



**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

1 (a) GROUP PROFIT AND LOSS ACCOUNT

	Group		
	FY2008	FY2007	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	332,742	174,117	91.1
Cost of sales	(258,336)	(142,676)	(81.1)
Gross profit	74,406	31,441	136.7
Other operating income	-	505	nm
General and administrative expenses	(32,220)	(16,139)	(99.6)
Finance income	28	108	(74.1)
Finance expenses	(5,435)	(5,208)	(4.4)
Share of results of a joint venture	(66)	-	nm
Write-back of impairment in respect of an investment property and a leasehold property	-	13,377	nm
Profit before tax	36,713	24,084	52.4
Taxation	(2,776)	488	nm
Net profit attributable to shareholders of the Company	33,937	24,572	38.1

nm - not meaningful

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

Loss on disposal of plant & equipment	(524)	(172)
Depreciation	(8,162)	(4,764)

1(b)(i)

BALANCE SHEET

	Group		Company	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	147,587	75,954	98	147
Investment property	13,316	-	-	-
Subsidiaries	-	-	131,398	81,473
Investment in a joint venture	466	-	-	-
Other investment	100	210	-	-
Fixed deposits	324	685	-	500
Bank balances	1,826	3,651	1,826	3,651
	163,619	80,500	133,322	85,771
Current assets				
Asset held for sale	-	14,091	-	-
Steel materials	61,291	23,285	-	-
Work in progress	116,045	102,713	-	-
Trade debtors	36,468	20,013	-	-
Sundry debtors and deposits	3,233	7,330	-	-
Prepayments	1,675	1,415	-	-
Cash and bank balances	38,321	18,069	1,919	3,064
	257,033	186,916	1,919	3,064
Current liabilities				
Progress billings in excess of costs	31,366	3	-	-
Trade creditors	88,426	52,765	-	-
Sundry creditors and accruals	24,849	10,072	363	692
Bank borrowings	20,276	15,706	-	-
Hire purchase creditors	3,919	733	27	27
Provision for current tax	788	830	-	6
	169,624	80,109	390	725
Net current assets	87,409	106,807	1,529	2,339
Non-current liabilities				
Bank borrowings	90,620	75,000	-	-
Hire purchase creditors	8,938	2,086	136	163
Deferred taxation	3,728	1,577	-	-
	103,286	78,663	136	163
Net assets	147,742	108,644	134,715	87,947
Share capital	90,172	90,096	90,172	90,096
Reserves	57,570	18,548	44,543	(2,149)
Shareholders' funds	147,742	108,644	134,715	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, trade debtors 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 31/12/08		As at 31/12/07	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	24,195	-	16,439	-
Amount repayable after one year	99,558	-	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

1(c) **GROUP CONSOLIDATED CASH FLOW STATEMENT**

	FY2008	FY2007
	\$'000	\$'000
Cash flows from operating activities:		
Profit before tax	36,713	24,084
Add/(less):		
Depreciation	5,661	3,097
Interest income	(28)	(108)
Interest expense	5,435	5,208
Loss on disposal of property, plant & equipment	524	172
Write-back of impairment provision on an investment property and a leasehold property	-	(13,377)
Impairment loss on investment securities	110	-
Share of results of a joint venture	66	-
Effects of changes in foreign exchange	1,137	(464)
Write-back of legal expenses incurred in prior years	-	(1,352)
Share-based compensation	5,609	2,691
Operating cash flows before changes in working capital	55,227	19,951
Changes in working capital:		
Increase in steel materials and work-in-progress	(16,831)	(47,011)
Increase in debtors	(12,619)	(19,096)
Increase in creditors	50,440	5,045
Cash generated from/(used in) operations	76,217	(41,111)
Income tax paid	(619)	(3)
Interest received	28	108
Interest paid	(5,435)	(5,208)
Net cash generated from/(used in) operating activities	70,191	(46,214)
Cash flows from investing activities:		
Legal expenses reimbursed/(paid) in respect of an investment property	285	(158)
Investment in a joint venture	(532)	-
Purchase of property, plant & equipment	(71,463)	(23,772)
Proceeds from disposal of property, plant & equipment	2,363	5,649
Net cash used in investing activities	(69,347)	(18,281)
Cash flows from financing activities:		
Proceeds from borrowings	29,363	90,706
Repayment of borrowings	(10,706)	(58,059)
Decrease/(increase) in pledged fixed deposit and bank balances	2,149	(5,990)
Hire purchase instalments paid	(3,037)	(989)
Issuance of warrants	-	10,606
Issuance of ordinary shares	68	63,912
Net cash generated from financing activities	17,837	100,186
Net increase in cash and cash equivalents	18,681	35,691
Cash and cash equivalents as at beginning of period	16,244	(19,447)
Cash and cash equivalents as at end of period	34,925	16,244
Cash and cash equivalents comprise:		
Cash and bank balances	36,458	22,406
Bank overdraft	(1,533)	(6,162)
	34,925	16,244

Note:-

Depreciation charge for 2008 amounted to approximately \$8,162,000 (2007: \$4,764,000) of which approximately \$2,501,000 (2007: \$1,667,000) had been allocated to work in progress.

Cash and cash equivalents exclude approximately \$4,014,000 (2007: \$6,162,000) 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
GROUP						
Balance at 1 January 2008	90,096	17,491	2,691	488	(2,122)	108,644
Issuance of shares	76	-	-	-	-	76
Conversion of warrants	-	(8)	-	-	-	(8)
Grant of equity-settled share options	-	-	5,609	-	-	5,609
Net profit for the year	-	-	-	-	33,937	33,937
Currency translation for the year	-	-	-	(516)	-	(516)
Balance at 31 December 2008	90,172	17,483	8,300	(28)	31,815	147,742
Balance at 1 January 2007	24,036	9,033	-	1,004	(26,694)	7,379
Issuance of shares	66,060	-	-	-	-	66,060
Conversion of warrants	-	(2,149)	-	-	-	(2,149)
Issuance of warrants	-	10,607	-	-	-	10,607
Grant of equity-settled share options	-	-	2,691	-	-	2,691
Net profit for the year	-	-	-	-	24,572	24,572
Currency translation for the year	-	-	-	(516)	-	(516)
Balance at 31 December 2007	90,096	17,491	2,691	488	(2,122)	108,644
COMPANY						
Balance at 1 January 2008	90,096	10,654	2,691	-	(15,494)	87,947
Issuance of shares	76	-	-	-	-	76
Conversion of warrants	-	(8)	-	-	-	(8)
Grant of equity-settled share options	-	-	5,609	-	-	5,609
Net profit for the year	-	-	-	-	41,091	41,091
Balance at 31 December 2008	90,172	10,646	8,300	-	25,597	134,715
Balance at 1 January 2007	24,036	2,196	-	-	(14,739)	11,493
Issuance of shares	66,060	-	-	-	-	66,060
Conversion of warrants	-	(2,149)	-	-	-	(2,149)
Issuance of warrants	-	10,607	-	-	-	10,607
Grant of equity-settled share options	-	-	2,691	-	-	2,691
Net loss for the year	-	-	-	-	(755)	(755)
Balance at 31 December 2007	90,096	10,654	2,691	-	(15,494)	87,947

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

For the period of 1 October to 31 December 2008, no shares were issued.

As at 31 December 2008, there were:

(a) 88,051,000 (31 December 2007: 64,426,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 369,564,330 (31 December 2007: 369,892,330) unissued ordinary shares relating to outstanding warrants.

As at 31 December 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. As required by FRS 105, the property at 23rd floor Springleaf Tower previously classified as asset held for sale in FY 2007 has been reclassified as investment property and accounted for in accordance with FRS 40.

5 **CHANGES IN ACCOUNTING POLICIES**

See paragraph 4 above.

6 EARNINGS PER SHARE

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

- (i) Based on weighted average number of shares in issue
- (ii) On a fully diluted basis

Group (cents)	
FY2008	FY2007
2.79	2.14
2.77	2.04

The computation of basic earnings per share for the year ended 31 December 2008 is based on the weighted average number of shares of 1,217,482,983 (2007: 1,149,862,634) and weighted average number of shares for diluted earnings of 1,224,334,661 (2007: 1,201,952,823).

7 NET ASSET VALUE PER SHARE

Net asset value per share

Group (cents)		Company (cents)	
31/12/08	31/12/07	31/12/08	31/12/07
12.14	8.93	11.07	7.23

8 REVIEW OF THE PERFORMANCE OF THE GROUP

In spite of the global economic slowdown which accelerated sharply during the last quarter of the financial year ended 31 December 2008 ("FY2008"), the Group continued to perform well. Group revenue almost doubled, registering an increase of 91.1% from \$174.1 million in the financial year ended 31 December 2007 ("FY2007") to \$332.7 million in FY2008.

Both the Group's core divisions, Structural Steelworks and Specialist Civil Engineering, recorded strong growth in FY2008.

Revenue from Structural Steelworks grew by more than two-fold, from \$122.6 million in FY2007 to \$254.9 million in FY2008. This was mainly attributable to the commencement of projects such as the Marina Bay Sands™ Integrated Resort, the New Delhi International Airport project and increased contribution from the Dubai Metro Rail project.

Revenue from Specialist Civil Engineering increased by 51.2%, from \$51.5 million in FY2007 to \$77.8 million in FY2008. This was mainly due to the commencement of projects at Marina Bay Sands™ Integrated Resort.

On a geographical basis, Singapore remained the core contributor, with revenue growing 43.2% to \$155.7million in FY2008, compared to \$108.7 million in FY2007. Revenue from Dubai more than doubled from \$65.1 million to \$143.3 million whilst India recorded a maiden contribution of \$31.7 million with the commencement of the New Delhi International Airport project. In Malaysia, the Group's new fabrication factory in Nusajaya, Johor, which commenced operations in September 2008, supported a doubling of revenue to \$12.9 million, compared to \$6.1 million in FY2007.

In line with the higher revenue and improved margins, gross profit increased significantly by 136.7%, from \$31.4 million in FY2007 to \$74.4 million. Excluding the S\$13.4 million write-back of impairment in respect of an investment property and a leasehold property in FY2007, profit after tax jumped three-fold, from \$11.2 million to \$33.9 million.

In view of the increased business activities, general and administrative expenses increased from \$16.1 million in FY2007 to \$32.2 million in FY2008. This is mainly due to increased staff costs, share-based compensation and depreciation as well as \$1.3 million of write-back in FY2007 of legal cost arising from the successful appeal on the investment property.

Earnings per share, excluding the write-back of impairment in respect of an investment property and a leasehold property, improved significantly, from 0.97 cent in FY2007 to 2.79 cents in FY2008. Group net asset value per share increased by 3.21 cents, from 8.93 cents as at 31 December 2007 to 12.14 cents as at 31 December 2008.

The Group's net gearing has also improved, reducing from 0.65 times as at 31 December 2007 to 0.56 times as at 31 December 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 results announcement for the 3rd quarter ended 30 September 2008.

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 impacted. Conversely, the Group had been active and busy, working on a number of major public-sector projects secured in Singapore, India and Dubai. In addition, all seven contracts that the Group had secured for the Marina Bay Sands™ Integrated Resort project have commenced and are progressing smoothly.

The Group's order book as at the end of December 2008 was \$504 million, compared to \$162 million booked at the end of December 2007. This is the highest order book in the Group's history. The Directors expect the Group to continue to perform well in FY2009.

11 **DIVIDEND**

(a) **Current financial reported on**

Name of Dividend : Ordinary Share First and Final Dividend (Proposed)
 Dividend Type : Cash
 Dividend Rate : 0.4 Singapore cent per ordinary share
 Tax Rate : Tax exempt (One-tier)
 Book Closure Date : To be announced in due course
 Payment Date : To be announced in due course

(b) **Corresponding period of the immediately preceding financial year**

There was no dividend declared by the Company for the corresponding period of the immediately preceding financial year.

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

Not applicable

13 **SEGMENTAL INFORMATION**

	Singapore \$'000	Middle East \$'000	Malaysia \$'000	Others \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2008						
Revenue						
External customers	155,680	143,342	-	33,720	-	332,742
Inter-segment revenue	-	-	12,905	-	(12,905)	-
Total revenue	155,680	143,342	12,905	33,720	(12,905)	332,742
Result						
Segment result	23,158	17,404	(3,162)	3,540	1,180	42,120
Finance income						28
Finance cost						(5,435)
Profit before tax						36,713
Tax						(2,776)
Profit after tax						33,937
Year ended 31 December 2007						
Revenue						
External customers	108,730	65,148	-	239	-	174,117
Inter-segment revenue	-	-	6,121	-	(6,121)	-
Total revenue	108,730	65,148	6,121	239	(6,121)	174,117
Result						
Segment result	24,709	5,849	(490)	(1,591)	707	29,184
Finance income						108
Finance cost						(5,208)
Profit before tax						24,084
Tax						488
Profit after tax						24,572
	FY2008 \$'000	FY2007 \$'000				
Structural steelworks	254,883	122,585				
Specialist civil engineering	77,803	51,468				
Mechanical engineering	56	64				
	332,742	174,117				

14 **Breakdown of sales and profit after tax**

	Group		
	FY2008 \$'000	FY2007 \$'000	increase/ (decrease) %
(a) Sales reported for first half year	133,750	78,114	71.2
(b) Profit after tax for first half year	16,504	18,371	(10.2)
(c) Sales reported for second half year	198,992	96,003	107.3
(d) Profit after tax for second half year	17,433	6,201	181.1

BY ORDER OF THE BOARD

SEOW SOON YONG
 Chief Executive Officer
 Date: 27 February 2009

CHIA SIN CHENG
 Finance Director