



YONGNAM HOLDINGS LIMITED
(Co Reg No : 199401612N)

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2012

1 (a) GROUP INCOME STATEMENT

	Group					
	2Q 2012	2Q 2011	Fav /	Half-year	Half-year	Fav /
	30/6/2012	30/06/2011	(Unfav)	30/6/2012	30/06/2011	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	78,060	82,487	(5.4)	145,335	157,279	(7.6)
Cost of sales	(57,520)	(58,105)	1.0	(105,054)	(108,100)	2.8
Gross profit	20,540	24,382	(15.8)	40,281	49,179	(18.1)
Other income	12	11	9.1	34	25	36.0
General and administrative expenses	(6,177)	(5,562)	(11.1)	(12,515)	(11,560)	(8.3)
Interest income	1	1	0.0	21	7	200.0
Finance costs	(735)	(775)	5.2	(1,481)	(1,619)	8.5
Profit before tax	13,641	18,057	(24.5)	26,340	36,032	(26.9)
Taxation	(1,563)	(3,007)	48.0	(2,826)	(5,981)	52.8
Net profit attributable to shareholders of the Company	12,078	15,050	(19.7)	23,514	30,051	(21.8)

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

(Gain)/ Loss on disposal of property, plant & equipment	402	(77)	397	(130)
Depreciation	5,845	5,474	11,489	10,470
Provision for doubtful debt	-	193	-	193

1(b)(i) BALANCE SHEET

	Group		Company	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	322,654	302,769	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	69,458	81,436
Investment in a joint venture	52	52	-	-
Amount due from joint ventures	80	480	-	-
Other investment	100	100	-	-
	322,886	303,401	108,484	120,462
Current assets				
Steel materials, at cost	75,607	79,978	-	-
Gross amount due from customers for contract work-in-progress	84,435	75,957	-	-
Trade debtors	31,539	47,129	-	-
Sundry debtors and deposits	4,727	2,796	-	-
Prepayments	1,016	1,026	2	5
Fixed deposit	-	12,000	-	-
Cash and bank balances	8,951	15,989	221	111
	206,275	234,875	223	116
Current liabilities				
Gross amount due to customers for contract work-in-progress	13,126	33,635	-	-
Trade creditors	47,914	43,108	-	-
Other creditors and accruals	13,506	18,253	338	414
Borrowings	79,489	78,478	3,000	3,000
Hire purchase creditors	9,194	9,302	-	-
Provision for taxation	3,300	7,071	1	12
	166,529	189,847	3,339	3,426
Net current assets/ (liabilities)	39,746	45,028	(3,116)	(3,310)
Non-current liabilities				
Borrowings	12,094	13,889	-	-
Hire purchase creditors	14,815	13,661	-	-
Deferred taxation	32,589	29,429	-	-
	59,498	56,979	-	-
Net assets	303,134	291,450	105,368	117,152
Equity				
Share capital	95,403	94,493	95,403	94,493
Reserves	207,731	196,957	9,965	22,560
	303,134	291,450	105,368	117,053

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

Trade debtors decreased due to collection of receivables during the quarter. Sundry debtors and deposits increased due to deposits paid for acquisition of certain equipments.

Trade creditors increased due to timing in progress billings for on-going projects. Reduction in other creditors and accruals was mainly due to the settlement of certain obligations. Net borrowings increased due to higher working capital requirements.

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

	As at 30/06/12		As at 31/12/11	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	43,207	45,476	55,443	32,337
Amount repayable after one year	26,909	-	27,550	-

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 2012 30/06/2012	2Q 2011 30/06/2011	Half-year 30/06/2012	Half-year 30/06/2011
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before tax	13,641	18,057	26,340	36,032
Add/(less):				
Depreciation	5,845	5,474	11,489	10,470
Consumption allowance	1,349	1,483	1,723	2,126
Interest income	(1)	(1)	(21)	(7)
Interest expense	735	775	1,481	1,619
Provision for doubtful debt	-	193	-	193
Loss/(profit) on disposal of property, plant & equipment	402	(77)	397	(130)
Effects of changes in foreign exchange	(258)	133	(9)	(143)
Operating cash flows before changes in working capital	21,713	26,037	41,400	50,160
(Increase)/Decrease in steel materials and work-in-progress	(20,804)	16,205	(24,736)	13,922
Decrease/(Increase) in trade and other debtors	2,056	(20,077)	13,647	(8,743)
Increase/(Decrease) in trade and other creditors	11,908	6,338	262	(11,351)
Decrease/(Increase) in amount due from a joint venture	-	(2)	400	(9)
Cash flows from operations	14,873	28,501	30,973	43,979
Income tax paid	(1,703)	-	(3,435)	(2)
Interest received	1	1	21	7
Interest paid	(735)	(775)	(1,481)	(1,619)
Net cash flows from operating activities	12,436	27,727	26,078	42,365
Investing activities				
Purchase of property, plant & equipment	(16,869)	(24,485)	(30,630)	(33,873)
Proceeds from disposal of property, plant & equipment	2,181	279	2,236	490
Proceeds from disposal of asset held for sale	-	-	-	-
Net cash flows used in investing activities	(14,688)	(24,206)	(28,394)	(33,383)
Financing activities				
Dividend paid	(12,610)	(8,145)	(12,610)	(8,145)
Proceeds from borrowings	26,703	26,163	31,829	45,059
Repayment of borrowings	(14,008)	(9,988)	(31,578)	(44,583)
Hire purchase instalments paid	(2,582)	(2,342)	(5,237)	(4,699)
Issuance of ordinary shares	493	74	897	1,383
Net cash flows from/(used in) financing activities	(2,004)	5,762	(16,699)	(10,985)
Net (decrease)/increase in cash and cash equivalents	(4,256)	9,283	(19,015)	(2,003)
Effect of exchange rate changes on cash and cash equivalents	-	-	(23)	(60)
Cash and cash equivalents as at beginning of period	13,207	9,279	27,989	20,625
Cash and cash equivalents as at end of period	8,951	18,562	8,951	18,562

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

	Group				
	2Q 2012 30/06/2012	2Q 2011 30/06/2011	Fav/(Unfav)	Half-year 30/06/2012	Half-year 30/06/2011
	\$'000	\$'000	%	\$'000	\$'000
Profit after tax	12,078	15,050	(19.7)	23,514	30,051
Foreign currency translation	(306)	(1,063)	71.2	(117)	(1,424)
Total comprehensive income	11,772	13,987	(15.8)	23,397	28,627

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
GROUP						
Balance at 1 January 2012	94,493	17,432	12,800	(3,695)	170,421	291,451
Total comprehensive income for the period	-	-	-	189	11,436	11,625
Issuance of shares	404	-	-	-	-	404
Balance at 31 March 2012	94,897	17,432	12,800	(3,506)	181,857	303,480
Total comprehensive income for the period	-	-	-	(306)	12,078	11,772
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	492	-	-	-	-	492
Conversion of warrants	14	(14)	-	-	-	-
Balance at 30 June 2012	95,403	17,418	12,800	(3,812)	181,325	303,134
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)
Balance at 31 March 2011	94,333	17,432	12,800	(3,248)	130,191	251,508
Total comprehensive income for the period	-	-	-	(1,063)	15,050	13,987
Dividend on ordinary shares	-	-	-	-	(8,145)	(8,145)
Issuance of shares	74	-	-	-	-	74
Balance at 30 June 2011	94,407	17,432	12,800	(4,311)	137,096	257,424
COMPANY						
Balance at 1 January 2012	94,493	10,595	12,800	-	(834)	117,054
Total comprehensive income for the period	-	-	-	-	17	17
Issuance of shares	404	-	-	-	-	404
Balance at 31 March 2012	94,897	10,595	12,800	-	(817)	117,475
Total comprehensive income for the period	-	-	-	-	11	11
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	492	-	-	-	-	492
Conversion of warrants	14	(14)	-	-	-	-
Balance at 30 June 2012	95,403	10,581	12,800	-	(13,416)	105,368
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)
Balance at 31 March 2011	94,333	10,595	12,800	-	7,222	124,950
Total comprehensive income for the period	-	-	-	-	90	90
Dividend on ordinary shares	-	-	-	-	(8,145)	(8,145)
Issuance of shares	74	-	-	-	-	74
Balance at 30 June 2011	94,407	10,595	12,800	-	(833)	116,969

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

For the period from 1 April 2012 to 30 June 2012, 3,896,000 shares were issued pursuant to the exercise of 3,450,000 employee share options and 446,000 warrants.

As at 30 June 2012, there were:

(a) 78,615,000 (30 June 2011: 86,587,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,266,244 (30 June 2011: 364,729,244) unissued ordinary shares relating to outstanding warrants.

As at 30 June 2012, the total number of issued shares was 1,261,639,502 (31 December 2011: 1,253,776,502).

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 2011, 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 2012. 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 2012 30/06/2012	2Q 2011 30/06/2011	Half-year 30/06/2012	Half-year 30/06/2011
(i) Based on weighted average number of shares in issue	0.96	1.20	1.87	2.40
(ii) On a fully diluted basis	0.94	1.16	1.84	2.32

The computation of basic earnings per share for 2Q FY2012 is based on the weighted average number of shares of 1,261,284,169 (2Q FY2011: 1,253,176,835) and weighted average number of shares for diluted earnings of 1,282,188,864 (2Q FY2011: 1,300,289,152).

The computation of basic earnings per share for the period ended 1H FY2012 is based on the weighted average number of shares of 1,258,199,835 (1H FY2011: 1,250,731,835) and weighted average number of shares for diluted earnings of 1,279,104,531 (1H FY2011: 1,297,844,228).

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
Net asset value per share	24.03	23.25	8.35	9.34

8 REVIEW OF THE PERFORMANCE OF THE GROUP

During the quarter under review, the Group continued to book strong contributions from Specialist Civil Engineering but it was insufficient to offset the 24.2% decrease in contributions from Structural Steelworks. As a result, Group revenue was lower at \$78.1 million in 2Q FY2012, compared to \$82.5 million in 2QFY2011.

With key contributions from the Marina Coastal Expressway, MRT Downtown Line 2, MRT North-South Line Extension and the Hong Kong MTR, revenue from Specialist Civil Engineering increased by 14.6% from \$40.0 million in 2QFY2011 to \$45.9 million in 2QFY2012. With the completion of Gardens by the Bay, substantial completion of Vista Xchange at One North, Singapore and the Mumbai International Airport at the end of FY2011, Yongnam saw a decrease of 24.2% in revenue from Structural Steelworks, from \$42.5 million in 2QFY2011 to \$32.2 million in 2QFY2012. On-going projects like Singapore Sport Hub, NUH Medical Centre and the Petrochemical Plants at Jurong Island were the key contributors to Structural Steelworks revenue in the quarter under review.

The completion of higher-margin projects in FY2011 resulted in a lower Group gross profit of \$20.5 million in 2QFY2012, 15.8% lower than the Group's gross profit of \$24.4 million in 2QFY2011.

At the cost front, general and administrative expenses increased marginally by \$0.6 million, from \$5.6 million in 2QFY2011 to \$6.2 million in 2QFY2012. This is largely due to higher foreign exchange gains recognised in 2QFY2011. However, this is partially offset by lower bank interests and charges which helped to reduce finance costs by 5.2 %, from \$0.8 million in 2QFY2011 to \$0.7 million in 2QFY2012.

At the bottomline, all these resulted in a 19.7% decline in net profit attributable to shareholders, from \$15.1 million in 2QFY2011 to \$12.1 million in 2QFY2012.

Accordingly, the Group's earnings per share decreased from 1.20 Singapore cents in 2QFY2011 to 0.96 Singapore cent in 2QFY2012. Yongnam's net gearing increased marginally but remained conservative, from 0.30 times as at 31 December 2011 to 0.35 times as at 30 June 2012. Conversely, net asset value per share improved from 23.25 Singapore cents as at 31 December 2011 to 24.03 Singapore cents as at 30 June 2012.

- 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 31 March 2012.
- 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**
- Notwithstanding the more challenging business environment, Yongnam secured contracts worth a total of \$82.5 million in 2QFY2012. Amongst others, they include Structural Steelwork contracts for a new commercial development at Market Street and the revamping of a major shopping mall in the Marina Bay area in Singapore as well as one Specialist Civil Engineering contract for Hong Kong Express Link Central-Wan Chai Bypass Tunnel in Hong Kong.
- The Group continues to actively pursue other new projects in Singapore and the region worth about \$1.4 billion. In Singapore, there is a healthy pipeline of infrastructural and other commercial projects, including the upcoming Thomson Line MRT projects, South Beach Development and Mediapolis projects. Overseas, the Group is pursuing both infrastructural projects, including MRT projects and commercial projects in Hong Kong, Malaysia, India, Indonesia and the Middle East. Of these, \$860 million is expected to commence later this year.
- Although the Group is optimistic that it would perform reasonably well in FY2012, lack of higher-margin iconic projects will erode the high gross margins that were earned in FY2011.
- As at 30 June 2012, Yongnam's order book remained strong at \$475.0 million compared to \$469.0 million as at 31 March 2012.
- 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 2012.
- 13 Interested Person Transactions**
- The Group has not obtained a general mandate from shareholders for Interested Party Transactions.
- 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 2012 to be false or misleading.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 6 August 2012