



YONGNAM HOLDINGS LIMITED

Co. Reg. No. 199407612N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2008

1 (a) GROUP PROFIT AND LOSS ACCOUNT

| | Group | | |
|--|------------------------------|------------------------------|------------------|
| | 3 months ended 31/3/08 | 3 months ended 31/3/07 | Fav / (Unfav) |
| | \$'000 | \$'000 | % |
| Revenue | 47,443 | 30,387 | 56.1 |
| Cost of sales | (34,674) | (24,303) | (42.7) |
| Gross profit | 12,769 | 6,084 | 109.9 |
| Other operating income | 111 | - | nm |
| General and administrative expenses | (5,867) | (3,303) | (77.6) |
| Finance income | 17 | 1 | nm |
| Finance expenses | (1,071) | (1,161) | 7.8 |
| Profit before tax | 5,959 | 1,621 | 267.6 |
| Taxation | - | - | - |
| Net profit attributable to shareholders of the Company | 5,959 | 1,621 | 267.6 |

nm - not meaningful

Profit before tax is arrived at after charging:

| | | |
|---------------------------------------|---------|-------|
| Loss on disposal of plant & equipment | (363) | (337) |
| Depreciation | (1,363) | (968) |

1 (b)(i) BALANCE SHEET

| | Group | | Company | |
|--------------------------------------|----------|----------|----------|----------|
| | 31/03/08 | 31/12/07 | 31/03/08 | 31/12/07 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 79,741 | 75,954 | 135 | 147 |
| Investment in subsidiaries | - | - | 77,793 | 81,473 |
| Other investment | 210 | 210 | - | - |
| Fixed deposits | 685 | 685 | 500 | 500 |
| Bank Balances | 3,195 | 3,651 | 3,195 | 3,651 |
| | 83,831 | 80,500 | 81,623 | 85,771 |
| Current assets | | | | |
| Property held for sale | 14,091 | 14,091 | - | - |
| Steel materials | 28,658 | 23,285 | - | - |
| Work in progress | 120,474 | 102,713 | - | - |
| Trade debtors | 16,838 | 20,013 | - | - |
| Prepayments | 1,492 | 1,415 | - | - |
| Sundry debtors and deposits | 7,685 | 7,330 | - | - |
| Cash and bank balances | 16,030 | 18,069 | 7,995 | 3,064 |
| | 205,268 | 186,916 | 7,995 | 3,064 |
| Total assets | 289,099 | 267,416 | 89,618 | 88,835 |
| Current liabilities | | | | |
| Progress billings in excess of costs | - | 3 | - | - |
| Trade creditors | 56,286 | 52,765 | - | - |
| Sundry creditors and accruals | 12,630 | 10,092 | 458 | 692 |
| Bank borrowings | 10,833 | 15,706 | - | - |
| Hire purchase creditors | 719 | 733 | 27 | 27 |
| Provision for current tax | 810 | 810 | 6 | 6 |
| | 81,278 | 80,109 | 491 | 725 |
| Non-current liabilities | | | | |
| Bank borrowings | 91,250 | 75,000 | - | - |
| Hire purchase creditors | 1,808 | 2,086 | 156 | 163 |
| Provision for deferred tax | 1,575 | 1,577 | - | - |
| | 94,633 | 78,663 | 156 | 163 |
| Total liabilities | 175,911 | 158,772 | 647 | 888 |
| Net assets | 113,188 | 108,644 | 88,971 | 87,947 |
| Share capital | 90,168 | 90,096 | 90,168 | 90,096 |
| Reserves | 23,020 | 18,548 | (1,197) | (2,149) |
| Shareholders' funds | 113,188 | 108,644 | 88,971 | 87,947 |

Increase in steel materials, work in progress and trade creditors were in line with increased activities. Borrowings have also increased mainly due to higher working capital requirement.

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

| | As at 31/03/2008 | | As at 31/12/2007 | |
|--|------------------|-----------|------------------|-----------|
| | \$'000 | | \$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Amount payable in one year or less, or on demand | 11,552 | - | 16,439 | - |
| Amount repayable after one year | 93,058 | - | 77,086 | - |

Details of collateral

Bank borrowings (including HP creditors) are secured by way of a fixed charge on certain assets of the Group's principal subsidiaries.

1 (c) CONSOLIDATED CASH FLOW STATEMENT

| | 3 months ended 31/3/08 | 3 months ended 31/3/07 |
|---|---------------------------|---------------------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 5,959 | 1,621 |
| Add/(less): | | |
| Depreciation | 951 | 764 |
| Interest income | (17) | (1) |
| Interest expense | 1,071 | 1,161 |
| Loss on disposal of property, plant & equipment | 363 | 337 |
| Effects of changes in foreign exchange | (2,533) | 23 |
| Share-based compensation | 1,217 | 54 |
| Operating cash flow before working capital change | 7,011 | 3,959 |
| Changes in working capital | | |
| Decrease / (increase) in debtors | 2,742 | (685) |
| Increase / (decrease) in creditors | 6,060 | (12,076) |
| Increase in steel materials and work-in-progress | (21,125) | (5,998) |
| Cash used in operations | (5,312) | (14,800) |
| Interest received | 17 | 1 |
| Interest paid | (1,071) | (1,161) |
| Net cash used in operating activities | (6,366) | (15,960) |
| Cash flows from investing activities | | |
| Payments for property, plant & equipment | (7,416) | (3,951) |
| Proceeds from disposal of property, plant & equipment | 136 | 236 |
| Net cash used in investing activities | (7,280) | (3,715) |
| Cash flows from financing activities | | |
| Net receipts from / (repayments) of borrowings | 10,665 | (1,946) |
| Decrease / (increase) in pledge fixed deposit and bank balances | 456 | (10) |
| Hire purchase instalments paid | (293) | (232) |
| Issue of ordinary shares | 66 | 24,205 |
| Net cash generated from financing activities | 10,894 | 22,017 |
| Net (decrease) / increase in cash and cash equivalents | (2,752) | 2,342 |
| Cash and cash equivalents as at beginning of period | 16,244 | (19,447) |
| Cash and cash equivalents as at end of period | 13,492 | (17,105) |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 14,204 | 5,711 |
| Bank overdraft | (712) | (22,816) |
| | 13,492 | (17,105) |

Note:-

Total depreciation charge for the period amounted to approximately \$1,363,000 (1Q FY2007: \$968,000) of which approximately \$412,000 (1Q FY2007: \$204,000) had been allocated to work in progress.

Cash and cash equivalents excluded approximately \$5,706,000 (1Q FY2007: Nil) being pledged fixed deposits and bank balances of certain subsidiaries for the payment of interest on certain borrowings over a 3-year period.

1 (d)(i) STATEMENT OF CHANGE IN EQUITY

| | Share capital \$'000 | Capital reserves \$'000 | Share option reserve \$'000 | Foreign translation reserves \$'000 | Retained earnings/ (accumulated loss) \$'000 | Total \$'000 |
|---------------------------------------|-------------------------|----------------------------|--------------------------------|--|--|-----------------|
| GROUP | | | | | | |
| Balance at 1 January 2008 | 90,096 | 17,491 | 2,691 | 488 | (2,122) | 108,644 |
| Exercise of warrants | 72 | (7) | - | - | - | 65 |
| Grant of equity-settled share options | - | - | 1,217 | - | - | 1,217 |
| Net profit for the period | - | - | - | - | 5,959 | 5,959 |
| Currency translation for the period | - | - | - | (2,697) | - | (2,697) |
| Balance at 31 March 2008 | 90,168 | 17,484 | 3,908 | (2,209) | 3,837 | 113,188 |
| Balance at 1 January 2007 | 24,036 | 9,033 | - | 1,004 | (26,693) | 7,380 |
| Issue of shares | 19,348 | - | - | - | - | 19,348 |
| Exercise of warrants | 6,476 | (1,619) | - | - | - | 4,857 |
| Grant of equity-settled share options | - | - | 54 | - | - | 54 |
| Net profit for the period | - | - | - | - | 1,621 | 1,621 |
| Currency translation for the period | - | - | - | 35 | - | 35 |
| Balance at 31 March 2007 | 49,860 | 7,414 | 54 | 1,039 | (25,072) | 33,295 |
| COMPANY | | | | | | |
| Balance at 1 January 2008 | 90,096 | 10,654 | 2,691 | - | (15,494) | 87,947 |
| Exercise of warrants | 72 | (7) | - | - | - | 65 |
| Grant of equity-settled share options | - | - | 1,217 | - | - | 1,217 |
| Net loss for the period | - | - | - | - | (258) | (258) |
| Balance at 31 March 2008 | 90,168 | 10,647 | 3,908 | - | (15,752) | 88,971 |
| Balance at 1 January 2007 | 24,036 | 2,196 | - | - | (14,739) | 11,493 |
| Issue of shares | 19,348 | - | - | - | - | 19,348 |
| Exercise of warrants | 6,476 | (1,619) | - | - | - | 4,857 |
| Grant of equity-settled share options | - | - | 54 | - | - | 54 |
| Net loss for the period | - | - | - | - | (357) | (357) |
| Balance at 31 March 2007 | 49,860 | 577 | 54 | - | (15,096) | 35,395 |

1 (d)(ii) SHARE CAPITAL

| | 3 months ended 31/3/08 |
|-----------------------------------|---------------------------|
| Issued and fully paid shares: | |
| As at the beginning of the period | 1,217,154,983 |
| Issued during the period | |
| Exercise of warrants | 268,000 |
| As at end of the period | 1,217,422,983 |

As at 31 March 2008, there were:

(a) 64,426,000 (31 December 2007: 64,426,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 369,624,330 (31 December 2007: 369,892,330) unissued ordinary shares relating to outstanding warrants.

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 2007.

5 CHANGES IN ACCOUNTING POLICIES

Please refer to Paragraph 4.

6 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share for the year based on net profit attributable to shareholders:-

| | Group (cent) | |
|--|------------------------|------------------------|
| | 3 months ended 31/3/08 | 3 months ended 31/3/07 |
| (i) Based on weighted average number of ordinary shares in issue | 0.49 | 0.16 |
| (ii) On a fully diluted basis | 0.49 | 0.15 |

The computation of basic earnings per share is based on the weighted average number of shares of 1,217,422,983 (1Q FY2007: 1,031,397,622) and weighted average number of shares of diluted earnings 1,224,887,730 (1Q FY2007: 1,097,070,952)

7 NET ASSET VALUE PER ORDINARY SHARE

| | Group (cent) | | Company (cent) | |
|------------------------------------|--------------|----------|----------------|----------|
| | 31/03/08 | 31/12/07 | 31/03/08 | 31/12/07 |
| Net asset value per ordinary share | 9.30 | 8.93 | 7.31 | 7.23 |

8 REVIEW OF THE PERFORMANCE OF THE COMPANY

The Group benefited from the increased infrastructural and construction activities in Singapore and the Middle East, recording a significant improvement of 56.1% in Group revenue to \$47.4 million in 1Q FY2008, compared to \$30.4 million in 1Q FY2007.

Key growth driver, Structural Steelworks grew 2.5 times, registering an increase in revenue of 156.6% to \$44.4 million (1Q FY2007: \$17.3 million). This strong performance is mainly attributable to increased activities from projects such as Orchard Turn, Marina Bay Sands Integrated Resort, Formula One and the Dubai Metro Rail.

Specialist Civil Engineering decreased by 77.2% to \$3.1 million in 1Q FY2008, compared to \$13.6 million in 1Q FY2007 which recorded a higher level of activities in the Circle Line projects.

Gross profit climbed 109.9% from \$6.1 million in Q1 FY2007 to \$12.8 million in 1Q FY2008, arising from higher revenue and improved margins. Correspondingly, profit after tax increased almost four-fold, from \$1.6 million to \$6.0 million.

This significantly improved bottom line was achieved despite a \$2.6 million increase in general and administrative expenses to \$5.9 million, due mainly to increased business activities and the fair value of share options granted, expensed over the vesting period.

In view of the strong business activities, Group gearing increased marginally from 0.65 times as at 31 December 2007 to 0.75 times as at 31 March 2008. Earnings per share improved from 0.16 cent to 0.49 cent.

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 the financial year ended 31 December 2007 results announcement.

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

In Singapore, the Government has recently announced a \$50 billion plan to improve the country's transport infrastructure in the coming years, including the construction of the Marina Coastal Expressway, the Thomson MRT line, the MRT Downtown line and the Eastern Region MRT line. The Building and Construction Authority has estimated that 2008 will see a record \$27 billion in construction contracts being awarded, up from \$24.5 billion in 2007.

Together with other projects announced by the government such as the Singapore Sports Hub and on-going infrastructure developments in Singapore, which include the MRT Downtown line, integrated resorts and developments along Orchard Road and other parts of Singapore, the outlook for the Group looks promising.

The Group's other key market, the Middle East, is also experiencing an upsurge of infrastructure developments as part of the government's initiative to improve infrastructure to support the region's thriving economy. Having developed a presence in Dubai with the Dubai Metro Rail project, the Group is well-positioned to ride this boom in the Middle East. In addition, with its recent beachhead into a new market - India - the Group will also focus its efforts on expanding its footprint there.

Recent contracts secured by the Group from Marina Bay Sands Integrated Resort Contract for South Podium excavation and strutting works, New Delhi International Airport Terminal 3 Building and Marina Bay Sands Integrated Resort Skypark project have increased the order book significantly from \$162 million as at 31 December 2007 to \$277 million as at 31 March 2008.

The Board is optimistic that the strong operational performance will continue in FY2008.

11 DIVIDEND

(a) Current financial reported on

Any dividend declared for the current financial period reported on ?

None

(b) Corresponding period of the immediately preceding

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

12 If no dividend has been declared or recommended, a statement to the effect

No dividend has been declared or recommended for the period ended 31 March 2008.

13 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 2008 to be false or misleading.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance Director

Date: 15 May 2008