精砺 DYNA-MAC
beyond your expectations

FORWARD WITH CONFIDENCE

2017 ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

DYNA-MAC IS A **GLOBAL LEADER IN THE DETAILED ENGINEERING, FABRICATION AND CONSTRUCTION** OF OFFSHORE FPSO (FLOATING PRODUCTION STORAGE OFFLOADING) AND FSO (FLOATING STORAGE OFFLOADING) TOPSIDE MODULES AS WELL AS ONSHORE PLANTS AND OTHER SUB-SEA PRODUCTS FOR THE OIL AND GAS INDUSTRIES. LISTED ON SGX MAINBOARD AND HEADQUARTERED IN SINGAPORE, **DYNA-MAC HAS YARDS IN SINGAPORE WITH PARTNERSHIP PRESENCE IN MALAYSIA, CHINA, INDONESIA, THE PHILIPPINES AND BRAZIL**.

VISION & MISSION

A global leader in providing reliable, affordable products and services of unsurpassed quality for the oil & gas industries.

We will achieve this by upholding the highest levels of quality, safety, reliability and service excellence.

CORE VALUES

Our core values support the vision, shape the culture and chart the direction of the Group.

Putting these values into practice creates benefits for customers, employees, partners and the communities we serve.

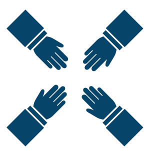

INTEGRITY


CUSTOMER FOCUS


PEOPLE DEVELOPMENT


HEALTH, SAFETY AND ENVIRONMENT


POSITIVE ATTITUDE


TEAMWORK

CORPORATE STRUCTURE

精砺 DYNA-MAC
beyond your expectations

- 100% Dyna-Mac Engineering Services Pte. Ltd.
  - 100% Dyna-Mac Engineering Services Sdn. Bhd.
- 100% Dyna-Mac Offshore Services Pte. Ltd.
  - 60% Dyna-Mac Do Brasil Construções Ltda
- 100% Dyna-Mac Marine & Heavy Engineering Pte. Ltd.
  - 40% Dyna-Mac Do Brasil Construções Ltda
- 100% DM Haven Automation Industries (S) Pte. Ltd.
- 100% Dyna-Mac Engineering (HK) Pte. Ltd.
  - 70% DMP Marine Fabricator (Nansha) Co. Ltd.
- 60% Dyna-Mac Keppel Philippines Inc.

CORPORATE INFORMATION

Registered Office
DYNA-MAC HOLDINGS LTD.
Company Registration Number: 200305693E
59 Gul Road
Singapore 629354
Tel : (65) 6762 5816
Fax : (65) 6762 3465
Website : www.dyna-mac.com

BOARD OF DIRECTORS

Lim Tze Jong Desmond
Executive Chairman and Chief Executive Officer

Varghese John
Senior Chief Corporate Officer

Lim Tjew Yok
Chief Operating Officer

Tan Soo Kiat
Lead Independent Director

Dr Ong Seh Hong
Independent Director

Chia Hock Chye Michael
Non-executive Director
(Resigned on 18 December 2017)

Chor How Jat
Non-executive Director
(Appointed on 30 January 2018)

Teo Boon Hwee Simon
Chief Marketing Officer
Alternate to Lim Tze Jong Desmond

Wong Ngiam Jih
Alternate to Chia Hock Chye Michael
(Resigned on 31 March 2017)

Tan Poh Lee Paul
Alternate to Chia Hock Chye Michael
(Appointed on 30 May 2017, resigned on 18 December 2017)

AUDIT COMMITTEE

Tan Soo Kiat (Chairman)
Dr Ong Seh Hong
Chor How Jat

REMUNERATION COMMITTEE

Dr Ong Seh Hong (Chairman)
Tan Soo Kiat
Chor How Jat

NOMINATING COMMITTEE

Dr Ong Seh Hong (Chairman)
Tan Soo Kiat
Chor How Jat

EXECUTIVE COMMITTEE

Lim Tze Jong
Executive Chairman and CEO

Varghese John
Senior Chief Corporate Officer

Tiong Sai Lan Joyce
Chief Financial Officer

Lim Tjew Yok
Chief Operating Officer

Teo Boon Hwee Simon
Chief Marketing Officer

JOINT COMPANY SECRETARIES

Liew Meng Ling, ACIS
Lee Kim Lian Juliana, LLB (Hon)

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation
Standard Chartered Bank

AUDITOR

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Audit Partner: Lee Chian Yorn
(Appointed since 2016, resigned on 3 April 2017)

Ernst & Young LLP
Public Accountants and Chartered Accountants
Audit Partner: Tan Swee Ho
(Effective from reporting year ended 31 December 2017)

SOLICITOR

RHT Law LLP
Equity Law LLC

EXECUTIVE CHAIRMAN & CEO LETTER TO SHAREHOLDERS

Our Executive Chairman and Chief Executive Officer, Lim Tze Jong Desmond

DEAR VALUED SHAREHOLDERS

STRIKE STEEL CEREMONY

Dyna-Mac starts the new year with a Strike Steel Ceremony held at our main yard at Gul Road on 18 January 2018. The Strike Steel Ceremony commemorated the commencement of construction for 12 units of topside modules with a total estimated weight of 14,500 tons for FPSO Liza Destiny. The event was attended by Guests-of-honor from our long-term customer Single Buoy Mooring and their customer ExxonMobil. FPSO Liza Destiny will be deployed to the Liza field situated at 193km in offshore Guyana upon completion.

REVIEW OF OPERATIONS PERFORMANCE

Revenue for FY2017 was $31m as compared to $204m in FY2016 while loss after tax for FY2017 was $58m as compared to loss after tax of $19m for FY2016.

Loss after tax of $58m was recorded after charging $2m for impairment on Property Plant and Equipment, $18m for under absorbed overhead costs due to low utilization of our main yard at Gul Road, and $8m for inventory write-off and overhead costs associated with idle facilities in our Malaysia yard.

PROJECTS COMPLETED OR SECURED IN 2017

Revenue came mainly from the tail end of the module fabrication for Project Zadco from DSME, and four additional projects secured in 2016 and 2017. The additional projects comprise the FPSO Culzean for our long-term customer Modec, and a new customer, Tyco, and Project Leviathan for Cameron and Project APMS for Woodgroup. FPSO Culzean was mostly completed in 2017 and Project Leviathan and Project APMS are expected to be completed in 2018.

CASHFLOW MANAGEMENT

Despite the extremely low revenue and high overhead costs, through prudence and financial discipline, Dyna-Mac was able to breakeven its operating cash flow for FY2017. Overall, we have continued to maintain a net cash position throughout the challenging downturn and close 2017 with a net cash of $30m.

OUR YARDS

Continuing with our effort to adapt to the cyclical changes, Dyna-Mac had made the difficult decision to shut down our yard in Tanjung Kupang, Johor, Malaysia in Dec 2017.

Currently, our main yard at Gul Road in Singapore has a capacity of approximately 22,000 tons per year. We have put in place collaboration arrangements with our ex yards in Malaysia and within a China such that we shall be able to ram up our production capacity short notice to support additional orders as and when required.

DIVIDENDS

While sentiments have turned positive as oil prices have recovered and is up 18% from a year ago to around US$66 a barrel in February 2018, we are still cautiously managing our financial resources pending for a pick up in our order book. After careful consideration, the Board of Directors has recommend not to declare dividends for the financial year ended 31 December 2017.

OUTLOOK AND PROSPECTS

We are seeing signs of improvement in our sector at the current level of oil prices. We are also receiving more positive progress for the tenders we have submitted. We have also diversified and participated in tendering for projects in green technology, modular onshore plants and mobile power plants. Our order book as at 31 December 2017 is $90m with completion and deliveries extending into 4Q2018 as compared to a net order book of $13m as at end of 2016. Amidst growing optimism, we are still very conscious of our overhead costs and will continue to manage our financial resources actively according to our level of business activities.

EXECUTIVE CHAIRMAN &
CEO LETTER TO SHAREHOLDERS

APPOINTMENT OF ADDITIONAL INDEPENDENT DIRECTOR TO MEET GUIDELINE 2.2 OF THE CODE OF CORPORATE GOVERNANCE

Bearing in mind that the Code recommends that half of the Board of Directors should consist of Independent Directors where the Chairman also holds the position of Chief Executive Officer, the Nominating Committee has, in consultation with the Board over the past months, worked towards taking concrete steps to restructure the Board to meet the Code's recommendation. Specifically, the Nominating Committee has initiated the process of bringing on board a new Independent Director, whose appointment is expected to be finalized and announced before the second half of this financial year. Additionally, Mr Varghese John, our Executive Director, will be retiring as a member of this Board at the forthcoming Annual General Meeting while remaining as the Senior Chief Corporate Officer of Dyna-Mac. We take this opportunity to thank Mr Varghese John for his contribution and counsel during his tenure as a member of the Board.

ACKNOWLEDGEMENTS

We would also like to thank Mr Michael Chia and his alternate Mr Paul Tan who have stepped down as Non-Executive Independent Directors on 18 December 2017 for their contribution to Dyna-Mac.

At the same time, we would like to welcome on board Mr Chor How Jat who will be replacing Mr Michael Chia.

Finally, we could not be more grateful for the support and patience extended by our stakeholders including our Board of Directors, shareholders, customers, suppliers, contractors, business associates and our dedicated management and staff.

Lim Tze Jong Desmond
Executive Chairman and CEO

Our main yard at Gul Road

OPERATIONS REVIEW

ORDER SECURED & REVENUE VS BRENT CRUDE OIL PRICE

(S$'m)	FY 2014	FY 2015	FY 2016	FY 2017
Order Secured	92	161	13	101
Revenue	319	270	204	31

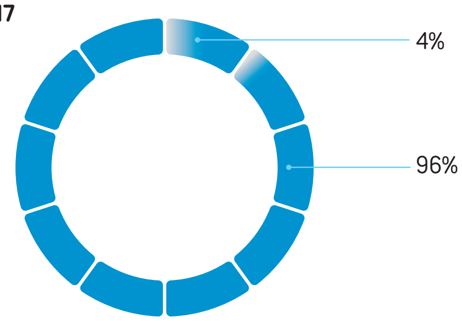
PROJECTS DELIVERY AND WORK-IN-PROGRESS IN 2017

Project Description	No. of modules delivered
Zadco UZ 1M Enabler	
Pau modules (12 modules in total)	6

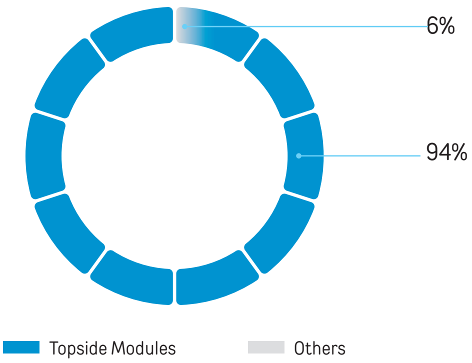
Project Description	No. of modules work in progress
FSO Culzean	
Topside modules	4
Wood Group AMPS Package	
Annulus Presure Management Module	1
Leviathan Production Platform	
Flowline Reclamation Unit (Module)	1

REVENUE CONTRIBUTIONS BY SEGMENTS:

FY2017



FY2016



OPERATIONS REVIEW

REVIEW OF PERFORMANCE

Dyna-Mac recorded a revenue of $31m and loss after tax of $58m in 2017, as compared to $204m and $18m respectively in 2016.

Our sector has been very prudent assuming the volatility of oil prices since its plunge three years ago in 2015. We saw new capex from major oil companies being put on hold or postponed. As a result, we secured low orders of $13m in 2016, which inevitably translated to the low revenue recognition and loss after loss in 2017.

However, we saw oil prices recovering some grounds last year and signs of new activities in our sector. We were able to secure new projects from new and existing customers in 2017. We were awarded the Annulus Pressure Management Module and the Leviathan Flowline Reclamation Unit (Module) by our new customers Wood Group and Cameron respectively. We were also awarded by our long term customer SBM for the fabrication of topside modules for FPSO Liza Destiny.

STRIKE STEEL CEREMONY

We started the new year with the Strike Steel Ceremony for FPSO Liza Destiny project. The Strike Steel Ceremony was held at our main yard at Gul Road on 18 January 2018 to commemorate the commencement of construction of 12 units of topside modules with a total estimated weight of 14,500 tons. The event was attended by Guest-of-honor from our long term customer Single Buoy Mooring and their customer ExxonMobile. FPSO Liza Destiny will be deployed to the Liza field situated 193km off the shore of Guyana upon completion.

PRODUCTION CAPACITY AND PRODUCTIVITY

Strike Steel ceremony for FPSO Liza Destiny Project

OPERATIONS REVIEW

Currently, our main yard at Gul Road, Singapore has a production capacity of approximately 22,000 tons per year. We have put in place collaboration arrangements with our ex yards in Malaysia and China such that we should be able to ram up our production capacity in short notice to support additional orders when required.

Continuing with our effort to drive down operating costs, we have acquired a Plasma Profile Cutting Machine to reduce some reliance on manual labour to improve efficiency and productivity. We believe this would translate to costs savings in the near future.

ORDER BOOK

Our net order book as at end of 2017 was $90m with completion and deliveries extending into 4Q2018 as compared to $13m as at end of 2016. We will continue to focus on safety, quality and on-time delivery of our projects.

ORDER BOOK

	2012	2013	2014	2015	2016	2017
Contracts Secured S$(m)	132	316	92	161	13	101
Net order book S$(m)	134	324	353	175	13	90

OPERATIONS REVIEW

Plasma Profile Cutting Machine

2017 KEY FINANCIALS

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Group Income Statement					
Revenue	31,392	204,047	269,512	318,566	269,351
Gross (Loss)/Profit	(30,139)	41,835	49,674	71,865	65,843
(Loss)/Profit before tax	(58,480)	(18,391)*	(1,810)	29,499	35,583
Net (Loss)/Profit	(57,912)	(19,134)*	(5,183)	26,241	30,650
Dividend – Final (cents)	Nil	Nil	Nil	1.5	2.0
GROUP BALANCE SHEET					
Currents assets	99,616	171,996*	259,541	281,246	225,233
Non-current assets	45,338	86,153	116,167	122,893	126,284
Total assets	**144,954**	**258,149***	**375,708**	**404,139**	**351,517**
Current liabilities	40,710	93,697	144,123	152,113	154,638
Non-current liabilities	70	1,249	51,079	51,678	2,358
Total liabilities	**40,780**	**94,946**	**195,202**	**203,791**	**156,996**
Net assets	104,174	**163,203**	**180,506**	**200,348**	**194,521**
Share capital	145,271	145,271	145,271	145,271	145,271
Other reserves	293	710	109	(643)	(113)
Retained profits	(42,124)	15,002*	32,824	51,625	47,324
Non-controlling interest	734	2,220	2,302	4,095	2,039
Total equity	**104,174**	**163,203***	**180,506**	**200,348**	**194,521**
PER SHARE					
(Loss)/Earnings per share – basic (cents)	(5.58)	(1.86)*	(0.34)	2.42	2.80
(Loss)/Earnings per share – diluted (cents)	(5.58)	(1.86)*	(0.34)	2.42	2.80
Net asset value (cents)	10.18	15.95*	17.64	19.58	19.01
FINANCIAL RATIOS					
(Loss)/Return on equity (%)	(55.59)	(11.72)*	(2.87)	13.10	15.76
(Loss)/Return on total assets (%)	(39.95)	(7.41)*	(1.38)	6.49	8.72
Current ratio (times)	2.45	1.84*	1.80	1.85	1.46
Net gearing (times)	0.06	0.18*	–	0.12	–
Group Cash Flow Statement					
Net cash (used in)/from operating activities	(1,109)	31,430*	54,522	(17,119)	11,874
Net cash (used in)/from investing activities	(2,710)	45	18,795	(8,343)	(37,578)
Net cash (used in)/from financing activities	(28,666)	(48,540)	(3,810)	10,280	14,029
Cash and bank balances	37,088	69,535	85,211	42,155	61,451

* Restated

FINANCIAL REVIEW

INCOME STATEMENT OVERVIEW

REVENUE

Revenue decreased by $172.6m or 84.6% from $204.0m for the year ended 31 December 2016 ("FY2016") to $31.4m for the year ended 31 December 2017 ("FY2017"). The decrease was mainly due to the low volume of projects carried out in FY2017 in the current weak market caused by the prolonged low oil prices.

GROSS PROFIT

Gross profit declined from $41.8m in FY2016 to a loss of $30.1m in FY2017. This was mainly due to the low revenue recognized which was insufficient to cover our fixed direct overheads in FY2017.

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

Total current assets decreased by $72.4m from $172.0m as at 31 December 2016 to $99.6m as at 31 December 2017. This was mainly due to a $32.4m decrease in cash and cash equivalents, a $68.0m decrease in trade and other receivables, and a $3.8m decrease in other current assets, partially offset by $32.1m assets held for sale which was reclassified from Investment property and property, plant and equipment.

NON-CURRENT ASSETS

Non-current assets decreased by $40.9m from $86.2m as at 31 December 2016 to $45.3m as at 31 December 2017 mainly due to reclassification of investment property of $14m to assets held for sale, reclassification of property, plant and equipment of $18.1m to assets held for sale and depreciation charges on property, plant and equipment of $10.1m, written off of property, plant and equipment of $1.7m, partially offset by additions on property, plant and equipment of $2.8m.

CURRENT LIABILITIES

Total current liabilities decreased by $53.0m from $93.4m as at 31 December 2016 to $40.7m as at 31 December 2017 mainly due to $28.3m repayment of bank borrowings, $23.7m decrease in trade and other payables and lower accrued project costs as a result of fewer projects being carried out in FY2017.

STATEMENT OF CASH FLOWS

The Group registered a decrease in cash and cash equivalent of $32.4m from $69.5m as at 31 December 2016 to $37.1m as at 31 December 2017.

The negative net cash flow generated by operating activities in FY2017 amounted to $1.1m, was mainly due to $46.1m operating loss, partially offset by the increases from changes in working capital.

Net cash used in investing activities in FY2017 amounted to $2.7m. This was mainly due to additions of property, plant, and equipment. The Group purchased one unit of Plasma Profile Cutting machine to reduce production costs by boosting productivity via automation.

Net cash used in financing activities in FY2017 amounted to $28.7m. This was mainly due to repayment of bank borrowings.

BOARD OF DIRECTORS

MR LIM TZE JONG DESMOND

Executive Chairman and Chief Executive Officer
Executive/Non-Independent Director
Appointed 19 June 2003

Mr Lim is an Executive and a Non-Independent Director. He is currently the Chairman and Chief Executive Officer (CEO) of Dyna-Mac, a company he founded in 1990. He has been instrumental in spearheading the growth of the company from its initial business of construction of piping systems and steel structures to its present business of providing engineering services in the construction of topside modules for FPSOs and FSOs for the oil and gas industries.

As the CEO of the company, Mr Lim oversees the overall organisation, management and marketing of the Group. He is responsible for steering the strategic directions and growth of the Group.

MR VARGHESE JOHN

Senior Chief Corporate Officer
Executive/Non-Independent Director
Appointed 8 February 2011

Mr Varghese is an Executive and a Non-Independent Director. He joined the Group in 1999 and is currently the Senior Chief Corporate Officer of Dyna-Mac. He oversees the company's corporate matters, quantity surveyor and human resources.

Mr Varghese brings with him more than 40 years of working experience in project management for engineering, procurement and construction contracts involving refineries, chemical plants and oil and gas projects and in the field of quality assurance.

Mr Varghese holds a Bachelor in Mechanical Engineering from the University of Kerala, India. He was a member of the United National Industrial Development Organization Fellowship programme in Welding Technology at Kiev, the former USSR, and a fellow of the Welding Institute UK until 1995. He is also a member of the Singapore Welding Society and the Indian Institute of Welding. He published several technical papers on quality, productivity and project management on FPSO topside modules.

BOARD OF DIRECTORS

MR LIM TJEW YOK

Chief Operating Officer
Executive/Non-Independent Director
Appointed 8 February 2011

Mr Lim is an Executive and a Non-Independent Director. Currently the Chief Operating Officer of Dyna-Mac, Mr Lim joined the Group in 2001. He is responsible for the yard's operations and facilities management engineering, quality assurance and quality control, safety and security, development and maintenance, including project management for Singapore, Malaysia, China and Brazil. Prior to joining the Group, Mr Lim gained valuable engineering experience working for companies including Kailay Engineering and Shin Nippon Air Technologies, where he managed several projects worth between $10 million and $50 million each.

Mr Lim obtained his Diploma in Mechanical Engineering from the Singapore Polytechnic in 1979.

MR TEO BOON HWEE SIMON

Chief Marketing Officer
Executive/Non-Independent Alternate Director
Appointed 28 June 2011

Mr Teo was appointed an Alternate Director to Mr Lim Tze Jong Desmond on 28 June 2011. Currently the Chief Marketing Officer of Dyna-Mac, Mr Teo joined the company in 1998 as General Manager in the commercial department and was subsequently promoted to his current position in June 2011. He has more than 27 years of experience in the fields of marketing, sourcing and procurement. He plays an instrumental role in liaising with customers on commercial matters and provides leadership for tenders and customer relationships.

Mr Teo graduated from the University of Aston in Birmingham, UK in 1984 with a Bachelor in Production Technology and Production Management (Honours) degree. He is also a chartered engineer with the Engineering Council in the UK.

BOARD OF DIRECTORS

MR TAN SOO KIAT

Non-Executive/Lead Independent Director
Appointed 8 February 2011
Chairman, Audit Committee

Mr Tan was appointed Dyna-Mac's Lead Independent Director on 8 February 2011. He heads the Board's Audit Committee.

Currently a Director of Intergate Pte Ltd, a company engaged in the provision of corporate advisory services, Mr Tan is also an Independent Director and a Non-Executive Director of two other companies listed on the SGX-ST. He has more than 17 years of experience in the banking and finance industry.

Prior to setting up his corporate advisory services business in May 2001, Mr Tan was the Chief Operating Officer and Executive Director of Goodpack Limited, a General Manager and Executive Director of Progen Holdings Ltd, Vice President (Finance) of Pacific Century Regional Developments Ltd and Treasurer with the investment banking arm of DBS Bank.

Prior to working in Singapore, Mr Tan was a Senior Internal Auditor and Marketing and Loans Manager with Bank of Western Australia Ltd.

Mr Tan graduated from University of Otago, New Zealand, with a Bachelor of Commerce (Accounting) degree in 1983. He is a chartered accountant with New Zealand Institute of Chartered Accountants.

DR ONG SEH HONG

Non-Executive/Independent Director
Appointed 8 February 2011
Chairman, Remuneration Committee and Nominating Committee

Dr Ong was appointed a Director of Dyna-Mac on 8 February 2011. He heads the Board's Remuneration and Nominating Committees.

Currently a practising Psychiatrist, Dr Ong was the Clinical Director and Chief Operating Officer of the Ren Ci Hospital & Medicare Centre and Vice President (Corporate Services) of GIC Special Investments Private Limited, a unit of the Government of Singapore Investment Corporation. He was a Member of Parliament from 2001 to 2011.

Dr Ong is currently servicing as the Independent Non-Executive Chairman of Hock Lian Seng Holdings Ltd, Independent Director of Zhongmin Baihui Retail Group Holdings Ltd, which are listed on the Singapore Exchange.

Dr Ong graduated from the National University of Singapore with a MBBS degree in 1987. He obtained a MRCPsyh from The Royal College of Psychiatrist (UK) and FAMS from the Academy of Medicine, Singapore, in 1994 and 1997 respectively. He also earned a Master of Science (Applied Finance) degree from the National University of Singapore in 1999.

BOARD OF DIRECTORS

MR CHOR HOW JAT

Non-Executive/Non-Independent Director
Appointed on 30 January 2018

Mr. Chor was appointed as Director on 30 January 2018. He is currently the Managing Director of Keppel Shipyard Limited since October 2012.

Mr Chor began his professional career with Keppel Offshore and Marine in 1989 and held appointments as Shiprepair Manager of Keppel Shipyard Limited; Deputy Shipyard Manager, Shipyard Manager of Keppel FELS Limited in 2001 and 2002 respectively; General Manager (Operations) of Keppel FELS Limited in 2004; and Executive Director of Keppel Shipyard in January 2011.

Mr Chor serves as Director on the Board of Keppel Shipyard Limited, Asian Lift Pte Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, Keppel Singmarine Pte Ltd, KS Investments Pte Ltd, Keppel Sea Scan Pte Ltd, Green Scan Pte Ltd, Keppel FELS Limited and Gas Technology Development Pte Ltd.

Mr Chor is also Director and Chairman of Keppel Philippines Marine Inc., Keppel Batangas Shipyard, Keppel Subic Shipyard Inc., Blastech Abrasives Pte Ltd, Nusa Maritime Pte Ltd, Alpine Engineering Services Pte Ltd and Blue Ocean Solutions Pte Ltd.

In addition, Mr Chor is a member of Workplace Safety and Health Council (Marine Industries), a member of the American Bureau of Shipping, American Bureau of Shipping Committee Member of the Marine Technical Committee (TMTC), ClassNK Singapore Technical Committee of Nippon Kaji Kyokai, Lloyd's Register South East Asia Technical Committee (SEATC) and Singapore Maritime Foundation (SMF) Advisory Panel.

Mr Chor holds a Master of Science in Marine Technology, University of Newcastle Upon Tyne; Bachelor of Engineering (Honours) in Naval Architect & Shipbuilding, University of Newcastle Upon Tyne; General Management Program, Harvard Business School.

SENIOR MANAGEMENT

MR LIM TZE JONG DESMOND
Chairman and Chief Executive Officer

MR VARGHESE JOHN
Senior Chief Corporate Officer
Bachelor in Mechanical Engineering,
University of Kerala, India

MS TIONG SAI LAN JOYCE
Chief Financial Officer
Fellow member, Association of Chartered Certified Accountants
Member, Institute of Singapore Chartered Accountant

MR LIM TJEW YOK
Chief Operating Officer
Diploma in Mechanical Engineering,
Singapore Polytechnic

MR TEO BOON HWEE SIMON
Chief Marketing Officer
Bachelor in Production Technology and Production Management (Honours), University of Aston, Birmingham, UK

SENIOR MANAGEMENT

MS CHONG SWEE LEE
Vice-President
(Human Resource, Administration and Group Payroll)
Bachelor of Business Administration,
National University of Singapore
Professional member, Singapore Human Resource Institute

MR CHIN WOON KWONG IAN
Vice-President (Commercial)
Bachelor of Engineering in Aeronautical Engineering,
The Queen's University, Northern Ireland, UK
Master of Business Administration,
University of Leicester, UK

APPROACH TO SUSTAINABILITY

At Dyna-Mac, sustainability means building businesses that deliver long-term growth and value for our shareholders, as well as customers, employees, suppliers, contractor partners and the communities in which we operate.

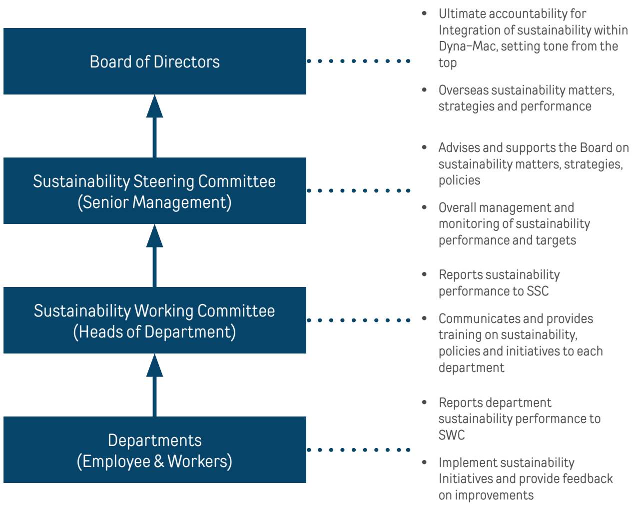
Sustainability is integral to Dyna-Mac's business strategy and is embedded within all our operations. Our operations are in turn guided by our core values.

Core Values

INTEGRITY | CUSTOMER FOCUS | PEOPLE DEVELOPMENT | HEALTH, SAFETY AND ENVIRONMENT | POSITIVE ATTITUDE | TEAMWORK

Sustainability Governance Structure

Sustainability Governance is led by the Board of Directors and supported by all levels of Dyna-Mac.



Materiality assessment

To prepare for our inaugural Sustainability Report, several workshops were conducted by an independent consultant last year for our Heads of Departments and Senior Management to identify and prioritize our material environment, social and governance issues. The material matters were subsequently endorsed by the Board in March 2018. Our key Environmental, Social and Governance ("ESG") matters are (1) Corporate Governance; (2) Health and Safety; (3) Employment Practices and (4) Waste and effluent management and (5) Energy and carbon footprint.

APPROACH TO SUSTAINABILITY

Management of material ESG matters

A. Corporate Governance

Dyna-Mac has a zero tolerance stance for corruption. Anti-Corruption/Anti-Bribery/Gifts, Hospitality and Entertainment guidelines are established and we have in place a whistle-blowing policy.

B. Health & Safety

Inculcating a safety culture is of utmost priority to Dyna-Mac. Initiatives are in place to continuously increase awareness for all people in our premises through daily briefings, toolbox talks, emergency preparedness exercises, training, amongst others. Management plays a vital role and regularly promotes the message through dialogue sessions, daily inspections, weekly walkabouts, etc. To further encourage commitment at the ground-level, we award workers who demonstrate HSE best practices on a weekly basis.

Furthermore, we heavily promote the best practices on safety to stakeholders across our supply chain and our clients. We require subcontractors to adhere to the same HSE requirements as our employees. With our clients, we encourage collaboration on HSE matters by inviting them to attend our safety committee meetings and management walkabouts to look out for areas for improvement. Several initiatives have been implemented as a result of such collaboration; for example, the practice of wearing full body harness when working at heights, based on our client's recommendations.

C. Fair employment practice

Dyna-Mac is a signatory to Singapore's Tripartite Guidelines on Fair Employment Practices (TAFEP) five principles, pledging to adopt fair and progressive human resource practices and providing a harmonious and inclusive work environment for our diverse workforce, regardless of race, ethnicity, religion, age and gender. A grievance procedure is in place as a means for employees to exercise their rights. Employees can bring to the attention of supervisors and management any potential violation of labour/human rights for review.

D. Environment

We are committed towards environmental protection and constantly working towards minimizing our environmental impacts. As shown in our materiality matrix, waste and effluent management and energy consumption are identified as our key environment matters.

Waste and effluent management
Potential environmental impact: • Ground water quality • Surface water quality • Sea water contamination
Controls in place: • Control of use, movement and storage of hazardous substances in yard • Control works and limit area of work with hazardous substance away from open drainage • Chemical and contaminated water to be collected and sent to licensed waste management contractor for disposal

Energy consumption
Potential environment impact: GHG gas emission from usage of fossil fuel
Controls in place • Design and construction sequence review to minimize re-work; hence, improve the energy efficiency • Routine leak check and inspection regime to minimize fugitive gas emission • Use proper grade diesel • Switch to electric welding machines, forklifts and compressors to reduce usage of fossil

Inaugural Sustainability Report FY2017

Dyna- Mac is fully supportive of the Singapore Exchange's plan to implement the "comply or explain" approach towards sustainability reporting in 2017. Our inaugural Sustainability Report FY2017 which is expected to be published by 2018 will provide more detail information on our policies, performance and targets for key ESG material matters.

CORPORATE GOVERNANCE

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company. The Company aims to comply with the recommendations of the Code of Corporate Governance 2012 ("Code") through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. The statement describes the Company's corporate governance processes and actions with reference to the Code, Listing Manual of the Singapore Exchange Securities Trading Limited, the Singapore Companies Act, and the Audit Committee Guidebook.

The Directors are pleased to report that the Company has complied in all material aspects with the principles and guidelines set out in the Code and any deviations are stated in this report.

(I) BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

The Board effectively leads the Company and its subsidiaries (collectively, the "Group"), working together with the Management to achieve success for the Group. The Board is accountable to shareholders for the long-term financial performance of the Group. The Management remains accountable to the Board.

In managing the Group's business, the principal functions of the Board are to:

1. Undertake the strategic planning and setting of long-term objectives for the Group;
2. Approve major investment and funding decisions;
3. Establish a framework of prudent and effective control systems and policies which enables risks to be assessed and managed including safeguarding of shareholders' interest and company's assets;
4. Monitor the financial performance of the Group;
5. Evaluate the performance and determine the compensation of key management personnel; and
6. Assume responsibility for corporate governance
7. Consider sustainability issues including environmental, social and governance matters as material to the business.
8. Identify the key stakeholder groups and recognising that their perceptions affect the Company's reputation.
9. The Board also sets the Group's value and standard Core values were emphasised and putting these values together creates benefits for our customers, employees, partners and communities we serve.

CORPORATE GOVERNANCE

The Board is obliged to act in good faith and consider at all times the interest of the Company.

The Company has adopted a set of approving authority limits, setting out the level of authorisation required for specified transactions, including those that require Board approval. To assist in the execution of its responsibilities, the Board has delegated decisions on certain Board matters to the Executive Committee and various committees. Each committee reviews the matters that fall within the respective terms of reference and reports to the Board which endorses and accepts ultimate responsibilities on such matters .

Matters reserved for Board's approval are:-

- investments and divestments
- corporate restructuring
- share issuance
- interim dividends

Continuing Briefings and Updates

Newly appointed Directors will be briefed by the Management on the history and business operations and corporate governance practices of the Group. The Board is updated from time to time on changes to regulations and accounting standards which have a material bearing on the Company.

Senior management conducts orientation and induction programmes to familiarise new directors with its business and governance practices so that the directors can understand the Company's business to assimilate into their new roles. The programme also allows new directors to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management.

Continuing briefings and updates could be provided in areas such as directors' duties and responsibilities for the newly appointed directors, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, updates on industry trends and developments and changes in trends in governance practices.

Existing Directors are updated on the Group's businesses and the regulatory and industry-specific environments which the entities of the Group operate. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or hand outs.

Briefings and updates provided to the Board members of the Company in the financial year 2017 were:

(a) at every AC meeting, the external auditor briefs the AC members on developments in accounting and governance standards;

(b) the CEO updates the Board at each meeting on business and strategic developments in the industry.

The Company will issue a formal letter of appointment to new Directors indicating the time commitment required and setting out their duties and obligations when they are appointed.

To assist in the execution of its responsibilities, the Board has delegated decisions on certain Board matters to specialised Board Committees. Minutes of the Board Committee Meetings are available to all Board members.

During the financial year ended 31 December 2017, at least four scheduled Board Meetings were held. Ad hoc meetings are held when the circumstances require. In 2017, ad hoc meetings have been held by the Non-executive and Independent Directors without the presence of Management after each scheduled quarterly meeting. Details relating to the number of Board and Committee Meetings held during this financial year and the attendance of the Directors are set out on Page 30 of this Report.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises six Directors of which two of them are Independent Directors. The Nominating Committee conducted its annual review of the Directors' independence. Bearing in mind that the Code recommends that half of the Board of Directors should consists of Independent Directors where the Chairman also holds the position of Chief Executive Officer, the Nominating Committee has, in consultation with the Board over the past months, worked towards taking concrete steps to restructure the Board to meet the Code's recommendation. Specifically, the Nominating Committee has initiated the process of bringing on board a new Independent Director, whose appointment is expected to be finalized and announced before the second half of this financial year. Additionally, Mr Varghese John, our Executive Director, will be retiring as a member of this Board at the forthcoming Annual General Meeting while remaining as the Senior Chief Corporate Officer of Dyna-Mac. We take this opportunity to thank Mr Varghese John for his contribution and counsel during his tenure as member of the Board.

CORPORATE GOVERNANCE

The Board is supported by various committees, namely, the Audit Committee, the Remuneration Committee and the Nominating Committee whose powers and duties are described in this Report. The Board is able to exercise objective judgement independently from Management and no individual or small group of individuals dominates the decisions of the Board. Non-Executive Directors, when presented with proposals for their consideration, will evaluate the assumptions made by the Management and these Directors also provide guidance to Management on different aspects of the Company's business. The Independent Directors constructively challenge and assist in the development of proposals on strategies, and assist the Board in reviewing the performance of Management. The profile of the members of the Board is set out in the "Board of Directors" section of the Annual Report.

The Board is made up of Directors who are qualified and experienced in various fields including business and management, accounting, finance as well as engineering industry.

The Board has delegated the Nominating Committee (the "NC") to annually review the size and composition of the Board with a view to maintaining an appropriate balance of expertise, skills and attributes taking into the needs of the Group.

The Board is of the opinion that, given the scope and nature of the Group's operations, the size of the Board is appropriate for effective decision making.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Although Mr Desmond Lim, who is the Executive Chairman of the Group, also holds the position of the Chief Executive Officer, the Company always ensures that there is clear division of responsibilities between these two roles. As the Executive Chairman of the Group, with the assistance of the Management, he is responsible for the leadership of the Board to ensure its effectiveness in all aspects, approves the agendas for the Board meetings ensuring sufficient time is allocated for discussion of all agenda items and promotes an open environment for debates by all members of the Board which facilitates effect contribution by executive and non-executive directors and the management. He ensures all material information is provided in timely manner to the Board for the Board to make good decisions. The Chairman takes a leading role in ensuring the Company's compliance with corporate governance guidelines with the full support of the Board, Company Secretaries and Management. At annual general meetings and other shareholders' meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. Whereas, as the Chief Executive Officer, he bears executive responsibility for the Group's business, management of the day-to-day operations of the Group and the achievement of the corporate goals set for the Group.

In addition, the establishment of various committees with power and authority to perform key functions beyond authority of, or without undue influence from the Executive Chairman (or Chief Executive Officer), and the putting in place of various internal controls, are able to promote an effective Board oversight, appropriate balance of power and the spirit of good corporate governance.

Mr Tan Soo Kiat has been appointed as the Lead Independent Director to our Board. As the Lead Independent Director, he is the contact person for shareholders in situations where there are concerns or issues in which communications with the Chairman and the Management have failed to resolve or where such communication is inappropriate.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees the contribution by each director to the effectiveness of the Board.

The Nominating Committee comprises two Independent Directors and one Non-Executive Director:

Dr Ong Seh Hong – Independent
(Chairman)

Mr Chia Hock Chye Michael (Resigned on 18 December 2017)
– Non-Executive/Non-Independent
(Member)

Mr Tan Soo Kiat – Independent
(Member)

Mr Chor How Jat (Appointed on 30 January 2018)
– Non-Executive/Non-Independent
(Member)

Annual Review of Directors' Independence

The Nominating Committee reviews annually, and as and when circumstances require, if a Director is independent. The independence of each Director is assessed based on their business relationships with the Group, relationship with members of Management, relationship with the Company's substantial shareholder as well as the Director's length of service.

The Nominating Committee is pleased to confirm that none of the Independent Directors has any relationships as described above.

The Code states that the independence of any director who has served on the Board beyond nine years from the date of his appointment should be subject to particularly rigorous review. In this regard, the Nominating Committee is pleased to confirm that none of the Directors has served more than nine years on the Board.

CORPORATE GOVERNANCE

Process for Selection and Appointment of New Directors

The Nominating Committee conducts annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. It may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board or as part of ongoing Board renewal process. The Nominating Committee will review and identify the desired competencies for a new appointment. Where there is a resignation or retirement of an existing director, the Nominating Committee re-evaluates the Board composition to assess the competencies for the replacement and submits its recommendations to the Board for approval.

A set of criteria has to be determined by the Nominating Committee to assess all new appointments and the following are some of the criteria generally used:

(a) integrity;
(b) independent mindset;
(c) ability to commit time and effort to carry out duties and responsibilities effectively; and
(d) past achievements and value-add to the company.

Search

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from Directors and Management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

Selection

The Nominating Committee will shortlist candidates and conducts formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the Nominating Committee will make recommendations on the appointment(s) to the Board for approval.

The key terms of reference of the NC are:
(a) to review and recommend the re-election of Directors having regard to our Director's contribution and performance;
(b) determining annually whether or not a director is independent;
(c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director;
(d) review and recommends all new Board appointments; and
(e) evaluates the performance of the Board as a whole.

Board Evaluation Process

The Nominating Committee decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value. Individual board member provides feedback on their assessment of the Board's performance based on a set of qualitative criteria and financial performance indicators. The Board also implements a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole annually.

Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Board Evaluation for 2017

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to our Company Secretaries who would prepare a consolidated report for the NC. The NC chairman presents the findings to the Board.

Based on the overall assessment for 2017, the Board was effective as a whole.

Commitments of Directors Sitting on Multiple Boards

The Nominating Committee viewed that it would be best to have a qualitative assessment of the directors' contribution rather than placing a numerical limit on the number of directorships a director should hold. Each director would assess his abilities and time commitments and confirm annually to the Nominating Committee of his ability to devote sufficient time and attention to the Company's affairs having regards to his other commitments. There has been no incident where the Directors were not able to devote their time and attention to the affairs of the Company to adequately discharge their duties.

Currently, Mr Teo Boon Hwee Simon is appointed as alternate director to our Chairman & CEO, Mr Lim Tze Jong Desmond. Our alternate director will represent the Chairman & CEO in board meetings only when our Chairman & CEO is physically not available when travelling or during leave of absence.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management recognises the importance of providing the Board with relevant and adequate information.

CORPORATE GOVERNANCE

Board papers are generally sent to Directors in a timely manner prior to meetings of the Board and these would ordinarily include:

1. financial statements, budget and management reports;
2. health, safety and environment reports;
3. human resource report;
4. papers pertaining to matters requiring the Board's decision; and
5. updates on key outstanding issues, strategic plans and developments in the Group.

The Company circulates copies of the Minutes of the Meetings of all Board Committees to all members of the Board to keep them informed of the on-going developments within the Group.

Each Director has separate and independent access to the Management and the Company Secretary at all times. Should the Board, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the approval of the Chairman or the Chairman of the Committee requiring such advice) will be appointed at the Company's expense.

The Company Secretary attends all Board Meetings and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. With the assistance of the Management and at the direction of the Chairman of the various committees, the Company Secretary facilitates the information flow within the Board and its committees and between the senior management and the non-executive directors. The appointment and the removal of the Company Secretary are decisions taken by the Board as a whole.

(II) REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Our Remuneration Committee (RC) comprises two Independent Directors and one Non- Executive Director:

Dr Ong Seh Hong – Independent (Chairman)
Mr Tan Soo Kiat – Independent (Member)
Mr Chia Hock Chye Michael (Resigned on 18 December 2017)
– Non-Executive/Non-Independent (Member)
Mr Chor How Jat (Appointed on 30 January 2018)
– Non-Executive/Non-Independent (Member)

Our RC recommends to our Board a framework of remuneration for our Directors and key management personnel.

The recommendations of our RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, benefits-in-kind and termination clauses are covered by our Remuneration Committee.

In addition, our RC performs an annual review of the remuneration of employees related to our Directors who are employed in managerial positions to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They also review and approve any bonuses, pay increases and/or promotions for these employees.

The RC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Company to stay competitive in its remuneration packages.

In 2017, the AC did not require the service of any external consultants.

As regards the Company's obligations arising in the event of termination of the executive directors' and key management's contract of service, RC will review that the terms are fair and reasonable.

Our Non-Executive Directors receive directors' fee in cash component payable quarterly in arrears. The payment of directors' fee is contingent upon shareholders' approval.

Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

The RC administers the Company's Share Option Scheme (DMSOS) and Share Award Scheme (DMSAS), both of which were approved at an Extraordinary General Meeting on 16 February 2011, in accordance with the rules of the schemes.

The RC determines and approves the allocation of the share options, the date of grant and the price thereof. There were no share options granted during FY2017. Details of the DMSOS are set out on page 28 of this Annual Report.

CORPORATE GOVERNANCE

DMSAS, the share-based incentive plan allows certain employees to participate in the growth of the Group and to attract and retain key management employees. At the end of FY2017, there were no shares issued under the DMSAS. Details of the DMSAS are set out on page 28 of this Annual Report.

The executive directors do not receive directors' fees. The remuneration for the executive directors and key management employees comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. There were no termination, retirement and post-employment benefits granted under the contracts of service of the executive directors and key management employees.

The Company did not utilize the DMSOS and DMSAS since its adoption on 16 February 2011.

The Group believes that its current remuneration and reward system is aligned with the long-term interest of the Group. Given that the variable components of the executive directors and key management personnel are moderate, there is no contractual provision to allow the Group to reclaim their incentive components.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Due to the confidentiality and sensitivity of remuneration packages, it is in the best interest of the Group to disclose remuneration of the directors and key executives in bands of $250,000 rather than in full.

The remuneration of Directors of the Company for the financial year ended 31 December 2017 is set out on page 29 of this Report.

(III) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects. Such information are furnished through Company's announcements and press released of its quarterly and annual financial results as soon as practicable.

Management keeps the Board regularly updated on the Group's business activities and financial performance by providing operations reports and management accounts at the quarterly board meeting, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

In line with the requirements of SGX-ST, negative assurance confirmations on interim financial results were issued by the Board confirming that to the best of its knowledge, nothing had come to the attention of the Board which may render the Company's quarterly results to be false or misleading in any material aspect.

The Board and executive officers of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the SGX-ST Listing Manual.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interest and the company's assets, and should determine the nature and extend of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets. However, the Board and the AC recognise that no system of internal controls will preclude all errors, irregularities, material financial misstatements or loss, nor can it provide absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the AC commissioned an Enterprise Strategy and Risk Assessment Exercise aimed at identifying, filtering, assessing and compiling the enterprise strategies and key risks as well as assessing the general control environment of the Group. From this exercise, an Internal Audit Plan has been developed based on the identified strategies and respective key risks. Suitable audit resources are being allocated in priority of risk ranking with a view to achieving an optimal balance between risks and returns. During the financial year, the Group's external auditors had also conducted review of the effectiveness of the Group's internal controls as part of their on-going audit. Material non-compliance and recommendation for improvement were reported to the AC. The AC, with the participation of the Board, has reviewed the adequacy of the Group's internal controls that address the Group's financial, operational, compliance risk and information technology controls. The AC has also reviewed and will continue to monitor the effectiveness of the actions taken by the Management on the recommendations made by the auditors in this respect.

CORPORATE GOVERNANCE

Pursuant to Rule 1207(10) of the Listing Manual, based on the audit reports and recommendations from the internal and external auditors, the actions taken by the Management, the on-going review and continuing efforts at enhancing controls and processes, the Board, with the concurrence of the AC, is satisfied that the system of internal controls in place are adequate in meeting the needs of the Group to address the financial, operational and compliance risks.

The Board has received the assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Company's finances and that the company's risk management and internal control systems are effective.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC presently comprises two Independent Directors and a Non-Executive Director:

Mr Tan Soo Kiat – Independent (Chairman)
Mr Chia Hock Chye Michael – Non-Executive/Non-Independent (Member) (Resigned on 18 December 2017)
Dr Ong Seh Hong – Independent (Member)
Mr Chor How Jat – Non-Executive/Non-Independent (Appointed on 30 January 2018) (Member)

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and to develop and maintain a high standard of transparency and reliability of its corporate disclosures. The Board is of the opinion that the members of the AC possess the necessary qualifications and experience in discharging their duties. The details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The duties of the AC under the terms of reference are as follows and the AC had undertake to perform the function in accordance with these terms of reference during the financial year:

(a) To review the audit plans of the 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) To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board of Directors for approval;

(c) To review the periodic consolidated financial statements comprising the statements of comprehensive income and the balance sheets and such other information required by the Listing Manual, before submission to the Board of Directors for approval;

(d) To review and discuss with external and internal auditors, 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;

(e) To review the co-operation given by the Management to the external auditors;

(f) To recommend to the Board, the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;

(g) To review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(h) To review any potential conflicts of interest;

(i) To review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(j) To undertake such other reviews and projects as may be requested by the Board of Directors, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(k) To review all non-audit services provided by the external auditors to ensure that they would not in the Committee's opinion affect the independence of the auditors;

(l) To review the adequacy of the Company's internal financial controls, operational and compliance controls and risk management policies and systems established by the Management;

(m) To review and approve foreign exchange hedging policies implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

(n) To 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; and

(o) To review and discuss with the external auditors any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position and Management's response.

CORPORATE GOVERNANCE

The AC has full access to the Company's internal auditor and Management and has full discretion to invite any director and executive officer to attend its meetings and investigate any matter within its terms of reference. In performing its functions, the AC also reviews the assistance given by the Company's officers to the auditors as well as the adequacy of the internal audit function, its effectiveness and its resources. The AC meets with the internal auditor at least half-yearly. The internal auditor can approach any of the members of the AC without the presence of the Management.

Changes to accounting standards and accounting issues which a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their quarterly reviews with the AC.

The AC meets with the external auditors, without the presence of the Management at least once annually. The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in engaging Ernst & Young LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore incorporated subsidiaries. The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Ernst & Young LLP, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid and payable by the Group to the external auditors for the financial year ended 31 December 2017 was approximately $246,000, of which audit fees amounted to approximately $180,000 and non-audit fees amounted to approximately $66,000.

The AC recommended that Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM. There is no member of the AC who was a former partner or director of the Company's existing auditing firm within the past 12 months; or holds any financial interest in the auditing firm.

WHISTLE-BLOWER POLICY

High ethical standards and professional conduct is expected of staff. The Group has communicated to all staff the conduct and discipline expected of them. It has implemented the Whistle-Blower Policy which provides for the mechanisms by which employees, of all levels, may in confidence raise concerns about possible improprieties in financial reporting or other matters. The first reporting channel would be the CEO and if that is not suitable, the whistle-blower may contact any of the AC members. The AC ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. All investigations, results and actions taken are documented. Anonymous complaints are also investigated.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

With the approval of AC who had reviewed that the firm of internal audit is adequately resourced, the Company outsources its internal audit function to RHT Governance & Risk (Singapore) Pte Ltd, a professional internal audit firm ("IA"). Through the IA, the Group has established its Enterprise Risk Management Framework to manage its risks exposure. The IA has undertaken the Enterprise Strategy and Risk Assessment to produce an Enterprise Risk Management Report for review by the AC.

The IA who reports to the AC is independent of the activities it audits.

The IA assists the AC to independently review the system of internal controls as established by the Management of the Company and its Singapore incorporated subsidiaries which provide the Board with much assurance it requires regarding the adequacy and integrity of the Group's system of internal control. The IA reviews the internal controls in the key activities of the business based on an internal audit strategy and a detailed internal audit plan approved by the AC. The IA adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the IA.

Recommendations for improvements noted by the IA are being followed up for implementation by the Management. The AC considers the report from the IA before reporting and making recommendations to the Board in strengthening risk management, internal control and governance system.

(IV) COMMUNICATIONS WITH THE SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

CORPORATE GOVERNANCE

(a) Communications with Shareholders

The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company are made to shareholders of the Company, in compliance with the requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited with particular reference to the Corporate Disclosure Policy set out therein. In this respect, the Company announces its quarterly and full year results to shareholders within the mandatory period via SGXNet and posted on the SGX-ST website. The Company does not practice selective disclosure of material information. Management holds face-to-face briefings to present quarterly and full-year results for the media and analyst.

In accordance with the Company's Investor Relations Policy, the Group's Investor Relations ("IR") team is tasked with and focuses on facilitating communications between the Company and its Shareholders, as well as with the investment community. The IR team conducts roadshows and participates in investors' seminars, conferences and hold analysts briefings to keep the market and investors apprised of the Group's corporate developments and financial performances. The aim of such engagements is to provide Shareholders and investors disclosures of relevant information which enables them to understand the business and performance of the Group better.

Materials used at the briefing are made available on SGXNet and on the Company's website @ www.dyna-mac.com.

(b) Greater Shareholder Participation

At general meetings, shareholders of the Company are given the opportunity to air their views and ask the Directors or Management questions regarding the Company. The Board and the Management are present at these meetings to address any questions that shareholders may have. The external auditors are also present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

At general meetings, the Company sets out separate resolutions on each substantially separate issue and Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed.

The Company Secretaries prepare minutes of shareholders' meeting, which incorporates substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available to shareholders upon their requests.

For greater transparency, the Company has implemented electronic poll voting in its 2017 AGM. The voting results of all votes cast for, or against, each resolution are screened at the meeting and announced to the SGX-ST after the meeting. The Company will continue to use the electronic poll voting system.

DEALINGS IN SECURITIES

In line with the Rules of the SGX-ST's Listing Manual, the Company has adopted a policy prohibiting its officers from dealing in the Company's shares whilst they are in possession of material unpublished price sensitive information and during the period commencing two weeks before the announcement of the Company's quarterly financial statements, or one month before the announcement of the Company's full year financial results, as the case maybe, and ending on the date of announcement of such financial results. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

EMPLOYEE SHARE SCHEMES

In conjunction with our listing on the SGX-ST, we have adopted the Dyna-Mac Employee Share Award Scheme (DMSAS) and the Dyna-Mac Share Option Scheme (DMSOS) both of which were approved at an Extraordinary General Meeting of our Shareholders held on 16 February 2011.

The DMSAS and DMSOS are designed to complement each other in our Company's efforts to reward, retain and motivate employees to achieve better performance.

The focus of the DMSAS is principally to target management in key positions who are able to drive the growth of the Company through creativity, firm leadership and excellent performance.

In contrast, the DMSOS is meant to be more of a "loyalty" driven time-based incentive program.

Details of the DMSAS and DMSOS are set out in our Prospectus dated 21 February 2011 which is available for inspection at the registered office of the Company.

Since the commencement of the DMSAS and DMSOS in 2011 until the end of FY2017, no award of shares and no options were granted.

CORPORATE GOVERNANCE

The remuneration of Directors of the Company for the financial year ended 31 December 2017 is set out below:

Remuneration band & name of directors of the company	Director's Fee %	Salary %	Variable Performance Related Bonus %	Allowance & Benefits %	Total %
$750,000 to $1,000,000					
Lim Tze Jong (1)	–	87%	7%	6%	100%
$250,000 to $500,000					
Lim Tjew Yok (1)	–	92%	8%	–	100%
Teo Boon Hwee	–	92%	8%	–	100%
Varghese John	–	92%	8%	–	100%
Below $250,000					
Tan Soo Kiat	100%	–	–	–	100%
Ong Seh Hong	100%	–	–	–	100%
Chia Hock Chye Michael(2)	100%	–	–	–	100%
Wong Ngiam Jih(3)	–	–	–	–	–
Tan Poh Lee Paul(4)	–	–	–	–	–

The remuneration of the key executives of the Company for the financial year ended 31 December 2017 is set out below:

Remuneration band & name of key executives of the company	Director's Fee %	Salary %	Variable Performance Related Bonus %	Allowance & Benefits %	Total %
$250,000 to $500,000					
Tiong Sai Lan	–	93%	7%	–	100%
Park Yong Kap(5)	–	93%	7%	–	100%
Below $250,000					
Chin Woon Kwong Ian	–	92%	8%	–	100%
Chong Swee Lee	–	92%	8%	–	100%
Lee Poh Tong(6)	–	92%	8%	–	100%

Saved as disclosed above, there is no immediate family member of a Director whose remuneration has exceeded $50,000 for the financial year ended 31 December 2017.

Notes:

1. Lim Tze Jong and Lim Tjew Yok are siblings.
2. Chia Hock Chye Michael resigned on 18 December 2017.
3. Wong Ngiam Jih, alternate director to Chia Hock Chye Michael, resigned on 31 March 2017.
4. Tan Poh Lee Paul, appointed on 30 May 2017 as alternate director to Chia Hock Chye Michael, resigned on 18 December 2017.
5. Park Yong Kap resigned on 31 December 2017.
6. Lee Poh Tong resigned on 15 February 2018.

CORPORATE GOVERNANCE

Attendance at Board and Committee Meetings during the financial year ended 31 December 2017

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lim Tze Jong	5	5	5	4*	1	1*	1	1*
Varghese John	5	4	5	3*	1	1*	1	1*
Lim Tjew Yok	5	5	5	4*	1	1*	1	1*
Tan Soo Kiat	5	5	5	5	1	1	1	1
Dr Ong Seh Hong	5	5	5	5	1	1	1	1
Chia Hock Chye Michael	5	5	5	5	1	1	1	1

* Attended by invitation

HUMAN CAPITAL

HUMAN RESOURCE APPROACH

As an equal opportunity employer, the Group recruits and rewards people according to merit. During the recruitment process, we evaluate prospective employees on their ability to perform their jobs, taking into consideration their qualifications, experience and aptitude for the positions to be filled and their legal work status.

The same principles of merit are applied when evaluating our existing employees for promotions, performance reviews, transfers, training programmes and all other internal personnel activities.

The Group is also a signatory of The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), pledging to adopt fair and progressive human resource practices and providing a harmonious and inclusive work environment for our diverse workforce, regardless of race, ethnicity, religion, age and gender.

Long service awards

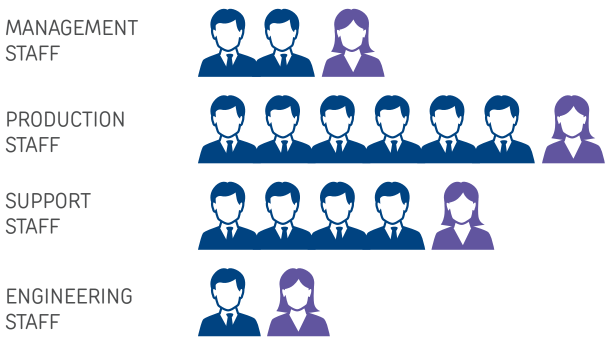
Year end Staff Appreciation Lunch

HUMAN CAPITAL

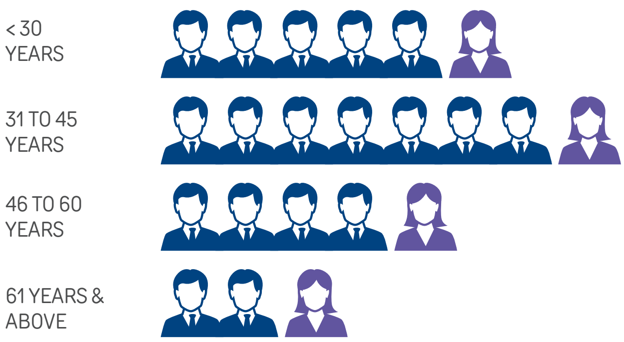
EMPLOYEES PROFILE

As at end 2017, the Dyna-Mac group's total manpower strength stood at 621. Of these, 87 per cent were males and 13 per cent were females. By functional type, production employees constituted 56 per cent of the workforce, with the remaining 44 per cent in management, engineering and support functions.

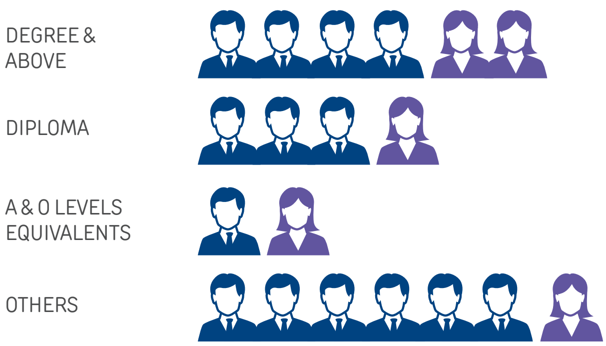
MANPOWER DISTRIBUTION BY EMPLOYMENT TYPE AND GENDER



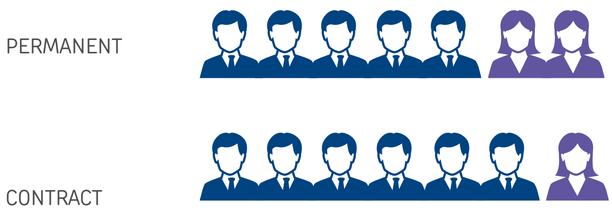
MANPOWER DISTRIBUTION BY AGE GROUP AND GENDER



MANPOWER DISTRIBUTION BY EDUCATION PROFILE AND GENDER



MANPOWER DISTRIBUTION BY EMPLOYMENT CONTRACT AND GENDER



WORKPLACE SAFETY, HEALTH & SECURITY

The Safety Corridor

To uphold safety at the workplace, Dyna-Mac believes in constantly educating employees on the importance of health, safety and the environment (HSE). Throughout the year, our in-house safety department continued to conduct daily safety training courses for all employees.

Besides the basic training courses, our safety department is always looking at creative ways to promote safety awareness. One such creative measure was the establishment of what we called "The Safety Corridor". The Safety Corridor is located in the walkway of one of our production buildings in the yard. Charts showing Safety Best Practices for all the trades undertaken in our yard is displayed along the Safety Corridor. The employees are reminded of the safety messages as they walk through the Safety Corridor daily.

In-house mock-up scaffold platform

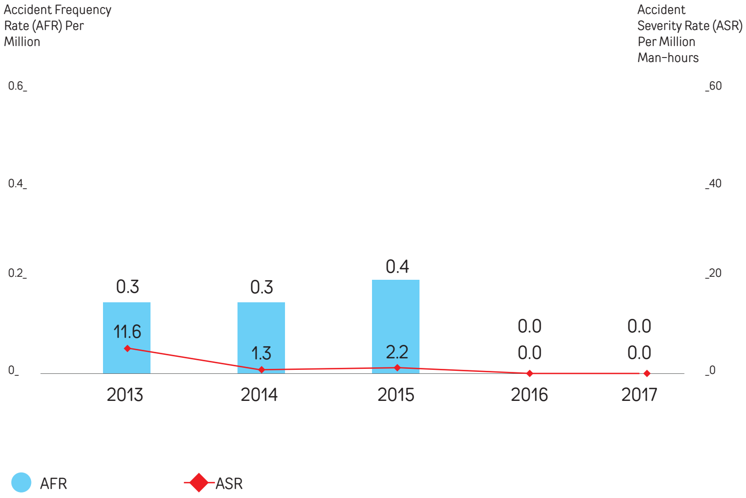
WORKPLACE SAFETY, HEALTH & SECURITY

Another measure to promote safety awareness was the erection of a mock-up scaffold platform for training purposes. Working at elevated positions is required in almost all our activities including in the fabrication of modules and usage of scaffolding is mostly unavoidable. Practical training with the assistance of the in-house mock-up scaffold platform has aided in enhancing the employee's comprehension of the hazards involved and avoids unnecessary incidents.

Our HSE goal has always been zero incidents and accident free. Dyna-Mac is proud to proclaim that we have achieved the zero injury target for a second year in a row in 2017.

In 2017, a total of 613 employees, 2,150 contractors and 770 visitors and customers underwent safety induction training in our yards in Singapore and Malaysia while 5,542 employee participants attended safety in-house training courses covering topics that included confined space, hot work, working at height, electrical, lifting, risk management, environmental, first aid, health and hygiene, emergency response as well as courses directly related to their work environment.

DYNA-MAC SAFETY PERFORMANCE



SAFETY INDUCTION TRAINING

	Singapore Yards			Tanjung Kupang Malaysia Yard			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Employees	464	143	601	155	156	12	619	299	613
Contractors	7,185	8,259	1,838	286	723	312	7,471	8,982	2,150
Visitors/Customers	670	699	699	92	78	31	762	777	730
Total	8,319	9,101	3,138	533	957	355	8,852	10,058	3,493

SAFETY IN-HOUSE TRAINING

	Singapore Yards			Tanjung Kupang Malaysia Yard			Total		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
No. Attended	4,220	4,110	5,189	4,797	3,325	353	9,017	7,435	5,542
No. of Runs	271	229	190	231	206	23	502	435	213

COMMUNITY OUT REACH

Contributing to the well-being of the society is a cornerstone of our business strategy. In 2017, the Dyna-Mac Group participated in the TOUCH 25th Anniversary Charity Gala held on 21 April 2017 at Ritz-Carlton Millennia. Organized by TOUCH Community Services, all proceeds will go towards supporting TOUCH's work among youths-at-risk, disadvantaged seniors, people with special needs and vulnerable families.

INVESTOR RELATIONS

PROACTIVE COMMUNICATIONS WITH THE FINANCIAL COMMUNITY

The Group is proactive in maintaining regular two-way communications with the investment community, comprising institutional investors and financial analysts.

The investment community was kept updated through multiple communication platforms, including meetings, conference calls, and other investor communication engagements in 2017. These activities allow potential and existing investors to gain timely and deeper insights into the Group's operations and to make informed investment decisions.

SHAREHOLDER PARTICIPATION AT AGM

The Group's Annual General Meeting was held at our head office at 45 Gul Road on 28 April 2017. Transport were arranged to ferry the shareholders from the nearest MRT station to our office for their convenience. The meeting allowed the shareholders to interact with the Group's Chairman and Chief Executive Officer, Board members and senior management to gain deeper insights into the Group's operations.

SHAREHOLDERS INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 8 MARCH 2018

Share Capital
Number of Issued Shares : 1,023,211,000

Number of Treasury Shares : Nil

Class of Shares and Voting Rights : Ordinary Shares with one vote per share

Shareholding held by the public
Based on the information available to the Company as at 8 March 2018, approximately 33.67% of the total number of issued shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	%
Lim Tze Jong[1]	417,776,000	–	417,776,000	40.83
KS Investments Pte Ltd[2]	250,000,000	–	250,000,000	24.43
Keppel Offshore & Marine Limited[2][3]	–	250,000,000	250,000,000	24.43
Keppel Corporation Limited[3][4]	–	250,000,000	250,000,000	24.43
Temasek Holdings (Private) Limited[4]	–	255,443,000	255,443,000	24.96

Notes:
1. Lim Tze Jong's direct interest in the 417,776,000 shares comprise of 93,000 shares registered under his name and the remaining 417,683,000 shares are held through Raffles Nominees (Pte) Ltd.
2. Keppel Offshore & Marine Limited owns 100% of KS Investments Pte Ltd and accordingly is deemed by virtue of Section 7(4) of the Companies Act, Chapter 50 (the "Act") to have an interest in Shares held by KS Investments Pte. Ltd.
3. Keppel Corporation Limited owns 100% of Keppel Offshore & Marine Limited and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by Keppel Offshore & Marine Limited.
4. Temasek Holdings (Private) Limited's deemed interest arises from the aggregation of the deemed interest held by Fullerton Fund Management Company Ltd and Keppel Corporation Limited by virtue of Section 7(4A) of the Act.

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%
1	RAFFLES NOMINEES (PTE) LTD	427,906,800	41.82
2	KS INVESTMENTS PTE LTD	250,000,000	24.43
3	OCBC SECURITIES PRIVATE LTD	49,375,900	4.83
4	CITIBANK NOMINEES SINGAPORE PTE LTD	14,070,595	1.38
5	DBS NOMINEES PTE LTD	12,391,300	1.21
6	DBSN SERVICES PTE LTD	10,670,000	1.04
7	UOB KAY HIAN PTE LTD	6,126,100	0.60
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,123,600	0.50
9	HL BANK NOMINEES (S) PTE LTD	4,181,800	0.41
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,061,100	0.40
11	SASIKUMARAN PILLAI S/O MANMATHAN PILLAI	3,968,000	0.39
12	PHILLIP SECURITIES PTE LTD	3,780,800	0.37
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,344,100	0.33
14	MAYBANK KIM ENG SECURITIES PTE LTD	3,080,300	0.30
15	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	3,068,400	0.30
16	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,047,300	0.20
17	HABACUS PTE LTD	2,000,000	0.20
18	KHOO CHEE BEEN	2,000,000	0.20
19	LIM TJEW YOK	2,000,000	0.20
20	VARGHESE JOHN	2,000,000	0.20
		811,196,095	**79.31**

LOCATION OF SHAREHOLDERS

COUNTRY OF RESIDENCE	NO. OF SHARES	%	NO. OF SHAREHOLDERS	%
Singapore	1,016,617,580	99.36	3,827	97.40
Malaysia	5,576,600	0.54	84	2.14
Hong Kong	794,800	0.08	5	0.12
Australia/ New Zealand	115,000	0.01	2	0.05
Others	74,020	0.01	9	0.23
US	30,000	0.00	1	0.03
UK	3,000	0.00	1	0.03
Grand Total	**1,023,211,000**	**100.00**	**3,929**	**100.00**

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 --- 99	9	0.23	159	0.00
100 --- 1,000	111	2.83	94,554	0.01
1,001 --- 10,000	1,312	33.39	9,655,942	0.94
10,001 --- 1,000,000	2,458	62.56	173,770,950	16.98
1,000,001 AND ABOVE	39	0.99	839,689,395	82.07
	3,929	**100.00**	**1,023,211,000**	**100.00**

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

The Directors present their statement to the members together with the audited consolidated financial statements of Dyna-Mac Holdings Ltd. ("the Company") and its subsidiaries (collectively, "the Group") and the balance sheet of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Lim Tze Jong
Lim Tjew Yok
Varghese John
Tan Soo Kiat
Dr Ong Seh Hong
Teo Boon Hwee (alternate to Lim Tze Jong)
Chor How Jat (appointed on 30 January 2018)

Chia Hock Chye Michael and Tan Poh Lee Paul (alternate to Chia Hock Chye Michael), who served during the financial year, resigned on 18 December 2017.

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
Name of director	**At beginning of the financial year**	**At end of the financial year**	**At beginning of the financial year**	**At end of the financial year**
Ordinary shares of the Company				
Lim Tze Jong	417,776,000	417,776,000	–	–
Lim Tjew Yok	2,000,000	2,000,000	–	–
Varghese John	2,000,000	2,000,000	–	–
Teo Boon Hwee	1,500,000	1,500,000	–	–

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

Directors' interests in shares and debentures (Cont'd)

Mr Lim Tze Jong, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the share capital held by the Company in its subsidiaries.

The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

Options

No options were granted during the financial year ended 31 December 2017 to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The members of the Audit Committee at the date of this statement are:

Tan Soo Kiat (Chairman)
Dr Ong Seh Hong (Member)
Chor How Jat (Member) – (appointed on 30 January 2018)

Chia Hock Chye Michael who served during the financial year, resigned on 18 December 2017.

All members of the Audit Committee were non-executive directors. Except for Mr Chia Hock Chye Michael and Mr Chor How Jat who was/is an Executive Director of a company related to a corporate shareholder of the Group, all members were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

Audit Committee (Cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened five meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lim Tze Jong
Director

Varghese John
Director

Singapore
23 March 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dyna-Mac Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. The Group incurred a net loss of $57,912,000 during the year ended 31 December 2017.

The uncertainty over the availability and timing of awards of new contracts indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to generate sufficient operating cashflows and continue as a going concern. Due to the considerations disclosed in Note 2.1 to the financial statements, the directors are of the view that the continuing use of the going concern assumption in the preparation of the accompanying financial statements is appropriate.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the Group's balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Assessment of impairment for the Group's Yards</u>

As at 31 December 2017, the carrying amount of the Group's property, plant and equipment (including those classified as held for sale) amounted to $63,143,000, representing 44% of total assets. The majority of these assets relates to the Group's yards located in Singapore at Gul Road ("Main Yard") and Pandan Crescent ("West Yard") (collectively, the "Yards").

The challenging conditions in the global oil and gas industry has affected the Group's order book and financial performance. This presents an indicator that the Yards may be impaired. In view of the aforementioned, management have performed an impairment test to assess whether an impairment charge is required for the Yards.

The impairment assessment involves significant estimation uncertainty and management judgement in the determination of the fair values of the Yards. Management has assessed the fair values of the Yards based on their estimated market values determined by external valuers. Due to the high level of judgement involved in estimating the fair value and the magnitude of the carrying amount of the Yards, we determined this as a key audit matter.

As part of the audit, we evaluated the competence, capabilities and objectivity of the external valuers engaged by management. We involved our internal valuation specialists to assist us in assessing the appropriateness of the valuation methodology used by the external valuers and reasonableness of the key assumptions used in the valuation. These key assumptions includes the adjustments made by external valuers to the transacted price of comparable properties for location, size, tenure, age and condition. We have also considered the appropriateness of the estimated market values based on our understanding of the current market conditions.

We also assessed the adequacy of the disclosures related to property, plant and equipment and assets held for sale in Notes 16 and 18 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

Key Audit Matters (Cont'd)

Assessment of impairment for trade receivables

As at 31 December 2017, the carrying amount of the Group's trade receivables (including amounts due from customers on construction contracts) amounted to $24,435,000.

Given the challenging conditions in the oil and gas industry and the use of significant management judgement in assessing the recoverability of outstanding trade receivables, we determined this as a key audit matter.

As part of the audit, we obtained an understanding of the Group's processes and controls relating to the monitoring of trade receivables. On a sample basis, we requested confirmation replies and obtained evidence of post year-end receipts for key trade receivables. We also evaluated the reasonableness of management's assessment on the recoverability of trade receivables through testing the accuracy of ageing of receivables, analysing the ageing profile to identify collection risk and reviewing historical payment patterns.

Further, we considered the adequacy of the disclosures on trade receivables and the related credit risk in Notes 11 and 27(b) to the financial statements.

Revenue recognition on construction projects and valuation of work-in-progress

The Group derives most of its revenue from construction contracts, whereby such revenue is recognised based on management's estimation of the stage of completion of the project activities. The accounting for these construction contracts and the determination of percentage of completion is complex. There are also estimation uncertainties associated with the determination of cost to complete these projects. As such, we determined this as a key audit matter.

As part of the audit, we obtained an understanding of the Group's costing and budgeting process, and the controls put in place to estimate project revenues and profit margins. For significant projects, we sighted certified progress reports from engineers and assessed appropriateness of management's estimate of stage of completion of the project. We held discussions with senior management of the Group regarding the status of the Group's construction projects, budgeted cost to complete, probability of foreseeable losses or liquidated damages and where applicable, assessed the estimates of costs to complete and reasonableness of foreseeable losses, if any.

We also assessed the adequacy of the disclosures on the Group's project revenue and construction contracts work-in-progress in Notes 4 and 13 to the financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2016 and balance sheet of the Company as at 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2017.

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the members of Dyna-Mac Holdings Ltd.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Swee Ho.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
23 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

		Group	
			Restated
	Note	2017	2016
		$'000	$'000
Revenue	4	**31,392**	204,047
Cost of sales		**(61,531)**	(162,212)
Gross (loss)/profit		**(30,139)**	41,835
Other income	5	**2,187**	3,139
Other expenses	5	**(6,036)**	(18,735)
Administrative expenses		**(24,171)**	(41,641)
Finance costs	6	**(321)**	(2,989)
Loss before tax	7	**(58,480)**	(18,391)
Income tax credit/(expense)	9(a)	**568**	(743)
Net loss		**(57,912)**	(19,134)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		**(506)**	(293)
Items reclassified to profit or loss			
Cash flow hedges		**–**	624
Total comprehensive income for the year		**(58,418)**	(18,803)
Loss attributable to:			
Equity holders of the Company		**(57,126)**	(18,991)
Non-controlling interest		**(786)**	(143)
		(57,912)	(19,134)
Total comprehensive income attributable to:			
Equity holders of the Company		**(57,543)**	(18,590)
Non-controlling interest		**(875)**	(213)
		(58,418)	(18,803)
Loss per share attributable to equity holders of the Company (SGD cents per share)			
– Basic/diluted	25	**(5.58)**	(1.86)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2017

	Note	Group 2017 $'000	Group Restated 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**37,088**	69,535	**361**	397
Trade and other receivables	11	**26,205**	94,179	**9,912**	110,479
Inventories	12	**2,058**	3,713	**–**	–
Construction contracts work-in-progress	13	**1,430**	–	**–**	–
Other current assets	14	**711**	4,569	**12**	7
		67,492	171,996	**10,285**	110,883
Assets held for sale	18	**32,124**	–	**–**	–
		99,616	171,996	**10,285**	110,883
Non-current assets					
Club memberships		**319**	407	**–**	–
Investments in subsidiaries	15	**–**	–	**126,821**	31,605
Property, plant and equipment	16	**45,019**	72,146	**–**	–
Investment properties	17	**–**	13,600	**–**	–
		45,338	86,153	**126,821**	31,605
Total assets		**144,954**	258,149	**137,106**	142,488
LIABILITIES					
Current liabilities					
Current income tax liabilities	9(b)	**314**	1,300	**–**	–
Trade and other payables	20	**33,681**	57,355	**163**	144
Borrowings	21	**6,715**	35,042	**–**	–
		40,710	93,697	**163**	144
Non-current liabilities					
Borrowings	21	**52**	96	**–**	–
Deferred income tax liabilities	19	**18**	1,153	**–**	–
		70	1,249	**–**	–
Total liabilities		**40,780**	94,946	**163**	144
Net assets		**104,174**	163,203	**136,943**	142,344
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**145,271**	145,271	**145,271**	145,271
Other reserves	24	**293**	710	**–**	–
(Accumulated losses)/Retained profits		**(42,124)**	15,002	**(8,328)**	(2,927)
		103,440	160,983	**136,943**	142,344
Non-controlling interests		**734**	2,220	**–**	–
Total equity		**104,174**	163,203	**136,943**	142,344

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

2017 Group	Note	Share capital $'000	(Accumulated losses)/ Retained profits $'000	Other reserves $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance as previously reported		**145,271**	**18,471**	**710**	**164,452**	**2,220**	**166,672**
Prior year adjustment (Note 31)		–	(3,469)	–	(3,469)	–	(3,469)
Adjusted balance at beginning of the financial year		**145,271**	**15,002**	**710**	**160,983**	**2,220**	**163,203**
Total comprehensive income for the year		–	(57,126)	(417)	(57,543)	(875)	(58,418)
Dividend declared by a subsidiary		–	–	–	–	(611)	(611)
End of financial year		145,271	(42,124)	293	103,440	734	104,174
2016 (Restated)							
Beginning of financial year		145,271	32,824	109	178,204	2,302	180,506
Disposal of interest in a subsidiary without loss of control, representing total transactions with owners in their capacity as owners		–	1,169	200	1,369	131	1,500
Total comprehensive income for the year		–	(18,991)	401	(18,590)	(213)	(18,803)
End of financial year		145,271	15,002	710	160,983	2,220	163,203

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2017

	Note	2017 $'000	Restated 2016 $'000
Cash flows from operating activities			
Loss before tax		(58,480)	(18,391)
Adjustments for:			
Depreciation of property, plant and equipment	16	10,062	12,801
(Gain)/Loss on disposal of property, plant and equipment	5	(76)	16
Impairment of property, plant and equipment	5	–	11,128
Property, plant and equipment written off	5	1,703	–
Interest income	5	(527)	(370)
Finance costs	6	321	2,989
Amortisation of club memberships	7	109	–
Fair value gains on derivative financial instruments	5	–	(1,300)
Fair value gains on investment properties	5	(400)	–
Inventory written off	5	1,681	–
Bad debts written off	7	26	11,312
Loss from misappropriation of funds	5	–	832
Impairment of goodwill	5	–	5,556
Unrealised foreign exchange gains		(541)	(1,855)
Operating cash flows before changes in working capital		(46,122)	22,718
Changes in working capital:			
Trade and other receivables		67,962	56,163
Construction contracts work-in-progress		(1,430)	459
Inventories		(26)	5,434
Other current assets		3,858	(2,570)
Trade and other payables		(24,311)	(48,644)
Cash flows from operations		(69)	33,560
Interest received		513	370
Income tax paid	9(b)	(1,553)	(2,500)
Net cash flows (used in)/generated from operating activities		(1,109)	31,430
Cash flows from investing activities			
Additions to property, plant and equipment		(2,841)	(1,593)
Proceeds from disposal of property, plant and equipment		152	138
Disposal of interest in a subsidiary		–	1,500
Additions to club memberships		(21)	–
Net cash flows (used in)/generated from investing activities		(2,710)	45
Cash flows from financing activities			
(Repayments of)/Proceeds from borrowings		(28,329)	809
Repayments of medium term note		–	(49,995)
Repayment of finance lease liabilities		(42)	(41)
Interest expense paid		(295)	(2,527)
Restricted cash released		–	3,214
Net cash flows used in financing activities		(28,666)	(48,540)
Net decrease in cash and cash equivalents		(32,485)	(17,065)
Cash and cash equivalents			
Cash and cash equivalents at 1 January		69,535	85,211
Effects of currency translation on cash and cash equivalents		38	1,389
Cash and cash equivalents at 31 December	10	37,088	69,535

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

1. GENERAL INFORMATION

Dyna-Mac Holdings Ltd. (the "Company") is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and is incorporated and domiciled in Singapore. The registered office is at 59 Gul Road, Singapore 629354 and the principal place of business is at 45 Gul Road, Singapore 629350.

The consolidated financial statements relate to the Company and its subsidiaries (collectively, the "Group").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 30 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated).

Going concern assumption

The Group has incurred a net loss of $57,912,000 for the year ended 31 December 2017 (2016: $19,134,000).

The challenging conditions in the oil and gas industry has resulted in reduced global exploration and production expenditure by oil and gas companies. Oil field exploration projects have also had their commencement delayed or been cancelled, and correspondingly the demand for the fabrication of topside modules by the Group for floating production storage offloading ("FPSO") and floating storage offloading ("FSO") vessels has also reduced.

Management has observed that the contracts available for tender relevant to the Group, are of lower award value and at very competitive prices compared with previous years. The uncertainty over the availability and timing of award of new contracts indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group to generate sufficient operating cash flows and continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Going concern assumption (Cont'd)

Notwithstanding these, management has prepared the financial statements on a going concern basis after considering the following:

(a) Net current assets

As at 31 December 2017, the Group has net current assets of $58,906,000 which includes cash and cash equivalents of $37,088,000.

(b) New orders secured and potential new orders

During the year, the Group secured new projects for an aggregate provisional sum of $101 million. As at 31 December 2017, the Group's order book stood at $90 million.

Management is also sourcing and negotiating for new contracts, both in the offshore segment of the oil and gas industry, as well as onshore works which require the Group's expertise in detailed engineering, fabrication and construction.

(c) Availability of credit facilities

As at the date of these financial statements, the Group has banking facilities for short-term trade loans and advances totaling $37,500,000. The Group's bank borrowing of approximately $6,671,000 (Note 21) as at 31 December 2017 relates to amounts drawn under these facilities.

Further, the Group's property, plant and equipment (including its yard facilities) are free of any encumbrance. Management believes that the Group will be able to secure further financing from financial institutions by securing its properties against such financing if required. Management is also confident that when the business environment improves and new sizeable contracts are secured by the Group, additional working capital support will be available to the Group by financial institutions.

As described in the preceding paragraphs, management is confident that the Group has adequate resources to continue in operational existence for at least another twelve months from the balance sheet date, and that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded on the Group's balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Convergence with International Financial Reporting Standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS (I)"). As required by the listing requirements of the Singapore Exchange, the financial statements for the year ending 31 December 2018 will be prepared under SFRS (I) which is identical to FRS. As a result, this will be the last set of financial statements prepared under the current FRS.

Transitional requirements and optional exemptions under SFRS (I) 1

In adopting SFRS (I), the Group will be required to apply the specific transition requirements in SFRS (I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). SFRS (I) 1 generally requires that the Group applies SFRS (I) on a retrospective basis, as if such accounting policies had always been applied.

If there are differences between accounting policies under the previous framework and SFRS (I), restatement of the comparative figures may be required because SFRS (I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policy that is in compliance with SFRS (I).

SFRS (I) 1 provides mandatory exceptions and optional exemptions from retrospective application, which are often different from the specific transitional provisions contained in the individual standards.

Except as described below, the Group does not expect the impact of adopting SFRS (I) and the application of mandatory and optional exemptions in SFRS (I) 1 to have any significant impact to the financial statements.

Foreign currency translation reserves ("FCTR")

Election of optional exemptions available in SFRS (I) 1

The Group plans to elect the optional exemption in SFRS (I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of $77,000 as at 1 January 2016 determined in accordance with SFRS (I) at that date to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

SFRS (I) 9 Financial Instruments

The Group currently accounts for financial assets in accordance with the provisions of FRS 39 Financial Instruments. Following the adoption of SFRS (I), the Group will adopt SFRS (I) 9 Financial Instruments in place of FRS 39.

Areas of impact

SFRS (I) 9 replaces the current 'incurred loss' model with a forward looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised costs or fair value through OCI ("FVOCI") as well as contract assets arising from the application of SFRS (I) 15.

The Group plans to apply the simplified approach under SFRS (I) 9 and record lifetime ECL on all trade receivables and contract assets. The Group is currently finalising the testing of its ECL model and calculating the quantum of the transition adjustments.

Election of optional exemptions available in SFRS (I) 1

The Group plans to elect to apply the short-term exemption under SFRS (I) 1 allowing it not to restate comparative information in the 2018 SFRS (I) financial statements. Accordingly, differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS (I) 9 will be recognised in retained earnings.

SFRS (I) 15 Revenue from Contracts with Customers

The majority of the Group's revenue is derived from contracts from customers for detailed engineering, fabrication and construction services, which are currently accounted for in accordance with FRS 11 Construction contracts. Following the adoption of SFRS (I), the Group will adopt SFRS (I) 15 in place of FRS 11.

Areas of impact

SFRS (I) 15 introduces a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

SFRS (I) 15 Revenue from Contracts with Customers (Cont'd)

Areas of impact (Cont'd)

The Group has performed a preliminary impact assessment of adopting SFRS (I) 15 based on currently available information. The impact assessment was primarily focused on 2 areas: i) whether the construction contracts entered by the Group contains multiple performance obligations that has to be accounted for separately and ii) whether the contract revenue should be recognised over time (i.e. based on progress) or at a certain point in time.

The Group preliminarily assessed that the usual construction contract entered by the Group will continue to be accounted for as one performance obligation, given the significant integration and interrelation of the various components of each of the Group's products and services.

The Group also assessed that the current method of measuring progress by reference to the completion of the physical proportion of the contract work should remain the method used for revenue recognition. This is because the Group's usual construction contracts i) require the delivery of customised products that are specific to identified customers and do not have an alternative use to the Group and ii) contains terms that provide the Group with an enforceable right of payment for performance completed to date.

The Group is expected to change the presentation of certain amounts in the Group balance sheet to reflect the terminology used in SFRS (I) 15, as follows:

(i) Amounts due from customers on construction contracts and construction contracts work-in-progress, other than the cost of materials mentioned in iii), will be reclassified to be presented as part of contract assets.

(ii) Amounts due to customers on construction contracts will be reclassified to be presented as contract liabilities.

(iii) Certain materials procured in relation to construction contracts that are currently classified as construction contracts work in progress will be reclassified to be presented as inventories.

The Group will adopt SFRS (I) 15 in its financial statements for the year ended 31 December 2018 retrospectively.

Election of optional exemptions available in SFRS (I) 1

The Group expects to apply the practical expedients available in SFRS (I) 1 for completed contracts. Accordingly, contracts that begin and end within the same year or are completed contracts at 1 January 2017 will not be restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

SFRS (I) issued but not yet effective in 2018 – SFRS (I) 16 Leases

SFRS (I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The Group is required to adopt the new leases standard on 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of SFRS (I) 16 and expects that the adoption of SFRS (I) 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying SFRS (I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS (I) 16 and assessing the possible impact of adoption.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, viable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(i) Consolidation (Cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currency (Cont'd)

(a) Transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Property, plant and equipment

(a) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	16 – 42 years
Furniture and fittings and office equipment	5 years
Computers	3 years
Site building and yard improvement	5 – 22 years
Site equipment and tools	5 years
Motor vehicles	5 years

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (Cont'd)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses".

2.6 Investment properties

Investment properties are properties that are either owned or leased by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services, or for administrative purposes, or in the ordinary course of business. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gain or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.7 Intangible assets

Club memberships

Club memberships are measured initially at cost. Following initial recognition, club memberships are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of club memberships are assessed to be between 27 to 31 years and are reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from de-recognition of club memberships are measured as the difference between the net disposal proceeds and the carrying amount of the club membership and are recognised in profit or loss.

2.8 Investments in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investments in subsidiaries (Cont'd)

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

An impairment loss for an asset (other than goodwill) is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The financial assets held by the Group as at the balance sheet date are classified as loans and receivables.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (Cont'd)

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.13 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the completion of the physical proportion of the contract work. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received from customers are accounted for as deferred revenue, and included within "Trade and other payables".

2.14 Inventories

Inventories comprise materials and supplies to be consumed in the rendering of construction services. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of materials and supplies comprises raw materials and other direct costs directly attributable to the acquisition of finished goods and materials but excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

2.17 Employee benefits

Employee benefits are recognised as an expense as incurred, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.18 Leases

(a) As lessee:

The Group leases certain property, plant and equipment under finance leases and operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (Cont'd)

(a) As lessee: (Cont'd)

(i) Lessee – Finance leases (Cont'd)

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) As lessor:

The Group leases certain property, plant and equipment under operating leases to non-related parties.

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.19 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment once classified as held for sale are not depreciated. Investment properties classified as held for sale are measured based on their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Revenue

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Revenue from construction contracts

Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.13.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income arising from operating leases (net of any incentive given to the lessees) is accounted for on a straight-line basis over the lease term.

2.21 Taxes

(a) Current income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (Cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment as cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Derivative financial instruments and hedging activities (Cont'd)

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged items is less than 12 months.

The Group has entered into currency forwards that qualify as cash flow hedges against highly probably forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion on currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains or losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has concluded that the functional currency of the entities of the Group is their respective local currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 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 are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates.

Significant judgement is required in determining the stage of completion, the extent of total contract costs incurred, the estimated total contract costs as well as the recoverability of the contract and variation works. In making these estimates, management evaluates by relying on past experiences.

The carrying amount of construction contracts work-in-progress at the balance sheet date is disclosed in Note 13 to the financial statements.

Impairment of property, plant and equipment

The Group's property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate that their carrying value exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

The majority of the Group's property, plant and equipment (including those classified as held for sale) relates to the Group's yards located in Singapore at Gul Road (the "Main Yard") and Pandan Crescent (the "West Yard") (collectively, the "Yards"). For purposes of the impairment assessment on the Yards, the fair value less cost of disposal were determined based on the estimated market values assessed by independent qualified external valuers. The determination of the fair value of the yards involves the use of subjective judgments and assumptions that are inherently uncertain.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 16 to the financial statements. The carrying value of property, plant and equipment classified as assets held for sale is disclosed in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (Cont'd)

Impairment of trade and other receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that its trade and other receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

In assessing the allowance required for trade and other receivables, the Group takes into consideration the aging profile of the receivable, amounts subsequently received and historical payment patterns of the counterparties.

The carrying value of trade and other receivables is disclosed in Note 11 to the financial statements.

Valuation of investment properties

The Group carries its investment properties at fair value, with the changes in fair values being recognized in profit or loss. The Group had engaged an independent qualified external valuer to assess the fair value of the Group's investment properties that were classified as assets held of sale at the end of the financial year. The estimated fair value may differ from the price at which the Group's investment properties could be sold at a particular time, since actual selling price is negotiated between willing buyers and sellers.

The key assumptions used to determine the fair value of these investment properties as at the end of the financial year are disclosed in Note 18 to the financial statements.

4. REVENUE

	Group	
	2017	**2016**
	$'000	**$'000**
Revenue from construction contracts:		
Module business	**30,257**	192,338
Ad-hoc projects	**1,135**	11,709
	31,392	204,047

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

5. OTHER INCOME AND EXPENSES

	Group 2017 $'000	Group Restated 2016 $'000
Other income		
Interest income – bank deposits	**527**	370
Rental income		
– Warehouse, office and container	**64**	115
Government grants	**192**	393
Gain on disposal of property, plant and equipment	**76**	–
Fair value gains on derivative financial instruments	**–**	1,300
Fair value gains on investment properties	**400**	–
Sale of scrap metals	**908**	961
Others	**20**	–
	2,187	3,139
Other expenses		
Loss on disposal of property, plant and equipment	**–**	(16)
Impairment of goodwill	**–**	(5,556)
Impairment of property, plant and equipment (Note 16)	**–**	(11,128)
Property, plant and equipment written off (Note 16)	**(1,703)**	–
Inventory written off	**(1,681)**	–
Loss from misappropriation of funds	**–**	(832)
Foreign exchange losses, net	**(2,652)**	(1,203)*
	(6,036)	(18,735)

* Restated due to prior year adjustment (Note 31)

6. FINANCE COSTS

	Group 2017 $'000	Group 2016 $'000
Interest expense on:		
– Bank borrowings and unsecured unquoted fixed rate notes	**316**	2,519
– Amortisation of finance charges	**–**	463
– Finance lease liabilities	**5**	7
	321	2,989

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. LOSS BEFORE TAX

Loss before tax is determined after charging the following:

	Group	
	2017	2016
Expenses by nature	$'000	$'000
Sub-contractors charges	**22,248**	86,631
Materials	**5,919**	33,340
Direct overheads	**27,834**	35,042
Rental of sites	**5,531**	7,199
Employee compensation (Note 8)	**14,704**	18,282
Depreciation of property, plant and equipment	**2,577**	3,167
Amortisation of club memberships	**109**	–
Transportation and travelling	**976**	797
Legal and professional fees	**929**	1,592
Entertainment and refreshment	**134**	149
Property tax	**1,026**	1,102
Insurance	**466**	1,061
Advertising and marketing expenses	**643**	593
Bad debts written off	**26**	11,312
Others	**2,580**	3,586
Total cost of sales and administrative expenses	**85,702**	203,853

Included in the direct overheads is depreciation of property, plant and equipment directly used in the projects amounting to $7,594,000 (2016: $9,634,000).

8. EMPLOYEE COMPENSATION

	Group	
	2017	2016
	$'000	$'000
Wages and salaries	**12,350**	15,119
Employer's contribution to defined contribution plans	**1,041**	2,062
Other short-term benefits	**1,313**	1,101
	14,704	18,282

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9. INCOME TAXES

(a) Income tax credit/(expense)

	Group	
	2017	2016
	$'000	$'000
Tax credit/(expense) for the current year:		
– Current income tax	**–**	(1,309)
– Deferred income tax (Note 19)	**1,135**	255
	1,135	(1,054)
(Under)/Over provision in prior financial years:		
– Current income tax	**(567)**	311
	568	(743)

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group	
	2017	2016
	$'000	$'000
Loss before income tax	**(58,480)**	(18,391)
Tax calculated at rate of 17% (2016: 17%)	**(9,942)**	(3,126)
Effects of:		
Different tax rates in other countries	**(117)**	23
Expenses not deductible for tax purposes	**844**	1,905
Income not subject to tax	**–**	(268)
Tax incentives	**(16)**	(190)
Partial tax exemption	**–**	(26)
Under/(over) provision in prior financial years	**567**	**(311)**
Deferred tax benefits not recognised	**8,096**	2,736
Tax (credit)/charge	**(568)**	743

Tax incentives relate to enhanced deductions for approved expenditures and claims for approved donations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9. INCOME TAXES (CONT'D)

(b) Movements in current income tax liabilities

	Group	
	2017	2016
	$'000	$'000
Beginning of financial year	**1,300**	2,802
Currency translation difference	*	*
Income tax paid	**(1,553)**	(2,500)
Under/(Over) provision in prior financial years	**567**	(311)
Tax expense	**–**	1,309
End of financial year	**314**	1,300

* Less than $1,000.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**12,220**	5,887	**361**	397
Short-term bank deposits	**24,868**	63,648	**–**	–
	37,088	69,535	**361**	397

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are short-term bank deposits of $24,000,000 (2016: $24,000,000) designated by the Group for this purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
		Restated		
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables				
– Non-related parties	**11,758**	39,874	**–**	–
– Related parties	**617**	1,147	**–**	–
	12,375	41,021	**–**	–
Less: Allowance for doubtful debts	**–**	(2,255)	**–**	–
Trade receivables – net	**12,375**	38,766	**–**	–
Due from customers on construction contracts (Note 13)	**12,060**	52,046	**–**	–
Advances to subsidiaries	**–**	–	**9,912**	110,479
GST receivables	**1,521**	2,992	**–**	–
Staff loans	**89**	126	**–**	–
Other receivables				
– Non-related parties	**146**	249	**–**	–
–Related parties	**14**	–	**–**	–
	26,205	94,179	**9,912**	110,479

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related parties refer to companies controlled by a corporate shareholder.

The advances to subsidiaries are unsecured, interest-free and repayable on demand.

During the year, uncollectible trade receivables amounting to $2,255,000 (2016: $nil) were written off against the allowance for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

12. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Steel and consumables	**2,058**	3,713

The cost of inventories recognised as an expense and included in "Cost of sales" amounts to $250,000 (2016: $6,868,000).

13. CONSTRUCTION CONTRACTS WORK-IN-PROGRESS

	Group	
	2017	2016
	$'000	$'000
Construction contracts work-in-progress		
Beginning of financial year	**–**	459
Contract costs incurred	**58,634**	161,753
Contract expenses recognised in profit or loss	**(57,204)**	(162,212)
End of financial year	**1,430**	–
Aggregate costs incurred and profits recognised (less losses recognised) to date of uncompleted construction contracts	**28,778**	204,047
Less: Progress billings and advances received	**(18,902)**	(152,001)
	9,876	52,046
Presented as:		
Due from customers on construction contracts (Note 11)	**12,060**	52,046
Due to customers on construction contracts (Note 20)	**(2,184)**	–
	9,876	52,046

14. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deposits	**580**	4,149	**–**	–
Prepayments	**131**	420	**12**	7
	711	4,569	**12**	7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	$'000	$'000
Equity investments at cost	**126,821**	31,605

Details of the Group's subsidiaries are included in Note 30.

Waiver of amounts due from a subsidiary

During the year, the Company waived an amount of $100,000,000 that was due from a subsidiary. The amount waived was regarded as capital contributed to the subsidiary and capitalised as part of the Company's investment in that subsidiary.

Impairment of investments in subsidiaries

During the year, the Company recognised impairment losses of $4,784,000 (2016:$nil) in respect of the investments in certain subsidiaries following a review of their recoverable amounts.The recoverable amounts for these subsidiaries were determined based on their fair value less cost to sell. The fair value less cost to sell is determined by reference to the estimated net realisable values of the net assets of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group								
2017								
Cost								
Beginning of financial year	15,244	6,113	6,436	94,939	33,744	2,475	1,214	160,165
Current translation differences	–	3	(1)	280	(19)	–	–	263
Additions	–	252	–	718	39	–	1,832	2,841
Disposals	–	(59)	(15)	(191)	(680)	(159)	–	(1,104)
Written off	–	(190)	(220)	–	(822)	–	(1,213)	(2,445)
Transfer	–	–	–	–	(179)	–	179	–
Reclassification to assets held for sale (Note 18)	–	(112)	(1)	(26,191)	(913)	–	–	(27,217)
End of financial year	15,244	6,007	6,199	69,555	31,170	2,316	2,012	132,503
Accumulated depreciation								
Beginning of financial year	4,532	4,096	4,785	34,232	27,936	1,721	–	77,302
Currency translation differences	–	3	(1)	70	(16)	–	–	56
Charge for the financial year	987	434	878	5,699	1,797	267	–	10,062
Disposals	–	(57)	(15)	(168)	(628)	(160)	–	(1,028)
Written off	–	(132)	(201)	–	(409)	–	–	(742)
Reclassification to assets held for sale (Note 18)	–	(107)	(1)	(8,071)	(913)	–	–	(9,092)
End of financial year	5,519	4,237	5,445	31,762	27,767	1,828	–	76,558
Accumulated impairment losses								
Beginning of financial year	–	–	–	10,717	–	–	–	10,717
Currency translation differences	–	–	–	209	–	–	–	209
At 31 December 2017	–	–	–	10,926	–	–	–	10,926
Net book value								
End of financial year	9,725	1,770	754	26,867	3,403	488	2,012	45,019

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings $'000	Furniture and fittings and office equipment $'000	Computers $'000	Site building and yard improvement $'000	Site equipment and tools $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group								
2016								
Cost								
Beginning of financial year	15,222	5,993	4,639	94,515	33,744	2,499	2,793	159,405
Current translation differences	–	(6)	(8)	(302)	(76)	(4)	(4)	(400)
Additions	22	126	39	68	171	300	867	1,593
Disposals	–	–	–	–	–	(320)	–	(320)
Written off	–	–	–	(14)	(99)	–	–	(113)
Transfer	–	–	1,766	672	4	–	(2,442)	–
End of financial year	15,244	6,113	6,436	94,939	33,744	2,475	1,214	160,165
Accumulated depreciation								
Beginning of financial year	3,543	3,505	3,644	27,126	25,642	1,484	–	64,944
Currency translation differences	–	(5)	(7)	(110)	(39)	(3)	–	(164)
Charge for the financial year	989	596	1,148	7,230	2,432	406	–	12,801
Disposals	–	–	–	–	–	(166)	–	(166)
Written off	–	–	–	(14)	(99)	–	–	(113)
At 31 December 2016 and 1 January 2017	4,532	4,096	4,785	34,232	27,936	1,721	–	77,302
Accumulated impairment								
Impairment charge (Note 5)	–	–	–	11,128	–	–	–	11,128
Current translation differences	–	–	–	(411)	–	–	–	(411)
At 31 December 2016	–	–	–	10,717	–	–	–	10,717
Net book value								
End of financial year	10,712	2,017	1,651	49,990	5,808	754	1,214	72,146

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets under finance leases

The carrying amounts of motor vehicles held under finance leases are $76,000 (2016: $126,000) at the balance sheet date.

Impairment assessment

The carrying value of the Group's property, plant and equipment as at 31 December 2017 mainly relate to the Group's yard located in Singapore at Gul Road (the "Main Yard"). During the year, the Group carried out an impairment test to assess whether an impairment charge is required for the aforementioned yard. As the recoverable amounts of the Main Yard is higher than its carrying value, no impairment charges were required. The recoverable amounts were assessed based on the estimated market values determined by an independent qualified external valuer, less the estimated cost of disposal.

17. INVESTMENT PROPERTIES

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**13,600**	13,600
Re-classified as assets held for sale (Note 18)	**(13,600)**	–
End of financial year	**–**	13,600

These investments properties relate to two leasehold industrial buildings held by the Group. The Group has no restrictions on the realisability of these investment properties and have no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance or enhancements. The direct operating expenses incurred on these investment properties were not significant.

In 2017, the Group re-classified the properties to present them as assets held for sale on the Group's balance sheet, following a decision to dispose of these properties.

Valuation of investment properties

Investment properties are stated at their fair value. The fair value of the investment properties as at 31 December 2016 were determined as follows:

Description	**Fair value**	**Valuation technique**	**Unobservable input**	**Range of unobservable inputs**
Industrial buildings	$13,600,000	Market comparable approach	Adjusted price per square feet	$223 – $298

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

17. INVESTMENT PROPERTIES (CONT'D)

Under the market comparable approach, sale prices of similar properties in comparable vicinities are adjusted for differences in key attributes such as location, size, tenure, age and condition. As the use of significant unobservable inputs is required, the measurement is categorised under level 3 of the fair value hierarchy (Note 27(e)).

Significant reductions in the price per square feet in isolation would result in a significantly lower fair value of the properties.

Valuation process of the Group

The Group has engaged an independent qualified external valuer to determine the fair value of the Group's investment properties. The fair value of investment properties as at 31 December 2016 were determined by Savills Valuation and Professional Service(s) Pte Ltd.

18. ASSETS HELD FOR SALE

During the financial year, the Group re-classified certain assets to present them as asset held for sale following a decision to dispose of these assets.

The carrying value of assets classified as held for sale at the end of the financial year are as follows:

Property	**Previously presented as:**	**Note**	**2017 $'000**
West Yard	Property, plant and equipment	(a)	**18,124**
Industrial Buildings at 37 & 39 Tech Park Crescent, Singapore	Investment properties	(b)	**14,000**
			32,124

(a) West Yard

	2017 $'000
Transferred from property, plant and equipment during the year	**18,124**

During the year, the Group carried out an impairment test to assess whether an impairment charge is required for the West Yard. As the recoverable amounts of the West Yard was higher than its carrying value, no impairment charges were required. The recoverable amounts were determined based on the estimated market values assessed by an independent qualified external valuer, less estimated cost of disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18. ASSETS HELD FOR SALE (CONT'D)

(b) Industrial Buildings at 37 & 39 Tech Park Crescent

	2017 $'000
Transferred from investment properties during the year	**13,600**
Fair value gains	**400**
Fair value as at end of the year	**14,000**

The fair value of the investment properties classified as held for sale as at 31 December 2017 were determined as follows:

Description	Fair value	Valuation technique	Unobservable input	Range of unobservable inputs
Industrial buildings	$14,000,000	Market comparable approach	Adjusted price per square feet	$279 – $335

Under the market comparable approach, sale prices of similar properties in comparable vicinities are adjusted for differences in key attributes such as location, size, tenure, age and condition. As the use of significant unobservable inputs is required, the measurement is categorised under level 3 of the fair value hierarchy (Note 27(e)). There were no transfers into or out of level 3 of the fair value hierarchy during the year.

Significant reductions in the price per square feet in isolation would result in a significantly lower fair value of the properties.

Valuation process of the Group

The Group has engaged an independent qualified external valuer to determine the fair value of the Group's investment properties classified as held for sale. The fair value of these investment properties as at 31 December 2017 were determined by Robert Khan & Co. Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

19. DEFERRED INCOME TAXES

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $42,503,000 (2016: $17,576,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain requirements by the relevant tax authorities. The tax losses have no expiry date.

The movement in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred income tax liabilities		
Differences in depreciation for tax purposes		
Beginning of financial year	**1,153**	1,408
Tax credited to profit or loss (Note 9(a))	**(1,135)**	(255)
End of financial year	**18**	1,153

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**26,856**	52,576	**84**	–
Due to customers on construction contracts (Note 13)	**2,184**	–	**–**	–
Amount due to a director	**–**	244	**–**	–
Amount due to a related party	**653**	–	**–**	–
Accrued operating expenses	**3,075**	3,932	**79**	143
Other payables	**913**	603	**–**	1
	33,681	57,355	**163**	144

Trade payables are non-interest bearing and are normally settled on 30 days terms.

Amount due to a director and a related party is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

21. BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Bank borrowings	**6,671**	35,000	**–**	–
Finance lease liabilities (Note 22)	**44**	42	**–**	–
	6,715	35,042	**–**	–
Non-current				
Finance lease liabilities (Note 22)	**52**	96	**–**	–
	52	96	**–**	–
Total borrowings	**6,767**	35,138	**–**	–

The exposure of bank borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2017	2016
	$'000	$'000
6 months or less	**6,671**	35,000

Bank borrowings are secured by deeds of guarantee and indemnity from the Company. The weighted average effective interest rate on bank borrowings at balance sheet date is 2.29% (2016: 2.27%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

22. FINANCE LEASE LIABILITIES

The Group leases motor vehicles from non-related parties under finance leases. Lease terms range from 1 to 4 years (2016: 1 to 5 years) with options to purchase at the end of the lease term.

The liabilities are secured on the property, plant and equipment acquired under finance lease contracts (Note 16).

	Group	
	2017	2016
	$'000	$'000
Minimum lease payments due		
– Not later than one year	**48**	48
– Between one and five years	**53**	101
	101	149
Less: Future finance charges	**(5)**	(11)
Present value of finance lease liabilities	**96**	138

The present values of finance lease liabilities are analysed as follows:

– Not later than one year (Note 21)	**44**	42
– Between one and five years (Note 21)	**52**	96
	96	138

23. SHARE CAPITAL

	No. of ordinary shares $'000	Amount $'000
Group and Company		
2017		
Beginning and end of financial year	**1,023,211**	**145,271**
2016		
Beginning and end of financial year	1,023,211	145,271

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

24. OTHER RESERVES

			Group 2017 $'000	Group 2016 $'000
(a)	Composition:			
	Cash flow hedge reserve		–	–
	Foreign currency translation reserve		**(340)**	77
	Asset revaluation reserve		**633**	633
			293	710
(b)	Movements:			
	(i)	***Cash flow hedge reserve***		
		Beginning of financial year	–	(624)
		Reclassification to profit or loss		
		– Other gains and losses	–	624
		End of financial year	–	–
	(ii)	***Foreign currency translation reserve***		
		Beginning of financial year	**77**	100
		Transaction with owners, recognised directly in equity	–	200
		Net currency translation differences of financial statements of foreign subsidiaries	**(506)**	(293)
		Non-controlling interests	**89**	70
			(417)	(23)
		End of financial year	**(340)**	77
	(iii)	***Asset revaluation reserve***		
		Beginning and end of the financial year	**633**	633

25. LOSS PER SHARE

Basic and diluted loss per share are calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2017 $'000	Group Restated 2016 $'000
Net loss attributable to equity holders of the Company	**(57,126)**	(18,991)
Weighted average number of ordinary shares outstanding ('000)	**1,023,211**	1,023,211
Basic/diluted loss per share (cents per share)	**(5.58)**	(1.86)

The Company does not have any potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

26. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2017	2016
	$'000	$'000
Property, plant and equipment	**1,445**	187

(b) Operating lease commitments – where Group is a lessee

The Group leases office equipment and yard facilities from non-related parties under non-cancellable operating agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are analysed as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	**3,940**	8,133
Between one and five years	**13,397**	17,102
Later than five years	**29,305**	31,064
	46,642	56,299

(c) Operating lease commitments – where the Group is a lessor

The Group leases a site building to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	**6**	12

(d) Corporate guarantees

The Company has provided corporate guarantees to customers of a subsidiary in relation to the construction contracts undertaken by that subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards and interest rate swaps to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The senior management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than the Singapore Dollar ("SGD") which is the functional currency of most of the companies in the Group.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. The Group manages the foreign exchange exposure by keeping cash balances in different currencies and maintaining a policy of matching as far as possible, receipts and payments in each currency.

In addition, the Group's risk management policy is to hedge at least 80% of the foreign currency exposure for significant revenue contracts by entering into currency forward contracts. No hedges were taken during the financial year ended 31 December 2017.

Fair value changes of currency forward contracts are recognised in profit or loss at each reporting date, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RM $'000	PHP $'000	Others $'000	Total $'000
2017						
Financial assets						
Cash and cash equivalents	29,089	6,294	477	38	1,190	37,088
Trade and other receivables	23,886	438	350	6	4	24,684
Deposits	342	–	220	18	–	580
	53,317	6,732	1,047	62	1,194	62,352
Financial liabilities						
Trade and other payables*	27,231	132	2,099	576	1,459	31,497
Bank borrowings	6,671	–	–	–	–	6,671
Finance lease liabilities	96	–	–	–	–	96
	33,998	132	2,099	576	1,459	38,264
Net financial assets/ (liabilities)	19,319	6,600	(1,052)	(514)	(265)	24,088
Add: Expected progress billings in foreign currencies#	–	3,090	–	–	–	3,090
Currency profile of financial instruments	19,319	9,690	(1,052)	(514)	(265)	27,178

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

	SGD $'000	USD $'000	RM $'000	PHP $'000	Others $'000	Total $'000
Restated						
2016						
Financial assets						
Cash and cash equivalents	26,138	41,844	133	63	1,357	69,535
Trade and other receivables	36,507	50,564	–	137	3,979	91,187
Deposits	3,881	–	–	20	248	4,149
	66,526	92,408	133	220	5,584	164,871
Financial liabilities						
Trade and other payables*	52,732	53	54	102	4,414	57,355
Bank borrowings	35,000	–	–	–	–	35,000
Finance lease liabilities	138	–	–	–	–	138
	87,870	53	54	102	4,414	92,493
Net financial (liabilities)/assets	(21,344)	92,355	79	118	1,170	72,378
Add: Expected progress billings in foreign currencies#	–	8,810	–	–	–	8,810
Currency profile of financial instruments	(21,344)	101,165	79	118	1,170	81,188

* Excludes amounts due to customers on construction contracts

Translated at closing rate at year-end

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27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) *Currency risk* (Cont'd)

If the USD changes against the SGD by 5% (2016: 5%) with all other variables including tax rate being held constant, the effects to the Group's loss after tax arising from the net financial liability/asset position at balance sheet date will be as follows:

	Increase/(Decrease)			
	2017		2016	
	Loss after tax $'000	Other comprehensive income $'000	Loss after tax $'000	Other comprehensive income $'000
Group				
USD against SGD				
– Strengthened	**402**	**–**	(3,059)	–
– Weakened	**(402)**	**–**	3,059	–

The Company is not exposed to significant currency risk as it transacts mainly in SGD, which is the functional currency of the Company. The effects of changes in foreign currency rates on the loss after tax of the Company are insignificant.

(ii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If SGD interest rates were higher/lower by 0.5% (2016: 0.5%) during the year with all other variables including tax rate being held constant, the loss after tax would have been higher/lower (2016: higher/lower) by $33,000 (2016: $175,000) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade receivables. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group contracts only with recognised and creditworthy third parties. It is the Group's policy that all customers are required to provide security or advance payment upon the signing of a new contract. In addition, progress billings which are issued according to the stages of project completion are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant.

The credit risk for trade receivables based on the information provided to senior management is as follows:

	Group	
		Restated
	2017	**2016**
	$'000	**$'000**
By types of customers		
Related parties	**617**	1,147
Non-related parties – Multi-national companies	**11,758**	39,874
	12,375	41,021

The trade receivables of the Group comprise 6 debtors (2016: 6 debtors) that represented 64% (2016: 61%) of trade receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group. The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables and advance to from subsidiaries (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Financial assets that are past due and/or impaired (Cont'd)

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Past due up to 3 months	**4,541**	17,592
Past due 3 to 6 months	**1,049**	7,041
Past due over 6 months	**3,306**	6,650
	8,896	31,283

(c) Liquidity risk

The Group and the Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable them to meet their normal operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts at balance sheet date as the impact of discounting is not significant.

	Less than 1 year $'000	**Between 1 and 5 years $'000**
Group		
2017		
Trade and other payables*	**31,497**	**–**
Bank borrowings	**6,671**	**–**
Finance lease liabilities	**44**	**52**
	38,212	**52**
2016		
Trade and other payables*	57,355	–
Bank borrowings	35,000	–
Finance lease liabilities	42	96
	92,397	96

* Excludes amounts due to customers on construction contracts

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

	Less than 1 year $'000	Between 1 and 5 years $'000
Company		
2017		
Trade and other payables	**163**	**–**
2016		
Trade and other payables	144	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt refers to total borrowings, while total capital is calculated as total equity plus total debt.

The Group's strategy, which remains unchanged during the financial years ended 31 December 2017 and 2016, is to maintain a gearing ratio of not exceeding 50%.

The Group and the Company are in compliance with all externally imposed capital requirements as at 31 December 2017.

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Total debt	**6,767**	35,138	**–**	–
Total equity	**104,174**	163,203	**136,943**	142,344
Total capital	**110,941**	198,341	**136,943**	142,344
Gearing ratio	**6%**	18%	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

27. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk factors (Cont'd)

(e) Fair value measurements

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company does not have any financial assets or financial liabilities that are measured at fair values during or at the end of the financial year.

The disclosures relating to investment properties that are measured at fair value can be found in Note 17 and 18.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
		Restated		
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Loans and receivables	**62,352**	164,871	**10,274**	110,876
Financial liabilities at amortised cost	**38,264**	92,493	**163**	144

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

28. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

Other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed during the financial year:

	Group	
	2017	**2016**
	$'000	**$'000**
Sub-contracting services provided by related parties	**(1,809)**	(3,018)
Consulting fees provided (by)/to related parties and rental income received from related parties	**(19)**	92
Marketing expenses paid to a related party	**(540)**	–
Fabrication of topside modules and other ad-hoc services provided to related parties	**1,454**	2,444

Related parties are companies owned by close family members of the Group's key management personnel or are subsidiaries of a shareholder of the Company.

Outstanding balances as at the end of the financial year, arising from transactions with other related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Note 11 and 20 respectively.

As at 31 December 2017, there were no (2016: $1,003,000) outstanding commitments arising from transactions with related parties for sub-contracting work to be performed by related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

28. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Directors		
Wages and salaries	**2,177**	2,352
Employer's contribution to defined contribution plans, including Central Provident Fund	**43**	46
Other benefits	**52**	50
	2,272	2,448
Senior Management		
Wages and salaries	**1,315**	1,399
Employer's contribution to defined contribution plans, including Central Provident Fund	**61**	65
	1,376	1,464
	3,648	3,912

29. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from a business segment perspective. Management manages and monitors the business in the two primary business segments: Module business and Ad-hoc projects.

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Module Business $'000	**Ad-hoc projects $'000**	**Total $'000**
2017			
Revenue			
Segment revenue to external parties	**30,257**	**1,135**	**31,392**
Segment gross loss	**(30,152)**	**13**	**(30,139)**
2016			
Revenue			
Segment revenue to external parties	192,338	11,709	204,047
Segment gross profit	41,557	278	41,835

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

29. SEGMENT INFORMATION (CONT'D)

(a) Reconciliations

A reconciliation of segment gross (loss)/profit to net loss is as follows:

	Group	
		Restated
	2017	2016
	$'000	$'000
Segment gross (loss)/profit for reportable segments	**(30,139)**	41,835
Other income	**2,187**	3,139
Other expense	**(6,036)**	(18,735)
Administrative expenses	**(24,171)**	(41,641)
Finance expenses	**(321)**	(2,989)
Loss before tax	**(58,480)**	(18,391)
Income tax expense	**568**	(743)
Net loss	**(57,912)**	(19,134)

(b) Geographical information

The Group's revenue, based on the customers' location, are mainly in Asia Pacific (Japan, Singapore, Malaysia, Korea, China and Australia) and Europe (Monaco, Switzerland and United Kingdom).

	2017	2016
	$'000	$'000
Asia Pacific	**27,309**	168,233
Europe	**4,083**	35,814
	31,392	204,047

The Group's property, plant and equipment are located mainly in Singapore as at 31 December 2017 (Singapore and Malaysia as at 31 December 2016).

(c) Revenue from major customers

At balance sheet date, the Group's three largest customers by revenue in aggregate, accounted for 64% (2016: 86%) of total revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

30. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2017 %	**2016 %**	**2017 %**	**2016 %**	**2017 %**	**2016 %**
Held by the company								
Dyna-Mac Engineering Services Pte Ltd[a]	Contractors for project management, engineering, fabrication and installation of land and marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Marine and Heavy Engineering Pte. Ltd.[a]	Contractors for project management, engineering, fabrication and installation of marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Offshore Services Pte. Ltd.[a]	Contractors for repair and marine works	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Engineering (HK) Pte Ltd[f]	Provides project management services for projects in the People's Republic of China	Hong Kong	**100**	100	**100**	100	**–**	–
DM Haven Automation Industries (S) Pte. Ltd.[a]	Repair of ships, tankers and other ocean-going vessels, manufacture and repair of marine engine and ship parts, and the provision of manpower resources for shipping-related projects.	Singapore	**100**	100	**100**	100	**–**	–
Dyna-Mac Keppel Philippines Inc[b]	Contractors for project management, engineering, fabrication and installation of land and marine works	Philippines	**60**	60	**60**	60	**40**	40

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

30. LISTING OF COMPANIES IN THE GROUP (CONT'D)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Held by the subsidiaries								
Dyna-Mac Engineering Services Sdn. Bhd[(c)]	Contractors for construction works	Malaysia	–	–	**100**	100	–	–
Dyna-Mac Do Brasil Construcoes Ltda.[(d)]	(i) Fabrication, sale, installation and repair of modules for oil rigs, FSO and FPSO; and (ii) Land and marine services of engineering, project management and other related services to the exploration and exploitation of oil and gas	Brazil	–	–	**100**	100	–	–
DMP Marine Fabricator (Nansha) Co. Ltd[(e)]	Contractors for project management, engineering, fabrication and installation of land and marine works	People's Republic of China	–	–	**70**	70	**30**	30

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by Isla Lipana & Co., PwC member firm, Philippines
(c) Audited by G K LYE PLT., Malaysia
(d) Not required to be audited under the laws of the country of incorporation
(e) Audited by Lawchina Certified Public Accountants Co., LTD
(f) Audited by Armando Y. C. Chung & Co., Hong Kong

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

31. PRIOR YEAR ADJUSTMENT

The Group had restated its consolidated balance sheet as at 31 December 2016 and consolidated profit or loss for the financial year then ended to reflect an adjustment for unrealised foreign currency translation losses of $3,469,000 that was incorrectly accounted for in the prior year.

The effects of the prior year adjustment on retained earnings and other financial statement balances are summarised below:

Effect on other financial statement balances

	Previously reported $'000	Prior year adjustment $'000	Restated $'000
Balance sheet at 31 December 2016			
Trade and other receivables	97,648	(3,469)	94,179
Profit or loss for the year ended 31 December 2016			
Other expenses	(15,266)	(3,469)	(18,735)

Effect on retained earnings

	Group $'000
Retained earnings as at 31 December 2016, as previously reported	18,471
Prior year adjustment for unrealised foreign currency translation losses	(3,469)
Retained earnings as at 31 December 2016, as restated	15,002

Effect on loss per share

The prior year adjustment resulted in an increase in basic/diluted loss of 0.34 cents per share in 2016.

Effect on consolidated cash flow statement

The prior year adjustment did not have a material impact on the consolidated cash flow statement.

32. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current year's presentation.

33. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Dyna-Mac Holdings Ltd. on 23 March 2018.

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)	
	12 months ended 31-Dec-17 $'000	12 months ended 31-Dec-16 $'000	12 months ended 31-Dec-17 $'000	12 months ended 31-Dec-16 $'000
PURCHASES AND OTHER EXPENSES				
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication	842	652	–	–
Transactions with L&W Marine Engineering Pte. Ltd. ("L&WM")				
Subcontracting services for steel and piping fabrication	968	59	–	–
Transactions with Lim Lie Tjing				
Consultant services in respect of Human Resources	18	–	–	–
Transactions with United Starex International Limited				
Marketing services rendered	540	–	–	–
Transactions with Keppel FELS Limited				
Subcontracting services for steel and piping fabrication	–	–	214	2,307
Transaction with Palms JH Associates				
Corporate relations consultancy service	–	75	–	–
Keppel Subic Shipyard Inc				
Backcharge of utilities and water supply	–	–	2	–
REVENUE				
Keppel FELS Limited				
Fabrication of structural blocks	–	–	–	2,218
Other Adhoc projects (other services)ie: Barge Hiring/Provision of Berthing Space	–	–	301	–
Keppel Shipyard Limited				
Adhoc projects (other services)	–	–	1,367	226
Keppel Subic Shipyard Inc				
Rental Income and gain on sales of used containers	–	–	–	17

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Dyna-Mac Holdings Ltd, Corporate Office Building, 45 Gul Road, Singapore 629350 on Wednesday, 25 April 2018 at 4.00 p.m. for the purpose of transacting the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Director's Statement and Audited Financial Statements for the year ended 31 December 2017 together with the Independent Auditors' Report. (Resolution 1)

2. To approve Directors' Fees of S$153,450 for the financial year ending 31 December 2018 to be paid to the Directors quarterly in arrears. (Resolution 2)

3. To re-elect Mr Lim Tze Jong who retires in accordance with Article 91 of the Company's Constitution and who, being eligible, offers himself for re-election. (Resolution 3)

4. To re-elect Mr Varghese John who retires in accordance with Article 91 of the Company's Constitution.

   Mr Varghese John has indicated that he will not be seeking re-election. (Resolution 4)

5. To re-elect Mr Chor How Jat who retires in accordance with Article 97 of the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr Chor How Jat will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees. (Resolution 5)

6. To re-appoint Messrs Ernst & Young LLP ("**EY**") as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:–

7. Authority to issue shares (Resolution 7)

   That the Directors be and are hereby authorised, pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, to issue shares and convertible securities in the Company (including the issue of shares and convertible securities by way of rights, bonus or otherwise and to grant offers, agreements and options which would or which might require shares to be issued) to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, PROVIDED ALWAYS THAT:

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company, and

NOTICE OF THE ANNUAL GENERAL MEETING

(ii) such authority shall (unless varied or revoked by the Company in the general meeting) continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next general meeting of the Company is required by law to be held, whichever is the earlier.

For the purpose of determining the aggregate number of the Company's shares that may be issued by the Company pursuant to this Resolution, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time of the passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing this Resolution, provided the options or awards were granted in compliance with the SGX-ST listing rules and (iii) any subsequent bonus issues, consolidation or subdivision of shares.

8. Renewal of the mandate for interested person transactions (Resolution 8)

That:–

(i) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries, its target associated companies and corporations which become the Company's subsidiaries or target associated companies (the "Group") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as described in the Appendix with any party who is of the class of Interested Persons as described in the Appendix provided that such transactions are made on an arm's length basis and on normal commercial terms and in accordance with the review procedures for such Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");

(ii) the approval given for the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

(iii) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution.

9. To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Liew Meng Ling/Lee Kim Lian Juliana
Joint Company Secretaries

Date: 3 April 2018
Singapore

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

1) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

2) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary is either:
   a) A bank corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   b) A capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
   c) The Central Provident Fund ("CPF") Board established by The Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

3) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either given under the Common Seal or signed by an authorised attorney or an authorised officer on behalf of the corporation.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 59 Gul Road Singapore 629354 not less than forty-eight (48) hours before the time appointed for holding the meeting.

5) A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the depositor to be entitled to attend, speak and vote at the AGM.

Explanatory Notes on Special Business to be Transacted

Resolution 7: This is to empower the Directors, from the date of the above Meeting until the next Annual General Meeting ("AGM"), to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty percent (50%) of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company. This approval will unless varied or revoked at a general meeting, expire at the next AGM of the Company or the expiration of the period within which the next AGM of the Company is required to be held, whichever is earlier.

Resolution 8: This resolution seeks to renew the annual mandate to allow the Company, its subsidiaries and associated companies that are entities at risk, or any of them, to enter into certain Interested Person Transactions with persons who are considered "Interested Persons" (as defined in Chapter 9). Details of the terms of the mandate are set out in the Appendix to the 2017 Annual Report.

NOTICE OF 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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DYNA-MAC HOLDINGS LTD.
Company Registration No. 200305693E
(Incorporated in the Republic of Singapore)

Proxy Form

Annual General Meeting

IMPORTANT NOTES

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Dyna-Mac Holdings Ltd. shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. 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 3 April 2018.

I/We ______________________________ (Name), ____________________ (NRIC/Passport/Co Reg No.)

of ____ (Address)

being a member/members of Dyna-Mac Holdings Ltd. (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company, to be held at Dyna-Mac Holdings Ltd, Corporate Office Building, 45 Gul Road, Singapore 629350 on Wednesday, 25 April 2018 at 4.00 p.m. and at any adjournment thereof.

I/We have indicated with an "X" against each resolution set out in the Notice of AGM and summarised below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/their discretion. If no persons are named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM, as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business:		
1	Adoption of Directors' Statement and Independent Auditors' Reports and Financial Statements		
2	Approval of Directors' Fees for the year ending 31 December 2018		
3	Re-election of Mr Lim Tze Jong who is retiring in accordance with Article 91 of the Company's Constitution		
4	Re-election of Mr Varghese John who is retiring in accordance with Article 91 of the Company's Constitution. Mr Varghese John will not be seeking re-election		
5	Re-election of Mr Chor How Jat who is retiring in accordance with Article 97 of the Company's Constitution		
6	To appoint Ernst & Young as Auditors.		
	Special Business:		
7	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8	Renewal of mandate of Interested Person Transactions		
9	Any other business		

Dated this __________ day of ____________________ 2018.

Total Number of Shares held	

____
Signature(s) of Member(s)/Common Seal

(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 (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint one or two proxies, whether a member or not, to attend and vote instead of him at the Annual General Meeting.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the meeting. Relevant intermediary is either:

   (a) A bank corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) A capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) The Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 59 Gul Road Singapore 629354, not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either given under its common seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such body corporate.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

10. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at this Annual General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed 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 3 April 2018.

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