



YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)
(Incorporated in the Republic of Singapore on 19 October 1994)

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1 (a) GROUP INCOME STATEMENT

	Group		
	FY2017	FY2016	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	306,679	321,378	(4.6)
Cost of sales	(310,324)	(335,145)	7.4
Gross loss	(3,645)	(13,767)	73.5
Other income	503	581	(13.4)
General and administrative expenses	(15,670)	(19,352)	19.0
Interest income	17	42	(59.5)
Finance costs	(4,460)	(5,637)	20.9
Loss before tax	(23,255)	(38,133)	39.0
Taxation	3,031	5,340	(43.2)
Loss after tax	(20,224)	(32,793)	38.3
Attributable to:			
Owners of the Company	(15,776)	(31,637)	50.1
Non-controlling interests	(4,448)	(1,156)	(284.8)
	(20,224)	(32,793)	38.3

nm - not meaningful

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

(Gain)/ Loss on disposal of property, plant & equipment	(52)	189
Allowance for impairment of receivable	-	2,600
Bad debt written off	206	-
Depreciation	28,433	27,765

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

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	312,913	314,203	-	-
Investment in subsidiaries	-	-	39,430	39,430
Amount due from subsidiaries	-	-	127,422	103,551
Investment in a joint venture	-	1,468	-	-
Other investment	-	32	-	-
	312,913	315,703	166,852	142,981
Current assets				
Steel materials, at cost	38,570	40,353	-	-
Gross amount due from customers for contract work-in-progress	98,546	104,790	-	-
Trade debtors	21,985	35,979	-	-
Other receivables and deposits	3,891	13,547	9	113
Prepayments	1,573	2,974	4	4
Tax recoverable	4	-	-	-
Cash and bank balances	10,195	15,914	95	192
	174,764	213,557	108	309
Current liabilities				
Gross amount due to customers for contract work-in-progress	5,008	13,206	-	-
Trade creditors	81,683	79,395	-	-
Other creditors and accruals	7,060	9,912	481	522
Borrowings	75,802	54,782	-	-
Hire purchase creditors	1,966	2,864	-	-
Provision for taxation	-	837	-	-
	171,519	160,996	481	522
Net current assets / (liabilities)	3,245	52,561	(373)	(213)
Non-current liabilities				
Borrowings	15,340	51,921	-	-
Hire purchase creditors	3,284	4,499	-	-
Deferred taxation	10,292	12,811	-	-
	28,916	69,231	-	-
Net assets	287,242	299,033	166,479	142,768
Equity				
Share capital	141,445	129,636	141,445	129,636
Reserves	150,756	169,908	25,034	13,132
Non-controlling interest	(4,959)	(511)	-	-
	287,242	299,033	166,479	142,768

Decrease in steel materials was due to consumption of materials to project.

Trade debtors decreased due to collection of receivables. Other debtors decreased due to reclassification of deposit for purchase of land in Malaysia to property, plant and equipment upon completion and receipts of other receivables. Decrease in others creditors was due to payment of certain obligation. Net borrowing decreased mainly due to repayment of borrowings.

Share capital increased due to issuance of shares as result of share placement completed on 17 October 2017. Increase in non-controlling interest is due to share of losses of joint venture results during the year.

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

	As at 31/12/17		As at 31/12/16	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	70,359	7,409	45,910	11,736
Amount repayable after one year	18,624	-	56,420	-

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**

	FY2017	FY2016
	\$'000	\$'000
Operating activities		
Loss before tax	(23,255)	(38,133)
Add/(less):		
Depreciation	28,433	27,765
Consumption allowance	1,092	2,613
Interest income	(17)	(42)
Interest expense	4,460	5,637
Allowance for impairment of receivable	-	2,600
Bad debt written off	206	-
Impairment on available for sales investment	-	108
Write off of investment in a joint venture	1,468	-
Loss on disposal of other investment	8	-
(Gain)/Loss on disposal of property, plant & equipment	(52)	189
Effects of changes in foreign exchange	319	1,487
Operating cash flows before changes in working capital	12,662	2,224
(Increase)/Decrease in steel materials and work-in-progress	(844)	30,512
Decrease/(Increase) in trade and other debtors	19,761	(5,080)
(Decrease)/Increase in trade and other creditors	(216)	17,934
Cash flows generated from operations	31,363	45,590
Income tax (paid)/ refund	(4)	15
Interest received	17	42
Interest paid	(4,460)	(5,637)
Net cash flows from operating activities	26,916	40,010
Investing activities		
Purchase of property, plant & equipment	(28,952)	(35,205)
Proceeds from disposal of property, plant & equipment	2,769	3,680
Proceeds from disposal of investment	24	-
Net cash flows used in investing activities	(26,159)	(31,525)
Financing activities		
Proceeds from issuance of shares	11,809	33,257
Proceeds from borrowings	18,258	8,143
Repayment of borrowings	(33,265)	(36,586)
Hire purchase instalments paid	(3,105)	(5,482)
Net cash flows used in financing activities	(6,303)	(668)
Net (decrease)/increase in cash and cash equivalents	(5,546)	7,817
Effect of exchange rate changes on cash and cash equivalents	(173)	2
Cash and cash equivalents at beginning of year	15,914	8,095
Cash and cash equivalents at end of year	10,195	15,914

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

	Group		
	FY2017	FY2016	Fav/(Unfav)
	\$'000	\$'000	%
Loss after tax	(20,224)	(32,793)	38.3
Foreign currency translation	(3,376)	1,196	nm
Total comprehensive loss	(23,600)	(31,597)	25.3

Attributable to:

Owners of the Company	(19,152)	(30,441)	37.1
Non-controlling interests	(4,448)	(1,156)	(284.8)
	(23,600)	(31,597)	25.3

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 2017	129,636	6,837	12,800	(3,451)	153,722	(511)	299,033
Issuance of shares	11,809	-	-	-	-	-	11,809
Total comprehensive loss for the year	-	-	-	(3,376)	(15,776)	(4,448)	(23,600)
Balance at 31 December 2017	141,445	6,837	12,800	(6,827)	137,946	(4,959)	287,242
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 oncome/(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
COMPANY							
Balance at 1 January 2017	129,636	-	12,800	-	332	-	142,768
Issuance of shares	11,809	-	-	-	-	-	11,809
Total comprehensive income for the year	-	-	-	-	11,902	-	11,902
Balance at 31 December 2017	141,445	-	12,800	-	12,234	-	166,479
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

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

There was 47,500,000 shares issued during the period from 1 October 2017 to 31 December 2017 as results of share placement exercise which was completed on 17 October 2017.

As at 31 December 2017, there was 7,520,304 (31 December 2016: 18,305,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 December 2017, the total number of issued shares was 522,602,931 (31 December 2016: 475,102,931).

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 2016, 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 2017. 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	
	FY2017	FY2016
(i) Based on weighted average number of shares in issue (cents)	(3.25)	(6.66)
(ii) On a fully diluted basis (cents)	(3.25)	(6.66)
(i) Weighted average number of shares in issue	484,993,342	475,102,931
(ii) weighted average number of shares for diluted earnings	484,993,342	475,102,931

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per share	55.91	63.05	31.86	30.05

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Group revenue decreased by 4.6% to \$306.7 million for the year ended December 31, 2017 ("FY2017"), compared to \$321.4 million in FY2016, due mainly to lower contributions from the Group's Structural Steelworks and Mechanical Engineering businesses.

On a segmental basis, revenue contribution from Structural Steelworks decreased 9.0%, from \$215.6 million in FY2016 to \$196.2 million in FY2017 mainly due to substantial completion of Marina One, Jewel Changi Airport and Senoko Food Hub projects. SGH Community Hospital and the remaining works in Senoko Food Hub and Jewel Changi Airport were the key contributors to Structural Steelwork's revenue in the quarter ended December 31, 2017 ("4QFY2017") under review.

Mechanical Engineering revenue decreased from \$32.1 million in FY2016 to \$1.7 million in FY2017, due to the completion of the fabrication of Heat Recovery Steam Generator ("HRSG") non-pressure parts for two power plants in Qatar and Egypt.

Revenue from Specialist Civil Engineering projects increased by 34.4%, from \$66.2 million in FY2016 to \$89.0 million in FY2017 due to higher contribution from Thomson-East Coast MRT projects and HK MTR projects.

On a geographical basis, Singapore continued to be the core contributor, accounting for 88.1% of total revenue, compared to 90.1% in FY2016. The other contributors were Hong Kong and Myanmar.

Notwithstanding a 4.6% drop in the revenue in FY2017, the Group's gross loss narrowed to \$3.6 million, as compared to a gross loss of \$13.8 million in FY2016. This was due to improved project margins for some on-going projects. Nonetheless, the Group remained impacted by the continued low level of strutting and other activities in Singapore and Hong Kong, resulting in overhead costs not being fully absorbed. A provision was also made in anticipation of lower negotiated variation orders for Senoko Food Hub project. Together, these factors depressed the Group's gross margin for the year.

On the cost front, general and administrative expenses decreased by 19% from \$19.4 million in FY2016 to \$15.7 million in FY2017, mainly due to lower staff costs, professional fees, other general and administrative expense as well as the absence of allowance for doubtful debt in FY2017. Finance costs decreased by 20.9% from \$5.6 million to \$4.5 million, due to lower borrowings.

As a result, the Group's net loss narrowed from \$32.8 million in FY2016 to \$20.2 million in FY2017. Net loss attributable to owners of the Company was also reduced by 50.1% from \$31.6 million in FY2016 to \$15.8 million in FY2017.

Net asset value per share decreased to 55.91 Singapore cents as at 31 December 2017 compared to 63.05 Singapore cents as at 31 December 2016 arising mainly from the share placement exercise completed on 17 October 2017.

The Group's net gearing remained at a healthy level of 0.3 times as at 31 December 2017, compared to 0.33 times as at 31 December 2016.

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 2017.

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 had bid for upcoming mega public sector infrastructure projects in Singapore this year which includes various major contracts for the Circle Line 6 and North-South Corridor. The Group is also bidding for various infrastructure projects in Hong Kong and Australia. Public sector demand in Singapore is expected to be supported by upcoming mega infrastructure projects in the medium term, such as the Jurong Regional Line, Cross Island Line, the Kuala Lumpur – Singapore High Speed Rail and various infrastructure developments for Changi Airport Terminal 5.

The Group is currently in active pursuit of \$1.2 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia, Malaysia and the Middle East. As at 31 December 2017, the Group's order book stood at \$152 million.

Separately, the Group secured three Specialised Civil Engineering contracts in February 2018 for the Thomson-East Coast Line and Circle Line 6 as well as one Structural Steelworks contracts for a development at Health City Novena, with a total value of S\$22.9 million. These contracts are expected to have a positive impact on the Group's financial performance for the year ending 31 December 2018.

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 2017.

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 2017						
Revenue						
External customers	270,280	4,478	31,921	-	-	306,679
Inter-segment revenue	5,541	18,501		-	(24,042)	-
Total revenue	275,821	22,979	31,921	-	(24,042)	306,679
Result						
Segment result	(20,761)	1,643	1,264	-	(958)	(18,812)
Finance income						17
Finance cost						(4,460)
Loss before tax						(23,255)
Tax						3,031
Loss after tax						(20,224)
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)

	FY2017 \$'000	FY2016 \$'000
Structural steelworks	196,189	215,584
Specialist civil engineering	88,955	66,182
Mechanical engineering	1,690	32,078
Design and Build	19,845	7,534
	306,679	321,378

15 **Breakdown of sales and (loss)/profit after tax**

	Group		Fav/(Unfav) %
	FY2017 \$'000	FY2016 \$'000	
(a) Sales reported for first half year	171,241	158,057	8.3
(b) (Loss)/Profit after tax for first half year	(5,666)	2,586	nm
(c) Sales reported for second half year	135,438	163,321	(17.1)
(d) Loss after tax for second half year	(14,558)	(35,379)	58.9

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

	FY2017 \$'000	FY2016 \$'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	62	Brother of Seow Soon Yong, Seow Soon Hee and Siau Sun King	Production Director; Reponsible for all fabrication, logistic, planning, manufacturing and delivery of all manufactured products of the Group 2002	Nil
Cheong Wai Yee	61	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	60	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	43	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	34	Son of Seow Soon Yong, Nephew of Siau Sun King and Seow Soon Hee	Project Manager; Responsible for overseeing the development of projects and other related operational matter 2017	Promoted to Project Manager

18 Use of Share Placement Proceeds

The Group had fully utilised the net proceeds of S\$11.8 million raised from Share Placement as follows:

	\$'000
Payment of operating expenses	1,872
Subcontractor and trade payables	9,928
Total Amount Utilised	11,800

The above utilisations are in accordance with the intended use of proceeds of the Share Placement, as stated by the Company in the Share Placement Announcement dated 5 October 2017.

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: 1 March 2018