



**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE PERIOD ENDED 31 MARCH 2011**

1 (a) **GROUP PROFIT AND LOSS ACCOUNT**

	<b>Group</b>		
	3 mths 31/03/11	3 mths 31/03/10	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	74,792	83,036	(9.9)
Cost of sales	(49,995)	(58,687)	14.8
Gross profit	24,797	24,349	1.8
Other income	14	97	(85.6)
General and administrative expenses	(5,998)	(7,335)	18.2
Interest income	6	11	(45.5)
Finance costs	(844)	(1,148)	26.5
Share of results of joint venture	-	(306)	nm
Profit before tax	17,975	15,668	14.7
Taxation	(2,974)	(2,600)	(14.4)
Net profit attributable to shareholders of the Company	15,001	13,068	14.8

nm - not meaningful

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

Gain / (Loss) on disposal of property, plant & equipment	53	(187)
Depreciation	(4,996)	(4,022)

## 1(b)(i) BALANCE SHEET

	Group		Company	
	31/3/11	31/12/10	31/3/11	31/12/10
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	272,597	269,135	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	86,344	84,772
Amount due from joint ventures	1,133	1,126	-	-
Other investment	100	100	-	-
Trade debtors	-	3,473	-	-
	273,830	273,834	125,370	123,798
<b>Current assets</b>				
Steel materials, at cost	68,928	71,990	-	-
Gross amount due from customers for contract work-in-progress	96,158	95,556	-	-
Trade debtors	47,806	55,646	-	-
Sundry debtors and deposits	3,581	3,372	-	-
Prepayments	1,038	1,268	5	-
Cash and bank balances	9,279	20,625	182	341
	226,790	248,457	187	341
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	27,922	34,638	-	-
Trade creditors	58,242	67,827	-	-
Other creditors and accruals	14,140	22,244	595	493
Borrowings	50,801	60,440	-	-
Hire purchase creditors	8,774	8,765	-	-
Provision for taxation	932	740	12	12
	160,811	194,654	607	505
<b>Net current assets / (liabilities)</b>	65,979	53,803	(420)	(164)
<b>Non-current liabilities</b>				
Borrowings	51,824	57,884	-	-
Hire purchase creditors	9,425	9,914	-	-
Deferred taxation	27,052	24,280	-	-
	88,301	92,078	-	-
<b>Net assets</b>	<b>251,508</b>	<b>235,559</b>	<b>124,950</b>	<b>123,634</b>
<b>Equity</b>				
Share capital	94,333	93,022	94,333	93,022
Reserves	157,175	142,537	30,617	30,612
	<b>251,508</b>	<b>235,559</b>	<b>124,950</b>	<b>123,634</b>

Increase in property, plant and equipment was due mainly to purchases of struts required for various new projects.

Trade debtors (non-current) has been transferred to current trade debtors as the amount is expected to be repaid within 12 months.

Trade debtors and creditors decreased due to completion and final settlement of certain projects. Reduction in other creditors and accruals was mainly due to the settlement of certain obligations. Net borrowings decreased due to lower working capital requirements.

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

	As at 31/03/11		As at 31/12/10	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	43,906	15,669	47,083	22,122
Amount repayable after one year	61,249	-	67,352	446

Details of collateral:

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 31/03/2011	3 mths 31/03/2010
	\$'000	\$'000
<b>Operating activities</b>		
Profit before tax	17,975	15,668
Add/(less):		
Depreciation	2,320	1,961
Interest income	(6)	(11)
Interest expense	844	1,148
(Gain)/ loss on disposal of property, plant & equipment	(53)	187
Share of results of a joint venture	-	306
Effects of changes in foreign exchange	(336)	(1,020)
Share-based compensation	-	277
<b>Operating cash flows before changes in working capital</b>	<b>20,744</b>	<b>18,516</b>
Decrease in steel materials and work-in-progress	1,036	10,290
Decrease in trade and other debtors	11,334	3,010
Decrease in trade and other creditors	(17,689)	(11,257)
Increase in amount due from joint ventures	(7)	(1,000)
<b>Cash flows from operations</b>	<b>15,418</b>	<b>19,559</b>
Income tax (paid)/refund	(2)	9
Interest received	6	11
Interest paid	(844)	(1,148)
<b>Net cash flows from operating activities</b>	<b>14,578</b>	<b>18,431</b>
<b>Investing activities</b>		
Purchase of property, plant & equipment	(9,388)	(22,780)
Proceeds from disposal of property, plant & equipment	211	235
<b>Net cash flows used in investing activities</b>	<b>(9,177)</b>	<b>(22,545)</b>
<b>Financing activities</b>		
Proceeds from borrowings	18,896	31,507
Repayment of borrowings	(34,595)	(34,433)
Decrease/(Increase) in pledged fixed deposit and bank balances	-	1,481
Hire purchase instalments paid	(2,357)	(251)
Issuance of ordinary shares	1,309	361
<b>Net cash flows used in financing activities</b>	<b>(16,747)</b>	<b>(1,335)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(11,346)</b>	<b>(5,449)</b>
Cash and cash equivalents as at beginning of period	20,625	15,413
<b>Cash and cash equivalents as at end of period</b>	<b>9,279</b>	<b>9,964</b>

Note:-

Depreciation charge for Q1 FY2011 amounted to approximately \$4,996,000 (Q1 FY2010: \$4,022,000) of which approximately \$2,676,000 (Q1 FY2010: \$2,061,000) had been allocated to work in progress.

In Q1 FY2010, cash and cash equivalents exclude approximately \$1,815,000 being pledged fixed deposits and bank balances of certain subsidiaries for the payment of interest on certain borrowings over the next 12 months.

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

	<b>Group</b>		
	3 mths 31/03/2011	3 mths 31/03/2010	Fav/(Unfav)
	\$'000	\$'000	%
Profit after tax	15,001	13,068	14.8
Foreign currency translation	(361)	876	(141.2)
Total comprehensive income	14,640	13,944	5.0

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	Total \$'000
<b>GROUP</b>						
Balance at 1 January 2011	93,022	17,434	12,800	(2,887)	115,190	235,559
Total comprehensive income for the period	-	-	-	(361)	15,001	14,640
Issuance of shares	1,311	-	-	-	-	1,311
Conversion of warrants	-	(2)	-	-	-	(2)
Grant of equity-settled share options	-	-	-	-	-	-
Balance at 31 March 2011	94,333	17,432	12,800	(3,248)	130,191	251,508
Balance at 1 January 2010	91,509	17,436	12,589	(959)	66,992	187,567
Total comprehensive income for the period	-	-	-	876	13,068	13,944
Issuance of shares	362	-	-	-	-	362
Grant of equity-settled share options	-	-	277	-	-	277
Balance at 31 March 2010	91,871	17,436	12,866	(83)	80,060	202,150
<b>COMPANY</b>						
Balance at 1 January 2011	93,022	10,597	12,800	-	7,215	123,634
Total comprehensive income for the period	-	-	-	-	7	7
Issuance of shares	1,311	-	-	-	-	1,311
Conversion of warrants	-	(2)	-	-	-	(2)
Grant of equity-settled share options	-	-	-	-	-	-
Balance at 31 March 2011	94,333	10,595	12,800	-	7,222	124,950
Balance at 1 January 2010	91,509	10,599	12,589	-	17,806	132,503
Total comprehensive income for the period	-	-	-	-	18	18
Issuance of shares	362	-	-	-	-	362
Grant of equity-settled share options	-	-	277	-	-	277
Balance at 31 March 2010	91,871	10,599	12,866	-	17,824	133,160

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

For the period of 1 January 2011 to 31 March 2011, 7,741,000 shares were issued pursuant to the exercise of 7,702,000 employee share options and 39,000 warrants.

As at 31 March 2011, there were:

(a) 86,983,000 (31 December 2010: 94,685,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,732,244 (31 December 2010: 364,771,244) unissued ordinary shares relating to outstanding warrants.

As at 31 March 2011, the total number of issued shares was 1,252,805,502 (31 December 2010: 1,245,064,502).

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 2010, 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 2011. 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)	
	3 mths 31/03/2011	3 mths 31/03/2010
(i) Based on weighted average number of shares in issue	1.20	1.06
(ii) On a fully diluted basis	1.15	1.02

The computation of basic earnings per share for the period ended 31 March 2011 is based on the weighted average number of shares of 1,248,286,835 (1Q FY2010: 1,233,620,835) and weighted average number of shares for diluted earnings of 1,307,560,148 (1Q FY2010: 1,280,130,242).

#### 7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/3/11	31/12/10	31/3/11	31/12/10
Net asset value per share	20.08	18.92	9.97	9.93

#### 8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group achieved another record quarterly net profit with its net profit for the three months ended 31 March 2011 ("1QFY2011") increasing by 14.8%, from \$13.1 million in the previous corresponding quarter ("1QFY2010") to \$15.0 million in 1QFY2011, notwithstanding a 9.9% drop in revenue from \$83.0 million to \$74.8 million in the two corresponding quarters respectively.

With the substantial completion of the remaining projects at Marina Bay Sands Integrated Resort in FY2010, Yongnam saw a decrease of 16.3% in revenue from Structural Steelworks, from \$51.7 million in 1QFY2010 to \$43.3 million in 1QFY2011. On-going projects like Vista Xchange at One-North, Gardens by the Bay and Mumbai International Airport were the key contributors to Structural Steelworks revenue in the quarter under review. Revenue from Specialist Civil Engineering increased marginally by 0.5% from \$31.3 million to \$31.5 million. Key contributors included the Marina Coastal Expressway and MRT Downtown Line 2.

The shift in revenue mix, with higher contributions from Specialist Civil Engineering, which enjoys comparatively better margins, resulted in further improved earnings for 1QFY2011. Consequently, the Group's gross profit margin has improved from 29.3% in 1QFY2010 to 33.2% in 1QFY2011.

The Group's profit before tax registered a 14.7% improvement to \$18.0 million in 1QFY2011, from \$15.7 million in 1QFY2010. General and administrative expenses decreased by 18.2% to \$6.0 million, due largely to decrease in staff costs, share-based compensation charge, professional fees and other expenses. Finance costs decreased by 26.5% to \$0.8 million mainly due to lower borrowings and bank charges. Accordingly, group net profit after tax increased by 14.8% to \$15.0 million.

Supported by its improved bottomline, the Group's earnings per share grew 13.2% from 1.06 Singapore cents in 1QFY2010 to 1.20 Singapore cents in 1QFY2011. Net asset value per share increased from 18.92 Singapore cents as at 31 December 2010 to 20.08 Singapore cents as at 31 March 2011. Yongnam's net gearing improved from 0.49 times as at 31 December 2010 to 0.44 times as at 31 March 2011.

#### 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 year ended 31 December 2010.

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**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**

Prospects for the Group remain promising. The Group has announced on 10 May 2011 that it has secured a \$75 million landmark structural steelworks contract to build the roof structure and tertiary steelworks for the Singapore Sports Hub.

In addition, there is a healthy pipeline of potential infrastructure projects in Singapore, including the National Art Gallery and the MRT Downtown Line 3 as well as other commercial projects.

Overseas, the Group is pursuing infrastructure projects like airport terminals and MRT projects in addition to commercial projects in Hong Kong, Malaysia, India, Abu Dhabi, Qatar, Oman and Saudi Arabia. The Group is also planning to tap new markets in Europe, targeting offshore structures.

As at 31 March 2011, Yongnam's order book remained strong at \$410 million. Consequently, the Group is optimistic that it will perform well in FY2011.

11

**DIVIDEND**

(a)

**Current financial period reported on**

None

(b)

**Corresponding period of the immediately preceding financial year**

None

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

No dividend has been recommended for the period ended 31 March 2011.

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**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 2011 to be false or misleading.

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 11 May 2011