and was a member of the House Committee in Parliament until 2011 when he retired from politics. He is currently an independent director of SGX-ST listed companies United Fiber System Ltd, ecoWise Holdings Limited, 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.



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DESMOND TEO PBM 2

Executive Director and Chief Executive Officer (CEO)

Date of appointment: 25 February 2010

Date of last re-appointment: 10 October 2012

Mr Desmond Teo, an offshore O&G industry veteran with 35 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 the honorary president of the Singapore Ship-Chandlers Association and received the Public Service Medal (Pingat Bakti Masyarakat) from the President of Singapore in 2010.



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TEO BEE KHENG 3

Executive Director and Chief

Operating Officer (COO)

Date of appointment: 25 February 2010

Date of last re-appointment: 23 July 2013

Mr Teo Bee Kheng joined the Group in 1974 and 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. He also assists the Group's Executive Director and CEO in managing the Group's day-to-day business operations. He brings with him 40 years of operational experience in the supply of rigging and lifting equipment and related services.

TEO BEE HOE 4

Executive Director and Deputy 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 40 years of operational experience in the supply of rigging and lifting equipment and related services. His role and responsibilities overlap and are complementary to Mr Teo Bee Kheng's. Together, they lead the Group's production department.

WU CHIAW CHING 5

Independent 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 6

Independent 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 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 7

Independent 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 and a Fellow of the Association of Chartered Certified Accountants having been admitted in 1995 and 1997 respectively. 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.

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

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. He is a member of the Singapore Institute of Surveyors

and Valuers and the Singapore Institute of Directors. He was conferred the Public Service Medal (Pingat Bakti Masyarakat) in 1997 and the Public Service Star (Bintang Bakti Masyarakat) in 2004 for his service to the community.

GOH GUAT BEE

Chief Financial Officer (CFO)

Ms Goh Guat Bee joined the Group in March 2011 and is responsible for the Group's 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.

JESSICA TEO

Marketing and Sales Director

Ms Jessica Teo joined the Group in June 2003 and leads its Marketing and Sales Department. Her responsibilities include assisting the CEO in formulating marketing and sales strategies, conducting marketing activities to promote the Group's products and services to local and overseas markets, as well as sourcing sales opportunities. She began her career in 2001 as an assistant manager responsible for marketing function in PSA Singapore. She holds a Bachelor of Social Sciences with Honours (Economics Major) from the National University of Singapore.

BOARD OF DIRECTORS

Ang Mong Seng
(Independent Non-Executive Chairman)

Desmond Teo
(Executive Director and CEO)

Teo Bee Kheng
(Executive Director and COO)

Teo Bee Hoe
(Executive Director and Deputy COO)

Wu Chiaw Ching
(Independent Director)

Ng Sey Ming
(Independent Director)

Lau Lee Hua
(Independent 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

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
Chartered Accountants Singapore
6 Shenton Way, OUE Downtown Two,
#32-00
Singapore 068809
Partner-in-charge: Ong Bee Yen
Date of Appointment: 25 October 2011

REGISTERED OFFICE

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WEBSITE

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INVESTOR RELATIONS

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MESSAGE TO SHAREHOLDERS



“This year is a special one for Gaylin as we celebrate 40 transformational years. What began as a small trading establishment with just five employees in 1974, is now a listed company with over 450 employees, operations in nine countries and a market capitalisation of around S\$250 million.”

– **Desmond Teo** PBM

DEAR SHAREHOLDERS,

It has been another exciting year for Gaylin since our Mainboard listing on the SGX-ST on 25 October 2012. Our growing footprint around the region reflects the strength of our core businesses and the quality of our portfolio. Despite uncertainties clouding the global economy, Singapore and Asia proved resilient and Gaylin continues to deliver healthy earnings.

A SIGNIFICANT MILESTONE

This year is a special one for Gaylin as we celebrate 40 transformational years. What began as a small trading establishment with just five employees in 1974, is now a listed company with over 450 employees, operations in nine countries and a market capitalisation of around S\$250 million. Our office and manufacturing facilities in Singapore, Malaysia, Vietnam, Indonesia, South Korea, China, the UAE, Azerbaijan and Kazakhstan span an aggregate area of approximately 1.4 million square feet compared to 300 square feet when the Group first started.

Over the years, our Group has grown and thrived because we have deployed the right people and processes that have delivered the high standards of quality and service that Gaylin has come to be known for. Through hard work and sheer perseverance, we have earned ourselves a reputation as one of the largest and well-renowned Singapore-based multi-disciplinary specialist providers of rigging and lifting solutions to the global O&G industry.

Riding on this high note, I am pleased to present Gaylin's annual report for the financial year ended 31 March 2014 ("FY2014").

RECORD REVENUE IN FY2014

FY2014 was an outstanding year for the Group. Not only did we extend the Gaylin brand to more countries, we also achieved record revenue of S\$96.3 million, a 24.9% increase over S\$77.1 million recorded in the preceding financial year ("FY2013"). This improved topline was mainly contributed by our ship chandling segment resulting from the strategic acquisitions of Allseas Marine Services Pte Ltd ("Allseas Marine") and Phoenix Offshore Co., Ltd. ("Phoenix Offshore"), as well as from the continued robust performance of our rigging and lifting business. On the back of this record revenue, we posted a 10.9% improvement in net profit attributable to shareholders of S\$11.6 million in FY2014.

DIVIDEND PAYOUT OF 33.4%

In line with our sterling FY2014 performance, the Board is pleased to recommend a first and final cash dividend of 0.9 Singapore cents per share

for FY2014. This translates to a dividend payout of 33.4% as at 31 March 2014, which is aligned to what we had stated during our Initial Public Offering (“IPO”).

GROWTH THROUGH ACQUISITIONS AND COLLABORATIONS

Over the past one year, Gaylin further entrenched its footprint in new and existing markets including Malaysia, Indonesia, China, South Korea, the UAE, Azerbaijan and Kazakhstan with the objective of providing better service to our large and growing base of customers.

In Malaysia, our Tanjung Langsat facility has commenced operations since December 2013. At 103,145 square feet, this facility has the largest test bed in South East Asia with a capacity of 3,000 tonnes and an effective testing length of up to 80 metres. Following this in April 2014, Gaylin paved the way for further expansion in Malaysia by accepting a letter of offer for a 30-year lease on a neighbouring plot of land in Tanjung Langsat that spans 439,956 square feet. In a bid to expand its rigging and lifting operations in the Asia Pacific, we have also recently set up Gaylin Wire Sdn. Bhd. in partnership with Husky Enviro Services Sdn. Bhd., a provider of waste and environmental services to the O&G industry sector in Malaysia.

These important moves bring Gaylin closer to the active O&G key players in Malaysia which in turn allow us to react faster and more cost effectively to market demands in the area. And it does not stop there.

Our successful acquisition of Lv Yang (Tianjin) Offshore Equipment Co., Ltd. (“Lv Yang”) in July 2013 has laid the foundation for the Group to expand into the Bohai area in China, where major O&G players are present. China, the world’s second largest economy, expects to see its oil demand pick up as China’s urbanisation accelerates, spurring its domestic consumption.

Looking beyond the Asia Pacific, the Group has completed the acquisition of

a 51% stake in Rig Marine Holdings FZC (“Rigmarine”) in June 2014, gaining an additional springboard into the Middle East and the Caspian Sea region, areas with booming O&G sectors, as well as healthy investment return potential.

During the course of FY2014, Gaylin had also set up a subsidiary in Indonesia to explore O&G growth opportunities in the market. With its domestic oil demand outpacing its supply, Indonesia is expected to attract more investments to ramp up oil production, potentially creating more demand for the Group’s products and services.

From these strategic outposts, Gaylin will be able to better serve a larger and more diverse base of offshore O&G customers spanning Asia, Oceania, Europe, the Middle East and Africa, many of whom are blue-chip names. Notably, some of these customers have been with Gaylin for more than 10 years, thanks largely to the trust, speed and quality that Gaylin delivers.

Having rapidly expanded our geographical footprint in the last two years, we now set our focus on deriving value from our acquisitions by further integrating the newly-acquired businesses and optimising operations to achieve better synergies for the Group. That said, we will continue to look out for suitable opportunities to expand into Asia and other markets that are both complementary and synergistic to our business.

INDUSTRY OUTLOOK AND BUSINESS STRATEGIES

Recent reports have shown that the Southeast Asian upstream O&G sector is poised to see a flurry of activities as countries in this region are looking to encourage exploration more aggressively. The Asian market is forecast to see a 54% increase in expenditure for offshore O&G infrastructure over the next five years, with Southeast Asia driving the demand in the region⁽¹⁾. Malaysia and China were highlighted as two countries in the Asia-Pacific region that are likely to drive global economic

growth as well as global energy demand in the years to come.

The Malaysian O&G industry has been given strong government support through the introduction of favourable taxes and non-taxes incentives for the downstream segment, which is anticipated to have a positive effect on upstream activities. It is also likely that Malaysia can dominate the region’s offshore infrastructure capital expenditure levels over the next five years by leveraging on its strategic geographical location to increase offshore production. In addition, exploration and production capital expenditure in the Middle East is expected to grow 14.4% in 2014, the highest among all regions⁽²⁾.

With our growing presence in these markets, these statistics reinforce that Gaylin’s business expansions are on the right track, especially when demand for our products and services is closely linked to the offshore O&G sector. Moreover, our business generally moves in tandem with the level of exploration, development and production activities in the upstream energy value chain.

IN APPRECIATION

At this juncture, I would like to thank our directors, my management team and staff who have worked tirelessly during the year. Without your dedication, commitment and enthusiasm, we would not have made such progress and achievement over the last 40 years.

Together with the continued support from my business partners, customers and suppliers, I am confident we will be able to continue to transform Gaylin to where we would like it to be – scaling greater heights, breaking new boundaries and delivering more value to our shareholders.

Yours sincerely,

DESMOND TEO PBM

Executive Director and
Chief Executive Officer

⁽¹⁾ *Offshore Asia Oil and Gas Market Report to 2017*, ©Infield Systems Limited 2013.

⁽²⁾ *Global 2014 E&P Spending Outlook*, Barclays, 9 Dec 2013.

BUSINESS HIGHLIGHTS

SUCCESSFUL EXPANSION ACROSS ASIA

Malaysia

With a booming domestic O&G market and its close proximity to Singapore, Malaysia has been one of Gaylin's key markets over the past few years. In FY2014, the Group made rapid progress and continues to gear up for further expansion, placing it in a strong position to capture the burgeoning demand in this sizeable O&G market.

Operations at the Tanjung Langsat facility in Johor has commenced in December 2013. Further underscoring the Group's continued confidence in this market, it accepted a letter of offer for a 30-year lease on a neighbouring plot of land that spans 439,956 square feet in April 2014. This new facility will provide a platform from which the Group can expand its future operations.

As part of Gaylin's on-going plan to expand its rigging and lifting operations in the Asia Pacific, the Group also set up Gaylin Wire Sdn. Bhd. with Husky Enviro Services Sdn. Bhd., a provider of waste and environmental services to the O&G industry in Malaysia, in May 2014.

South Korea

A key O&G and shipping market in the North Asia, South Korea has traditionally been difficult for foreign players to penetrate. In August 2013, Gaylin took a 90% stake in Phoenix Offshore, a ship chandler company. This strategic move provided a gateway for Gaylin to effectively break into this market and enabled it to develop and deepen working relationships with customers there.

China

China expects to see its oil demand pick up as urbanisation accelerates, spurring its domestic consumption. Against

this landscape, Gaylin completed the acquisition of Lv Yang in July 2013, successfully laying the foundation for the Group to expand into the Bohai area in the future, where many major O&G players are present.

The Middle East

The Middle East, one of the world's key oil production regions, plays a strategic role in Gaylin's long term plans. It is geographically near some of the fastest growing economies in Africa, as well as the established European market.

Gaylin completed its acquisition of a majority 51% stake in Rigmarine in June 2014. This marks a significant milestone for the Group as it is the first acquisition it has made outside the Asia Pacific and extends the range and scope of services provided by the Group.



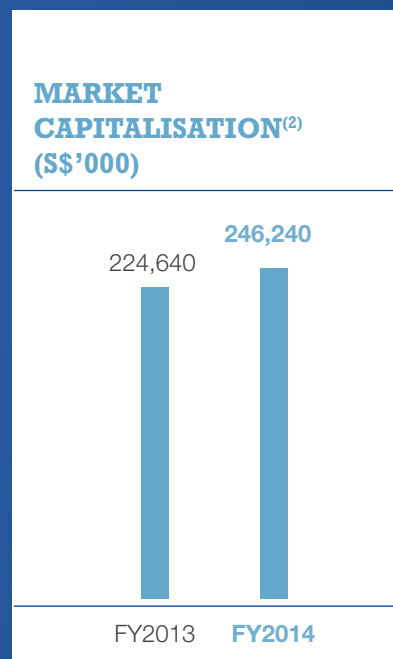
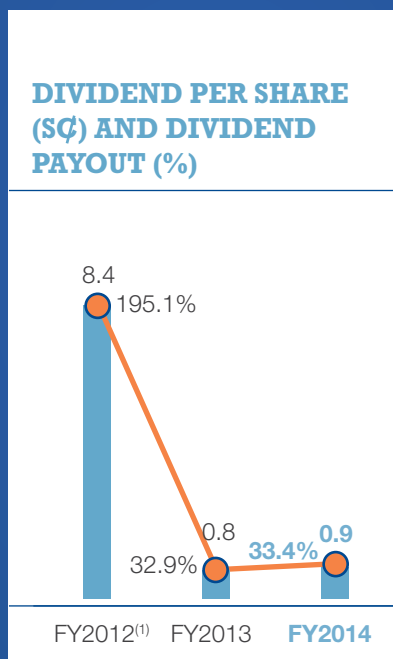
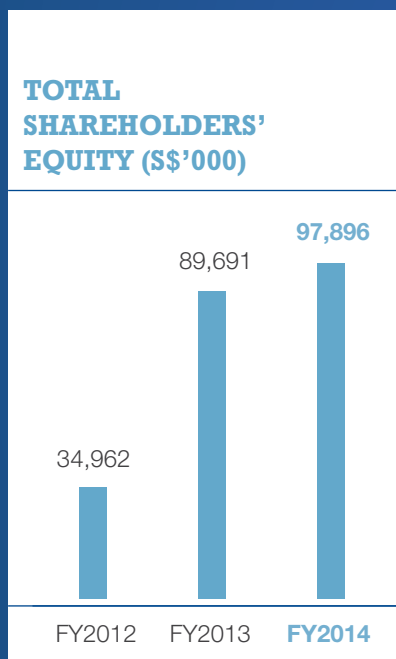
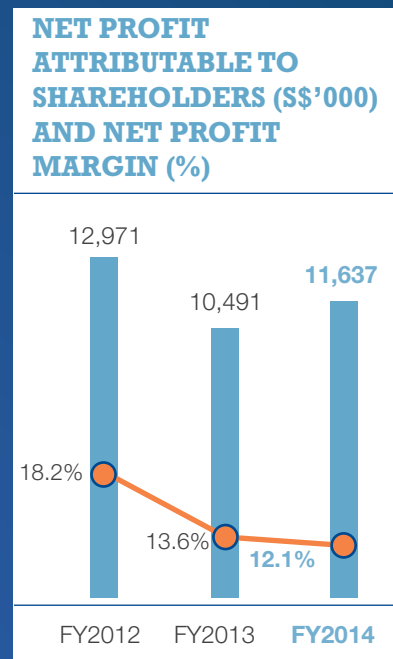
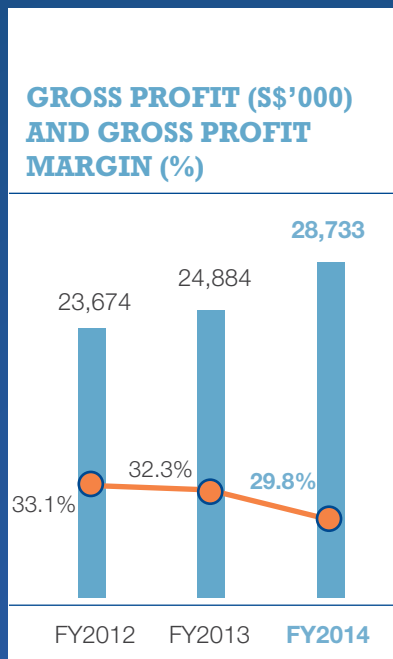
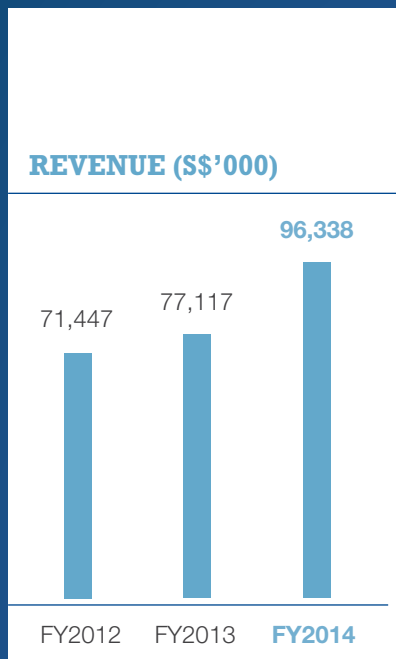
Based in the UAE, Rigmarine has operational bases in Baku, Azerbaijan and Aktau, Kazakhstan. The company is a prominent player in the Caspian Sea region, providing rigging, inspection, training and project engineering services including deep water mooring systems and rental of mooring equipment, winches and spooling equipment. Given its experienced management team with strong technical knowledge, Rigmarine will provide additional depth and further strengthen Gaylin's management team.

With many of the major oil companies and offshore contractors in its client base, Rigmarine has considerable growth potential throughout the Middle East, Africa and Europe. This potential is enhanced with the infusion of additional cash resources and access to the broad range of products that Gaylin brings. In addition, there will be growth opportunities by tapping into Gaylin's existing network of markets where Rigmarine's offerings will be promoted as a new range of services.

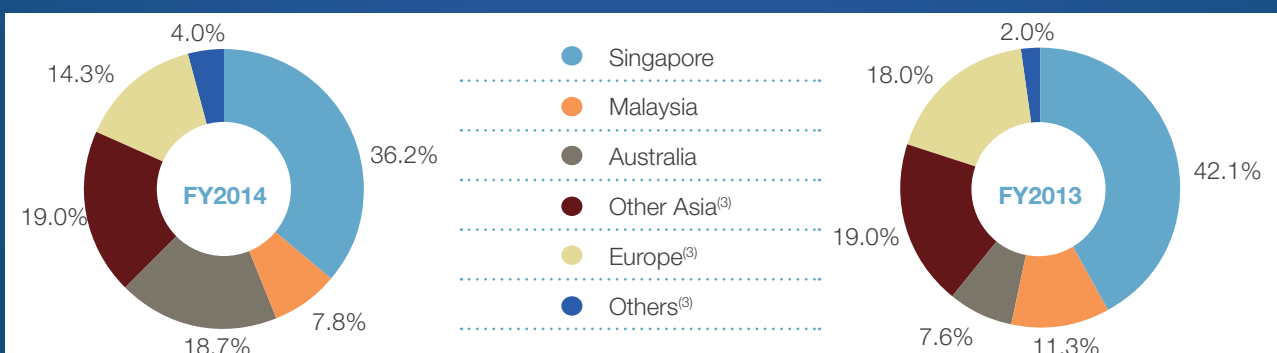
“ Through strategic acquisitions, Gaylin expanded our network from three countries last year to nine in 2014 and grew our office and manufacturing facilities almost three folds from around half a million square feet to almost 1.4 million square feet. Our newly established presence in Indonesia, South Korea, China, the UAE, Azerbaijan and Kazakhstan puts us in an advantageous position to capitalise on opportunities in the offshore O&G as well as ship chandling business. ”



FINANCIAL HIGHLIGHTS



REVENUE BREAKDOWN BY LOCATION OF CUSTOMERS (%)



⁽¹⁾ For comparative purpose only as the Company was listed on 25 October 2012.

⁽²⁾ Based on closing price on 31 March of each respective year end.

⁽³⁾ Includes revenue from customers in countries that individually account for less than 10% of Group revenue.

OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

Net profit attributable to shareholders rose 10.9% to S\$11.6 million for FY2014 on the back of a record revenue of S\$96.3 million.

The improved topline was largely thanks to the strategic acquisitions of Allseas Marine and Phoenix Offshore by the Group in the last two years which significantly boosted its ship chandling revenue. The Group's rigging and lifting business also performed robustly, particularly sales from Australia and Other Asia.

	(S\$'000)	FY2014	FY2013	Change (%)
Revenue		96,338	77,117	24.9
Cost of sales		(67,605)	(52,233)	29.4
Gross profit		28,733	24,884	15.5
Other income		379	207	83.1
Distribution costs		(3,890)	(2,900)	34.1
Administrative expenses		(9,602)	(7,566)	26.9
Other operating expenses		(677)	(319)	112.2
Interest expense		(1,761)	(1,834)	(4.0)
Profit before income tax		13,182	12,472	5.7
Income tax expense		(1,621)	(1,981)	(18.2)
Profit for the year		11,561	10,491	10.2
Attributable to:				
Shareholders of the Company		11,637	10,491	10.9
Non-controlling interests		(76)	-	NM

↑ Revenue: Mainly due to higher revenue from the ship chandling segment as a result of the acquisitions of Allseas Marine and Phoenix Offshore and contribution from the rigging and lifting segment.

↑ Gross profit: In line with higher revenue in FY2014. Gross profit margin: Decreased from 32.3% in FY2013 to 29.8% in FY2014 as sales of lower margin products formed a higher proportion of the revenue in FY2014.

↑ Other income: Due to gain on disposal of motor vehicles of S\$0.2 million in FY2014.

↑ Distribution costs: Mainly due to higher staff-related cost as the Group increases headcount to support business expansion.

↑ Administrative expenses: Mainly due to an increase in staff cost of S\$1.8 million to support business expansion; an increase in professional fees of S\$0.4 million including audit fees, director fees and other professional related fees; increases in depreciation, entertainment expenses, travelling expenses, rental related expenses, while partially offset by a decrease in IPO expense of S\$0.9 million.

↑ Other operating expenses: Due to higher foreign exchange loss incurred resulting from appreciation of USD and Euro against SGD.

↓ Interest expense: Mainly due to repayment of term loan.

↑ Profit before income tax: Mainly due to higher revenue partially offset by higher costs.

NM denotes "not meaningful".

Analysis of Revenue by Segments

Revenue breakdown by business segments

(S\$'000)	FY2014	FY2013	Change (%)
Rigging and Lifting	79,711	71,376	11.7
Ship Chandling	16,627	5,741	189.6

The Group has two business segments comprising its Rigging and Lifting business and Ship Chandling business. Rigging and Lifting business is the main contributor, accounting for 82.7% and 92.6% of the Group's total revenue in FY2014 and FY2013 respectively. With the acquisition of Allseas Marine and Phoenix Offshore, revenue from Ship Chandling business increased from S\$5.7 million in FY2013 to S\$16.6 million in FY2014 and accounted for a higher percentage of total revenue at 17.3% in FY2014, compared to 7.4% in FY2013.

OPERATING AND FINANCIAL REVIEW

Revenue breakdown by location of customers

Gaylin's main geographical markets are Singapore, Malaysia, Australia, Other Asia, Europe and Others. The Group typically experiences a fluctuation in revenue contribution from each customer in each financial year due to the project-based nature of the Group's 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 FY2014, sales to the Group's Australia-based customers increased by S\$12.1 million mainly due to projects for our existing and new customers based in Australia. Sales to Gaylin's customers based in Singapore, Other Asia and Others rose by S\$2.5 million, S\$3.6 million and S\$2.3 million respectively as we clinched more orders from our existing and new customers in these regions. On the other hand, revenue contribution from Malaysia decreased by S\$1.2 million mainly due to the project-based nature of some of the Group's key customers.

FINANCIAL POSITION

Current assets ↑ by S\$19.7 million to S\$173.4 million: Mainly due to increases in inventories of S\$20.8 million in anticipation of market demand; higher other receivables of S\$2.3 million mainly due to an estimated receivable of S\$1.2 million relating to the acquisition of Lv Yang as the first default payment for not meeting the profit guarantee; and partially offset by a decline in trade receivables of S\$0.8 million and lower cash and bank balances of S\$2.6 million.

Non-current assets ↑ by S\$3.5 million to S\$14.7 million: Mainly from higher fixed assets cost of S\$3.0 million and goodwill of S\$0.4 million resulting from the acquisition of Lv Yang.

Current liabilities ↑ by S\$14.1 million to S\$72.4 million: Mainly due to an increase in bank borrowings of S\$13.5 million; an increase in trade payables of S\$0.2 million; and an increase in other payables of S\$0.8 million, while partially offset by a decline in finance leases of S\$0.3 million and lower income tax payable of S\$0.2 million.

Non-current liabilities ↑ by S\$0.9 million to S\$17.8 million: Mainly due to an increase in finance leases.

(S\$'000)	As at 31 Mar 2014	As at 31 Mar 2013	Change (%)
Total Assets	188,189	165,028	14.0
Cash and cash equivalents	18,824	21,408	(12.1)
Trade receivables	26,595	27,421	(3.0)
Other receivables and prepayments	3,167	860	268.3
Inventories	124,862	104,058	20.0
Property, plant and equipment	14,028	10,980	27.8
Club memberships	76	76	-
Intangible asset	165	225	(26.7)
Goodwill	444	-	NM
Deferred tax assets	28	-	NM
Total Liabilities	90,293	75,337	19.9
Trade payables	16,628	16,417	1.3
Other payables	2,093	1,311	59.6
Current portion of bank borrowings	51,217	37,690	35.9
Current portion of finance leases	737	1,011	(27.1)
Income tax payable	1,773	1,956	(9.4)
Bank borrowings	15,613	15,758	(0.9)
Finance leases	1,741	928	87.8
Deferred tax liabilities	491	266	84.6
Total Equity	97,896	89,691	9.1

Cash and Cash Equivalents

The Group's cash position as at 31 March 2014 decreased by S\$2.6 million to S\$18.8 million as compared to S\$21.4 million as at the end of FY2013.

	(S\$'000)	FY2014	FY2013
S\$16.0 million of net cash was generated from operating activities before changes in working capital. Net working capital outflow amounted to S\$12.8 million, resulting in S\$3.2 million of net cash from operating activities.	Net cash from (used in) operating activities	3,204	(11,770)
Net cash used in investing activities of S\$2.6 million mainly due to the purchase of property, plant and equipment of S\$2.0 million and acquisition of subsidiaries of S\$1.2 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.6 million.	Net cash used in investing activities	(2,599)	(3,096)
Net cash used in financing activities of S\$3.2 million mainly due to dividend paid of S\$3.5 million; the repayment of bank borrowings and related interest of S\$2.7 million; and the repayment of obligations under finance leases of S\$1.4 million, partially offset by increase in bank borrowings of S\$4.4 million.	Net cash (used in) from financing activities	(3,155)	32,071
	Net change in cash and cash equivalents	(2,550)	17,205
	Cash and cash equivalents at end of financial year	18,824	21,408

SHAREHOLDERS' RETURNS

For FY2014, the Group declared a total dividend of 0.9 Singapore cents per share, which represented a payout ratio of 33.4%⁽¹⁾.

UPDATE ON USE OF IPO PROCEEDS

Use of Net Proceeds	Allocation of Net Proceeds (S\$'000)	Net Proceeds utilised as at 31 March 2014 (S\$'000)	Balance of Net Proceeds as at 31 March 2014 (S\$'000)
Expansion of operations into Asian and/or other markets	20,000	5,399	14,601
Expansion of operations into Malaysia	2,000	1,833	167
General working capital	21,042	21,042	-
Total	43,042	28,274	14,768

BREAKDOWN OF GENERAL WORKING CAPITAL

Use of Net Proceeds	(S\$'000)
Inventories	7,778
Trade and other payables	11,497
Income tax	1,767
Total	21,042

⁽¹⁾ Based on 432 million shares as at 31 March 2014. Including the additional 6 million shares issued on 13 June 2014, the payout ratio will be 33.9%.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Gaylin is committed to achieving growth responsibly and sustainably and our business is conducted in a way that best serves the interests of our stakeholders - the Community, the Environment, our Employees, our Shareholders and Business Partners. Underscoring our 100 per cent commitment to Corporate Social Responsibility ("CSR"), Gaylin was awarded the PSME 500 "Corporate Social Responsibility Achievement" award under the "Outstanding Achievement Award Category" in 2012.

COMMUNITY INITIATIVES

Our CEO and Deputy CEO have both received prominent Public Service accolades for their many years of social and community services in Singapore. Taking the lead from them, Gaylin is an active supporter of many community initiatives aimed at helping the elderly and disadvantaged in Singapore such as funding for the care of elderly folks and education for children from less privileged homes. Our adopted beneficiaries for the year include:

- Assisi Hospice
- Boon Lay Garden Primary School
- Church of St Vincent De Paul
- Jurong Secondary School
- Juying Primary School
- Kwang Eng Health Care Centre
- Kwong Wai Shiu Hospital
- Maha Karuna Buddhist Society
- Mahabodhi Monastery
- Phuket Oilfield Classics
- POSB Passion Run for Kids Fund
- Ren Ci Hospital
- Saint Andrew's Secondary School
- SC Cultural & Education Network
- SGX Bull Charge Run
- Shan You Counselling Centre
- Singapore Amoy Association



CEO Desmond Teo receiving the Public Service Medal from the President of Singapore in 2010

- Singapore China Business Association
- Singapore Heart Foundation
- Singapore Ship Chandlers Association
- The UOB Heart Beat
- Touch & Care Community Services
- Yew Tee CCC

During the year, Gaylin sponsored five units of air coolers to the Kwong Wai Shiu Hospital to help patients cope with the haze problem in Singapore which affected their health as not all the wards are air-conditioned. With the installation of air coolers, the hospital is now able to close the windows and doors to prevent the haze from entering the wards. Kwong Wai Shiu Hospital was established in 1910 and is one of the oldest charity hospitals in Singapore today. Their facilities include an In-patient Department, a Rehabilitation Centre and a Traditional Chinese Medicine Centre.

In July 2013, Gaylin took part in a charity rice auction in support of a fund raising for a Silver Wellness Centre in Yew Tee Constituency, which aims to provide a place for the elderly to

congregate, exercise or partake in the centre's activities. Gaylin also sponsored a lunch in December for 400 senior citizens from the various homes organised by the Singapore Ship-Chandlers Association to enable them to come together for the festive celebrations. In addition, Gaylin has been a key sponsor of the Phuket Oilfield Classics for many years. The annual charity golf event is to raise fund for the orphanage and building of school after the tsunami that hit Phuket in 2001.

INITIATIVES FOR A SUSTAINABLE ENVIRONMENT

Care for the environment is also an essential part of CSR for us and we do our part to reduce Green House Gas and CO₂ emissions for a greener and cleaner environment. As part of our on-going efforts, we use Solacoat on our buildings to conserve and improve energy efficiency.

COMMITMENT TO EMPLOYEES

As at 31 March 2014, Gaylin has 246 full-time employees of which 190 are based in Singapore and the rest from our other offices in Malaysia, Vietnam



CEO Desmond Teo with Mr Alex Yam, MP for Choa Chu Kang GRC, at the Yew Tee Fund Raising Dinner for the Silver Wellness Centre

and China. We view them as one of our most important assets and as such Gaylin is very much focused on employee workplace safety and social well-being.

Staff Development and Training

All new employees are required to undergo on-the-job training under a senior staff who trains and equips them with the necessary knowledge and practical skills to perform their tasks.

Our operations personnel are required to undergo compulsory training on safety and product handling as our products are used in areas where safety standards are stringent. All operations personnel are also required to undergo compulsory in-house basic training to operate splicing and testing machines. Selected operations personnel are sent for external training to operate splicing and testing machines for certain products. When we acquire new products, the supplier of these products will also send trainers to train our warehouse and operations personnel on the operation of these new products.

On-the-job training is also provided for our non-operational personnel

in the area of general management, finance, communications and any other relevant areas. This allows them to improve their work performance in their respective business units.

The courses conducted by external agencies that our employees attended include:

- Basic Offshore Safety Induction Emergency Course
- Crane Erector Course
- DNV Business Assurance Course
- Lifting Gear Course
- Lifting Supervisor Course
- Rigging Operation Course
- Safety Instruction Course
- Signalman and Rigger Course
- Splicer Qualification Course
- Warehouse and Storage Safety Course
- Safety Orientation Course
- WSQ Operate Forklift Course

Workplace Safety & Health

Workplace Safety and Health (“WSH”) policies are fully integrated into the daily business operations of Gaylin. We are committed to prevent ill health and injury in and around the workplace

and are dedicated to maintain the WSH of all employees, suppliers / contractors, customers, neighbours, visitors and other stakeholders. Our commitment to WSH is supported by top management and is the individual and collective responsibility of all employees.

As part of our WSH programme, we are committed 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
- Continual review and improvement in WSH management and performance

To ensure a safe and healthy workplace for our stakeholders, we have established a Workplace Safety and Health Committee and implemented a Workplace Safety and Health Policy. Safety measures include ensuring that our employees are properly and adequately equipped with personal protective equipment such as helmets, goggles and boots at all times, fire safety equipment are well-maintained and fire safety procedures are made known to all employees. We believe that work accidents are preventable, therefore employees are constantly reminded to identify potential hazards and to maintain and ensure compliance with all regulatory requirements.

Gaylin received the below certification for WSH excellence in FY2014:

- SS506: Part 1:2009, OHSAS 18001:2007 - DAS Certification Singapore

CORPORATE SOCIAL RESPONSIBILITY



Weekly Sunday Bukit Timah Hill Climb with staff and friends led by CEO Desmond Teo



Participation in the OCBC Cycle Singapore 2013

- bizSAFE STAR - Workplace Safety and Health Council, Ministry of Manpower

Whistle-Blowing Policy: Upholding Honesty, Integrity and Accountability

Good corporate governance is integral to any sound corporation. The Board and the management believe that an effective whistle-blowing arrangement will act as a deterrent to malpractice and wrongdoing, encourage openness, promote transparency, underpin risk management systems and enhance business practice, thereby increasing the reputation of Gaylin and its management. Our whistle-blowing policy is to put in place an arrangement providing guidance on suspicion, reporting and investigation of fraudulent practices within the Group.

Policy objectives:

1. To maintain a high standard of corporate governance
2. To provide a channel of communication to the employees of the Group to report fraudulent practices and to guide employees on actions to address their concerns on suspicious fraudulent activities
3. To provide a process for investigations and management reporting

Policy framework covers concerns improprieties and wrongdoings relating to:

- The financial position of the Group;
- The honesty and integrity of the Group's dealings;
- The honesty and integrity of any employee or director in the course of his or her employment or dealings with or on behalf of the Group including:
 - Conflicts of interest
 - Taking advantage of corporate opportunities
 - Confidentiality
 - Fair dealing
 - Protection and proper use of company assets
 - Compliance with laws, rules and regulations (including insider trading laws)
 - Unethical behaviour

Employees of the Group are responsible to highlight any suspicion of fraudulent practices and inappropriate activities within the Group and bring them immediately to the attention of the Chairman of Audit Committee. For full details of Gaylin's Whistle-Blowing Policy, please visit www.gaylin.com.

INVESTOR RELATIONS

Since our listing on 25 October 2012, Gaylin has been fully committed to providing the investment community with transparent, timely and accurate information. Our aim as a public-listed company is to provide parity of information to all existing and potential investors as we keep them updated on Gaylin's performance and strategic initiatives to help them make informed investment decisions.

As part of our Investor Relations ("IR") initiatives, our key corporate announcements, press releases and presentation slides are released on the website of the Singapore Exchange (www.sgx.com) and on our corporate website (www.gaylin.com) simultaneously. We report our financial results on a quarterly basis, and these are duly announced within the mandatory reporting period on both the above websites. We also maintain a dedicated investor relations section within our corporate website, where investors can easily access up-to-date information relating to Gaylin. We have disclosed the name and contact information of our dedicated IR contact person on our website, and in addition, investors can also sign up for an e-mail alert service which informs them whenever an announcement is posted on the website.

The Board of Directors (“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 2014 (“FY2014”) 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 FY2014, the Group has adhered to the principles and guidelines in the Code where appropriate.

Principle 1: The Board’s Conduct of 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 FY2014.

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.

CORPORATE GOVERNANCE

Briefing and updates provided to the Directors for FY2014 included:

- briefing on the Revised Code of Corporate Governance 2012 and the continuing obligations under the Listing Manual;
- briefing on the new notification regime for the disclosure of interests by Directors/Chief Executive Officers and substantial shareholders of listed entities under the Securities and Futures Act on 28 December 2012; and
- 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 FY2014 and the attendance of each Director are set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	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	1	1
Mr Desmond Teo	4	4	3	3 ⁽²⁾	1	1	1	1 ⁽²⁾
Mr Teo Bee Kheng	4	4	3	3 ⁽²⁾	1	1 ⁽²⁾	1	1 ⁽²⁾
Mr Teo Bee Hoe	4	4	3	3 ⁽²⁾	1	1 ⁽²⁾	1	1 ⁽²⁾
Mr Wu Chiaw Ching	4	4	4	4	1	1	1	1
Mr Ng Sey Ming	4	4	4	4	1	1	1	1
Ms Lau Lee Hua	4	4	4	4	1	1 ⁽²⁾	1	1

⁽¹⁾ Represents the number of meetings held as applicable to each individual Director.

⁽²⁾ Attendance at meetings that were held on a "By Invitation" basis.

Principle 2: Board Composition and Guidance

The Board currently comprises seven (7) 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 three (3) are Executive Directors (the "Executive Directors" or each the "Executive Director").

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Mr Ang Mong Seng	Independent Non-Executive Chairman	Member	Member	Chairman
2	Mr Desmond Teo	Executive Director and CEO	–	Member	–
3	Mr Teo Bee Kheng	Executive Director and COO	–	–	–
4	Mr Teo Bee Hoe	Executive Director and Deputy COO	–	–	–
5	Mr Wu Chiaw Ching	Independent Non-Executive Director	Chairman	Member	Member
6	Mr Ng Sey Ming	Independent Non-Executive Director	Member	Chairman	Member
7	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.

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;

CORPORATE GOVERNANCE

- 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 Desmond Teo and Mr Ang Mong Seng will retire at the forthcoming AGM. The NC has recommended to the Board that the retiring Directors be nominated for re-election. In recommending the above Directors for re-appointment, the NC has given regard to the results of the Board assessment in respect of their competencies in fulfilling their responsibilities as Directors to the Board. The NC has also reviewed the independence of Mr Ang Mong Seng. In assessing his independence, the NC having considered the guidelines set out in the Code, is of the view that Mr Ang Mong Seng is independent and there are no relationships identified in the Code which would deem him not to be independent. Mr Ang Mong Seng has also declared that he is independent. Mr Desmond Teo, Executive Director and CEO, is the brother of Mr Teo Bee Kheng and Mr Teo Bee Hoe who are Executive Directors of the Company.

More information on Mr Desmond Teo and Mr Ang Mong Seng can be found in the Key Information in the section entitled “Board of Directors” on page 10 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 and Mr Ng Sey Ming who sit on multiple Boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company.

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

There is no alternate Director on the Board.

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

Principle 5: Board Performance

A review of the Board’s performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. 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 NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of Board Committees.

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

For FY2014, 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.

CORPORATE GOVERNANCE

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.

CORPORATE GOVERNANCE

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.

Guideline 9.2 of the Code recommends that companies fully disclose the remuneration of each individual Director and the CEO on a named basis. For confidentiality reasons, the Board has deviated from complying with the above recommendation and provides herein below a breakdown, showing the level and mix of each Director's remuneration and the CEO in bands of S\$250,000 for FY2014:-

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 Hoe	78	19	–	3	100
S\$500,001 to S\$750,000					
Mr Teo Bee Kheng	75	22	–	3	100
S\$750,001 to S\$1,000,000					
Mr Desmond Teo ⁽¹⁾	71	26	–	3	100

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

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

CORPORATE GOVERNANCE

For confidentiality reason, the Board has deviated from complying with the above recommendation. The Group only partially complies with the above recommendation by providing below a breakdown, showing the level and mix of each of the top five key management personnel's remuneration (who are not Directors or the CEO) in bands of S\$250,000 for FY2014:-

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
Ms Jessica Teo	75	25	–	–	100
S\$250,001 to S\$500,000					
Mr Steven Teo	77	19	–	4	100
Mr Chia Wei Ho ⁽²⁾	83	17	–	–	100
Ms Goh Guat Bee	75	25	–	–	100

⁽²⁾ Mr Chia Wei Ho was previously the Finance Director.

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 FY 2014.

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 ⁽³⁾	81	19	–	–	100
S\$100,001 to S\$150,000					
Ms Teo Sze Han, Jae ⁽⁴⁾	75	25	–	–	100
Mr Teo Sze Kiat, Jimmy ⁽⁵⁾	75	25	–	–	100
Mr Teo Sze Yao, Jayden ⁽⁵⁾	75	25	–	–	100
Mr Teo Sze Purn, Terry ⁽⁵⁾	75	25	–	–	100

⁽³⁾ Son of Mr Desmond Teo (Executive Director and CEO)

⁽⁴⁾ Daughter of Mr Desmond Teo (Executive Director and CEO)

⁽⁵⁾ Son of Mr Teo Bee Kheng (Executive Director and COO)

Further information on Directors and the key management personnel is on pages 10 to 12 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.

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.

CORPORATE GOVERNANCE

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 should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets and should determine 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.

With assistance from the internal auditors, key risk areas which have been identified are analysed, monitored and reported. In this connection, the Group has conducted the enterprise risk assessment and has established the risk reporting dashboard with a view to develop a detailed risk register and to develop a structured enterprise risk management to ensure that the Group's risk management and internal control systems are adequate and effective.

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 FY2014, 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 controls and risk management systems, addressing financial, operational, compliance and information technology controls and risk management system, put in place during FY2014 are adequate and effective.

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.

CORPORATE GOVERNANCE

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 external and 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;
- 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 internal control systems including financial, operational, compliance and information technology controls annually and reports to the Board accordingly.

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"), is 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 FY2014, 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 Independent Directors for training with SID on courses which are relevant to them in order to discharge their duties and responsibilities.

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 FY2014, 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 FY2014 are S\$245,104 and S\$20,300 respectively.

CORPORATE GOVERNANCE

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 have 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 there are adequate internal controls.

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

The internal audit work carried out by the internal auditors in FY2014 was guided by the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors.

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

Principle 14: Shareholders' Rights

Principle 15: Communication with Shareholders

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

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

The Company has an internal investor relations function 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 the contents page 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.

In its IPO Prospectus dated 17 October 2012 (the “IPO Prospectus”), the Company has stated that it 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 Board had stated in the IPO Prospectus the Company’s intention to recommend and distribute dividends of not less than 30% out of the Group’s net profits attributable to the shareholders for FY2013 and FY2014. Please refer to page 43 of the IPO Prospectus for more details of the dividend policy.

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, RC and NC, 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.

CORPORATE GOVERNANCE

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 2014 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 Kheng, 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 Kheng, 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.

Interested Person Transactions

The Company confirms that there were no interested person transactions of more than S\$100,000 during the financial year under review.

Non-Audit Fees

The nature of the non-audit services that were rendered by the Company's external auditors, Deloitte & Touche LLP, to the Group and their related fees for FY2014 were as follows:

Potential acquisition related work - S\$20,300

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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 2014.

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 Kheng	(Executive Director and Chief Operating Officer)
Mr Teo Bee Hoe	(Executive Director and Deputy 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:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors	
	At beginning of year	At end of year
The immediate holding company - Keh Swee Investment Pte. Ltd. (Ordinary shares)		
Teo Bee Chiong	1,000,001	1,000,001
Teo Bee Kheng	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)

Name of directors and companies in which interests are held	Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year
The Company - Gaylin Holdings Limited (Ordinary shares)		
Teo Bee Chiong	264,410,000	267,410,000
Teo Bee Kheng	264,410,000	267,410,000
Teo Bee Hoe	264,410,000	267,410,000

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 2014 were the same as at 31 March 2014.

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. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

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 external and 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;
- (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;

REPORT OF THE DIRECTORS

7 AUDIT COMMITTEE (cont'd)

- (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 internal control systems including financial, operational, compliance and information technology controls annually and reports to the Board accordingly.

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 Kheng

23 June 2014

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 47 to 92 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 2014, 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 Kheng

23 June 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GAYLIN HOLDINGS LIMITED AND ITS SUBSIDIARIES

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 2014, 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 47 to 92.

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 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 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 2014 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

23 June 2014

STATEMENTS OF FINANCIAL POSITION

31 MARCH 2014

	Note	Group		Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	6	18,823,593	21,408,049	14,796,425	20,056,226
Trade receivables	7	26,595,374	27,421,485	1,480,075	851,690
Other receivables and prepayments	8	3,166,581	859,975	29,783,318	26,774,135
Inventories	9	124,862,046	104,057,798	–	–
Total current assets		173,447,594	153,747,307	46,059,818	47,682,051
Non-current assets					
Property, plant and equipment	10	14,028,116	10,979,902	–	–
Club memberships	11	75,500	75,500	–	–
Intangible asset	12	165,000	225,000	–	–
Goodwill	13	443,973	–	–	–
Deferred tax assets	19	29,296	–	–	–
Subsidiaries	14	–	–	6,101,393	5,499,643
Total non-current assets		14,741,885	11,280,402	6,101,393	5,499,643
Total assets		188,189,479	165,027,709	52,161,211	53,181,694
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	16,628,363	16,416,917	–	–
Other payables	16	2,093,387	1,311,097	541,930	706,507
Current portion of bank borrowings	17	51,216,516	37,689,632	–	–
Current portion of finance leases	18	736,743	1,011,161	–	–
Income tax payable		1,773,471	1,956,198	265,893	105,241
Total current liabilities		72,448,480	58,385,005	807,823	811,748
Non-current liabilities					
Bank borrowings	17	15,612,791	15,758,436	–	–
Finance leases	18	1,740,698	927,461	–	–
Deferred tax liabilities	19	491,594	265,472	–	–
Total non-current liabilities		17,845,083	16,951,369	–	–
Capital, reserves and non-controlling interests					
Share capital	20	47,223,533	47,223,533	47,223,533	47,223,533
Retained earnings		50,722,834	42,542,188	4,129,855	5,146,413
Translation reserve		11,536	(74,387)	–	–
Equity attributable to shareholders of the Company		97,957,903	89,691,334	51,353,388	52,369,946
Non-controlling interests		(61,987)	1	–	–
Total equity		97,895,916	89,691,335	51,353,388	52,369,946
Total liabilities and equity		188,189,479	165,027,709	52,161,211	53,181,694

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2014

	Note	Group	
		2014	2013
		\$	\$
Revenue	21	96,337,937	77,117,143
Cost of sales		(67,604,585)	(52,232,981)
Gross profit		28,733,352	24,884,162
Other income	22	379,198	207,326
Distribution costs		(3,890,197)	(2,900,497)
Administrative expenses		(9,601,755)	(7,565,909)
Other operating expenses	23	(677,404)	(318,821)
Interest expense		(1,760,722)	(1,833,953)
Profit before income tax		13,182,472	12,472,308
Income tax expense	24	(1,621,466)	(1,981,102)
Profit for the year	25	11,561,006	10,491,206
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Translation gain arising on consolidation		85,923	14,351
Other comprehensive income for the year, net of tax		85,923	14,351
Total comprehensive income for the year		11,646,929	10,505,557
Profit attributable to:			
Shareholders of the Company		11,636,646	10,491,206
Non-controlling interests		(75,640)	–
		11,561,006	10,491,206
Total comprehensive income attributable to:			
Shareholders of the Company		11,722,569	10,505,557
Non-controlling interests		(75,640)	–
		11,646,929	10,505,557
Basic and diluted earnings per share	26	2.69 cents	2.95 cents

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2014

	Share capital	Retained earnings	Translation reserve	Attributable to shareholders of the Company	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
Group						
At 1 April 2012	3,000,000	32,050,982	(88,738)	34,962,244	–	34,962,244
Total comprehensive income for the year						
Profit for the year	–	10,491,206	–	10,491,206	–	10,491,206
Other comprehensive income for the year	–	–	14,351	14,351	–	14,351
Total	–	10,491,206	14,351	10,505,557	–	10,505,557
Transactions with owners, recognised directly in equity						
Contribution from non-controlling interests	–	–	–	–	1	1
Issuance of shares (Note 20)	44,223,533	–	–	44,223,533	–	44,223,533
Total	44,223,533	–	–	44,223,533	1	44,223,534
At 31 March 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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2014

	Share capital	Retained earnings	Total equity
	\$	\$	\$
Company			
At 1 April 2012	3,000,000	2,164,453	5,164,453
Profit for the year, representing total comprehensive income for the year	–	2,981,960	2,981,960
Issuance of shares, representing transactions with owners, recognised directly in equity (Note 20)	44,223,533	–	44,223,533
At 31 March 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

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2014

	Group	
	2014	2013
	\$	\$
Operating activities		
Profit before income tax	13,182,472	12,472,308
Adjustments for:		
Interest expense	1,760,722	1,833,953
Interest income	(42,514)	(24,258)
Depreciation	1,708,701	1,848,842
Amortisation of intangible asset	60,000	15,000
Allowance for doubtful trade receivables	25,265	42,954
Doubtful trade receivables recovered	(7,451)	(52,301)
Trade receivables written off	33	16,478
Other receivables written off	1,655	–
Gain on disposal of property, plant and equipment	(175,560)	(8,445)
Excess of fair value of net identifiable assets over consideration paid for a subsidiary (Note 28)	–	(66,099)
Goodwill written off from acquisition of a subsidiary (Note 28)	2,345	–
Net foreign exchange loss (gain) - unrealised	37,614	(2,260)
Inventories written back to net realisable value	(589,595)	(169,567)
Operating cash flows before movements in working capital	15,963,687	15,906,605
Trade receivables	2,419,875	(7,369,431)
Other receivables and prepayments	(588,271)	(293,092)
Inventories	(19,203,695)	(16,869,135)
Trade payables	(1,401,914)	5,588,071
Other payables	(2,337,196)	782,449
Bank bills payable	10,806,862	(5,347,997)
Cash generated from (used in) operations	5,659,348	(7,602,530)
Interest paid for bank bills	(890,304)	(783,798)
Interest received	42,514	24,258
Income tax paid	(1,607,367)	(3,408,070)
Net cash from (used in) operating activities	3,204,191	(11,770,140)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2014

	Group	
	2014	2013
	\$	\$
Investing activities		
Proceeds on disposal of property, plant and equipment	572,617	22,500
Purchases of property, plant and equipment (Note A)	(1,975,289)	(1,806,914)
Acquisition of subsidiaries (Note 28)	(1,197,050)	(1,236,000)
Purchase of club memberships	–	(75,500)
Net cash used in investing activities	<u>(2,599,722)</u>	<u>(3,095,914)</u>
Financing activities		
Proceeds from issuance of shares of the Company	–	46,200,000
Payment of share issue expenses	–	(1,976,467)
Interest paid for other borrowings	(870,418)	(1,050,155)
Dividend paid	(3,456,000)	–
Repayment of obligations under finance leases	(1,416,875)	(952,632)
New bank loans obtained	4,407,321	1,000,000
Repayment of bank loans	(1,832,944)	(11,149,750)
Contribution from non-controlling interests	13,652	1
Net cash (used in) from financing activities	<u>(3,155,264)</u>	<u>32,070,997</u>
Net (decrease) increase in cash and cash equivalents	(2,550,795)	17,204,943
Effect of exchange rate changes on cash and cash equivalents	(33,661)	3,391
Cash and cash equivalents at beginning of the year	21,408,049	4,199,715
Cash and cash equivalents at end of the year	<u>18,823,593</u>	<u>21,408,049</u>

Note A

During the year, the Group purchased property, plant and equipment with an aggregate cost of \$3,940,994 (2013 : \$2,133,799) of which \$1,955,694 (2013 : \$326,885) was acquired under finance lease arrangements.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

1 GENERAL

The Company (Registration No. 201004068M) is incorporated in the Republic of Singapore on 25 February 2010 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 2014 were authorised for issue by the Board of Directors on 23 June 2014.

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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

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 2013, 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:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year, and renamed the 'consolidated statement of comprehensive income' as the 'consolidated statement of profit or loss and other comprehensive income'. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income under "items that may be reclassified subsequently to profit or loss" when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, 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 (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

The application of FRS 113 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 110, FRS 112 *Transition Guidance*
- Amendments to FRS 32 *Financial Instruments: Presentation*
- Amendments to FRS 36 *Impairment of Assets*

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

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

FRS 110 *Consolidated Financial Statements* and FRS 27 (Revised) *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

After taking into account the new definition of control and the additional guidance on control set out in FRS 110, management anticipates that the application of FRS 110 will not have a material impact on the accounting for the Group's ownership interest in its subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries.

FRS 112 will take effect from financial years beginning on or after 1 January 2014. Upon adoption of FRS 112, the Group expects expanded disclosures relating to its interests in subsidiaries.

Amendments to FRS 32 *Financial Instruments: Presentation*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

Management does not expect the amendments to FRS 32 to have a significant impact as the Group does not have any financial assets and liabilities that have been set-off on the statement of financial position.

Amendments to FRS 36 *Impairment of Assets*

The amendments to FRS 36 restrict the requirement to disclose the recoverable amount of an asset or cash generating unit (CGU) to periods in which an impairment loss has been recognised or reversed. The amendments also expand and clarify the disclosure requirements applicable when such asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal, such as the level of 'fair value hierarchy' within which the fair value measurement of the asset or CGU has been determined, and where the fair value measurements are at Level 2 or 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique, key assumptions used including discount rate(s) used.

Upon adoption of the amendments to FRS 36, the Group expects additional disclosures arising from any asset impairment loss or reversals, and where their respective recoverable amounts are determined based on fair value less costs of disposal.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 shareholders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal 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. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 *Financial Instruments: Recognition and Measurement*, 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.

The accounting policy for initial measurement of non-controlling interests is described above.

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 into the following specified category: "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 when 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.

NOTES TO FINANCIAL STATEMENTS

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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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

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

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.

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

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

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

INVENTORIES - Inventories comprise 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	-	24 to 30 years (additions over the remaining life of the lease)
Leasehold improvements	-	15 years
Plant, machinery and equipment	-	3 to 10 years
Cranes	-	5 years
Motor vehicles	-	4 to 9 years
Furniture and fittings	-	3 to 10 years
Office equipment	-	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.

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.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

On disposal of a subsidiary 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 asset of the Group relates to customer relationships acquired in a business combination and has finite useful lives and is 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 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.

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.

Sale of goods

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

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

Rendering of services

Revenue from the rendering of services is recognised upon the completion of the services rendered and acceptance by customers.

Interest income

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 on 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

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

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 on the net realisable value of the inventories to assess their carrying value.

In determining the net realisable value of inventories, the Cost approach was used and net realisable values of inventories were 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 on 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. Management had 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.

Contingent consideration and consequent goodwill arising from a new acquisition

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 certain stipulated twelve month periods from July to June. 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.

Management has 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.

Consequent to the review, the Group re-assessed the impact of the acquisition and reduced the recorded purchase consideration and corresponding goodwill by \$1,200,000 (Note 28). In making this judgement, management considered the losses incurred by Lv Yang Tianjin for the 9 months ended 31 March 2014, the estimated sales orders that will be fulfilled and the projected expenditure to be incurred in the 3 months period ending 30 June 2014. 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.

The Group recorded \$1,200,000 recoverable from the vendor (Note 8) and goodwill of \$443,973 (Note 13). Management has assessed that the \$1,200,000 reduction in consideration will be recoverable from the vendor.

NOTES TO FINANCIAL STATEMENTS

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

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:

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 current creditworthiness, past collection history of each customer and on-going dealings with them. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's trade and other receivables are disclosed in Notes 7 and 8 respectively.

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

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.

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial assets				
Loans and receivables (including cash and cash equivalents)	<u>47,001,171</u>	<u>48,730,658</u>	<u>45,988,884</u>	<u>47,657,314</u>
Financial liabilities				
Borrowings and payables at amortised cost	<u>88,028,498</u>	<u>73,114,704</u>	<u>541,930</u>	<u>706,507</u>

NOTES TO FINANCIAL STATEMENTS

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

(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 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 and Singapore dollar 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.

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
United States dollar	12,355,573	10,083,673	7,871,453	4,641,866
Euro	3,885,510	4,273,811	364,764	919,091
Singapore dollar	10,076,785	–	2,081,742	–

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 and Singapore dollar against the respective functional currencies of the entities in the Group. The sensitivity analysis below includes only outstanding United States dollar, Euro and Singapore dollar 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 increase by:

	Group	
	2014	2013
	\$	\$
United States dollar	224,206	272,090
Euro	176,037	167,736
Singapore dollar	399,752	–

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

NOTES TO FINANCIAL STATEMENTS

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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)

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 dollars has increased due to Singapore dollar denominated loans advanced to subsidiaries in 2014.

No sensitivity analysis is prepared for the Company as its monetary assets and liabilities are 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 rate of interest for bank borrowings are based on interbank offer 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 2014 and 2013.

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 \$66,829,307 (2013 : \$53,448,068) 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 2014 of the Group would decrease/increase by \$668,293 (2013 : \$534,481).

(iii) Credit risk management

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

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)

The Company is exposed to a concentration of credit risk as trade receivables and loans to subsidiaries amounting to about 96.7% (2013 : 97.5%) and 64.0% (2013 : 93.5%) 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 its 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 \$103 million (2013 : \$81 million). The Group's unutilised available credit from its banking facilities excluding term loans is approximately \$57 million (2013 : \$49 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						
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
		<u>71,715,435</u>	<u>12,164,328</u>	<u>6,727,953</u>	<u>(2,579,218)</u>	<u>88,028,498</u>
2013						
Trade and other payables	–	17,728,014	–	–	–	17,728,014
Finance leases	4.8	1,085,302	984,877	–	(131,557)	1,938,622
Bank borrowings	2.7	38,542,373	9,597,587	7,802,431	(2,494,323)	53,448,068
		<u>57,355,689</u>	<u>10,582,464</u>	<u>7,802,431</u>	<u>(2,625,880)</u>	<u>73,114,704</u>
Company						
2014						
Trade and other payables	–	<u>541,930</u>	–	–	–	<u>541,930</u>
2013						
Trade and other payables	–	<u>706,507</u>	–	–	–	<u>706,507</u>

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

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)

Non-derivative financial assets

All financial assets in 2014 and 2013 are repayable on demand or due within 1 year from the end of the reporting period.

Other than the fixed deposits disclosed in Note 6, all financial assets in 2014 and 2013 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.

(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 2013.

5 HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company's 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 Notes 17 and 18, certain directors and a shareholder of the immediate holding company issued personal guarantees for certain borrowings and 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:

	2014	2013
	\$	\$
Short-term benefits	<u>3,466,538</u>	<u>2,765,022</u>

NOTES TO FINANCIAL STATEMENTS

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6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash on hand	214,991	24,610	-	1
Fixed deposits	5,007,873	10,014,215	5,007,873	10,014,215
Bank balances	13,600,729	11,369,224	9,788,552	10,042,010
	18,823,593	21,408,049	14,796,425	20,056,226

Fixed deposits bear an average effective interest rate of 0.4% (2013 : 0.4%) per annum and for a tenure of approximately 2 months (2013 : 2 months).

7 TRADE RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Outside parties	26,246,029	27,365,539	-	-
Less: Allowance for doubtful trade receivables	(35,652)	(389,466)	-	-
	26,210,377	26,976,073	-	-
Subsidiaries (Note 5)	-	-	1,480,075	851,690
Goods and Service Tax receivable	384,997	445,412	-	-
	26,595,374	27,421,485	1,480,075	851,690

The average credit period on sales of goods is 30 to 90 days (2013 : 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 \$35,652 (2013 : \$389,466). 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 \$15,027,805 (2013 : \$16,915,590) 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.

NOTES TO FINANCIAL STATEMENTS

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7 TRADE RECEIVABLES (cont'd)

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

	Group	
	2014	2013
	\$	\$
Not past due and not impaired	11,567,569	10,505,895
Past due but not impaired	15,027,805	16,915,590
Trade receivables not impaired	26,595,374	27,421,485
Impaired receivables	35,652	389,466
Less: Allowance for doubtful trade receivables	(35,652)	(389,466)
Total trade receivables, net	26,595,374	27,421,485

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

	Group	
	2014	2013
	\$	\$
Past due for:		
< 1 month	4,747,947	8,156,222
1 month to 2 months	3,851,120	2,394,258
2 months to 3 months	1,333,140	1,653,082
3 months to 6 months	3,003,710	2,121,978
6 months to 12 months	1,664,966	2,278,627
12 months to 24 months	372,657	287,848
> 24 months	54,265	23,575
	15,027,805	16,915,590

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	
	2014	2013
	\$	\$
At beginning of year	389,466	398,813
Charged to profit or loss	25,265	42,954
Written off against allowance	(371,628)	–
Doubtful debts recovered	(7,451)	(52,301)
At end of year	35,652	389,466

NOTES TO FINANCIAL STATEMENTS

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8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Dividend receivable from a subsidiary (Note 5)	-	-	900,000	3,500,000
Advances to subsidiaries (Note 5)	-	-	1,122,257	722,146
Loans to subsidiaries (Note 5)	-	-	27,690,127	22,527,252
Advance payments to suppliers	741,882	247,200	-	-
Deposits	390,233	239,076	-	-
Prepayments	457,498	266,239	70,934	24,737
Estimated receivable from vendor arising from profit guarantee per purchase agreement (Notes 3 and 28)	1,200,000	-	-	-
Others	376,968	107,460	-	-
	3,166,581	859,975	29,783,318	26,774,135

The advances to subsidiaries are interest-free, unsecured, and repayable on demand. The loan to subsidiaries of \$27,690,127 (2013 : \$22,527,252) bears an interest of 3% (2013 : 3%) per annum, is 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	
	2014	2013
	\$	\$
Raw materials and products		
- At cost	55,860,803	37,377,014
- At net realisable value	65,987,416	59,080,919
Goods-in-transit at cost	3,013,827	7,599,865
	124,862,046	104,057,798

The cost of inventories recognised included a credit of \$589,595 (2013 : \$169,567) in respect of reversal of prior write-downs of inventory to lower of cost or net realisable value. Previous write-downs have been reversed in 2014 and 2013 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 2014 and 2013 are based on management's estimations, which are made with reference to a valuation on the net realisable value of the inventories as of 31 March 2014 and 31 March 2013 respectively carried out by an independent valuation specialist.

The Group has pledged inventories with carrying amount of \$43,687,560 (2013 : \$52,026,350) to secure banking facilities available to the Group (Note 17).

NOTES TO FINANCIAL STATEMENTS

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10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings	Leasehold improvements	Plant, machinery and equipment	Cranes	Motor vehicles	Furniture and fittings	Office equipment	Construction in-progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost:									
At 1 April 2012	6,440,569	-	6,150,906	3,607,038	2,265,824	1,217,536	605,668	417,921	20,705,462
Additions	-	-	637,601	82,616	-	137,512	399,882	876,188	2,133,799
Acquired on acquisition of a subsidiary (Note 28)	1,729,670	-	-	-	71,568	29,326	11,327	-	1,841,891
Disposals	-	-	(364,175)	-	-	-	-	-	(364,175)
Currency realignment	-	-	(4,777)	-	(1,232)	(427)	(144)	(5,434)	(12,014)
At 31 March 2013	8,170,239	-	6,419,555	3,689,654	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	9,486,140	3,689,654	2,725,777	1,372,622	934,615	980,150	28,265,918
Accumulated depreciation:									
At 1 April 2012	2,919,953	-	3,307,407	3,127,038	1,020,103	1,029,642	425,473	-	11,829,616
Depreciation for the year	242,763	-	492,793	483,840	430,377	101,727	97,342	-	1,848,842
Disposals	-	-	(350,120)	-	-	-	-	-	(350,120)
Currency realignment	-	-	(2,447)	-	(485)	(218)	(127)	-	(3,277)
At 31 March 2013	3,162,716	-	3,447,633	3,610,878	1,449,995	1,131,151	522,688	-	13,325,061
Depreciation for the year	297,922	15,373	659,244	16,523	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	4,076,847	3,627,401	1,353,428	1,212,589	491,787	-	14,237,802
Carrying amount:									
At 31 March 2014	4,709,601	891,609	5,409,293	62,253	1,372,349	160,033	442,828	980,150	14,028,116
At 31 March 2013	5,007,523	-	2,971,922	78,776	886,165	252,796	494,045	1,288,675	10,979,902

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group's leasehold land and buildings comprise of the following:

Location	Tenure	Description
7 Gul Avenue Singapore 629651 (Lot MK7-215W)	Leasehold (60 years commencing 1 November 1972) ⁽¹⁾	Office, principal warehouse and fabrication facilities
7 Gul Avenue Singapore 629651 (Lot MK7-307T)	Leasehold (57 years commencing 1 November 1975) ⁽²⁾	Office, principal warehouse and fabrication facilities
17 Joo Koon Way Singapore 628948	Leasehold (30 years commencing 18 June 1984) ⁽³⁾	Warehouse
27B Benoi Road Pioneer Lot Singapore 629917	Leasehold (30 years commencing 1 April 2006) ⁽⁴⁾	Office and warehouse

⁽¹⁾ The Group took over the lease from 10 March 2003 with remaining lease period of 30 years.

⁽²⁾ The Group took over the lease from 10 March 2003 with remaining lease period of 30 years.

⁽³⁾ The Group took over the lease from 18 June 1984 with remaining lease period of 30 years, for which an extension has been granted for 18 years from 18 June 2014.

⁽⁴⁾ The Group took over the lease from 5 July 2012 with remaining lease period of 24 years.

The leasehold land and buildings are carried at cost less accumulated depreciation in the consolidated 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 \$3,849,385 (2013 : \$1,914,454) are under finance lease obligations (Note 18).

The Group has pledged leasehold land and buildings with carrying amount of \$4,709,601 (2013 : \$5,007,523) to secure banking facilities granted to the Group (Note 17).

11 CLUB MEMBERSHIPS

	Group	
	2014	2013
	\$	\$
Club memberships, at cost	75,500	75,500

Management has assessed that the fair value of the club memberships approximates its cost and no impairment is required.

NOTES TO FINANCIAL STATEMENTS

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12 INTANGIBLE ASSET

	Group \$
Cost:	
At 1 April 2012	–
Acquired on acquisition of a subsidiary (Note 28)	240,000
At 31 March 2013 and 2014	<u>240,000</u>
Amortisation:	
At 1 April 2012	–
Amortisation for the year 31 March 2013	15,000
Amortisation for the year At 31 March 2014	<u>60,000</u> <u>75,000</u>
Carrying amount:	
At 31 March 2014	<u>165,000</u>
At 31 March 2013	<u>225,000</u>

The amortisation expense has been included in the line item “Administrative Expenses” in the consolidated statement of profit or loss and other comprehensive income.

13 GOODWILL

	Group \$
Cost:	
At 1 April 2012 and 31 March 2013	–
Acquired on acquisition of a subsidiary (Note 28)	443,973
At 31 March 2014	<u>443,973</u>

Goodwill was acquired in relation to the acquisition of Lv Yang (Tianjin) Offshore Equipment Co., Ltd. The carrying amount of goodwill has been 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.

No impairment loss has been recognised based on the most recent financial budgets approved by management in 2014 on the goodwill of \$443,973 arising from the acquisition of Lv Yang (Tianjin) Offshore Equipment Co., Ltd.

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14 SUBSIDIARIES

	Company	
	2014	2013
	\$	\$
Unquoted equity shares - at cost	6,101,393	5,499,643

Details of the significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2014	2013	
		%	%	
Gaylin International Pte Ltd ⁽¹⁾ ("GIPL")	Singapore	100	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Gaylin Vietnam Pte Ltd ⁽²⁾ (subsidiary of GIPL)	Vietnam	100	100	Supply and manufacture of rigging and lifting equipment and provision of related services
Gaylin Malaysia Sdn. Bhd. ⁽³⁾	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
Gaylin Marine Supply Pte. Ltd. ⁽¹⁾	Singapore	100	100	Investment holding
Gaylin Asia Pte. Ltd. ⁽⁷⁾ (formerly known as Gaylin Korea Pte. Ltd.)	Singapore	100	100	Investment holding
Lv Yang (Tianjin) Offshore Equipment Pte Ltd ⁽¹⁾ ("LYPL")	Singapore	90	90	Supply of rigging and lifting equipment
Allseas Marine Services Pte Ltd ⁽¹⁾ (subsidiary of Gaylin Marine Supply Pte. Ltd.)	Singapore	100	100	Provision of ship chandler's supplies and services and general merchandise
Lv Yang (Tianjin) Offshore Equipment Co., Ltd. ^{(4) (6) (8)} (subsidiary of LYPL)	PRC	90	–	Supply and manufacture of rigging and lifting equipment and provision of related services
Phoenix Offshore Co., Ltd. ^{(5) (6)} (subsidiary of Gaylin Marine Supply Pte. Ltd.)	Korea	90	–	Provision of ship chandler's supplies and services and general merchandise

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

⁽²⁾ Audited by Deloitte Vietnam Company Limited.

⁽³⁾ Audited by Deloitte Johor Bahru, Malaysia.

⁽⁴⁾ Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Tianjin Branch for the purposes of consolidation.

⁽⁵⁾ Audited by Deloitte Anjin LLC, Seoul, Korea for the purposes of consolidation.

NOTES TO FINANCIAL STATEMENTS

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14 SUBSIDIARIES (cont'd)

⁽⁶⁾ Acquired during the year.

⁽⁷⁾ During the year, Gaylin Asia Pte Ltd, a wholly owned subsidiary of the Company, entered into agreements to acquire 51% of the equity interest in Rig Marine Holdings FZC. The acquisition was completed and the Company issued 6,000,000 shares at S\$0.5605 per share and paid a cash amount of approximately US\$4,052,000 (equivalent to S\$5,159,000) on 13 June 2014.

⁽⁸⁾ Lv Yang (Tianjin) Offshore Equipment Pte Ltd, which is a 90% owned subsidiary of the Group, acquired 100% equity interest in the subsidiary during the year. Pursuant to the acquisition, the Group holds 90% effective equity interest in the subsidiary. The remaining 10% effective equity interest in the subsidiary is held by the appointed legal representative of the subsidiary. If the consolidated financial results of the subsidiary and its immediate holding company, Lv Yang (Tianjin) Offshore Equipment Pte Ltd, do not meet stipulated target for the twelve months ending 30 June 2014, the Group has the right to acquire the remaining 10% effective equity interest from the legal representative for \$1; or to effect a capital reduction and cancellation of the 10% interest.

15 TRADE PAYABLES

	Group	
	2014	2013
	\$	\$
Outside parties	16,628,363	16,416,917

The average credit period of trade payables is 30 days to 90 days (2013 : 30 days to 90 days). No interest is charged on the outstanding balances.

16 OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Outside parties	1,035,950	301,414	68,544	113,051
Accrued operating expenses	1,057,437	1,009,683	470,906	593,456
Amount owing to a subsidiary (Note 5)	-	-	2,480	-
	2,093,387	1,311,097	541,930	706,507

17 BANK BORROWINGS

	Group	
	2014	2013
	\$	\$
Term loan I	1,088,063	1,266,943
Term loan II	994,306	1,065,667
Term loan III	172,242	332,862
Term loan IV	8,549,554	9,138,304
Term loan V	9,166,667	10,000,000
Money market loan	3,000,000	3,000,000
Time loans	5,000,000	5,000,000
Revolving credit loans	4,407,321	-
Bank bills payable	34,451,154	23,644,292
	66,829,307	53,448,068
Due within 12 months	(51,216,516)	(37,689,632)
Due after 12 months	15,612,791	15,758,436

NOTES TO FINANCIAL STATEMENTS

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17 BANK BORROWINGS (cont'd)

The average effective interest rates paid were as follows:

	Group	
	2014	2013
	%	%
Term loans	2.3	2.6
Money market loan	2.5	2.6
Time loans	2.7	3.2
Revolving credit loans	2.6	–
Bank bills payable	2.6	2.7

Term loans

For term loan I, interest is levied at 2.6% (2013 : 2.6%) per annum and 2.1% (2013 : 2.1%) per annum in the first and second year respectively below the bank's commercial financing rate and thereafter at 0.8% (2013 : 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.

In 2014, interest on term loan II is levied at 3.0% per annum, 2.8% per annum and 1.8% per annum in the first, second and third year respectively below the bank's commercial financing rate and thereafter at 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.

In 2013, interest on term loan II was fixed at 1.5% per annum and 1.9% per annum for the first and second year respectively. For the third year, interest rate was 2.0% per annum over the 3-month Singapore Interbank Offered Rate ("SIBOR") and thereafter 3.2% per annum over the 3-month SIBOR.

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% (2013 : 2.6%) per annum and 2.1% (2013 : 2.1%) per annum in the first and second year respectively below the bank's commercial financing rate and thereafter at 0.8% (2013 : 0.8%) per annum over the bank's commercial financing rate. The 5 year term loan is repayable by equal monthly instalments and is expected to mature in April 2015.

For term loan IV, interest is levied at 1.8% (2013 : 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 629651. They are also guaranteed by a corporate guarantee by the Company.

For term loan V, interest is levied at 2.2% (2013 : 2.0%) per annum over SOR or COF, whichever is the higher. The term loan is to be repaid over 12 fixed quarterly principal repayment and is expected to mature in October 2016. In 2013, the term loan was to be repaid by yearly principal instalments beginning from \$10,000,000 in October 2012, \$5,000,000 in November 2013 and in October 2014.

Term loan V is secured by a floating charge over certain inventories of the Group, a corporate guarantee by the Company and a corporate guarantee by GIPL. In 2013, it was also guaranteed by the joint and several personal guarantees of Mr Desmond Teo, Mr Teo Bee Kheng and Mr Teo Bee Hoe.

NOTES TO FINANCIAL STATEMENTS

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17 BANK BORROWINGS (cont'd)

Money market loan

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 2.3% (2013 : 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 loans

The time loans are guaranteed by a corporate guarantee by the Company. In 2013, the time loans were guaranteed by joint and several personal guarantees of Mr Desmond Teo, Mr Teo Bee Kheng, Mr Teo Bee Hoe, and Mr Steven Teo, a shareholder of the immediate holding company.

The time loans bear interest at average rate of 2.7% (2013 : 3.2%) per annum and are 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 average rate of 2.6% per annum and are expected to mature within the next 12 months.

The estimated fair values of the term loans, money market loan, time loans 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 (2013 : 1 to 6 months) from the end of the financial year, are secured in the following manner:

	Group	
	2014	2013
	\$	\$
Category 1 ⁽¹⁾	9,554,005	6,284,932
Category 2 ⁽²⁾	–	5,058,770
Category 3 ⁽³⁾	–	4,886,561
Category 4 ⁽⁴⁾	–	2,827,280
Category 5 ⁽⁵⁾	24,897,149	4,586,749
Total bank bills payable	<u>34,451,154</u>	<u>23,644,292</u>

⁽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 the joint and several personal guarantees of Mr Desmond Teo, Mr Teo Bee Kheng and Mr Teo Bee Hoe.

⁽³⁾ Guaranteed by the joint and several personal guarantees of Mr Desmond Teo, Mr Teo Bee Kheng, Mr Teo Bee Hoe and Mr Steven Teo.

⁽⁴⁾ Guaranteed by a corporate guarantee by the Company and the joint and several personal guarantees of Mr Desmond Teo, Mr Teo Bee Kheng and Mr Teo Bee Hoe.

⁽⁵⁾ Guaranteed by a corporate guarantee by the Company.

Interest is levied at the bank's cost of funds at 2.3% to 3.4% (2013 : 2.3% to 3.5%) per annum for local currency bills.

NOTES TO FINANCIAL STATEMENTS

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18 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	\$	\$	\$	\$
Amounts payable under finance leases:				
Within one year	819,827	1,085,302	736,743	1,011,161
In the second to fifth years inclusive	1,855,531	984,877	1,740,698	927,461
	2,675,358	2,070,179	2,477,441	1,938,622
Less: Future finance charges	(197,917)	(131,557)	N/A	N/A
Present value of lease obligations	2,477,441	1,938,622	2,477,441	1,938,622
Less: Amount due for settlement within 12 months (shown under current liabilities)			(736,743)	(1,011,161)
Amount due for settlement after 12 months			1,740,698	927,461

The effective interest rate ranged from 3.2% to 7.4% (2013 : 3.7% to 7.4%) per annum, with a remaining lease term of approximately 2 months to 59 months (2013 : 9 months to 46 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).

Certain leases are 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.

NOTES TO FINANCIAL STATEMENTS

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19 DEFERRED TAX

	Group	
	2014	2013
	\$	\$
Deferred tax assets	(29,296)	–
Deferred tax liabilities	491,594	265,472
	<u>462,298</u>	<u>265,472</u>

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

Group	Accelerated	Tax	Total
	tax	losses	
	depreciation		
	\$	\$	\$
At 1 April 2012	129,167	–	129,167
Charged to profit or loss (Note 24)	40,305	–	40,305
Acquired on acquisition of a subsidiary (Note 28)	96,000	–	96,000
At 31 March 2013	265,472	–	265,472
Charged (credited) to profit or loss (Note 24)	226,122	(29,296)	196,826
At 31 March 2014	<u>491,594</u>	<u>(29,296)</u>	<u>462,298</u>

20 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Issued and paid-up \$
Issued and paid-up:		
At 1 April 2012	3,000,000	3,000,000
Sub-division of shares ⁽¹⁾	297,000,000	–
Issue of shares pursuant to Initial Public Offering (“IPO”) ⁽²⁾	110,000,000	38,500,000
Exercise of the over-allotment option ⁽²⁾	22,000,000	7,700,000
Share issue expenses ⁽³⁾	–	(1,976,467)
At 31 March 2013 and 2014	<u>432,000,000</u>	<u>47,223,533</u>

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.

The new shares issued in 2013 ranked pari passu in all respects with the existing shares.

⁽¹⁾ At an Extraordinary General Meeting held on 24 September 2012, the shareholder approved the sub-division of each share in the existing issued share capital of the Company into 100 shares.

⁽²⁾ In 2013, a total of 132,000,000 shares were offered to the public at \$0.35 per share. 110,000,000 shares were issued on 25 October 2012 under the normal allotment amounting to \$38.5 million. The remaining 22,000,000 shares were issued on 23 November 2012 under the over-allotment option amounting to \$7.7 million.

⁽³⁾ Out of the share issue expenses of \$1,976,467 incurred in 2013, \$58,000 arose from listing fees paid to the auditors of the Company.

NOTES TO FINANCIAL STATEMENTS

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21 REVENUE

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

	Group	
	2014	2013
	\$	\$
Supply and manufacture of rigging and lifting equipment and provision of related services	79,710,597	71,376,368
Ship chandling	16,627,340	5,740,775
	<u>96,337,937</u>	<u>77,117,143</u>

22 OTHER INCOME

	Group	
	2014	2013
	\$	\$
Interest income	42,514	24,258
Doubtful debts recovered (trade)	7,451	52,301
Trade receivables recovered	141	2,562
Sundry income	153,532	53,661
Gain on disposal of property, plant and equipment	175,560	8,445
Excess of fair value of net identifiable assets over consideration paid for a subsidiary (Note 28)	-	66,099
	<u>379,198</u>	<u>207,326</u>

23 OTHER OPERATING EXPENSES

	Group	
	2014	2013
	\$	\$
Trade receivables written off	33	16,478
Other receivables written off	1,655	-
Allowance for doubtful trade receivables	25,265	42,954
Foreign exchange losses, net	648,106	259,389
Goodwill written off from acquisition of a subsidiary (Note 28)	2,345	-
	<u>677,404</u>	<u>318,821</u>

24 INCOME TAX EXPENSE

	Group	
	2014	2013
	\$	\$
Current year	1,654,021	2,206,949
Over provision in prior years	(229,381)	(266,152)
Deferred tax (Note 19)	196,826	40,305
	<u>1,621,466</u>	<u>1,981,102</u>

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

24 INCOME TAX EXPENSE (cont'd)

Domestic income tax is calculated at 17% (2013 : 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	
	2014	2013
	\$	\$
Profit before income tax	<u>13,182,472</u>	12,472,308
Tax at the domestic income tax rate of 17%	2,241,020	2,120,292
Non-deductible items	334,598	282,749
Effect of exemption and incentives	(612,738)	(360,354)
Effect of different tax rate of overseas operations	(43,091)	19,257
Deferred tax benefits not recognised	205,853	247,076
Utilisation of deferred tax benefits previously not recognised	(247,076)	(55,789)
Over provision in prior years	(229,381)	(266,152)
Others	(27,719)	(5,977)
	<u>1,621,466</u>	<u>1,981,102</u>

The tax loss carryforwards arise from local and foreign subsidiaries (2013: a local subsidiary) of the Group which have \$846,317 (2013 : \$1,453,387) tax losses 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 2012	223,155
Arising during the year	1,453,387
Utilised during the year	<u>(223,155)</u>
At 31 March 2013	1,453,387
Arising during the year	846,317
Utilised during the year	<u>(1,453,387)</u>
At 31 March 2014	<u>846,317</u>

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.

NOTES TO FINANCIAL STATEMENTS

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25 PROFIT FOR THE YEAR

	Group	
	2014	2013
	\$	\$
Directors' remuneration	<u>2,003,404</u>	1,590,581
Employee benefits expense (including directors' remuneration)		
Salaries and related benefits	12,301,990	9,145,615
Costs of defined contribution plan	703,203	540,407
Total employee benefits expenses	<u>13,005,193</u>	<u>9,686,022</u>
Allowance for doubtful trade receivables (Note 7)	25,265	42,954
Recovery of doubtful trade receivables (Note 7)	(7,451)	(52,301)
Trade receivables written off	33	16,478
Other receivables written off	1,655	–
Cost of inventories recognised as expense	57,429,855	43,292,229
Inventory written back to net realisable value included in cost of inventories	(589,595)	(169,567)
IPO expenses	–	955,149
Foreign exchange losses	648,106	259,389
Audit fees:		
– paid to auditors of the Company	180,187	130,000
– paid to other auditors	64,917	2,738
Total audit fees	<u>245,104</u>	<u>132,738</u>
Non-audit fees:		
– paid to auditors of the Company	–	42,041
– paid to other auditors	20,300	30,000
Total non-audit fees	<u>20,300</u>	<u>72,041</u>
Aggregate amount of fees paid to auditors	<u>265,404</u>	<u>204,779</u>

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	
	2014	2013
	\$	\$
Net profit attributable to shareholders of the Company	<u>11,636,646</u>	<u>10,491,206</u>
	2014	2013
	Number of shares ('000)	
Weighted average number of ordinary shares for purpose of earnings per share	<u>432,000</u>	<u>355,633</u>

There are no dilutive equity instruments for 2014 and 2013.

NOTES TO FINANCIAL STATEMENTS

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27 DIVIDENDS

During the financial year ended 31 March 2013, the Company declared and paid a final tax-exempt dividend of \$0.008 per share totalling \$3,456,000 for the financial year ended 31 March 2013.

Subsequent to 31 March 2014, the directors of the company recommended that a final tax-exempt dividend be paid at \$0.009 per share as of book closure date totalling \$3,942,000 for the financial year ended 31 March 2014. 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

2014

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

On 1 July 2013, Lv Yang (Tianjin) Offshore Equipment Pte Ltd acquired 100% of the issued share capital of Lv Yang (Tianjin) Offshore Equipment Co., Ltd. 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) Offshore Equipment Co., Ltd. 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) Offshore Equipment Co., Ltd. to facilitate the Group's expansion into the China market, as well as to allow the Group to tap on Lv Yang (Tianjin) Offshore Equipment Co., Ltd.'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) Offshore Equipment 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.

Identifiable assets and liabilities at the date of acquisition

	<u>1 July 2013</u>
	\$
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	<u>1,868,527</u>

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

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. 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 and 8)	<u>(1,200,000)</u>
Goodwill arising on acquisition	<u>443,973</u>

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	<u>(2,409,583)</u>
Net cash outflow on acquisition of subsidiary	<u>1,102,917</u>

Impact of acquisitions on the results of the Group

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

Had the business combination during the year been effected at 1 April 2013, the revenue of the Group and the profit for the year 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 chandler's operations.

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

NOTES TO FINANCIAL STATEMENTS

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28 ACQUISITION OF SUBSIDIARIES (cont'd)

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.

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	<u>136,528</u>

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value 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 from acquisition of a subsidiary	<u>2,345</u>

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	<u>94,133</u>

Impact of acquisitions on the results of the Group

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

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

2013

On 1 January 2013, the Group acquired 100% of the issued share capital of Allseas Marine Services Pte Ltd ("Allseas Marine") for a cash consideration of \$1,470,000. This transaction has been accounted for by the acquisition method of accounting and fair values of assets and liabilities have been disclosed below.

Allseas Marine was incorporated in Singapore on 17 April 2009 with its principal activities being provision of ship chandler's supplies and services and general merchandise. The Group has acquired Allseas Marine to expand the ship chandling's operations.

NOTES TO FINANCIAL STATEMENTS

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28 ACQUISITION OF SUBSIDIARIES (cont'd)

Acquisition-related costs amounting to \$13,599 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 Allseas Marine acquired in 2013 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 January 2013
	\$
Cash and cash equivalents	234,000
Trade receivables	1,237,000
Other receivables and prepayments	34,000
Inventories	45,514
Property, plant and equipment	1,841,891
Intangible asset	240,000
Trade payables	(881,000)
Other payables	(17,405)
Income tax payable	(17,901)
Bank borrowings	(1,084,000)
Deferred tax liabilities	(96,000)
Net assets	<u>1,536,099</u>

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of \$1,271,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$Nil.

Excess of fair value of net identifiable assets over consideration arising on acquisition

	1 January 2013
	\$
Consideration paid	1,470,000
Less: Fair value of identifiable net assets acquired	(1,536,099)
Excess of fair value of net identifiable assets over consideration	<u>(66,099)</u>

The excess of fair value of net identifiable assets over consideration of \$66,099 is primarily due to the estimated fair value of the customer relationships acquired.

Net cash flow on acquisition of subsidiary

	1 January 2013
	\$
Total consideration, satisfied by cash	1,470,000
Less: Cash and cash equivalents acquired	(234,000)
Net cash outflow on acquisition of subsidiary	<u>1,236,000</u>

Impact of acquisitions on the results of the Group

Included in the profit for 2013 is an amount of \$220,388 attributable to the subsidiary acquired. Revenue for 2013 from the subsidiary amounted to \$1,971,467 after eliminating for intercompany sales.

Had the business combination in 2013 been effected at 1 April 2012, the revenue of the Group and the profit for 2013 would have been \$82,259,758 and \$10,789,733 respectively.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

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:

Rigging and lifting

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

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 Group's chief operating decision maker monitors the tangible, intangible and financial assets and liabilities attributable to each segment.

	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			<u>11,561,006</u>
Assets			
Segment assets	164,569,539	8,752,581	173,322,120
Unallocated assets			14,867,359
Total assets			<u>188,189,479</u>
Liabilities			
Segment liabilities	84,772,618	4,723,154	89,495,772
Unallocated liabilities			797,791
Total liabilities			<u>90,293,563</u>
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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

29 SEGMENT INFORMATION (cont'd)

	Rigging and lifting	Ship chandling	Total
	\$	\$	\$
2013			
Revenue			
Sales	71,446,365	5,742,931	77,189,296
Inter-segment sales	(69,997)	(2,156)	(72,153)
Sales to external customers	71,376,368	5,740,775	77,117,143
Profit from operations			
Segment result	14,530,782	188,278	14,719,060
Interest expense			(1,833,953)
Income tax expense			(1,981,102)
Unallocated loss from operations			(412,799)
Profit for the year			<u>10,491,206</u>
Assets			
Segment assets	140,882,757	4,063,990	144,946,747
Unallocated assets			20,080,962
Total assets			<u>165,027,709</u>
Liabilities			
Segment liabilities	72,217,972	2,306,654	74,524,626
Unallocated liabilities			811,748
Total liabilities			<u>75,336,374</u>
Other information			
Depreciation and amortisation	1,814,484	49,358	1,863,842
Addition to non-current assets	2,114,613	2,161,577	4,276,190

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

29 SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates mainly in the geographical areas of Singapore, Malaysia, Australia, Other Asia (including Vietnam), 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	
	2014	2013
	\$	\$
<hr/>		
Revenue from external customers (based on location of customer)		
Singapore	34,896,777	32,433,132
Malaysia	7,496,835	8,737,104
Australia	17,995,280	5,907,411
Other Asia ^{(1) (2)}	18,280,912	14,638,570
Europe ⁽¹⁾	13,781,489	13,849,357
Others ⁽¹⁾	3,886,644	1,551,569
	96,337,937	77,117,143
<hr/>		
Non-current assets (based on location of assets)		
Singapore	9,645,107	9,575,957
Malaysia	3,700,809	1,484,357
Other Asia	1,366,673	220,088
	14,712,589	11,280,402

⁽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 and Malaysia.

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.

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

30 COMMITMENTS

(a) Capital commitments

	Group	
	2014	2013
	\$	\$
Commitment for plant and equipment	954,887	1,210,486
Commitment for motor vehicle	-	550,000
	<u>954,887</u>	<u>1,760,486</u>

(b) Operating lease commitments

	Group	
	2014	2013
	\$	\$
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	<u>1,482,943</u>	740,132

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

	Group	
	2014	2013
	\$	\$
Within 1 year	1,697,817	642,847
Within 2 to 5 years	2,840,778	1,898,404
After 5 years	5,699,096	5,635,481
	<u>10,237,691</u>	<u>8,176,732</u>

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

In April 2014, the Group accepted a letter of offer to lease certain land premises at Tanjung Langsat Industrial Complex, Sungai Tiram, Johor Bahru, Malaysia for a registrable lease of 30 years, with an option to renew the lease for another 30 years. The total consideration for the initial period of 30 years is approximately MYR10 million (equivalent to S\$4 million), whereby 10% of the consideration amounting to approximately MYR1 million (equivalent to S\$390,000) has been paid in April 2014 upon acceptance of the offer.

On 19 May 2014, Gaylin Wire Sdn. Bhd. was incorporated with an initial total issued share capital of MYR100. Gaylin Malaysia Sdn. Bhd., a wholly-owned subsidiary of the Company, owns 49 shares in Gaylin Wire Sdn. Bhd., which represents 49% of the total number of the issued shares of Gaylin Wire Sdn. Bhd.

STATISTICS OF SHAREHOLDINGS

AS AT 16 JUNE 2014

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, 33.81% of the issued ordinary shares of the Company is held in the hands of the public as at 16 June 2014. 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 - 999	0	0.00	0	0.00
1,000 - 10,000	540	60.07	1,993,000	0.46
10,001 - 1,000,000	339	37.71	34,139,000	7.79
1,000,001 AND ABOVE	20	2.22	401,868,000	91.75
TOTAL	899	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	36,524,000	8.34
3	Khwaja Asif Rahman	17,000,000	3.88
4	Rhodus Capital Limited	12,300,000	2.81
5	Amhoist Holding Pte. Ltd.	8,400,000	1.92
6	Comfort Shipping Pte. Ltd.	8,400,000	1.92
7	United Overseas Bank Nominees (Private) Limited	7,057,000	1.61
8	CitiBank Nominees Singapore Pte Ltd	6,949,000	1.59
9	Wee Seng Investment Pte. Ltd.	6,490,000	1.48
10	ABN AMRO Nominees Singapore Pte Ltd	5,804,000	1.32
11	Le Pin Pte Ltd	5,500,000	1.26
12	CIMB Securities (Singapore) Pte. Ltd.	5,468,000	1.25
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	Bank of Singapore Nominees Pte. Ltd.	2,424,000	0.55
17	Loy Chiat Jiam	2,200,000	0.50
18	Tan Ah Lam	2,000,000	0.46
19	Chin Beng Development Pte Ltd	1,320,000	0.30
20	Nam Leong Co Pte Ltd	1,122,000	0.25
	Total	401,868,000	91.75

STATISTICS OF SHAREHOLDINGS

AS AT 16 JUNE 2014

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		Total Shareholdings	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Keh Swee Investment Pte. Ltd. ⁽¹⁾	264,410,000	60.37	3,000,000	0.68	267,410,000	61.05
Mr Desmond Teo ⁽²⁾	–	–	267,410,000	61.05	267,410,000	61.05
Mr Teo Bee Kheng ⁽²⁾	–	–	267,410,000	61.05	267,410,000	61.05
Mr Teo Bee Hoe ⁽²⁾	–	–	267,410,000	61.05	267,410,000	61.05
Mr Teo Bee Yen ⁽²⁾	–	–	267,410,000	61.05	267,410,000	61.05
Mr Steven Teo ⁽²⁾	–	–	267,410,000	61.05	267,410,000	61.05
Mr Khawaja Asif Rahman ⁽³⁾	17,000,000	3.88	5,500,000	1.26	22,500,000	5.14

Notes :

⁽¹⁾ 3,000,000 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 Kheng, Mr Teo Bee Hoe, Mr Teo Bee Yen, and Mr Steven Teo owns 1,000,001 ordinary shares representing 20.0% of the issued share capital of Keh Swee Investment Pte. Ltd. Mr Desmond Teo, Mr Teo Bee Kheng, Mr Teo Bee Hoe, Mr Teo Bee Yen, and Mr Steven Teo are deemed to be interested in all the shares held by Keh Swee Investment Pte. Ltd.

⁽³⁾ Mr Khawaja Asif Rahman is a substantial shareholder of Le Pin Pte Ltd and is deemed to be interested in all the shares held by Le Pin Pte Ltd.

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 Wednesday, 23 July 2014 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 2014 and the Auditors' Report thereon. **[Resolution 1]**
2. To declare a First and Final Dividend of 0.9 Singapore cents per ordinary share one-tier tax exempt for the financial year ended 31 March 2014. **[Resolution 2]**
3. To re-elect Mr Teo Bee Chiong, who is retiring by rotation in accordance with Article 114 of the Company's Articles of Association, as Director of the Company. **[Resolution 3]**
4. To re-elect Mr Ang Mong Seng, 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 4]**
5. To approve the sum of S\$225,000/- as Directors' fees for the financial year ending 31 March 2015. (FY2014: 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 2]

[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 3]

[Resolution 8]

By Order of the Board

Sharon Yeoh
Company Secretary

8 July 2014
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- 1) Mr Ang Mong Seng, 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 Remuneration Committee and the Board. Mr Ang Mong Seng will be considered as an independent director of the Company.
- 2) 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.

- 3) 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

By submitting 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, 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 Wednesday, 23 July 2014 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 2014		
2	Declaration of First and Final Dividend		
3	Re-election of Mr Teo Bee Chiong as a Director		
4	Re-election of Mr Ang Mong Seng as a Director		
5	Approval of Directors' fees for the financial year ending 31 March 2015		
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 _____ 2014

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 8 July 2014.

OUR GLOBAL NETWORK

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Email: offshore@gaylin.com

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81707 Pasir Gudang, Johor
Email: offshore-malaysia@gaylin.com

GAYLIN VIETNAM PTE. LTD.

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