

DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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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 FIRST QUARTER ENDED 31 MARCH

	Group		
	3 months ended	3 months ended	Change
	31 Mar 2014	31 Mar 2013	
	\$'000	\$'000	%
Revenue	78,891	60,079	31.3%
Cost of sales	(61,570)	(45,412)	35.6%
Gross profit	17,321	14,667	18.1%
Gross profit margin	22.0%	24.4%	
Other gains/(losses)	591	(676)	NM
Administrative expenses	(8,311)	(5,800)	43.3%
Finance expenses	(203)	(7)	NM
Share of loss of an associated company	-	*	NM
Profit before income tax	9,398	8,184	14.8%
Income tax expense	(1,448)	(1,475)	-1.8%
Net profit for the financial period	7,950	6,709	18.5%
Net profit margin	10.1%	11.2%	
Attributable to:-			
Equity holders of the Company	7,147	6,709	6.5%
Non-controlling interest	803	*	NM
	7,950	6,709	18.5%
Other comprehensive income, net of tax:-			
Currency translation differences arising from consolidation	(153)	(77)	98.7%
Total comprehensive income for the financial period	7,797	6,632	17.6%
Attributable to:-			
Equity holders of the Company	7,030	6,632	6%
Non-controlling interest	767	*	NM
	7,797	6,632	17.6%

* 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):-

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

Rental income ^(Note 1)

Interest income - bank deposits

Interest on borrowings

Depreciation of property, plant and equipment

Fair value (gain)/loss on derivative financial instruments

Foreign exchange loss/(gain), net

Gain on disposal of property, plant and equipment, net

Group		
3 months ended	3 months ended	Change
31 Mar 2014	31 Mar 2013	
\$'000	\$'000	%
(88)	(21)	319.0%
(44)	(104)	-57.7%
203	7	NM
2,618	1,987	31.8%
(572)	1,241	NM
225	(316)	NM
(33)	-	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 31 MARCH

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and bank balances	47,686	61,451	163	412
Trade and other receivables	161,780	156,336	135,739	135,736
Derivative financial instrument	526	66	-	-
Inventories	2,180	995	-	-
Construction contract work-in-progress	7,705	5,215	-	-
Other current assets	3,099	1,170	26	12
	222,976	225,233	135,928	136,160
Non-Current Assets				
Club memberships	407	407	-	-
Investment in subsidiaries	-	-	30,775	30,775
Goodwill	5,556	5,556	-	-
Property, plant and equipment	122,599	118,921	-	-
Deferred tax asset	1,400	1,400	-	-
	129,962	126,284	30,775	30,775
Total Assets	352,938	351,517	166,703	166,935
LIABILITIES				
Current Liabilities				
Trade and other payables	109,647	110,600	313	296
Derivative financial instrument	270	382	-	-
Borrowings	33,146	35,488	-	-
Current income tax liabilities	5,267	8,168	-	-
	148,330	154,638	313	296
Non-Current Liabilities				
Borrowings	171	239	-	-
Deferred income tax liabilities	2,119	2,119	-	-
	2,290	2,358	-	-
Total Liabilities	150,620	156,996	313	296
Net Assets	202,318	194,521	166,390	166,639
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	(230)	(113)	-	-
Retained profits	54,471	47,324	21,119	21,368
Share capital & reserve	199,512	192,482	166,390	166,639
Non-controlling interest	2,806	2,039	-	-
Total Equity	202,318	194,521	166,390	166,639

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 31.3.2014		As at 31.12.2013	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	33,146	-	35,488	-
Amount repayable after one year	171	-	239	-

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 FIRST QUARTER ENDED 31 MARCH

	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013
	\$'000	\$'000
Cash Flows From Operating Activities		
Net profit	7,950	6,709
Adjustment for:		
- Income tax expense	1,448	1,475
- Depreciation of property, plant and equipment	2,618	1,987
- Gain on disposal of property, plant and equipment	(33)	-
- Interest income	(44)	(104)
- Interest expense	203	7
- Fair value (gain)/loss on derivative financial instruments	(572)	1,241
- Unrealised translation gain	(204)	-
	11,366	11,315
Changes in working capital		
- Trade and other receivables	(5,444)	(11,920)
- Construction contract work-in-progress	(2,490)	(1,760)
- Inventories	(1,185)	(270)
- Other current assets	(1,929)	(381)
- Trade and other payables	(953)	1,070
Cash used in operations	(635)	(1,946)
Interest received	44	104
Income tax paid	(4,349)	(1,786)
Net cash used in operating activities	(4,940)	(3,628)
Cash Flows From Investing Activities		
- Acquisition of a subsidiary, net of cash acquired	-	(3,300)
- Additions to property, plant and equipment	(6,889)	(4,981)
- Proceeds from disposal of property, plant and equipment	626	-
- Capital contribution from non-controlling shareholder on incorporation of subsidiary	-	153
- Increase in bank deposits with maturity more than 3 months	(1,520)	(10,000)
Net cash used in investing activities	(7,783)	(18,128)
Cash Flows From Financing Activities		
- Proceed from borrowings	16,733	-
- Repayment of finance lease liabilities	(287)	(112)
- Repayment of borrowings	(18,856)	-
- Interest expense paid	(152)	(7)
Net cash used in financing activities	(2,562)	(119)

- 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 FIRST QUARTER ENDED 31 MARCH

	3 months ended 31 Mar 2014	3 months ended 31 Mar 2013
	\$'000	\$'000
Net increase/(decrease) in cash and cash equivalents	(15,285)	(21,875)
Effect of currency translation on cash and cash equivalents	-	(77)
Cash and cash equivalents at beginning of the financial period	30,971	42,646
Cash and cash equivalents at end of the financial period	15,686	20,694

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 31 Mar 2014	3 months ended 31 Mar 2013
	\$'000	\$'000
Cash and cash equivalents at end of the financial period	15,686	20,694
Add: bank deposits with maturity more than 3 months	32,000	30,000
Cash and bank balances	47,686	50,694

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						
Share Capital	Retained profits	Foreign currency translation reserve	Total	Non-controlling interest	Total equity	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Group						
Balance at 1 January 2014	145,271	47,324	(113)	192,482	2,039	194,521
Total comprehensive income for the financial year	-	7,147	(117)	7,030	767	7,797
Balance at 31 March 2014	145,271	54,471	(230)	199,512	2,806	202,318
Company						
Balance at 1 January 2014	145,271	21,368	-	166,639	-	166,639
Total comprehensive income for the financial year	-	(249)	-	(249)	-	(249)
Balance at 31 March 2014	145,271	21,119	-	166,390	-	166,390

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 31 March 2014

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 31 March 2014 and 31 December 2013. The Company’s total number of issued shares excluding treasury shares as at 31 March 2014 and 31 December 2013 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 year ended 31 December 2013.

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	
	1Q2014	1Q2013
EPS (based on consolidated net profit attributable to equity holders):- Based on the weighted average number of ordinary shares in issue (cents); and	0.70	0.66
On a fully diluted basis (cents)	0.70	0.66

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the period of 1,023,211,000 (1Q2013: 1,023,211,000).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period of 1,023,211,000 (1Q2013: 1,023,211,000) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive shares for the financial period ended 31 March 2014.

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	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
Net asset value per ordinary share based on existing share capital (cents)	19.77	19.01	16.26	16.29
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 31.3% from \$60.1m for the first quarter ended 31 March 2013 ("1Q2013") to \$78.9m for the first quarter ended 31 March 2014 ("1Q2014"). This was mainly due to higher activity levels of all our yards.

Gross Profit

Gross profit increased by \$2.6m or 18.1% from \$14.7m in 1Q2013 to \$17.3m in 1Q2014 partly in line with higher revenue recognized. Gross profit margin for 1Q2014 was 22.0% as compared to 24.4% in 1Q2013. The lower gross profit margin in 1Q2014 was due to higher operating costs of all our yards.

Other Gains/(Losses)

Other gains of \$0.6m in 1Q2014 were mainly due to fair value gain on financial instrument. On the other hand, other losses of \$0.7m in 1Q2013 was mainly due to fair value loss on financial instrument.

Administrative Expenses

Administrative expenses increased by \$2.5m from \$5.8m in 1Q2013 to \$8.3m in 1Q2014, mainly due to an increase in employee compensation of \$2.1m arising from an increase in headcount and increase in salaries.

Finance expenses

Finance expenses were mainly interest expenses on bank borrowings and finance leases.

Income Tax expense

The income tax expense for 1Q2014 was provided at the prevailing Singapore corporate tax rate of 17% for the Singapore entities. However, effective income tax rate for the Group is lower at 15% due to tax-free status enjoyed by our subsidiary in the Philippines.

Profit after tax

Profit after tax increased by \$1.2m from \$6.7m in 1Q2013 to \$7.9m in 1Q2014. Profit after tax margin decreased marginally from 11.2% in 1Q2013 to 10.1% in 1Q2014.

Statement of Financial Position

Current Assets

The Group's current assets decreased by \$2.3m from \$225.2m as at 31 December 2013 to \$223.0m as at 31 March 2014 due to reduction in cash and bank balances. The decrease in current assets was partially offset by increases in trade and other receivables, other current assets and construction contract work-in-progress.

Cash and cash equivalents decreased by \$13.8m from \$61.5m as at 31 December 2013 to \$47.7m as at 31 March 2014 mainly due to working capital requirements.

Trade and other receivables increased by \$5.4m from \$156.3m as at 31 December 2013 to \$161.8m as at 31 March 2014 in line with higher revenue in 1Q2014.

Other current assets increased by \$1.9m from \$1.2m as at 31 December 2013 to \$3.1m as at 31 March 2014 due to increase in tender and rental deposits.

Construction contract work-in-progress increased by \$2.5m from \$5.2m as at 31 December 2013 to \$7.7m as at 31 March 2014 due to work-in-progress for the new projects undertaken in 1Q2014.

Non-Current Assets

Non-current assets increased by \$3.7m from \$126.3m as at 31 December 2013 to \$130.0m as at 31 March 2014 due to additions in property, plant and equipment of \$6.9m. The additions to property, plant and equipment were offset by depreciation charges of \$2.6m and disposal of property, plant and equipment of \$0.6m in 1Q2014.

Current Liabilities

Current liabilities decreased by \$6.3m from \$154.6m as at 31 December 2013 to \$148.3m as at 31 March 2014 mainly due to lower trade and other payables, current income tax liabilities and borrowings.

Trade and other payables decreased by \$1.0m from \$110.6m as at 31 December 2013 to \$109.6m as at 31 March 2014 due to payment of trade payables.

Current income tax liabilities decreased by \$2.9m from \$8.2m as at 31 December 2013 to \$5.3m as at 31 March 2014 due to payment of tax liability in the current quarter partially offset by tax expense of \$1.4m for the financial period.

Current and non-current borrowings decreased by \$2.4m from \$35.7m as at 31 December 2013 to \$33.3m as at 31 March 2014.

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.

On the back of a strong net order book, our group started the year running seven projects concurrently in our yards in Singapore, Malaysia, China and Philippines. Of the seven projects, four of them are new projects which started in this quarter. These projects are now between 20% to 50% completion.

Global demand for energy remains strong and oil price remains stable at above US\$100 a barrel. This will continue to provide good support for the industry we are in as seen in the continued active tender enquiries we received from both our long term and new clients.

We are also pleased to secure new orders in this quarter from two of our repeat customers for a provisional sum of \$50m, thereby bringing our net order book as at today to \$342m. We will continue to upkeep our track record on safety, quality and on-time delivery.

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 for the quarter ended 31 March 2014.

13. 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	Amount Allocated (\$'million)	Amount utilized (\$'million)	Balance amount (\$'million)
General working capital (including cash and deposits)	45.7	45.7	-
	45.7	45.7	-

14. 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)	
	3 months ended 31.3.2014 \$'000	3 months ended 31.3.2013 \$'000	3 months ended 31.3.2014 \$'000	3 months ended 31.3.2013 \$'000
PURCHASES AND OTHER EXPENSES				
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication by L&W	1,125	395	-	-
Supply of manpower by L&W	62	-	-	-
Rental of container office and equipment	(1)	-	-	-
SALES TRANSACTIONS				
Keppel Shipyard Limited ("KSL")				
Fabrication of topside module	-	-	2,487	-

15. 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 first quarter ended 31 March 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
12 May 2014