

Expanding Our Frontiers



VISION

To construct and deliver high quality topside 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.

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CORPORATE PROFILE

A multi-disciplinary offshore fabrication specialist with core focus in FPSO / FSO topside modules.

Established in Singapore in 1990, Dyna-Mac Holdings Ltd. (精研控股有限公司) 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 undertakes general engineering and fabrication services for specialised structures for semi-submersibles and sub-sea products. Since 1998, Dyna-Mac has successfully delivered over 178 topside modules to its customers who are amongst the world's largest owners and operators of FPSOs/FSOs 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.

OUR existing YARD

Located at 31, 33, 45 and 59 Gul Road and 13 Pandan Crescent, Dyna-Mac's yard facilities are large, modern and well-equipped to fabricate heavy-duty topside modules and specialised structures. Using modern technology and equipment and integrated facilities, Dyna-Mac has established a conducive environment for operational efficiency and safety, and timely delivery of projects.



Main yard at Gul Road



Yard at Pandan Crescent

OUR newly leased YARDS

In July 2012, the Group added a yard located in Nansha, Guangzhou, the People's Republic of China, with an area of about 100,000 square meters.

In August 2012, the Group leased a yard in Johor, Malaysia, with an area of 211,000 square meters.

In December 2012, preparation work was undergoing to lease an area within Keppel Subic's shipyard in the Philippines.



Yard at Nansha



Yard at Keppel Subic



Yard at Johor

A Message from our Chairman & CEO

DEAR SHAREHOLDERS,

2012 has been a busy and rewarding year for the Dyna-Mac Group. We undertook a total of eleven projects in our yards, some completely loaded out, while the rest are at different stages of completion. Our existing yard facilities operated at full capacity for most part of the year. Revenue for the Group increased by 81.6% to close at \$215m. Correspondingly, gross profit increased by 50.7% to \$57m.

DIVIDEND

The Group is proposing a final cash dividend of \$0.02 per share for the year ended 2012. This represents a dividend payout of 72% of our 2012 profit.

GROWTH STRATEGY

We are pleased to receive repeat orders from our long term customers, and our recently developed customers. In 2012, we added two new customers to our customer list. We will continue to expand our customer base.

Keeping up with the efforts in expanding overseas to increase our yard production capacity, the Group acquired DMP Marine Fabricator (Nansha) Co., Ltd in July 2012. DMP Marine Fabricator has a leased yard of about 100,000 square meters and is situated in Nansha, Guangzhou, the People's Republic of China. This yard is able to support our customer in topside modules fabrication for FPSO / FSO being converted in Guangzhou, China.

Pursuant to our collaboration with Keppel Shipyard, the Group formed a subsidiary, Dyna-Mac Keppel Philippines Inc, with KS Investment Pte Ltd as its partner. Dyna-Mac Keppel Philippine's operations is sited within Keppel Subic's shipyard to undertake a project for topside module fabrication awarded by Keppel Subic.

In order to increase our total capacity, the Group leased a yard in Johor, Malaysia of about 211,000 square meters. Improvement work and equipment installation is in progress to prepare the yard for production.

The Group also completed the acquisition of Haven Automation Industries (S) Pte Ltd on 26 March 2013 with a factory located in Jurong to provide for additional production capacity.

\$215mil
TOTAL REVENUE

\$57mil
GROSS PROFIT



Mr DESMOND LIM TZE JONG
Executive Chairman & CEO

REVENUE FOR THE GROUP INCREASED BY 81.6% TO CLOSE AT \$215M. CORRESPONDINGLY, GROSS PROFIT INCREASED BY 50.7% TO \$57M. 9

A Message from our Chairman & CEO

OUTLOOK

Our order book as at 26 February 2013 is \$134 million. With Brent crude prices of about US\$100 per barrel, the Group is seeing active tender enquiries. By increasing our yard production capacity, the Group is well positioned to take up new large fabrication projects.



APPRECIATION

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 FY2012. I would also like to record my thanks to my fellow directors for their advice and guidance.

We are also 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 deliver another year of good performance.



FINANCIAL HIGHLIGHTS

REVENUE & PROFIT (\$'M)

	FY May 2009 (12 months)	FY May 2010 (12 months)	FY May 2011 (12 months)	FP Dec 2011 (7 months)	FY Dec 2012 (12 months)
Revenue	121	219	168	50	215
Gross Profit	28	51	50	13	57
GP Margin	23%	23%	30%	26%	26%
Profit after tax	8	25	25	6	28
PAT Margin	7%	11%	15%	12%	13%

BALANCE SHEET (\$'M)

	FY May 2009	FY May 2010	FY May 2011	FP Dec 2011	FY Dec 2012
Total assets	131	165	228	159	265
Total liabilities	104	135	100	44	81
Net assets	27	30	128	115	184

CASH FLOWS (\$'M)

	FY May 2009 (12 months)	FY May 2010 (12 months)	FY May 2011 (12 months)	FP Dec 2011 (7 months)	FY Dec 2012 (12 months)
Net cash from / (used in) operating activities	34	41	4	(3)	10
Net cash (used in) investing activities	(18)	(21)	(30)	(3)	(27)
Net cash (used in) / provided by financing activities	(12)	(15)	55	(17)	41
Cash and cash equivalents	8	13	42	18	43
Add: short term bank deposits	10	20	40	10	20
Cash and bank balances	18	33	82	28	63

FINANCIAL INDICATORS

	FY May 2011 (12 months)	FP Dec 2011 (7 months)	FY Dec 2012 (12 months)
EPS (Cents)	3.2	0.6	3.0
Dividend (Cents)	2.0	0.5	2.0
ROE	20%	5%	19%
Gearing	0.1	0.0	0.0

USE OF PROCEEDS RAISED FROM IPO (\$'M)

	Amount allocated	Amount utilised as at 31 Dec 2012	Balance
a. Expansion of yard facility at 13 Pandan Crescent	8	8	0
b. Upgrading and expansion of yard facility at Main Yard	12	12	0
c. Acquisition of additional equipment and machinery	7	7	0
d. Expansion of operations overseas	20	5	15
e. General working capital	26	26	0
Total	73	58	15

USE OF PROCEEDS RAISED FROM PLACEMENT (\$'M)

	Amount allocated	Amount utilised as at 31 Dec 2012	Balance
a. General working capital	46	0	46
Total	46	0	46

THE YEAR IN REVIEW



2012 saw its share of global economic difficulties in dealing with the Eurozone crisis and the U.S. fiscal cliff. Brent crude prices of about US\$100 per barrel during 2012 continued to provide support to the prospects in our sector. Accordingly, the Group received active tender enquiries for new projects. Amidst such operating environment, the Group continued to grow by seizing opportunities to expand overseas.

FINANCIAL REVIEW

The main yard of the Group at Gul Road operated at full capacity from the 2nd quarter of 2012. The Group's revenue increased by \$96.7m or 81.6% from \$118.6m in FY2011 (12 months proforma) to \$215.3m in FY2012. The increase was due to higher volume of projects and related variation orders in FY2012.

Gross profit for FY2012 increased by \$19.1m or 50.7% from \$37.6m in FY2011 to \$56.7m in FY2012. Gross profit margin decreased by 5.4 percentage points from 31.7% in FY2011 to 26.3% in FY2012 due to a higher

proportion of variation orders recognized in FY2011 compared to FY2012.

The Group continued to maintain a healthy balance sheet with cash and bank balances of \$62.6 million. The Group maintained minimal gearing and achieved an average current ratio of 2.1. The cash and bank balances at 31 December 2012 was largely due to the net proceeds of \$45.7 million raised from a placement exercise in October 2012.

OPERATION REVIEW

2012 was a year of strong performance. The Group completed and loaded out 14 topside modules, 10 pipe racks and 1 structural block. Ad-hoc projects undertaken by the Group included an FPSO turret and subsea pipes.

These projects were awarded from our long term and recently developed customers, as well as two new customers secured in 2012.



In line with its expansion plan, the Group acquired a company with a yard under operating lease in Nansha, Guangzhou, China which was renamed DMP Marine Fabricator (Nansha) Co., Ltd (“DMP”). DMP started operation and contribution to the Group from July 2012.

Over at Subic, Philippines, the Group formed a subsidiary, Dyna-Mac Keppel Philippines Inc, with KS Investment as our partner to undertake a project for topside modules from Keppel Subic. Production has commenced in the 1st quarter of 2013 and the project is expected to complete in the 3rd quarter of 2014.

Nearer home, the Group leased a yard in Johor, Malaysia to increase the Group’s production capacity. Improvement work and equipment installation is in progress to prepare the yard for production.

The Group completed the acquisition of Haven Automation Industries (S) Pte Ltd on 26 March 2013 which provides additional production capacity in Singapore.

OUTLOOK

As at 26 February 2013, the Group’s order book is \$134 million and it has a healthy tender book. The Group will continue to focus on safety, quality and on-time delivery of projects to achieve another year of good performance.

BOARD of DIRECTORS



**MR DESMOND
LIM TZE JONG**
Executive Chairman
and CEO



**MR VARGHESE
JOHN**
Chief Corporate and
Technical Officer
and Executive Director



**MR LIM
TJEW YOK**
Chief Operating Officer
and Executive Director



**MR SIMON TEO
BOON HWEE**
Alternate Director to
Mr Desmond Lim Tze Jong



**MR TAN
SOO KIAT**
Lead Independent
Director



**DR ONG
SEH HONG**
Independent
Director



**MR MICHAEL
CHIA HOCK CHYE**
Non-Executive Director
(appointed on 8 November 2012)



**MR YEO CHIEN
SHENG NELSON**
Non-Executive Director
(ceased on 4 September 2012)



**MR WONG
NGIAM JIH**
Alternate Director to Mr
Yeo Chien Sheng Nelson
(ceased on 4 September 2012)

1. 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 its 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 26 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.

2. MR VARGHESE JOHN

Chief Corporate and Technical Officer and Executive Director

Mr Varghese John, who joined Dyna-Mac in 1999, oversees the Company's overall operational functions of the departments of Quantity Surveyor, Quality Assurance and Quality Control, Safety and Security, Engineering, Human Resource and overseas Project Management in the Philippines. Mr Varghese John brings with him more than 31 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 John is also a member of the Singapore Welding Society and a member of the Indian Institute of Welding.

3. MR LIM TJEW YOK

Chief Operating Officer and Executive Director

Mr Lim, or TY as he is better known, joined Dyna-Mac in 2001 and is responsible for the Yard and facilities Management, Development and Maintenance, Project Management, which encompasses piping, structure, mechanical, painting, E&I, stone production administration, document control, planning, HVAC, rigging and welding and overseas Project Management in Malaysia. He has adeptly managed projects involving the design, procurement, construction, installation and commissioning of more than 100

topside modules and hull of the semi-submersibles. Additionally, he is currently the Project Director for our fabrication of the biggest turret in the Dyna-Mac Group. 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.

4. MR SIMON TEO BOON HWEE

Alternate Director to Mr Desmond Lim Tze Jong and Chief Marketing Officer

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, procurement, sub-contracting as well as coordination and administration of overseas markets. Backed by over 14 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.

5. 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 17 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 three other SGX-listed companies.

BOARD of DIRECTORS

6. DR ONG SEH HONG

Independent Director

Dr Ong was appointed to Dyna-Mac's Board on 8 February 2011. He is currently 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) of 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 MRCPsych 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 other SGX-listed companies.

7. MR MICHAEL CHIA HOCK CHYE

Non-executive Director (appointed on 8 November 2012)

Currently holding the position of Managing Director (Marine) of Keppel Offshore & Marine Ltd, Mr Chia oversees Keppel O & M's Marine Division which includes Keppel Shipyard, Keppel Singmarine and other marine-related overseas yards. Concurrently Mr Chia serves as Director, Group Strategy & Development of Keppel Corporation Ltd, Managing Director (Technology) of Keppel Offshore & Marine Ltd, and Managing Director of Keppel Offshore Technology Centre. A Colombo Plan scholar (1974), Mr Chia possesses a first class honours degree in Bachelor of Science from the University of Newcastle-Upon-Tyne, U.K. in Naval Architecture & Shipbuilding and a Masters in Business Administration (1987) from the National University of Singapore. He also possesses a Graduate Certificate in International Arbitration (2005) from the National University of Singapore. Mr Chia served in various Senior Management positions with experience in Corporate Development, Engineering, Operations and Commercial. Mr Chia is appointed as Chairman of Singapore Maritime Foundation (SMF) from 1 Jan 2010 and served as Board member of SMF since 2005. Mr Chia was formerly President of the Association of Singapore Marine Industries (ASMI) from June 2005 to May 2009. He was a member of Ngee Ann Polytechnic Council from April 2006 to 31 March 2012.

8. MR YEO CHIEN SHENG NELSON

Non-executive Director (ceased on 4 September 2012)

Appointed to Dyna-Mac's Board on 8 February 2011, Mr Yeo is previously 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.

9. MR WONG NGIAM JIH

Alternate Director to Mr Yeo Chien Sheng Nelson (ceased on 4 September 2012)

Mr Wong was appointed as an alternate director to Mr Yeo Chien Sheng Nelson 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 has obtained fellow membership of the Association of Chartered Certified Accountants in 2002. Ms. Tiong completed the Executive Education Programme for Driving Corporate Performance with the Harvard Business School in 2012.



MR PETER LOH NYEN FOH

Vice-President (Operations)

With over 15 years of experience in the marine engineering industry, Mr Loh is responsible for the Group's Procurement, Quantity Survey and Sub-contracts functions. He first joined the Group in 2008 and left for BW Offshore in 2011 as a Construction Manager in charge of topsides. He returned to the Group in March 2012 to take up his current role as Vice-President, Operations Affairs. Prior to Dyna-Mac, Mr Loh gained valuable experience from engineering companies and shipyards including Rotary Engineering Pte Ltd, Singapore Technologies Marine Pte Ltd and Sembawang Shipyard Pte Ltd, where he spent 8 years. Mr Loh holds a Diploma in Marine Engineering from the Singapore Polytechnic.



MR PARK YONG KAP

General Manager (Business Development)

Mr Park joined the Group in June 2011 and is responsible for the business development, marketing and advertising activities of the Group. Mr Park brings with him almost 20 years of working experience, 17 of which were spent at the Geoe Shipyard, Seoul Headquarter, and the Singapore office of Samsung Heavy Industries Co., Ltd where he held key managerial roles in shipsales and marketing, commercial, technical and offshore business development. During his years at Samsung, Mr Park played an integral role in developing and maintaining harmonious working relationships with customers, most of whom are ship owners and oil and gas majors with a presence in South East Asia and Australia. Mr Park holds a Bachelor's Degree (Bsc) in Naval Architect from INHA University in Korea.



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 19 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 INFORMATION

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BOARD OF DIRECTORS

Mr Desmond Lim Tze Jong
Executive Chairman and
Chief Executive Officer

Mr Varghese John
Executive Director and
Chief Corporate and Technical Officer

Mr Lim Tjew Yok
Executive Director and
Chief Operating Officer

Mr Tan Soo Kiat
Lead Independent Director

Dr Ong Seh Hong
Independent Director

Mr Michael Chia Hock Chye
Non-executive Director

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

JOINT COMPANY SECRETARIES

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

SHARE REGISTRAR

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

PRINCIPAL BANKER

Oversea-Chinese Banking
Corporation Limited
65 Chulia Road
Singapore 049513

AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00, PWC Building
Singapore 048424

Partner-in-charge:
Daniel Khoo
(appointed since 2011)

SOLICITOR

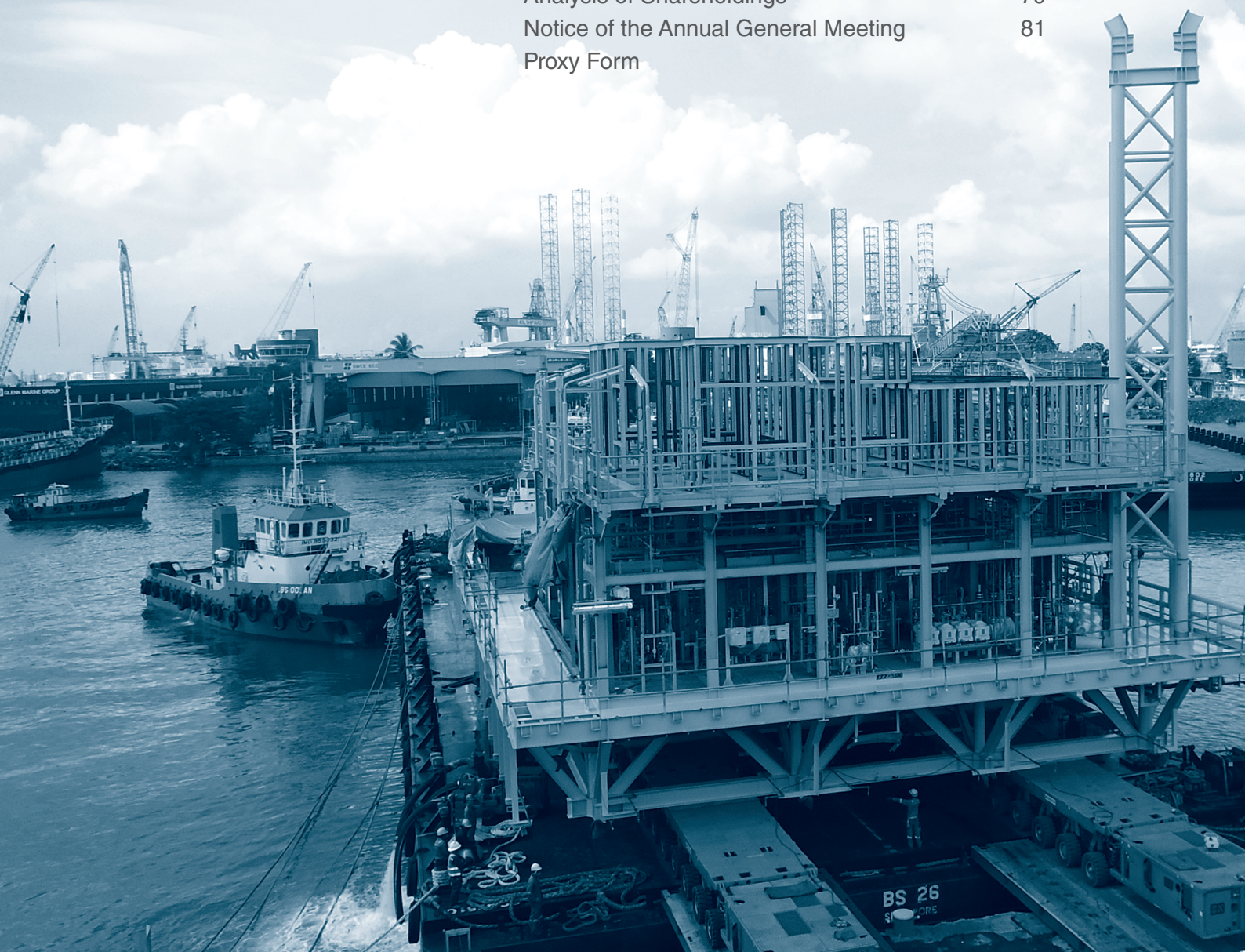
RHT Law LLP
6 Battery Road
#10-01
Singapore 049909

Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) was the Issue Manager of Dyna-Mac Holdings Ltd.'s Initial Public Offering. Canaccord Genuity Singapore Pte. Ltd and UOB Kay Hian Private Limited were the Joint Underwriters and Joint Placement Agents of the Invitation.

FINANCIAL REPORT

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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. The Company aims to comply with the recommendations of the Code of Corporate Governance 2005 (“Code”) through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. The statement describes the Company’s corporate governance processes and actions with reference to the Code, Listing Manual of the Singapore Exchange Securities Trading Limited, the Singapore Companies Act, and the Audit Committee Guidebook.

THE 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 ended 31 December 2012, four scheduled Board Meetings were held. Ad hoc meetings are held when the circumstances require. Details relating to the number of Board and Committee Meetings held during this financial year and the attendance of the Directors are set out on Page 28 of this Report.

Corporate Governance Report

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the Management. 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 dominates the decisions of the Board. Non-Executive Directors, when presented with proposals for their consideration, will evaluate the assumptions made by the Management and these Directors also provide guidance to Management on different aspects of the Company's business. The 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.

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 fulfil 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.

Corporate Governance Report

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

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

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

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 Yeo Chien Sheng Nelson	(Member) (ceased on 4 September 2012)
Mr Michael Chia Hock Chye	(Member) (appointed on 8 November 2012)

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

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

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

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

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.

Corporate Governance Report

The remuneration of Directors of the Company for the financial year ended 31 December 2012 is set out below:

Remuneration band & name of directors of the Company	Directors' Fee %	Salary %	Variable Performance Related Bonus %	Allowances & Benefits %	Total %
Above \$500,000:					
Lim Tze Jong ⁽¹⁾	–	91%	6%	3%	100%
Varghese John	–	91%	6%	3%	100%
Above \$250,000:					
Lim Tjew Yok ⁽¹⁾	–	93%	7%	–	100%
Teo Boon Hwee	–	93%	7%	–	100%
Below \$250,000:					
Tan Soo Kiat	100%	–	–	–	100%
Ong Seh Hong	100%	–	–	–	100%
Yeo Chien Sheng Nelson ⁽²⁾	100%	–	–	–	100%
Wong Ngiam Jih ⁽³⁾	–	–	–	–	–
Michael Chia Hock Chye ⁽⁴⁾	100%	–	–	–	100%

The remuneration of the key executives of the Company for the financial year ended 31 December 2012 is set out below:

Remuneration band & name of key executives of the Company	Directors' Fee %	Salary %	Variable Performance Related Bonus %	Allowances & Benefits %	Total %
Above \$250,000:					
Tiong Sai Lan	–	91%	6%	3%	100%
Park Yong Kap	–	81%	19%	–	100%
Below \$250,000:					
Loh Nyen Foh ⁽⁵⁾	–	92%	6%	2%	100%
Pangilinan Armando Agsaway ⁽⁶⁾	–	86%	14%	–	100%
Chong Swee Lee	–	83%	17%	–	100%

(1) Mr Lim Tze Jong and Mr Lim Tjew Yok are siblings.

(2) Mr Yeo Chien Sheng Nelson ceased to be a director on 4 September 2012.

(3) Mr Wong Ngiam Jih ceased to be an alternate director to Mr Yeo Chien Sheng Nelson on 4 September 2012.

(4) Mr Michael Chia Hock Chye was appointed as a director on 8 November 2012.

(5) Mr Loh Nyen Foh joined the Group on 1 March 2012.

(6) Mr Pangilinan Armando Agsaway resigned on 9 February 2013.

Saved as disclosed above, there is no immediate family member of a Director whose remuneration has exceeded \$150,000 for the financial year ended 31 December 2012.

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) (ceased on 4 September 2012)
Mr Michael Chia Hock Chye	(Member) (appointed on 8 November 2012)
Mr Tan Soo Kiat	(Member)

Our Nominating Committee is responsible for:

- (a) re-nomination of our Directors having regard to our Directors' contribution and performance;
- (b) determining annually whether or not a director is independent; and
- (c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director.

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

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

ACCOUNTABILITY AND AUDIT

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

Accountability

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's and Group's performance, position and prospects.

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 and a Non-Executive Director:

Mr Tan Soo Kiat	(Chairman)
Mr Yeo Chien Sheng Nelson	(Member) (ceased on 4 September 2012)
Mr Michael Chia Hock Chye	(Member) (appointed on 8 November 2012)
Dr Ong Seh Hong	(Member)

Corporate Governance Report

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 auditor and the internal auditor including the results of the external audit and internal auditors' review and evaluation of the system of internal controls;
- (b) To review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board of Directors for approval;
- (c) To review the periodic consolidated financial statements comprising the statements of comprehensive income and the balance sheets and such other information required by the Listing Manual, before submission to the Board of Directors for approval;
- (d) To review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) To review the co-operation given by the Management to the external auditors;
- (f) To recommend to the Board, the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- (g) To review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (h) To review any potential conflicts of interest;
- (i) To review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- (j) To undertake such other reviews and projects as may be requested by the Board of Directors, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (k) To review all non-audit services provided by the external auditors to ensure that they would, not in the Committee's opinion, affect the independence of the auditors;
- (l) To review the adequacy of the Company's internal financial controls, operational and compliance controls and risk management policies and systems established by the Management;
- (m) To review and approve foreign exchange hedging policies implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (n) To undertake generally such other functions and duties as may be required by law or the Listing Manual, and by such amendments made thereto from time to time; and
- (o) To review and discuss with the external auditors any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position and Management's response.

Corporate Governance Report

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

The AC meets with the external auditors, without the presence of the Management at least once annually. The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in engaging PricewaterhouseCoopers LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore incorporated subsidiaries. The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, PricewaterhouseCoopers LLP, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid and payable by the Group to the external auditors for the financial year ended 31 December 2012 was approximately S\$639,000, of which audit fees amounted to approximately S\$375,000 and non-audit fees amounted to approximately S\$264,000.

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

Whistle-Blower Policy

High ethical standards and professional conduct is expected of staff. The Group has communicated to all staff the conduct and discipline expected of them. It has implemented the Whistle-Blower Policy which provides for the mechanisms by which employees, of all levels, may in confidence raise concerns about possible improprieties in financial reporting or other matters. The first reporting channel would be the CEO and if that is not suitable, the 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 acknowledges that it is responsible for the overall internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets. However, the Board and the AC recognise that no system of internal controls will preclude all errors, irregularities, material financial misstatements or loss, nor can it provide absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

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

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

Corporate Governance Report

INTERNAL AUDIT

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

The Company outsources its internal audit function to a professional internal audit firm ("IA"). Through the IA, the Group has established its Enterprise Risk Management Framework to manage its risks exposure. The IA has undertaken the Enterprise Strategy and Risk Assessment to produce an Enterprise Risk Management Report for review by the AC.

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

The IA assists the AC to independently review the system of internal controls as established by the Management of the Company and its Singapore incorporated subsidiaries which 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.

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

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 practice 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. 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 material unpublished price sensitive information and during the period commencing two weeks before the announcement of the Company's quarterly financial statements, or one month before the announcement of the Company's full year financial results, as the case maybe, and ending on the date of announcement of such financial results. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

Corporate Governance Report

Attendance at Board and Committee Meetings during the financial year ended 31 December 2012

Name	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lim Tze Jong	4	4	4	4	1	1	1	1
Varghese John	4	4	4	4	1	1	1	1
Lim Tjew Yok	4	4	4	4	1	1	1	1
Tan Soo Kiat	4	4	4	4	1	1	1	1
Dr Ong Seh Hong	4	4	4	4	1	1	1	1
Yeo Chien Sheng Nelson ⁽¹⁾	4	3	4	3	1	1	1	1
Michael Chia Hock Chye ⁽²⁾	4	1	4	1	1	N/A	1	N/A

(1) Mr Yeo Chien Sheng Nelson ceased to be a director on 4 September 2012

(2) Mr Michael Chin Hock Chye was appointed as a director on 8 November 2012

Interested Person Transactions

For the financial year ended 31 December 2012

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/period at terms agreed by the parties concerned:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	12 months ended 31 Dec 2012 \$'000	12 months ended 31 Dec 2011 \$'000	12 months ended 31 Dec 2012 \$'000	12 months ended 31 Dec 2011 \$'000
PURCHASES AND OTHER EXPENSES				
Transactions with Speedgrow International Pte. Ltd. ("Speedgrow")				
Supply of machine and equipment by Speedgrow	–	151	–	–
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication by L&W	2,528	2,135	–	–
REVENUE				
Keppel Shipyard Limited				
Fabrication of topside module	–	–	7,572	8,812
Other adhoc projects (other services)	–	–	796	–
Keppel FELS Limited				
Other adhoc projects	–	–	772	4,306

Directors' Report

For the financial year ended 31 December 2012

The directors present their report to the shareholders together with the audited financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2012.

CHANGE OF FINANCIAL YEAR END DATE

On 20 December 2011, the Company changed its financial year end date from 31 May to 31 December. As a result of the change, the comparatives for the financial statements cover a financial period of seven months from 1 June 2011 to 31 December 2011.

DIRECTORS

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

Lim Tze Jong	
Lim Tjew Yok	
Varghese John	
Tan Soo Kiat	
Dr Ong Seh Hong	
Teo Boon Hwee	(alternate to Lim Tze Jong)
Yeo Chien Sheng Nelson	(ceased on 4 September 2012)
Wong Ngiam Jih	(alternate to Yeo Chien Sheng Nelson, ceased on 4 September 2012)
Michael Chia Hock Chye	(appointed on 8 November 2012)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2012	At 01.01.2012 or date of appointment, if later	At 31.12.2012	At 01.01.2012 or date of appointment, if later
Company				
<u>(No. of ordinary shares)</u>				
Lim Tze Jong	417,776,000	464,285,000	–	–
Lim Tjew Yok	2,000,000	2,000,000	–	–
Varghese John	2,000,000	2,000,000	–	–
Teo Boon Hwee	1,500,000	1,500,000	–	–

- (b) Mr Lim Tze Jong, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interest in the whole of the share capital of the Company's wholly owned subsidiaries.
- (c) The directors' interests in the ordinary shares of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

Directors' Report

For the financial year ended 31 December 2012

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial period, 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, and except that Mr Michael Chia Hock Chye has an employment relationship with a related corporation, and has received remuneration in that capacity.

SHARE OPTIONS

No options were granted during the financial year ended 31 December 2012 to subscribe for unissued shares of the Company.

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

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

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:-

Tan Soo Kiat (Chairman)	
Yeo Chien Sheng Nelson	(ceased on 4 September 2012)
Michael Chia Hock Chye	(appointed on 8 November 2012)
Dr Ong Seh Hong	

All members of the Audit Committee were non-executive directors. Except for Mr Michael Chia Hock Chye who was an Executive Director of a related corporation of the Group, all members were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. The main functions of the Audit Committee are as follows:

- (a) To review the audit plans of the external auditor and the internal auditor, including the results of the external audit and internal auditors' review and evaluation of the system of internal controls;
- (b) To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board of Directors for approval;
- (c) To review the periodic consolidated financial statements comprising the statements of comprehensive income and the balance sheets and such other information required by the Listing Manual, before submission to the Board of Directors for approval;
- (d) To review and discuss with external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) To review the co-operation given by the Management to the external auditors;
- (f) To recommend to the Board, the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
- (g) To review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

Directors' Report

For the financial year ended 31 December 2012

AUDIT COMMITTEE (continued)

- (h) To review any potential conflicts of interest;
- (i) To review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;
- (j) To undertake such other reviews and projects as may be requested by the Board of Directors, and to report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (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 Audit Committee has full access to the Company's internal auditor and Management, and has full discretion to invite any director and executive officer to attend its meetings and investigate any matter within its terms of reference. In performing its functions, the Audit Committee also reviews the assistance given by the Company's officers to the auditors as well as the adequacy of the internal audit function, its effectiveness and its resources. The Audit Committee meets with the internal auditor quarterly. The internal auditor can approach any of the members of the Audit Committee without the presence of the Company's Management.

The Audit Committee meets with the external auditors, without the presence of the Company's Management at least once annually. The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in engaging PricewaterhouseCoopers LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and of its Singapore incorporated subsidiaries. The Audit Committee reviews the independence of the external auditors annually. The Audit Committee, having reviewed the range and value of non-audit services performed by the external auditors, PricewaterhouseCoopers LLP, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid and payable by the Group to the external auditors for the financial year ended 31 December 2012 was approximately S\$639,000 of which audit fees amounted to approximately S\$375,000 and non-audit fees amounted to approximately S\$264,000.

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

Directors' Report

For the financial year ended 31 December 2012

INDEPENDENT AUDITOR

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

On behalf of the directors

Lim Tze Jong
Director

28 March 2013

Varghese John
Director

Statement by Directors

For the financial year ended 31 December 2012

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 34 to 78 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 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the 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.

On behalf of the directors

Lim Tze Jong
Director

Varghese John
Director

28 March 2013

Independent Auditor's Report

To the Shareholders of Dyna-Mac Holdings Ltd.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Dyna-Mac Holdings Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 34 to 78, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of 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.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 28 March 2013

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

	Notes	Group	
		1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Revenue	4	215,286	49,706
Cost of sales	5	(158,624)	(36,548)
Gross profit		56,662	13,158
Other income - net	7	3,119	3,221
Expenses			
- Administrative	5	(26,281)	(10,236)
- Finance	8	(167)	(89)
Share of loss of an associated company	16	*	*
Profit before income tax		33,333	6,054
Income tax expense	9(a)	(4,953)	(439)
Net profit		28,380	5,615
Other comprehensive income:			
Currency translation differences arising from consolidation		151	16
Total comprehensive income, net of tax		28,531	5,631
Profit attributable to:			
Equity holders of the Company		28,380	5,615
Total comprehensive income attributable to:			
Equity holders of the Company		28,531	5,631
Earnings per share attributable to equity holders of the Company (SGD cents per share)			
- Basic/diluted	25	3.00	0.60

* Amount is less than \$1,000

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

Balance Sheets

As at 31 December 2012

	Notes	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
ASSETS					
Current assets					
Cash and bank balances	10	62,646	28,207	1,016	651
Trade and other receivables	11	92,263	36,512	140,769	81,104
Inventories	12	566	1,443	-	-
Construction contracts	13	504	716	-	-
Derivative financial instruments	21	318	-	-	-
Other current assets	14	2,675	2,478	11	20
		158,972	69,356	141,796	81,775
Non-current assets					
Club memberships		407	407	-	-
Investments in subsidiaries	15	-	-	25,476	25,476
Investment in an associated company	16	63	63	-	-
Investment properties	17	-	12,000	-	-
Property, plant and equipment	18	100,030	77,268	-	-
Goodwill	19	5,556	-	-	-
		106,056	89,738	25,476	25,476
Total assets		265,028	159,094	167,272	107,251
LIABILITIES					
Current liabilities					
Trade and other payables	20	67,460	36,044	319	268
Derivative financial instruments	21	-	72	-	-
Finance lease liabilities	22	447	197	-	-
Current income tax liabilities	9(b)	7,550	2,893	-	-
		75,457	39,206	319	268
Non-current liabilities					
Finance lease liabilities	22	462	124	-	-
Deferred income tax liabilities	23	4,619	4,822	-	-
		5,081	4,946	-	-
Total liabilities		80,538	44,152	319	268
NET ASSETS		184,490	114,942	166,953	106,983
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	145,271	99,603	145,271	99,603
Foreign currency translation reserve		117	(34)	-	-
Retained profits		39,102	15,373	21,682	7,380
Total equity		184,490	114,942	166,953	106,983

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2012

	Note	Attributable to equity holders of the Company			Total equity \$'000
		Share capital \$'000	Retained profits \$'000	Foreign currency translation reserve* \$'000	
31 December 2012					
Beginning of financial year		99,603	15,373	(34)	114,942
Dividend relating to the seven months financial period ended 31 December 2011 paid	26	–	(4,651)	–	(4,651)
Total comprehensive income for the year		–	28,380	151	28,531
Issue of new shares	24	46,509	–	–	46,509
Share issue expenses	24	(841)	–	–	(841)
End of financial year		145,271	39,102	117	184,490
31 December 2011					
Beginning of financial period		99,603	28,361	(50)	127,914
Dividend relating to the financial year ended 31 May 2011 paid	26	–	(18,603)	–	(18,603)
Total comprehensive income for the period		–	5,615	16	5,631
End of financial period		99,603	15,373	(34)	114,942

* Foreign currency translation reserve is non-distributable.

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2012

	Notes	Group	
		1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Cash flows from operating activities			
Net profit		28,380	5,615
Adjustments for:			
- Income tax expense	9(a)	4,953	439
- Depreciation of property, plant and equipment	18	6,899	3,892
- Gain on disposal of property, plant and equipment	7	(94)	(23)
- Write-off of property, plant and equipment	7	1,011	-
- Interest income	7	(189)	(189)
- Interest expense	8	167	89
- Fair value gain on investment properties	7	(2,000)	(2,058)
- Fair value (gain)/loss on derivative financial instruments		(390)	72
- Share of loss of an associated company		*	*
- Unrealised currency translation loss/(gain)		37	(96)
		38,774	7,741
Changes in working capital, net of effects from acquisition of subsidiary			
- Trade and other receivables		(55,438)	31,246
- Construction contract work-in-progress		212	(686)
- Inventories		877	559
- Other current assets		175	(2,129)
- Trade and other payables		26,261	(38,630)
Cash generated from/(used in) operations		10,861	(1,899)
Interest received		189	189
Income tax paid	9(b)	(989)	(1,653)
Net cash provided by/(used in) operating activities		10,061	(3,363)
Cash flows from investing activities			
- Acquisition of a subsidiary, net of cash acquired		(1,355)	-
- Additions to property, plant and equipment		(16,023)	(15,443)
- Disposal of property, plant and equipment		167	23
- Decrease/(increase) in bank deposits with maturity more than 3 months		(10,000)	11,962
Net cash used in investing activities		(27,211)	(3,458)

* Amount is less than \$1,000

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2012

		Group	
		1 January 2012 to 31 December 2012	1 June 2011 to 31 December 2011
Notes		\$'000	\$'000
Cash flows from financing activities			
	- Proceeds from issuance of ordinary shares	46,509	-
	- Share issue expenses	(841)	-
	- Proceeds from finance lease liabilities	1,106	-
	- Repayment of lease liabilities	(518)	(165)
	- Interest expense paid	(167)	(89)
8			
	- Repayment of borrowings	-	(16,258)
	- Dividends paid to equity holders of the Company	(4,651)	(18,603)
26			
	- Decrease in bank deposits pledged	-	18,000
Net cash provided by/(used in) financing activities		41,438	(17,115)
Net increase/(decrease) in cash and cash equivalent		24,288	(23,936)
Cash and cash equivalents			
	Beginning of financial year/period	18,207	42,030
	Effects of currency translation on cash and cash equivalents	151	113
10	End of financial year/period	42,646	18,207

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

1. GENERAL INFORMATION

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

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

On 20 December 2011, the Company changed its financial year-end from 31 May to 31 December. Consequently, the reporting period for the comparatives covers a financial period of seven months from 1 June 2011 to 31 December 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2012

The Group has early adopted the amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets in the earlier financial periods. There were no other new or amended FRS and Interpretations to FRS ("INT FRS") for application for the financial year.

2.2 Revenue recognition

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

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

(a) Construction contracts revenue

Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.7.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are 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 de-consolidated 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. Non-controlling interests are recognised to the extent the risks and rewards of ownership of those shares remain with them. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations 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.

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

The excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

(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%. Investments in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments 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.

(ii) Equity method of accounting

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 company is 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated company (continued)

(iii) Disposals

Gains and losses arising from partial disposals or dilutions in investments in associated company in which significant influence is retained are recognised in profit or loss.

Investments in associated company is derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest 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.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

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

	<u>Useful lives</u>
Buildings	19 - 42 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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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 - net".

2.5 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree, over (ii) the fair value of the identifiable net assets acquired.

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

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2.6 Borrowing costs

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

2.7 Construction contracts

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Construction contracts (continued)

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".

2.8 Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at fair value, determined at each financial reporting date by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss. The carrying amount of investment properties at the balance sheet date is disclosed in Note 17.

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.

2.9 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 such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

(b) 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.

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

2.11 Financial assets

(a) Classification

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

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

(b) Recognition and derecognition

Financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset and are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

(c) Initial measurement

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(d) Impairment

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

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

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

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

(e) Offsetting financial instruments

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

2.12 Borrowings

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

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

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.14 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 or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Fair value estimation of financial assets and liabilities

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

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

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

2.16 Leases

(a) When the Group is the lessee:

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

(i) Lessee - Finance leases

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

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

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

(ii) Lessee - Operating leases

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

(b) When the Group is the lessor:

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

(i) Lessor - Operating leases

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Inventories

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

2.18 Income taxes

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

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

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

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

Deferred income tax is measured:-

- (i) At the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) Based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

2.19 Provisions

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

2.20 Employee compensation

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other income – net".

(c) Translation of Group entities' financial statements

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

- i. Assets and liabilities are translated at the closing exchange rates at the reporting date;
- ii. Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- iii. All resulting currency translation differences are recognised in the currency translation reserve.

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

2.22 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.

2.23 Cash and bank balances

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

2.24 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.

2.25 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 December 2012

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Construction contracts

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

Significant judgement is required in determining the stage of completion, the extent of total contract costs incurred, the estimated total contract costs as well as the recoverability of the contract and variation works. In making these estimates, management evaluates by relying on past experiences. The carrying amount of construction contract work-in-progress at the balance sheet date is disclosed in Note 13.

4. REVENUE

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Module business	164,009	41,034
Ad-hoc projects	51,277	8,672
Total Revenue	215,286	49,706

Notes to the Financial Statements

For the financial year ended 31 December 2012

5. EXPENSES BY NATURE

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Sub-contractor's charges	72,669	11,629
Materials	44,495	8,904
Direct overheads	35,944	13,639
Rental of sites	5,516	1,408
Write-down of inventories	-	968
Employee compensation (Note 6)	16,021	6,626
Depreciation of property, plant and equipment	1,539	291
Transportation and travelling	1,329	411
Legal and professional fees	1,084	773
Entertainment and refreshment	954	128
Property tax	850	401
Insurance	803	422
Advertising and marketing expenses	829	411
Other expenses	2,872	773
Total cost of sales and administrative expenses	184,905	46,784

Included in the direct overhead expenses for the financial year ended 31 December 2012 and for the seven months ended 31 December 2011 is depreciation of property, plant and equipment directly used in the projects amounting to \$5,360,000 (2011: \$3,601,000).

6. EMPLOYEE COMPENSATION

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Wages and salaries	13,415	5,047
Employer's contribution to defined contribution plans	955	406
Other short-term benefits	1,651	1,173
	16,021	6,626

Notes to the Financial Statements

For the financial year ended 31 December 2012

7. OTHER INCOME - NET

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Other income:		
Interest income - bank deposits	189	189
Rental income		
- Warehouse, office and container	489	40
- Investment properties (Note 17)	53	56
Government Grant	12	-
Others	(33)	156
	710	441
Other gains/(losses) - net		
Fair value gain on investment properties (Note 17)	2,000	2,058
Reimbursements from customer	422	675
Gain on disposal of property, plant and equipment	94	23
Write-off of property, plant and equipment	(1,011)	-
Fair value gain/(loss) on derivative financial instruments	1,954	(72)
Foreign exchange (loss)/gain, net	(1,050)	96
	2,409	2,780
Total other income - net	3,119	3,221

8. FINANCE EXPENSES

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Interest expense		
- Bank borrowings	138	80
- Finance lease liabilities	29	9
	167	89

Notes to the Financial Statements

For the financial year ended 31 December 2012

9. INCOME TAXES

(a) Income tax expense

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Tax expense attributable to profit is made up of:		
- Current income tax	4,860	529
- Deferred income tax (Note 23)	(203)	216
	4,657	745
Under/(over) provision in prior financial years:		
- Current income tax	296	29
- Deferred income tax (Note 23)	-	(335)
	4,953	439

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

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Profit before income tax	33,333	6,054
Tax calculated at rate of 17% (2011: 17%)	5,667	1,029
Effects of		
- Expenses not deductible for tax purposes	500	176
- Income not subject to tax	(480)	(436)
- Tax incentives	(1,004)	-
- Partial tax exemption	(26)	(26)
- Different tax rates in other countries	-	2
Tax charge	4,657	745

Tax incentives relate to claims for the Productivity and Innovation Credit ("PIC") Scheme and approved donations.

Notes to the Financial Statements

For the financial year ended 31 December 2012

9. INCOME TAXES (continued)

(b) Movements in current income tax liabilities

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Beginning of financial year/period	2,893	3,988
Acquisition of a subsidiary	497	–
Currency translation difference	(7)	–
Income tax paid	(989)	(1,653)
Tax expense	5,156	558
End of financial year/period	7,550	2,893

10. CASH AND BANK BALANCES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	42,646	7,104	1,016	651
Short-term bank deposits	20,000	21,103	–	–
	62,646	28,207	1,016	651

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash and bank balances (as above)	62,646	28,207	1,016	651
Less: Bank deposits with maturity more than 3 months	(20,000)	(10,000)	–	–
Cash and cash equivalents per consolidated statement of cash flows	42,646	18,207	1,016	651

Notes to the Financial Statements

For the financial year ended 31 December 2012

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade receivables				
- Non-related parties	24,821	11,171	-	-
- Related party	3,515	1,799	-	-
Trade receivables - net	28,336	12,970	-	-
Construction contracts				
- Due from customers (Note 13)	62,891	22,001	-	-
Dividend receivable	-	-	20,000	4,000
Advances to subsidiaries	-	-	120,769	77,104
Staff loans	107	84	-	-
Other receivables	929	1,457	-	-
	92,263	36,512	140,769	81,104

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

12. INVENTORIES

	Group	
	2012 \$'000	2011 \$'000
Steel and consumables	566	1,443

The cost of materials recognised as an expense and included in "cost of sales" amounts to \$79,000 (2011: \$1,282,000).

Notes to the Financial Statements

For the financial year ended 31 December 2012

13. CONSTRUCTION CONTRACTS

	Group	
	2012 \$'000	2011 \$'000
Construction contract work-in-progress:		
Beginning of financial year/period	716	30
Contract costs incurred	158,412	37,234
Contract expenses recognised in profit or loss	(158,624)	(36,548)
End of financial year/period	504	716
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	216,391	47,640
Less: Progress billings	(153,500)	(25,639)
	62,891	22,001
Presented as:		
Due from customers on construction contracts (Note 11)	62,891	22,001
Advances received on construction contracts (Note 20)	1,031	952

14. OTHER CURRENT ASSETS

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deposits	1,497	307	-	-
Prepayments	1,178	2,171	11	20
	2,675	2,478	11	20

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 \$'000	2011 \$'000
Equity investments at cost		
Beginning and end of financial period	25,476	25,476

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

16. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2012	2011
	\$'000	\$'000
Beginning of financial year/period	63	63
Share of losses	*	*
End of financial year/period	63	63

The summarised financial information of the associated company not adjusted for the ownership interest held by the Group is as follows:

	Group	
	2012	2011
	\$'000	\$'000
Assets	191	191
Liabilities	-	-
Revenue	-	-
Net loss	*	*

* Amount is less than \$1,000

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

17. INVESTMENT PROPERTIES

	Group	
	2012	2011
	\$'000	\$'000
Beginning of financial year/period	12,000	9,942
Fair value gain recognised in profit or loss (Note 7)	2,000	2,058
Transfer to property, plant and equipment (Note 18)	(14,000)	-
End of financial year/period	-	12,000

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

Investment properties were leased to non-related parties under operating leases (Note 27(c)).

Notes to the Financial Statements

For the financial year ended 31 December 2012

17. INVESTMENT PROPERTIES (continued)

The following amounts are recognised in profit and loss:

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Rental income (Note 7)	53	56
Direct operating expenses arising from:		
- Investment properties that generated rental income	(88)	(51)

Investment properties were transferred to property, plant and equipment as at 31 December 2012 in the consolidated financial statements as the Group intends to hold the properties for the Group's own use.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Furniture and fittings and office equipment \$'000	Computers \$'000	Site building and yard improvement \$'000	Site equipment and tools \$'000	Motor vehicles \$'000	Site building, equipment and yard improvement under construction \$'000	Total \$'000
Group								
2012								
Cost								
Beginning of financial year	933	3,502	1,676	60,840	19,545	1,828	19,612	107,936
Currency translation differences	–	*	*	(5)	(15)	(1)	(22)	(43)
Acquisition of subsidiary	–	4	6	183	524	49	–	766
Additions	2,167	430	807	875	3,200	747	7,797	16,023
Transfer	11,240	1,898	15	7,801	4,175	–	(25,129)	–
Transfer from investment properties	14,000	–	–	–	–	–	–	14,000
Write-off	–	(988)	–	–	–	–	(356)	(1,344)
Disposals	–	–	–	–	–	(122)	–	(122)
End of financial year	28,340	4,846	2,504	69,694	27,429	2,501	1,902	137,216
Accumulated depreciation								
Beginning of financial year	725	2,078	1,428	10,287	15,511	639	–	30,668
Charge for the financial year	533	368	254	2,872	2,526	346	–	6,899
Write-off	–	(332)	–	–	–	–	–	(332)
Disposals	–	–	–	–	–	(49)	–	(49)
End of financial year	1,258	2,114	1,682	13,159	18,037	936	–	37,186
Net book value								
End of financial year	27,082	2,732	822	56,535	9,392	1,565	1,902	100,030

* Amount is less than \$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2012

18. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings \$'000	Furniture and fittings and office equipment \$'000	Computers \$'000	Site building and yard improvement \$'000	Site equipment and tools \$'000	Motor vehicles \$'000	Site building, equipment and yard improvement under construction \$'000	Total \$'000
Group								
2011								
Cost								
Beginning of financial period	933	3,441	1,511	60,788	18,874	1,157	5,764	92,468
Additions	–	61	165	52	782	671	13,848	15,579
Disposals	–	–	–	–	(111)	–	–	(111)
End of financial period	933	3,502	1,676	60,840	19,545	1,828	19,612	107,936
Accumulated depreciation								
Beginning of financial period	719	1,902	1,332	8,798	13,677	459	–	26,887
Charge for the financial period	6	176	96	1,489	1,945	180	–	3,892
Disposals	–	–	–	–	(111)	–	–	(111)
End of financial period	725	2,078	1,428	10,287	15,511	639	–	30,668
Net book value								
End of financial period	208	1,424	248	50,553	4,034	1,189	19,612	77,268

Included in additions in the consolidated financial statements are motor vehicles and site equipment and tools acquired under finance leases amounting to \$748,000 (2011: \$252,000) and \$840,000 (2011: \$nil) respectively.

The carrying amounts of motor vehicles, and site equipment and tools held under finance leases are \$1,031,000 (2011: \$741,000) and \$726,000 (2011: \$39,000) respectively at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2012

19. GOODWILL

	Group	
	2012 \$'000	2011 \$'000
Cost		
Beginning of financial year/period	-	-
Acquisition of subsidiary (Note 32(h))	5,556	-
End of financial year/period	5,556	-
Cost	5,556	-
Accumulated impairment	-	-
Net book value	5,556	-

Goodwill has been determined on a provisional basis as the purchase price allocation exercise is not finalised as at the date of this report.

Goodwill has been allocated to the acquisition of DMP Marine Fabricator (Nansha) Co. Ltd - the cash-generating unit ("CGU"). The recoverable amount of the CGU was determined from value-in-use calculations. The cash flow projection used in the value-in-use calculation was based on the financial budget approved by management for the next year. Cash flow projections beyond one year were extrapolated based on consistent margins and using an estimated growth rate which do not exceed the long-term growth rate of the market in which the CGU is based. The discount rate of 8% applied was consistent with other companies in similar industry segment.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade payables to:				
- Non-related parties	54,468	29,601	-	-
Construction contracts				
- Advances received (Note 13)	1,031	952	-	-
	1,031	952	-	-
Non-trade amounts due to:				
- An associated company	21	22	-	-
- A director	369	268	-	-
	390	290	-	-
Consideration payable (Note 32(h))	1,500	-	-	-
Other payables	4,093	608	135	76
Accrual for operating expenses	5,978	4,593	184	192
	67,460	36,044	319	268

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

The consideration payable relates to the amount payable to purchase the remaining 30% equity interest in the newly acquired subsidiary. Details of the acquisition are disclosed in Note 32.

Notes to the Financial Statements

For the financial year ended 31 December 2012

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	Contract notional Amount US\$'000	Fair value Asset \$'000	Liability \$'000
2012			
Non-hedging instruments			
- Currency forwards	50,916	318	-
2011			
Non-hedging instruments			
- Currency forwards	51,500	-	72

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the balance sheet date. The currency forwards have maturity dates that coincide with the expected occurrence of these transactions. Fair value changes arising on the forward currency contracts are recognised in profit or loss when the changes arise.

22. FINANCE LEASE LIABILITIES

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

The liabilities are secured on property, plant and equipment acquired under finance lease contracts (Note 18).

	Group	
	2012 \$'000	2011 \$'000
Minimum lease payments due		
- Not later than one year	469	205
- Between one and five years	471	129
	940	334
Less: Future finance charges	(31)	(13)
Present value of finance lease liabilities	909	321

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

	Group	
	2012 \$'000	2011 \$'000
- Not later than one year	447	197
- Between one and five years	462	124
	909	321

The carrying amounts of finance lease liabilities approximate their fair value at balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2012

23. DEFERRED INCOME TAXES

Deferred income taxes 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	
	2012	2011
	\$'000	\$'000
Deferred income tax liabilities		
- To be settled within one year	147	418
- To be settled after one year	4,472	4,404
	4,619	4,822

The movement in the deferred income tax account is as follows:

	Group	
	2012	2011
	\$'000	\$'000
<u>Accelerated tax depreciation</u>		
Beginning of financial year/period	4,822	4,941
Tax credited to profit or loss (Note 9(a))	(203)	(119)
End of financial year/period	4,619	4,822

24. SHARE CAPITAL

	No. of ordinary shares	Amount \$'000
Group and Company		
2012		
Beginning of financial year	930,192,000	99,603
Shares issued pursuant to share placement	93,019,000	46,509
Share issue expenses	-	(841)
End of financial year	1,023,211,000	145,271
2011		
Beginning and end of financial period	930,192,000	99,603

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

25. 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/period.

	Group	
	1 January 2012 to 31 December 2012	1 June 2011 to 31 December 2011
Net profit attributable to equity holders of the Company (\$'000)	28,380	5,615
Weighted average number of ordinary shares outstanding ('000)	945,695	930,192
Basic/diluted earnings per share (cents per share)	3.00	0.60

26. DIVIDENDS

	Group	
	2012 \$'000	2011 \$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial period/year of 0.5 (2011: 2) cents per share	4,651	18,603

Dividends of \$4,651,000 relates to the dividends declared for the seven months financial period ended 31 December 2011 and paid during the financial year ended 31 December 2012.

At the Annual General Meeting on 26 April 2013, a final dividend of 2 cents per share amounting to \$20,464,220 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2013.

27. COMMITMENTS

(a) Capital commitments

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

	Group	
	2012 \$'000	2011 \$'000
Property, plant and equipment	113	2,405

Notes to the Financial Statements

For the financial year ended 31 December 2012

27. COMMITMENTS (continued)

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

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

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

	Group	
	2012	2011
	\$'000	\$'000
Not later than one year	6,231	2,591
Between one and five years	16,951	9,934
Later than five years	36,766	37,326
	59,948	49,851

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

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

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

	Group	
	2012	2011
	\$'000	\$'000
Not later than one year	205	65

28. CONTINGENT LIABILITIES

Weir 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. approximates S\$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 2 remaining skids, and has indicated its claim for breach of contract and costs of repairs to the completed skids as £1,460,094 (i.e. approximates S\$2,941,213).

Both parties have indicated their intention for arbitration, but neither party has initiated arbitration under the International Chamber of Commerce.

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 December 2012

29. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

In addition, the Group's risk management policy is to hedge the foreign currency exposure for at least 80% of the revenue contracts denominated in foreign currencies by entering into currency forward contracts.

Fair value changes of currency forward contracts are recognised in profit or loss at each reporting date.

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

	SGD \$'000	USD \$'000	RMB \$'000	Other \$'000	Total \$'000
2012					
Financial assets					
Cash and bank balances	51,505	10,382	531	228	62,646
Trade and other receivables	82,748	9,429	51	35	92,263
Deposits	323	–	905	269	1,497
	134,576	19,811	1,487	532	156,406
Financial liabilities					
Trade and other payables	(62,203)	(48)	(3,066)	(1,112)	(66,429)
Finance lease liabilities	(909)	–	–	–	(909)
	(63,112)	(48)	(3,066)	(1,112)	(67,338)
Net financial assets	71,464	19,763	(1,579)	(580)	89,068
Add: Expected progress billings in foreign currencies	–	42,649	–	–	42,649
Less: Currency forwards	–	(62,193)	–	–	(62,193)
Currency exposure of financial assets/(liabilities)	–	219	(1,579)	(580)	(1,940)

Notes to the Financial Statements

For the financial year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD \$'000	USD \$'000	Other \$'000	Total \$'000
2011				
Financial assets				
Cash and bank balances	27,010	832	365	28,207
Trade and other receivables	30,573	5,889	50	36,512
Deposits	294	–	13	307
	<u>57,877</u>	<u>6,721</u>	<u>428</u>	<u>65,026</u>
Financial liabilities				
Trade and other payables	(34,758)	(61)	(273)	(35,092)
Finance lease liabilities	(321)	–	–	(321)
	<u>(35,079)</u>	<u>(61)</u>	<u>(273)</u>	<u>(35,413)</u>
Net financial assets	<u>22,798</u>	<u>6,660</u>	<u>155</u>	<u>29,613</u>
Add: Expected progress billings in foreign currencies	–	65,994	–	65,994
Less: Currency forwards	–	(66,066)	–	(66,066)
Currency exposure of financial assets	<u>–</u>	<u>6,588</u>	<u>155</u>	<u>6,743</u>

If the USD and RMB change against the SGD by 5% (2011: 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 at balance sheet date will be as follows:

	Group	
	2012 \$'000	2011 \$'000
USD against SGD		
- Strengthened	9	273
- Weakened	(9)	(273)
RMB against RMB		
- Strengthened	(66)	–
- Weakened	66	–
	<u>66</u>	<u>–</u>

(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 and the Company has no significant interest-bearing assets and borrowings as at 31 December 2012.

Notes to the Financial Statements

For the financial year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

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

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

	Group	
	2012	2011
	\$'000	\$'000
By types of customers		
Related parties	3,515	1,799
Non-related parties - Multi-national companies	24,821	11,171
	28,336	12,970

The trade receivables of the Group comprise 5 debtors (2011: 5 debtors) that represented 95% - 98% of trade receivables.

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

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

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

(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	
	2012	2011
	\$'000	\$'000
Past due 0 to 3 months	8,337	6,341
Past due 3 to 6 months	127	1,553
Past due over 6 months	2,529	1,958
	10,993	9,852

Notes to the Financial Statements

For the financial year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	Group	
	2012 \$'000	2011 \$'000
Beginning of financial period	–	166
Allowance utilised	–	(166)
End of financial period	–	–

The impaired trade receivables arise mainly from construction revenue for specific customers which have defaulted payments and are no longer contactable. The Group has ceased services to these customers.

(c) Liquidity risk

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

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

	Less than 1 year \$'000	Between 1 and 5 years \$'000
	Group	
2012		
Trade and other payables	66,429	–
Finance lease liabilities	469	471
	<u>66,898</u>	<u>471</u>
2011		
Trade and other payables	35,092	–
Finance lease liabilities	205	129
	<u>35,297</u>	<u>129</u>
		Less than 1 year \$'000
Company		
2012		
Trade and other payables		<u>319</u>
2011		
Trade and other payables		<u>268</u>

Notes to the Financial Statements

For the financial year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

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

The Group's strategy which remains unchanged during the financial year ended 31 December 2012 and seven months financial period ended 31 December 2011 are to maintain a gearing ratio of not exceeding 50%.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2012 and seven months financial period ended 31 December 2011.

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Total debt	909	321	–	–
Total equity	184,490	114,942	166,953	106,983
Total capital	185,399	115,263	166,953	106,983
Gearing ratio	*	*	*	*

* Less than 1%

(e) Fair value measurements

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 2 \$'000
Group	
2012	
Derivative financial instruments	318
Total assets	318
2011	
Derivative financial instruments	72
Total liabilities	72

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

Notes to the Financial Statements

For the financial year ended 31 December 2012

29. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 21, except for the following:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Loans and receivables	154,909	64,719	141,785	81,755
Financial liabilities at amortised cost	909	321	-	-

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

30. RELATED PARTIES TRANSACTIONS

(a) Sales and purchases of goods and services

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Supply of machinery and equipment from other related parties	-	(21)
Sub-contracting services from other related parties	(2,528)	(1,188)
Rental income from other related parties	-	5
Fabrication of topside modules and other ad-hoc projects for other related parties	9,140	12,419

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

Outstanding balances as at 31 December 2012, arising from transactions with other related parties, are unsecured and recoverable/payable within 12 months from balance sheet date and are disclosed in Note 11 and 20 respectively.

Outstanding commitments as at 31 December 2012, arising from transactions with other related parties, include \$2,017,000 for purchases of its sub-contracting services.

Notes to the Financial Statements

For the financial year ended 31 December 2012

30. RELATED PARTIES TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	Group	
	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Directors		
Wages and salaries	2,850	1,348
Employer's contribution to defined contribution plans, including Central Provident Fund	37	23
	2,887	1,371
Senior Management		
Wages and salaries	1,399	494
Employer's contribution to defined contribution plans, including Central Provident Fund	50	23
	1,449	517
	4,336	1,888

31. SEGMENT INFORMATION

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

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

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

	Module Business \$'000	Ad-hoc Projects \$'000	Total \$'000
1 January 2012 to 31 December 2012			
Revenue			
Segment revenue to external parties	164,009	51,277	215,286
Segment gross profit	36,839	19,823	56,662
As at 31 December 2012			
Segment assets	70,202	21,950	92,152
Segment liabilities	42,280	13,219	55,499

Notes to the Financial Statements

For the financial year ended 31 December 2012

31. SEGMENT INFORMATION (continued)

	Module Business \$'000	Ad-hoc Projects \$'000	Total \$'000
1 June 2011 to 31 December 2011			
Revenue			
Segment revenue to external parties	41,034	8,672	49,706
Segment gross profit	11,720	1,438	13,158
As at 31 December 2011			
Segment assets	31,818	5,312	37,130
Segment liabilities	26,309	4,244	30,553

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

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

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

(a) Reconciliations

(i) Segment profits

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

	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Segment gross profit for reportable segments	56,662	13,158
Other income	3,119	3,221
Administrative expenses	(26,281)	(10,236)
Finance expenses	(167)	(89)
Share of loss of an associated company	*	*
Profit before income tax	33,333	6,054
Income tax expense	(4,953)	(439)
Net profit	28,380	5,615

* Amount is less than \$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2012

31. SEGMENT INFORMATION (continued)

(a) Reconciliations (continued)

(ii) Segment assets

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

All assets are allocated to reportable segments other than cash and cash equivalents, derivative financial instruments other receivables, other current assets, goodwill, property, plant and equipment, club memberships, investment in an associated company, and investment properties.

Segment assets are reconciled to total assets as follows:

	2012 \$'000	2011 \$'000
Segment assets for reportable segments	92,152	37,130
Unallocated		
- Cash and cash equivalents	62,646	28,207
- Derivative financial instruments	318	-
- Other receivables	1,181	1,541
- Other current assets	2,675	2,478
- Goodwill	5,556	-
- Property, plant and equipment	100,030	77,268
- Club memberships	407	407
- Investment in an associated company	63	63
- Investment properties	-	12,000
	265,028	159,094

(iii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	2012 \$'000	2011 \$'000
Segment liabilities for reportable segments	55,499	30,553
Unallocated		
- Other payables	11,961	5,491
- Derivative financial liabilities	-	72
- Finance lease liabilities	909	321
- Current income tax liabilities	7,550	2,893
- Deferred income tax liabilities	4,619	4,822
	80,538	44,152

Notes to the Financial Statements

For the financial year ended 31 December 2012

31. SEGMENT INFORMATION (continued)

(b) Geographical information

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

	1 January 2012 to 31 December 2012 \$'000	1 June 2011 to 31 December 2011 \$'000
Asia Pacific	73,556	27,890
Europe	141,730	21,816
	215,286	49,706

The Group's property, plant and equipment are located mainly in Singapore, China and Malaysia as at 31 December 2012 and solely in Singapore as at 31 December 2011.

(c) Revenue from major customers

At balance sheet date, the Group's three largest customers by revenue in aggregate, accounted for 95% of total revenue (2011: 82%).

32. BUSINESS COMBINATIONS

On 29 June 2012, the Group acquired a 70% equity interest in Paliy Marine Fabricator (Guangzhou) Ltd. (now known as DMP Marine Fabricator (Nansha) Co. Ltd) ("DMP"). The principal activity of DMP is that of contractors for project management, engineering, fabrication and installation of land and marine works in Nansha District, Guangzhou City, the People's Republic of China (the "PRC").

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	\$'000
Cash paid	1,500
Forgiveness of debt due to a subsidiary of the seller	800
Consideration payable	1,500
Total purchase consideration	3,800
Less: Indemnification asset (Note (g) below)	-
	3,800

(b) Effect on cash flows of the Group

Cash paid (as above)	1,500
Less: cash and cash equivalents in subsidiary acquired	(145)
Cash outflow on acquisition	1,355

Notes to the Financial Statements

For the financial year ended 31 December 2012

32. BUSINESS COMBINATIONS (continued)

(c) Identifiable assets acquired and liabilities assumed

	At fair value \$'000
Cash and cash equivalents	145
Property, plant and equipment (Note 18)	766
Trade and other receivables (Note (e) below)	1,113
Other current assets	371
Total assets	<u>2,395</u>
Trade and other payables	(2,154)
Current tax liabilities (Note 9(b))	(497)
Total liabilities	<u>(2,651)</u>
Identifiable net liabilities acquired	(256)
Less: Non-controlling interests at fair value	(1,500)
Add: Goodwill (Note 19)	<u>5,556</u>
Consideration transferred for the business	<u>3,800</u>

(d) Acquisition-related costs

Acquisition-related costs of \$204,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair value of trade and other receivables is \$1,113,000 and includes trade receivables with a fair value of \$275,000.

(f) Provisional fair values

The fair value of the acquired property, plant and equipment of \$766,000 has been provisionally determined pending receipt of the final valuation reports from the independent valuers.

(g) Indemnification asset

The seller of DMP has contractually agreed to indemnify the Group for all tax liabilities under relevant tax laws and regulations on the part of the seller and DMP prior to completion.

(h) Non-controlling interests and consideration payable

Pursuant to the acquisition of the 70% equity interest in DMP, the Group signed an equity Joint Venture Agreement ('JVA') with the sellers, that grant the Group a call option to purchase the remaining 30% equity interest in DMP for \$1,500,000 from the sellers within three years from 29 June 2012 ("Call Option Period"), while the sellers are granted a put option to sell to the Group the remaining 30% equity interest in DMP for \$1,500,000 within six months from the expiry of the Call Option Period.

Notes to the Financial Statements

For the financial year ended 31 December 2012

32. BUSINESS COMBINATIONS (continued)

(h) Non-controlling interests and consideration payable (continued)

The Group has not allocated the non-controlling interests its share of results of the subsidiary as the Group is deemed to have all the risks and rewards of the ownership of DMP. A consideration of \$1,500,000 has been recognised as a liability in the balance sheet for the remaining 30% equity interest in DMP (Note 20) as at 31 December 2012. Management considers the effect of discounting not to be significant to the Group's results.

(i) Goodwill

Goodwill is attributable to the increased business opportunity with its existing long term customers who require the services of contractors based in PRC.

(j) Revenue and profit contribution

The Group's intention for acquiring the subsidiary is to act as a subcontractor in PRC. Revenue is earned from a fellow subsidiary and is eliminated at group level. As a result, management is of the view that disclosing the revenue and profit contribution of this subsidiary is not meaningful.

33. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 22 February 2013, the Group jointly incorporated a company in the Philippines known as Dyna-Mac Keppel Philippines, Inc. ("DMKP") with KS Investments Pte Ltd. The Group holds 60% equity interest for consideration of approximately \$271,000 in DMKP. Principal activities of DMKP are that of contractors for project management, engineering, fabrication and installation of land and marine works.

On 26 March 2013, the Group completed its acquisition of 100% interests in Haven Automation Industries (S) Pte Ltd ("Haven") for \$5,000,000. No other details are disclosed as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue.

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after January 2012 or later periods and which the Group has not early adopted:-

- Amendments to FRS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (revised 2011) - Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (revised 2011) - Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 - Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 - Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 - Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- FRS 113 - Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

Notes to the Financial Statements

For the financial year ended 31 December 2012

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

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

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Dyna-Mac Holdings Ltd. on 28 March 2013.

36. LISTING OF COMPANIES IN THE GROUP

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

Name	Principal activities	Country of business/ incorporation	Equity holding	
			2012 %	2011 %
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. ^(a)	Contractors for repair and marine works	Singapore	100	100
Dyna-Mac Engineering (HK) Pte Ltd ^(c)	Provides project management services for projects in the People's Republic of China	Hong Kong	100	100
Held by subsidiaries				
Dyna-Mac Engineering Services Sdn. Bhd. ^(d)	Contractors for construction works	Malaysia	100	100
Dyna-Mac Do Brasil construoos Ltda. ^(c)	(i) Fabrication, sale, installation and repair of modules for oil rigs, FSO and FPSO; and (ii) Land and marine services of engineering, project management and other related services to the exploration and exploitation of oil and gas	Brazil	100	100
DMP Marine Fabricator (Nansha) Co. Ltd ^(b)	Contractors for project management, engineering, fabrication and installation of land and marine works	People's Republic of China	70	–

Notes to the Financial Statements

For the financial year ended 31 December 2012

36. LISTING OF COMPANIES IN THE GROUP (continued)

(b) The associated company of Dyna-Mac Holdings Ltd. is as follows:

Name	Principal activities	Country of business/ incorporation	Equity Holding	
			2012 %	2011 %
Held by subsidiary				
Eminent Offshore & Heavy Engineering Sdn. Bhd. ^(e)	Contractors for project management, engineering and construction of barges	Malaysia	33	33

(a) Audited by PricewaterhouseCoopers LLP, Singapore

(b) Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Guangzhou, People's Republic of China

(c) Not required to be audited under the law of the country of incorporation

(d) Audited by TY Teoh & Co Chartered Accountants, Malaysia, for local statutory purpose

(e) Audited by Chong Han Keong & Co, Malaysia, for local statutory purpose

Analysis of Shareholdings

As at 19 March 2013

Class of Shares	:	Ordinary Shares
Number of Ordinary Shares in issue	:	1,023,211,000
Voting Rights per Share	:	1 vote per ordinary share
Treasury shares	:	Nil

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	6	0.15	1,631	0.00
1,000 – 10,000	1,732	44.15	12,310,000	1.20
10,001 – 1,000,000	2,150	54.81	124,004,010	12.12
1,000,001 and above	35	0.89	886,895,359	86.68
	3,923	100.00	1,023,211,000	100.00

Based on the information available to the Company as at 19 March 2013, approximately 32.33% 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 19 MARCH 2013

No.	Name of Shareholder	No. of Shares Held	%
1	LIM TZE JONG	417,776,000	40.83
2	KS INVESTMENTS PTE LTD	250,000,000	24.43
3	OCBC SECURITIES PRIVATE LTD	49,476,000	4.84
4	CITIBANK NOMINEES SINGAPORE PTE LTD	26,395,421	2.58
5	DBSN SERVICES PTE LTD	24,442,000	2.39
6	HL BANK NOMINEES (S) PTE LTD	14,033,000	1.37
7	BNP PARIBAS SECURITIES SERVICES	11,553,000	1.13
8	HSBC (SINGAPORE) NOMINEES PTE LTD	10,376,000	1.01
9	DBS NOMINEES PTE LTD	8,761,938	0.86
10	UOB KAY HIAN PTE LTD	7,209,000	0.70
11	PHILLIP SECURITIES PTE LTD	6,095,000	0.60
12	MAYBANK KIM ENG SECURITIES PTE LTD	5,397,000	0.53
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	5,397,000	0.53
14	DBS VICKERS SECURITIES (S) PTE LTD	5,358,000	0.52
15	BANK OF SINGAPORE NOMINEES PTE LTD	4,283,000	0.42
16	KOH PANG SENG	4,000,000	0.39
17	MORGAN STANLEY ASIA (SINGAPORE)	3,358,999	0.33
18	CIMB SECURITIES (SINGAPORE) PTE LTD	3,125,000	0.30
19	CITIBANK CONSUMER NOMINEES PTE LTD	3,096,000	0.30
20	LIM & TAN SECURITIES PTE LTD	3,086,000	0.30
		863,218,358	84.36

Analysis of Shareholdings

As at 19 March 2013

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	%
LIM TZE JONG	417,776,000	–	417,776,000	40.83
KS INVESTMENTS PTE LTD ⁽¹⁾	250,000,000	–	250,000,000	24.43
FULLERTON FUND MANAGEMENT COMPANY LTD ⁽²⁾	19,123,000	–	19,123,000	1.87
KEPPEL OFFSHORE & MARINE LIMITED ⁽¹⁾⁽³⁾	–	250,000,000	250,000,000	24.43
KEPPEL CORPORATION LIMITED ⁽³⁾⁽⁴⁾	–	250,000,000	250,000,000	24.43
TEMASEK HOLDINGS (PRIVATE) LIMITED ⁽⁴⁾	–	269,123,000	269,123,000	26.30

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) Fullerton Fund Management Company Ltd is an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited.
- (3) Keppel Corporation Limited owns 100% of Keppel Offshore & Marine Limited and accordingly is deemed by virtue of Section 7(4) of the Act to have an interest in Shares held by Keppel Offshore & Marine Limited.
- (4) Temasek Holdings (Private) Limited is deemed by virtue of Section 7 (4A) of the Act to have an interest in the Shares held by Keppel Corporation Limited and Fullerton Fund Management Company Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Pan Pacific Singapore, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 26 April 2013 at 9.30 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 December 2012 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 December 2012. (Resolution 2)
3. To approve Directors' Fees of S\$170,500 for the financial year ending 31 December 2013 to be paid to the Independent Directors quarterly in arrears. (Resolution 3)
4. To re-elect Mr Michael Chia Hock Chye who retires in accordance with Article 97 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 4)

Mr Michael Chia Hock Chye will, upon re-election as a Director of the Company, remain as a member of the Audit, Nominating and Remuneration Committees.
5. To re-elect Mr Varghese John 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)
6. To re-elect Mr Tan Soo Kiat who retires in accordance with Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 6)

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.
7. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS

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

8. Authority to issue shares (Resolution 8)

That the Directors be and are hereby authorised, pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, to issue shares and convertible securities in the Company (including the issue of shares and convertible securities by way of rights, bonus or otherwise and to grant offers, agreements and options which would or which might require shares to be issued) to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, PROVIDED ALWAYS THAT:-
 - (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company, and

Notice of Annual General Meeting

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

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

9. Renewal of the mandate for interested person transactions (Resolution 9)

That:-

1. approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries, its target associated companies and corporations which become the Company's subsidiaries or target associated companies (the "Group") or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as described in the Appendix with any party who is of the class of Interested Persons as described in the Appendix provided that such transactions are made on an arm's length basis and on normal commercial terms and in accordance with the review procedures for such Interested Person Transactions as set out in the Appendix (the "Shareholders' Mandate");
 2. the approval given for the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
 3. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution.
10. 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 : 11 April 2013
Singapore

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.

Notice of Annual General Meeting

- 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 10 May 2013 for the preparation of dividend. Duly completed registrable transfers received by the Company's Share Registrars, M & C Services Private Limited of 112 Robinson Road, #05-01, Singapore 068902, up to 5.00 p.m. on 9 May 2013 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 9 May 2013 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 23 May 2013.

Explanatory Notes on Special Business to be Transacted

- Resolution 8: This is to empower the Directors, from the date of the above Meeting until the next Annual General Meeting ("AGM"), to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty percent (50%) of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) of the Company. This approval will unless varied or revoked at a general meeting, expire at the next AGM of the Company or the expiration of the period within which the next AGM of the Company is required to be held, whichever is earlier.
- Resolution 9: This resolution seeks to renew the annual mandate to allow the Company, its subsidiaries and associated companies that are entities at risk, or any of them, to enter into certain Interested Person Transactions with persons who are considered "Interested Persons" (as defined in Chapter 9). Details of the terms of the mandate are set out in the Appendix to the 2012 Annual Report.

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.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

I/We _____ NRIC/PP No. _____
(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, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 26 April 2013 at 9.30 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
1	Ordinary Business: 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 ending 31 December 2013		
4	Re-election of Mr Michael Chia Hock Chye who is retiring in accordance with Article 97 of the Company's Articles of Association		
5	Re-election of Mr Varghese John who is retiring in accordance with Article 91 of the Company's Articles of Association		
6	Re-election of Mr Tan Soo Kiat who is retiring in accordance with Article 91 of the Company's Articles of Association		
7	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
8	Special Business: Authority to issue shares pursuant to Section 161 of the Companies Act (Chapter 50)		
9	Renewal of mandate of Interested Person Transactions		
10	Any other business		

Dated this _____ day of _____ 2013.

Total Number of Shares held	
--------------------------------	--

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



Notes:-

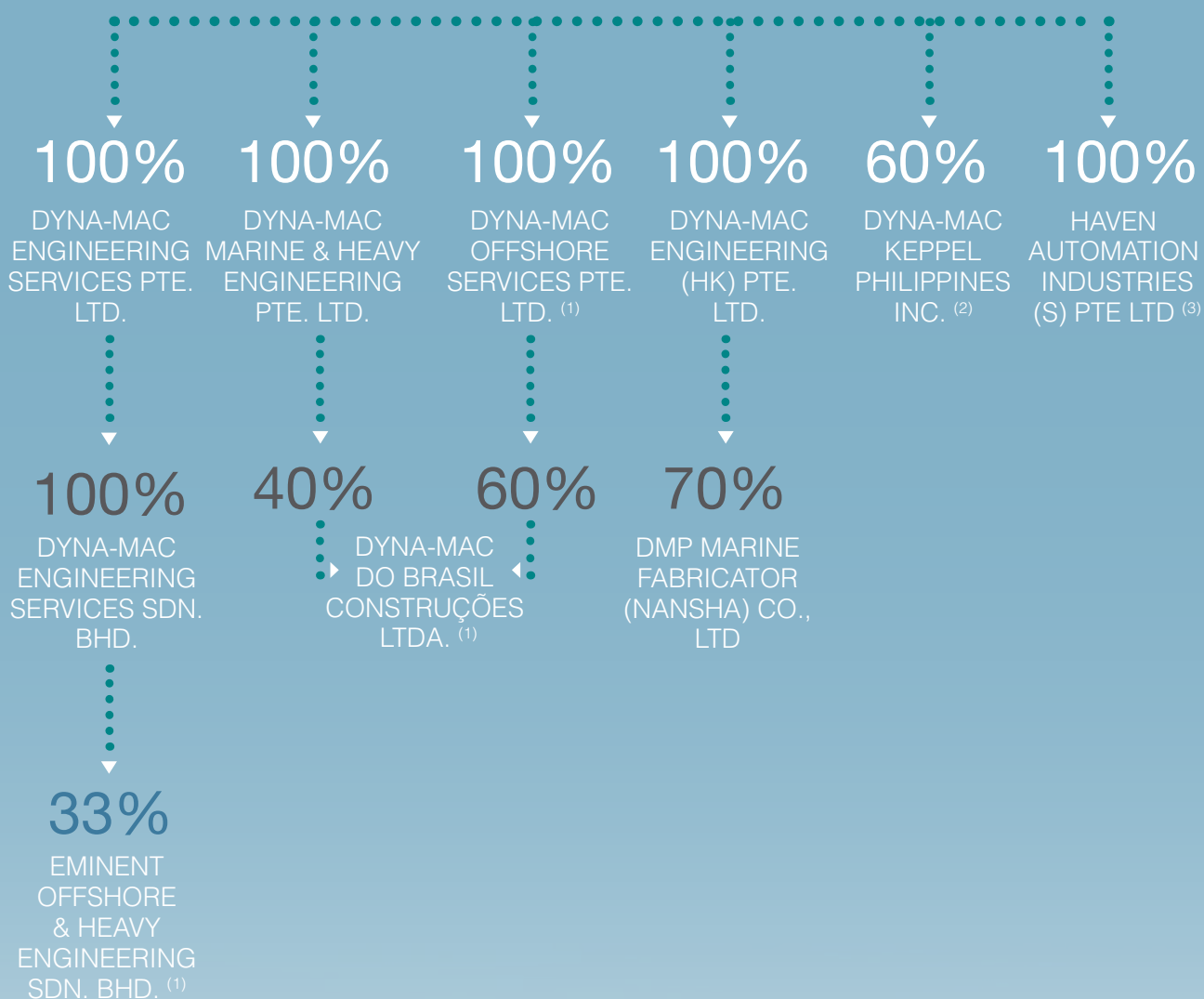
1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register 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.

CORPORATE STRUCTURE

DYNA-MAC HOLDINGS LTD.



(1) The Company is dormant

(2) Incorporated on 20 February 2013

(3) Acquisition completed on 26 March 2013



DYNA-MAC HOLDINGS LTD.

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