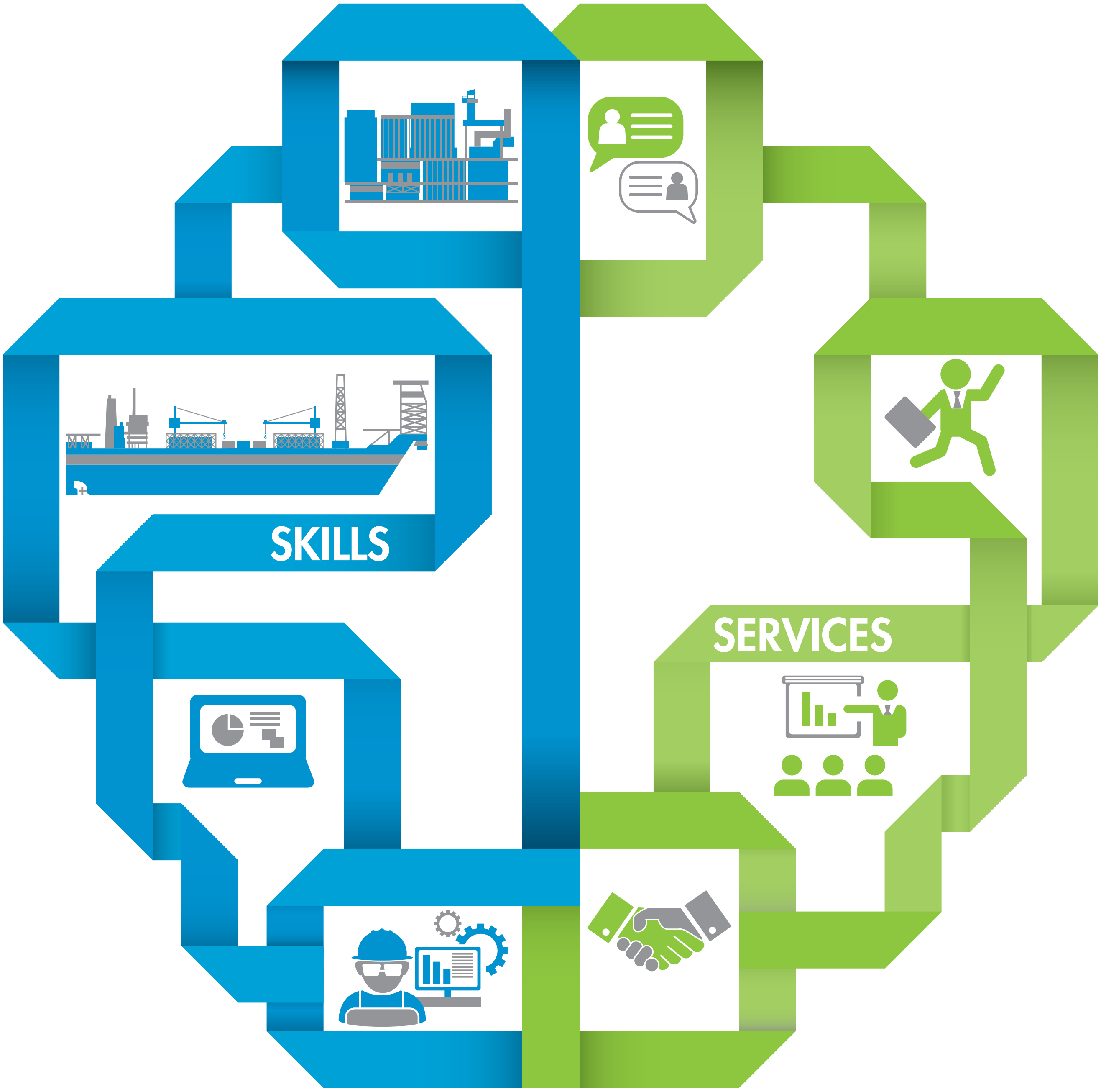
精砺 DYNA-MAC
beyond your expectations



Annual Report 2015

LEADING With ABILITY
SERVING PRIDE

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 spanning across Singapore and Malaysia, with partnership presence in the Philippines, China and Brazil.

Leading with Ability. Serving with Pride.

Performance At A Glance

Corporate Governance and Transparency

Year in Review

Sustainable Growth

Financial Report

2015 Key Figures

Revenue

$269.5 million

Gross Profit

$49.7 million

Net Loss

($5.2 million)

Cash and Bank Balances

$85.2 million

Loss Per Share

(0.34 cents)

Net Asset Value Per Share

17.64 cents

Market Capitalisation

$152.5 million

as at 10 March 2016

Vision and Mission

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

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

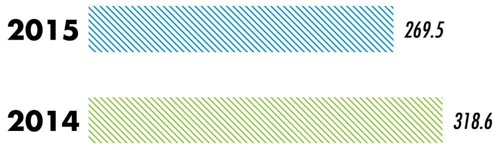
2015 Highlights

- A total of 12 projects were completed and delivered in 2015
- New orders secured in 2015 stood at $161.0 million
- Net orderbook as at February 2016 stood at $175.3 million with completions and deliveries stretching till 2016
- Completed Consent Solicitation Exercise in connection with the $50 million 4.25% Notes due 2017 comprised in Series 001 in December 2015
- Dyna-Mac celebrated its 25th Anniversary in December 2015

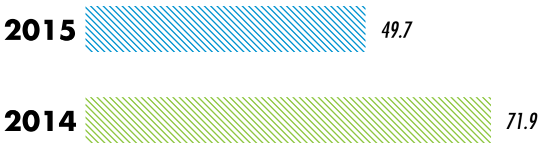
Group Financial Highlights

	2015	2014	% Change
REVENUE AND PROFIT ($'000)			
Revenue	269,512	318,566	(15.4)
Gross profit	49,674	71,865	(30.9)
Gross profit margin (%)	18.4	22.6	
(Loss)/profit before income tax	(1,810)	29,499	n.m.
Net (loss)/profit	(5,183)	26,241	n.m.
Net (loss)/profit margin (%)	(1.9)	8.2	
(Loss)/profit attributable to			
Equity holders of the Company	(3,453)	24,765	n.m.
Non-controlling interest	(1,730)	1,476	n.m.
BALANCE SHEET ($'000)			
Total assets	375,708	404,139	(7.0)
Total liabilities	195,202	203,791	(4.2)
Net assets	180,506	200,348	(9.9)
FINANCIAL INDICATORS			
(Loss)/Earnings per share (cents)	(0.34)	2.42	n.m.
Dividends (cents)	0	1.5	n.m.
(Loss)/Return on equity (%)	(2.9)	13.1	n.m.
Net gearing (times)	0	0.12x	n.m.
CASH FLOW ($'000)			
Cash flow from operations before working capital changes	22,933	50,275	(54.4)
Net cash provided by/(used in) operating activities	54,522	(17,119)	n.m.
Net cash provided by/(used in) investing activities	18,795	(8,343)	n.m.
Net cash (used in) /provided by financing activities	(3,810)	10,280	n.m.
Cash and cash equivalents	85,211	15,879	n.m.
Add short term bank deposits	0	26,276	n.m.
Cash and bank balances	85,211	42,155	n.m.

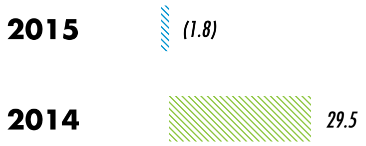
REVENUE ($'M)



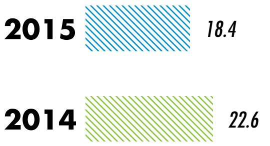
GROSS PROFIT ($'M)



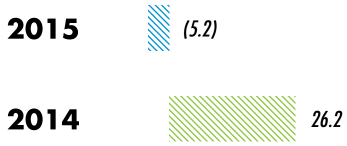
NET (LOSS)/PROFIT BEFORE INCOME TAX ($'M)



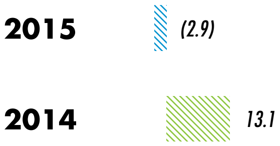
GROSS PROFIT MARGIN (%)



NET (LOSS)/PROFIT ($'M)



ROE (%)



CEO's Letter to Shareholders

"While facing market challenges, the Group is already gearing up for the next 25 years of growth. The focus for the next few years will be on productivity improvements, cost savings and improved working plans to build a leaner, stronger, more agile and future-ready business."

Mr Lim Tze Jong Desmond
Executive Chairman & CEO

Dear Shareholders,

The year 2015 proved to be another challenging one for the global markets, particularly for the oil and gas industry. Against the backdrop of low oil prices and reduced global exploration and production expenditure by major oil and gas companies, Dyna-Mac posted its first net loss of $5.2 million since its public listing on the Singapore Exchange in 2011. In 2014, Dyna-Mac recorded a net profit of $26.2 million.

The net loss was attributable mainly to two factors. Firstly, a lower gross profit mainly caused by slower progress in construction achieved due to delays in receiving engineering drawings and free-issued materials from current customers, coupled with fixed direct overheads carried by idle facilities in our yards in Singapore and Malaysia. Secondly, there was a $7.8 million in write-off of certain long outstanding debts, including the impairment on specific trade receivables for the financial year ended 31 December 2015. Excluding the one-time write-off of $7.8 million, Dyna-Mac would have registered a net profit of $2.6 million for 2015.

Group revenue was $269.5 million in 2015, while gross profit was $49.7 million with net loss at $5.2 million.

Dividend

While we constantly strive to reward our shareholders with a sustainable and consistent dividend, we are also mindful of the need for long-term sustainable growth for the Group. In view of the challenging market environment coupled with the need to conserve cash for the future, the Board of Directors viewed it prudent not to recommend a dividend for the financial year ended 31 December 2015.

Review of Business Operations

Faced with a challenging year, the Group registered a 15.4 per cent decline in revenue from $318.6 million in 2014 to $269.5 million in 2015. A total of 12 projects were completed and delivered to customers in 2015, a much lower number when compared with the 49 projects that were completed and delivered a year ago in 2014. Our 2015 second quarter revenue was also affected by delays in receipt of engineering drawings and free-issued materials, which resulted in a slowdown in the progressive construction of the projects that ultimately impacted the full year's performance.

In 2015, a total of seven topside modules were completed and delivered to owners. These comprised four modules for FPSO Cidade De Saquarema and three modules for the Ten Tullow FPSO. We also delivered a bridge module to the owner for the Malampaya project as well as four offshore structural blocks.

The offshore FPSO topside modules segment was the largest contributor, constituting 98 per cent or $263.2 million of our total revenue in 2015, with the balance of 2 per cent or $6.3 million from others comprising specialised offshore projects.

Celebrating the Past and Gearing for the Future

Dyna-Mac celebrated its 25th anniversary in 2015. From a small family-owned business with 12 employees in a small office of less than 2,000 square feet at Pioneer North Road, the Group has grown into a global leader in the detailed engineering, fabrication and construction of offshore FPSO and FSP topside modules, turrets and semi-submersible hulls, having diversified to onshore plants and other sub-sea products for the oil and gas industries.

In 25 years, we have established a track record in delivering 243 topside modules with a total weight of approximately 202,000 tons. The Group now operates yards in Singapore and Malaysia, with a strategic presence in China, Philippines and Brazil.

The Dyna-Mac name is also recognised today for safety, quality and reliability. This mindset of safety, quality and reliability is also deeply rooted in all our 1,205 dedicated and experienced employees, workers and working partners.

While facing market challenges, the Group is already gearing up for the next 25 years of growth. The focus for the next few years will be on productivity improvements, cost savings and improved working plans to build a leaner, stronger, more agile and future-ready business.

In the longer term, we are developing potential yards in China and Brazil and also our existing yard in Malaysia. These are measures to ensure the Group's sustainable long-term growth.

Sustainability Matters

Recognising the importance of balancing our economic, environmental and social objectives, Dyna-Mac remained committed to sustainability and corporate social responsibility.

As a responsible business enterprise, we focused on value creation for our employees, customers, contractors, suppliers, partners and stakeholders through upholding good corporate governance, maintaining health and safety standards, limiting our impact on the environment, using resources more efficiently as well as promoting community care and engagement.

We continue to recruit, train and retain the best people for the job. The Group has a systematic training and career development plan to retain employees for business sustainability.

The Group also reached out to many segments of the community through various initiatives, including sponsorship of a number of social and charitable activities.

Successful completion and load out of Main Compression A module for FPSO Cidade De Saquarema

CEO's Letter to Shareholders

The Main Yard

Outlook and Prospects

In 2015, the Group secured $161 million in new contracts. These comprised the construction of 10 FPSO topside modules for the Catcher oil fields in the UK sector of the North Sea, six units of FPSO topside modules for Block 15/06 East Hub field in deep water offshore Angola and 13 units of pre-assembled units and one unit of pre-assembled structure for a project in Singapore.

With these new contracts, the Group's net order book to date stands at $175.3 million, with completion and deliveries extending into the financial year 2016.

The market environment remains challenging amid low oil prices and reduced global exploration and production expenditure by oil and gas companies. While continuing to source and negotiate for new contracts, we stay focused on project execution and the timely delivery of the projects to our customers. At the same time, we plan to increase our productivity and efficiency, including cost-cutting and optimising our current yard operations to serve our customers better.

Acknowledgements

On behalf of the Board, I would like to express our deepest gratitude to our customer partners and business associates for their steadfast support and their continued confidence in us over the years. A word of appreciation also extends to the Board of Directors, our dedicated team of management, employees, contractors and suppliers for their hard work and commitment. We shall continue working together as a united, resilient team to further enhance our operational efficiencies and build a globally competitive group for sustainable growth.

Finally, we would like to extend our heartfelt thanks to our valued shareholders for their continuous support of the Dyna-Mac Group. As we embark on this long and challenging journey, we will continue to build on our sustainable growth strategy to create long-term value for our stakeholders.

Lim Tze Jong Desmond
Executive Chairman & CEO

6 April 2016

FPSO Ten Development Module 5S Chemical Injection & Flowline Circulation loaded out from yard

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
- HEALTH, SAFETY AND ENVIRONMENT (HSE)
- POSITIVE ATTITUDE
- TEAMWORK
- PEOPLE DEVELOPMENT

STAKEHOLDERS AND ENGAGEMENT PLATFORMS IN 2015

CUSTOMERS

- Strike steel and delivery ceremonies
- HSE milestone of 600,000 working man-hours without lost time incident
- Customer visits and tour of projects in the yard
- Participation at a customer's HSE Forum
- Participation at team building events
- HSE newsletter
- Revamped corporate website, emails and newsletters
- Project coordination meetings
- Project tenders

EMPLOYEES

- Training and development programmes
- Regular reviews and appraisals
- Intranet platforms for policies, news and benefits
- Festive celebrations for employees from diverse nationalities
- Annual Dinner & Dance
- Briefings and toolbox meetings
- Safety Incentive Programme
- Code of Conduct compliance and training

SUPPLIERS & CONTRACTORS

- Safety education for all suppliers and contractors
- Quotations and requests for proposals
- Project tenders
- Performance audits
- Inspection and quality audits
- Safety campaigns and events
- In-house orientation for all new contractor workers

FINANCIAL COMMUNITY

- Quarterly results and news releases
- Annual General Meeting
- Analysts and fund managers briefings
- Yard tours
- Meetings, conference calls and site visits
- Investor Conference
- Corporate website

GOVERNMENT & INDUSTRY PARTNERS

- Safety campaigns and training seminars
- Participation at local and overseas events
- Site visits

LOCAL COMMUNITIES

- Timely news release
- Community contributions
- Charity runs

Corporate Governance and Transparency

Mr Lim Tze Jong Desmond

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 and Technical 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 and Technical Officer of Dyna-Mac. He oversees the company's corporate matters and technical aspects including engineering, quality assurance and quality control, quantity surveyor, safety and security.

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, 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
to Mr Lim Tze Jong Desmond
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.

Corporate Governance and Transparency

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 Good-pack 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 and MoneyMax Financial Services 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 Chia Hock Chye Michael

Non-Executive/Non-Independent Director
Appointed 8 November 2012

Mr Chia is a Non-Independent Director and serves as a member on the Board's Audit, Remuneration and Nominating Committees.

A Colombo Plan Scholar, Bachelor of Science (First Class Honours) in Naval Architecture and Marine Engineering, University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Concurrently, holds the positions of Managing Director (Marine & Technology) of Keppel Offshore & Marine Ltd and Managing Director of Keppel Offshore & Marine Technology Centre.

Started his career in Keppel FELS in 1980 and held several appointments in Yard Management, Corporate Planning, Marketing and Commercial and General Manager Operations. Also served a stint overseas with the Group in China and Hong Kong during 1985-1989. Served as Executive Director of Keppel FELS from 2002 to 2009, CEO of Keppel Integrated Engineering from 2009 to 2010, Deputy Chairman of Keppel Integrated Engineering Ltd from 2009 to 2011 and Director, Group Strategy and Development of Keppel Corporation from January 2011 to January 2013.

Elected as the President of the Association of Singapore Marine Industries from 2005 to 2009, a non profit association formed in 1968 to promote the interests of the marine industry in Singapore and was a member of the Ngee Ann Polytechnic Council from 2006 to 2012. He was a Board Member of Singapore Maritime Foundation from June 2005 to January 2015 which he served in the role of Chairman during the last 6 years. He is also a member of The American Bureau of Shipping.

Mr Wong Ngiam Jih

Non-Executive/Non-Independent Alternate Director to Mr Chia Hock Chye Michael
Appointed 2 September 2013

Mr Wong was appointed an Alternate Director to Mr Chia Hock Chye Michael on 2 September 2013. He is currently the Chief Financial Officer at Keppel Offshore & Marine.

Prior to his current position, Mr Wong held various positions within the Keppel Group of companies within a span of 40 years. He is also a Director of a number of companies in the Keppel Group, including Keppel Nantong Shipyard, Keppel Singmarine and Keppel Smit Towage.

Mr Wong hold a Bachelor of Business Administration from the National University of Singapore.

Corporate Governance and Transparency

01 

02 

01 Mr Lim Tze Jong Desmond
02 Mr Varghese John
03 Ms Tiong Sai Lan Joyce
04 Mr Lim Tjew Yok
05 Mr Teo Boon Hwee Simon

03 

04 

05 

06 Ms Judy Han
07 Mr Park Yong Kap
08 Ms Chong Swee Lee
09 Mr Chin Woon Kwong Ian
10 Mr Lee Poh Tong Vincent

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Senior Management

Mr Lim Tze Jong Desmond

Chairman and Chief Executive Officer

Ms Tiong Sai Lan Joyce

Chief Financial Officer

Fellow member, Association of Chartered Certified Accountants

Member, Institute of Singapore Chartered Accountant

Mr Teo Boon Hwee Simon

Chief Marketing Officer

Bachelor in Production Technology and Production Management (Honours), University of Aston, Birmingham, UK

Mr Park Yong Kap

Senior Vice-President (Business Development)

Bachelor in Naval Architecture, INHA University, Korea

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

Mr Varghese John

Senior Chief Corporate and Technical Officer

Bachelor in Mechanical Engineering, University of Kerala, India

Mr Lim Tjew Yok

Chief Operating Officer

Diploma in Mechanical Engineering, Singapore Polytechnic

Ms Judy Han

Chief Corporate Relations Officer

Bachelor of Arts, National University of Singapore

Bachelor of Social Science in Economics (Honours), National University of Singapore

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 Lee Poh Tong Vincent

Vice-President (Procurement and Subcontracting)

GCE 'O' Level

Corporate Governance and Transparency

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.

(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, working together with the Management to achieve success for 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.

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.

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 2015 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 2015, four scheduled Board Meetings were held. Ad hoc meetings are held when the circumstances require. 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 25 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 new Code prescribes 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 had accordingly recommended to the Board to consider the appointment of additional independent director in due course.

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.

Corporate Governance

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 Chief Executive Officer, the Company always ensures that there is a clear division of responsibilities between these two roles. As the Executive Chairman of the Group, with the assistance of the Management, Mr Desmond Lim ensures that there is effective communication with shareholders, encourages constructive relations between the Board and the Management, as well as between Board members. 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
(Chairman)

Mr Chia Hock Chye Michael
(Member)

Mr Tan Soo Kiat
(Member)

<u>Process for Selection and Appointment of New Directors</u>

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.

<u>Search</u>

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.

<u>Selection</u>

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.

Our Nominating Committee is also responsible for:

(a) re-nomination of our Directors having regard to our Director's contribution and performance;

(b) determining annually whether or not a director is independent; and

(c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director.

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.

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.

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.

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.

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 comprises two Independent Directors and one Non-Executive Director:

Dr Ong Seh Hong
(Chairman)

Mr Tan Soo Kiat
(Member)

Mr Chia Hock Chye Michael
(Member)

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

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

In addition, our Remuneration Committee 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, During the financial year ended 31 December 2015, the Haygroup was appointed as remuneration consultants. The Company does not have any relationship with these consultants which would affect their independence and objectivity.

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

Corporate Governance

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 2015 is set out below:

Remuneration band & name of directors of the company	Director's Fee %	Salary %	Variable Performance Related Bonus %	Allowance & Benefits %	Total %
$1,250,000 to $1,500,000					
Lim Tze Jong (1)	0%	83%	14%	3%	100%
$500,000 to $750,000					
Varghese John	0%	84%	16%	0%	100%
Lim Tjew Yok (1)	0%	85%	15%	0%	100%
Teo Boon Hwee (2)	0%	85%	15%	0%	100%
BELOW $250,000					
Tan Soo Kiat	100%	0%	0%	0%	100%
Ong Seh Hong	100%	0%	0%	0%	100%
Chia Hock Chye Michael	100%	0%	0%	0%	100%
Wong Ngiam Jih (3)	0%	0%	0%	0%	0%

The remuneration of the key executives of the Company for the financial year ended 31 December 2015 is set out below:

Remuneration band & name of key executives of the company	Director's Fee %	Salary %	Variable Performance Related Bonus %	Allowance & Benefits %	Total %
$500,000 to $750,000					
Tiong Sai Lan	0%	85%	15%	0%	100%
$250,000 to $499,999					
Park Yong Kap	0%	82%	18%	0%	100%
Ong Chee Tiong (4)	0%	72%	28%	0%	100%
BELOW $250,000					
Chong Swee Lee	0%	82%	18%	0%	100%
Chin Woon Kwong Ian	0%	83%	17%	0%	100%
Lee Poh Tong	0%	83%	17%	0%	100%
Han Judy (5)	0%	100%	0%	0%	100%
Loh Nyen Foh Peter (6)	0%	100%	0%	0%	100%
Tan Jee Jiar Andrew (7)	0%	100%	0%	0%	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 2015.

Notes:
1. Lim Tze Jong and Lim Tjew Yok are siblings.
2. Teo Boon Hwee is alternate director to Lim Tze Jong.
3. Wong Ngiam Jih is alternate director to Chia Hock Chye Michael.
4. Ong Chee Tiong resigned on 14 January 2016.
5. Han Judy received consultancy fees via Palms JH Associates.
6. Loh Nyen Foh Peter resigned on 31 January 2015.
7. Tan Jee Jiar Andrew resigned on 31 January 2015.

(III) Accountability and Audit

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

Accountability

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. Management keeps the Board regularly updated on the Group's business activities and financial performance by providing operations reports at the quarterly board meetings.

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 period, 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.

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 FY2015 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
(Chairman)

Mr Chia Hock Chye Michael
(Member)

Dr Ong Seh Hong
(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:

(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;

Corporate Governance

(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.

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.

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 PricewaterhouseCoopers 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, PricewaterhouseCoopers 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 2015 was approximately S$503,400, of which audit fees amounted to approximately S$354,000 and non-audit fees amounted to approximately S$149,400.

The AC recommended that PricewaterhouseCoopers LLP be nominated for re-appointment as auditors at the forthcoming AGM.

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.

The Company outsources its internal audit function to 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.

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.

(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 results to shareholders within the mandatory period. The Company does not practice selective disclosure of material information. Briefings to present quarterly and full-year results are held for the media and analyst.

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.

(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.

The Company's existing Constitution allows all Shareholders the right to appoint up to two proxies to attend and vote on their behalf in Shareholders' meetings. Under the new multiple proxy regime, "relevant intermediaries" such as banks, capital markets services licence holdings which provide custodial services for securities and Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at shareholders' meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings.

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.

For greater transparency, the Company has implemented electronic poll voting in its 2015 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.

Attendance at Board and Committee Meetings during the financial year ended 31 December 2015

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	4	4	4	4	1	1	1	1
Varghese John	4	4	4	4	1	1	1	1
Lim Tjew Yok	4	4	4	4	1	1	1	1
Tan Soo Kiat	4	4	4	4	1	1	1	1
Dr Ong Seh Hong	4	4	4	4	1	1	1	1
Chia Hock Chye Michael	4	4	4	4	1	1	1	1

Corporate Governance and Transparency

Investor Relations

The Dyna-Mac Group believes in providing timely, clear, reliable and meaningful information to investors in order for them to make informed investment decisions.

Proactive Communications with the Financial Community

The Group is proactive in maintaining regular two-way communications with the investment community, comprising institutional investors, financial analysts, retail investors and media representatives. To address the constantly evolving requirements of disclosure, transparency and corporate governance, our corporate relations department aims to provide investors with an accurate, coherent and balanced account of the Group's performance.

Tour of Dyna-Mac's yard

Announcement of Results & Dividends	2016*	2015
Full Year	24 February	24 February
Quarter 1	12 May	13 May
Quarter 2	11 August	13 August
Quarter 3	11 November	11 November
Final Dividend Payment	NA	22 May
Delivery of Annual Report	6 April	9 April
Annual General Meeting	22 April	24 April

**Note: Dates subject to change*

The investment community was kept updated through multiple communication platforms, including regular meetings, site visits, conference calls, road shows and other investor communication engagements in 2015. These activities were held throughout the year to 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 (AGM) was held at Raffles Town Club on 24 April 2015. The central location was chosen to provide convenience for management, staff, directors and a maximum number of shareholders to attend. The meeting allowed 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' participation at Dyna-Mac's 5th Annual General Meeting

Gaining insights into Dyna-Mac's yard operations

Brief introduction to modules in construction

Shareholders' Information

STATISTICS OF SHAREHOLDINGS AS AT 10 MARCH 2016

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 10 March 2016, 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 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.

Top 20 Shareholders

No.	Name of Shareholder	No. of Shares Held	%
1	Raffles Nominees (Pte) Ltd	426,303,600	41.66
2	KS Investments Pte Ltd	250,000,000	24.43
3	OCBC Securities Private Ltd	48,507,000	4.74
4	DBS Nominees Pte Ltd	12,411,100	1.21
5	DBSN Services Pte Ltd	10,946,300	1.07
6	Citibank Nominees Singapore Pte Ltd	9,720,947	0.95
7	Bank of Singapore Nominees Pte Ltd	8,522,000	0.83
8	Tan Chwee Huat	6,413,200	0.62
9	UOB Kay Hian Pte Ltd	6,213,100	0.61
10	HL Bank Nominees (Singapore) Pte Ltd	5,161,800	0.50
11	DBS Vickers Securities (Singapore) Pte Ltd	4,715,000	0.46
12	United Overseas Bank Nominees Pte Ltd	3,486,300	0.34
13	CIMB Securities (Singapore) Pte Ltd	3,466,508	0.34
14	OCBC Nominees Singapore Private Limited	3,363,400	0.33
15	Phillip Securities Pte Ltd	2,865,800	0.28
16	Habacus Pte Ltd	2,000,000	0.20
17	Khoo Chee Been	2,000,000	0.20
18	Lim Tjew Yok	2,000,000	0.20
19	Sasikumaran Pillai s/o Manmathan Pillai	2,000,000	0.20
20	Varghese John	2,000,000	0.20
		812,096,055	79.37

Location of Shareholders

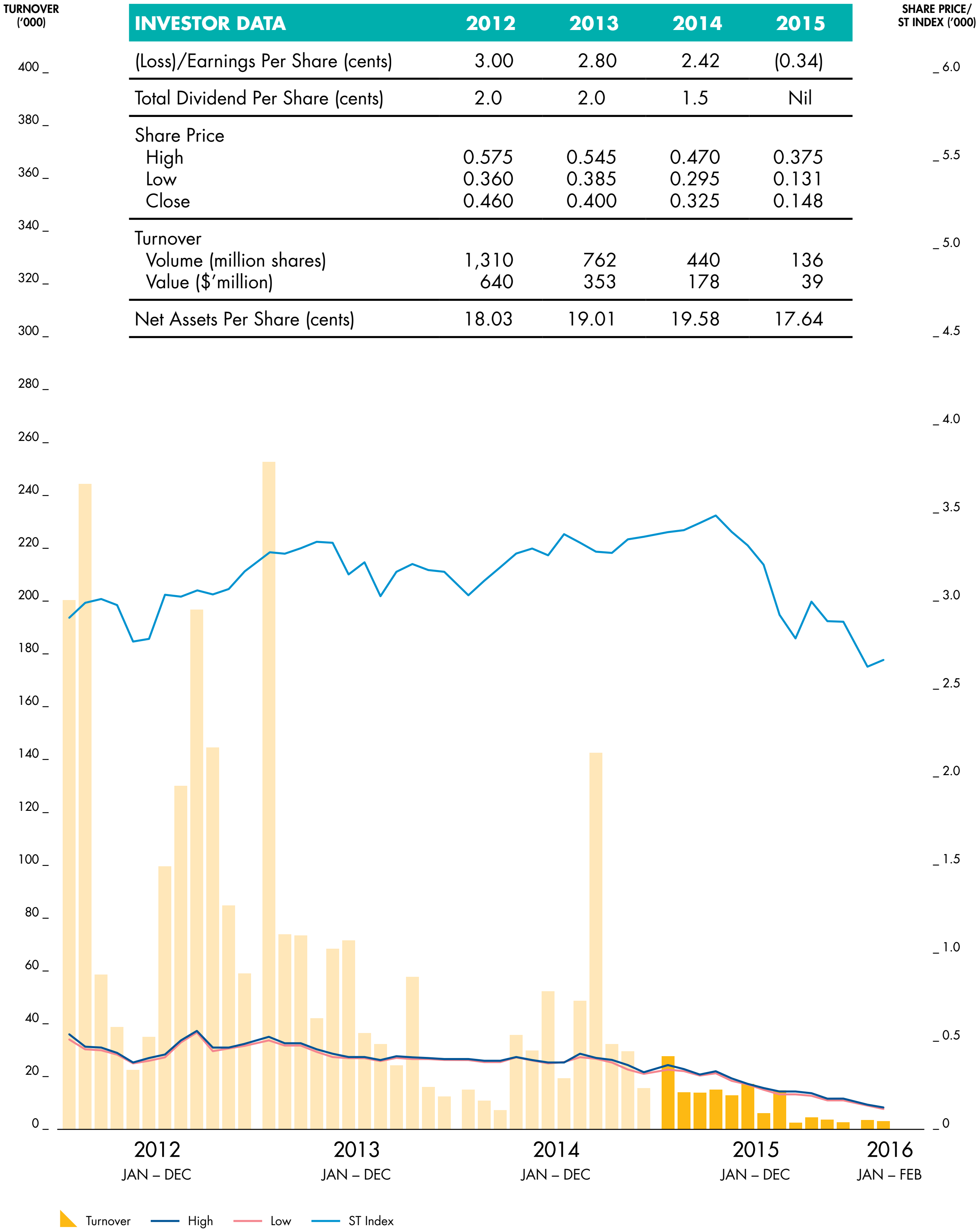
Location of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Singapore	4,108	97.42	1,017,189,780	99.41
Malaysia	90	2.13	5,105,200	0.50
Hong Kong	4	0.09	549,000	0.05
United States	1	0.02	30,000	0.00
United Kingdom	1	0.02	3,000	0.00
Australia/ New Zealand	2	0.05	154,000	0.02
Others	11	0.26	180,020	0.02
Total	4,217	100.00	1,023,211,000	100.00

Distribution of Shareholdings

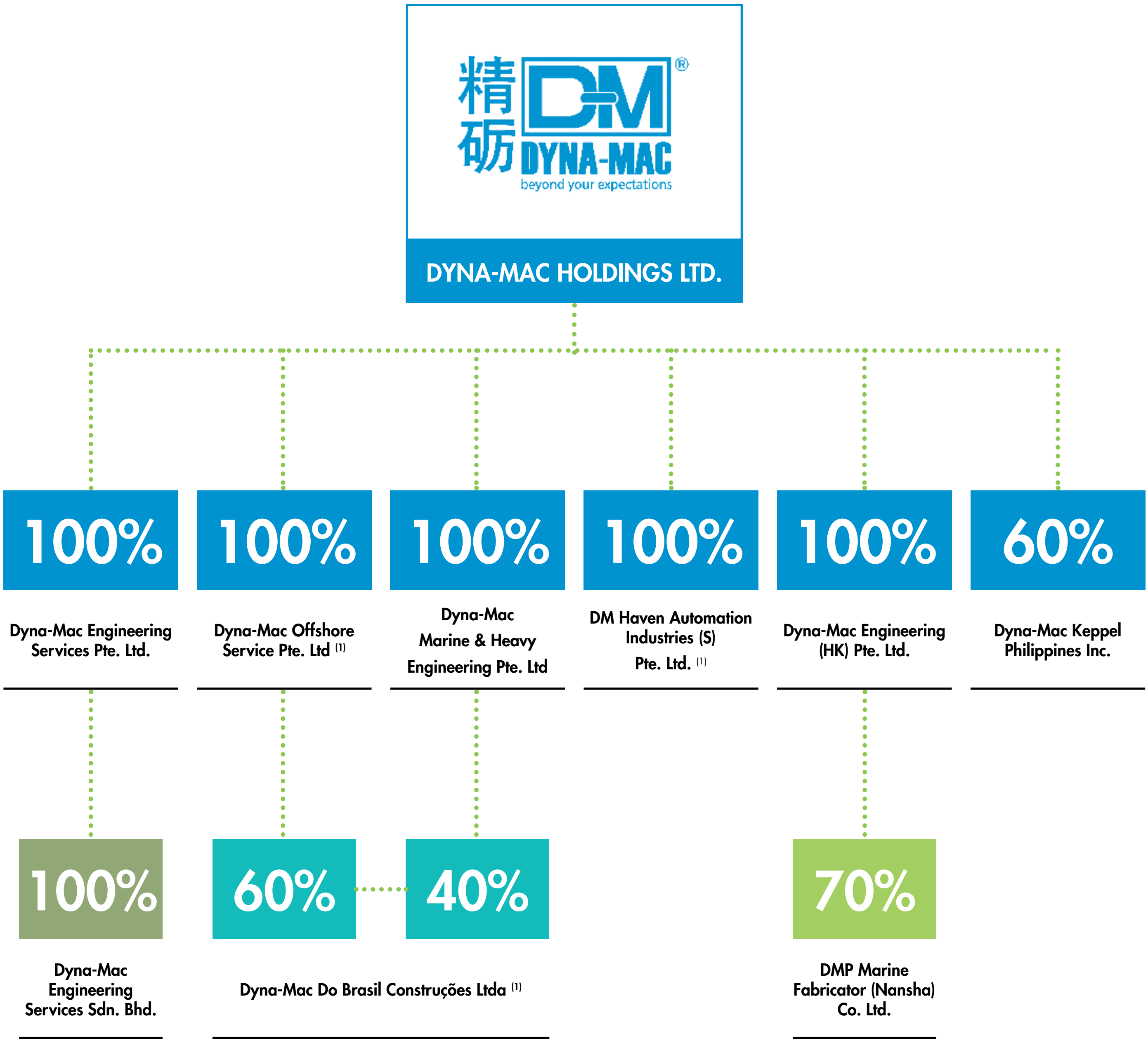
Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	8	0.19	114	0.00
100 – 1,000	109	2.58	100,454	0.01
1,001 – 10,000	1,483	35.17	11,018,400	1.08
10,001 - 1,000,000	2,580	61.18	173,982,250	17.00
1,000,001 and above	37	0.88	838,109,782	81.91
Total	4,217	100.00	1,023,211,000	100.00

SHARE PRICES AND MONTHLY VOLUME

INVESTOR DATA	2012	2013	2014	2015
(Loss)/Earnings Per Share (cents)	3.00	2.80	2.42	(0.34)
Total Dividend Per Share (cents)	2.0	2.0	1.5	Nil
Share Price				
High	0.575	0.545	0.470	0.375
Low	0.360	0.385	0.295	0.131
Close	0.460	0.400	0.325	0.148
Turnover				
Volume (million shares)	1,310	762	440	136
Value ($'million)	640	353	178	39
Net Assets Per Share (cents)	18.03	19.01	19.58	17.64



Corporate Structure



[(1)] The company is dormant

Corporate Directory

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
Chairman and Chief Executive Officer

Varghese John
Senior Chief Corporate and Technical 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

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

Wong Ngiam Jih
Alternate to Chia Hock Chye Michael

AUDIT COMMITTEE

Tan Soo Kiat (Chairman)

Chia Hock Chye Michael

Dr Ong Seh Hong

REMUNERATION COMMITTEE

Dr Ong Seh Hong (Chairman)

Chia Hock Chye Michael

Tan Soo Kiat

NOMINATING COMMITTEE

Dr Ong Seh Hong (Chairman)

Chia Hock Chye Michael

Tan Soo Kiat

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: Daniel Khoo (Appointed since 2011)

SOLICITOR

RHT Law LLP

Year in Review

Financial Review

Revenue	$269.5 million
Gross Profit	$49.7 million
Pre-tax Loss	($1.8 million)
Net Loss	($5.2 million)
Loss Per Share	(0.34 cents)
Loss On Equity	(2.9%)
Total Dividend Per Share	nil
Cash And Bank Balances	$85.2 million
Net Asset Value Per Share	17.64 cents

FPSO Cidade De Saquarema, CO_2 Compression Module

2015 Quarterly ($'000)	1Q	2Q	3Q	4Q	Total
Revenue	39,810	36,509	83,823	109,370	269,512
Gross Profit/(Loss)	14,583	(3,014)	12,414	25,781	49,674
Pre-tax (Loss)/Profit	2,214	(8,753)	217	4,512	(1,810)
Net (Loss)/Profit	1,587	(8,493)	1,732	(9)	(5,183)
(Loss)/Earnings per share (cents)					
Year-to-date	0.17	(0.35)	(0.30)	(0.34)	(0.34)
In-quarter	0.17	(0.52)	0.05	(0.03)	–

2014 Quarterly ($'000)	1Q	2Q	3Q	4Q	Total
Revenue	78,891	97,405	79,417	62,853	318,566
Gross Profit	17,321	17,160	17,657	19,727	71,865
Pre-tax Profit	9,398	8,190	7,785	4,126	29,499
Net Profit	7,950	6,715	7,766	3,810	26,241
Earnings per share (cents)					
Year-to-date	0.70	1.29	2.03	2.42	2.42
In-quarter	0.70	0.59	0.74	0.39	–

Revenue

Group revenue for Dyna-Mac decreased by 15.4 per cent to $269.5 million in 2015, from $318.6 million in 2014. This was attributable mainly to a weak second quarter in 2015, which impacted the full-year results. During the second quarter, a delay in receiving engineering drawings and free-issued materials had slowed down the progress of construction, resulting in lower revenue for the year.

Earnings

For the year under review, gross profit registered a decline by $22.2 million, or 30.9 per cent, to $49.7 million in 2015. The lower gross profit was mainly caused by the slower progress in construction due to delays in receiving engineering drawings and free-issued materials coupled with fixed direct overheads incurred for the facilities at the yards in Singapore and Malaysia.

Overall, net loss for 2015 was $5.2 million as compared with a net profit of $26.2 million in 2014. The net loss was attributable mainly to a lower gross profit mainly caused by slower progress in construction achieved due to delays in receiving engineering drawings and free-issued materials from current customers, coupled with fixed direct overheads carried by idle facilities in our yards in Singapore and Malaysia as well as a $7.8 million write-off of certain long outstanding debts, including impairment on specific trade receivables for the financial year ended 31 December 2015.

Financial Position

The Group's total assets of $375.7 million in 2015 was $28.4 million lower than that of $404.1 million in 2014.

Group total liabilities stood at $195.2 million as at 31 December 2015, a reduction of $8.6 million from the previous year end of $203.8 million.

Cash Flow and Liquidity

The Group's cash and bank balances stood at $85.2 million as at 31 December 2015.

Cash flow from operations before working capital changes was $22.9 million. Net cash inflow from operating activities stood at $54.5 million, net cash provided by investing activities was $18.8 million, while net cash used in financing activities was $3.8 million.

Financial Review

Financial Summary (2011 to 2015)

	2011 $'000 (7 Months)	2012 $'000 (12 Months)	2013 $'000 (12 Months)	2014 $'000 (12 Months)	2015 $'000 (12 Months)
FOR THE PERIOD/YEAR					
Revenue	49,706	215,286	269,351	318,566	269,512
Gross profit	13,158	56,662	65,843	71,865	49,674
Profit/(loss) before tax	6,054	33,333	35,583	29,499	(1,810)
Net profit/(loss)	5,615	28,380	30,650	26,241	(5,183)
Dividend – Final (cents)	0.5	2.0	2.0	1.5	nil
GROUP BALANCE SHEET					
Current assets	69,356	158,972	225,233	281,246	259,541
Non-current assets	89,738	106,056	126,284	122,893	116,167
Total assets	**159,094**	**265,028**	**351,517**	**404,139**	**375,708**
Current liabilities	39,206	75,457	154,638	152,113	144,123
Non-current liabilities	4,946	5,081	2,358	51,678	51,079
Total liabilities	**44,152**	**80,538**	**156,996**	**203,791**	**195,202**
Net assets	**114,942**	**184,490**	**194,521**	**200,348**	**180,506**
Share capital	99,603	145,271	145,271	145,271	145,271
Other reserves	(34)	117	(113)	(643)	109
Retained profits	15,373	39,102	47,324	51,625	32,824
Non-controlling interest	-	-	2,039	4,095	2,302
Total equity	**114,942**	**184,490**	**194,521**	**200,348**	**180,506**
PER SHARE					
EPS – basic (cents)	0.60	3.00	2.80	2.42	(0.34)
EPS – diluted (cents)	0.60	3.00	2.80	2.42	(0.34)
Net asset value (cents)	12.36	18.03	19.01	19.58	17.64
FINANCIAL RATIOS					
(Loss)/Return on equity (%)	4.89	15.38	15.76	13.10	(2.87)
(Loss)/Return on total assets (%)	3.53	10.71	8.72	6.49	(1.38)
Current ratio (times)	1.77	2.11	1.46	1.85	1.80
Net gearing (times)	–	–	–	0.12	–

Certifications

ABS Quality Evaluations Certificate of Conformance
ISO 9001:2008
45 Gul Road,
59 Gul Road and
13 Pandan Crescent

ABS Quality Evaluations Certificate of Conformance
ISO/TS 29001:2010
45 Gul Road,
59 Gul Road and
13 Pandan Crescent

ABS Quality Evaluations Certificate of Conformance
OHSAS 18001:2007
45 Gul Road and
13 Pandan Crescent

ABS Quality Evaluations Certificate of Conformance
OHSAS 18001:2007
Tanjung Kupang Yard
in Malaysia

Year in Review

Operations Review

The global economy remains fragile and uncertain with crude oil prices hitting a low of US$28.43 per barrel in January 2016. Amid these challenging market conditions, the Dyna-Mac Group registered a 15.4 per cent decline in revenue from $318.6 million in 2014 to $269.5 million in 2015.

The offshore FPSO topside modules segment contributed 98 per cent of our revenue followed by others that include specialized offshore projects at the remaining 2 per cent. In 2014, offshore FPSO modules contributed 97 per cent, while others accounted for 3 per cent.

FPSO Ten Development load out ceremony graced by Dyna-Mac and Modec senior management

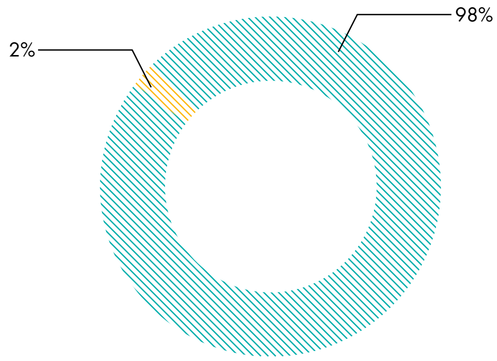
Projects completed and delivered in 2015

A total of 12 projects were completed and delivered to customers in 2015, a much lower number as compared with the 49 projects that were completed and delivered in 2014.

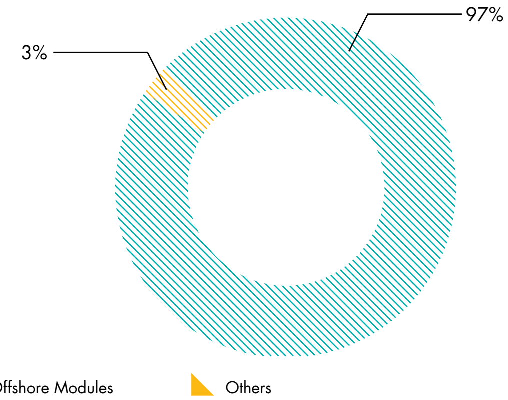
Types	No. of Units
FPSO TOPSIDE MODULES	
FPSO Cidade De Saquarema	4
FPSO Ten Development	3
Total No. of FPSO Modules	**7**
NON-FPSO MODULES	
Malampaya – Bridge Module	1
Total No. of Non-FPSO Modules	**1**
OTHERS	
Structural Block	4
Total No. of Structural Blocks	**4**
Grand Total	**12**

REVENUE CONTRIBUTIONS BY SECTORS

FY 2015



FY 2014



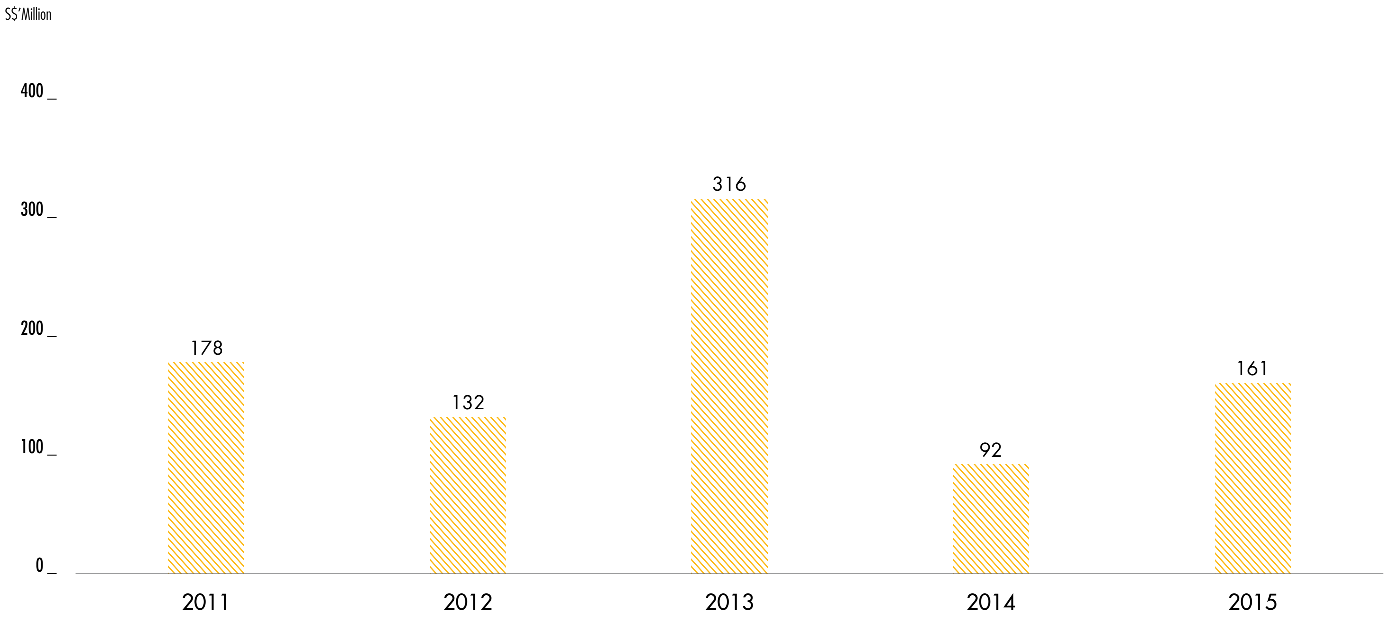
FPSO Ten Development successful completion and load out

Operations Review

Contracts Secured

Contracts secured in 2015 were $161 million.

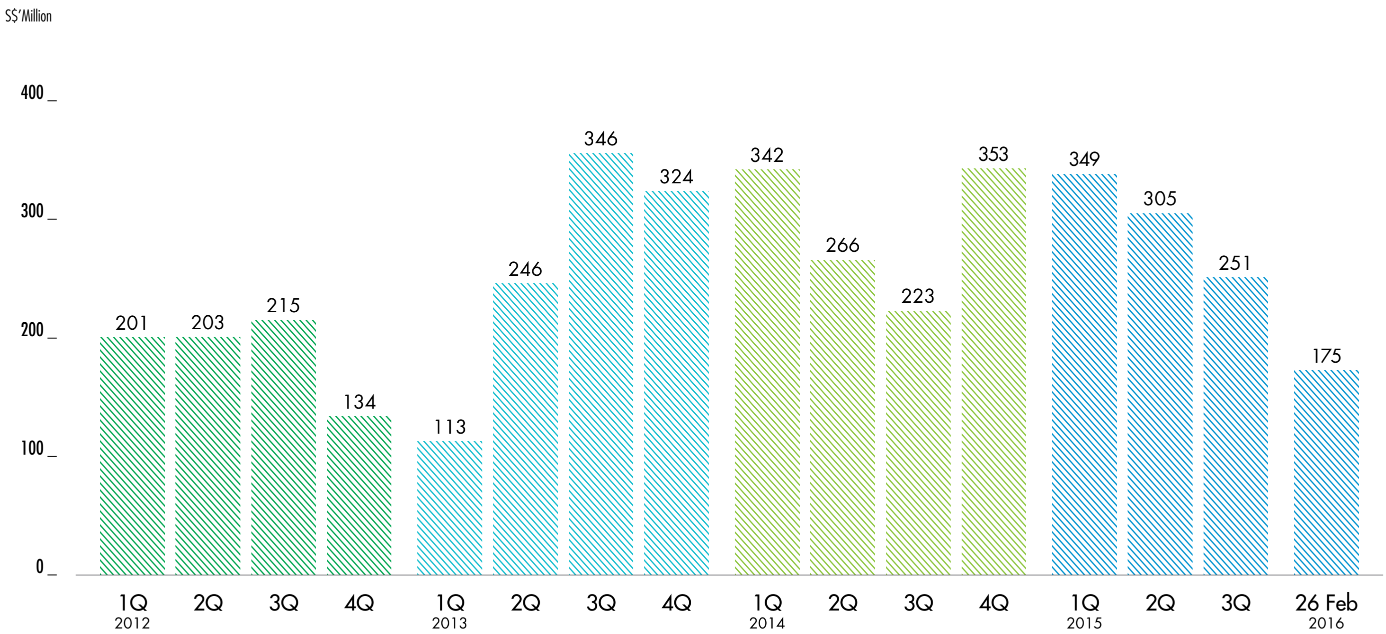
CONTRACTS SECURED



Net Order Book

The Group has a net order book of $175 million as at February 2016 with completion and deliveries extending into financial year 2016.

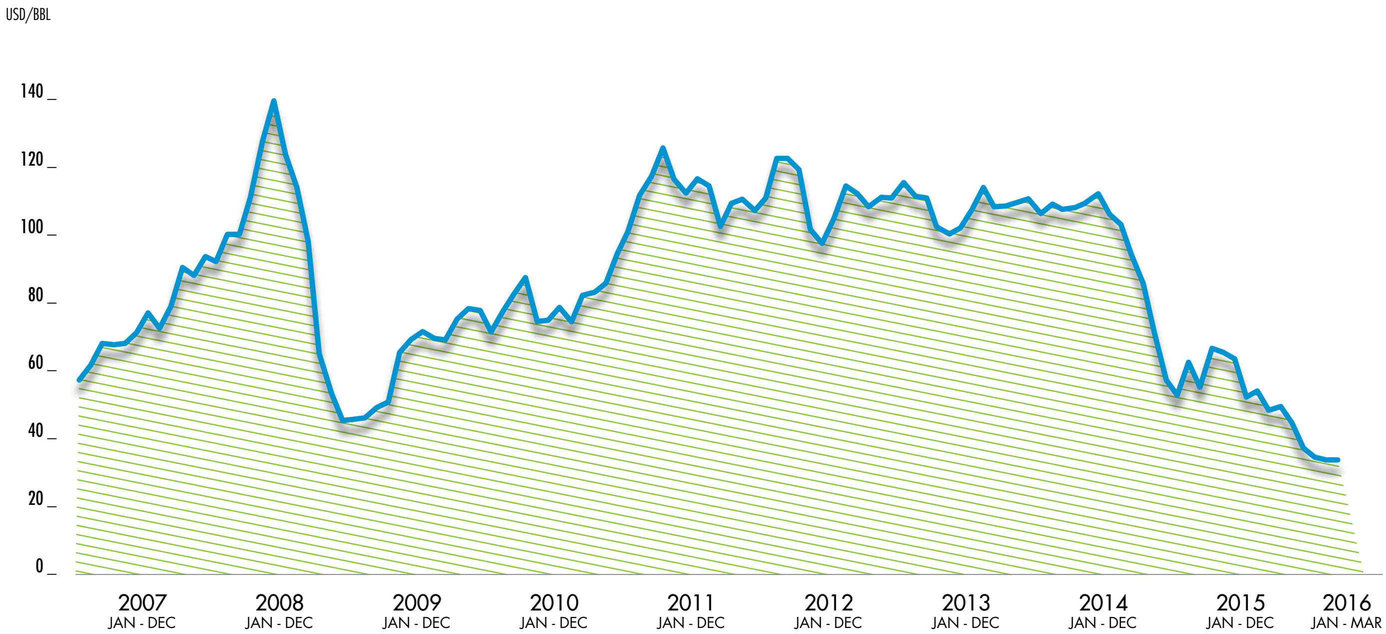
NET ORDER BOOK



Market Outlook

The long-term fundamentals in the offshore oil and gas sector are expected to remain intact in spite of the low oil prices, reduced capital expenditure by oil and gas companies and macro-economic uncertainty affecting the global markets.

BRENT CRUDE OIL PRICE



The load-out of FPSO Cidade De Saquarema, Main Compression B module

Significant Events

01

02

04

03

05

JANUARY

- Contract for the construction of 10 units of FPSO topsides modules and one unit of flare tower for the FPSO Catcher project by BW Offshore
- FPSO Block 15/06 East Hub Field Development: Strike steel ceremony for Bumi Armada Berhad (1)
- FPSO Cidade de Saquarema: Delivery of the final four modules (2)
- FPSO Ten Development: Celebration of 500,000 man-hours without lost time incident (3)

FEBRUARY

- B357, B360, B361, B377 Mobile Offshore Drilling Units: Delivery of four blocks for Keppel Fels (4)
- Announcement of full-year 2014 financial results

MARCH

- FPSO Catcher Development: Strike Steel ceremony (5)

APRIL

- FPSO Ten Development: Delivery of the final module, following the delivery of the first two modules in January 2015 and March 2015 (6)
- Fifth Annual General Meeting (7)

MAY

- Announcement of first-quarter 2015 financial results
- ZADCO UZ750 EPC-2 Project: Strike Steel ceremony for DSME (8)


06


08


09


07

10

JULY

- SAF Day Observance Parade and Rededication Ceremony
- FPSO Kraken: Celebration of 600,000 man-hours without lost time incident (9)

AUGUST

- National Day Observance Ceremony
- Announcement of second-quarter 2015 financial results
- Contract for the construction of 13 units of pre-assembled rack, two units of pre-assembled units and one unit of pre-assembled structure for a project in Singapore

OCTOBER

- Singapore Jurong Cogen Project: Strike Steel ceremony (10)

NOVEMBER

- Announcement of third-quarter 2015 financial results

DECEMBER

- Announcement of the completion of the Consent Solicitation Exercise in connection with the $50 million 4.25% Notes due 2017 comprised in Series 001
- Dyna-Mac's 25th Anniversary Dinner and Dance

Sustainable Growth

MAIN YARD (GUL ROAD)

WEST YARD (PANDAN CRESCENT)

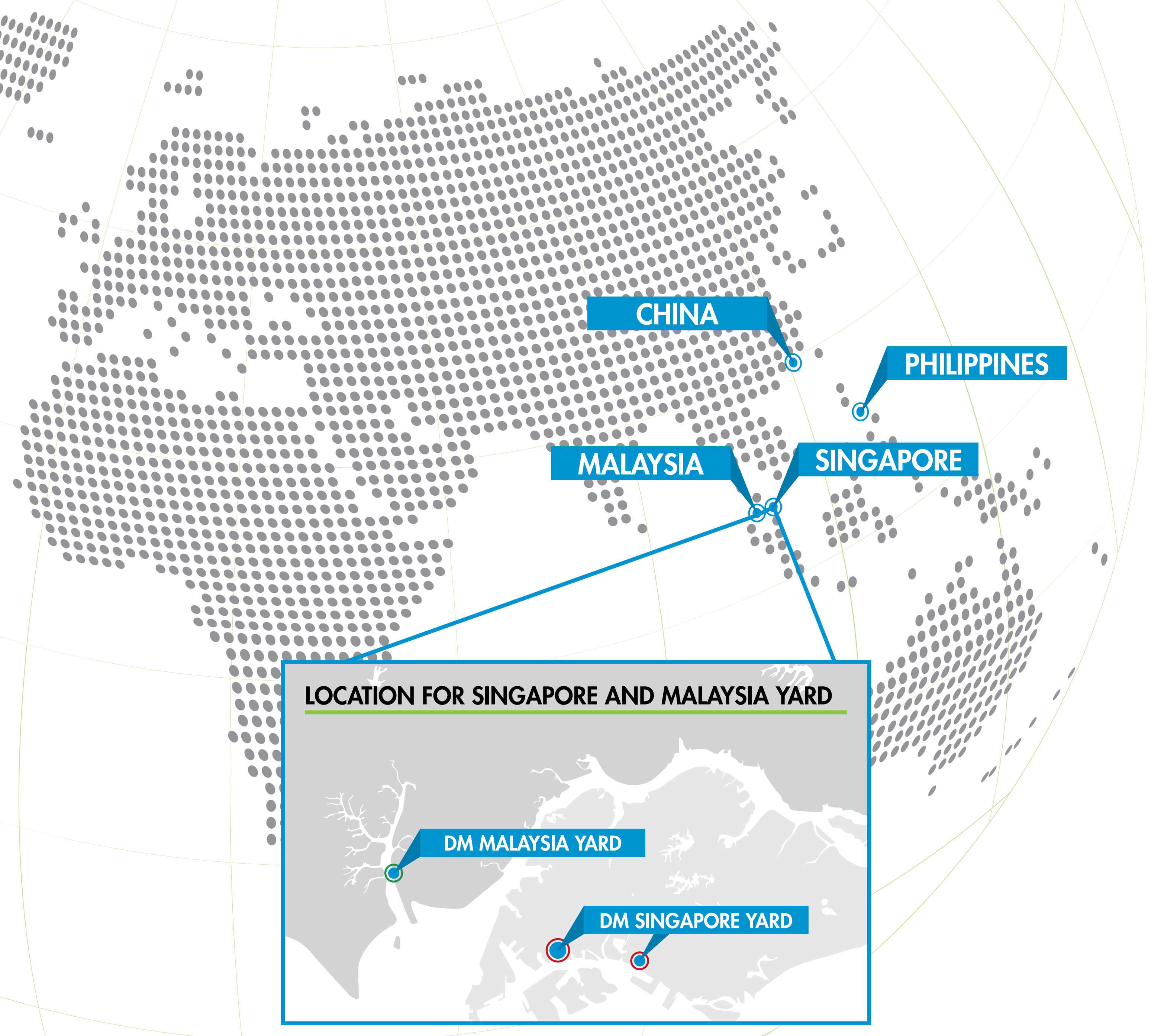
TANJUNG KUPANG, JOHOR

DMKP SUBIC YARD

BRAZIL YARD

Global Network

Dyna-Mac Group has yards spanning across Singapore and Malaysia with presence in the Philippines, China and Brazil



Sustainable Growth

Human Capital

The Dyna-Mac group strives to recruit and groom the best qualified people for the job. We engage, motivate and reward them with a competitive remuneration and benefits package and provide them with a systematic training and career development plan.

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.

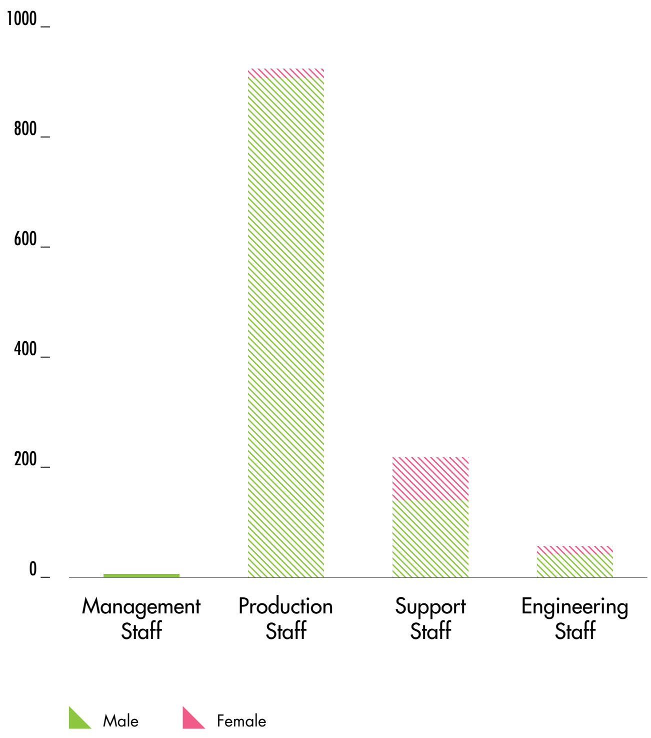
Rededication Ceremony on SAF Day

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.

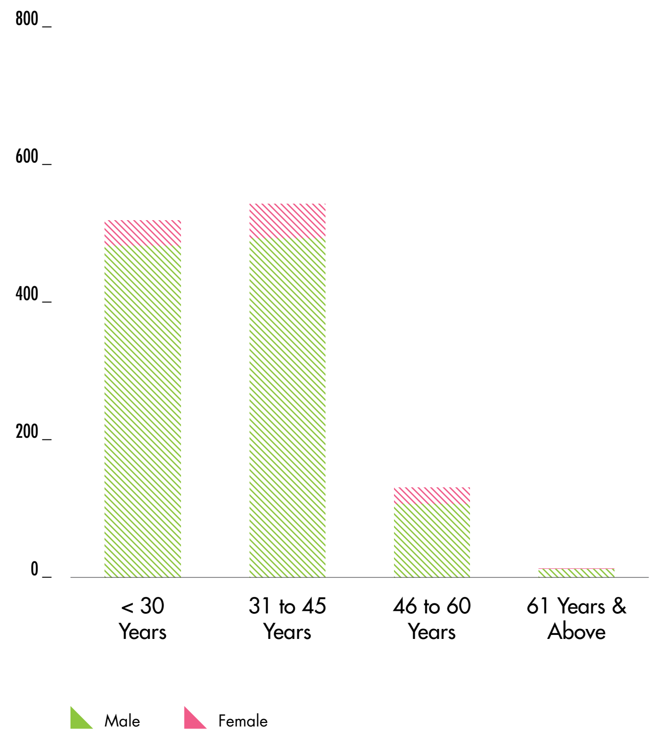
Employees Profile

As at end 2015, the Dyna-Mac group's total manpower strength stood at 1,205. Of these, 91 per cent were males and 9 per cent were females. By functional type, production employees constituted 77 per cent of the workforce, with the remaining 23 per cent in management, engineering and support functions.

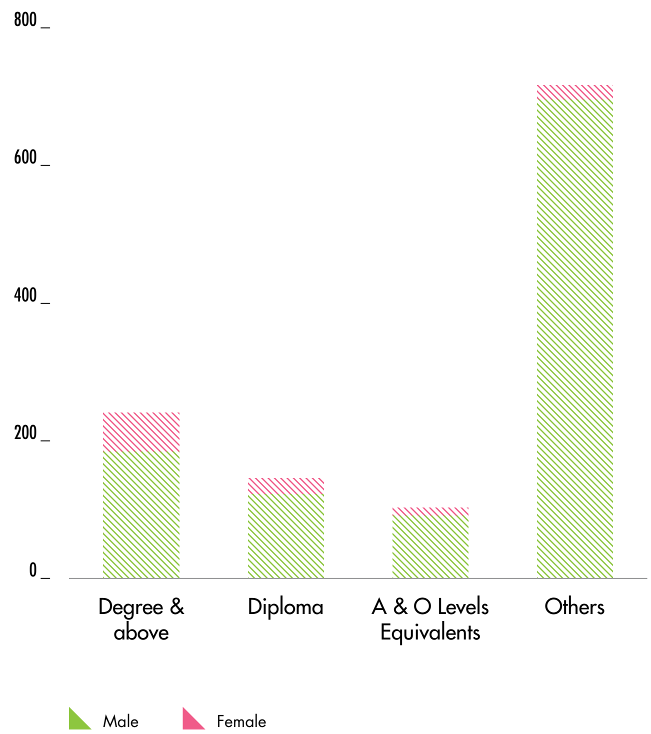
MANPOWER DISTRIBUTION BY EMPLOYMENT TYPE AND GENDER



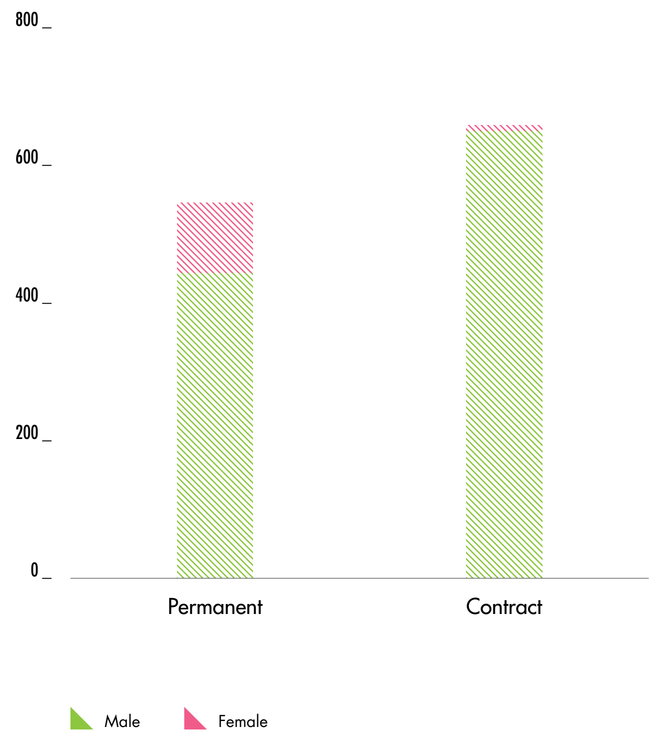
MANPOWER DISTRIBUTION BY AGE GROUP AND GENDER



MANPOWER DISTRIBUTION BY EDUCATION PROFILE AND GENDER



MANPOWER DISTRIBUTION BY EMPLOYMENT CONTRACT AND GENDER



Human Capital

Chinese New Year dinner celebration attended by the Group's multicultural workforce

Employee Welfare

To promote healthy lifestyles, the Group offered health screening, smoking cessation, health talks and sports activities for staff. In September 2015, N95 masks were distributed to staff when the haze conditions in Singapore worsened. Daily updates on the haze situation were also provided.

The Group continued to support its foreign workers by providing accommodation, transportation, subsidised meals and laundry services.

The Group also commemorates and celebrates festive occasions with its people. During Chinese New Year, Deepavali and Hari Raya Puasa, we presented 'ang pows' (red packets) to our employees. Our annual Chinese New Year Dinner was held on 25 February 2015 to thank our staff, and Lunar Seventh Month prayers were also held in August 2015.

Recognition for long service of 15 years

One unique festival was the annual Ayudha Pooja festival held on 21 October 2015 for our Indian workers. This auspicious day – which worships the workers' tools – saw all tools and machines within the yard cleaned, painted and polished before being smeared with sandalwood paste and vermilion with great care. The machines were then left to rest for the day while the workers enjoyed the 'prasadams' consisting of puffed rice, fruits and sweets.

In addition, the Group presented congratulatory gifts to staff on happy occasions of marriages and new-born babies as well as monetary contributions and condolence wreaths for bereavements.

Annual Ayudha Pooja celebration for our Indian workers

25 years long service award presented to the CEO at annual dinner and dance

Employee Engagement

A line up of activities throughout the year allowed the management and staff to engage further with each other.

This year's annual dinner and dance celebrated the Dyna-Mac Group's 25th anniversary. The event, held on 31 December 2015 at the Shangri-La Hotel, started with a staff appreciation and recognition ceremony where a total of 46 employees received long service awards. Mr Alex Choo, a Senior Estimating Manager was awarded the 15 years of long service. The ceremony ended with an award presented to the Group's founder and Executive Chairman and CEO for his longest service of 25 years.

On SAF Day, employees who were NS-men came together for an observance parade and rededication ceremony, an event held since 2010 to pledge our support for Total Defence.

Teamwork displayed at Company's event

Sustainable Growth

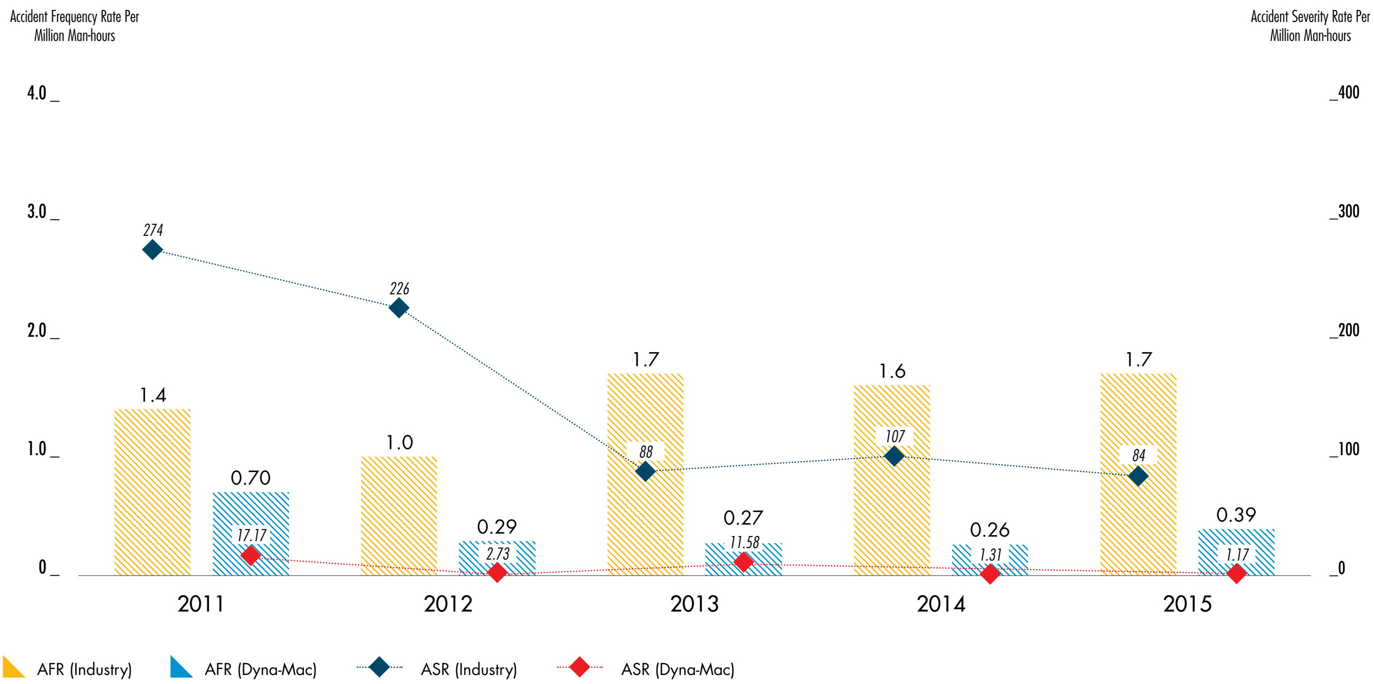
Workplace Safety, Health and Security

To uphold safety at the workplace, the Group believes in constantly educating its people 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 across our yards in Singapore, Malaysia and China. The number of participants for such training is dependent on the project scope and requirements, project stages, project timeline as well as manpower requirements at any one time.

In 2015, a total of 9,384 employee participants attended 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. The decrease in the total number of participants, as compared with 22,900 in 2014, was due to the completion and delivery of projects in our Singapore, Malaysia, Philippines and China yards the previous year.

Fire Watchmen Practical Assessment

DYNA-MAC SAFETY PERFORMANCE



Stakeholders who form part of our yards' ecosystem are also educated on the HSE policy. All new direct and contractor workers, including visitors and clients, are required to undergo the yards' in-house safety orientation training programmes, which are conducted every day.

In 2015, a total of 630 employees, 7,765 contractors and 762 visitors and customers underwent induction training across our yards in Singapore, Malaysia and China. In Singapore, the number of employees who underwent safety induction increased from 169 in 2014 to 464 in 2015 due to the reassignment of employees formerly based in the China and Philippines yards to our headquarter yards after projects were completed and delivered in 2014 and early 2015. Visitors and clients undergoing induction training increased from 338 in 2014 to 670 in 2015. In our Malaysia yard, the number of contractors trained was 286, a decrease of 90 per cent from 3,037 contractors in 2014, attributable to projects completion in 2014.

Safety Induction Training

	Singapore Yards		Tanjung Kupang, Malaysia Yard		Nansha, Guangzhou, China Yard		Philippines Yard		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
Employees	169	464	144	155	208	11	67	0	588	630
Contractors	7,021	7,185	3,037	286	1,892	294	332	0	12,282	7,765
Visitors/Clients	338	670	42	92	257	0	0	0	637	762
Total	7,528	8,319	3,223	533	2,357	305	399	0	13,507	9,157

Safety Training

	Singapore Yards		Tanjung Kupang, Malaysia Yard		Nansha, Guangzhou, China Yard		Total	
	2014	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**
No. Attended	9,091	4,220	8,225	4,797	5,584	367	22,900	9,384
No. of Runs	485	271	566	231	289	15	1,340	517

Sustainable Growth

Environmental Protection

At the Dyna-Mac Group, we are committed to reducing our carbon footprint and nurturing a culture of environmental consciousness among our employees, our partners, our clients and the local communities. With an Environmental Management System in place, our yards are now working towards achieving ISO 14001 Environmental Management Standards. We also seek to develop technologies to reduce our environmental impact across the value chain and across all our yards in Singapore and Malaysia.

Scrap material & rubbish bin

Environmental Measures

Multiple definitive measures were included in our Safe Work Procedures to mitigate environmental issues. For example, during the blasting process, modules are covered with canvas and incorporated with dust collectors to minimise the impact to the environment and to allow for the controlled collection of dust.

Likewise, our diesel storage facility has a dip tray to collect any residue or leakage during the process of fuel transfer. We also maintain a water tank to collect rain water, which is then filtered and reused in the toilets of the main building.

Other types of bins can be found throughout the Group's premises to promote recycling. Staff are encouraged to segregate waste before throwing into the relevant bins. In the yard operation area, waste is divided into scrap and rubbish and entered into their respective colour-coded bins.

Fogging is also conducted weekly in the yard premises to prevent mosquito breeding.

Waste management and segregation

Effective dust containment and collection

Sustainable Growth

Community Outreach

Contributing to the well-being of the society is a cornerstone of our business strategy. In 2015, the Dyna-Mac Group continued the tradition of active community involvement through the sponsorship of a number of social and charitable activities.

Supporting Singapore's Future

The Dyna-Mac Group continued its support for the Spirit of Enterprise, contributing $5,000 in August 2015. The Spirit of Enterprise promotes and advances the entrepreneurial spirit in Singapore by honouring local self-reliant entrepreneurs operating small- and medium-sized enterprises. The movement also inspires students and youths to become entrepreneurs by facilitating interaction, communication and knowledge dissemination between the students, the entrepreneurs and the general public.

Sponsorship for the fundraising event of Touch Community Services attended by Dyna-Mac's employees (Top Picture)

Conserving Nature

In August 2015, the Group contributed $2,000 to the World Wide Fund for Nature (WWF) in Singapore. WWF is an international non-governmental organisation working in the field of biodiversity conservation, and the reduction of humanity's footprint on the environment. The group's mission is to stop the degradation of the natural environment and to build a future in which humans live in harmony with the nature.

Helping the Needy

Dyna-Mac Group supports numerous fundraising activities to benefit the less privileged and ex-offenders in Singapore. In 2015, the Group made donations to charitable organisations such as the Singapore Red Cross Society.

The Group also participated in charity balls organised in support of disadvantaged children, families, the elderly and ex-offenders. In January 2015, the Group donated $10,000 to the 'An Enchanted Evening', a charity dinner for the Methodist Welfare Services and HighPoint Community Services Association. The funds raised would be used to support the community outreach activities and services of these two charities.

Subsequently in May 2015, the Group donated $10,000 to the Touch Charity Ball 2015. This charity event was organised by the Touch Community Services, a not-for-profit organisation that provides for an integrated network of community-based services for the needy and disadvantaged.

ChariTree presented to the Dyna-Mac Group in appreciation of their support to the Touch Community Services

2015
Financial Statements

Financial Statements

Directors' Statement

For the financial year ended 31 December 2015

The directors present their statement to the shareholders together with the audited financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 60 to 104 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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 report are as follows:

Lim Tze Jong

Lim Tjew Yok

Varghese John

Tan Soo Kiat

Dr Ong Seh Hong

Chia Hock Chye Michael

Teo Boon Hwee (alternate to Lim Tze Jong)

Wong Ngiam Jih (alternate to Chia Hock Chye Michael)

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 or debentures

(a) 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:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2015	**At 01.01.2015**	**At 31.12.2015**	**At 01.01.2015**
Company (No. of ordinary shares)				
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	-	-
S$50,000,000 4.25% Notes due 2017 comprised in Series 001				
Lim Tze Jong	$8,500,000	$8,500,000	-	-
Lim Tjew Yok	$500,000	$500,000	-	-
Varghese John	$500,000	$500,000	-	-
Teo Boon Hwee	$500,000	$500,000	-	-

Directors' Statement

For the financial year ended 31 December 2015

Directors' interests in shares or debentures (continued)

(b) 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.

(c) The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

No options were granted during the financial year ended 31 December 2015 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 end of the financial year were as follows:

Tan Soo Kiat	(Chairman)
Chia Hock Chye Michael	(Member)
Dr Ong Seh Hong	(Member)

All members of the Audit Committee were non-executive directors. Except for Mr Chia Hock Chye Michael who 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. The main functions of the Audit Committee are as follows:

(a) To review the audit plans of the external auditor and the internal auditor, including the results of the external audit and internal auditors' review and evaluation of the system of internal controls;

(b) To review the annual consolidated financial statements and the external auditor's 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 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 Audit Committee, 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 Audit Committee;

Directors' Statement

For the financial year ended 31 December 2015

Audit Committee (continued)

(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 internal 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.

The Audit Committee 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 Audit Committee 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 Audit Committee meets with the internal auditor regularly. The internal auditor can approach any of the members of the Audit Committee without the presence of the Company's Management.

The Audit Committee meets with the external auditors, without the presence of the Company's Management at least once annually. The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in engaging PricewaterhouseCoopers LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore incorporated subsidiaries. The Audit Committee reviews the independence of the external auditors annually. The Audit Committee, having reviewed the range and value of non-audit services performed by the external auditors, PricewaterhouseCoopers 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 2015 was approximately S$503,400 of which audit fees amounted to approximately S$354,000 and non-audit fees amounted to approximately S$149,400.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Lim Tze Jong Director	Varghese John Director

24 March 2016
Singapore

Independent Auditor's Report

For the financial year ended 31 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DYNA-MAC HOLDINGS LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 60 to 104, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

24 March 2016
Singapore

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Notes	Group 2015 $'000	Group 2014 $'000
Revenue	4	**269,512**	318,566
Cost of sales	5	**(219,838)**	(246,701)
Gross profit		**49,674**	71,865
Other gains and losses	7	**(3,948)**	(2,623)
Expenses			
- Administrative	5	**(44,122)**	(37,956)
- Finance	8	**(3,414)**	(1,787)
(Loss)/profit before income tax		**(1,810)**	29,499
Income tax expense	9(a)	**(3,373)**	(3,258)
Net (loss)/profit		**(5,183)**	26,241
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value gains	27(b)	**678**	-
- Reclassification	27(b)	**(1,302)**	-
Currency translation differences arising from consolidation	27(b)	**680**	(388)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains	27(b)	**633**	-
Total comprehensive (loss)/income, net of tax		**(4,494)**	25,853
(Loss)/Profit attributable to:			
Equity holders of the Company		**(3,453)**	24,765
Non-controlling interest		**(1,730)**	1,476
		(5,183)	26,241
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(2,701)**	24,235
Non-controlling interest		**(1,793)**	1,618
		(4,494)	25,853
(Loss)/Earnings per share attributable to equity holders of the Company (SGD cents per share)			
- Basic/diluted	28	**(0.34)**	2.42

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2015

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	10	**85,211**	42,155	**548**	648
Restricted cash at bank	11	**1,071**	-	**1,071**	-
Trade and other receivables	12	**161,654**	214,876	**109,785**	129,246
Inventories	14	**9,147**	14,294	**-**	-
Construction contract work-in-progress	15	**459**	7,435	**-**	-
Other current assets	16	**1,999**	2,486	**18**	18
		259,541	281,246	**111,422**	129,912
Non-current assets					
Restricted cash at bank	11	**2,143**	-	**2,143**	-
Club memberships		**407**	407	**-**	-
Investments in subsidiaries	17	**-**	-	**31,605**	31,605
Loan to a subsidiary	18	**-**	-	**50,000**	50,000
Property, plant and equipment	19	**94,461**	115,530	**-**	-
Investment properties	20	**13,600**	-	**-**	-
Goodwill	21	**5,556**	5,556	**-**	-
Deferred income tax assets	22	**-**	1,400	**-**	-
		116,167	122,893	**83,748**	81,605
Total assets		**375,708**	404,139	**195,170**	211,517
LIABILITIES					
Current liabilities					
Current income tax liabilities	9(b)	**2,802**	5,317	**-**	-
Derivative financial instruments	13	**1,924**	4,102	**-**	-
Trade and other payables	23	**105,166**	125,277	**1,492**	1,198
Borrowings	24	**34,231**	17,417	**-**	-
		144,123	152,113	**1,492**	1,198
Non-current liabilities					
Borrowings	24	**49,671**	49,511	**49,532**	49,237
Deferred income tax liabilities	22	**1,408**	2,167	**-**	-
		51,079	51,678	**49,532**	49,237
Total liabilities		**195,202**	203,791	**51,024**	50,435
NET ASSETS		**180,506**	200,348	**144,146**	161,082
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**145,271**	145,271	**145,271**	145,271
Other reserves	27	**109**	(643)	**-**	-
Retained profits/(Accumulated losses)		**32,824**	51,625	**(1,125)**	15,811
		178,204	196,253	**144,146**	161,082
Non-controlling interest		**2,302**	4,095	**-**	-
Total equity		**180,506**	200,348	**144,146**	161,082

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

	Note	← Attributable to equity holders of the Company →					
		Share capital $'000	Retained profits $'000	Other reserves* $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
2015							
Beginning of financial year		145,271	51,625	(643)	196,253	4,095	200,348
Dividend relating to the financial year ended 31 December 2014 paid	29	-	(15,348)	-	(15,348)	-	(15,348)
Total comprehensive (loss)/income for the year		-	(3,453)	752	(2,701)	(1,793)	(4,494)
End of financial year		145,271	32,824	109	178,204	2,302	180,506
2014							
Beginning of financial year		145,271	47,324	(113)	192,482	2,039	194,521
Capital contribution from non-controlling interest		-	-	-	-	438	438
Dividend relating to the financial year ended 31 December 2013 paid	29	-	(20,464)	-	(20,464)	-	(20,464)
Total comprehensive (loss)/income for the year		-	24,765	(530)	24,235	1,618	25,853
End of financial year		145,271	51,625	(643)	196,253	4,095	200,348

** Other reserves are non-distributable.*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2015

	Notes	Group 2015 $'000	2014 $'000
Cash flows from operating activities			
Net (loss)/profit		**(5,183)**	26,241
Adjustments for:			
- Income tax expense	9(a)	**3,373**	3,258
- Depreciation of property, plant and equipment	19	**13,684**	14,660
- (Gain)/Loss on disposal of property, plant and equipment	7	**(80)**	1,223
- Gain on disposal of associated company	7	**-**	(134)
- Interest income	7	**(118)**	(238)
- Finance expenses	8	**3,414**	1,787
- Fair value (gains)/losses on derivative financial instruments	7	**(2,802)**	3,786
- Unrealised currency translation losses/(gains)		**2,552**	(308)
- Write off of property, plant and equipment	7	**273**	-
- Allowance for doubtful debts	5	**2,255**	-
- Bad debts written off	5	**5,565**	-
		22,933	50,275
Changes in working capital:			
- Trade and other receivables		**45,402**	(58,540)
- Construction contract work-in-progress		**6,976**	(2,220)
- Inventories		**5,147**	(13,299)
- Other current assets		**487**	(1,316)
- Trade and other payables		**(21,302)**	13,786
Cash generated from/(used in) operations		**59,643**	(11,314)
Interest received		**118**	238
Income tax paid	9(b)	**(5,239)**	(6,043)
Net cash provided by/(used in) operating activities		**54,522**	(17,119)
Cash flows from investing activities			
- Additions to property, plant and equipment		**(8,341)**	(17,116)
- Proceeds from disposal of property, plant and equipment		**860**	4,432
- Proceeds from disposal of associate company		**-**	137
- Decrease in bank deposits with maturity more than 3 months		**26,276**	4,204
Net cash provided by/(used in) investing activities		**18,795**	(8,343)
Cash flows from financing activities			
- Proceeds from borrowings		**16,913**	-
- Proceeds from finance lease liabilities		**-**	269
- Proceeds from issuance of medium term note		**-**	49,115
- Repayment of borrowings		**-**	(17,693)
- Repayment of finance lease liabilities		**(234)**	(611)
- Interest expense paid		**(1,927)**	(774)
- Dividends paid to equity holders of the Company	29	**(15,348)**	(20,464)
- Increase in restricted cash		**(3,214)**	-
- Capital injection from non-controlling interest of subsidiary		**-**	438
Net cash (used in)/provided by financing activities		**(3,810)**	10,280
Net increase/(decrease) in cash and cash equivalents		**69,507**	(15,182)
Cash and cash equivalents			
Beginning of financial year		**15,879**	30,971
Effects of currency translation on cash and cash equivalents		**(175)**	90
End of financial year	10	**85,211**	15,879

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

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 address of its registered office is at 59 Gul Road, Singapore 629354 and the principal place of business is at 45 Gul Road, Singapore 629350.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 36 to the financial statements.

2. 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 preparation of financial statements in conformity with FRS requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Going concern assumption

The Group has recognised revenue of $269,512,000 (2014: $318,566,000) and net loss of $5,183,000 (2014: net profit of $26,241,000) for the financial year ended 31 December 2015. The decrease was due to various reasons including the less than optimal utilisation of the facilities in Group's yards in Singapore and Malaysia. As announced by the Group on 25 February 2016, the Group has orders amounting to $175,300,000 extending into the next financial year, which is less than the revenue recognised for the financial year ended 31 December 2015. Furthermore, while the Group continues to source and negotiate for new contracts, the market environment remains challenging amid low oil prices resulting in reduced global exploration and production expenditure by oil and gas companies. Notwithstanding these, the accompanying financial statements for the year ended 31 December 2015 have been prepared using the going concern assumption as the directors are confident that the Group is able to secure new orders to generate adequate profits and cash flows so as to realise assets and discharge liabilities in the normal course of business for the foreseeable future. The appropriateness of the use of the going concern assumption is dependent on the continued support from the suppliers, creditors and financial institutions in relation to the credit facilities made available to the Group.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

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) Construction contracts revenue

Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.8.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(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.

2.3 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.

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, statement of changes in equity and 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. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(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. 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 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

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	19 - 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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(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.

(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".

2.5 Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and/or for capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined at each financial reporting date by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss. The carrying amount of investment properties at the balance sheet date is disclosed in Note 20.

2.6 Intangible assets

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of 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.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.7 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.

2.8 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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.8 Construction contracts (continued)

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".

2.9 Investments in subsidiaries

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.

2.10 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiaries

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

(b) Property, plant and equipment (continued)
Investments in subsidiaries

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.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12), "Cash and bank balances" (Note 10) and "Restricted cash at bank" (Note 11) on the balance sheet.

(b) Recognition and derecognition

Financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.12 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.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 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 each hedge 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.16 Derivative financial instruments and hedging activities (continued)

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.

2.17 Leases

(a) When the Group is the 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.

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) When the Group is the 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.

2.18 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 2015

2. Significant accounting policies (continued)

2.19 Income taxes

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.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) At the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) Based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 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.

2.21 Employee compensation

Employee benefits are recognised as an expense, 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.

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains and losses".

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 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.

2.24 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.25 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.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 contract work-in-progress at the balance sheet date is disclosed in Note 15.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Critical accounting estimates, assumptions and judgements (continued)

Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill, and where applicable, a cash-generating unit ("CGU"), is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by management covering a specified period. Cash flows beyond the specified period are forecasted after considering factors like general market conditions, macroeconomic cycle, industry-specific and other relevant information. Details of the key assumptions applied in the impairment assessment of goodwill arising on consolidation are given in Note 21.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of discount rates. Changes to these estimates may significantly impact the impairment charges recognised.

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Module business	**263,205**	309,641
Ad-hoc projects	**6,307**	8,925
Total revenue	**269,512**	318,566

5. Expenses by nature

	Group	
	2015	2014
	$'000	$'000
Sub-contractors charges	**106,946**	133,934
Materials	**65,182**	63,610
Direct overheads	**44,090**	43,721
Rental of sites	**3,620**	5,436
Employee compensation (Note 6)	**22,595**	24,214
Depreciation of property, plant and equipment	**3,507**	3,478
Transportation and travelling	**1,920**	1,806
Legal and professional fees	**1,228**	987
Entertainment and refreshment	**156**	189
Property tax	**1,110**	1,362
Insurance	**955**	914
Advertising and marketing expenses	**779**	1,139
Allowance for doubtful debts	**2,255**	-
Bad debts written off	**5,565**	-
Other expenses	**4,052**	3,867
Total cost of sales and administrative expenses	**263,960**	284,657

Included in the direct overheads is depreciation of property, plant and equipment directly used in the projects amounting to $10,177,000 (2014: $11,182,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

6. Employee compensation

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**18,719**	19,539
Employer's contribution to defined contribution plans	**1,436**	1,325
Other short-term benefits	**2,440**	3,350
	22,595	24,214

7. Other gains and losses

	Group	
	2015	2014
	$'000	$'000
Other income:		
Interest income - bank deposits	**118**	238
Rental income		
- Warehouse, office and container	**520**	784
Government Grant	**148**	88
Others	**500**	479
	1,286	1,589
Other gains and losses:		
Gain/(loss) on disposal of property, plant and equipment	**80**	(1,223)
Write off of property, plant and equipment	**(273)**	-
Gain on disposal of associated company	**-**	134
Fair value gains/(losses) on derivative financial instruments	**2,802**	(3,786)
Foreign exchange (losses)/gains, net	**(7,843)**	663
	(5,234)	(4,212)
Total other gains and losses	**(3,948)**	(2,623)

8. Finance expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense		
- Bank borrowings and unsecured unquoted fixed rate notes	**3,103**	1,650
- Deferred finance charges amortisation	**295**	122
- Finance lease liabilities	**16**	15
	3,414	1,787

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Income taxes

(a) Income tax expense

	Group	
	2015	2014
	$'000	$'000
Tax expense attributable to loss (2014: profit) is made up of:		
- Current income tax	**2,771**	5,235
- Deferred income tax (Note 22)	**641**	(130)
	3,412	5,105
(Over)/under provision in prior financial years:		
- Current income tax	**(39)**	(2,025)
- Deferred income tax (Note 22)	**-**	178
	3,373	3,258

The tax expense on the Group's loss before tax (2014: profit before tax) differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015	2014
	$'000	$'000
(Loss)/profit before income tax	**(1,810)**	29,499
Tax calculated at rate of 17% (2014: 17%)	**(308)**	5,015
Effects of		
- Different tax rates in other countries	**(205)**	(231)
- Expenses not deductible for tax purposes	**1,100**	2,145
- Recognition of previously unrecognised tax losses	**-**	(1,025)
- Income not subject to tax	**(806)**	(627)
- Tax incentives	**(642)**	(131)
- Partial tax exemption	**(29)**	(41)
- Unrecognised deferred tax benefits	**4,302**	-
Tax charge	**3,412**	5,105

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

(b) Movements in current income tax liabilities

	Group	
	2015	2014
	$'000	$'000
Beginning of financial year	**5,317**	8,168
Currency translation difference	**(8)**	(18)
Income tax paid	**(5,239)**	(6,043)
Over provision in prior financial year	**(39)**	(2,025)
Tax expense	**2,771**	5,235
End of financial year	**2,802**	5,317

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. Cash and bank balances

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**85,211**	15,879	**548**	648
Short-term bank deposits	**-**	26,276	**-**	-
	85,211	42,155	**548**	648

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash and bank balances (as above)	**85,211**	42,155	**548**	648
Less: Bank deposits with maturity more than 3 months	**-**	(26,276)	**-**	-
Cash and cash equivalents per consolidated statement of cash flows	**85,211**	15,879	**548**	648

11. Restricted cash at bank

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current	**1,071**	-	**1,071**	-
Non-current	**2,143**	-	**2,143**	-
	3,214	-	**3,214**	-

As disclosed in Note 24, the Group has in place a multi-currency Medium Term Note Programme. The above refers to amounts deposited with the Trustee Bank to fund three fixed interest payments on the outstanding borrowings pursuant to the completion of the Consent Solicitation Exercise on 30 December 2015, which are not freely remissible for use by the Group. The interest payments are due in July 2016, January 2017 and July 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Trade and other receivables

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Trade receivables				
- Non-related parties	**77,571**	46,198	**-**	-
- Related parties	**288**	15,272	**-**	-
	77,859	61,470		-
Less: Allowance for doubtful debts	**(2,255)**	-	**-**	-
Trade receivables - net	**75,604**	61,470	**-**	-
Construction contracts				
- Due from customers (Note 15)	**85,279**	152,500	**-**	-
Dividend receivable	**-**	-	**-**	16,000
Advances to subsidiaries	**-**	-	**109,785**	113,246
Staff loans	**111**	116	**-**	-
Other receivables	**660**	790	**-**	-
	161,654	214,876	**109,785**	129,246

Related parties refer to companies controlled by a corporate shareholder.

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

13. Derivative financial instruments

	Group	
	Contract notional amount $'000	Fair value Liability $'000
2015		
Cash flow hedges		
- Currency forwards	**68,923**	**1,924**
2014		
Non-hedging instruments		
- Currency forwards	119,074	4,102

Period when the cash flows on cash flow hedges are expected to occur or affect profit or loss

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the balance sheet date. The currency forwards have maturity dates that coincide with the expected occurrence of these transactions. Gains or losses recognised in other comprehensive income prior to the occurrence of these transactions are reclassified to profit or loss in the period during which the hedged forecast transaction affects profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

14. Inventories

	Group	
	2015	2014
	$'000	$'000
Steel and consumables	**9,147**	14,294

The cost of inventories recognised as an expense and included in "Cost of sales" amounts to $6,703,200 (2014: $7,100).

15. Construction contract work-in-progress

	Group	
	2015	2014
	$'000	$'000
Construction contract work-in-progress:		
Beginning of financial year	**7,435**	5,215
Contract costs incurred	**212,862**	248,921
Contract expenses recognised in profit or loss	**(219,838)**	(246,701)
End of financial year	**459**	7,435
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	**266,958**	332,804
Less: Progress billings	**(181,679)**	(180,304)
Presented as:		
Due from customers on construction contracts (Note 12)	**85,279**	152,500
Advances received on construction contracts (Note 23)	**4,765**	16,486

16. Other current assets

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deposits	**1,537**	1,918	**-**	-
Prepayments	**462**	568	**18**	18
	1,999	2,486	**18**	18

Notes to the Financial Statements

For the financial year ended 31 December 2015

17. Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**31,605**	30,775
Additions	**-**	830
End of financial year	**31,605**	31,605

Details of the Group's subsidiaries are included in Note 36.

18. Loan to a subsidiary

	Company	
	2015	2014
	$'000	$'000
Loan to a subsidiary	**50,000**	50,000

The loan to a subsidiary by the Company is unsecured, interest-bearing at 4.25% per annum payable semi-annually, and will be fully repaid in 2017. The terms and conditions of this loan is similar to the unsecured unquoted fixed rate notes disclosed in Note 24, and is not redeemable before maturity in 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2015

19. Property, plant and equipment

Group	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
2015								
Cost								
Beginning of financial year	29,135	5,769	4,361	98,788	33,578	3,206	-	174,837
Currency translation differences	-	(15)	20	(970)	372	22	-	(571)
Additions	87	516	650	3,720	575	-	2,793	8,341
Disposals	-	(264)	(222)	(1,430)	(677)	(729)	-	(3,322)
Write off	-	(13)	(170)	(5,593)	(104)	-	-	(5,880)
Revaluation gain	633	-	-	-	-	-	-	633
Revaluation adjustments	(1,033)	-	-	-	-	-	-	(1,033)
Transfer to investment properties (Note 20)	(13,600)	-	-	-	-	-	-	(13,600)
End of financial year	15,222	5,993	4,639	94,515	33,744	2,499	2,793	159,405
Accumulated depreciation								
Beginning of financial year	3,458	3,057	3,060	25,443	23,056	1,233	-	59,307
Currency translation differences	-	(1)	26	455	632	23	-	1,135
Charge for the financial year	1,118	531	817	8,015	2,665	538	-	13,684
Disposals	-	(70)	(176)	(1,334)	(652)	(310)	-	(2,542)
Write off	-	(12)	(83)	(5,453)	(59)	-	-	(5,607)
Revaluation adjustment	(1,033)	-	-	-	-	-	-	(1,033)
End of financial year	3,543	3,505	3,644	27,126	25,642	1,484	-	64,944
Net book value								
End of financial year	**11,679**	**2,488**	**995**	**67,389**	**8,102**	**1,015**	**2,793**	**94,461**

Notes to the Financial Statements

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

	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								
2014								
Cost								
Beginning of financial year	34,135	5,180	3,810	79,033	30,895	3,345	7,881	164,279
Currency translation differences	-	(4)	2	22	136	5	(181)	(20)
Additions	-	578	555	12,097	2,857	1,029	-	17,116
Transfer	-	25	-	7,657	18	-	(7,700)	-
Disposals	(5,000)	(10)	(6)	(21)	(328)	(1,173)	-	(6,538)
End of financial year	29,135	5,769	4,361	98,788	33,578	3,206	-	174,837
Accumulated depreciation								
Beginning of financial year	2,340	2,547	2,221	16,496	20,364	1,390	-	45,358
Currency translation differences	-	1	6	108	54	3	-	172
Charge for the financial year	1,200	513	839	8,858	2,830	420	-	14,660
Transfer	-	5	-	242	(247)	-	-	-
Disposals	(82)	(9)	(6)	(14)	(192)	(580)	-	(883)
End of financial year	3,458	3,057	3,060	25,690	22,809	1,233	-	59,307
Net book value								
End of financial year	**25,677**	**2,712**	**1,301**	**73,098**	**10,769**	**1,973**	**-**	**115,530**

As at 31 December 2015, the Group transferred two properties from property, plant and equipment to investment properties (Note 20) due to a change in use. The total carrying amount of these two properties is $12,967,000 at the balance sheet date.

During the financial year, there were no additions (2014: $256,000) of motor vehicles in the consolidated financial statements that were acquired under finance leases.

The carrying amounts of motor vehicles, and site equipment and tools held under finance leases are $176,000 (2014: $715,000) and $Nil (2014: $302,000) respectively at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. Investment properties

	2015 $'000	2014 $'000
Beginning of financial year	**-**	-
Transfer from property plant and equipment (Note 19)	**13,600**	-
End of financial year	**13,600**	-

Investment properties are carried at fair value at the balance sheet date as determined by independent professional real estate valuers. Valuations are made at each financial reporting date based on the properties' open market value using the direct comparison method. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to that reflective of the investment properties.

Fair value hierarchy

	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical assets (Level 1) $	Significant other observable input (Level 2) $	Significant unobservable inputs (Level 3) $
Description			
Recurring fair value measurements			
Investment property:			
- Industrial buildings	-	-	13,600,000

The investment properties are classified within Level 3. The reconciliation between the balances at the beginning of the financial year and end of the financial year is as disclosed in the investment property reconciliation.

Valuation technique used to derive Level 3 fair values

Level 3 fair value of the Company's properties has been generally derived using the direct comparison approach. In the direct comparison approach, sale prices of similar properties in comparable vicinities are adjusted for differences in key attributes such as location, tenure, age and floor area/level.

Description	Fair value	Valuation technique	Unobservable input	Range of unobservable inputs
Industrial buildings	$13,600,000	Direct comparison	Adjusted price per square feet	$256 - $322

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

Valuation processes of the Company

The Company has engages external, independent and qualified valuers to determine the fair value of the Company's investment property at the end of every financial year. As at 31 December 2015, the fair value of the investment property has been determined by Robert Khan & Co Pte Ltd.

Notes to the Financial Statements

For the financial year ended 31 December 2015

21. Goodwill

	Group	
	2015	2014
	$'000	$'000
Cost and net book value		
Beginning and end of financial year	**5,556**	5,556

Goodwill has been allocated to the subsidiary, DMP Marine Fabricator (Nansha) Co. Ltd - the cash-generating unit ("CGU"), acquired in 2012. The recoverable amount of the CGU was determined from value-in-use calculations. The cash flow projection used in the value-in-use calculation was based on the financial budget approved by management for the next year. Cash flow projections beyond two years were extrapolated based on consistent historical margins and using the long-term growth rate of 6% (2014: 7%) of China, which is the market in which the CGU is based. The pre-tax discount rate of 8% (2014: 8%) applied was consistent with other companies in similar industry segment. Based on management's impairment assessment of the CGU as at 31 December 2015, no impairment on goodwill was recognised.

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2015	2014
	$'000	$'000
Deferred income tax assets		
- To be recovered after one year	**-**	1,400
Deferred income tax liabilities		
- To be settled within one year	**431**	145
- To be settled after one year	**977**	2,022
	1,408	2,167

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 $17,208,000 (2014: $5,600,000) arising from two foreign subsidiaries at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by the subsidiary in its country of incorporation. The tax losses have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

22. Deferred income taxes (continued)

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

	Group	
	2015	2014
	$'000	$'000
Deferred income tax assets		
Tax losses		
Beginning of financial year	**1,400**	1,400
Tax charged to profit or loss (Note 9(a))	**(1,400)**	-
End of financial year	**-**	1,400
Deferred income tax liabilities		
Accelerated tax depreciation		
Beginning of financial year	**2,167**	2,119
Tax credited to profit or loss (Note 9(a))	**(759)**	(130)
Under provision in preceding financial year (Note 9(a))	**-**	178
End of financial year	**1,408**	2,167

23. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables to:				
- Non-related parties	**91,707**	99,427	**-**	-
Construction contracts				
- Advances received (Note 15)	**4,765**	16,486	**-**	-
Non-trade amount due to:				
- A director	**244**	244	**-**	-
Consideration payable	**1,500**	1,500	**-**	-
Other payables	**1,170**	839	**84**	160
Accrual for operating expenses	**5,780**	6,781	**1,408**	1,038
	105,166	125,277	**1,492**	1,198

The non-trade amount due to a director is unsecured, interest-free and is repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2015

24. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**34,191**	17,278	**-**	-
Finance lease liabilities (Note 25)	**40**	139	**-**	-
	34,231	17,417	**-**	-
Non-current				
Unsecured unquoted fixed rate notes	**49,532**	49,237	**49,532**	49,237
Finance lease liabilities (Note 25)	**139**	274	**-**	-
	49,671	49,511	**49,532**	49,237
Total borrowings	**83,902**	66,928	**49,532**	49,237

In 2014, the Group established a S$300 Million Multi-Currency Medium Term Note ("MTN") Programme, pursuant to which the Company may issue notes from time to time to finance the general corporate funding requirements. Under this MTN Programme, the Company may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programme.

The note outstanding as at the balance sheet date is unsecured, interest-bearing at 4.25% per annum payable semi-annually, and the principal will be fully repaid in 2017. Under the terms and conditions of the MTN programme, the notes are not redeemable before maturity in 2017.

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	
	2015	2014
	$'000	$'000
6 months or less	**34,191**	17,278

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 2.44% (2014: 2.50%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. Finance lease liabilities

The Group leases motor vehicles and certain site equipment and tools from non-related parties under finance leases. Lease terms range from 1 to 5 years with options to purchase at the end of the lease term.

The liabilities are secured on property, plant and equipment acquired under finance lease contracts (Note 19).

	Group	
	2015	2014
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**48**	153
- Between one and five years	**149**	294
	197	447
Less: Future finance charges	**(18)**	(34)
Present value of finance lease liabilities	**179**	413

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

	Group	
	2015	2014
	$'000	$'000
- Not later than one year (Note 24)	**40**	139
- Between one and five years (Note 24)	**139**	274
	179	413

26. Share capital

	No. of ordinary shares '000	Amount $'000
Group and Company		
2015		
Beginning and end of financial year	**1,023,211**	**145,271**
2014		
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 2015

27. Other reserves

	Group 2015 $'000	Group 2014 $'000
(a) Composition:		
Cash flow hedge reserve	**(624)**	-
Foreign currency translation reserve	**100**	(643)
Asset revaluation reserve	**633**	-
	109	(643)
(b) Movements:		
(i) ***Cash flow hedge reserve***		
Beginning of financial year	**-**	-
Fair value gains	**678**	-
Reclassification to profit or loss		
- Other gains and losses	**(1,302)**	-
End of financial year	**(624)**	-
(ii) ***Foreign currency translation reserve***		
Beginning of financial year	**(643)**	(113)
Net currency translation differences of financial statements of foreign subsidiaries	**680**	(388)
Less: Non-controlling interests	**63**	(142)
	743	(530)
End of financial year	**100**	(643)
(iii) ***Asset revaluation reserve***		
Beginning of financial year	**-**	-
Revaluation gains	**633**	-
End of financial year	**633**	-

Other reserves are non-distributable.

28. Loss/earnings per share

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

	Group 2015 $'000	Group 2014 $'000
Net (loss)/profit attributable to equity holders of the Company	**(3,453)**	24,765
Weighted average number of ordinary shares outstanding	**1,023,211**	1,023,211
Basic/diluted (loss)/earnings per share (cents per share)	**(0.34)**	2.42

The Company has no potential ordinary shares.

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Dividends

	Group	
	2015	2014
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 1.5 cents (2014: 2.0 cents) per share	**15,348**	20,464

30. Commitments

(a) Capital commitments

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

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	**1,151**	164

(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	
	2015	2014
	$'000	$'000
Not later than one year	**5,151**	9,016
Between one and five years	**15,860**	25,982
Later than five years	**28,983**	41,100
	49,994	76,098

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

The Group leases site equipment 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	
	2015	2014
	$'000	$'000
Not later than one year	**12**	12

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. 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 functional currency of the Group, which is Singapore Dollar ("SGD").

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 the foreign currency exposure for at least 80% of the revenue contracts denominated in foreign currencies by entering into currency forward contracts.

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 recognized in other comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	USD $'000	RMB $'000	PHP $'000	Others $'000	Total $'000
2015						
Financial assets						
Cash and bank balances	44,090	38,916	455	98	1,652	85,211
Restricted cash at bank	3,214	-	-	-	-	3,214
Trade and other receivables	66,247	94,717	42	154	494	161,654
Deposits	1,264	-	10	20	243	1,537
	114,815	133,633	507	272	2,389	251,616
Financial liabilities						
Trade and other payables*	(95,342)	(532)	(209)	(345)	(3,973)	(100,401)
Bank borrowings and unsecured unquoted fixed rate notes	(83,723)	-	-	-	-	(83,723)
Finance lease liabilities	(179)	-	-	-	-	(179)
	(179,244)	(532)	(209)	(345)	(3,973)	(184,303)
Net financial (liabilities)/assets	(64,429)	133,101	298	(73)	(1,584)	67,313
Add: Expected progress billings in foreign currencies#	-	126,460	-	-	-	126,460
Less: Currency forwards	-	(68,923)	-	-	-	(68,923)
Currency profile of financial (liabilities)/assets	**(64,429)**	**190,638**	**298**	**(73)**	**(1,584)**	**124,850**

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	RMB $'000	PHP $'000	Others $'000	Total $'000
2014						
Financial assets						
Cash and bank balances	35,625	4,174	831	232	1,293	42,155
Trade and other receivables	154,444	60,170	223	-	39	214,876
Deposits	1,150	-	463	20	285	1,918
	191,219	64,344	1,517	252	1,617	258,949
Financial liabilities						
Trade and other payables*	(83,005)	(580)	(5,111)	(12,762)	(7,333)	(108,791)
Bank borrowings and unsecured unquoted fixed rate notes	(66,515)	-	-	-	-	(66,515)
Finance lease liabilities	(413)	-	-	-	-	(413)
	(149,933)	(580)	(5,111)	(12,762)	(7,333)	(175,719)
Net financial assets/(liabilities)	41,286	63,764	(3,594)	(12,510)	(5,716)	83,230
Add: Expected progress billings in foreign currencies#	-	148,512	-	-	-	148,512
Less: Currency forwards	-	(119,074)	-	-	-	(119,074)
Currency profile of financial assets/(liabilities)	41,286	93,202	(3,594)	(12,510)	(5,716)	112,668

** Excludes advances received on construction contracts.*
 # Translated at year-end closing rate

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB and PHP change against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects to the Group's loss after tax (2014: profit after tax) arising from the net financial liability/asset position at balance sheet date will be as follows:

	Increase/(Decrease)			
	2015		2014	
	Loss after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	$'000	**$'000**	$'000	$'000
Group				
USD against SGD				
- Strengthened	**(5,524)**	**(2,860)**	3,700	-
- Weakened	**5,524**	**2,860**	(3,700)	-
RMB against SGD				
- Strengthened	**(12)**	**-**	(149)	-
- Weakened	**12**	**-**	149	-
PHP against SGD				
- Strengthened	**(3)**	**-**	(519)	-
- Weakened	**3**	**-**	519	-

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 profit 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% (2014: 0.5%) during the year with all other variables including tax rate being held constant, the loss after tax (2014: profit after tax) would have been higher/lower (2014: lower/higher) by $171,000 (2014: $278,000) as a result of higher/lower interest expense on these borrowings.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management (continued)

(b) Credit risk (continued)

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

	Group	
	2015	2014
	$'000	$'000
By types of customers		
Related parties	**288**	15,272
Non-related parties - Multi-national companies	**77,571**	46,198
	77,859	61,470

The trade receivables of the Group comprise 4 debtors (2014: 4 debtors) that represented 82% (2014: 90%) 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.

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

	Group	
	2015	2014
	$'000	$'000
Past due up to 3 months	**10,680**	27,463
Past due 3 to 6 months	**5,791**	-
Past due over 6 months	**8,485**	9,018
	24,956	36,481

The Company is not exposed to significant credit risk as there are no trade receivables due to the Company at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. **Financial risk management** (continued)

(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		
2015		
Trade and other payables*	**100,401**	**-**
Bank borrowings	**34,400**	**-**
Unsecured unquoted fixed rate notes	**-**	**53,214**
Finance lease liabilities	**48**	**149**
	134,849	**53,363**
2014		
Trade and other payables*	108,791	-
Bank borrowings	17,494	-
Unsecured unquoted fixed rate notes	-	54,285
Finance lease liabilities	153	294
	126,438	54,579

** Excludes advances received on construction contracts*

	Less than 1 year $'000	Between 1 and 5 years $'000
Company		
2015		
Trade and other payables	**1,492**	**-**
Unsecured unquoted fixed rate notes	**-**	**53,214**
	1,492	**53,214**
2014		
Trade and other payables	1,198	-
Unsecured unquoted fixed rate notes	-	54,285
	1,198	54,285

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Group				
At 31 December 2015				
Gross-settled currency forwards - cash flow hedges				
- Receipts	**68,923**	**-**	**-**	**-**
- Payments	**70,847**	**-**	**-**	**-**
At 31 December 2014				
Gross-settled currency forwards - non-hedging instrument				
- Receipts	119,074	-	-	-
- Payments	123,176	-	-	-

(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 2015 and 2014 are 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 2015.

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Total debt	**83,902**	66,928	**49,532**	49,237
Total equity	**180,506**	200,348	**144,146**	161,082
Total capital	**264,408**	267,276	**193,678**	210,319
Gearing ratio	**32%**	25%	**26%**	23%

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. **Financial risk management** (continued)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(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).

Group	Level 2 $'000
2015	
Liabilities	
Derivative financial instruments	**1,924**
2014	
Liabilities	
Derivative financial instruments	4,102

The fair value of currency forward contracts is determined using quoted forward currency rates at the balance sheet date. These investments are classified as Level 2.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12, except for the following:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Loans and receivables	**251,616**	258,949	**163,547**	179,894
Financial liabilities at amortised cost	**184,303**	175,719	**51,024**	50,435

Loans and receivables have been defined in Note 2.11(a).

(g) Offsetting financial assets and liabilities

The Group's financial assets and liabilities are not subjected to enforceable master netting arrangements or similar arrangements. Financial derivatives, financial assets and financial liabilities are presented as gross on the consolidated balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2015

32. Related parties 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

	Group	
	2015	2014
	$'000	$'000
Sub-contracting services from other related parties	**(3,056)**	(2,739)
Consulting fees and rental income from other related parties	**153**	45
Fabrication of topside modules and other ad-hoc projects to other related parties	**2,735**	22,191

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

Outstanding balances as at 31 December 2015, arising from transactions with other related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Note 12 and 23 respectively.

Outstanding commitments as at 31 December 2015, arising from transactions with other related parties, include $2,281,000 (2014: $1,587,000) for purchases of its sub-contracting services.

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	2015	2014
	$'000	$'000
Directors		
Wages and salaries	**3,092**	3,417
Employer's contribution to defined contribution plans, including Central Provident Fund	**37**	34
	3,129	3,451
Senior Management		
Wages and salaries	**2,033**	2,324
Employer's contribution to defined contribution plans, including Central Provident Fund	**77**	77
Other benefits	**-**	45
	2,110	2,446
	5,239	5,897

Notes to the Financial Statements

For the financial year ended 31 December 2015

33. 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
2015			
Revenue			
Segment revenue to external parties	**263,205**	**6,307**	**269,512**
Segment gross profit	**50,575**	**(901)**	**49,674**
As at 31 December 2015			
Segment assets	**167,253**	**4,008**	**171,260**
Segment liabilities	**93,930**	**2,251**	**96,181**
2014			
Revenue			
Segment revenue to external parties	309,641	8,925	318,566
Segment gross profit	70,752	1,113	71,865
As at 31 December 2014			
Segment assets	229,976	6,629	236,605
Segment liabilities	110,671	3,190	113,861

There are no sales between segments. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segment based on gross profit. Segment results represent the profit earned by each segment without allocation of other income, administrative expenses, finance expenses, share of loss of an associated company and income tax expenses. This is reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

Notes to the Financial Statements

For the financial year ended 31 December 2015

33. Segment information (continued)

(a) Reconciliations

(i) Segment profits

A reconciliation of segment gross profit to net profit is as follows:

	Group	
	2015	2014
	$'000	$'000
Segment gross profit for reportable segments	**49,674**	71,865
Other gains and losses - net	**(3,948)**	(2,623)
Administrative expenses	**(44,122)**	(37,956)
Finance expenses	**(3,414)**	(1,787)
(Loss)/Profit before income tax	**(1,810)**	29,499
Income tax expense	**(3,373)**	(3,258)
Net (loss)/profit	**(5,183)**	26,241

(ii) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors work-in-progress, inventories and receivables attributable to each segment.

All assets are allocated to reportable segments other than cash and cash equivalents, other receivables, other current assets, goodwill, property, plant and equipment, club memberships and investment properties.

Segment assets are reconciled to total assets as follows:

	Group	
	2015	2014
	$'000	$'000
Segment assets for reportable segments	**171,260**	236,605
Unallocated assets		
- Cash and bank balances	**85,211**	42,155
- Restricted cash at bank	**3,214**	-
- Other current assets	**1,999**	2,486
- Deferred income tax asset	**-**	1,400
- Goodwill	**5,556**	5,556
- Property, plant and equipment	**94,461**	115,530
- Investment property	**13,600**	-
- Club memberships	**407**	407
Total assets	**375,708**	404,139

The Group's property, plant and equipment are purchased primarily for the module business. This same equipment may also be utilised for ad-hoc projects.

Notes to the Financial Statements

For the financial year ended 31 December 2015

33. Segment information (continued)

(a) Reconciliations (continued)

(iii) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than other payables, derivative financial instruments, finance lease liabilities, current income tax liabilities and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2015	2014
	$'000	$'000
Segment liabilities for reportable segments	**96,181**	113,861
Unallocated liabilities		
- Other payables	**8,985**	11,416
- Derivative financial liabilities	**1,924**	4,102
- Borrowings	**83,902**	66,928
- Current income tax liabilities	**2,802**	5,317
- Deferred income tax liabilities	**1,408**	2,167
Total liabilities	**195,202**	203,791

(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 and United Kingdom).

	Group	
	2015	2014
	$'000	$'000
Asia Pacific	**175,754**	98,747
Europe	**93,758**	219,819
	269,512	318,566

The Group's property, plant and equipment are located mainly in Singapore and Malaysia as at 31 December 2015 and Singapore, China and Malaysia as at 31 December 2014.

(c) Revenue from major customers

At balance sheet date, the Group's three largest customers by revenue in aggregate, accounted for 86% (2014: 90%) of total revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2015

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after 1 January 2016 or later periods and which the Group has not early adopted:-

- FRS 115 – Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2017)
- FRS 109 – Financial instruments (effective for annual periods beginning on or after 1 January 2018)
- FRS 16 – Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016)
- FRS 38 – Intangible assets (effective for annual periods beginning on or after 1 January 2016)
- FRS 1 – Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

35. 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 24 March 2016.

Notes to the Financial Statements

For the financial year ended 31 December 2015

36. Listing of companies in the Group

(a) The subsidiaries of Dyna-Mac Holdings Ltd. are as follows:

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	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
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 [(g)]	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.	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 2015

36. Listing of companies in the Group (continued)

(a) The subsidiaries of Dyna-Mac Holdings Ltd. are as follows: (continued)

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	
			2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %
Held by 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 PricewaterhouseCoopers LLP, Singapore

(b) Audited by Isla Lipana & Co., PwC member firm, Philippines

(c) Audited by PricewaterhouseCoopers, Malaysia

(d) Not required to be audited under the laws of the country of incorporation

(e) Audited by BDO China ShuLun Pan Certified Public Accountants LLP

(f) Audited by Armando Y. C. Chung & Co, Hong Kong

Interested Person Transaction Disclosure

For the financial year ended 31 December 2015

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,00 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 2015	12 months ended 31 Dec 2014	**12 months ended 31 Dec 2015**	12 months ended 31 Dec 2014
	$'000	$'000	**$'000**	$'000
PURCHASES AND OTHER EXPENSES				
Transactions with L&W United				
Subcontracting services for steel and piping fabrication	**1,878**	2,739	**-**	-
Transactions with L&W Marine				
Subcontracting services for steel and piping fabrication	**1,178**	-	**-**	-
Transactions with Palms JH Associates				
Corporate relations consultancy service	**120**	45	**-**	-
REVENUE				
Keppel Shipyard Limited				
Other adhoc projects (other services)	**-**	-	**-**	250
Keppel FELS Limited				
Fabrication of structural blocks	**-**	-	**2,092**	1,977
Keppel Subic Shipyard Inc				
Fabrication of Topside modules	**-**	-	**643**	19,964

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 Friday, 22 April 2016 at 2.00 p.m. for the purpose of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Statement and the Auditors' Report thereon. (Resolution 1)

2. To approve Directors' Fees of S$170,500 for the financial year ended 31 December 2016 to be paid to the Directors quarterly in arrears. (Resolution 2)

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

   Mr Chia Hock Chye Michael will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees.

4. To re-elect Dr Ong Seh Hong who retires in accordance with Article 91 of the Company's Constitution and who, being eligible, offers himself for re-election. (Resolution 4)

   Dr Ong Seh Hong will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS

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

6. Authority to issue shares (Resolution 6)

   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

   (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.

Notice of the Annual General Meeting

7. Renewal of the mandate for interested person transactions (Resolution 7)

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.

8. 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

6 April 2016
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.

Explanatory Notes on Special Business to be Transacted

Resolution 6: 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 7: 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 2015 Annual Report.

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.

精砺 DYNA-MAC
beyond your expectations

Proxy Form

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 6 April 2016.

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

I/We ____ (Name)

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)			

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 Friday, 22 April 2016 at 2.00 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 is 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 Auditors' Reports and Financial Statements		
2	Approval of Directors' Fees for the year ending 31 December 2016		
3	Re-election of Mr Chia Hock Chye Michael who is retiring in accordance with Article 91 of the Company's Constitution		
4	Re-election of Dr Ong Seh Hong who is retiring in accordance with Article 91 of the Company's Constitution		
5	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
	Special Business:		
6	Authority to issue shares pursuant to Section 161 of the Companies Act Cap. 50		
7	Renewal of mandate of Interested Person Transactions		
8	Any other business		

Dated this __________ day of ____________ 2016.

Total Number of Shares held	

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

(Please read notes below)

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 the 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 6 April 2016.

Affix
Postage
Stamp

The Company Secretary
Dyna-Mac Holdings Ltd
59 Gul Road
Singapore 629354

DYNA-MAC HOLDINGS LTD.

Company Reg. No.: 200305693E

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