



**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2017**

1 (a) GROUP INCOME STATEMENT

	Group					
	2Q 2017	2Q 2016	Fav /	Half-year	Half-year	Fav /
	30/6/2017	30/6/2016	(Unfav)	30/6/2017	30/6/2016	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	79,781	84,291	(5.4)	171,241	158,057	8.3
Cost of sales	(80,303)	(76,830)	(4.5)	(168,343)	(142,493)	(18.1)
Gross (loss)/ profit	(522)	7,461	nm	2,898	15,564	(81.4)
Other income	53	141	(62.4)	175	450	(61.1)
General and administrative expenses	(3,292)	(5,095)	35.4	(7,296)	(10,197)	28.4
Interest income	3	1	200.0	10	3	233.3
Finance costs	(1,231)	(1,399)	12.0	(2,410)	(3,110)	22.5
(Loss)/ Profit before tax	(4,989)	1,109	nm	(6,623)	2,710	nm
Taxation	848	(233)	nm	957	(124)	nm
Net (loss)/ profit	(4,141)	876	nm	(5,666)	2,586	nm
Attributable to:						
Owners of the Company	(4,116)	156	nm	(5,582)	1,325	nm
Non-controlling interests	(25)	720	nm	(84)	1,261	nm
	(4,141)	876	nm	(5,666)	2,586	nm

nm - not meaningful

(Loss)/ Profit before tax is arrived at after charging:

(Gain)/ Loss on disposal of property, plant & equipment	(139)	51	(187)	57
Depreciation	7,106	6,865	14,164	13,656

1(b)(i) **BALANCE SHEET**

	Group		Company	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	319,740	314,203	-	-
Investment in subsidiaries	-	-	39,430	39,430
Amount due from subsidiaries	-	-	103,590	103,551
Investment in a joint venture	1,468	1,468	-	-
Other investment	-	32	-	-
	321,208	315,703	143,020	142,981
Current assets				
Steel materials, at cost	42,548	40,353	-	-
Gross amount due from customers for contract work-in-progress	95,984	104,790	-	-
Trade debtors	29,719	35,979	-	-
Other debtors and deposits	9,429	13,547	-	113
Prepayments	2,027	2,974	-	4
Cash and bank balances	11,225	15,914	61	192
	190,932	213,557	61	309
Current liabilities				
Gross amount due to customers for contract work-in-progress	11,362	13,206	-	-
Trade creditors	79,463	79,395	-	-
Other creditors and accruals	10,752	9,912	272	522
Borrowings	84,552	54,782	-	-
Hire purchase creditors	2,549	2,864	-	-
Provision for taxation	815	837	-	-
	189,493	160,996	272	522
Net current assets/ (liabilities)	1,439	52,561	(211)	(213)
Non-current liabilities				
Borrowings	15,933	51,921	-	-
Hire purchase creditors	3,780	4,499	-	-
Deferred taxation	11,672	12,811	-	-
	31,385	69,231	-	-
Net assets	291,262	299,033	142,809	142,768
Equity				
Share capital	129,636	129,636	129,636	129,636
Reserves	162,221	169,907	13,173	13,132
Non-controlling interest	(595)	(510)	-	-
	291,262	299,033	142,809	142,768

Decrease in work-in-progress was due to billing of work done for on-going projects. Trade debtors decreased due to receipts of trade receivable for on-going projects. Other debtors decreased due to reclassification of deposit for purchase of lands in Malaysia to property, plant and equipment upon completion. Increase in others creditors was due to provision for certain obligation as at reporting quarter end. Net borrowing decreased due to repayment of borrowings.

1(b)(ii) GROUP BORROWINGS AND DEBT SECURITIES

	As at 30/06/17		As at 31/12/16	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	72,734	14,367	23,376	34,270
Amount repayable after one year	19,713	-	56,420	-

Details of collateral:

Certain group borrowings (including HP creditors) are secured by way of a fixed charge on certain assets of the Group's principal subsidiaries.

1(c) GROUP CONSOLIDATED CASH FLOW STATEMENT

	2Q 2017 30/06/2017	2Q 2016 30/06/2016	Half-year 30/06/2017	Half-year 30/06/2016
	\$'000	\$'000	\$'000	\$'000
Operating activities				
(Loss)/ Profit before tax	(4,989)	1,109	(6,623)	2,710
Add/(less):				
Depreciation	7,106	6,865	14,164	13,656
Consumption allowance	428	274	(634)	1,943
Interest income	(3)	(1)	(10)	(3)
Interest expense	1,231	1,399	2,410	3,110
Loss on disposal of other investment	-	-	8	-
(Gain)/Loss on disposal of property, plant & equipment	(139)	51	(187)	57
Effects of changes in foreign exchange	(19)	383	669	1,083
Operating cash flows before changes in working capital	3,615	10,080	9,797	22,556
(Increase)/Decrease in steel materials and work-in-progress	(918)	3,021	4,343	(6,541)
Decrease in trade and other debtors	5,660	2,372	10,966	5,400
(Decrease)/Increase in trade and other creditors	(6,571)	(2,432)	1,213	4,701
Cash flows from operations	1,786	13,041	26,319	26,116
Income tax (paid)/refund	(1)	(8)	(2)	17
Interest received	3	1	10	3
Interest paid	(1,231)	(1,399)	(2,410)	(3,110)
Net cash flows from operating activities	557	11,635	23,917	23,026
Investing activities				
Purchase of property, plant & equipment	(4,353)	(16,357)	(22,970)	(21,852)
Proceeds from disposal of property, plant & equipment	1,095	1,361	1,748	1,732
Decrease in investment in joint venture	50	-	-	-
Proceed from disposal of other investment	-	-	24	-
Net cash flows used in investing activities	(3,208)	(14,996)	(21,198)	(20,120)
Financing activities				
Proceeds from borrowings	6,093	4,896	7,540	8,703
Repayment of borrowings	(8,125)	(5,000)	(13,125)	(13,500)
Hire purchase instalments paid	(785)	(1,514)	(1,707)	(2,963)
Net cash flows used in financing activities	(2,817)	(1,618)	(7,292)	(7,760)
Net decrease in cash and cash equivalents	(5,468)	(4,979)	(4,573)	(4,854)
Effect of exchange rate changes on cash and cash equivalents	(39)	(27)	(116)	(27)
Cash and cash equivalents as at beginning of period	16,732	8,220	15,914	8,095
Cash and cash equivalents as at end of period	11,225	3,214	11,225	3,214

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

Group						
2Q 2017 30/06/2017	2Q 2016 30/06/2016	Fav/(Unfav)	Half-year 30/06/2017	Half-year 30/06/2016	Fav/(Unfav)	
\$'000	\$'000	%	\$'000	\$'000	%	
(Loss)/ Profit after tax	(4,141)	876	nm	(5,666)	2,586	nm
Foreign currency translation	(595)	(453)	(31.3)	(2,105)	(1,621)	(29.9)
Total comprehensive (loss)/ income	(4,736)	423	nm	(7,771)	965	nm

1(d)(ii) STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total \$'000
GROUP							
Balance at 1 January 2017	129,636	6,837	12,800	(3,451)	153,722	(511)	299,033
Total comprehensive income/(loss) for the period	-	-	-	(1,510)	(1,466)	(59)	(3,035)
Balance at 31 March 2017	129,636	6,837	12,800	(4,961)	152,256	(570)	295,998
Total comprehensive income/(loss) for the period	-	-	-	(595)	(4,116)	(25)	(4,736)
Balance at 30 June 2017	129,636	6,837	12,800	(5,556)	148,140	(595)	291,262
Balance at 1 January 2016	96,379	6,837	12,800	(4,647)	185,359	645	297,373
Total comprehensive income/(loss) for the period	-	-	-	(1,168)	1,169	541	542
Balance at 31 March 2016	96,379	6,837	12,800	(5,815)	186,528	1,186	297,915
Total comprehensive income/(loss) for the period	-	-	-	(453)	156	720	423
Balance at 30 June 2016	96,379	6,837	12,800	(6,268)	186,684	1,906	298,338
COMPANY							
Balance at 1 January 2017	129,636	-	12,800	-	332	-	142,768
Total comprehensive income/(loss) for the period	-	-	-	-	34	-	34
Balance at 31 March 2017	129,636	-	12,800	-	366	-	142,802
Total comprehensive income/(loss) for the period	-	-	-	-	7	-	7
Balance at 30 June 2017	129,636	-	12,800	-	373	-	142,809
Balance at 1 January 2016	96,379	-	12,800	-	230	-	109,409
Total comprehensive income/(loss) for the period	-	-	-	-	10	-	10
Balance at 31 March 2016	96,379	-	12,800	-	240	-	109,419
Total comprehensive income/(loss) for the period	-	-	-	-	19	-	19
Balance at 30 June 2016	96,379	-	12,800	-	259	-	109,438

1(d)(iii)&(iv) SHARE CAPITAL

There were no shares issued during the period from 1 April 2017 to 30 June 2017.

As at 30 June 2017, there were 13,970,880 (30 June 2016: 18,305,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 30 June 2017, the total number of issued shares was 475,102,931 (31 December 2016: 475,102,931).

2 AUDIT

These figures have not been audited or reviewed by the auditors.

3 AUDITOR'S REPORT

Not applicable.

4 ACCOUNTING POLICIES

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the financial year ended 31 December 2016, except as disclosed in paragraph 5 below.

5 CHANGES IN ACCOUNTING POLICIES

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2017. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these FRS and INT FRS did not have any significant impact on the financial statements of the Group.

6 EARNINGS PER SHARE

Earnings per share for the period based on net profit attributable to shareholders:-

	Group (cent)			
	2Q 2017 30/06/2017	2Q 2016 30/06/2016	Half-year 30/06/2017	Half-year 30/06/2016
(i) Based on weighted average number of shares in issue	(0.87)	0.05	(1.17)	0.42
(ii) On a fully diluted basis	(0.87)	0.05	(1.17)	0.42
(i) Weighted average number of shares in issue	475,102,931	316,735,383	475,102,931	316,735,383
(ii) weighted average number of shares for diluted earnings	475,102,931	316,735,383	475,102,931	316,735,383

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
Net asset value per share	61.31	62.94	30.06	30.05

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Group revenue decreased by 5.4% to \$79.8 million for the quarter ended June 30, 2017 ("2Q2017"), compared to \$84.3 million in 2Q2016, due mainly to lower contributions from the Group's Structural Steelworks and Mechanical Engineering businesses.

On a segmental basis, revenue contribution from Structural Steelworks decreased 8.6%, from \$53.9 million in 2QFY2016 to \$49.3 million in 2QFY2017. Senoko Food Hub and Changi Jewel were the key contributors to Structural Steelwork's revenue in the quarter under review.

Mechanical Engineering revenue decreased from \$9.7 million in 2QFY2016 to \$0.2 million in 2QFY2017, due to the completion of the fabrication of Heat Recovery Steam Generator ("HRSG") non-pressure parts for two power plants in Qatar and Egypt.

Revenue from Specialist Civil Engineering projects increased by 21.4%, from \$19.4 million in 2QFY2016 to \$23.5 million in 2QFY2017 due to higher contribution from Thomson-East Coast MRT projects. The contributions for the review quarter came from the Thomson-East Coast MRT and the Hong Kong MTR.

The Group incurred a gross loss of \$0.5 million in 2QFY2017 as compared to gross profit of \$7.5 million in 2QFY2016. This is mainly due to lower margins from certain projects as well as the overall lower level of strutting and fabrication activities in Singapore and Hong Kong, which resulted in overhead costs not being fully absorbed and therefore depressing the Group's overall gross margin.

General and administrative expenses decreased from \$5.1 million in 2Q2016 to \$3.3 million in 2Q2017, mainly due to lower staff costs, professional fees and other general and administrative expenses. Finance costs decreased from \$1.4 million to \$1.2 million, mainly due to lower borrowings.

The Group reported a net loss of \$4.1 million in 2Q2017 compared to a net profit of \$0.9 million in 2Q2016.

Net asset value per share decreased from 62.94 Singapore cents as at 31 December 2016 to 61.31 Singapore cents as at 30 June 2017. The Group's net gearing remained at a healthy level of 0.33 times as at 30 June 2017, unchanged from 0.33 times as at 31 December 2016.

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

The results are in line with statement made in results announcement for the financial period ended 31 March 2017.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or event that may effect the group in the next reporting period and the next 12 months

Backed by its strong track record and expertise as a steel specialist accumulated over the years, Yongnam will continue to focus on opportunities presented by the infrastructure sector in Singapore and the region.

Upcoming mega public sector infrastructure projects in Singapore this year, which the Group has bid for, include various major contracts for the Circle Line 6 and North-South Corridor. The Group is also bidding for various infrastructure projects in Hong Kong and Australia. Public sector demand is expected to be supported by various upcoming mega infrastructure projects in the medium term, such as the Jurong Regional Line, Cross Island Line, the Kuala Lumpur – Singapore High Speed Rail and various infrastructure developments for Changi Airport Terminal 5.

The Group is currently in active pursuit of \$1.2 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia, Malaysia and the Middle East. As at 30 June 2017, the Group's order book stood at \$205 million.

The Group expects its overall business outlook to remain challenging in 2017 as it continues to invest time and resources in bidding for potential projects. Most of the potential projects, if awarded, are slated to commence contributions only in 2018.

To enhance its cost competitiveness and operational efficiency, the Group, where possible, will continue to relocate part of its factory operations in Singapore to a new site in Johor, Malaysia, leaving fabrication with higher automation processes to be carried out in Singapore. This move will enable the Group to ensure cost savings in foreign worker levy, lower fabrication labour cost as well as ancillary staff cost such as accommodation and transportation.

11 DIVIDEND

(a) Current financial period reported on

None

(b) Corresponding period of the immediately preceding financial year

None

12 If no dividend has been declared / recommended, a statement to the effect

No dividend has been recommended for the period ended 30 June 2017.

13 Interested Person Transactions

The Group has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1)(a)ii.

14 Negative assurance

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the 6 months ended 30 June 2017 to be false or misleading.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 14 August 2017