

DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE

	Group					
	3 months ended 30 Jun 2014 2Q2014	3 months ended 30 Jun 2013 2Q2013		6 months ended 30 Jun 2014 1H2014	6 months ended 30 Jun 2013 1H2013	
			Change			Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	97,405	76,620	27.1%	176,296	136,699	29.0%
Cost of sales	(80,245)	(63,080)	27.2%	(141,815)	(108,492)	30.7%
Gross profit	17,160	13,540	26.7%	34,481	28,207	22.2%
Gross profit margin	17.6%	17.7%		19.6%	20.6%	
Other gains	1,300	1,897	-31.5%	1,891	1,221	54.9%
Administrative expenses	(10,000)	(6,355)	57.4%	(18,311)	(12,155)	50.6%
Finance expenses	(270)	(8)	NM	(473)	(15)	NM
Profit before income tax	8,190	9,074	-9.7%	17,588	17,258	1.9%
Income tax expense	(1,475)	(1,530)	-3.6%	(2,923)	(3,005)	-2.7%
Net profit for the financial period	6,715	7,544	-11.0%	14,665	14,253	2.9%
Net profit margin	6.9%	9.8%		8.3%	10.4%	
Attributable to:						
Equity holders of the Company	6,041	7,544	-19.9%	13,188	14,253	-7.5%
Non-controlling interest	674	-	NM	1,477	-	NM
	6,715	7,544	-11.0%	14,665	14,253	2.9%
Other comprehensive income, net of tax:-						
Currency translation differences arising from consolidation	(444)	(70)	NM	(597)	(147)	NM
Total comprehensive income for the financial period	6,271	7,474	-16.1%	14,068	14,106	-0.3%
Attributable to:-						
Equity holders of the Company	5,539	7,474	-25.9%	12,569	14,106	-10.9%
Non-controlling interest	732	-	NM	1,499	-	NM
	6,271	7,474	-16.1%	14,068	14,106	-0.3%

* 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 2014	3 months ended 30 Jun 2013	Change	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
The Group's profit is stated after charging/(crediting):-						
Rental income ^(Note 1)	(221)	(18)	NM	(309)	(39)	NM
Interest income - bank deposits	(15)	(91)	-83.5%	(59)	(195)	-69.7%
Interest on borrowings	270	8	NM	473	15	NM
Depreciation of property, plant and equipment	2,740	1,888	45.1%	5,358	3,875	38.3%
Fair value (gain)/loss on derivative financial instruments	(296)	983	NM	(868)	2,224	NM
Foreign exchange (gain)/loss, Net	(800)	(2,571)	-68.9%	(575)	(2,887)	-80.1%
Gain on disposal of property, plant and equipment, net	(5)	-	NM	(38)	-	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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and bank balances	47,261	61,451	184	412
Trade and other receivables	205,909	156,336	114,975	135,736
Derivative financial instruments	637	66	-	-
Inventories	2,777	995	-	-
Construction contracts	5,128	5,215	-	-
Other current assets	2,885	1,170	32	12
	264,597	225,233	115,191	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	120,723	118,921	-	-
Deferred tax assets	1,400	1,400	-	-
	128,086	126,284	30,775	30,775
Total Assets	392,683	351,517	145,966	166,935
LIABILITIES				
Current Liabilities				
Trade and other payables	124,298	110,600	333	296
Derivative financial instruments	85	382	-	-
Borrowings	72,598	35,488	-	-
Current income tax liabilities	5,236	8,168	-	-
	202,217	154,638	333	296
Non-Current Liabilities				
Borrowings	222	239	-	-
Deferred income tax liabilities	2,119	2,119	-	-
	2,341	2,358	-	-
Total Liabilities	204,558	156,996	333	296
Net Assets	188,125	194,521	145,633	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	(732)	(113)	-	-
Retained profits	40,048	47,324	362	21,368
Share capital & reserve	184,587	192,482	145,633	166,639
Non-controlling interest	3,538	2,039	-	-
Total Equity	188,125	194,521	145,633	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 30 Jun 2014		As at 31 Dec 2013	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	72,598	-	35,488	-
Amount repayable after one year	222	-	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 SECOND QUARTER ENDED 30 JUNE

	3 months ended 30 Jun 2014	3 months ended 30 Jun 2013	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013
	\$'000	\$'000	\$'000	\$'000
Cash Flows From Operating Activities				
Net profit	6,715	7,544	14,665	14,253
Adjustment for:				
- Income tax expense	1,475	1,530	2,923	3,005
- Depreciation of property, plant and equipment	2,740	1,888	5,358	3,875
- Gain on disposal of property, plant and equipment	(5)	-	(38)	-
- Write-off of property, plant and equipment	11	-	11	-
- Interest income	(15)	(92)	(59)	(195)
- Interest expense	270	8	473	15
- Fair value (gain)/loss on derivative financial instruments	(296)	983	(868)	2,224
- Unrealised translation gain	(265)	-	(469)	-
	10,630	11,861	21,996	23,177
Changes in working capital				
- Trade and other receivables	(44,129)	(46,009)	(49,573)	(57,930)
- Construction contracts	4,820	(766)	2,330	(2,526)
- Inventories	(2,948)	(299)	(4,133)	(569)
- Other current assets	322	(821)	(1,607)	(1,202)
- Trade and other payables	14,634	19,452	13,681	20,522
Cash used in operations	(16,671)	(16,582)	(17,306)	(18,528)
Interest received	15	92	59	196
Income tax paid	(1,492)	(2,509)	(5,841)	(4,295)
Income tax refunded	16	-	16	-
Net cash used in operating activities	(18,132)	(18,999)	(23,072)	(22,627)
Cash Flows From Investing Activities				
- Proceeds from disposal of property, plant and equipment	5	-	631	-
- Acquisition of subsidiary, net of cash acquired	-	-	-	(4,981)
- Additions to property, plant and equipment	(936)	(4,226)	(7,825)	(7,526)
- Capital contribution from non-controlling shareholder on incorporation of subsidiary	-	-	-	153
- Decrease/(increase) in bank deposits with maturity more than 3 months	6,296	-	4,776	(10,000)
Net cash provided by/(used in) investing activities	5,365	(4,226)	(2,418)	(22,354)
Cash Flows From Financing Activities				
- Proceeds from bank borrowings	74,334	32,976	91,067	32,976
- Proceeds from finance lease liabilities	89	-	89	-
- Interest expense paid	(321)	(8)	(473)	(15)
- Dividend paid to equity holders of the Company	(20,464)	(20,464)	(20,464)	(20,464)
- Repayment of borrowings	(34,861)	(3,000)	(53,717)	(3,000)
- Repayment of finance lease liabilities	(59)	(111)	(346)	(223)
Net cash provided by financing activities	18,718	9,393	16,156	9,274
Net increase/(decrease) in cash and cash equivalents	5,951	(13,832)	(9,334)	(35,707)
Effect of currency translation on cash and cash equivalents	(80)	(70)	(80)	(147)
Cash and cash equivalents at beginning of the financial period	15,686	20,694	30,971	42,646
Cash and cash equivalents at end of the financial period	21,557	6,792	21,557	6,792

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 2014	3 months ended 30 Jun 2013	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents at end of financial period	21,557	6,792	21,557	6,792
Add: bank deposit with maturity more than 3 months	25,704	30,000	25,704	30,000
Cash and cash bank balances	47,261	36,792	47,261	36,792

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 2014	145,271	47,324	(113)	192,482	2,039	194,521
1Q2014						
Total comprehensive income for the financial period	-	7,147	(117)	7,030	767	7,797
Balance at 31 March 2014	145,271	54,471	(230)	199,512	2,806	202,318
2Q2014						
Total comprehensive income for the financial period	-	6,041	(502)	5,539	732	6,271
Dividend relating to the financial year ended 31 December 2013	-	(20,464)	-	(20,464)	-	(20,464)
Balance at 30 June 2014	145,271	40,048	(732)	184,587	3,538	188,125
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
Total comprehensive income for the financial period	-	(293)	-	(293)	-	(293)
Dividend relating to the financial year ended 31 December 2013	-	(20,464)	-	(20,464)	-	(20,464)
Balance at 30 June 2014	145,271	362	-	145,633	-	145,633

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 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 30 June 2014 and 31 December 2013. The Company’s total number of issued shares excluding treasury shares as at 30 June 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			
	3 months ended 30 Jun 2014	3 months ended 30 Jun 2013	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013
EPS (based on consolidated net profit attributable to equity holders):- Based on the weighted average number of ordinary shares in issue (cents); and	0.59	0.74	1.29	1.39
On a fully diluted basis (cents)	0.59	0.74	1.29	1.39

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 (2Q2013: 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 (2Q2013: 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 30 June 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	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share based on existing share capital (cents)	18.39	19.01	14.23	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 \$20.8m or 27.1% to \$97.4m for the second quarter ended 30 June 2014 ("2Q2014") from \$76.6m for the second quarter ended 30 June 2013 ("2Q2013"). This was mainly due to higher activity levels of all our yards.

Gross Profit

Gross profit increased by \$3.6m or 26.7% to \$17.2m in 2Q2014 from \$13.5m in 2Q2013 partly in line with higher revenue recognized. Gross profit margin for 2Q14 is 17.6% which is in line with the gross profit margin of 17.7% in 2Q13.

Other gains

Other gains of \$1.3m and \$1.9m in 2Q2014 and 2Q2013 were mainly due to unrealized gain on the revaluation of foreign currency receivables and fair value gain on financial instruments.

Administrative Expenses

Administrative expenses increased by \$3.6m to \$10.0m in 2Q2014 from \$6.4m in 2Q2013, mainly due to an increase in employee compensation of \$3.5m 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 2Q2014 was provided at the prevailing Singapore corporate tax rate of 17% for the Singapore entities. However effective income tax rate for the Group for the half year is lower at 16.6% due to tax free status enjoyed by our subsidiary in Philippines.

Profit after tax

Profit after tax decreased by \$0.8m to \$6.7m in 2Q2014 from \$7.5m in 2Q2013. Profit after tax margin decreased to 6.9% in 2Q2014 from 9.8% in 2Q2013. The decrease in net profit margin was mainly due to increase in employee compensation as explained in the section "Administrative Expenses".

Statement of Financial Position

Current Assets

The Group's current assets increased by S\$39.4m to \$264.6m as at 30 June 2014 from \$225.2m as at 31 December 2013 mainly due to increases in trade and other receivables, derivative financial instruments, inventories and other current assets. The increase in current assets was partially offset by a reduction in cash and bank balances and construction contracts.

Cash and cash equivalents decreased by \$14.2m to \$47.3m as at 30 June 2014 from \$61.5m as at 31 December 2013, mainly due to working capital requirements.

Trade and other receivables increased by \$49.6m to \$205.9m as at 30 June 2014 from \$156.3m as at 31 December 2013, mainly due to higher revenue in 2Q2014 and also slower payment by certain customers.

Other current assets increased by \$1.7m to \$2.9m as at 30 June 2014 from \$1.2m as at 31 December 2013, mainly due to increase in tender and rental deposit.

Non-Current Assets

Non-current assets increased by \$1.8m to \$128.1m as at 30 June 2014 from \$126.3m as at 31 December 2013 mainly due to additions in property, plant and equipment of \$7.8m. The additions to property, plant and equipment were offset by depreciation charges of \$5.4m and disposal of property, plant and equipment of \$0.6m in 2Q2014.

Current Liabilities

Current liabilities increased by \$47.6m to \$202.2m as at 30 June 2014 from \$154.6m as at 31 December 2013 mainly due to increases in trade and other payables and borrowings. The increase in current liabilities was partially offset by a reduction in derivative financial instruments and current income tax liabilities.

Trade and other payables increased by \$13.7m to \$124.3m as at 30 June 2014 from \$110.6m as at 31 December 2013 mainly due to higher volume of business activities .

Current income tax liabilities decreased by \$2.9m to \$5.2m as at 30 June 2014 from \$8.2m as at 31 December 2013 due to payment of tax liability and partially offset by tax expenses of \$2.9m for the financial period.

Current and non-current borrowings increased by \$37.1m to \$72.8m as at 30 June 2014 from \$35.7m as at 31 December 2013.

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.

Our yard in Johor Bahru (“JB yard”) started production in December 2012. As at today, our JB yard has loaded out two structural blocks for Keppel Fels. Currently, our JB yard is fabricating projects from Bumi Armada, Modec and Keppel Fels. With track records being established, our customers are gradually accepting our proposal to fabricate their projects in our JB yard. To support a potential higher work load, we will to further improve more area of the ground and also to equip the yard with more equipment and machineries.

As our group grows, we are in need of a more sophisticated ERP system to streamline our information system throughout the organization. The ERP system will provide more timely reports for monitoring and control purposes. It will also automate most of our current manual processes and reduce duplication of duties, thereby improving productivity. We are currently reviewing such a system.

We also need to recruit more workers to support our growth. As accommodation for these workers is our responsibility and due to the acute shortage of dormitories available in the market, we intend to build our own dormitory to house our workers.

To meet the above capital expenditure requirement, we have on 21 July 2014 established a \$300 million Multicurrency Medium Term Note Programme. Subsequently, we have on 1 August 2014 issued our Series 1 Notes comprising \$50 million at 4.25 per cent. maturing in 2017. The Series 1 Notes are listed on the Official List of the SGX-ST with effect from 9am on 4 August 2014.

Our net order book after deducting the revenue recognized in 2Q2014 is \$266 million. Our tender enquiries remain very active and positive and we should expect our performance in this year to continue to be satisfactory.

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. 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 2014 \$'000	6 months ended 30 Jun 2013 \$'000	6 months ended 30 Jun 2014 \$'000	6 months ended 30 Jun 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	1,661	890	-	-
Supply of manpower by L&W	79	-	-	-
Rental of container office and equipment	(5)	-	-	-
REVENUE				
Keppel Shipyard Limited ("KSL")				
Other adhoc projects (other services)	-	-	77	-
Keppel Subic Shipyard Inc ("KSS")				
Fabrication of topside module	-	-	5,373	-
Keppel FELS Limited ("KFL")				
Other adhoc projects (other services)	-	-	755	-

14. 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 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
14 August 2014