

# DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

## UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 AUGUST 2011

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Collins Stewart Pte. Limited (“Collins Stewart”) is the Issue Manager of the Group’s Initial Public Offering. Collins Stewart, together with UOB Kay Hian Private Limited, are the Joint Underwriters and Joint Placement Agents of the Invitation.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | <b>Group</b>                             |  |               |
|---|--|--|---------------|
|   | <b>3 months ended<br/>31 August 2011</b> | <b>3 months ended<br/>31 August 2010</b> | <b>Change</b> |
|   | <b>\$'000</b>                            | <b>\$'000</b>                            | <b>%</b>      |
| Revenue   | 31,750                                   | 34,186                                   | -7.1%         |
| Cost of sales   | (22,699)                                 | (18,584)                                 | 22.1%         |
| <b>Gross profit</b>   | <b>9,051</b>                             | <b>15,602</b>                            | <b>-42.0%</b> |
| Gross profit margin   | 28.5%                                    | 45.6%                                    |               |
| Other income  | 195                                      | 323                                      | -39.6%        |
| Administrative expenses                                     | (4,137)                                  | (4,384)                                  | -5.6%         |
| Finance expenses  | (78)                                     | (209)                                    | -62.7%        |
| Share of loss of an associated company                      | -  | (28)                                     | NM            |
| <b>Profit before income tax</b>                             | <b>5,031</b>                             | <b>11,304</b>                            | <b>-55.5%</b> |
| Income tax expense  | (855)                                    | (1,936)                                  | -55.8%        |
| <b>Net profit for the financial period</b>                  | <b>4,176</b>                             | <b>9,368</b>                             | <b>-55.4%</b> |
| Net profit margin   | 13.2%                                    | 27.4%                                    |               |
| <b>Other comprehensive income, net of tax:-</b>             |  |  |               |
| Currency translation differences arising from consolidation | (6)                                      | 5  | NM            |
| <b>Total comprehensive income for the financial period</b>  | <b>4,170</b>                             | <b>9,373</b>                             | <b>-55.5%</b> |
| <b>Attributable to:-</b>                                    |  |  |               |
| Equity holders of the Company                               | 4,170                                    | 9,373                                    | -55.5%        |

NM means not meaningful

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

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

|  | <b>Group</b>                                 |  |               |
|--|--|--|---------------|
|  | <b>3 months<br/>ended<br/>31 August 2011</b> | <b>3 months<br/>ended<br/>31 August 2010</b> | <b>Change</b> |
|  | <b>\$'000</b>                                | <b>\$'000</b>                                | <b>%</b>      |
| <b>The Group's profit is stated after charging/(crediting):-</b>           |  |  |               |
| Rental income <sup>(note 1)</sup>  | (73)   | (234)  | -68.8%        |
| Government grant – Jobs credit scheme                                      | -  | (36)   | NM            |
| Interest income – bank deposits  | (121)  | (5)  | NM            |
| Interest on borrowings   | 78   | 209  | -62.7%        |
| Depreciation of property, plant and equipment                              | 1,676  | 1,645  | 1.9%          |
| Foreign exchange loss/(gain), net  | 84   | (1)  | NM            |
| Underprovision of tax in respect of prior years                            | 2  | -  | NM            |
| Gain on disposal of property, plant and equipment, net <sup>(note 2)</sup> | -  | (46)   | NM            |

Note 1 – Rental income comprises mainly rental income of investment properties, container-office and warehouse.

Note 2 – Gain on disposal of property, plant and equipment came from the sale of the Group's vehicles.

NM means not meaningful

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

**STATEMENT OF FINANCIAL POSITION**

|   | <b>Group</b>          |                    | <b>Company</b>        |                    |
|---|-----------------------|--------------------|-----------------------|--------------------|
|   | <b>31 August 2011</b> | <b>31 May 2011</b> | <b>31 August 2011</b> | <b>31 May 2011</b> |
|   | <b>\$'000</b>         | <b>\$'000</b>      | <b>\$'000</b>         | <b>\$'000</b>      |
| <b>ASSETS</b>   |                       |                    |                       |                    |
| <b>Current Assets</b>   |                       |                    |                       |                    |
| Cash and cash equivalents   | 61,595                | 81,992             | 1,080                 | 21,755             |
| Trade and other receivables   | 53,877                | 67,758             | 95,725                | 75,635             |
| Inventories   | 2,592                 | 2,002              | -                     | -                  |
| Construction contract work-in-progress                                    | -                     | 30                 | -                     | -                  |
| Other current assets  | 805                   | 349                | 96                    | 60                 |
|   | <b>118,869</b>        | <b>152,131</b>     | <b>96,901</b>         | <b>97,450</b>      |
| <b>Non-Current Assets</b>   |                       |                    |                       |                    |
| Club memberships  | 407                   | 407                | -                     | -                  |
| Investment in subsidiaries  | -                     | -                  | 25,476                | 25,476             |
| Investment in an associated company                                       | 63                    | 63                 | -                     | -                  |
| Investment properties   | 9,945                 | 9,942              | -                     | -                  |
| Property, plant and equipment   | 70,949                | 65,581             | -                     | -                  |
|   | <b>81,364</b>         | <b>75,993</b>      | <b>25,476</b>         | <b>25,476</b>      |
| <b>Total Assets</b>   | <b>200,233</b>        | <b>228,124</b>     | <b>122,377</b>        | <b>122,926</b>     |
| <b>LIABILITIES</b>  |                       |                    |                       |                    |
| <b>Current Liabilities</b>  |                       |                    |                       |                    |
| Trade and other payables  | 58,083                | 74,674             | 375                   | 600                |
| Borrowings  | 221                   | 4,529              | -                     | -                  |
| Current income tax liabilities  | 4,855                 | 3,988              | -                     | -                  |
|   | <b>63,159</b>         | <b>83,191</b>      | <b>375</b>            | <b>600</b>         |
| <b>Non-Current Liabilities</b>  |                       |                    |                       |                    |
| Borrowings  | 64                    | 12,078             | -                     | -                  |
| Deferred income tax liabilities   | 4,926                 | 4,941              | -                     | -                  |
|   | <b>4,990</b>          | <b>17,019</b>      | <b>-</b>              | <b>-</b>           |
| <b>Total Liabilities</b>  | <b>68,149</b>         | <b>100,210</b>     | <b>375</b>            | <b>600</b>         |
| <b>Net Assets</b>   | <b>132,084</b>        | <b>127,914</b>     | <b>122,002</b>        | <b>122,326</b>     |
| <b>EQUITY</b>   |                       |                    |                       |                    |
| <b>Capital and reserves attributable to equity holders of the Company</b> |                       |                    |                       |                    |
| Share capital   | 99,603                | 99,603             | 99,603                | 99,603             |
| Foreign currency translation reserves                                     | (56)                  | (50)               | -                     | -                  |
| Retained profits  | 32,537                | 28,361             | 22,399                | 22,723             |
| <b>Total Equity</b>   | <b>132,084</b>        | <b>127,914</b>     | <b>122,002</b>        | <b>122,326</b>     |

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

|                                      | <b>Group</b>          |                  |                    |                  |
|--------------------------------------|-----------------------|------------------|--------------------|------------------|
|                                      | <b>31 August 2011</b> |                  | <b>31 May 2011</b> |                  |
|                                      | <b>Secured</b>        | <b>Unsecured</b> | <b>Secured</b>     | <b>Unsecured</b> |
|                                      | <b>\$'000</b>         | <b>\$'000</b>    | <b>\$'000</b>      | <b>\$'000</b>    |
| Amount repayable in one year or less | 221                   | -                | 4,529              | -                |
| Amount repayable after one year      | 64                    | -                | 12,078             | -                |

Details of any collateral:-

The Group's borrowings are secured by short-term bank deposits, a legal mortgage over the Group's freehold land & building, site building & yard improvement, investment properties and the rights to the leased site equipment and tools and motor vehicles.

Corporate Guarantees

- (a) The Company and one of its subsidiaries (Dyna-Mac Marine and Heavy Engineering Pte. Ltd.) provided corporate guarantees for loans and banking facilities totaling \$41.1m (31 May 2011: \$41.1m) draw down under various loan and banking facilities entered into by Dyna-Mac Engineering Services Pte Ltd.
- (b) The Company and one of its subsidiaries (Dyna-Mac Engineering Services Pte Ltd) provided a corporate guarantee for loan totaling \$4.8m (31 May 2011: \$4.8m) entered into by Dyna-Mac Marine and Heavy Engineering Pte. Ltd..

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | <b>3 months<br/>ended<br/>31 August 2011</b> | <b>3 months<br/>ended<br/>31 August 2010</b> |
|---|--|--|
|   | <b>\$'000</b>                                | <b>\$'000</b>                                |
| <b>Cash Flows From Operating Activities</b>                     |  |  |
| Net profit  | 4,176  | 9,368  |
| Adjustment for:   |  |  |
| - Income tax expense  | 855  | 1,936  |
| - Depreciation of property, plant and equipment                 | 1,676  | 1,645  |
| - Gain on disposal of property, plant and equipment             | -  | (46)   |
| - Write-off of property, plant and equipment                    | -  | 234  |
| - Interest income   | (121)  | (5)  |
| - Interest expense  | 78   | 209  |
| - Share of loss of an associated company                        | -  | 28   |
| - Unrealised translation loss                                   | -*   | 1  |
|   | 6,664  | 13,370                                       |
| <b>Changes in working capital</b>                               |  |  |
| - Trade and other receivables                                   | 13,933                                       | 11,206                                       |
| - Construction contract work-in-progress                        | 30   | (404)  |
| - Inventories   | (590)  | 466  |
| - Other current assets  | (456)  | (552)  |
| - Trade and other payables                                      | (16,591)                                     | (19,105)                                     |
| Cash generated from operations                                  | 2,990  | 4,981  |
| Interest received   | 69   | 5  |
| Income tax paid   | (3)  | -  |
| <b>Net cash provided by operating activities</b>                | 3,056  | 4,986  |
| <b>Cash Flows From Investing Activities</b>                     |  |  |
| - Additions to property, plant and equipment                    | (7,044)                                      | (613)  |
| - Improvements to investment properties                         | (3)  | -  |
| - Proceeds from disposal of property, plant and equipment       | -  | 286  |
| - Investment in an associated company                           | -  | (13)   |
| <b>Net cash used in investing activities</b>                    | (7,047)                                      | (340)  |
| <b>Cash Flows From Financing Activities</b>                     |  |  |
| - Repayment of finance lease liabilities                        | (65)   | (230)  |
| - Repayment of bank borrowings                                  | (16,257)                                     | (1,072)                                      |
| - Interest expense paid   | (78)   | (209)  |
| - Dividend paid to equity holders of the Company                | -  | (3,000)                                      |
| - Increase in bank deposits                                     | (6)  | (5)  |
| <b>Net cash used in financing activities</b>                    | (16,406)                                     | (4,516)                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>     | (20,397)                                     | 130  |
| Effect of currency translation on cash and cash equivalents     | (5)  | 3  |
| Cash and cash equivalents at beginning of the financial period  | 42,030                                       | 13,304                                       |
| <b>Cash and cash equivalents at end of the financial period</b> | 21,628                                       | 13,437                                       |

-\* Amount is less than \$1,000

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents as at the end of the financial period comprised the following:-

|  | <b>3 months<br/>ended<br/>31 August 2011</b> | <b>3 months<br/>ended<br/>31 August 2010</b> |
|--|--|--|
|  | <b>\$'000</b>                                | <b>\$'000</b>                                |
| Cash and cash equivalents  | 61,595                                       | 33,384                                       |
| Less: bank deposit pledged   | (18,000)                                     | (19,103)                                     |
| Less: bank deposit with maturity more than 3 months                | (21,967)                                     | (844)  |
| Cash and cash equivalents per consolidated statement of cash flows | 21,628                                       | 13,437                                       |

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

**STATEMENT OF CHANGES IN EQUITY**

|   | Attributable to equity holders of the Company |                  |                                      | Non-controlling interest | Total equity |         |
|---|---|------------------|--------------------------------------|--------------------------|--------------|---------|
|   | Share capital                                 | Retained profits | Foreign currency translation reserve |                          |              | Total   |
|   | \$'000  | \$'000           | \$'000                               | \$'000                   | \$'000       |         |
| <b>Group</b>  |   |                  |                                      |                          |              |         |
| Balance as at 1 June 2010                           | 26,476  | 3,515            | (42)                                 | 29,949                   | 42           | 29,991  |
| Total comprehensive income for the financial period | -   | 9,368            | 5                                    | 9,373                    | -            | 9,373   |
| Balance as at 31 August 2010                        | 26,476  | 12,883           | (37)                                 | 39,322                   | 42           | 39,364  |
| Balance as at 1 June 2011                           | 99,603  | 28,361           | (50)                                 | 127,914                  | -            | 127,914 |
| Total comprehensive income for the financial period | -   | 4,176            | (6)                                  | 4,170                    | -            | 4,170   |
| Balance as at 31 August 2011                        | 99,603  | 32,537           | (56)                                 | 132,084                  | -            | 132,084 |
| <b>Company</b>                                      |   |                  |                                      |                          |              |         |
| Balance as at 1 June 2010                           | 26,476  | 593              | -                                    | 27,069                   | -            | 27,069  |
| Total comprehensive income for the financial period | -   | (46)             | -                                    | (46)                     | -            | (46)    |
| Balance as at 31 August 2010                        | 26,476  | 547              | -                                    | 27,023                   | -            | 27,023  |
| Balance as at 1 June 2011                           | 99,603  | 22,723           | -                                    | 122,326                  | -            | 122,326 |
| Total comprehensive income for the financial period | -   | (324)            | -                                    | (324)                    | -            | (324)   |
| Balance as at 31 August 2011                        | 99,603  | 22,399           | -                                    | 122,002                  | -            | 122,002 |



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

Balance as at 31 May 2011 and 31 August 2011

| Number of Ordinary Shares | Resultant issued share capital \$ |
|---------------------------|-----------------------------------|
| 930,192,000               | 99,603,262                        |

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

The Company did not hold any treasury shares as at 31 August 2011 and 31 May 2011. The Company’s total number of issued shares excluding treasury shares as at 31 August 2011 and 31 May 2011 is 930,192,000.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation adopted in the financial statements for the current reporting period, as those used for the audited consolidated financial statements for the financial year ended 31 May 2011, except as mentioned in Note 5 below.

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

The Group has adopted the amended Singapore Financial Reporting Standard (“FRS”) and Interpretations to FRS (“INT FRS”) that are relevant and effective for the period beginning on or after 1 June 2011.

The adoption of the amended FRS and INT FRS did not result in any significant impact on the financial statements of the Group.

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

|   | <b>Group</b>                             |  |
|---|--|--|
|   | <b>3 months ended<br/>31 August 2011</b> | <b>3 months ended<br/>31 August 2010</b> |
| EPS (based on consolidated net profit attributable to equity holders):-<br>Based on the weighted average number of ordinary shares in issue (cents) | 0.45                                     | 1.31                                     |
| Weighted average number of shares in issue during the period used in computing of Basic EPS   | 930,192,000                              | 714,285,000 <sup>(1)</sup>               |

Note (1) – For the purpose of computing the EPS, the sub-division into 714,285,000 shares was assumed to have taken place on 1 June 2010.

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

|  | Group          |             | Company        |             |
|--|----------------|-------------|----------------|-------------|
|  | 31 August 2011 | 31 May 2011 | 31 August 2011 | 31 May 2011 |
| Net asset value per ordinary share based on existing share capital (cents) | 14.20          | 13.75       | 13.12          | 13.15       |
| Number of shares   | 930,192,000    | 930,192,000 | 930,192,000    | 930,192,000 |

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

### **Income Statement Overview**

#### **Revenue**

We derive our revenue mainly from the following business segments:-

- (i) Module Business, which consists of fabrication of Topside Modules  
(ii) Ad Hoc Projects, which consists of fabrication of other steel or mechanical structures

Revenue decreased by \$2.4m or 7.1% from \$34.2m for the first quarter ended 31 August 2010 ("1Q2011") to \$31.8m for the first quarter ended 31 August 2011 ("1Q2012"). The decline in revenue was mainly due to lower volume of work as most of the fabrication works for projects were substantially completed in the previous quarter. All the revenue earned were from existing projects.

#### **Gross Profit**

Gross profit decreased by \$6.5m or 42.0% from \$15.6m in 1Q2011 to \$9.1m in 1Q2012 partly in line with lower volume of work. Gross profit margin for 1Q2012 was 28.5%, as compared to 1Q2011 of 45.6%. Therefore, 1Q2011 had a higher recognition of variation orders, and hence profit, which were typically recognised upon completion of the projects. Variation orders contributed a higher gross profit margin as costs related to these variation orders had already been recognised in earlier periods as and when they were incurred. On the other hand, the revenue arising from variation orders would only be recognised upon settlement with the clients which typically happened in later periods.

#### **Other Income**

Other income decreased by \$0.1m or 39.6% from \$0.3m in 1Q2011 to \$0.2m in 1Q2012. The decrease was mainly due to a decrease in warehouse rental income of \$0.2m partially offset by an increase in interest income of \$0.1m.

### **Administrative Expenses**

Administrative expenses decreased by \$0.3m or 5.6% from \$4.4m in 1Q2011 to \$4.1m in 1Q2012. The decrease was mainly due to a decrease in employee compensation of \$0.7m, partially offset by an increase in legal and professional fees of \$0.2m and other expenses of \$0.2m.

### **Finance expenses**

Finance expenses were mainly interest expense on bank borrowings and finance leases which was minimal for both quarters under review.

### **Income Tax expense**

The effective tax rate for 1Q2012 and 1Q2011 was provided at the prevailing Singapore corporate tax at 17% .

### **Profit after tax**

Profit after tax decreased by \$5.2m from \$9.4m in 1Q2011 to \$4.2m in 1Q2012. Profit after tax margin decreased from 27.4% in 1Q2011 to 13.2% in 1Q2012. The decrease in profit margin was mainly due to a decrease in gross profit margin as explain in the section "Gross Profit".

### **Statement of Financial Position**

There was no material variance for the statement of financial position items between 31 August 2011 and 31 May 2011, except for the followings:-

#### **Current Assets**

Cash and cash equivalents decreased by \$20.4m or 24.9% from \$82.0m as at 31 May 2011 to \$61.6m as at 31 August 2011 due to progress payment of the committed capital expenditure of \$7.0m and redemption of bank loans of \$16.3m.

Trade and other receivables decreased by \$13.9m from \$67.8m as at 31 May 2011 to \$53.9m as at 31 August 2011, due to high billings as at last year end which were subsequently collected in this quarter.

#### **Non-Current Assets**

Non-current assets increased by \$5.4m as at 31 August 2011 from \$76.0m as at 31 May 2011 to \$81.4m as at 31 August 2011 due mainly to an increase in property, plant and equipment of \$7.0m, partially offset by depreciation charge of \$1.7m for the financial period.

#### **Current Liabilities**

Trade and other payables decreased by \$16.6m or 22.2% from \$74.7m as at 31 May 2011 to \$58.1m as at 31 August 2011 in line with lower business activities.

Current income tax liabilities increased by \$0.9m or 21.7% from \$4.0m as at 31 May 2011 to \$4.9m as at 31 August 2011 due to addition of current quarter tax liability.

#### **Non-Current Liabilities**

Borrowings decreased by \$12.0m or 99.5% from \$12.1m as at 31 May 2011 to \$0.1m as at 31 August 2011 due to full redemption of bank borrowings.

### **Consolidated Cash Flow**

As at 31 August 2011, the Group had cash and cash equivalents of \$61.6m. The Group generated cash from operating activities before working capital changes of \$6.7m. Net cash used in working capital amounted to \$3.7m due mainly to decrease in trade and other payables of \$16.6m, an increase in other current assets of \$0.5m and increase in inventories of \$0.6m partially offset by decrease in trade and other receivables and construction contract work-in-progress of \$14.0m.

Cash used in investing activities amounted to \$7.0m in 1Q2012 mainly due to continued investments in property, plant and equipment of \$7.0m.

Cash used in financing activities amounted to \$16.4m in 1Q2012 due mainly to payment of bank borrowings of \$16.3m, repayment of finance lease liabilities and interest of \$0.1m.

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

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

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

Our business is dependent on the level of activities in the oil and gas industry which is in turn, affected by oil and gas prices. Oil prices have softened in the last two months, and may be volatile going forward, amid heightened concerns over the European sovereign debt issue. Our financial performance for the various financial periods may also be affected by the timing of the commencement and completion of our projects due to the project- based nature of our business.

Our order book as at 1Q2012 is approximately \$86m, most of which is expected to commence in 3Q2012 and complete by 2Q2013. Pursuant to our collaboration agreement with Keppel Shipyard Limited, we have undertaken subcontract projects from the Keppel Group and will continue to explore further projects with the Keppel Group.

**11. Dividend**

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

No.

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared in respect of the current financial period. The final dividend of 2 cents per ordinary share (one-tier tax-exempt) for the financial year ended 31 May 2011 was approved at the Annual General Meeting on 13 September 2011. Payment of the dividend for the amount of \$18,603,840 will be made on 6 October 2011.

**13. Use of IPO Proceeds**

186,000,000 new shares were issued on 1 March 2011 pursuant to our IPO and 29,907,000 shares were issued on 4 April 2011 to satisfy the over-allotment at S\$0.35 for each share raising net proceeds in total of \$73.1m.

| <b>Use of proceeds</b>                                   | <b>Amount allocated (\$'million)</b> | <b>Amount utilised (\$'million)</b> | <b>Balance amount (\$'million)</b> |
|--|--------------------------------------|-------------------------------------|------------------------------------|
| a. Expansion of yard facility at 13 Pandan Crescent      | 8.0                                  | 2.6                                 | 5.4                                |
| b. Upgrading and expansion of yard facility at Main Yard | 12.0                                 | 6.0                                 | 6.0                                |
| c. Acquisition of additional equipment and machineries   | 7.0                                  | 1.1                                 | 5.9                                |
| d. Expansion of operations overseas                      | 20.0                                 | -                                   | 20.0                               |
| e. General working capital                               | 26.1                                 | 21.4                                | 4.7                                |
|  | 73.1                                 | 31.1                                | 42.0                               |

**14. Interested person transaction disclosure**

| Name of Interested Person   | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) |                          | Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000) |                          |
|---|--|--------------------------|--|--------------------------|
|   | 31 August 2011<br>\$'000   | 31 August 2010<br>\$'000 | 31 August 2011<br>\$'000   | 31 August 2010<br>\$'000 |
| <b>PURCHASES AND OTHER EXPENSES</b>   |  |                          |  |                          |
| Transactions with L&W United Engineering Pte. Ltd. ("L&W")<br>Subcontracting services for steel and piping fabrication by L&W | 793  | 415                      | -  | -                        |
| <b>REVENUE</b>  |  |                          |  |                          |
| Keppel Shipyard Limited ("KSL")<br>Fabrication of topside module  | -  | -                        | 2,413  | -                        |

**15. Confirmation pursuant to the Rule 705(4) of the listing manual**

The Board of Directors of the Company hereby confirms to the best of its knowledge nothing has come to its attention which may render the unaudited interim financial results for the first quarter ended 31 August 2011 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong  
Executive Chairman and CEO  
6 October 2011