

**DYNA-MAC HOLDINGS LTD.**  
Co. Reg. No. 200305693E  
(Incorporated in Singapore)

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**RESPONSE TO SGX QUERY**

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**SGX Query**

It is noted on page 11 of the announced financial results:- “Contract Assets increased by \$13.7m from \$14.6m as at 31 December 2019 to \$28.3m as at 31 March 2020 mainly due to timing of billings to customers.” What is the nature of the “Contract assets” financial statement line item and please elaborate on the reason(s) for its increase from \$14,575,000 as at 31 Dec 2019 to \$28,256,000 as at 31 March 2020.

**Company’s Response to SGX Query**

Under SFRS(I) 15 *Revenue from Contract with Customers*, the Group recognizes revenue over time as the Group satisfies its performance obligation. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contract. A contract asset is recognized when the Group has performed under the contract but has not yet billed the customer. Contract assets represent the Group’s right to consideration in exchange for work performed and transferred to customers.

The increase from \$14,575,000 as at 31 Dec 2019 to \$28,256,000 as at 31 March 2020 is mainly due to timing differences arising from the Group’s progress as at 31 March 2020 and the agreed billing milestones with customers.

**BY ORDER OF THE BOARD**

Lim Ah Cheng  
Executive Director and Chief Executive Officer

Date: 01 July 2020