



DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

TABLE OF CONTENTS

SN	Description	Page
1	Unaudited Consolidated Statement of Comprehensive Income	2
2	Unaudited Statements of Financial Position – Group and Company	4
3	Unaudited Consolidated Statement of Cash Flows	6
4	Unaudited Statements of Changes in Equity – Group and Company	7
5	Selected Notes to the Financial Statements	8
6	Earnings per share	9
7	Net asset value per share	9
8	Review of performance of the Group	10
9	Forecast/ Prospect Statement	13
10	Commentary	13
11	Dividends	13
12	Interested Person Transaction Disclosure	14
13	Confirmation pursuant to Rule 720(1) of the Listing Manual	14
14	Confirmation pursuant to the Rule 705(5) of the Listing Manual	14

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

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE

	Group			Group		
	3 months ended	3 months ended	Change	6 months ended	6 months ended	Change
	30-Jun-19	30-Jun-18		30-Jun-19	30-Jun-18	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	18,873	32,316	-41.6%	32,568	59,780	-45.5%
Cost of sales	(13,649)	(26,821)	-49.1%	(22,059)	(49,046)	-55.0%
Gross profit	5,224	5,495	-4.9%	10,509	10,734	-2.1%
Gross profit margin	27.7%	17.0%		32.3%	18.0%	
Other income	450	-	NM	819	550	48.9%
Other expenses	(402)	(367)	9.5%	(402)	(44)	NM
Administrative expenses	(4,884)	(4,383)	11.4%	(10,314)	(10,015)	3.0%
Finance costs	(158)	(60)	NM	(314)	(103)	NM
Profit before tax	230	685	-66.4%	298	1,122	-73.4%
Income tax expense	(165)	-	NM	(166)	-	NM
Net profit for the financial period	65	685	-90.5%	132	1,122	-88.2%
Net profit margin	0.3%	2.1%		0.4%	1.9%	
Attributable to:-						
Equity holders of the Company	237	810	-70.7%	276	1,213	-77.2%
Non-controlling interest	(172)	(125)	37.6%	(144)	(91)	58.2%
Net profit for the financial period	65	685	-90.5%	132	1,122	-88.2%
Other comprehensive income:-						
Items that may be subsequently reclassified to profit or loss:-						
Currency translation differences arising from consolidation	558	1,484	-62.4%	380	494	-23.1%
Total comprehensive income for the financial period	623	2,169	-71.3%	512	1,616	-68.3%
Attributable to:-						
Equity holders of the Company	777	2,281	-65.9%	647	1,741	-62.8%
Non-controlling interest	(154)	(112)	37.5%	(135)	(125)	8.0%
Total comprehensive income for the financial period	623	2,169	-71.3%	512	1,616	-68.3%

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			Group		
	3 months ended	3 months ended	Change	6 months ended	6 months ended	Change
	30-Jun-19	30-Jun-18	%	30-Jun-19	30-Jun-18	%
	\$'000	\$'000	%	\$'000	\$'000	%
The Group's profit/(loss) is stated after charging/(crediting):-						
Rental income ^(Note 1)	(382)	(149)	NM	(404)	(164)	NM
Interest income - bank deposits	(59)	(109)	-45.9%	(130)	(166)	-21.7%
Finance costs	158	60	NM	314	103	NM
Amortisation of club memberships	4	4	0.0%	7	8	-12.5%
Depreciation of property, plant and equipment	1,863	1,861	0.1%	3,768	3,868	-2.6%
Depreciation of right-of-use assets	657	-	NM	1,298	-	NM
Foreign exchange loss, net	444	774	-42.6%	317	44	NM
Reversal of impairment of property, plant and equipment	-	(1,213)	NM	-	(1,213)	NM
Reversal of prepayment written off	-	(243)	NM	-	(243)	NM
Gain on disposal of property, plant and equipment	(3)	(70)	-95.7%	(20)	(86)	-76.7%
Government grants	(51)	(55)	-7.3%	(182)	(90)	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 30 JUNE

	Group		Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	27,943	24,925	104	172
Trade and other receivables	43,868	31,244	6,356	6,493
Inventories	11,914	12,196	-	-
Contract assets	4,484	22,714	-	-
Other current assets	916	590	4	11
	89,125	91,669	6,464	6,676
Assets held for sale	13,400	13,400	-	-
	102,525	105,069	6,464	6,676
Non-Current Assets				
Club memberships	297	304	-	-
Investment in subsidiaries	-	-	126,821	126,821
Property, plant and equipment	52,119	55,973	-	-
Right-of-use assets	31,170	-	-	-
	83,586	56,277	126,821	126,821
Total Assets	186,111	161,346	133,285	133,497
LIABILITIES				
Current Liabilities				
Current income tax liabilities	2	-	-	-
Trade and other payables	16,078	35,516	248	125
Contract liabilities	12,001	329	-	-
Interest bearing borrowings	19,848	20,025	-	-
Deferred capital grants	149	-	-	-
Lease liabilities	2,136	-	-	-
	50,214	55,870	248	125
Non-Current Liabilities				
Interest bearing borrowings	12	19	-	-
Deferred capital grants	498	-	-	-
Deferred income tax liabilities	172	17	-	-
Lease liabilities	29,263	-	-	-
	29,945	36	-	-
Total Liabilities	80,159	55,906	248	125
Net Assets	105,952	105,440	133,037	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	501	130	-	-
Accumulated losses	(40,375)	(40,651)	(12,234)	(11,899)
Share capital & reserve	105,397	104,750	133,037	133,372
Non-controlling interest	555	690	-	-
Total Equity	105,952	105,440	133,037	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 30-Jun-19		As at 31-Dec-18	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	16	19,832	32	19,993
Amount repayable after one year	12	-	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 SECOND QUARTER

	Group		Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	230	685	298	1,122
Adjustments for:				
- Amortisation of deferred capital grant	(37)	-	(99)	-
- Depreciation of property, plant and equipment	1,863	1,861	3,768	3,868
- Depreciation of right-of-use assets	657	-	1,298	-
- Gain on disposal of property, plant and equipment	(3)	(70)	(20)	(86)
- Reversal of impairment of property, plant and equipment	-	(1,213)	-	(1,213)
- Reversal of prepayment written off	-	(243)	-	(243)
- Property, plant and equipment written off	85	-	85	-
- Interest income	(59)	(109)	(130)	(166)
- Finance costs	158	60	314	103
- Amortisation of club memberships	4	4	7	8
- Unrealised translation gains	555	774	388	44
	3,453	1,749	5,909	3,437
Changes in working capital				
- Trade and other receivables	(24,410)	8,857	(12,624)	(10,833)
- Contract assets	21,631	(11,748)	18,230	(1,466)
- Contract liabilities	10,816	(9,638)	11,672	(1,226)
- Inventories	162	323	282	273
- Other current assets	(59)	(335)	(326)	(115)
- Trade and other payables	(5,554)	9,447	(19,508)	7,231
Cash flows generated from/(used in) operations	6,039	(1,345)	3,635	(2,699)
Interest received	59	109	130	166
Income tax paid	(8)	-	(9)	(314)
Net cash flows generated from/(used in) operating activities	6,090	(1,236)	3,756	(2,847)
Cash flows from investing activities				
- Additions to property, plant and equipment	(4)	(125)	(23)	(513)
- Proceeds from disposal of property, plant and equipment	3	-	20	196
- Proceeds from government grants	-	-	746	-
Net cash flows (used in)/generated from investing activities	(1)	(125)	743	(317)
Cash flows from financing activities				
- Proceeds from/(repayments of) bank borrowings	484	1,810	(161)	2,648
- Repayments of finance lease liabilities	(11)	(29)	(23)	(84)
- Payment of lease liabilities	(524)	-	(1,044)	-
- Interest expense paid	(205)	(60)	(244)	(103)
Net cash flows (used in)/generated from financing activities	(256)	1,721	(1,472)	2,461
Net increase/(decrease) in cash and cash equivalents	5,833	360	3,027	(703)
Cash and cash equivalents at the beginning of the financial period	22,105	35,879	24,925	37,088
Effect of currency translation on cash and cash equivalents	5	121	(9)	(25)
Cash and cash equivalents at the end of the financial period	27,943	36,360	27,943	36,360

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	-	276	-	-	276	(144)	132
Other comprehensive income	-	-	-	371	371	9	380
Total comprehensive income for the period	-	276	-	371	647	(135)	512
Balance at 30 June 2019	145,271	(40,375)	633	(132)	105,397	555	105,952
Company							
Balance at 1 January 2019	145,271	(11,899)	-	-	133,372	-	133,372
Total comprehensive income for the period	-	(335)	-	-	(335)	-	(335)
Balance at 30 June 2019	145,271	(12,234)	-	-	133,037	-	133,037

- 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.**

Number of Ordinary Shares	Resultant issued share capital S
1,023,211,000	145,271,346

Balance as at 30 June 2019

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

The Company did not hold any treasury shares as at 30 June 2019 and 30 June 2018. The Company’s total number of issued shares excluding treasury shares as at 30 June 2019 and 30 June 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	6 months ended	6 months ended
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Earnings per share (based on consolidated net profit attributable to equity holders):-				
Based on weighted average number of ordinary shares in issue (cents)	0.02	0.08	0.03	0.12
On a fully diluted basis (cents)	0.02	0.08	0.03	0.12
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	1,023,211	1,023,211	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	1,023,211	1,023,211

There were no potentially dilutive shares for the financial period ended 30 June 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	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net asset value per ordinary share based on existing share capital (cents)	10.30	10.24	13.00	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 \$13.4m or 41.6% from \$32.3m in the second quarter ended 30 June 2018 ("2Q2018") to \$18.9m in the second quarter ended 30 June 2019 ("2Q2019"). The decrease was mainly due to the projects are in the initial phase of production.

Gross profit

Gross profit declined minimally from \$5.5m in 2Q2018 to \$5.2m in 2Q2019.

However, gross profit margin was higher by 10.7 percentage points due to recognition of additional variation orders from the existing contracts which were approved in 2Q 2019.

Other income

Other income increased by \$0.5m in 2Q2019. The increase was mainly due to rental income charged for the yard facilities to subcontractors.

Other expenses

Other expenses increased by \$0.04m. The increase was minimal and mainly due to the unrealised foreign exchange loss in 2Q2019.

Administrative expenses

Administrative expenses increased by \$0.5m or 11.4% from \$4.4m in 2Q2018 to \$4.9m in 2Q2019. The increase was mainly due to (i) an increase in wages and salaries by \$0.4m and (ii) an increase in travelling expenses by \$0.1m.

Finance expenses

Finance expenses were mainly interest expenses on bank borrowings which were minimal for both periods 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 was attributable to income tax provision by the subsidiaries in 2Q2019.

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 \$2.6m from \$105.1m as at 31 December 2018 to \$102.5m as at 30 June 2019. This was mainly due to a decrease of \$18.2m in contract assets, offset by an increase of \$12.6m and \$3.0m in trade and other receivables and cash and cash equivalents respectively.

Cash and cash equivalents increased by \$3.0m from \$24.9m as at 31 December 2018 to \$27.9m as at 30 June 2019 mainly due to collection of accounts receivable, net of working capital requirements.

Trade and other receivables increased by \$12.6m from \$31.2m as at 31 December 2018 to \$43.8m as at 30 June 2019 mainly due to milestone billings for the initial phase of project.

Contract Assets decreased by \$18.2m from \$22.7m as at 31 December 2018 to \$4.5m as at 30 June 2019 mainly due to the projects were in the initial phase of production.

Non-current assets

Non-current assets increased by \$27.3m from \$56.3m as at 31 December 2018 to \$83.6m as at 30 June 2019 mainly due to the recognition of right-of-use assets of \$31.2m but partially offset by a decrease in property, plant & equipment of \$3.9m.

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 \$5.7m from \$55.9m as at 31 December 2018 to \$50.2m as at 30 June 2019 mainly due to a decrease of \$19.4m in trade and other payables but partially offset by an increase in contract liabilities of \$11.7m, and the recognition of current lease liabilities of \$2.1m.

Trade and other payables decreased by \$19.4m from \$35.5m as at 31 December 2018 to \$16.1m as at 30 June 2019 mainly due to lower production cost incurred as the projects are in the initial phase of production.

Contract liabilities increased by \$11.7m from \$0.3m as at 31 December 2018 to \$12.0m as at 30 June 2019 mainly due to advanced billings to customers.

Non-current liabilities

Total non-current liabilities increased by \$29.91m from \$0.04m as at 31 December 2018 to \$29.95m as at 30 June 2019 mainly due the recognition of deferred capital grants of \$0.5m, an increase in deferred income tax liabilities of \$0.15m and the increase of lease liabilities of \$29.26m.

Deferred income tax liabilities arose from the recognition of unrealised foreign exchange gain from one of the subsidiaries.

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 an increase in cash and cash equivalent of \$3.0m from \$24.9m as at 31 December 2018 to \$27.9m as at 30 June 2019.

Net cash flows generated from operating activities in 2Q2019 was \$3.8m mainly due to lower cash outflow from working capital.

Net cash flows generated from investing activities in 2Q2019 was \$0.7m mainly due to proceeds from government grant.

Net cash flows used in financing activities in 2Q2019 was \$1.5m. 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 \$131.4m as at 30 June 2019 with completion and deliveries extending into 3Q2020.

We see signs of improvement in the outlook for the FPSO market as 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 make improvements in our productivity and cost savings in order 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 30 June 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)	
	6 months ended 30-Jun-19 \$'000	6 months ended 30-Jun-18 \$'000	6 months ended 30-Jun-19 \$'000	6 months ended 30-Jun-18 \$'000
REVENUE				
Keppel FELS Limited Other Adhoc projects (other services)ie: Barge Hiring/Provision of Berthing Space/Subcontracting Services	-	-	1,234	43
Keppel Shipyard Limited Subcontracting Services	-	-	4,604	-

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 30 June 2019 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
14 August 2019