

DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE

	Group					
	3 months ended 30 Jun 2013 2Q2013	3 months ended 30 Jun 2012 2Q2012		6 months ended 30 Jun 2013 1H2013	6 months ended 30 Jun 2012 1H2012	
			Change			Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	76,620	57,785	32.6%	136,699	81,306	68.1%
Cost of sales	(63,080)	(44,795)	40.8%	(108,492)	(61,538)	76.3%
Gross profit	13,540	12,990	4.2%	28,207	19,768	42.7%
Gross profit margin	17.7%	22.5%		20.6%	24.3%	
Other (losses)/gain	1,897	210	803.3%	1,221	1,499	-18.5%
Administrative expenses	(6,355)	(5,826)	9.1%	(12,155)	(9,968)	21.9%
Finance expenses	(8)	(52)	-84.6%	(15)	(75)	-80.0%
Profit before income tax	9,074	7,322	23.9%	17,258	11,224	53.8%
Income tax expense	(1,530)	(1,246)	22.8%	(3,005)	(1,812)	65.8%
Net profit for the financial period	7,544	6,076	24.2%	14,253	9,412	51.4%
Net profit margin	9.8%	10.5%		10.4%	11.6%	
Other comprehensive income, net of tax:-						
Currency translation differences arising from consolidation	(70)	(10)		(147)	(24)	
Total comprehensive income for the financial period	7,474	6,066	23.2%	14,106	9,388	50.3%
Attributable to:-						
Equity holders of the Company	7,474	6,066	23.2%	14,106	9,388	50.3%
Non-controlling interest	-	-	-	-	-	-
	7,474	6,066	23.2%	14,106	9,388	50.3%

* amount less than \$1,000

NM means not meaningful

1(a)(ii) The statement of comprehensive income is arrived at after charging/(crediting) the following:-

The Group's profit is stated after charging/(crediting):-

	Group			Group		
	3 months ended 30 Jun 2013	3 months ended 30 Jun 2012	Change	6 months ended 30 Jun 2013	6 months ended 30 Jun 2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
The Group's profit is stated after charging/(crediting):-						
Rental income ^(Note 1)	(18)	(59)	-69.5%	(39)	(113)	-65.5%
Interest income - bank deposits	(91)	(35)	160.0%	(195)	(95)	105.3%
Interest on borrowings	8	52	-84.6%	15	75	-80.0%
Depreciation of property, plant and equipment	1,888	1,305	44.7%	3,875	2,878	34.6%
Fair value loss/(gain) on derivative financial instruments	983	59	1566%	2,224	(1,335)	NM
Foreign exchange (gain)/loss, Net	(2,571)	(254)	912.2%	(2,887)	11	NM
Gain on disposal of property, plant and equipment, net	-	-	NM	-	(37)	NM

Note 1 - Rental income comprises mainly rental income of container-office and warehouse.

NM - not meaningful

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and bank balances	36,792	62,646	230	1,016
Trade and other receivables	150,193	92,263	115,335	140,769
Derivative financial instrument	-	318	-	-
Inventories	1,135	566	-	-
Construction contract work-in-progress	3,030	504	-	-
Other current assets	3,877	2,675	33	11
	195,027	158,972	115,598	141,796
Non-Current Assets				
Club memberships	407	407	-	-
Investment in subsidiaries	-	-	30,775	25,476
Investment in an associated company	61	63	-	-
Goodwill	5,556	5,556	-	-
Property, plant and equipment	108,661	100,030	-	-
	114,685	106,056	30,775	25,476
Total Assets	309,712	265,028	146,373	167,272
LIABILITIES				
Current Liabilities				
Trade and other payables	87,981	67,460	375	319
Derivative financial instrument	1,906	-	-	-
Borrowings	30,426	447	-	-
Current income tax liabilities	6,260	7,550	-	-
	126,573	75,457	375	319
Non-Current Liabilities				
Borrowings	235	462	-	-
Deferred income tax liabilities	4,619	4,619	-	-
	4,854	5,081	-	-
Total Liabilities	131,427	80,538	375	319
Net Assets	178,285	184,490	145,998	166,953
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	145,271	145,271	145,271	145,271
Foreign currency translation reserves	(30)	117	-	-
Retained profits	33,891	39,102	727	21,682
Share capital & reserve	178,132	184,490	145,998	166,953
Non-controlling interest	153	-	-	-
Total Equity	178,285	184,490	145,998	166,953

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

	As at 30 Jun 2013		As at 31 Dec 2012	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	30,426	-	447	-
Amount repayable after one year	235	-	462	-

Details of any collateral:-

The Group's borrowings are secured by short-term bank deposits, corporate guarantee by the Company and the rights to the leased site equipment and tools and motor vehicles.

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE

	3 months ended 30 Jun 2013	3 months ended 30 Jun 2012	6 months ended 30 Jun 2013	6 months ended 30 Jun 2012
	\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities				
Net profit	7,544	6,076	14,253	9,412
Adjustment for:				
- Income tax expense	1,530	1,246	3,005	1,812
- Depreciation of property, plant and equipment	1,888	1,305	3,875	2,878
- Gain on disposal of property, plant and equipment	-	-	-	(37)
- Interest income	(92)	(35)	(195)	(95)
- Interest expense	8	52	15	75
- Fair value loss/(gain) on derivative financial instruments	983	636	2,224	(234)
	11,861	9,280	23,177	13,811
Changes in working capital				
- Trade and other receivables	(46,009)	(14,143)	(57,930)	(23,104)
- Construction contract work-in-progress	(766)	2,177	(2,526)	(55)
- Inventories	(299)	40	(569)	1,068
- Other current assets	(821)	(2,488)	(1,202)	(3,071)
- Trade and other payables	19,452	8,917	20,522	18,955
Cash (used in)/generated from operations	(16,582)	3,783	(18,528)	7,604
Interest received	92	35	196	95
Income tax paid	(2,509)	-	(4,295)	(861)
Net cash (used in)/provided by operating activities	(18,999)	3,818	(22,627)	6,838
Cash Flows From Investing Activities				
- Proceeds from disposal of property, plant and equipment	-	-	-	37
- Acquisition of subsidiary, net of cash acquired	-	-	(4,981)	-
- Additions to property, plant and equipment	(4,226)	(988)	(7,526)	(6,753)
- Capital contribution from non-controlling shareholder on incorporation of subsidiary	-	-	153	-
- (Increase)/decrease in bank deposits with maturity more than 3 months	-	-	(10,000)	10,000
Net cash (used in)/provided by investing activities	(4,226)	(988)	(22,354)	3,284
Cash Flows From Financing Activities				
- Proceeds from bank borrowings	32,976	1,646	32,976	13,609
- Interest expense paid	(8)	(52)	(15)	(75)
- Dividend paid to equity holders of the Company	(20,464)	(4,651)	(20,464)	(4,651)
- Repayment of borrowings	(3,000)	-	(3,000)	-
- Repayment of finance lease liabilities	(111)	(124)	(223)	(249)
- Increase in bank deposits pledged	-	-	-	(20,000)
Net cash provided by/(used in) financing activities	9,393	(3,181)	9,274	(11,366)
Net (decrease)/increase in cash and cash equivalents	(13,832)	(351)	(35,707)	(1,244)
Effect of currency translation on cash and cash equivalents	(70)	(9)	(147)	(23)
Cash and cash equivalents at beginning of the financial period	20,694	17,300	42,646	18,207
Cash and cash equivalents at end of the financial period	6,792	16,940	6,792	16,940

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash at bank as at the end of the financial period comprised the following:-

	3 months ended 30 Jun 2013	3 months ended 30 Jun 2012	6 months ended 30 Jun 2013	6 months ended 31 Jun 2012
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of financial period	6,792	16,940	6,792	16,940
Add: bank deposit with maturity more than 3 months	30,000	20,000	30,000	20,000
		-		-
Cash and cash bank balances	36,792	36,940	36,792	36,940

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			Non-controlling interest	Total equity	
	Share Capital	Retained profits	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	
Group						
Balance at 1 January 2013	145,271	39,102	117	184,490	-	184,490
1Q2013						
Total comprehensive income for the financial period	-	6,709	(77)	6,632	153	6,785
Balance at 31 March 2013	145,271	45,811	40	191,122	153	191,275
2Q2013						
Total comprehensive income for the financial period	-	7,544	(70)	7,474	-	7,474
Dividend relating to the financial year ended 31 December 2012	-	(20,464)	-	(20,464)	-	(20,464)
Balance at 30 June 2013	145,271	32,891	(30)	178,132	153	178,285
Company						
Balance at 1 January 2013	145,271	21,682	-	166,953	-	166,953
Total comprehensive income for the financial year	-	(253)	-	(253)	-	(253)
Balance at 31 March 2013	145,271	21,429	-	166,700	-	166,700
Total comprehensive income for the financial period	-	(238)	-	(238)	-	(238)
Dividend relating to the financial year ended 31 December 2012	-	(20,464)	-	(20,464)	-	(20,464)
Balance at 30 June 2013	145,271	727	-	145,998	-	145,998

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

Balance as at 30 June 2013

Number of Ordinary Shares	Resultant issued share capital \$
1,023,211,000	145,271,346

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

The Company did not hold any treasury shares as at 30 June 2013 and 31 December 2012. The Company’s total number of issued shares excluding treasury shares as at 30 June 2013 and 31 December 2012 is 1,023,211,000.

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

Not applicable.

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

The figures have not been audited or reviewed by the Group’s independent auditor.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation adopted in the financial statements for the current reporting period, as those used for the audited consolidated financial statements for the financial period ended 31 December 2012.

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

Not applicable.

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

	Group			
	3 months ended 30 Jun 2013	3 months ended 30 Jun 2012	6 months ended 30 Jun 2013	6 months ended 30 Jun 2012
	EPS (based on consolidated net profit attributable to equity holders):- Based on the weighted average number of ordinary shares in issue (cents)	0.74	0.65	1.39
Weighted average number of shares in issue during the period used in computing of Basic EPS	1,023,211,000	930,192,000	1,023,211,000	930,192,000

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net asset value per ordinary share based on existing share capital (cents)	17.42	18.03	14.27	16.32
Number of shares	1,023,211,000	1,023,211,000	1,023,211,000	1,023,211,000

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement Overview

Revenue

Revenue increased by \$18.8m or 32.6% from \$57.8m for the second quarter ended 30 June 2012 ("2Q2012") to \$76.6m for the second quarter ended 30 June 2013 ("2Q2013"). Revenue is higher in this quarter due to more projects being carried out in our yards both in Singapore and overseas.

Gross Profit

Gross profit increased by \$0.5m or 4.2% from \$13.0m in 2Q2012 to \$13.5m in 2Q2013 partly due to higher revenue recognized. Gross profit margin for 2Q2013 was 17.7% as compared to 22.5% in 2Q2012. Gross profit margin was lower in 2Q2013 due to lower recognition of revenue pending variation orders and higher recognition of costs by two major projects which are nearing completion.

Other (losses)/gains

Other (losses)/gains of \$1.9m in 2Q2013 was incurred mainly due to unrealized gain on the revaluation of foreign currency receivables.

Administrative Expenses

Administrative expenses increased by \$0.6m from \$5.8m in 2Q2012 to \$6.4m in 2Q2013, mainly due to an increase in employee compensation of \$0.3m and depreciation expense of \$0.5m.

Finance expenses

Finance expenses comprise mainly interest expenses on bank borrowings and finance leases which were minimal for both quarters under review.

Income Tax expense

The income tax expense for 2Q2013 was provided at the prevailing Singapore corporate tax rate of 17%.

Profit after tax

Profit after tax increased by \$1.4m from \$6.1m in 2Q2012 to \$7.5m in 2Q2013. Profit after tax margin decreased from 10.5% in 2Q2012 to 9.8% in 2Q2013. The decrease in net profit margin was mainly due to a decrease in gross profit margin as explained in the section "Gross Profit".

Statement of Financial Position

Current Assets

The Group's current assets increased by S\$36m to \$195.0m as at 30 June 2013 mainly due to increases in trade and other receivables and construction contract work-in-progress. The increase in current assets was partially offset by a reduction in cash and bank balances and derivative financial instrument.

Cash and cash equivalents decreased by \$25.8m from \$62.6m as at 31 December 2012 to \$36.8m as at 30 June 2013 mainly due to working capital requirements.

Trade and other receivables increased by \$57.8m from \$92.3m as at 31 December 2012 to \$150.1m as at 30 June 2013 mainly due to higher milestone billings outstanding and higher revenue recognition in 2Q2013.

Derivative financial instrument decreased by \$2.2m from \$0.3m as at 31 December 2012 to \$(1.9)m as at 30 June 2013 due to unfavorable movements in contracted USD forward rates against market spot rates.

Construction contract work-in-progress increased by \$2.5m from \$0.5m as at 31 December 2012 to \$3.0m as at 30 June 2013 due to work-in-progress incurred for the new project undertaken in 2Q2013.

Non-Current Assets

Non-current assets increased by \$8.6m from \$106.1m as at 31 December 2012 to \$114.7m as at 30 June 2013 mainly due to additions in property, plant and equipment of \$8.6m. The costs of fixed assets additions were reduced partially by depreciation charges of \$2.0m for the financial period.

Current Liabilities

Trade and other payables increased by \$20.5m from \$67.5m as at 31 December 2012 to \$88.0m as at 30 June 2013 mainly due to higher purchases .

Current income tax liabilities decreased by \$1.3m from \$7.6m as at 31 December 2012 to \$6.3m as at 30 June 2013 due to payment of tax liability in the current quarter.

Borrowings increased by \$29.8m from \$0.9m as at 31 December 2012 to \$30.7m as at 30 June 2013.

Consolidated Cash Flow

As at 30 June 2013, the Group had cash and cash equivalents of \$6.8m. For the six months ended 30 June 2013, the Group used up cash from operating activities before working capital changes of \$23.1m. Net cash used in operating activities amounted to \$18.5m due mainly to increase in trade and other receivables of \$57.9m, increase in construction contract work-in-progress of \$2.5m, increase in other current assets of \$1.2m, increase in trade and other payable of \$20.5m and increase in inventory of \$0.6m.

For the six months ended 30 June 2013, cash used in investing activities amounted to \$22.4m mainly due to the increase in bank deposits with maturity more than three months of \$10.0m, acquisition of a subsidiary, net of cash acquired of \$5.0m and additions to property, plant and equipment of \$7.5m.

For the six months ended 30 June 2013, cash used in financing activities amounted to \$9.3m mainly due to repayment of finance lease liabilities.

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

No forecast or prospect statement has been previously disclosed to the shareholders.

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

We have completed four projects by this quarter and four more projects are expected to be completed by 3Q2013.

At the same time, we have started on one new project and also started making preparation at our yards for the commencement of three new projects from our long-term client. Net order book as at today is \$246m.

Our tender enquiries remain strong, which is reflective of the oil and gas offshore sector we are in. We are also optimistic in securing a few more projects in the second half this year.

11. Dividend

- (a) **Current financial period reported on**
Any dividend declared for the current financial period reported on?

No.

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

No.

- (c) **Date payable**

Not applicable.

- (d) **Books closure date**

Not applicable.

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

No dividend has been declared in respect of the current financial period.

13. Use of IPO Proceeds

186,000,000 new shares were issued on 1 March 2011 pursuant to our IPO and 29,907,000 shares were issued on 4 April 2011 to satisfy the over-allotment at \$0.35 for each share, raising net proceeds in total of \$73.2m.

Use of proceeds

- a. Expansion of yard facility at 13 Pandan Crescent
- b. Upgrading and expansion of yard facility at Main Yard
- c. Acquisition of additional equipment and machineries
- d. Expansion of operations overseas
- e. General working capital

	Amount allocated (\$'million)	Amount utilized (\$'million)	Balance amount (\$'million)
a.	8.0	8.0	-
b.	12.0	12.0	-
c.	7.0	7.0	-
d.	20.0	12.7	7.3
e.	26.2	26.2	-
	73.2	65.9	7.3

14. Use of Placement Proceeds

93,019,000 placement shares were issued on 29 October 2012 pursuant to the Share Placement at \$0.50 for each share raising net proceeds in total of \$45.7m.

Use of proceeds

- a. General working capital

	Amount Allocated (\$'million)	Amount utilized (\$'million)	Balance amount (\$'million)
a.	45.7	21.7	24.0
	45.7	21.7	24.0

15. Interested person transaction disclosure

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	6 months ended 30 Jun 2013 \$'000	6 months ended 30 Jun 2012 \$'000	6 months ended 30 Jun 2013 \$'000	6 months ended 30 Jun 2012 \$'000
PURCHASES AND OTHER EXPENSES				
Transactions with Speedgrow International Pte. Ltd. ("Speedgrow")				
Supply of machine and equipment by Speedgrow	-	-	-	-
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication by L&W	890	1,341	-	-
REVENUE				
Keppel Shipyard Limited ("KSL")				
Fabrication of topside module	-	-	-	4,594
Other adhoc projects (other services)	-	-	-	796

16. Confirmation pursuant to the Rule 705(5) of the listing manual

The Board of Directors of the Company hereby confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the second quarter ended 30 June 2013 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
13 August 2013