



**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2015**

1 (a) GROUP INCOME STATEMENT

	Group					
	2Q 2015	2Q 2014	Fav /	Half-year	Half-year	Fav /
	30/6/2015	30/6/2014	(Unfav)	30/6/2015	30/6/2014	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	70,689	61,614	14.7	136,585	133,399	2.4
Cost of sales	(63,862)	(64,527)	1.0	(123,842)	(133,393)	7.2
Gross profit/(loss)	6,827	(2,913)	nm	12,743	6	nm
Other income	50	48	4.2	474	316	50.0
General and administrative expenses	(3,266)	(2,606)	(25.3)	(7,251)	(6,989)	(3.7)
Interest income	4	5	(20.0)	146	9	1,522.2
Finance costs	(1,180)	(1,069)	(10.4)	(2,634)	(2,380)	(10.7)
Profit/(Loss) before tax	2,435	(6,535)	nm	3,478	(9,038)	nm
Taxation	(382)	1,275	nm	(692)	1,867	nm
Net profit/(loss)	2,053	(5,260)	nm	2,786	(7,171)	nm
Attributable to:						
Owners of the Company	1,896	(5,260)	nm	2,629	(7,171)	nm
Non-controlling interests	157	-	100	157	-	100
	2,053	(5,260)	nm	2,786	(7,171)	nm

nm - not meaningful

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

Loss on disposal of property, plant & equipment	1,541	605	2,640	833
Depreciation	6,883	6,902	13,787	13,710

1(b)(i) BALANCE SHEET

	Group		Company	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	312,727	320,997	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	70,354	70,593
Investment in a joint venture	1,468	1,468	-	-
Other investment	140	140	-	-
	314,335	322,605	109,380	109,619
Current assets				
Steel materials, at cost	50,170	60,211	-	-
Gross amount due from customers for contract work-in-progress	115,155	101,652	-	-
Trade debtors	56,340	27,657	-	-
Sundry debtors and deposits	7,813	50,323	261	7
Prepayments	1,001	1,108	-	6
Cash and bank balances	8,433	5,989	237	235
	238,912	246,940	498	248
Current liabilities				
Gross amount due to customers for contract work-in-progress	6,001	3,838	-	-
Trade creditors	55,113	56,288	-	-
Other creditors and accruals	10,532	11,240	487	496
Amount due to a joint venture partner	490	-	-	-
Borrowings	74,807	81,849	-	-
Hire purchase creditors	6,000	7,429	-	-
Provision for taxation	627	540	1	3
	153,570	161,184	488	499
Net current assets/ (liabilities)	85,342	85,756	10	(251)
Non-current liabilities				
Borrowings	75,000	85,000	-	-
Hire purchase creditors	3,039	4,595	-	-
Deferred taxation	19,328	18,713	-	-
	97,367	108,308	-	-
Net assets	302,310	300,053	109,390	109,368
Equity				
Share capital	96,379	96,379	96,379	96,379
Reserves	205,774	203,674	13,011	12,989
Non-controlling interest	157	-	-	-
	302,310	300,053	109,390	109,368

Decrease in steel materials was due to consumption of materials to project. Increase in work-in-progress was due to unbilled work done for some of the on-going projects.

Trade debtors increased due to timing in billing and collection of receivables for on-going projects. Decrease in sundry debtors and deposits was due to receipt of sale proceeds from disposal of Malaysia property held in escrow as at previous year end. Net borrowings decreased due to repayment of borrowings.

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

	As at 30/06/15		As at 31/12/14	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	6,000	74,807	7,429	81,849
Amount repayable after one year	3,039	75,000	4,595	85,000

Details of collateral:

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 2015 30/06/2015	2Q 2014 30/06/2014	Half-year 30/06/2015	Half-year 30/06/2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit/ (Loss) before tax	2,435	(6,535)	3,478	(9,038)
Add/(less):				
Depreciation	6,883	6,902	13,787	13,710
Consumption allowance	1,739	1,159	2,863	2,077
Interest income	(4)	(5)	(146)	(9)
Interest expense	1,180	1,069	2,634	2,380
Write back of impairment of receivable	(10)	-	(40)	-
Loss on disposal of property, plant & equipment	1,541	605	2,640	833
Effects of changes in foreign exchange	930	316	(580)	(8)
Operating cash flows before changes in working capital	14,694	3,511	24,636	9,945
Decrease/ (Increase) in steel materials and work-in-progress	24,454	(6,946)	5,941	(17,186)
(Increase)/ Decrease in trade and other debtors	(27,167)	3,998	(31,520)	10,114
(Decrease)/Increase in trade and other creditors	(4,974)	7,907	(8,760)	8,251
Cash flows from/(used in) operations	7,007	8,470	(9,703)	11,124
Income tax (paid)/refund	(1)	516	(33)	190
Interest received	4	5	146	9
Interest paid	(1,180)	(1,069)	(2,634)	(2,380)
Net cash flows from/(used in) operating activities	5,830	7,922	(12,224)	8,943
Investing activities				
Purchase of property, plant & equipment	(8,137)	(5,585)	(13,225)	(12,101)
Proceeds from disposal of property, plant & equipment	3,811	568	49,210	2,359
Net cash flows used in/from investing activities	(4,326)	(5,017)	35,985	(9,742)
Financing activities				
Dividend paid	-	(7,601)	-	(7,601)
Proceeds from borrowings	4,200	11,411	6,519	20,530
Repayment of borrowings	(9,000)	(5,523)	(23,500)	(11,338)
Hire purchase instalments paid	(2,863)	(2,130)	(4,863)	(4,255)
Amount due to a joint venture partner	490	-	490	-
Net cash flows used in financing activities	(7,173)	(3,843)	(21,354)	(2,664)
Net (decrease)/increase in cash and cash equivalents	(5,669)	(938)	2,407	(3,463)
Effect of exchange rate changes on cash and cash equivalents	(48)	1	37	(9)
Cash and cash equivalents as at beginning of period	14,150	12,283	5,989	14,818
Cash and cash equivalents as at end of period	8,433	11,346	8,433	11,346

1(d)(i) **STATEMENT OF COMPREHENSIVE INCOME**

Group					
2Q 2015 30/06/2015	2Q 2014 30/06/2014	Fav/(Unfav)	Half-year 30/06/2015	Half-year 30/06/2014	Fav/(Unfav)
\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) after tax	2,053	(5,260)	nm	2,786	(7,171)
Foreign currency translation	(293)	18	nm	(529)	(426)
Total comprehensive income/(loss)	1,760	(5,242)	nm	2,257	(7,597)

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 2015	96,379	17,411	12,800	(4,662)	178,125	-	300,053
Total comprehensive income/(loss) for the period	-	-	-	(236)	733	-	497
Balance at 31 March 2015	96,379	17,411	12,800	(4,898)	178,858	-	300,550
Total comprehensive income/(loss) for the period	-	-	-	(293)	1,896	157	1,760
Balance at 30 June 2015	96,379	17,411	12,800	(5,191)	180,754	157	302,310
Balance at 1 January 2014	96,379	17,411	12,800	(4,381)	194,218	-	316,427
Total comprehensive loss for the period	-	-	-	(444)	(1,911)	-	(2,355)
Balance at 31 March 2014	96,379	17,411	12,800	(4,825)	192,307	-	314,072
Total comprehensive income/(loss) for the period	-	-	-	18	(5,260)	-	(5,242)
Dividend on ordinary shares	-	-	-	-	(7,601)	-	(7,601)
Balance at 30 June 2014	96,379	17,411	12,800	(4,807)	179,446	-	301,229
COMPANY							
Balance at 1 January 2015	96,379	10,574	12,800	-	(10,385)	-	109,368
Total comprehensive income for the period	-	-	-	-	13	-	13
Balance at 31 March 2015	96,379	10,574	12,800	-	(10,372)	-	109,381
Total comprehensive income for the period	-	-	-	-	9	-	9
Balance at 30 June 2015	96,379	10,574	12,800	-	(10,363)	-	109,390
Balance at 1 January 2014	96,379	10,574	12,800	-	(2,834)	-	116,919
Total comprehensive income for the period	-	-	-	-	12	-	12
Balance at 31 March 2014	96,379	10,574	12,800	-	(2,822)	-	116,931
Total comprehensive income for the period	-	-	-	-	12	-	12
Dividend on ordinary shares	-	-	-	-	(7,601)	-	(7,601)
Balance at 30 June 2014	96,379	10,574	12,800	-	(10,411)	-	109,342

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

There were no shares issued during the period from 1 April 2015 to 30 June 2015.

As at 30 June 2015, there were 18,305,000 (30 June 2014: 73,220,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 30 June 2015, the total number of issued shares was 316,735,383 (31 December 2014: 1,266,942,003).

On 25 May 2015, the Company completed the share consolidation of every four (4) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded.

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 2014, 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 2015. 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 (cents)			
	2Q 2015 30/06/2015	2Q 2014 30/06/2014 Restated *	Half-year 30/06/2015	Half-year 30/06/2014 Restated *
(i) Based on weighted average number of shares in issue	0.65	(1.66)	0.88	(2.26)
(ii) On a fully diluted basis	0.65	(1.63)	0.88	(2.23)
(i) Weighted average number of shares in issue	316,735,383	316,735,383	316,735,383	316,735,383
(ii) weighted average number of shares for diluted earnings	317,735,822	321,914,980	317,735,822	321,914,980

* For comparison purpose, prior year earnings per shares are adjusted due to the share consolidation of every four (4) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded.

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	30/6/2015	31/12/2014 Restated *	30/6/2015	31/12/2014 Restated *
Net asset value per share	95.45	94.73	34.54	34.53

* For comparison purpose, prior year net asset values are adjusted due to the share consolidation of every four (4) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded.

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Group revenue increased by 14.7% to \$70.7 million for the quarter ended June 30, 2015 ("2Q2015"), compared to \$61.6 million in 2Q2014, due mainly to higher contributions from the Group's Structural Steelworks business.

On a segmental basis, revenue contribution from Specialist Civil Engineering decreased 14.1% year-on-year, from \$29.8 million in 2Q2014 to \$25.6 million in 2Q2015. With the substantial completion of the Downtown Line 2 projects at the end of FY2014, contributions for the quarter under review came from on-going projects, mainly from MRT Downtown Line 3, Thomson Line and the Hong Kong MTR.

Conversely, revenue from Structural Steelwork projects increased by 40.0% from \$31.8 million in 2Q2014 to \$44.4 million in 2Q2015. Marina One and Changi Airport Terminal 4 were the key contributors to Structural Steelwork's revenue in the quarter under review.

The Group's gross profit stood at \$6.8 million in 2Q2015, a reversal from a gross loss of \$2.9 million in 2Q2014. While overall fabrication and erection activities remains low, the improved margins reported in the latest financial quarter were mainly due to better margins achieved from ongoing projects.

General and administrative expenses increased from \$2.6 million in 2Q2014 to \$3.3 million in 2Q2015, mainly due to the reversal of staff bonuses provided in 1Q2014. Finance costs increased marginally, from \$1.1 million to \$1.2 million, due to higher bank charges and interests.

Consequently, the Group reported a net profit of \$2.1 million in 2Q2015, a reversal from a net loss of \$5.3 million in 2Q2014.

Net asset value per share increased from 94.73 Singapore cents as at 31 December 2014 to 95.45 Singapore cents as at 30 June 2015.

The Group's net gearing remained at a healthy level of 0.50 time as at 30 June 2015, compared to 0.58 time as at 31 December 2014.

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 2015.

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

The Group expects the outlook for infrastructure development, civil engineering services and commercial projects to remain positive, backed by the renewal and expansion of urban infrastructure in Singapore and the region. For Singapore, the Building and Construction Authority ("BCA") anticipates that construction demand for 2015 is expected to range between \$29 billion to \$36 billion, with public sector projects accounting for approximately 60%, or \$18 billion to \$21 billion of the total demand. Average construction demand is expected to be \$27 billion to \$36 billion in 2016 and 2017, and \$26 billion to \$37 billion in 2018 and 2019 per annum, largely driven by mega public sector infrastructure projects to meet Singapore's long-term needs and to maintain its competitive advantage.

The Group is currently in active pursuit of \$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East. Leveraging its BCA A1 gradings in both General Building and Civil Engineering, the Group also intends to selectively participate in joint-venture partnerships to pursue civil engineering and building projects as the main contractor.

The Group has recently set up a Building Division to explore business opportunities in industrial and commercial projects as a Design and Build ("D&B") contractor. Leveraging Yongnam's experience in project and construction management, the Group will be a one-stop solutions provider of conceptual design, construction, project management and final delivery.

As at 30 June 2015, the Group's order book stood at \$453 million. The Group expects about 34% of the existing orders to be fulfilled by the end of FY2015.

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 2015.

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 2015 to be false or misleading.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 12 August 2015