



**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE PERIOD ENDED 31 MARCH 2016**

**1 (a) GROUP INCOME STATEMENT**

	<b>Group</b>		
	3 mths 31/3/2016	3 mths 31/3/2015	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	73,766	65,977	11.8
Cost of sales	(65,150)	(59,980)	(8.6)
Gross profit	8,616	5,997	43.7
Other income	310	343	(9.6)
General and administrative expenses	(5,616)	(3,985)	(40.9)
Interest income	2	142	(98.6)
Finance costs	(1,711)	(1,454)	(17.7)
Profit before tax	1,601	1,043	53.5
Taxation	109	(310)	nm
Net profit	1,710	733	133.3

Attributable to:

Owners of the Company	1,169	733	59.5
Non-controlling interests	541	-	100.0
	1,710	733	133.3

nm - not meaningful

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

Loss on disposal of property, plant & equipment	6	1,099
Write back impairment of receivable	-	(30)
Depreciation	6,791	6,904

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

	<b>Group</b>		<b>Company</b>	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	306,446	307,410	-	-
Investment in subsidiaries	-	-	39,396	39,064
Amount due from subsidiaries	-	-	70,804	70,796
Investment in a joint venture	1,468	1,468	-	-
Other investment	140	140	-	-
	<b>308,054</b>	<b>309,018</b>	<b>110,200</b>	<b>109,860</b>
<b>Current assets</b>				
Inventories	51,823	50,121	-	-
Gross amount due from customers for contract work-in-progress	131,323	123,171	-	-
Trade debtors	29,761	31,032	-	-
Sundry debtors and deposits	14,999	16,365	528	684
Prepayments	2,240	2,576	11	5
Cash and bank balances	8,220	8,095	73	121
	<b>238,366</b>	<b>231,360</b>	<b>612</b>	<b>810</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	11,495	10,371	-	-
Trade creditors	66,757	61,461	-	-
Other creditors and accruals	14,726	9,865	1,389	1,257
Borrowings	69,307	69,675	-	-
Hire purchase creditors	3,959	4,513	-	-
Provision for taxation	1,027	815	4	4
	<b>167,271</b>	<b>156,700</b>	<b>1,393</b>	<b>1,261</b>
<b>Net current assets/ (liabilities)</b>	<b>71,095</b>	<b>74,660</b>	<b>(781)</b>	<b>(451)</b>
<b>Non-current liabilities</b>				
Borrowings	60,000	65,000	-	-
Hire purchase creditors	3,584	3,216	-	-
Deferred taxation	17,650	18,089	-	-
	<b>81,234</b>	<b>86,305</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>297,915</b>	<b>297,373</b>	<b>109,419</b>	<b>109,409</b>
<b>Equity</b>				
Share capital	96,379	96,379	96,379	96,379
Reserves	200,350	200,349	13,040	13,030
Non-controlling interest	1,186	645	-	-
	<b>297,915</b>	<b>297,373</b>	<b>109,419</b>	<b>109,409</b>

Increase in work-in-progress was due to unbilled work done for on-going projects. Trade debtors decreased due to timing in billing and collection of receivables for on-going projects. Increase in other creditors and accruals was mainly due to higher accrual made for certain obligation in the quarter.

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

	As at 31/3/16		As at 31/12/15	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	3,959	69,307	4,513	69,675
Amount repayable after one year	3,584	60,000	3,216	65,000

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**

	3 mths 31/03/2016	3 mths 31/03/2015
	\$'000	\$'000
<b>Operating activities</b>		
Profit before tax	1,601	1,043
Add/(less):		
Depreciation	6,791	6,904
Consumption allowance	1,669	1,124
Interest income	(2)	(142)
Interest expense	1,711	1,454
Write back for impairment of receivable	-	(30)
Loss on disposal of property, plant & equipment	6	1,099
Effects of changes in foreign exchange	700	(1,510)
<b>Operating cash flows before changes in working capital</b>	12,476	9,942
Increase in steel materials and work-in-progress	(9,562)	(18,513)
Decrease/(Increase) in trade and other debtors	3,028	(4,353)
Increase/(Decrease) in trade and other creditors	7,133	(3,786)
<b>Cash flows from/ (used in) operations</b>	13,075	(16,710)
Income tax received/(paid)	25	(32)
Interest received	2	142
Interest paid	(1,711)	(1,454)
<b>Net cash flows from/(used in) operating activities</b>	11,391	(18,054)
<b>Investing activities</b>		
Purchase of property, plant & equipment	(5,495)	(5,088)
Proceeds from disposal of property, plant & equipment	371	45,399
<b>Net cash flows (used in)/from investing activities</b>	(5,124)	40,311
<b>Financing activities</b>		
Proceeds from borrowings	3,807	2,319
Repayment of borrowings	(8,500)	(14,500)
Hire purchase instalments paid	(1,449)	(2,000)
<b>Net cash flows used in financing activities</b>	(6,142)	(14,181)
<b>Net increase in cash and cash equivalents</b>	125	8,076
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-	85
Cash and cash equivalents as at beginning of period	8,095	5,989
<b>Cash and cash equivalents as at end of period</b>	8,220	14,150

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

	<b>Group</b>		
	3 mths 31/03/2016	3 mths 31/03/2015	Fav/(Unfav)
	\$'000	\$'000	%
Profit after tax	1,710	733	133.3
Foreign currency translation	(1,168)	15	nm
Total comprehensive income	542	748	(27.5)

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

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Non-controlling interests \$'000	Retained earnings \$'000	Total \$'000
<b><u>GROUP</u></b>							
Balance at 1 January 2016	96,379	6,837	12,800	(4,647)	645	185,359	297,373
Total comprehensive income for the period	-	-	-	(1,168)	541	1,169	542
Balance at 31 March 2016	96,379	6,837	12,800	(5,815)	1,186	186,528	297,915
Balance at 1 January 2015	96,379	6,837	12,800	(4,662)	-	188,699	300,053
Total comprehensive income for the period	-	-	-	15	645	(3,340)	(2,680)
Balance at 31 March 2015	96,379	6,837	12,800	(4,647)	645	185,359	297,373
<b><u>COMPANY</u></b>							
Balance at 1 January 2016	96,379	-	12,800	-	-	230	109,409
Total comprehensive income for the period	-	-	-	-	-	10	10
Balance at 31 March 2016	96,379	-	12,800	-	-	240	109,419
Balance at 1 January 2015	96,379	-	12,800	-	-	189	109,368
Total comprehensive income for the period	-	-	-	-	-	41	41
Balance at 31 March 2015	96,379	-	12,800	-	-	230	109,409

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

There were no shares issued during the period from 1 January 2016 to 31 March 2016.

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

As at 31 March 2016, the total number of issued shares was 316,735,383 (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 (cent)	
	3 mths 31/03/2016	3 mths 31/03/2015
(i) Based on weighted average number of shares in issue	0.54	0.23
(ii) On a fully diluted basis	0.54	0.23
(i) Weighted average number of shares in issue	316,735,383	316,735,383
(ii) weighted average number of shares for diluted earnings	317,284,576	318,350,427

\* 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.

#### 7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Net asset value per share	94.06	93.89	34.55	34.54

**8 REVIEW OF THE PERFORMANCE OF THE GROUP**

Group revenue increased by 11.8% to \$73.8 million for the quarter ended March 31, 2016 ("1QFY2016"), compared to \$66.0 million in 1QFY2015, due mainly to higher contributions from the Group's Structural Steelworks and Mechanical Engineering businesses.

On a segmental basis, revenue contribution from Structural Steelwork increased 6.1%, from \$42.7 million in 1QFY2015 to \$45.3 million in 1QFY2016. Marina One, Senoko Food Hub, Changi Jewel and Changi Terminal 4 were key contributors to Structural Steelwork's revenue in the quarter under review.

Mechanical Engineering registered revenue of \$8.5 million in 1QFY2016, an increase of 553.8% from \$1.3 million in 1QFY2015. 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 10.2%, from \$21.9 million in 1QFY2015 to \$19.7 million in 1QFY2016, 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 remaining works for MRT Downtown Line 3, Thomson Line and the Hong Kong MTR.

The Group's gross profit increased by 43.7%, from \$6.0 million to \$8.6 million due to better margins for on-going projects. Gross profit margin also improved from 9.1% to 11.7%.

General and administrative expenses increased from \$4.0 million in 1QFY2015 to \$5.6 million in 1QFY2016, mainly due to higher staff and associated bidding costs from newly set-up Design and Build and Tender divisions. Finance costs increased marginally, from \$1.5 million to \$1.7 million, due to higher bank charges and interests.

The Group reported a net profit of \$1.7 million in 1QFY2016, an increase of nearly 1.5 times from \$0.7 million in 1QFY2015.

Net asset value per share increased from 93.89 Singapore cents as at 31 December 2015 to 94.06 Singapore cents as at 31 March 2016. Earnings per share increased from 0.23 cent as at 31 March 2015 to 0.54 cent as at 31 March 2016.

The Group's net gearing remained at a healthy level of 0.43 times as at 31 March 2016, compared to 0.45 times 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 were in line with statements made in results announcement for the financial year ended 31 December 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 overall business environment to remain challenging and competitive. Yongnam will continue to focus on tapping opportunities presented by the infrastructure sector in Singapore and the region, backed by the Group's strong track record and expertise accumulated over the years. In Singapore, the Building and Construction Authority ("BCA") expects \$27 billion to \$34 billion worth of construction contracts to be awarded in 2016, with about 65% expected to come from the public sector.

The Group is currently in active pursuit of \$1.0 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East.

As at 31 March 2016, the Group's order book stood at \$399 million. During the quarter, the Group secured new contracts worth \$119.3 million, including three new Structural Steelworks subcontracts for Jewel Changi Airport's glass dome, the Robinson Tower development and Outram Community Hospital in Singapore; as well as a specialised civil engineering subcontract for the Hong Kong MTR Shatin to Central Line Cross Harbour Tunnel.

**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**

Not applicable

**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 3 months ended 31 March 2016 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: 12 May 2016