



DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH

| | Group | | |
|---|-----------------------|-----------------------|---------------|
| | 3 months ended | 3 months ended | Change |
| | 31-Mar-19 | 31-Mar-18 | |
| | \$'000 | \$'000 | % |
| Revenue | 13,695 | 27,464 | -50.1% |
| Cost of sales | (8,410) | (22,225) | -62.2% |
| Gross profit | 5,285 | 5,239 | 0.9% |
| Gross profit margin | 38.6% | 19.1% | |
| Other income | 369 | 873 | -57.7% |
| Administrative expenses | (5,430) | (5,632) | -3.6% |
| Finance costs | (156) | (43) | NM |
| Profit before tax | 68 | 437 | -84.4% |
| Income tax expense | (1) | - | NM |
| Net profit for the financial period | 67 | 437 | -84.7% |
| Net profit margin | 0.5% | 1.6% | |
| Attributable to:- | | | |
| Equity holders of the Company | 39 | 403 | -90.3% |
| Non-controlling interest | 28 | 34 | -17.6% |
| Net profit for the financial period | 67 | 437 | -84.7% |
| Other comprehensive income:- | | | |
| Items that may be subsequently reclassified to profit or loss:- | | | |
| Currency translation differences arising from consolidation | (178) | (990) | -82.0% |
| Total comprehensive income for the financial period | (111) | (553) | -79.9% |
| Attributable to:- | | | |
| Equity holders of the Company | (130) | (540) | -75.9% |
| Non-controlling interest | 19 | (13) | NM |
| Total comprehensive income for the financial period | (111) | (553) | -79.9% |

NM- not meaningful

1(a)(ii) The statement of comprehensive income is arrived at after charging/(crediting) the following:-

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

| | Group | | |
|---|---|---|---------------|
| | 3 months ended 31-Mar-19 | 3 months ended 31-Mar-18 | Change |
| | \$'000 | \$'000 | % |
| The Group's profit/(loss) is stated after charging/(crediting):- | | | |
| Rental income ^(Note 1) | (22) | (15) | 46.7% |
| Interest income - bank deposits | (71) | (57) | 25.0% |
| Finance costs | 156 | 43 | NM |
| Amortisation of club memberships | 3 | 4 | -36.1% |
| Depreciation of property, plant and equipment | 1,905 | 2,007 | -5.1% |
| Depreciation of right-of-use assets | 641 | - | NM |
| Foreign exchange gains, net | (127) | (730) | -82.6% |
| Gain on disposal of property, plant and equipment | (17) | (16) | 6.3% |
| Government grants | (131) | (35) | NM |

Note 1 - Rental income mainly comprises provision of yard facilities to subcontractors.

NM - not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 31-Mar-19 | 31-Dec-18 | 31-Mar-19 | 31-Dec-18 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 22,105 | 24,925 | 64 | 172 |
| Trade and other receivables | 19,458 | 31,244 | 6,483 | 6,493 |
| Inventories | 12,076 | 12,196 | - | - |
| Contract assets | 26,115 | 22,714 | - | - |
| Other current assets | 857 | 590 | 6 | 11 |
| | 80,611 | 91,669 | 6,553 | 6,676 |
| Assets held for sale | 13,400 | 13,400 | - | - |
| | 94,011 | 105,069 | 6,553 | 6,676 |
| Non-Current Assets | | | | |
| Club memberships | 301 | 304 | - | - |
| Investment in subsidiaries | - | - | 126,821 | 126,821 |
| Property, plant and equipment | 54,064 | 55,973 | - | - |
| Right-of-use assets | 31,828 | - | - | - |
| | 86,193 | 56,277 | 126,821 | 126,821 |
| Total Assets | 180,204 | 161,346 | 133,374 | 133,497 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 21,679 | 35,516 | 124 | 125 |
| Contract liabilities | 1,185 | 329 | - | - |
| Interest bearing borrowings | 19,371 | 20,025 | - | - |
| Deferred capital grants | 149 | - | - | - |
| Lease liabilities | 2,120 | - | - | - |
| | 44,504 | 55,870 | 124 | 125 |
| Non-Current Liabilities | | | | |
| Interest bearing borrowings | 16 | 19 | - | - |
| Deferred capital grants | 535 | - | - | - |
| Deferred income tax liabilities | 17 | 17 | - | - |
| Lease liabilities | 29,803 | - | - | - |
| | 30,371 | 36 | - | - |
| Total Liabilities | 74,875 | 55,906 | 124 | 125 |
| Net Assets | 105,329 | 105,440 | 133,250 | 133,372 |
| EQUITY | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | |
| Share capital | 145,271 | 145,271 | 145,271 | 145,271 |
| Other reserves | (39) | 130 | - | - |
| Accumulated losses | (40,612) | (40,651) | (12,021) | (11,899) |
| Share capital & reserve | 104,620 | 104,750 | 133,250 | 133,372 |
| Non-controlling interest | 709 | 690 | - | - |
| Total Equity | 105,329 | 105,440 | 133,250 | 133,372 |

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

| | As at 31-Mar-19 | | As at 31-Dec-18 | |
|--------------------------------------|-----------------|-----------|-----------------|-----------|
| | Secured | Unsecured | Secured | Unsecured |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable in one year or less | 24 | 19,347 | 32 | 19,993 |
| Amount repayable after one year | 16 | - | 19 | - |

Details of any collateral: -

The Group's borrowings are secured by the rights to the leased motor vehicles.

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER

| | Group | |
|--|-----------------------|-----------------------|
| | 3 months ended | 3 months ended |
| | 31-Mar-19 | 31-Mar-18 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 68 | 437 |
| Adjustments for: | | |
| - Amortisation of deferred capital grant | (62) | - |
| - Depreciation of property, plant and equipment | 1,905 | 2,007 |
| - Depreciation of right-of-use assets | 641 | - |
| - Gain on disposal of property, plant and equipment | (17) | (16) |
| - Interest income | (71) | (57) |
| - Finance costs | 156 | 43 |
| - Amortisation of club memberships | 3 | 4 |
| - Unrealised translation gains | (167) | (730) |
| | 2,456 | 1,688 |
| Changes in working capital | | |
| - Trade and other receivables | 11,786 | (19,690) |
| - Contract assets | (3,401) | 10,282 |
| - Contract liabilities | 856 | 8,412 |
| - Inventories | 120 | (50) |
| - Other current assets | (267) | 220 |
| - Trade and other payables | (13,954) | (2,216) |
| | (2,404) | (1,354) |
| Cash flows used in operations | | |
| Interest received | 71 | 57 |
| Income tax paid | (1) | (314) |
| | (2,334) | (1,611) |
| Net cash flows used in operating activities | | |
| Cash flows from investing activities | | |
| - Additions to property, plant and equipment | (19) | (388) |
| - Proceeds from disposal of property, plant and equipment | 17 | 196 |
| - Proceeds from government grants | 746 | - |
| | 744 | (192) |
| Net cash flows generated from/ (used in) investing activities | | |
| Cash flows from financing activities | | |
| - (Repayments of)/ proceeds from bank borrowings | (645) | 838 |
| - Repayments of finance lease liabilities | (12) | (55) |
| - Payment of lease liabilities | (520) | - |
| - Interest expense paid | (39) | (43) |
| | (1,216) | 740 |
| Net cash flows (used in)/ generated from financing activities | | |
| Net decrease in cash and cash equivalents | (2,806) | (1,063) |
| Cash and cash equivalents at the beginning of the financial period | 24,925 | 37,088 |
| Effect of currency translation on cash and cash equivalents | (14) | (146) |
| | 22,105 | 35,879 |
| Cash and cash equivalents at the end of the financial period | | |

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are fixed deposits of \$6m designated by the Group for this purpose.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | Non-controlling interest | Total equity | |
|--|---|--------------------|---------------------------|--------------------------------------|--------------------------|--------------|----------------|
| | Share capital | Accumulated losses | Asset revaluation reserve | Foreign currency translation reserve | | | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Group | | | | | | | |
| Balance at 1 January 2019 | 145,271 | (40,651) | 633 | (503) | 104,750 | 690 | 105,440 |
| Profit for the period | - | 39 | - | - | 39 | 28 | 67 |
| Other comprehensive income | - | - | - | (169) | (169) | (9) | (178) |
| Total comprehensive income for the period | - | 39 | - | (169) | (130) | 19 | (111) |
| Balance at 31 March 2019 | 145,271 | (40,612) | 633 | (672) | 104,620 | 709 | 105,329 |
| Company | | | | | | | |
| Balance at 1 January 2019 | 145,271 | (11,899) | - | - | 133,372 | - | 133,372 |
| Total comprehensive income for the period | - | (122) | - | - | (122) | - | (122) |
| Balance at 31 March 2019 | 145,271 | (12,021) | - | - | 133,250 | - | 133,250 |

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| Number of Ordinary Shares | Resultant issued share capital \$ |
|----------------------------------|--|
| 1,023,211,000 | 145,271,346 |

Balance at 31 March 2019

The Company did not hold any treasury shares as at 31 March 2019 and 31 March 2018. The Company’s total number of issued shares excluding treasury shares as at 31 March 2019 and 31 March 2018 is 1,023,211,000.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Group’s independent auditor.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those used for the audited consolidated financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has applied SFRS(I)16 – *Leases*, which are mandatory effective from 1 January 2019.

The Group applied SFRS(I)16 on 1 January 2019 using the modified retrospective approach. Under this approach, the Group elected the following practical expedients:-

- calculates lease assets and lease liabilities as at 1 January 2019;
- does not restate the comparative information; and
- recognises an adjustment in equity as at 1 January 2019.

At transition, for leases previously classified as operating leases, the Group has chosen, on a lease-by-lease basis, to measure the Right-of-use (“ROU”) asset at an amount equal to the lease liability (subject to certain adjustments). Therefore, the initial recognition of such leases on 1 January 2019 will not have an impact on equity.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change. (cont'd)**

As at 1 January 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group:

| Group | |
|-------------------------------|--------|
| 1-Jan-19 | |
| SFRS(I) 16 | |
| \$'000 | |
| Assets | |
| Property, plant and equipment | (26) |
| Right-of-use assets | 32,469 |
| Liabilities | |
| Lease liabilities | 32,443 |

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

| | Group | |
|--|-----------------------|-----------------------|
| | 3 months ended | 3 months ended |
| | 31-Mar-19 | 31-Mar-18 |
| Earnings per share (based on consolidated net profit attributable to equity holders):- | | |
| Based on weighted average number of ordinary shares in issue (cents) | 0.00 | 0.04 |
| On a fully diluted basis (cents) | 0.00 | 0.04 |
| Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000) | 1,023,211 | 1,023,211 |
| Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000) | 1,023,211 | 1,023,211 |

There were no potentially dilutive shares for the financial period ended 31 March 2019.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding the financial year

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31-Mar-19 | 31-Dec-18 | 31-Mar-19 | 31-Dec-18 |
| Net asset value per ordinary share based on existing share capital (cents) | 10.22 | 10.24 | 13.02 | 13.03 |
| Number of shares ('000) | 1,023,211 | 1,023,211 | 1,023,211 | 1,023,211 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement Overview

Revenue

Revenue decreased by \$13.8m or 50.1% from \$27.5m in the first quarter ended 31 March 2018 ("1Q2018") to \$13.7m in the first quarter ended 31 March 2019 ("1Q2019"). The decrease was mainly due to the lower volume of projects carried out in 1Q2019.

Gross profit

Gross profit increased from \$5.2m in 1Q2018 to \$5.3m in 1Q2019. The increase was minimal for both years under review.

Gross profit margin is higher by 19.5 percentage points due to the recognition of additional variation orders from the existing contracts which were approved in 1Q2019.

Other income

Other income decreased by \$0.5m from \$0.9m in 1Q2018 to \$0.4m in 1Q2019. The decrease was mainly due to the unrealised foreign exchange gain in 1Q2018.

Administrative expenses

Administrative expenses decreased by \$0.2m or 3.6% from \$5.6m in 1Q2018 to \$5.4m in 1Q2019. The decrease was mainly due to (i) reduction in recruitment advertisement by \$0.14m and (ii) absence of right-sizing benefit of \$0.06m.

Finance expenses

Finance expenses were mainly interest expenses on bank borrowings which were minimal for both years under review.

Income tax expense

The Group did not recognise deferred tax asset on its carried forward trade losses and capital allowances due to the uncertainty of utilisation. The income tax expense is attributable to income tax paid by one of the subsidiaries in 1Q2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

Statement of financial position

Current assets

Total current assets decreased by \$11.1m from \$105.1m as at 31 December 2018 to \$94.0m as at 31 March 2019. This was mainly due to a decrease of \$11.7m and \$2.8m in trade and other receivables and cash and cash equivalents but partially offset by an increase of \$3.4m in contract assets.

Cash and cash equivalents decreased by \$2.8m from \$24.9m as at 31 December 2018 to \$22.1m as at 31 March 2019 mainly due to working capital requirements.

Trade and other receivables decreased by \$11.7m from \$31.2m as at 31 December 2018 to \$19.5m as at 31 March 2019 mainly due to lower volume of projects carried out in 1Q2019.

Contract Assets increased by \$3.4m from \$22.7m as at 31 December 2018 to \$26.1m as at 31 March 2019 mainly due to timing of billings to customers.

Non-current assets

Non-current assets increased by \$29.9m from \$56.3m as at 31 December 2018 to \$86.2m as at 31 March 2019 mainly due to the recognition of right-of-use assets of \$31.8m.

Right-of-use assets arose from the adoption of SFRS(I) 16 *Leases* on 1 January 2019. It comprises mainly land leases.

Current liabilities

Total current liabilities decreased by \$11.4m from \$55.9m as at 31 December 2018 to \$44.5m as at 31 March 2019 mainly due to a decrease of \$13.8m in trade and other payables, decrease in current borrowings of \$0.6m, but partially offset by an increase in contract liabilities of \$0.9m, and the recognition of current lease liabilities of \$2.1m.

Trade and other payables decreased by \$13.8m from \$35.5m as at 31 December 2018 to \$21.7m as at 31 March 2019 mainly due to lower payables recorded in line with lower volume of projects carried out in 1Q2019.

Contract liabilities increased by \$0.9m from \$0.3m as at 31 December 2018 to \$1.2m as at 31 March 2019 mainly due to advanced billings to customers.

Non-current liabilities

Total non-current liabilities increased by \$30.36m from \$0.04m as at 31 December 2018 to \$30.4m as at 31 March 2019 mainly due the recognition of deferred capital grants of \$0.5m and the increase of lease liabilities of \$29.8m.

Deferred capital grants arose from the government grant received for the addition of property, plant and equipment.

Lease liabilities arose from the recognition of lease obligations amounting to \$32.4m upon adoption of SFRS(I) 16 *Leases*.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

Statement of cash flows

The Group registered a decrease in cash and cash equivalent of \$13.8m from \$35.9m as at 31 March 2018 to \$22.1m as at 31 March 2019.

Net cash flows used in operating activities in 1Q2019 was \$2.3m mainly due to working capital requirements.

Net cash generated from investing activities in 1Q2019 was \$0.7m mainly due to proceeds from government grant.

Net cash used in financing activities in 1Q2019 was \$1.2m. This was mainly due to payment of bank borrowings and lease liabilities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to the shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has a net order book of \$150m as at 31 March 2019 with completion and deliveries extending into 3Q2020.

We see signs of improvement in the outlook for the FPSO market. We are experiencing an increase in enquiries from our long-standing customers.

Notwithstanding the positive outlook, the market environment remains challenging with intense competition. We will continue to remain focused on productivity improvements and cost savings to increase our operational efficiency to serve our customers and partners better.

11. Dividends

**(a) Current financial period reported on
Any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding period of the immediately preceding financial year
Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the quarter ended 31 March 2019.

13. Interested person transaction disclosure

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | | Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) | |
|---|---|---------------------------------|---|---------------------------------|
| | 3 months ended 31-Mar-19 \$'000 | 3 months ended 31-Mar-18 \$'000 | 3 months ended 31-Mar-19 \$'000 | 3 months ended 31-Mar-18 \$'000 |
| PURCHASES AND OTHER EXPENSES | | | | |
| Keppel Subic Shipyard Inc | | | | |
| Backcharge of utilities and water supply | - | - | - | 1 |
| Backcharge of office maintenance | - | - | 1 | - |
| REVENUE | | | | |
| Keppel FELS Limited | | | | |
| Other Adhoc projects (other services)ie: Barge Hiring/Provision of Berthing Space/Subcontracting Services | - | - | 417 | 32 |
| Keppel Shipyard Limited | | | | |
| Subcontracting Services | - | - | 969 | - |

14. Confirmation pursuant to Rule 720(1) of the listing manual

The Company confirms that it has procured undertakings from its Board of Directors and executive officers under Rule 720(1) of the listing manual.

15. Confirmation pursuant to the Rule 705(5) of the listing manual

The Board of Directors of the Company hereby confirms to the best of its knowledge nothing has come to its attention which may render the unaudited financial results for the period ended 31 March 2019 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
13 May 2019