精砺 DYNA-MAC

beyond your expectations

FUNDAMENTALLY STRONG

DYNA-MAC HOLDINGS LTD. | Annual Report 2011

www.dyna-mac.com

Vision

To construct and deliver high quality top-side modules, semi-submersibles, and platforms for the marine, oil and gas industries, consistently exceeding all of our clients' expectations, outperforming our competitors, enhancing our shareholders' value and providing a dynamic environment for both our employees and sub-contractors.

Mission

We strive to be the global leader in providing products and services of unsurpassed quality for the marine, oil and gas industries, adding value to all of our clients as well as exceeding their expectations.

Values

- Our Values comprise commitment, integrity, respect, dedication and teamwork.
- We believe that putting these values into practice creates long-term benefits for our clients, shareholders, employees and business partners.

Contents

Corporate Profile

A multi-disciplinary specialist provider of engineering, procurement and construction ("EPC") services.

Established in Singapore in 1990, Dyna-Mac Holdings Ltd. is one of the world's leading players in the fabrication and assembly of topside modules for floating, production, storage and offloading vessels ("FPSOs") and floating, storage and offloading vessels ("FSOs"). The Group also provides general engineering and fabrication services for specialised structures for semi-submersibles and sub-sea products on an ad-hoc basis. Since its inception, the Group has successfully delivered 147 topside modules to its customers who are amongst the world's largest owners and operators of FPSOs/FSOs and semi-submersibles as well as multinational engineering companies in the marine, and oil and gas industries. Dyna-Mac was listed on the Mainboard of the Singapore Stock Exchange in March 2011 and trades under the stock code NO4.

CONFIDENCE IN OUR FUNDAMENTALS...

World Class Yard Facilities

Located at 31, 33, 45 and 59 Gul Road (Main Yard) and 13 Pandan Crescent, Dyna-Mac's yard facilities are large, modern and well-equipped to handle heavy-duty topside modules and specialised structures.

In addition, our yard is equipped with mobile covered workshops, allowing us to carry out fabrication activities regardless of weather conditions. This ensures project schedules are observed and cost overruns avoided.

Total combined gross land area of

140,300 sq m

Uninterrupted waterfront shoreline of

300 metres

with a depth of up to 9 metres

Maximum annual capacity of

25,000 tons

Load out capacity of up to

27,000 tons

Fabrication areas and integrated infrastructure facilities

Modern technology and equipment

Strong Customer Base

Dyna-Mac has established relationships with some of the largest FPSO leasing companies in the world including SBM, Modec and BW Offshore Limited. Our customers also include multinational engineering companies in the marine and oil and gas industries such as VWS Westgarth Ltd and VME Process Inc.

Significantly, SBM and Modec have been the Group's repeat customers since 1997 and 2006 respectively, attesting to Dyna-Mac's ability to consistently complete projects on a timely basis and deliver quality services.

As part of our latest achievements, we have also secured a new customer, Armada TGT Limited, which is part of the Bumi Armada Group that was listed recently on the Main Market of Bursa Malaysia Securities Berhad.

Established Track Record

Over the years, our Group has established a reputation as a reliable specialist in the fabrication and assembly of topside modules for FPSOs and FSOs. This is achieved through consistent and timely delivery of quality products and services adhering to strict safety regulations.

We have obtained OHSAS 18001:2007 certification by ABS Quality Evaluations, Inc. in respect of our occupational, health and safety management procedures for the provision of offshore engineering, procurement and management of construction services.

We have a team of committed and skilled engineering and project management staff, who have the requisite expertise and knowledge of the oil and gas and marine construction industries.

Since we started focusing on the FPSO topside market in 1998, we have delivered 147 topside modules with the largest single module load out of 1,520 tons.

Some Highlights in FY2011

Last module load out for FPSO PSVM (VWS Westgarth), 12 August 2010

Last module load out for FPSO PSVM (Modec), 16 October 2010

Celebrating 20 years of excellence in the business, 31 December 2010

Successful listing on the Mainboard of SGX-ST, 2 March 2011

Our 11-year track record in the topside module business, our world-class yard, our strong and global customer base comprising some of the world's largest owners and operators of FPSOs, FSOs and semi-submersibles...

Groundbreaking for construction of Four-Storey Office Building, 9 March 2011

Last module load out for FPSO Armada TGT-1 (Armada TGT), 16 April 2011

Last module load out for FPSO Aseng (SBM), 30 April 2011

Commenced Construction of Specialised Pipe Fabrication Workshop, 15 May 2011

DESMOND LIM TZE JONG

A Message from Our Chairman & CEO

Dear Shareholders,
It gives me great pleasure to present the inaugural Annual Report of Dyna-Mac Holdings Ltd. On behalf of our Board of Directors, I am pleased to welcome all of you as our valued shareholders.

SUCCESSFUL DEBUT ON THE SGX-ST IN MARCH

On 2 March 2011, Dyna-Mac crossed a major milestone in our corporate history with the Group's listing on the Mainboard of the Singapore Exchange (SGX). Priced at $0.35 per share, our initial public offering ("IPO") of 466 million Invitation Shares, which included 30 million Over-allotment Shares, was well-subscribed, signaling robust interest from investors keen to participate in the promising growth we offer. We are heartened by this enthusiastic response, and would like to thank all of you for your vote of confidence in Dyna-Mac.

I am pleased to report that our stock has been trading strongly and based on the closing price on 31 May 2011 of $0.58, our share price traded at a 65.7% premium over our listing price.

The Board is also proposing a final tax-exempt cash dividend of $0.02 per share for FY2011 to thank shareholders. This dividend, which will be paid sometime in October, translates into a yield of 5.7% over the Group's listing price.

THE YEAR IN REVIEW

The path to recovery of the global economy has been rather erratic over the last 12 months. While Asia continued to power ahead, the economies of Europe and the US floundered under the weight of massive debt. Even now, the fiscal problems of these two economies are casting a shadow on the world economy.

In addition, the offshore oil and gas industry was hit by the worst oil spill in history in April 2010. The disaster, which occurred at the Macondo well in the Gulf of Mexico, resulted in a ban on deepwater drilling in the Gulf by the US federal government that dampened capital investments and activities in the industry for most of 2010.

Against this challenging economic and industry backdrop, Dyna-Mac kept our net profit relatively stable at $24.8 million in FY2011 despite lower revenues totaling $167.9 million.

In FY2011, the Group loaded out topside modules and a number of piperacks for three FPSOs amounting to almost 29,000 tons, which is equivalent to the weight of 51 A380 planes. Notably, we completed the project, BP Angola PSVM FPSO in October 2010, which is one of the largest FPSOs in the world and the largest value project for a single vessel in Dyna-Mac's operating history. This is a landmark achievement for the Group as we completed 19 topside modules, one

turret support structure and five piperacks totaling 18,000 tons in a record 12 months, underscoring the capability and reliability of our yard and employees to ramp up and successfully take on immensely large projects.

The moratorium on drilling in the Gulf of Mexico was lifted in October 2010, and with it, sentiments in the industry have generally improved and upstream capital expenditures by oil majors have begun to pick up in the later part of calendar year 2010.

In line with this, Dyna-Mac's order momentum, which was muted in the first half of FY2011 due to the drilling moratorium, rebounded with the Group experiencing an increased level of inquiries and bid activity in the second half of FY2011. We secured new contracts amounting to approximately $110 million to fabricate FPSO topside modules for customers such as SBM Offshore N.V., Armada TGT Ltd, VWS Westgarth Ltd and Keppel Shipyard Ltd ("KSL").

MEETING THE FUTURE HEAD-ON

Our order book of new and existing projects amounted to $117 million as at the date of this annual report. In addition, we have on hand a very robust tender book to-date. Looking ahead, Dyna-Mac is upbeat about our prospects in the FPSO market as future growth indicators are largely positive.

For one, global energy demand is growing - data from the International Energy Agency ("IEA"), Energy Information Administration ("EIS") and Organisation of Petroleum Exporting Countries ("OPEC") show that global oil consumption posted fairly strong growth in 2010 and this growth is expected to continue in the next five years. Oil prices have also breached the US$90 band, supported by buoyant demand and threats of supply disruptions. These factors have triggered higher levels of capital investment in oil and gas infrastructure for deepwaters by oil companies, including floating production systems as more oil fields move towards the development phase.

According to industry expert International Maritime Associates, Inc. ("IMA"), there are now around 250 units of floating production systems in service currently, more than double the 120 units operating in 2001, underlining the rising dominance of floaters in the offshore market. In addition, 120 to 175 floating production systems are expected to be built between 2011 and 2016, averaging 24 to 35 units per year, with an expected capital expenditure of between US$80-US$115 billion. Around 80% of these will be FPSOs.

I am pleased to report that our stock has been trading strongly and based on the closing price on 31 May 2011 of S$0.58, our share price traded at a 65.7% premium over our listing price.

Cash dividend of

$0.02

per share for FY2011

A Message from Our Chairman & CEO

We are also focusing on our customers, namely grow our slice of business from existing customers as well as widen our customer base both through our own marketing effort and by tapping KSL's wider network and contacts pursuant to the collaboration agreement with KSL.

IMA has identified 194 projects in the planning stage that are likely to require a floating production system for development. Of these, 55 are at the bidding / final design stage with equipment orders likely over the next 12-18 months. The remaining 139 projects are in the planning / study stage with orders likely in the 2013-2019 time frame.

EXPANSION PLANS

We have started upgrading our yard facilities, including the construction of a specialised pipe fabrication workshop and a four-storey office building. We expect to complete our improvement works by the end of calendar year 2011.

We are also focusing on our customers, namely grow our slice of business from existing customers as well as widen our customer base both through our own marketing effort and by tapping KSL's wider network and contacts pursuant to the collaboration agreement with KSL.

Given the move toward 'local content' in the contracting sector of the offshore oil and gas industry, overseas expansion is something that Dyna-Mac cannot ignore. As at the date of this annual report, we are engaged in talks with potential overseas yard partners and will update our shareholders at an appropriate time.

Since we started focusing on the FPSO topside market in 1998, Dyna-Mac has delivered 147 topside modules.

Our 11-year track record in the topside module business, our world-class yard, our strong and global customer base comprising some of the world's largest owners and operators of FPSOs, FSOs and semi-submersibles, our experienced engineering and project management team, coupled with the inherent growth opportunities in the offshore oil and gas sector, points to an exciting future for Dyna-Mac.

ACKNOWLEDGMENTS

On behalf of the Board, I would like to take this opportunity to express my appreciation to the management and staff for their hard work and commitment in FY2011. I would also like to record my thanks to my fellow directors for their advice and guidance.

Last but not least, we are extremely grateful for the support and loyalty of our customers and business partners. We hope you will continue to place your trust in us, as we strive to increase our growth momentum and return greater value to our shareholders.

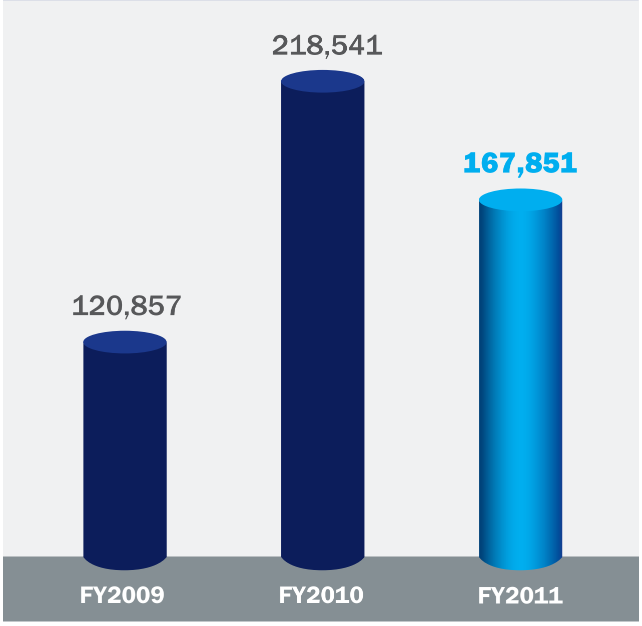
Thank you.

DESMOND LIM TZE JONG
EXECUTIVE CHAIRMAN AND CEO

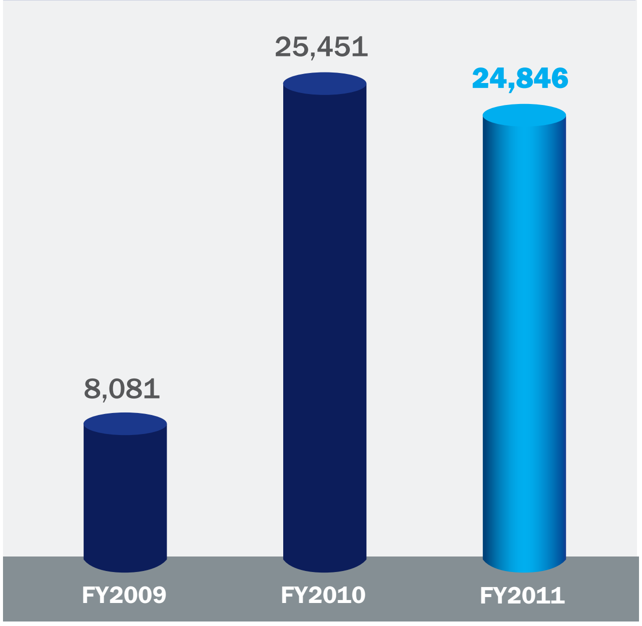
Financial Highlights

FY Ended 31 May 2011

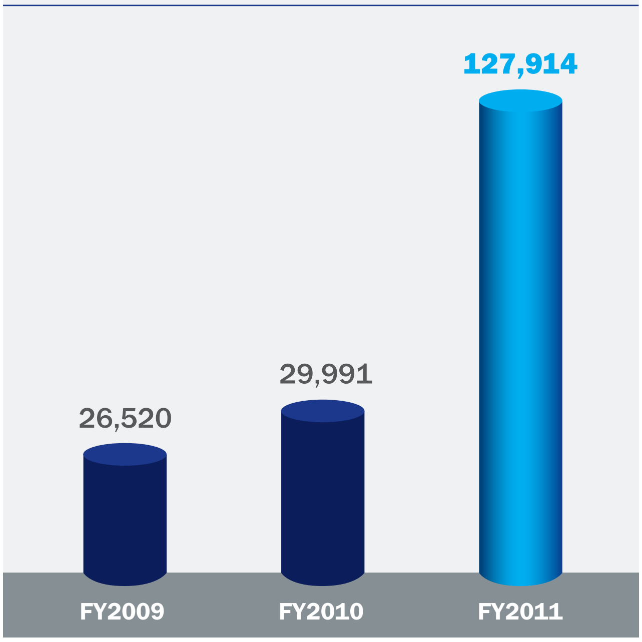
Revenue ($'000)



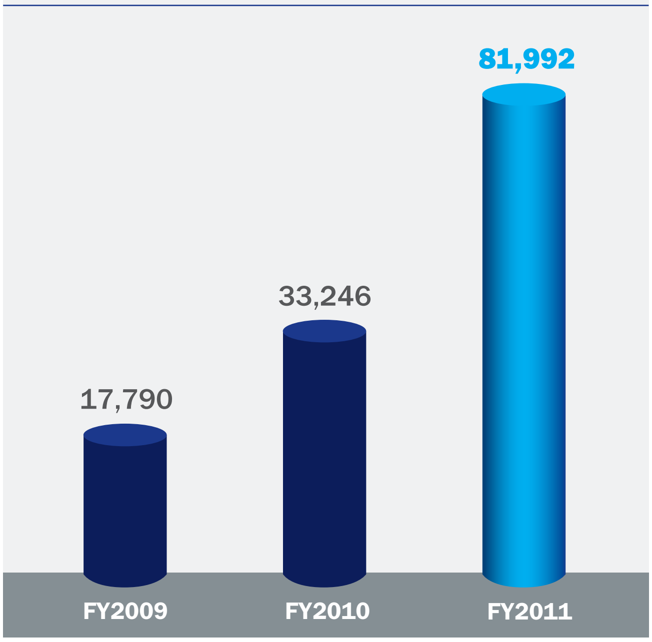
Net Profit after Tax ($'000)



Net Tangible Assets ($'000)



Cash and Cash Equivalents ($'000)

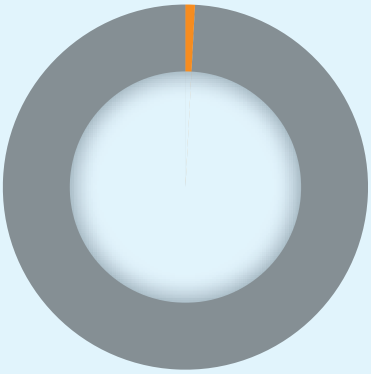


FAST FACTS

Uninterrupted waterfront shoreline of **300 metres.**

Maximum annual capacity of **25,000 tons.**

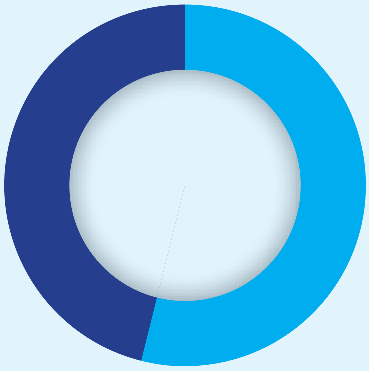
FY2011 Revenue by Business (%)



Module Business: **99%**

Ad Hoc Projects Other Services: **1%**

FY2011 Revenue by Markets (%)



Asia Pacific: **54%**

Europe: **46%**

USE OF IPO PROCEEDS

186,000,000 new shares were issued on 1 March 2011 pursuant to our IPO and 29,907,000 shares were issued on 4 April 2011 to satisfy the over-allotment at S$0.35 for each share raising net proceeds in total of $73.1m. A snapshot providing an update on the use of the Group's IPO proceeds to date follows:

Use of Proceeds	Amount allocated *($ miillion)*	Amount utilised *($ miillion)*	Balance amount *($ miillion)*
a. Expansion of yard facility at 13 Pandan Crescent	8.0	0.7	7.3
b. Upgrading and expansion of yard facility at Main Yard	12.0	2.4	9.6
c. Acquisition of additional equipment and machineries	7.0	0.8	6.2
d. Expansion of operations overseas	20.0	–	20.0
e. General working capital	26.1	7.3	18.8
	73.1	**11.2**	**61.9**

The Year in Review

The aftermath of the oil spill at the Macondo well in the Gulf of Mexico has impacted the global oil and gas industry. The Deepwater Horizon oil spill in April 2010, the largest accidental marine oil spill in history, resulted in a ban on deepwater drilling activities in the Gulf of Mexico by the US federal government. The ban was eventually lifted in October 2010, and with it, sentiments in the industry have generally improved.

FINANCIAL REVIEW

As a result of this and the ensuing dampened sentiments in the offshore oil and gas industry, Dyna-Mac's module business, which predominantly serves the Floating Production Storage and Offloading vessel ("FPSO") market, was affected. For the 12 months ended 31 May 2011 ("FY2011"), revenue of the Group dipped 23.2% year-on-year to $167.9 million, from $218.5 million in the period a year ago, while net profit attributable to equity holders slipped 2.4% to $24.8 million in FY2011, compared with $25.4 million recorded a year ago.

In terms of revenue breakdown by segments, Dyna-Mac's module business remained the core revenue contributor in FY2011, accounting for approximately $165.4 million or 99% of the Group's total revenue, with the remaining from Ad-Hoc projects which contributed approximately $2.4 million. Customers from the Asia-Pacific region accounted for 54% of Group revenue, while the balance was derived from Europe.

In FY2011, the Group continued to maintain its healthy balance sheet, with a low gearing of 0.13 times, current ratio of 1.83 times and high cash and cash equivalents of $82.0 million. The increase in cash and cash equivalents by 146.6% to $82.0 million was largely due to the proceeds raised from the issuance of new shares pursuant to the Group's IPO.

OPERATIONS REVIEW

Financial year 2011 was an eventful year for our Group. Amidst this challenging period, Dyna-Mac loaded out a total of 31 Topside Modules, one Turret Support Structure and five Piperacks in the course of FY2011. The Group also provided services on minor repair and insulation works for our customers.

In October 2010, the Group loaded out the last of all the modules for BP Angola PSVM FPSO for two of our repeat customers, Modec and VWS Westgarth. Notably, this project

SBM Offshore

Water Treatment Module

In FY2011, the Group continued to maintain its healthy balance sheet, with a low gearing of 0.13 times, current ratio of 1.83 times and high cash and cash equivalents of S$82.0 million.

holds the distinction of being our largest value project for a single vessel. For this landmark project, the Group delivered a total of 19 Topside Modules, one Turret Support Structure and five Piperacks, weighing a total of 18,000 tons. Post load-out, the Group continues to provide installation and integration services onboard the vessel at Jurong shipyard.

During the year, the Group secured contracts to fabricate topside modules for repeat customers, SBM and Keppel Shipyard Ltd, as well as successfully secured a new customer, Armada TGT Limited, which is part of the Bumi Armada Group that was listed recently on the Main Market of Bursa Malaysia Securities Berhad.

Two of these new projects, namely FPSO Aseng (SBM) and FPSO Armada TGT-1 (Armada TGT), were delivered in April 2011 involving a total of 12 Topside Modules. Post load out, the Group completed the installation onboard FPSO Armada TGT-1 at Keppel shipyard while final touches for FPSO Aseng are still in progress.

With these projects, the Group's yard was operating at a utilization rate of approximately 76.6%.

As at the date of this annual report, our order book stands at $117 million and the Group has projects from SBM, Keppel Shipyard and Keppel Fels, being fabricated in various stages of completion in its yard.

OUTLOOK

International Maritime Associates estimates about 120 to 175 floating production systems to be built between 2011 and 2016 and around 80% of these will be FPSOs. Dyna-Mac believes that its strong track record and competencies in the fabrication of topside modules will put the Group in a strong position to capitalize on available opportunities in this market.

Looking ahead, Dyna-Mac remains confident in its future, underpinned by fundamentals such as the Group's world class facilities and capabilities, established relationships with global players in the FPSO market, stellar track record in the topside modules segment and robust balance sheet.

Chemical injection Module

Power Generation Module

Board of Directors

SEATED FROM LEFT: **John Varghese, Desmond Lim, Tan Soo Kiat**
STANDING FROM LEFT: **Lim Tjew Yok, Nelson Yeo, Ong Seh Hong, Simon Teo, Wong Ngiam Jih**

MR DESMOND LIM TZE JONG

Executive Chairman and CEO

Mr Lim founded the Dyna-Mac Group in 1990 and has since played a pivotal role in spearheading the Group's growth. In 1997, he was instrumental in diversifying the Group's initial business of construction of piping systems and steel structures into its present business of providing engineering services in the construction of topside modules for FPSO and FSO conversions. With more than 25 years of industry experience under his belt, Mr Lim oversees the overall organisation, management and marketing of the Group. As the Group's key decision maker, he charts the strategic direction and growth as well as corporate plans and policies of the Group. Amongst others, Mr Lim's responsibilities include overseeing the core aspects of the Group's business such as project management, finance and marketing operations.

MR JOHN VARGHESE

Chief Operating Officer and Executive Director

Mr Varghese, who joined Dyna-Mac in 1999, oversees the Company's overall operational functions of the departments of Project Management, Production, Engineering, Yard Maintenance and Human Resource as well as administration. Mr Varghese brings with him more than 30 years of experience in quality assurance and project management for EPC contracts involving refineries, chemical plants and oil and gas projects gained from years with companies such as Bharath Heavy Electrical Trichinapoly, Sembawang Engineering Co. Pte Ltd and Sembawang Project Engineering Co. Pte Ltd. He holds a Bachelor in Mechanical Engineering from the University of Kerala and has published several technical papers on quality, productivity and project management in relation to FPSO topside modules. In addition, Mr Varghese is also a member of the Singapore Welding Society and a member of the Indian Institute of Welding.

MR LIM TJEW YOK

Chief Technical Officer and Executive Director

Mr Lim, or TY as he is better known, joined Dyna-Mac in 2001 and is responsible for the technical aspect including tendering, sub-contracting, quality assurance and quality control, as well as safety and security. To date, TY has adeptly managed more than 10 projects involving the design, procurement, construction, installation and commissioning of more than 100 topside modules and hull of the semi-submersibles. Prior to joining the Group, TY gained valuable engineering experience working for companies that included Kailay Engineering Pte. Ltd. and Shin Nippon Air Technologies Co. Ltd. where he managed several projects worth between $10 million and $50 million each. TY obtained his Diploma in Mechanical Engineering from the Singapore Polytechnic in 1979.

MR YEO CHIEN SHENG NELSON

Non-executive Director

Appointed to Dyna-Mac's Board on 8 February 2011, Mr Yeo is currently the Managing Director (Marine) of Keppel Offshore & Marine Ltd and Managing Director of Keppel Shipyard Limited. Mr Yeo brings with him over 29 years of experience in the offshore and marine industries. He graduated from the University of Birmingham, U.K. with a Bachelor's Degree (Honours Class 1) in Mechanical Engineering in 1979 and obtained a Master of Engineering Degree from the Asian Institute of Technology, Thailand in 1982, under the Shell International Petroleum Company Sponsorship. He completed the Programme for Management Development with the Harvard University Graduate School of Business Administration, USA in 1992.

MR TAN SOO KIAT

Lead Independent Director

Appointed to Dyna-Mac's Board on 8 February 2011, Mr Tan, who is currently the director of Intergate Pte Ltd., a company engaged in the provision of corporate advisory services, brings with him more than 16 years of experience in the banking and finance industry. He was formerly the chief operating officer and executive director of Goodpack Limited; a general manager and executive director of Progen Holdings Ltd., vice-president (Finance) of Pacific Century Regional Developments Limited and a treasurer with the investment banking arm of DBS Bank. In Australia, he was also a senior internal auditor and marketing/loans manager for Bank of Western Australia Ltd. and a senior internal auditor for Challenge Bank Ltd. Mr Tan obtained a Bachelor's Degree in Commerce (Accounting) from University of Otago, New Zealand in 1983. He is a chartered accountant with the Institute of Chartered Accountants of New Zealand. Mr Tan also holds independent directorships in five other SGX-listed companies.

DR ONG SEH HONG

Independent Director

Dr Ong was appointed to Dyna-Mac's Board on 8 February 2011. He is currently a Senior Consultant Psychiatrist at Alexandra Healthgroup. Dr Ong was a Member of Parliament for the Marine Parade Group Representation Constituency from 2001 to 2011. Formerly, he was the Clinical Director and Chief Operating Officer of Ren Ci Hospital & Medicare Centre and Ren Ci Community Hospital and Vice President (Corporate Services) GIC Special Investment Pte Ltd, a unit of the Government of Singapore Investment Corporation. Dr Ong obtained his MBBS from the National University of Singapore 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. Dr Ong also obtained a Master of Science (Applied Finance) Degree from the National University of Singapore in 1999. Dr Ong also sits on the board of Zhongmin Baihui Retail Group as Independent Director.

MR SIMON TEO BOON HWEE

Alternate Director to Mr Desmond Lim Tze Jong

Mr Teo was appointed as alternate director to Mr Desmond Lim Tze Jong in June 2011. He first joined the Group as general manager of the commercial department in 1998 and was promoted to his current role in June 2011, where he is in charge of the Group's commercial activities as well as co-ordination and administration of overseas markets. Backed by over 13 years of experience in marketing, sourcing and procurement, Mr Teo plays an instrumental role in liaising with customers on commercial terms and provides leadership for tenders and customer relationships. Mr Teo graduated from the University of Aston in Birmingham, United Kingdom in 1984 with a Bachelor's Degree (Honours) in Production Technology and Production Management. He is also a chartered engineer with the Engineering Council in the United Kingdom.

MR WONG NGIAM JIH

Alternate Director to Mr Yeo Chien Sheng Nelson

Mr Wong was appointed as an alternate director to Mr Nelson Yeo Chien Sheng in June 2011. He is currently the Chief Financial Officer of Keppel Offshore & Marine Ltd. Prior to his current appointment, Mr Wong held various positions within the Keppel Group of companies in a span of over 35 years. He is also a director of a number of companies in the Keppel Group, including Keppel Nantong Shipyard Co. Ltd., Keppel Singmarine Pte Ltd, and Keppel Smit Towage Pte Ltd.

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

Executive Officers

MS JOYCE TIONG SAI LAN

Chief Financial Officer

Ms Tiong joined the Group as Chief Financial Officer in 2006 and is responsible for the accounting, finance and corporate development matters of the Group. Prior to Dyna-Mac, Ms Tiong held managerial roles in accounting and finance for various companies. She has been a member of the Institute of Certified Public Accounts of Singapore since 1999 and a fellow member of the Association of Chartered Certified Accountants since 2002.

MR SIMON TEO BOON HWEE

Chief Marketing Officer

Mr Teo first joined the Group as general manager of the commercial department in 1998 and was promoted to his current role in 2011, where he is in charge of the Group's commercial activities as well as co-ordination and administration of overseas markets. Backed by over 13 years of experience in marketing, sourcing and procurement, Mr Teo plays an instrumental role in liaising with customers on commercial terms and provides leadership for tenders and customer relationships. Mr Teo graduated from the University of Aston in Birmingham, United Kingdom in 1984 with a Bachelor's Degree (Honours) in Production Technology and Production Management. He is also a chartered engineer with the Engineering Council in the United Kingdom.

MS CHONG SWEE LEE

Vice-President (Human Resource & Administration)

Ms Chong joined the Group in February 2009 and is responsible for its human resources and office administrative functions. She has over 18 years of experience in human resources management including valuable experience in the areas of employee compensation and benefits. Prior to Dyna-Mac, she held managerial roles in human resources for various companies that included Hewitt HR Delivery Service Pte Ltd, SAP Asia Pte Ltd, A*STAR (formerly known as the National Science and Technology Board), and Raffles International Limited. Ms Chong obtained her Bachelor of Business Administration degree from the National University of Singapore in 1991. She also has a Graduate Diploma in Personnel Management and a Diploma in Compensation and Benefits Management from the Singapore Institute of Management. Ms Chong is a Professional Member of Singapore Human Resource Institute.

Corporate Structure

- Dyna-Mac Engineering Services Pte. Ltd. — 100%
  - Dyna-Mac Engineering Services Sdn. Bhd. (1) — 100%
    - Eminent Offshore & Heavy Engineering Sdn. Bhd. (1) — 33%
- Dyna-Mac Marine & Heavy Engineering Pte. Ltd. (1) — 100%
  - Dyna-Mac do Brasil Construções Ltda. (1) — 40%
- Dyna-Mac Offshore Services Pte. Ltd. (1) — 100%
  - Dyna-Mac do Brasil Construções Ltda. (1) — 60%
- Dyna-Mac Engineering (HK) Pte. Limited (1) — 100%

(1) The company is dormant

Corporate Information

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

BOARD OF DIRECTORS

Mr Desmond Lim Tze Jong
Executive Chairman and Chief Executive Officer

Mr John Varghese
Executive Director and Chief Operating Officer

Mr Lim Tjew Yok
Executive Director and Chief Technical Officer

Mr Yeo Chien Sheng Nelson
Non-executive Director

Mr Tan Soo Kiat
Lead Independent Director

Dr Ong Seh Hong
Independent Director

Mr Simon Teo Boon Hwee
Alternate Director to Mr Desmond Lim Tze Jong

Mr Wong Ngiam Jih
Alternate Director to Mr Yeo Chien Sheng Nelson

NOMINATING COMMITTEE
Dr Ong Seh Hong (Chairman)
Mr Yeo Chien Sheng Nelson
Mr Tan Soo Kiat

REMUNERATION COMMITTEE
Dr Ong Seh Hong (Chairman)
Mr Desmond Lim Tze Jong
Mr Tan Soo Kiat

AUDIT COMMITTEE
Mr Tan Soo Kiat (Chairman)
Mr Yeo Chien Sheng Nelson
Dr Ong Seh Hong

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

SHARE REGISTRAR
M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

PRINCIPAL BANKER
Oversea-Chinese Banking Corporation Limited
65 Chulia Road
Singapore 049513

AUDITORS
Nexia TS Public Accounting Corporation
100 Beach Road, Shaw Tower
#30-00, Singapore 189702
Director in charge: Kristin YS Kim, CPA
(appointed since 2008)

SOLICITORS
RHT Law LLP
6 Battery Road
#10-01
Singapore 049909

INVESTOR RELATIONS
August Consulting
101 Thomson Road
#30-02 United Square
Singapore 307591
Tel: 6733 8873

Collins Stewart Pte. Limited was the Issue Manager of Dyna-Mac Holdings Ltd.'s Initial Public Offering. Collins Stewart Pte. Limited and UOB Kay Hian Private Limited were the Joint Underwriters and Joint Placement Agents of the Invitation.

Financial Report

Contents

Corporate Governance Report

The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company, and will follow closely the best practice outlined in the Best Practices Guide issued by SGX-ST.

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 success of the company. The Board works with the Management to achieve this 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 include:-

1. Undertakes the strategic planning and setting of long-term objectives for the Group;
2. Approves major investment and funding decisions;
3. Establishes the control systems and policies;
4. Monitors financial performance of the Group;
5. Evaluates the performance and determines the compensation of key Management personnel; and
6. Assumes 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 limit, setting out the level of authorisation required for specified transactions, including those that require Board approval.

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.

The Company will issue a formal letter of appointment to new Directors 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 2011, 2 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 the financial year 2011 and the attendance of the Directors are set out on Page 28 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 Management. 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 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 dominate 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 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 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 Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents 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.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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

1. financial management reports;
2. papers pertaining to matters requiring the Board's decision; and
3. 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 Management and the non-executive Directors. The appointment and the removal of the Company Secretary are decisions taken by the Board as a whole.

BOARD COMMITTEES

Remuneration Committee

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 of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Our Remuneration Committee comprises two Independent Directors:-

Dr Ong Seh Hong	(Chairman)
Mr Tan Soo Kiat	(Member)
Mr Lim Tze Jong	(Member)

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key Management personnel.

Corporate Governance Report

The recommendations of our Remuneration Committee should be 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 shall be covered by our Remuneration Committee.

In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors 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 will also review and approve any bonuses, pay increases and/or promotions for these employees.

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

Notwithstanding that one of the member, Mr Desmond Lim, is an Executive Director, the recommendation procedures are transparent, thereby ensuring the remuneration packages being recommended are fair and equitable.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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.

The annual remuneration of Directors of the Company for the financial year ended 31 May 2011 is set out below:-

Directors of the Company		Directors' Fee	Salary	Variable Performance related bonus	Allowances & Benefits	Total
	Above $500,000:					
	Lim Tze Jong	–	96%	–	4%	100%
	$250,000 to $500,000:					
	Varghese John	–	98%	–	2%	100%
	Lim Tjew Yok	–	100%	–	–	100%
	Below $250,000:					
	Tan Soo Kiat	100%	–	–	–	100%
	Ong Seh Hong	100%	–	–	–	100%
	Yeo Chien Sheng Nelson	–	–	–	–	–

The remuneration of the key executives of the Company for the financial year ended 2011 is set below:-

Remuneration band & name of key executives of the Company		Salary	Allowances & Benefits	Total
	Above $250,000:			
	Teo Boon Hwee*	100%	–	100%
	Tiong Sai Lan	97%	3%	100%
	Below $250,000:			
	Chong Swee Lee	100%	–	100%

** Mr Teo Boon Hwee was appointed as an alternate director to Mr Lim Tze Jong on 28 June 2011.*

There is no immediate family member of a Director whose remuneration has exceeded $150,000 for the financial year ended 31 May 2011.

Corporate Governance Report

Nominating Committee

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

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and 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 Yeo Chien Sheng Nelson	(Member)
Mr Tan Soo Kiat	(Member)

Our Nominating Committee will be 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 will decide how the Board's performance is to be evaluated and propose objective performance criterias, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value. The performance evaluation will also includes consideration of our share price performance over a five-year period vis-a-vis the Singapore Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

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.

ACCOUNTABILITY AND AUDIT

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

Audit Committee

Principle 11: 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:-

Mr Tan Soo Kiat	(Chairman)
Mr Yeo Chien Sheng Nelson	(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 member's 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 international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board of Directors for approval;

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

(d) To review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

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

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

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

(h) To review any potential conflicts of interest;

(i) To review the procedures by which employees of the Group may, in confidence, report to the Chairman of the 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 will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(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 quarterly. The internal auditor can approach any of the members of the AC without the presence of the Management.

Corporate Governance Report

The AC meets with the external auditors, without the presence of the Management at least once annually. The AC has reviewed the quantum and nature of fees, expenses and emoluments paid for non-audit services performed by the external auditors and are satisfied that the provision of such services would not affect the independence of the external auditors.

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 whistleblower 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 controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board believes that, to a reasonable extent, the system of internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice and the identification and management of business risks.

The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or irregularities.

INTERNAL AUDIT

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

The Company outsourced its internal audit function to Shinnes Consulting and Advisory Pte Ltd ("the IA"), to carry out internal audit review using risk-based strategy driven approach. The Group is establishing its Enterprise Risk Management Framework to manage its exposure to risks that it is exposed to in the conduct of its business. The IA undertakes the Enterprise 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 subsidiaries who provides 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.

As the Company was listed only on 2nd March 2011, the IA was recently appointed and a full year cycle of the internal audit to test the existence and effectiveness of the system of internal controls of the Company and its subsidiaries will be undertaken for the financial year ending 31 May 2012.

Recommendations for improvements noted by the IA are 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.

Corporate Governance Report

COMMUNICATIONS WITH THE SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, 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 practise selective disclosure of material information.

(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 does not specify a limit in the Articles on the number of proxy votes for nominee companies. However, there is a limit for the number of proxies for all shareholders to two. The Articles allow a member of the Company to appoint a proxy to attend and vote at general meetings. For the time being, the Board is of the view that this is adequate to enable shareholders to participate in general meetings of the Company and is not proposing to amend their Articles to allow votes in absentia. Separate resolutions on each distinct issue are tabled at general meetings.

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 unpublished material 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 half year and 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 2011

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	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	2	2	1	1	–	–	–	–
Varghese John[1]	2	2	1	1	–	–	–	–
Lim Tjew Yok[1]	2	2	1	1	–	–	–	–
Tan Soo Kiat[1]	2	2	1	1	–	–	–	–
Dr Ong Seh Hong[1]	2	2	1	1	–	–	–	–
Yeo Chien Sheng, Nelson[1]	2	1	1	0	–	–	–	–
Phee Eng Kit[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:
1. Messrs Varghese John, Lim Tjew Yok, Tan Soo Kiat, Dr Ong Seh Hong and Yeo Chien Sheng, Nelson were appointed as the Directors of the Company with effect from 8 February 2011.
2. Ms Phee Eng Kit resigned as a Director of the Company on 8 February 2011.

Directors' Report
for the financial year ended 31 May 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 May 2011 and the balance sheet of the Company as at 31 May 2011.

Directors

The directors of the Company in office at the date of this report are as follows:-

Lim Tze Jong	
Lim Tjew Yok	(appointed on 8 February 2011)
Varghese John	(appointed on 8 February 2011)
Tan Soo Kiat	(appointed on 8 February 2011)
Yeo Chien Sheng Nelson	(appointed on 8 February 2011)
Dr Ong Seh Hong	(appointed on 8 February 2011)
Teo Boon Hwee	(alternate to Lim Tze Jong, appointed on 28 June 2011)
Wong Ngiam Jih	(alternate to Yeo Chien Sheng Nelson, appointed on 28 June 2011)

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

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 director is deemed to have an interest	
	At 31.05.2011	At 31.05.2010 or date of appointment if later	At 31.05.2011	At 31.05.2010 or date of appointment if later
Company				
(No. of ordinary shares)				
Lim Tze Jong	464,285,000	2,500,000	–	–
Lim Tjew Yok	2,000,000	–	–	–
Varghese John	2,000,000	–	–	–

By virtue of section 7 of the Singapore Companies Act (cap. 50), Mr. Lim Tze Jong is deemed to have interest in the shares of the subsidiaries held by the Company.

The directors' interest in the ordinary shares of the Company as at 21 June 2011 were the same as those as at 31 May 2011.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Directors' Report

Share options

There were no options granted during the financial year 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 ("AC") at the end of the financial year were as follows:-

Tan Soo Kiat (Chairman)
Yeo Chien Sheng Nelson
Ong Seh Hong

All members of the Audit Committee were non-executive directors.

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 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 international financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board of Directors for approval;

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

(d) To review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

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

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

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

(h) To review any potential conflicts of interest;

(i) To review the procedures by which employees of the Group may, in confidence, report to the Chairman of the 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 will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

Directors' Report

for the financial year ended 31 May 2011

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 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 the Management's response.

The AC has full access to the Company's internal auditor and the 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 quarterly. 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 AC has reviewed the quantum and nature of fees, expenses and emoluments paid for non-audit services performed by the external auditors and are satisfied that the provision of such services would not affect the independence of the external auditors.

On behalf of the directors

Lim Tze Jong
Director

Varghese John
Director

22 July 2011

Statement by Directors
for the financial year ended 31 May 2011

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group set out on pages 35 to 80 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 May 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

Lim Tze Jong
Director

Varghese John
Director

22 July 2011

Independent Auditor's Report

to the Members of Dyna-Mac Holdings Ltd.

We have audited the accompanying financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 35 to 80, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 May 2011, 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 that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets 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 controls 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 controls. 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.

Independent Auditor’s Report
to the Members of Dyna-Mac Holdings Ltd.

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 state of affairs of the Group and of the Company as at 31 May 2011, and the results, 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.

Nexia TS Public Accounting Corporation
Public Accountant and Certified Public Accountants
Director in-charge: Kristin Kim
(Appointed since financial year ended 31 May 2008)

Singapore

22 July 2011

Balance Sheets

as at 31 May 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	4	**81,992**	33,246	**21,755**	11
Trade and other receivables	5	**67,758**	52,882	**75,635**	14,977
Inventories	6	**2,002**	2,688	**–**	–
Construction contracts	7	**30**	–*	**–**	–
Other current assets	8	**349**	2,151	**60**	–
		152,131	90,967	**97,450**	14,988
Non-current assets					
Club memberships		**407**	77	**–**	–
Investment in subsidiaries	9	**–**	–	**25,476**	25,531
Investment in an associated company	10	**63**	81	**–**	–
Investment properties	11	**9,942**	9,916	**–**	–
Property, plant and equipment	12	**65,581**	63,689	**–**	–
		75,993	73,763	**25,476**	25,531
Total assets		**228,124**	164,730	**122,926**	40,519
LIABILITIES					
Current liabilities					
Trade and other payables	13	**74,674**	102,696	**600**	13,450
Borrowings	14	**4,529**	4,632	**–**	–
Current income tax liabilities		**3,988**	5,034	**–**	–
		83,191	112,362	**600**	13,450
Non-current liabilities					
Borrowings	14	**12,078**	16,636	**–**	–
Deferred income tax liabilities	16	**4,941**	5,741	**–**	–
		17,019	22,377	**–**	–
Total liabilities		**100,210**	134,739	**600**	13,450
NET ASSETS		**127,914**	29,991	**122,326**	27,069
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	**99,603**	26,476	**99,603**	26,476
Foreign currency translation reserve		**(50)**	(42)	**–**	–
Retained profits		**28,361**	3,515	**22,723**	593
		127,914	29,949	**122,326**	27,069
Non-controlling interests		**–**	42	**–**	–
Total equity		**127,914**	29,991	**122,326**	27,069

** Amount is less than $1,000.*

Consolidated Statement of Comprehensive Income

for the financial year ended 31 May 2011

	Note	Group 2011 $'000	2010 $'000
Revenue	18	**167,851**	218,541
Cost of sales		**(117,524)**	(167,758)
Gross profit		**50,327**	50,783
Other income	19	**2,033**	2,460
Administrative expenses		**(21,669)**	(20,323)
Finance expenses	20	**(753)**	(766)
Share of loss of an associated company		**(28)**	(46)
Profit before income tax		**29,910**	32,108
Income tax expense	23	**(5,064)**	(6,657)
Net profit		**24,846**	25,451
Other comprehensive income:-			
Currency translation differences arising from consolidation		**(8)**	20
Total comprehensive income, net of tax		**24,838**	25,471
Profit attributable to:-			
Equity holders of the Company		**24,846**	25,452
Non-controlling interests		**–**	(1)
		24,846	25,451
Total comprehensive income attributable to:-			
Equity holders of the Company		**24,838**	25,472
Non-controlling interests		**–**	(1)
		24,838	25,471
Earnings per share attributable to equity holders of the Company (cents per share)			
- Basic/diluted	24	**3.24**	3.56

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 May 2011

	Attributable to equity holders of the Company					
	Share capital $'000	Retained profits $'000	Foreign currency translation reserve* $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2011						
Beginning of financial year	26,476	3,515	(42)	29,949	42	29,991
Total comprehensive income for the year	–	24,846	(8)	24,838	–	24,838
Disposal of a subsidiary	–	–	–	–	(42)	(42)
Shares issued pursuant to Initial Public Offering ("IPO")	75,567	–	–	75,567	–	75,567
Share issue expenses	(2,440)	–	–	(2,440)	–	(2,440)
End of financial year	**99,603**	**28,361**	**(50)**	**127,914**	**–**	**127,914**
2010						
Beginning of financial year	26,476	63	(62)	26,477	43	26,520
Total comprehensive income for the year	–	25,452	20	25,472	(1)	25,471
Interim dividends paid (Note 25)	–	(22,000)	–	(22,000)	–	(22,000)
End of financial year	**26,476**	**3,515**	**(42)**	**29,949**	**42**	**29,991**

** Foreign currency translation reserve is non-distributable.*

Consolidated Statement of Cash Flows

for the financial year ended 31 May 2011

	Note	Group 2011 $'000	Group 2010 $'000
Cash flows from operating activities			
Net profit		**24,846**	25,451
Adjustments for			
- Income tax expense		**5,064**	6,657
- Depreciation of property, plant and equipment	12	**6,671**	5,844
- (Gain)/loss on disposal of property, plant and equipment		**(54)**	33
- Write-off of property, plant and equipment	12	**342**	1,503
- Impairment in investment in club memberships		**–**	11
- Interest income	19	**(63)**	(25)
- Interest expense	20	**753**	766
- Share of loss of an associated company		**28**	46
- Reversal of costs related to old completed project		**(10,251)**	–
- Unrealised currency translation loss		**43**	20
		27,379	40,306
Changes in working capital			
- Trade and other receivables		**(14,850)**	(8,495)
- Construction contract work-in-progress		**(30)**	1,154
- Inventories		**686**	4,484
- Other current assets		**1,802**	(1,067)
- Trade and other payables		**(4,391)**	8,311
Cash generated from operations		**10,596**	44,693
Interest received		**37**	25
Income tax paid		**(6,910)**	(3,658)
Net cash provided by operating activities		**3,723**	41,060
Cash flows from investing activities			
- Additions to property, plant and equipment		**(9,256)**	(20,998)
- Improvements to investment properties		**(26)**	(203)
- Disposal of property, plant and equipment		**750**	222
- Investment in an associated company		**(13)**	(127)
- Additions to club membership		**(371)**	–
- Disposal of club membership		**41**	–
Net cash used in investing activities		**(8,875)**	(21,106)

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

Consolidated Statement of Cash Flows

for the financial year ended 31 May 2011

	Note	Group 2011 $'000	Group 2010 $'000
Cash flows from financing activities			
- Repayment of lease liabilities		**(708)**	(317)
- Repayment of borrowings		**(4,300)**	(17,026)
- Proceeds from borrowings		**–**	22,500
- Proceeds from issuance of ordinary shares		**73,127**	–
- Interest expense paid		**(753)**	(766)
- Dividends paid to equity holders of the Company		**(13,422)**	(8,886)
- Increase in short-term bank deposits		**(20,020)**	(10,324)
Net cash provided by/(used in) financing activities		**33,924**	(14,819)
Net increase in cash and cash equivalents		**28,772**	5,135
Cash and cash equivalents			
Beginning of financial year		**13,304**	8,172
Effects of currency translation on cash and cash equivalents		**(46)**	(3)
End of financial year	4	**42,030**	13,304

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

Notes to the Financial Statements

for the financial year ended 31 May 2011

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

These financial statements were authorised for issue in accordance with resolution of the directors on 22 July 2011.

1 General information

Dyna-Mac Holdings Ltd (the "Company") is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and 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 activities of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 9 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 its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical 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.

Interpretations and amendments to published standards effective in 2010

On 1 June 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant 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 Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as disclosed below:-

(a) FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)

Please refer to Note 2.2(a)(ii) for the revised accounting policy on business combinations.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(b) FRS 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009)

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Note 2.2(a)(iii) for the revised accounting policy on changes in ownership interest that results in a lost of control and Note 2.2(b) for that on changes in ownership interests that do not result in lost of control.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 **Significant accounting policies** (continued)

2.1 **Basis of Preparation** (continued)

Interpretations and amendments to published standards effective in 2010 (continued)

(c) Amendment to FRS 7 *Cash Flow Statements* (effective for annual periods beginning on or after 1 January 2010)

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously, such expenditure could be classified as investing activities in the statement of cash flows.

This change has been applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current or prior years.

2.2 **Group accounting**

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are 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 are that part of the net results of operations and of net assets of a subsidiary 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) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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.

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of businesses (continued)

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 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 the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposal of subsidiaries or businesses

When a change in the Company'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 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 interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment 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 and associated company" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transaction with non-controlling interests

Changes in the Company'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 Group. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated company

Associated company is an entity, over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 Significant accounting policies (continued)

2.2 Group accounting (continued)

(c) Associated company (continued)

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated company have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gains or losses arising from partial disposals or dilutions in investment in associated company are recognised in profit or loss.

Investment in associated company is derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

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

2.3 Property, plant and equipment

(a) Measurement

(i) Freehold land and building

Freehold land and building are initially recognised at cost. Building and leasehold land are subsequently carried at the revalued amount less accumulated depreciation and accumulated impairment losses.

All other decreases in carrying amounts are charged to the statement of comprehensive income.

(ii) Other property, plant and equipment

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

(iii) 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

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated on a straight-line basis to allocate their depreciable amounts over their estimated useful lives as follows:-

Building	–	50 years
Office building	–	22 years
Furniture and fittings and office equipments	–	5 years
Computers	–	3 years
Site building and yard improvement	–	5 – 22 years
Site equipment and tools	–	5 years
Motor vehicles	–	5 years

2 **Significant accounting policies** (continued)

2.3 **Property, plant and equipment** (continued)

(b) Depreciation (continued)

Site building, equipment and yard improvement under construction are stated at cost. Site building, equipment and yard improvement under construction are not depreciated as these assets are not available for use.

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.

(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 net disposal proceeds and its carrying amount is recognised in profit or loss within 'Other income'. Any amount revaluation reserve relating to that asset is transferred to retained profits directly.

2.4 **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. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.5 **Investment properties**

Investment properties are held for the primary purpose of producing rental income and are not held for resale in the ordinary course of business.

Investment properties are initially recognised at cost and subsequently carried at fair value determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 **Investments in subsidiaries and associated company**

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

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 Significant accounting policies (continued)

2.7 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated company

Property, plant and equipment and investments in subsidiaries and associated company 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset 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 an 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.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.8 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.

Loan and receivables

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" and "cash and cash equivalents" on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of 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. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

2 Significant accounting policies (continued)

2.8 Financial assets (continued)

(b) Recognition and derecognition (continued)

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(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.

Loans and receivables

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 allowance for impairment loss account 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.

2.9 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.

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 **Significant accounting policies** (continued)

2.9 **Construction contracts** (continued)

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

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

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2.10 **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.

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.

2.11 **Trade and other payables**

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

2.12 **Derivative financial instruments**

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.

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

2.13 **Fair value estimation of financial assets and liabilities**

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 **Significant accounting policies** (continued)

2.14 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) Finance leases

Leases where the Group assumes substantially the 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 property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair values 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) 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.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:-

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

Operating leases

Leases of investment properties where the Group retains substantially all risks and reward 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 lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the profit or loss when earned.

2.15 Inventories

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 finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowings costs.

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 **Significant accounting policies** (continued)

2.16 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, associated companies and joint ventures, 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.

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.

2.17 Provisions

Provision is 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.

2.18 Employee compensation

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

Defined contribution plans

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.

Notes to the Financial Statements
for the financial year ended 31 May 2011

2 Significant accounting policies (continued)

2.19 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 translation 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, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

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 the currency translation reserve.

2.20 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.

2.21 Cash and cash equivalents

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

2.22 Share capital

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

2.23 Dividends to company's shareholders

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

Notes to the Financial Statements

for the financial year ended 31 May 2011

2 Significant accounting policies (continued)

2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.25 Revenue recognition

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

(a) Contract revenue

Revenue from fabrication of topside process module for Module Business and Ad-hoc Project (Other services) is recognised based on percentage of completion method in proportion to the stage of completion, provided that the outcome of such work can be reliably estimated.

Please refer to the paragraph "Construction Contracts" for more details on accounting policy for revenue from construction contracts.

(b) Rental income

Rental income from operating leases (net of any incentives given to the lesees) is recognised on a straight-line basis over the lease term.

(c) Interest Income

Interest income is recognised using the effective interest method.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

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.

(a) 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 contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists. Details of construction contracts are disclosed in Note 7.

3 Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Details of trade receivables are disclosed in Note 5.

(c) Income taxes

The Group is subject to income taxes in Singapore and Malaysia. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of income tax and deferred income tax is disclosed in Note 23 and Note 16 respectively.

4 Cash and cash equivalents

	Group		**Company**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**42,030**	13,304	**21,755**	11
Short-term bank deposits	**39,962**	19,942	**–**	–
	81,992	33,246	**21,755**	11

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:-

	Group		**Company**	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents (as above)	**81,992**	33,246	**21,755**	11
Less: Bank deposits pledged	**(18,000)**	(19,103)	**–**	–
Less: Bank deposits with maturity more than 3 months	**(21,962)**	(839)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**42,030**	13,304	**21,755**	11

Bank deposits are pledged in relation to the security granted for some borrowings (Note 14 (a)).

Notes to the Financial Statements
for the financial year ended 31 May 2011

5 Trade and other receivables

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**53,194**	25,543	**–**	–
- Related party	**42**	1,009	**–**	–
	53,236	26,552	**–**	–
Less: Allowance for impairment of receivables – non-related parties (Note 30(b)(ii))	**(166)**	(1,647)	**–**	–
Trade receivables – net	**53,070**	24,905	**–**	–
Construction contracts				
- Due from customers (Note 7)	**13,308**	27,101	**–**	–
Non-trade amounts due from subsidiaries	**–**	–	**75,635**	14,977
Staff loans	**87**	25	**–**	–
Other receivables	**1,293**	851	**–**	–
	67,758	52,882	**75,635**	14,977

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

6 Inventories

	Group	
	2011	2010
	$'000	$'000
Steels and other raw materials	**2,002**	2,688

The cost of materials recognised as an expense and included in "cost of sales" amounts to $24,543,000 (2010: $58,889,000).

7 Construction contracts

	Group	
	2011	2010
	$'000	$'000
Construction contract work-in-progress:-		
Beginning of financial year	**–***	1,154
Contract costs incurred	**117,553**	166,604
Contract expenses recognised in profit or loss	**(117,523)**	(167,758)
End of financial year	**30**	–*
Aggregate costs incurred and profits recognised (less recognised losses) to date on uncompleted construction contracts	**152,758**	203,417
Less: Progress billings	**(139,816)**	(176,316)
	12,942	27,101
Presented as:-		
Due from customers on construction contracts (Note 5)	**13,308**	27,101
Due to customers on construction contracts (Note 13)	**(366)**	–
	12,942	27,101
Advances received on construction contracts (Note 13)	**1,218**	4,401

** Amount is less than $1,000.*

8 Other current assets

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Deposits	**201**	515	**–**	–
Prepayments	**148**	337	**60**	–
Deferred IPO costs	**–**	1,299	**–**	–
	349	2,151	**60**	–

Notes to the Financial Statements
for the financial year ended 31 May 2011

9 Investment in subsidiaries

	Company 2011 $'000	2010 $'000
Unquoted equity investments, at cost		
Beginning of financial year	**25,531**	25,531
Disposal	**(55)**	–
End of financial year	**25,476**	25,531

Details of subsidiaries are as follows:-

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2011 %	2010 %
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
Dyna-Mac Marine and Heavy Engineering Pte. Ltd. [(a)]	Contractors for project management, engineering, fabrication and installation of marine works	Singapore	**100**	100
Dyna-Mac Offshore Services Pte. Ltd. (formerly known as "Dyna-Mac Marine & Offshore Services Pte. Ltd.") [(a)]	Contractors for repair and marine works	Singapore	**100**	100
Dyna-Mac Engineering (HK) Pte Limited	Provides project management services for projects in the People's Republic of China	Hong Kong	**100**	100
Dyna-Mac Corrosion Technology Pte. Ltd.[(d)]	Contractors for sandblasting and painting	Singapore	**–**	100
Dyna-Mac Fabricator Pte. Ltd.[(d)]	Contractors for construction works	Singapore	**–**	100
DMP Engineering Singapore Pte. Ltd.[(d)]	Contractors for project management, engineering and construction of barges	Singapore	**–**	55
Held by Dyna-Mac Engineering Sevices Pte Ltd				
Dyna-Mac Engineering Services Sdn. Bhd. [(c)]	Contractors for construction works	Malaysia	**100**	100

9 Investment in subsidiaries (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2011 %	Equity holding 2010 %
Held by Dyna-Mac Offshore Services Pte. Ltd. and Dyna-Mac Marine and Heavy Engineering Pte. Ltd.				
Dyna-Mac Do Brasil Construcoes Ltda. [(b)]	(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**	–

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.
(b) Not required to be audited under the law of the country of incorporation.
(c) Audited by TY Teoh & Co Chartered Accountants, Malaysia, for local statutory purpose.
(d) Struck off from the Singapore Register of Companies during the financial year.

10 Investment in an associated company

	Group 2011 $'000	Group 2010 $'000
Unquoted equity investments, at cost		
Beginning of financial year	**81**	–
Investment	**12**	127
Share of loss	**(30)**	(46)
End of financial year	**63**	81
The summarised financial information of associated company is as follows:-		
- Assets	**63**	270
- Liabilities	**–**	–*
- Revenue	**–**	–
- Net loss	**(23)**	(154)

** Amount is less than $1,000.*

Notes to the Financial Statements

for the financial year ended 31 May 2011

10 Investment in an associated company (continued)

Details of investment in an associated company is as follows:-

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2011 %	Equity holding 2010 %
Held by Dyna-Mac Engineering Services Sdn. Bhd.				
Eminent Offshore & Heavy Engineering Sdn. Bhd. [a]	Contractors for project management, engineering and construction of barges	Malaysia	**33**	33

(a) Audited by TY & Associates, Malaysia, for local statutory purpose.

11 Investment properties

	Group 2011 $'000	Group 2010 $'000
Beginning of financial year	**9,916**	9,713
Improvements	**26**	203
End of financial year	**9,942**	9,916

Investment properties are carried at fair values at the balance sheet date as determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best-use using the sales comparison/investment/cost method.

Investment properties are leased to non-related parties under operating lease (Note 26(c)).

Investment properties are mortgaged to secure bank borrowings (Note 14(a)).

The following amounts are recognised in profit and loss:-

	Group 2011 $'000	Group 2010 $'000
Rental income (Note 19)	**154**	248
Direct operating expenses arising from:-		
- Investment properties that generated rental income	**(144)**	(221)

Notes to the Financial Statements

for the financial year ended 31 May 2011

12 Property, plant and equipment

	Freehold Land and Building $'000	Office Building $'000	Furniture and Fittings and Office Equipments $'000	Computers $'000	Site Building and Yard Improvement $'000	Site Equipment and Tools $'000	Motor Vehicles $'000	Site Building, Equipment and Yard Improvement under Construction $'000	Total $'000
Group									
2011									
Cost									
Beginning of financial year	126	933	3,353	1,404	58,609	18,624	1,374	–	84,423
Additions	–	–	88	107	2,179	769	696	5,764	9,603
Disposals	(126)	–	–	–	–	(42)	(913)	–	(1,081)
Written-off	–	–	–	–	–	(477)	–	–	(477)
End of financial year	–	933	3,441	1,511	60,788	18,874	1,157	5,764	92,468
Accumulated depreciation									
Beginning of financial year	30	707	1,604	1,170	6,190	10,562	471	–	20,734
Charge for the financial year	1	12	298	162	2,608	3,293	297	–	6,671
Disposals	(31)	–	–	–	–	(43)	(309)	–	(383)
Written-off	–	–	–	–	–	(135)	–	–	(135)
End of financial year	–	719	1,902	1,332	8,798	13,677	459	–	26,887
Net book value									
End of financial year	**–**	**214**	**1,539**	**179**	**51,990**	**5,197**	**698**	**5,764**	**65,581**

Notes to the Financial Statements

for the financial year ended 31 May 2011

12 Property, plant and equipment (continued)

	Freehold Land and Building $'000	Office Building $'000	Furniture and Fittings and Office Equipments $'000	Computers $'000	Site Building and Yard Improvement $'000	Site Equipment and Tools $'000	Motor Vehicles $'000	Site Building, Equipment and Yard Improvement under Construction $'000	Total $'000
Group									
2010									
Cost									
Beginning of financial year	123	933	3,138	1,285	39,805	16,411	1,194	2,246	65,135
Additions	–	–	215	119	17,795	2,170	547	451	21,297
Disposals	–	–	–	–	–	–	(367)	–	(367)
Transfer	–	–	–	–	2,654	43	–	(2,697)	–
Written-off	–	–	–	–	(1,645)	–	–	–	(1,645)
Currency translation differences	3	–	–	–	–	–	–	–	3
End of financial year	126	933	3,353	1,404	58,609	18,624	1,374	–	84,423
Accumulated depreciation									
Beginning of financial year	28	696	1,321	1,019	4,384	7,363	333	–	15,144
Charge for the financial year	2	11	283	151	1,948	3,199	250	–	5,844
Disposals	–	–	–	–	–	–	(112)	–	(112)
Written-off	–	–	–	–	(142)	–	–	–	(142)
Currency translation differences	–*	–	–	–	–	–	–	–	–*
End of financial year	30	707	1,604	1,170	6,190	10,562	471	–	20,734
Net book value									
End of financial year	**96**	**226**	**1,749**	**234**	**52,419**	**8,062**	**903**	**–**	**63,689**

(a) Included in additions in the consolidated financial statements are motor vehicles acquired by under finance leases amounting to $671,000 (2010: $299,000).

The carrying amounts of site equipment and tools, and motor vehicles held under finance leases are $209,000 (2010: $309,000) and $662,000 (2010: $886,000) respectively at the balance sheet date.

(b) Bank borrowings are secured on freehold land, building and office buildings of the Group with carrying amounts of $17,766,000 (2010: $18,703,000).

** Amount is less than $1,000.*

Notes to the Financial Statements
for the financial year ended 31 May 2011

13 Trade and other payables

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade payables to:-				
- Non-related parties	**66,375**	77,491	**–**	–
Construction contracts				
- Advances received (Note 7)	**1,218**	4,401	**–**	–
- Due to customers (Note 7)	**366**	–	**–**	–
	1,584	4,401	**–**	–
Non-trade amounts due to:-				
- An associate company	**22**	–	**–**	–
- A director	**267**	–	**–**	–
	289	–	**–**	–
Other payables	**1,034**	890	**358**	–
Accrual for staff bonus	**1,883**	2,514	**–**	–
Employee tax retention	**1,169**	1,068	**–**	–
Dividends payable	**–**	13,422	**–**	13,422
Other accrual for operating expenses	**2,340**	2,910	**242**	28
	74,674	102,696	**600**	13,450

The non-trade amounts due to an associated company and a director are unsecured, interest-free and are repayable on demand.

Notes to the Financial Statements

for the financial year ended 31 May 2011

14 Borrowings

	Group	
	2011	2010
	$'000	$'000
Current		
Bank borrowings	**4,284**	4,294
Finance lease liabilities (Note 15)	**245**	338
	4,529	4,632
Non-Current		
Bank borrowings	**11,974**	16,264
Finance lease liabilities (Note 15)	**104**	372
	12,078	16,636
Total borrowings	**16,607**	21,268

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

	Group	
	2011	2010
	$'000	$'000
Not later than one year	**4,529**	4,632
Between one and five years	**7,453**	10,481
Over five years	**4,625**	6,155
Total borrowings	**16,607**	21,268

(a) Security granted

At the balance sheet date, bank borrowings of the Group are secured over certain bank deposits (Note 4), a legal mortgage over the Group's freehold land and office buildings (Note 12(b)) and investment properties (Note 11). Finance lease liabilities of the Group are secured by the rights to the leased motor vehicles and site equipment and tools (Note 12(a)), which will revert to the lessor in the event of default by the Group.

(b) Fair value of non-current borrowings

As at the balance sheet date, the fair values of non-current borrowings approximate their carrying amounts. Subsequent to the financial year, bank borrowings amounting to $13,729,444 have been repaid to the banks using the proceeds from the initial public offering.

15 Finance lease liabilities

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

	Group	
	2011	2010
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**256**	376
- Between one and five years	**108**	400
	364	776
Less: Future finance charges	**(15)**	(66)
Present value of finance lease liabilities	**349**	710

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

	Group	
	2011	2010
	$'000	$'000
- Not later than one year (Note 14)	**245**	338
- Between one and five years (Note 14)	**104**	372
Total	**349**	710

16 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	
	2011	2010
	$'000	$'000
Deferred income tax liabilities		
- To be settled within one year	**617**	655
- To be settled after one year	**4,324**	5,086
	4,941	5,741

Notes to the Financial Statements

for the financial year ended 31 May 2011

16 Deferred income taxes (continued)

Movement in deferred income tax account is as follows:-

	Group	
	2011	2010
	$'000	$'000
Accelerated tax depreciation		
Deferred income tax liabilities		
Beginning of financial year	**5,741**	4,340
Tax (credited)/charged to profit or loss (Note 23(a))	**(800)**	1,401
End of financial year	**4,941**	5,741

17 Share capital

	No. of ordinary shares	**Amount $'000**
Group and Company		
2011		
Beginning of financial year	26,475,853	26,476
After sub-division of shares	714,285,000	26,476
Shares issued pursuant to initial public offering	215,907,000	75,567
Share issue expenses	–	(2,440)
End of financial year	930,192,000	99,603
2010		
Beginning and end of financial year	26,476,853	26,476

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 dividend as and when declared by the Company.

On 16 February 2011, the shareholders approved, inter alia, the sub-division of the entire share capital of the Company into 27 ordinary shares for every one existing ordinary share.

Pursuant to the initial public offering, the Company issued 215,907,000 ordinary shares for a total consideration of $73,127,409 net of listing expenses of $2,440,041, for cash. The newly issued shares rank pari passu in all respects with the previously issued shares.

18 Revenue

	Group	
	2011	2010
	$'000	$'000
Module business	**165,414**	214,061
Ad-hoc projects (other services)	**2,437**	4,480
	167,851	218,541

19 Other income

	Group	
	2011	2010
	$'000	$'000
Interest income – bank deposits	**63**	25
Foreign exchange gain, net	**–**	645
Gain on disposal of property, plant and equipment	**54**	–
Rental income:-		
- Warehouse, office and container	**124**	845
- Investment properties (Note 11)	**154**	248
Government Grant - Jobs credit scheme	**36**	462
Write-back of allowance for impairment of trade receivables	**1,481**	–
Other	**121**	235
	2,033	2,460

The jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help business preserve jobs in the economic downturn. The amount an employer can receive depends on the fulfilment of certain conditions under in the scheme.

20 Finance expenses

	Group	
	2011	2010
	$'000	$'000
Interest expense		
- Bank borrowings	**708**	721
- Finance lease liabilities	**45**	45
	753	766

Notes to the Financial Statements

for the financial year ended 31 May 2011

21 Expenses by nature

	Group	
	2011	2010
	$'000	$'000
Materials	**24,543**	58,889
Sub-contractor's charges [(a)]	**69,226**	80,809
Direct overheads [(b)]	**20,986**	25,012
Rental of workshop and sites	**2,769**	3,048
Depreciation of property, plant and equipment	**707**	590
Allowance for impairment of trade receivables	**–**	1,512
Impairment in investment of club memberships	**–**	11
Entertainment and refreshment	**567**	922
Transportation and travelling	**957**	995
Repair and maintenance	**843**	915
Employee compensation (Note 22)	**12,280**	12,290
Legal and professional fees	**1,753**	298
Loss on disposal of property, plant and equipment	**–**	33
Marketing cost	**436**	–
Insurance	**591**	512
Advertisement	**371**	411
Property tax	**729**	430
Telephone and telefax	**208**	236
Rental of equipment	**158**	108
Foreign exchange loss, net	**695**	–
Other	**1,374**	1,060
Total cost of sales and administrative expenses	**139,193**	188,081

(a) Included in the sub-contractor charges for financial years ended 31 May 2011 and 2010 is write-off of property, plant and equipment amounting to $146,000 (2010: $1,503,000).

(b) Included in the direct overhead expenses for financial years ended 31 May 2011 and 2010 is depreciation of property, plant and equipment directy used in the projects amounting to $5,964,000 (2010: $5,254,000).

22 Employee compensation

	Group	
	2011	2010
	$'000	$'000
Wages, salaries and bonuses	**10,653**	10,926
Employer's contribution to defined contribution plans including Central Provident Fund	**603**	581
Other short-term benefits	**1,024**	783
	12,280	12,290

23 Income taxes

(a) Income tax expense

	Group	
	2011	2010
	$'000	$'000
Tax expense attributable to profit is made up of:-		
- Current income tax	**5,910**	3,924
- Deferred income tax	**(436)**	1,401
	5,474	5,325
(Over)/under provision in prior financial years:-		
- Current income tax	**(46)**	1,332
- Deferred income tax	**(364)**	–
	5,064	6,657

The tax on the Group's profit differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:-

	Group	
	2011	2010
	$'000	$'000
Profit before income tax	**29,910**	32,108
Tax calculated at rate of 17% (2010: 17%)	**5,085**	5,458
Effects of		
- Expenses not deductible for tax purposes	**299**	76
- Income not subject to tax	**(21)**	(173)
- Partial tax exemption	**(26)**	(36)
- Deferred tax asset not recognised	**99**	–
- Other	**38**	–
Tax charge	**5,474**	5,325

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unrecognised tax losses of approximately $582,000 (2010: Nil) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date and are not recognised as it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits.

Notes to the Financial Statements
for the financial year ended 31 May 2011

23 Income taxes (continued)

(b) Movements in current income tax liabilities

	Group 2011 $'000	2010 $'000
Beginning of financial year	**5,034**	3,436
Currency translation differences	**–**	–*
Income tax paid	**(6,910)**	(3,658)
Tax expense	**5,910**	3,924
(Over)/under provision in prior financial years	**(46)**	1,332
	3,988	5,034

** Amount is less than $1,000.*

24 Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. Diluted earnings per share are adjusted for the effect of all dilutive potential ordinary shares.

	Group 2011	2010
Net profit attributable to equity holders of the Company ($'000)	**24,846**	25,452
Weighted average number of ordinary shares outstanding ('000)	**765,920**	714,285
Basic/diluted earnings per share (cents per share)	**3.24**	3.56

25 Dividends

	Group 2011 $'000	2010 $'000
Ordinary dividends paid		
Interim tax exempt (one-tier) dividends of $0.83 per share issued and fully paid	**–**	22,000

At the Annual General Meeting on 13 September 2011, a final dividend of $0.02 cents per share amounting to a total of $18,603,840 will be recommended. These financial statements do not reflect this dividend, which will be amounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 May 2012.

Notes to the Financial Statements

26 Commitments

(a) *Capital commitments*

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

	Group 2011 $'000	Group 2010 $'000
Property, plant and equipment	**23,155**	–

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

The Group leases various copiers and yards 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 2011 $'000	Group 2010 $'000
Not later than one year	**2,473**	2,797
Between one and five years	**9,664**	9,082
Over five years	**37,427**	37,320
	49,564	49,199

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

The Group leases out dormitory and office containers 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 2011 $'000	Group 2010 $'000
Not later than one year	**23**	77

Notes to the Financial Statements
for the financial year ended 31 May 2011

27 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) Revenue, purchases and other expenses

	Group	
	2011	2010
	$'000	$'000
Transactions with Speedgrow International Pte. Ltd.		
Supply of manpower services	**–**	(10)
Sub-contracting services for fabrication of structural steel	**–**	(125)
Supply of machine and equipment	**(269)**	(1,295)
Worker accommodation and utilities	**–**	(1)
Transactions with L & W United Engineering Pte. Ltd.		
Supply of manpower services	**(194)**	(1,326)
Sub-contracting services for steel and piping fabrication	**(2,599)**	(1,950)
Rental income of container office and equipment	**5**	5
Workers accommodation and utilities	**5**	101
Transactions with Jobel Holdings Pte. Ltd.		
Rental of luxury yachts	**–**	(21)
Transactions with Jobel Lifestyle Pte. Ltd.		
Rental of luxury yachts	**(78)**	(56)
Transactions with Keppel Shipyard Limited		
Fabrication of topside module	**700**	–
Other ad-hoc projects (other services)	**21**	–

Note:
Speedgrow International Pte. Ltd., L & W United Engineering Pte. Ltd., Jobel Holdings Pte. Ltd. and Jobel Lifestyle Pte. Ltd. are companies owned by close family member of the Group's key management personnel.

Outstanding balances as at 31 May 2011, arising from transactions with related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Note 5 and 13 respectively.

27 Related parties transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:-

	Group	
	2011	2010
	$'000	$'000
Directors		
Wages and salaries	**2,203**	1,197
Employer's contribution to defined contribution plans, including Central Provident Fund	**21**	17
	2,224	1,214
Senior Management		
Wages and salaries	**734**	1,502
Employer's contribution to defined contribution plans, including Central Provident Fund	**59**	30
	793	1,532
	3,017	2,746

28 Contingencies

Wier LGE Process ("WLGE") had engaged Dyna-Mac Engineering Services Pte Ltd ("DMES") as sub-contractor to carry out fabrication works for four refrigeration skids. DMES is now alleging breach of contract by WLGE, and is claiming for the sum of US$3,039,344 (i.e. approximately $4,271,494) for work carried out and completed by DMES.

WLGE has denied that it is in breach and has alleged that DMES was in breach of contract by failing to complete the remaining two skids, and has indicated its claim for breach of contract and costs of repairs to the completed skids as £1,460,094 (i.e. approximately $2,941,213).

Both parties have indicated their intentions to go for arbitration, but neither party has initiated arbitration under the International Chamber of Commerce. DMES is examining its claim in detail by consulting an international project management consultancy firm to obtain a technical opinion so it may proceed with its claim against WLGE.

At the date of this report, the directors are of the view that no contingent liabilities and assets should be recognised in respect of these legal claims as the outcome of the respective claims are uncertain.

Notes to the Financial Statements

for the financial year ended 31 May 2011

29 Segment information

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

The Board of Directors considers the business from both a geographic and business segment perspective. Management manages and monitors the business in the two primary business segments: Module business and Ad-hoc project (other services).

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

	Module Business $'000	Ad-hoc Project (Other Services) $'000	Total $'000
2011			
Sales			
Total segment sales - sales to external parties	165,414	2,437	167,851
Gross profit	47,909	2,418	50,327
Other income			2,033
Administrative expenses			(21,669)
Finance expenses			(753)
Share of loss of an associated company			(28)
Profit before income tax			29,910
Income tax expense			(5,064)
Net profit			24,846
Net profit includes:-			
Depreciation	6,574	97	6,671
Total assets	130,030	3,961	133,991
Total assets includes:-			
Additions to property, plant and equipment	9,464	139	9,603
Total liabilities	66,996	963	67,959

Notes to the Financial Statements

for the financial year ended 31 May 2011

29 Segment information (continued)

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.

	Module Business $'000	Ad-hoc Project (Other Services) $'000	Total $'000
2010			
Sales			
Total segment sales - sales to external parties	214,061	4,480	218,541
Gross profit	48,221	2,562	50,783
Other income			2,460
Administrative expenses			(20,323)
Finance expenses			(766)
Share of loss of associated company			(46)
Profit before income tax			32,108
Income tax expense			(6,657)
Net profit			25,451
Net profit includes:-			
Depreciation	5,725	119	5,844
Total assets	111,114	7,269	118,383
Total assets includes:-			
Additions to property, plant and equipment	20,861	436	21,297
Total liabilities	80,303	1,589	81,892

The Board of Directors assesses the performance of the operating segments 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 expense. 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 May 2011

29 Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:-

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 the property, plant and equipment, work-in-progress, inventories and receivables attributable to each segment.

All assets are allocated to reportable segments other than relate to cash and cash equivalents, other receivables and other current assets, club memberships, investment in an associated company, investment properties.

	2011 $'000	2010 $'000
Segment assets for reportable segments	**133,991**	118,383
Unallocated		
– Cash and cash equivalents	**81,992**	33,246
– Other receivables	**1,380**	876
– Other current assets	**349**	2,151
– Club memberships	**407**	77
– Investment in an associated company	**63**	81
– Investment properties	**9,942**	9,916
	228,124	164,730

Reportable segments' liabilities are reconciled to total liabilities as follows:-

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, borrowings, current income tax liabilities and deferred income tax liabilities.

	2011 $'000	2010 $'000
Segment liabilities for reportable segments	**67,959**	81,892
Unallocated		
– Other payables	**6,715**	20,804
– Borrowings	**16,607**	21,268
– Current income tax liabilities	**3,988**	5,034
– Deferred income tax liabilities	**4,941**	5,741
	100,210	134,739

29 Segment information (continued)

The Group's sales, based on the customers' location, are mainly in countries such as Japan, Monaco, United States of America, Netherlands, Norway, United Kingdom, Singapore and Malaysia.

	2011	2010
	$'000	$'000
Asia Pacific	**91,078**	122,299
Europe	**76,773**	91,020
United States of America	**–**	5,222
	167,851	218,541

The Group's property, plant and equipment are located in the following countries:-

	2011	2010
	$'000	$'000
Singapore	**65,581**	63,593
Malaysia	**–**	96
	65,581	63,689

30 Financial risk management

Financial risk factors

The Group's activities expose it to market 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.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophies are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

(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 their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"). The Group manages the foreign exchange exposure arising from future commercial transactions and recognised assets and liabilities by a policy of matching as far as possible, receipt and payments in each individual currency.

Notes to the Financial Statements
for the financial year ended 31 May 2011

30 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

In addition, the Group hedges the foreign currency exposure for foreign currency denominated contract by entering into foreign currency forward contracts.

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

	SGD $'000	USD $'000	Other $'000	Total $'000
2011				
Financial assets				
Cash and cash equivalents	76,271	5,313	408	81,992
Trade and other receivables	57,781	9,846	131	67,758
Other financial assets	184	–	17	201
	134,236	15,159	556	149,951
Financial liabilities				
Borrowings	(16,607)	–	–	(16,607)
Trade and other payables	(74,375)	(200)	(99)	(74,674)
	(90,982)	(200)	(99)	(91,281)
Net financial assets	43,254	14,959	457	58,670
Add: Net non-financial assets	69,180	–	64	69,244
Currency profile including non-financial assets and liabilities	112,434	14,959	521	127,914
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	14,959	443	15,401

30 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $'000	USD $'000	Other $'000	Total $'000
2010				
Financial assets				
Cash and cash equivalents	30,214	2,017	1,015	33,246
Trade and other receivables	51,993	156	733	52,882
Other financial assets	515	–	–	515
	82,722	2,173	1,748	86,643
Financial liabilities				
Borrowings	(21,251)	–	(17)	(21,268)
Trade and other payables	(101,778)	(254)	(664)	(102,696)
	(123,029)	(254)	(681)	(123,964)
Net financial assets/(liabilities)	(40,307)	1,919	1,067	(37,321)
Add: Net non-financial assets	67,297	–	15	67,312
Currency profile including non-financial assets and liabilities	26,990	1,919	1,082	29,991
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	–	1,919	(94)	1,825

The Company does not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar ("SGD").

If the USD changes against the SGD by 5% (2010: 5%) with all other variables including tax rate being held constant, the effects to the Group's net profit arising from the net financial liability/asset position will be as follows:-

	Group	
	2011 $'000	2010 $'000
USD against SGD		
- Strengthen	**748**	96
- Weakened	**(748)**	(96)

Notes to the Financial Statements

for the financial year ended 31 May 2011

30 **Financial risk management** (continued)

(a) ***Market risk*** (continued)

(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 interest rate risk mainly arises from bank borrowing at fixed interest rates. The Group manages Its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The Group's policy is to maintain 45%–55% of its borrowings in fixed rate instruments. The Group's exposure to cash flow interest rate risks arises mainly from non-current variable rate borrowings. The Group manages these cash flow interest rate risks by using floating-to-fixed interest rate swaps.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated in SGD. If the SGD interest rate increase/decrease by 0.5% (2010: 0.5%) with all other variables including tax rate being held constant, the impact to the net profit as a result of higher/lower interest expense on these borrowings is assessed as being not material.

(b) ***Credit risk***

Credit Risk refers to the risk that debtors will default on its contractual obligations. A substantial portion of the Group's revenue is on credit term or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered.

Concentration of credit risk with respect to the accounts receivable is limited since the Group trades only with recognised and creditworthy third parties, who are mostly internationally dispersed. The Group also has policies in place to ensure that services are provided to customers with appropriate guaranteed letters of credit from registered banks of the customers' home countries. The management monitors these trade receivables closely and consider the risk of default by these customers to be minimal as the debts are fairly current.

As the Group and the 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.

The Group has concentration of credit risk with major customers. The trade receivables of the Group comprise 3 debtors (2010: 3 debtors) that represented 95 - 98% of trade receivables.

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

	Group	
	2011	2010
	$'000	$'000
By geographical areas		
Asia Pacific	**19,538**	19,497
Europe	**33,532**	3,813
United States of America	**–**	1,595
	53,070	24,905
By types of customers		
Related parties	**42**	1,009
Non-related parties		
- Foreign	**49,313**	18,942
- Local	**3,715**	4,954
	53,070	24,905

30 Financial risk management (continued)

(b) Credit risk (continued)

(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 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	
	2011	2010
	$'000	$'000
Past due 0 to 3 months	**18,884**	8,565
Past due 3 to 6 months	**–**	862
Past due over 6 months	**–**	3,762
	18,884	13,189

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:-

	Group	
	2011	2010
	$'000	$'000
Gross amount	**166**	1,647
Less: Allowance for impairment (Note 5)	**(166)**	(1,647)
	–	–
Beginning of financial year	**1,647**	630
Allowance made	**–**	1,512
Allowance utilised	**–**	(495)
Written back	**(1,481)**	–
End of financial year	**166**	1,647

The impaired trade receivables arise mainly from construction revenue from customers which are under dispute and no longer contactable.

(c) Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient cash, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

The Group manages its working capital requirements with the view to minimise cost and maintain a healthy level of liquidity appropriate to the operating environment and expected cash flow of the Group. Working capital requirements are maintain within the credit facilities established and are adequate and available to the Group to meet its obligations.

Notes to the Financial Statements

for the financial year ended 31 May 2011

30 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group			
At 31 May 2011			
Trade and other payables	74,674	–	–
Borrowings	4,529	7,453	4,625
	79,203	7,453	4,625
At 31 May 2010			
Trade and other payables	102,696	–	–
Borrowings	4,632	10,509	6,155
	107,328	10,509	6,155
Company			
At 31 May 2011			
Trade and other payables	600	–	–
At 31 May 2010			
Trade and other payables	13,450	–	–

(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 and optimal capital structure, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

The Group is also required by bank to maintain a consolidated gearing ratio of not exceeding 1.5 times (2010: 1.5 times), ratio debt/EBITDA not more than 3.0 times (2010: 3.0 times) and EBITA/interest expense not more than 2.0 times.

Management monitors capital based on gearing ratio. The Group strategies which remain unchanged during the financial years ended 31 May 2011 and 2010 are to maintain a gearing ratio not exceeding 1.5 times.

30 Financial risk management (continued)

(d) Capital risk (continued)

The gearing ratio is calculated as total bank borrowings divided by total equity. Total equity is defined as paid up capital plus retained earnings and excluding asset revaluation reserves, other intangible assets and loans to related companies.

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Total debt	**16,607**	21,268	**–**	–
Total equity	**127,914**	29,991	**122,326**	27,069
Gearing ratio	**0.13**	0.7	**NM**	NM

NM: Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 May 2010 and 2011.

31 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 on or after 1 January 2011 or later periods and which the Group has not early adopted:-

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to FRS 32 Financial Instruments: Presentation – Classification of rights issues (effective for annual periods beginning on or after 1 February 2010)
- Amendments to INT FRS 114 – Prepayments of a minimum funding requirement (effective for annual periods commencing on or after 1 January 2011)
- INT FRS 119 Extinguishing financial liabilities with equity instruments (effective for annual periods commencing on or after 1 July 2010)

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, except for the amendments to FRS 24 – Related Party Disclosures.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

Interested Person Transactions

The Company has established procedures whereby transactions with interested persons are reported in a timely manner to the AC so as to ensure compliance with the rules and regulations under Chapter 9 of the Singapore Exchange's Listing Manual.

The following interested person transactions took place between the Group and interested persons during the financial year at terms agreed by the parties concerned:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$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 S$100,000)	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
PURCHASES AND OTHER EXPENSES				
Transactions with Speedgrow International Pte. Ltd. ("Speedgrow")				
Sub-contracting services for fabrication of structural steel by Speedgrow	–	125	–	–
Supply of machine and equipment by Speedgrow	269	1,295	–	–
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication by L&W	2,599	1,950	–	–
Supply of manpower services by L&W	194	1,326	–	–
REVENUE				
Keppel Shipyard Limited ("KSL")				
Fabrication of topside module	–	–	700*	–

* The Company is seeking the ratification and approval of this past interested person transaction by shareholders at the Extraordinary General Meeting that is scheduled to be held on 13 September 2011, details of which are set out in the Circular dated 26 August 2011.

Analysis Of Shareholdings

As at 11 August 2011

Class of Shares	:	Ordinary Shares
Number of Ordinary Shares in issue	:	930,192,000
Voting Rights per share	:	1 vote per ordinary share
Treasury shares	:	Nil

Range of Shareholdings	No. of shareholders	%	No. of Shares	%
1 – 999	–	0.00	–	0.00
1,000 – 10,000	1,836	48.87	12,618,000	1.36
10,001 – 1,000,000	1,896	50.47	109,029,000	11.72
1,000,001 and above	25	0.66	808,545,000	86.92
	3,757	100.00	930,192,000	100.00

Based on the information available to the Company as at 11 August 2011, approximately 22.62% 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.

Major Shareholders List – Top 20 as at 11 August 2011

No.	Name of Shareholder	No. of Shares Held	%
1	LIM TZE JONG	464,285,000	49.91
2	KS INVESTMENTS PTE LTD	250,000,000	26.88
3	DBSN SERVICES PTE LTD	21,305,000	2.29
4	HSBC (SINGAPORE) NOMINEES PTE LTD	14,397,000	1.55
5	CITIBANK NOMINEES SINGAPORE PTE LTD	7,977,000	0.86
6	KIM ENG SECURITIES PTE. LTD.	7,158,000	0.77
7	DBS NOMINEES PTE LTD	5,601,000	0.60
8	OCBC SECURITIES PRIVATE LTD	4,189,000	0.45
9	PHILLIP SECURITIES PTE LTD	4,048,000	0.43
10	DBS VICKERS SECURITIES (S) PTE LTD	3,747,000	0.40
11	UOB KAY HIAN PTE LTD	3,225,000	0.34
12	LEE PATT YONG	2,300,000	0.25
13	LIM & TAN SECURITIES PTE LTD	2,125,000	0.23
14	LIM TJEW YOK	2,000,000	0.22
15	VARGHESE JOHN	2,000,000	0.22
16	YEO CHUNG SUN	2,000,000	0.22
17	KOH CHIN CHAI	1,568,000	0.17
18	TAN KWEE HOON	1,500,000	0.16
19	TEO BOON HWEE	1,500,000	0.16
20	TIONG SAI LAN	1,500,000	0.16
		802,425,000	86.27

Analysis Of Shareholdings

As at 11 August 2011

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	%
LIM TZE JONG	464,285,000	–	464,285,000	49.91
KS INVESTMENTS PTE LTD[1]	250,000,000	–	250,000,000	26.88
KEPPEL OFFSHORE & MARINE LIMITED[1][2]	–	250,000,000	250,000,000	26.88
KEPPEL CORPORATION LIMITED[2][3]	–	250,000,000	250,000,000	26.88
TEMASEK HOLDINGS (PRIVATE) LIMITED[3]	–	250,000,000	250,000,000	26.88

Notes:

[1] 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.

[2] 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.

[3] Temasek Holdings (Private) Limited is deemed by virtue of Section 7(4A) of the Act to have an interest in the shares held by Keppel Corporation Limited.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Pan Pacific Singapore, Ocean 4, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 13 September 2011 at 11.00 a.m. for the purpose of transacting the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 May 2011 together with the Reports of the Directors and Auditors. (Resolution 1)

2. To declare the First and Final Tax Exempt One-Tier Dividend of $0.02 per share for the financial year ended 31 May 2011. (Resolution 2)

3. To approve Directors' Fees of $62,500 for the financial year ended 31 May 2011. (Resolution 3)

4. To approve Directors' Fees of $125,000 for the financial year ending 31 May 2012 to be paid to the Independent Directors quarterly in arrears. (Resolution 4)

5. To re-elect Mr Lim Tze Jong who retires in accordance with Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 5)

   Mr Lim Tze Jong will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee.

6. To re-elect Mr Lim Tjew Yok who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 6)

7. To re-elect Mr Varghese John who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 7)

8. To re-elect Mr Yeo Chien Sheng Nelson who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 8)

   Mr Yeo Chien Sheng Nelson will, upon re-election as a Director of the Company, remain as a member of the Audit and Nominating Committees.

9. To re-elect Mr Tan Soo Kiat who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 9)

   Mr Tan Soo Kiat will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

10. To re-elect Dr Ong Seh Hong who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 10)

    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.

11. To appoint PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 11)

Notice of the Annual General Meeting

AS SPECIAL BUSINESS

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

12. Authority to allot and issue shares (Resolution 12)

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 allot and 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 and allotted) 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 annual 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.

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

BY ORDER OF THE BOARD

Liew Meng Ling / Lee Kim Lian Juliana
Joint Company Secretaries

Date : 26 August 2011
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) 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.

3) 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.

4) The Transfer Book and Register of Members of the Company will be closed on 22 September 2011 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, M & C Services Private Limited of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. on 21 September 2011 will be registered to determine shareholders' entitlement to the proposed first and final dividend. Shareholders whose securities account with The Central Depository (Private) Limited are credited with shares at 5.00 p.m. on 21 September 2011 will be entitled to the proposed dividends. Payment of the said dividends, if approved by shareholders at the Annual General Meeting, will be made on 6 October 2011.

Explanatory Notes on Special Business to be Transacted

Resolution 11: The Ordinary Resolution proposed under item 11 relates to the proposed appointment of Messrs PricewaterhouseCoopers LLP as independent auditors of the Company in place of Messrs Nexia TS Public Accounting Corporation who are auditors of the Group and would be retiring at the Annual General Meeting. Please refer to the Appendix relating to the proposed Change of Auditors.

Resolution 12: 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.

Proxy Form

Annual General Meeting

DYNA-MAC HOLDINGS LTD.

Company Registration No. 200305693E
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Dyna-Mac Holdings Ltd. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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)

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

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("AGM") of the Company, to be held at Pan Pacific Singapore, Ocean 4, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 13 September 2011 at 11.00 a.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.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business:		
1	Adoption of Directors' and Auditors' Reports and Financial Statements		
2	Declaration of First and Final Tax Exempt One-Tier Dividend		
3	Approval of Directors' Fees for the year ended 31 May 2011		
4	Approval of Directors' Fees for the year ending 31 May 2012		
5	Re-election of Mr Lim Tze Jong who is retiring in accordance with Article 91 of the Company's Articles of Association		
6	Re-election of Mr Lim Tjew Yok who is retiring in accordance with Article 97 of the Company's Articles of Association		
7	Re-election of Mr Varghese John who is retiring in accordance with Article 97 of the Company's Articles of Association		
8	Re-election of Mr Yeo Chien Sheng Nelson who is retiring in accordance with Article 97 of the Company's Articles of Association		
9	Re-election of Mr Tan Soo Kiat who is retiring in accordance with Article 97 of the Company's Articles of Association		
10	Re-election of Dr Ong Seh Hong who is retiring in accordance with Article 97 of the Company's Articles of Association		
11	Appointment of PricewaterhouseCoopers LLP as Auditors		
	Special Business:		
12	Authority to allot and issue shares pursuant to Section 161 of the Companies Act (Chapter 50)		

Dated this __________ day of ____________________ 2011.

Total Number of Shares held	

____
Signature(s) of Member(s)/Common Seal
(Please read notes overleaf)

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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 entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies, whether a member or not, to attend and vote instead of him.

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. 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.

5. 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.

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

7. 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.

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 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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