



**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 (a) GROUP INCOME STATEMENT

	Group		
	FY2016	FY2015	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	321,378	269,618	19.2
Cost of sales	(335,145)	(249,935)	(34.1)
Gross (loss) / profit	(13,767)	19,683	nm
Other income	581	539	7.8
General and administrative expenses	(19,352)	(18,967)	(2.0)
Interest income	42	152	(72.4)
Finance costs	(5,637)	(5,545)	(1.7)
Loss before tax	(38,133)	(4,138)	(821.5)
Taxation	5,340	1,443	270.1
Loss after tax	(32,793)	(2,695)	(1,116.8)
Attributable to:			
Owners of the Company	(31,637)	(3,341)	(846.9)
Non-controlling interests	(1,156)	646	nm
	(32,793)	(2,695)	(1,116.8)

nm - not meaningful

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

Loss on disposal of property, plant & equipment	189	2,799
Allowance for impairment of receivable	2,600	2,160
Depreciation	27,765	27,441

1(b)(i) BALANCE SHEET

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	314,203	307,410	-	-
Investment in subsidiaries	-	-	39,430	39,064
Amount due from subsidiaries	-	-	103,551	70,796
Investment in a joint venture	1,468	1,468	-	-
Other investment	32	140	-	-
	315,703	309,018	142,981	109,860
Current assets				
Steel materials, at cost	40,353	50,121	-	-
Gross amount due from customers for contract work-in-progress	104,790	123,171	-	-
Trade debtors	35,979	31,032	-	-
Sundry debtors and deposits	13,547	16,365	113	684
Prepayments	2,974	2,576	4	5
Cash and bank balances	15,914	8,095	192	121
	213,557	231,360	309	810
Current liabilities				
Gross amount due to customers for contract work-in-progress	13,206	10,371	-	-
Trade creditors	79,395	61,461	-	-
Other creditors and accruals	9,912	9,865	522	1,257
Borrowings	54,782	69,675	-	-
Hire purchase creditors	2,864	4,513	-	-
Provision for taxation	837	815	-	4
	160,996	156,700	522	1,261
Net current assets / (liabilities)	52,561	74,660	(213)	(451)
Non-current liabilities				
Borrowings	51,921	65,000	-	-
Hire purchase creditors	4,499	3,216	-	-
Deferred taxation	12,811	18,089	-	-
	69,231	86,305	-	-
Net assets	299,033	297,373	142,768	109,409
Equity				
Share capital	129,636	96,379	129,636	96,379
Reserves	169,907	200,348	13,132	13,030
Non-controlling interest	(510)	646	-	-
	299,033	297,373	142,768	109,409

Decrease in steel materials was due to consumption of materials to project. Decrease in work-in-progress was due to billing made 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 mainly due to reclassification of deposit paid for purchase of lands to property, plant and equipments upon completion. Net borrowings decreased due to right issue proceeds and repayment of borrowing during the year.

Share capital increased due to issuance of shares as result of right issue exercise completed on 5 July 2016.

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

	As at 31/12/16		As at 31/12/15	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	23,376	34,270	4,513	69,675
Amount repayable after one year	56,420	-	3,216	65,000

Details of collateral:

Bank borrowings and hire purchase creditors are secured by way of a fixed charge on certain assets of the Group's subsidiaries.

1(c) **GROUP CONSOLIDATED CASH FLOW STATEMENT**

	FY2016	FY2015
	\$'000	\$'000
Operating activities		
Loss before tax	(38,133)	(4,138)
Add/(less):		
Depreciation	27,765	27,441
Consumption allowance	2,613	4,844
Interest income	(42)	(152)
Interest expense	5,637	5,545
Allowance for impairment of receivable	2,600	2,160
Impairment on available for sales investment	108	-
Write back for inventory valuation	-	(24)
Loss on disposal of property, plant & equipment	189	2,799
Effects of changes in foreign exchange	1,487	(542)
Operating cash flows before changes in working capital	2,224	37,933
Decrease/(Increase) in steel materials and work-in-progress	30,512	(2,950)
Increase in trade and other debtors	(5,080)	(19,775)
Increase in trade and other creditors	17,934	4,232
Cash flows from operations	45,590	19,440
Income tax refund/(paid)	15	(39)
Interest received	42	152
Interest paid	(5,637)	(5,545)
Net cash flows from operating activities	40,010	14,008
Investing activities		
Purchase of property, plant & equipment	(35,205)	(23,963)
Proceeds from disposal of property, plant & equipment	3,680	52,106
Net cash flows (used in)/from investing activities	(31,525)	28,143
Financing activities		
Proceeds from issuance of shares	33,257	-
Proceeds from borrowings	8,143	9,096
Repayment of borrowings	(36,586)	(41,222)
Hire purchase instalments paid	(5,482)	(8,004)
Net cash flows used in financing activities	(668)	(40,130)
Net increase in cash and cash equivalents	7,817	2,021
Effect of exchange rate changes on cash and cash equivalents	2	85
Cash and cash equivalents as at beginning of year	8,095	5,989
Cash and cash equivalents as at end of year	15,914	8,095

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

	Group		
	FY2016	FY2015	Fav/(Unfav)
	\$'000	\$'000	%
Loss after tax	(32,793)	(2,695)	(1,116.8)
Foreign currency translation	1,196	15	7,873.3
Total comprehensive loss	(31,597)	(2,680)	(1,079.0)

Attributable to:

Owners of the Company	(31,086)	(3,325)	(834.9)
Non-controlling interests	(511)	645	nm
	(31,597)	(2,680)	(1,079.0)

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

	Share capital	Capital reserves	Share option reserves	Foreign currency translation reserves	Retained earnings	Non-controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP							
Balance at 1 January 2016	96,379	6,837	12,800	(4,647)	185,359	645	297,373
Issuance of shares	33,257	-	-	-	-	-	33,257
Total comprehensive loss for the year	-	-	-	1,196	(31,637)	(1,156)	(31,597)
Balance at 31 December 2016	129,636	6,837	12,800	(3,451)	153,722	(511)	299,033
Balance at 1 January 2015	96,379	17,411	12,800	(4,662)	178,125	-	300,053
Total comprehensive loss for the year	-	-	-	15	(3,341)	646	(2,680)
Balance at 31 December 2015	96,379	17,411	12,800	(4,647)	174,784	646	297,373
COMPANY							
Balance at 1 January 2016	96,379	-	12,800	-	230	-	109,409
Issuance of shares	33,257	-	-	-	-	-	33,257
Total comprehensive income for the year	-	-	-	-	102	-	102
Balance at 31 December 2016	129,636	-	12,800	-	332	-	142,768
Balance at 1 January 2015	96,379	10,574	12,800	-	(10,385)	-	109,368
Total comprehensive income for the year	-	-	-	-	41	-	41
Balance at 31 December 2015	96,379	10,574	12,800	-	(10,344)	-	109,409

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

There was no shares issued during the period from 1 October 2016 to 31 December 2016.

As at 31 December 2016, there was 18,305,000 (31 December 2015: 18,305,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 December 2016, the total number of issued shares was 475,102,931 (31 December 2015: 316,735,383).

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 year as those in the financial year ended 31 December 2015, 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 2016. 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 year based on net profit attributable to shareholders:-

	Group (cents)	
	FY2016	FY2015
(i) Based on weighted average number of shares in issue	(6.90)	(0.85)
(ii) On a fully diluted basis	(6.90)	(0.85)
(i) Weighted average number of shares in issue	475,102,931	316,735,383
(ii) weighted average number of shares for diluted earnings	475,102,931	316,735,383

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset value per share	62.94	93.89	30.05	34.54

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Group revenue increased by 19.2% to \$321.4 million for the year ended December 31, 2016 ("FY2016"), compared to \$269.6 million in FY2015, due mainly to higher contributions from the Group's Structural Steelworks and Mechanical Engineering businesses.

On a segmental basis, revenue contribution from Structural Steelworks increased 21.7%, from \$177.1 million in FY2015 to \$215.6 million in FY2016. Marina One, Senoko Food Hub, and Jewel Changi Airport were the key contributors to Structural Steelwork's revenue in the quarter under review.

Mechanical Engineering registered revenue of \$32.1 million in FY2016, compared to \$5.8 million in FY2015. The increase is due to the supply and fabrication of Heat Recovery Steam Generator ("HRSG") non-pressure parts for two power plants in Qatar and Egypt.

Revenue from Specialist Civil Engineering projects decreased by 23.0%, from \$86.0 million in FY2015 to \$66.2 million in FY2016, due to the tailing down of the MRT Downtown Line 2 and Downtown Line 3 projects at the end of FY2015. The contributions for the review quarter came from on-going projects, including MRT Thomson Line and the Hong Kong MTR.

On a geographical basis, Singapore continued to be the core contributor, accounting for 90.1% of total revenue, compared to 87.6% in FY2015. The other contributor was Hong Kong.

The Group reported a gross loss of \$13.8 million as compared to gross profit of \$19.7 million in FY2015. This is mainly due to the Senoko Food Hub project incurring cost-overflow and provisions made in anticipation of lower negotiated awards in variation orders for certain projects in Singapore and Hong Kong. In addition, the overall lower level of strutting and other activities in Singapore and Hong Kong have also resulted in overhead costs not being fully absorbed, hence further depressing the Group's gross margin.

General and administrative expenses increased marginally from \$19.0 million in FY2015 to \$19.4 million in FY2016, mainly due to higher professional fees from the rights issue exercise on 5 July 2016 and tendering expenses which was partially offset by the decrease in staff costs. Finance cost increased marginally from \$5.5 million to \$5.6 million, due to higher bank charges.

As a result, the Group reported a net loss of \$32.8 million in FY2016, compared to a net loss of \$2.7 million in FY2015.

Net asset value per share decreased to 62.94 Singapore cents as at 31 December 2016 compared to 93.89 Singapore cents as at 31 December 2015 arising mainly from the rights issue on 5 July 2016.

The Group's net gearing remained at a healthy level of 0.33 time as at 31 December 2016, compared to 0.45 time as at 31 December 2015.

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 prospect statement made in results announcement for the financial period ended 30 September 2016.

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 Building and Construction Authority ("BCA") expects public sector construction demand to be between \$20.0 billion and \$24.0 billion this year. Upcoming mega public sector infrastructure projects this year include various major contracts for the Deep Tunnel Sewerage System (DTSS phase 2), North-South Corridor and Circle Line 6. In the medium term, public sector demand is expected to be supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5.

As part of the Singapore Budget 2017 unveiled recently, the government announced plans to bring forward \$700 million worth of public sector infrastructure projects to start in FY2017 and FY2018, which include the upgrading of community clubs and sports facilities.

Going forward, the government will continue to make significant investments in critical economic infrastructure such as Changi Airport Terminal 5, the Kuala Lumpur-Singapore High Speed Rail and the Tuas Terminal, while public transport infrastructure will continue to be enhanced with plans to double the MRT network by 2030.

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. The Group is currently in active pursuit of \$1.5 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East. As at 31 December 2016, the Group's order book stood at \$274 million.

However, the Group expects the overall business outlook to remain challenging. To enhance its cost competitiveness and operational efficiency, the Group will be relocating part of its factory operations in Singapore to a new site in Johor, Malaysia, in 2018, 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.

In addition, the Group is also reviewing its cost structure to further manage it and achieve greater efficiencies. With these measures in place, the Group will be better positioned to weather this challenging period.

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 year ended 31 December 2016.

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 Segmental Information

	Singapore \$'000	Rest of Asia \$'000	Hong Kong \$'000	Middle East \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2016						
Revenue						
External customers	289,750	6	31,622	-	-	321,378
Inter-segment revenue	13,103	26,396	-	-	(39,499)	-
Total revenue	302,853	26,402	31,622	-	(39,499)	321,378
Result						
Segment result	(30,833)	1,215	(3,573)	-	653	(32,538)
Finance income						42
Finance cost						(5,637)
Loss before tax						(38,133)
Tax						5,340
Loss after tax						(32,793)
Year ended 31 December 2015						
Revenue						
External customers	236,146	42	33,430	-	-	269,618
Inter-segment revenue	6,119	18,016	-	-	(24,135)	-
Total revenue	242,265	18,058	33,430	-	(24,135)	269,618
Result						
Segment result	(342)	(2,859)	4,585	(28)	(101)	1,255
Finance income						152
Finance cost						(5,545)
Loss before tax						(4,138)
Tax						1,443
Loss after tax						(2,695)

	FY2016 \$'000	FY2015 \$'000
Structural steelworks	215,584	177,082
Specialist civil engineering	66,182	85,999
Mechanical engineering	32,078	5,751
Design and Build	7,534	786
	321,378	269,618

15 Breakdown of sales and profit after tax

	Group		Fav/(Unfav) %
	FY2016 \$'000	FY2015 \$'000	
(a) Sales reported for first half year	158,057	136,585	15.7
(b) Profit/(Loss) after tax for first half year	2,586	2,786	(7.2)
(c) Sales reported for second half year	163,321	133,033	22.8
(d) Profit/(Loss) after tax for second half year	(35,379)	(5,481)	(545.5)

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2016 \$'000	FY2015 \$'000
Final ordinary dividend	-	-

Reports of person occupying managerial position who are related to a director, chief executive officer or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Seow Soon Hock	61	Brother of Seow Soon Yong, Seow Soon Hee and Siau Sun King	Production Director; Responsible for all fabrication, logistic, planning, manufacturing and delivery of all manufactured products of the Group 2002	Nil
Cheong Wai Yee	60	Sister-in-law of Seow Soon Yong, Seow Soon Hee and Siau Sun King	Admin Manager; Responsible for the day-to-day function of the administration department and providing general support for management 1993	Nil
Seow Khng Chai	59	Brother of Seow Soon Yong, Seow Soon Hee and Siau Sun King	General Manager - Malaysia Operation; Responsible for the day-to-day functions of the fabrication facility in Malaysia, including co-ordination of production planning, scheduling, manufacturing and logistics activities 2002	Nil
Siau Sze You	42	Son of Siau Sun King, Nephew of Seow Soon Yong and Seow Soon Hee	Deputy General Manager; Responsible for business development for the company driving sales activities and the acquisition of new business 2014	Nil
Seow Zi Xian	33	Son of Seow Soon Yong, Nephew of Siau Sun King and Seow Soon Hee	Site Manager; Responsible for overseeing the development of projects and other related operational matter 2014	Nil

18 Use of Rights Issue Proceeds

The Group had utilised S\$32.3 million of the net proceeds of S\$32.6 million raised from Rights Issue as follows:

	\$'000
Payment of operating expenses	12,700
Subcontractor and trade payables	19,600
Total Amount Utilised	32,300

The above utilisations are in accordance with the intended use of proceeds of the Rights Issue, as stated by the Company in the Rights Issue Announcement dated 1 June 2016 and the Offer Information Statement.

19 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.

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 28 February 2017