



**YONGNAM HOLDINGS LIMITED**

Co. Reg. No. 199407612N

**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

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

	<b>Group</b>					
	3rd Qtr 30/09/08	3rd Qtr 30/09/07	Fav / (Unfav)	9 Months 30/09/08	9 Months 30/09/07	Fav / (Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	96,283	46,038	109.1	230,033	124,152	85.3
Cost of sales	(78,751)	(39,614)	(98.8)	(180,990)	(102,755)	(76.1)
Gross profit	17,532	6,424	172.9	49,043	21,397	129.2
Other operating income	-	216	nm	-	295	nm
General and administrative expenses	(7,987)	(3,495)	(128.5)	(20,252)	(10,700)	(89.3)
Finance income	-	77	nm	28	78	(64.1)
Finance expenses	(1,391)	(1,062)	(31.0)	(4,162)	(3,245)	(28.3)
Write-back of impairment in respect of an investment property	-	68	nm	-	12,774	nm
Profit before tax	8,154	2,228	266.0	24,657	20,599	19.7
Taxation	-	-	nm	1	-	nm
Net profit attributable to shareholders of the Company	8,154	2,228	266.0	24,658	20,599	19.7

nm - not meaningful

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

Profit/(loss) on disposal of plant & equipment	30	(74)	(430)	(210)
Depreciation	(1,774)	(1,272)	(5,309)	(3,242)

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

	Group		Company	
	30/09/08	31/12/07	30/09/08	31/12/07
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	137,544	75,954	111	147
Subsidiaries	-	-	127,537	81,473
Other investment	210	210	-	-
Fixed deposits	3,082	685	-	500
Bank balances	2,282	3,651	2,282	3,651
	143,118	80,500	129,930	85,771
<b>Current assets</b>				
Property held for sale	14,091	14,091	-	-
Steel materials	49,876	23,285	-	-
Work in progress	129,806	102,713	-	-
Trade debtors	13,287	20,013	-	-
Sundry debtors and deposits	6,770	7,330	-	-
Prepayments	1,206	1,415	-	-
Cash and bank balances	14,051	18,069	2,899	3,064
	229,087	186,916	2,899	3,064
<b>Current liabilities</b>				
Progress billings in excess of costs	-	3	-	-
Trade creditors	94,620	52,765	-	-
Sundry creditors and accruals	23,833	10,072	307	692
Bank overdraft	1,086	-	-	-
Bank borrowings	13,750	15,706	-	-
Hire purchase creditors	3,631	733	27	27
Provision for current tax	788	830	-	6
	137,708	80,109	334	725
<b>Net current assets</b>	91,379	106,807	2,565	2,339
<b>Non-current liabilities</b>				
Bank borrowings	87,500	75,000	-	-
Hire purchase creditors	8,412	2,086	143	163
Provision for deferred tax	1,577	1,577	-	-
	97,489	78,663	143	163
<b>Net assets</b>	137,008	108,644	132,352	87,947
Share capital	90,172	90,096	90,172	90,096
Reserves	46,836	18,548	42,180	(2,149)
<b>Shareholders' funds</b>	137,008	108,644	132,352	87,947

Increase in property, plant and equipment was due mainly to purchase of struts, cranes and progress payments toward land and construction costs for a new fabrication factory in Nusajaya, Johore, Malaysia.

Increase in steel materials, work in progress and trade creditors were in line with the increased activities. Net borrowings increased due to higher working capital requirements.

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

	As at 30/09/08		As at 31/12/07	
	(\$'000)		(\$'000)	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	17,381	-	16,439	-
Amount repayable after one year	95,912	-	77,086	-

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**

	3rd Qtr 30/09/08	3rd Qtr 30/09/07	9 Months 30/09/08	9 Months 30/09/07
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	8,154	2,228	24,657	20,599
Add/(less):				
Depreciation	1,006	904	3,013	2,033
Interest income	-	(21)	(28)	(78)
Interest expense	974	958	2,984	3,054
(Profit)/loss on disposal of property, plant & equipment	(30)	74	430	210
Write-back of impairment provision on an investment property	-	(68)	-	(12,774)
Effects of changes in foreign exchange	342	(1,025)	620	(1,075)
Share-based compensation	1,592	1,046	4,074	1,646
<b>Operating cash flow before changes in working capital</b>	<b>12,038</b>	<b>4,096</b>	<b>35,750</b>	<b>13,615</b>
<b>Changes in working capital</b>				
Increase in steel materials and work-in-progress	(2,241)	(34,703)	(50,484)	(46,137)
(Increase)/decrease in debtors	(1,581)	(2,564)	7,494	(15,546)
Increase in creditors	10,036	17,810	55,618	7,778
<b>Cash generated from/(used in) operations</b>	<b>18,252</b>	<b>(15,361)</b>	<b>48,378</b>	<b>(40,290)</b>
Income tax paid	-	-	(41)	-
Interest received	-	21	28	78
Interest paid	(974)	(958)	(2,984)	(3,054)
<b>Net cash generated from/(used in) operating activities</b>	<b>17,278</b>	<b>(16,298)</b>	<b>45,381</b>	<b>(43,266)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant & equipment	(23,440)	(8,719)	(58,397)	(15,973)
Proceeds from disposal of property, plant & equipment	886	543	1,674	3,059
<b>Net cash used in investing activities</b>	<b>(22,554)</b>	<b>(8,176)</b>	<b>(56,723)</b>	<b>(12,914)</b>
<b>Cash flows from financing activities</b>				
Net receipts (repayments)/from of borrowings	(5,878)	3,899	10,544	638
Decrease in pledged fixed deposit and bank balances	(359)	(4,509)	(1,027)	(4,509)
Hire purchase instalments paid	(2,511)	(115)	(3,348)	(556)
Issue of ordinary shares	-	320	68	63,674
<b>Net cash generated (used in)/from financing activities</b>	<b>(8,748)</b>	<b>(405)</b>	<b>6,237</b>	<b>59,247</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(14,024)</b>	<b>(24,879)</b>	<b>(5,105)</b>	<b>3,067</b>
Cash and cash equivalents as at beginning of period	25,163	8,499	16,244	(19,447)
Cash and cash equivalents as at end of period	11,139	(16,380)	11,139	(16,380)
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	12,225	1,035	12,225	1,035
Bank overdraft	(1,086)	(17,415)	(1,086)	(17,415)
	<u>11,139</u>	<u>(16,380)</u>	<u>11,139</u>	<u>(16,380)</u>

Note:-

Depreciation charge for 3rd quarter 2008 amounted to approximately \$1,774,000 (3rd quarter 2007: \$1,272,000) of which approximately \$768,000 (3rd quarter 2007: \$368,000) had been allocated to work in progress.

Depreciation charge for the 9 months 2008 amounted to approximately \$5,309,000 (9 months 2007: \$3,242,000) of which approximately \$2,296,000 (9 months 2007: \$1,209,000) had been allocated to work in progress.

Cash and cash equivalents excluded approximately \$7,190,000 (9 months 2007: 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 CHANGES IN EQUITY**

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Retained earnings/ (accumulated loss) \$'000	Total \$'000
<b>GROUP</b>						
Balance at 1 January 2008	90,096	17,491	2,691	488	(2,122)	108,644
Exercise of warrants	76	(8)	-	-	-	68
Grant of equity-settled share options	-	-	2,482	-	-	2,482
Net profit for the period	-	-	-	-	16,504	16,504
Currency translation for the period	-	-	-	(3,715)	-	(3,715)
Balance at 30 June 2008	90,172	17,483	5,173	(3,227)	14,382	123,983
Grant of equity-settled share options	-	-	1,592	-	-	1,592
Net profit for the period	-	-	-	-	8,154	8,154
Currency translation for the period	-	-	-	3,279	-	3,279
Balance at 30 September 2008	90,172	17,483	6,765	52	22,536	137,008
Balance at 1 January 2007	24,036	9,033	-	1,004	(26,694)	7,379
Issue of shares	57,477	-	-	-	-	57,477
Exercise of warrants	7,836	(1,959)	-	-	-	5,877
Grant of equity-settled share options	-	-	600	-	-	600
Net profit for the period	-	-	-	-	18,371	18,371
Currency translation for the period	-	-	-	(27)	-	(27)
Balance at 30 June 2007	89,349	7,074	600	977	(8,323)	89,677
Exercise of warrants	427	(107)	-	-	-	320
Grant of equity-settled share options	-	-	1,046	-	-	1,046
Net profit for the period	-	-	-	-	2,228	2,228
Currency translation for the period	-	-	-	(792)	-	(792)
Balance at 30 September 2007	89,776	6,967	1,646	185	(6,095)	92,479
<b>COMPANY</b>						
Balance at 1 January 2008	90,096	10,654	2,691	-	(15,494)	87,947
Exercise of warrants	76	(8)	-	-	-	68
Grant of equity-settled share options	-	-	2,482	-	-	2,482
Net profit for the period	-	-	-	-	40,626	40,626
Balance at 30 June 2008	90,172	10,646	5,173	-	25,132	131,123
Exercise of warrants	-	-	-	-	-	-
Grant of equity-settled share options	-	-	1,592	-	-	1,592
Net loss for the period	-	-	-	-	(363)	(363)
Balance at 30 September 2008	90,172	10,646	6,765	-	24,769	132,352
Balance at 1 January 2007	24,036	2,196	-	-	(14,739)	11,493
Issue of shares	58,377	-	-	-	-	58,377
Exercise of warrants	7,836	(1,959)	-	-	-	5,877
Grant of equity-settled share options	-	-	600	-	-	600
Net loss for the period	-	-	-	-	(646)	(646)
Balance at 30 June 2007	90,249	237	600	-	(15,385)	75,701
Exercise of warrants	427	(107)	-	-	-	320
Grant of equity-settled share options	-	-	1,046	-	-	1,046
Net loss for the period	-	-	-	-	(459)	(459)
Balance at 30 September 2007	90,676	130	1,646	-	(15,844)	76,608

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

For the period of 1 July 2008 to 30 September 2008, no shares were issued pursuant to the exercise of warrants.

As at 30 September 2008, there were:

(a) 87,871,000 (30 September 2007: 64,836,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 369,564,330 (30 September 2007: 12,995,486) unissued ordinary shares relating to outstanding warrants.

As at 30 September 2008, the total number of issued shares was 1,217,482,983 (31 December 2007: 1,217,154,983).

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 SHARE**

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

	<b>Group (cents)</b>			
	<b>3rd Qtr 30/09/08</b>	<b>3rd Qtr 30/09/07</b>	<b>9 Mths 30/09/08</b>	<b>9 Mths 30/09/07</b>
(i) Based on weighted average number of shares in issue	0.67	0.19	2.03	1.83
(ii) On a fully diluted basis	0.67	0.18	2.01	1.77

The computation of basic earnings per share for 3rd quarter ended 30 September 2008 is based on the weighted average number of shares of 1,217,482,983 (3rd quarter 2007: 1,203,313,166) and weighted average number of shares for diluted earnings of 1,220,231,131 (3rd quarter 2007: 1,228,705,705).

The computation of basic earnings per share for 9 months ended 30 September 2008 is based on the weighted average number of shares of 1,217,456,316 (9 month 2007: 1,128,223,034) and weighted average number of shares for diluted earnings of 1,228,735,343 (9 month 2007: 1,161,889,019).

7 **NET ASSET VALUE PER SHARE**

	<b>Group (cents)</b>		<b>Company (cents)</b>	
	<b>30/09/08</b>	<b>31/12/07</b>	<b>30/09/08</b>	<b>31/12/07</b>
Net asset value per share	11.25	8.93	10.87	7.23

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

3Q FY2008

The Group continued to perform well notwithstanding the global economic slowdown. As a leader in structural steelworks and specialist civil engineering, Group revenue more than doubled, registering a significant 109.1% improvement to \$96.3 million in the third quarter ended 30 September 2008 ("3Q FY2008"), compared to \$46.0 million in the corresponding third quarter ended 30 September 2007 ("3Q FY2007").

Revenue from both Structural Steelworks and Specialist Civil Engineering doubled, recording strong contributions in 3QFY2008. Structural Steelworks increased 107.8% in revenue to \$67.4 million (3Q FY2007: \$32.5 million). This was mainly attributable to the commencement of projects such as the New Delhi International Airport Project and Marina Bay Sands™ Integrated Resort, and increased activities from the Dubai Metro Rail.

Revenue from Specialist Civil Engineering grew by 123.1% to \$28.8 million in 3Q FY2008, compared to \$12.9 million in 3Q FY2007. This was mainly due to the commencement of projects at Marina Bay Sands™ Integrated Resorts.

Accordingly, gross profit jumped 172.9% from \$6.4 million in 3Q FY2007 to \$17.5 million in 3Q FY2008, attributable to both higher revenue and improved margins. Profit after tax improved almost four-fold, from \$2.2 million to \$8.2 million.

In view of the increased business activities, general and administrative expenses increased by \$4.5 million in 3QFY2007 to \$8.0 million. This is mainly due to increased staff costs and share-based compensation in 3QFY2008 and the write-back of \$1.3 million legal costs in 3Q FY2007 arising from the successful appeal on the investment property, which was awarded with costs. The increased activities also led to a \$0.3 million increase in finance expenses to \$1.4 million in 3QFY2008.

In view of the Group's strong performance in 3QFY2008, earnings per share rose significantly from 0.19 cent to 0.67 cent. Net asset value per share increased by 2.32 cents from 8.93 cents as at 31 December 2007 to 11.25 cents as at 30 September 2008.

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 2nd quarter ended 30 June 2008 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**

Although most sectors have been affected by the global economic meltdown, Yongnam has not been adversely affected. Conversely, the Group had been active and busy, working on a number of large projects previously secured from various governmental authorities in Singapore, India and Dubai.

In addition, all six projects that the Group had secured for the Marina Bay Sands™ Integrated Resort construction have commenced and are progressing smoothly, with one contract already completed, another contract to be substantially completed by the end of this year and the other four contracts scheduled for completion by the end of 2009 as planned. With regard to the Marina Bay Sands™ Integrated Resort projects, the Group had received all progress payments for completed works on schedule.

The Group's order book as at the end of September 2008 was \$247.2 million, 71.5% higher than the \$144.1 million booked at the end of September 2007.

The Group's gearing as at 30 September 2008 remains undemanding at 0.69 times.

The Group's strong performance is expected to continue into 4QFY2008. The Group expects to maintain a strong order book going into FY2009.

**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 / recommended, a statement to the effect**

No dividend has been declared/recommendeded for the period ended 30 September 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 3rd quarter ended 30 September 2008 to be false or misleading.

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance Director

Date: 13 November 2008