



YONGNAM HOLDINGS LIMITED

Co. Reg. No. 199407612N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1 (a) GROUP INCOME STATEMENT

| | Group | | |
|--|-----------|-----------|------------------|
| | FY2011 | FY2010 | Fav / (Unfav) |
| | \$'000 | \$'000 | % |
| Revenue | 332,722 | 335,078 | (0.7) |
| Cost of sales | (229,129) | (239,335) | 4.3 |
| Gross profit | 103,593 | 95,743 | 8.2 |
| Other income | 78 | 300 | (74.0) |
| General and administrative expenses | (27,035) | (22,345) | (21.0) |
| Interest income | 23 | 119 | (80.7) |
| Finance costs | (3,297) | (3,904) | 15.5 |
| Share of results of joint venture | 1,876 | (2,173) | 186.3 |
| Profit before tax | 75,238 | 67,740 | 11.1 |
| Taxation | (11,862) | (13,342) | 11.1 |
| Net profit attributable to shareholders of the Company | 63,376 | 54,398 | 16.5 |

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

| | | |
|---|---------|---------|
| Loss/(gain) on disposal of property, plant & equipment | 1,349 | (19) |
| Write back impairment on leasehold property | (1,584) | - |
| Depreciation | 22,440 | 19,104 |
| Write back impairment for call on performance bond | - | (1,389) |
| Write off of amount due arising from a lower arbitration settlement | - | 897 |

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 31/12/2011 | 31/12/10 | 31/12/2011 | 31/12/10 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 302,769 | 269,135 | - | - |
| Investment in subsidiaries | - | - | 39,026 | 39,026 |
| Amount due from subsidiaries | - | - | 81,337 | 84,772 |
| Investment in a joint venture | 52 | - | - | - |
| Amount due from a joint venture | 480 | 1,126 | - | - |
| Other investment | 100 | 100 | - | - |
| Trade debtor | - | 3,473 | - | - |
| | 303,401 | 273,834 | 120,363 | 123,798 |
| Current assets | | | | |
| Steel materials, at cost | 79,978 | 71,990 | - | - |
| Gross amount due from customers for contract work-in-progress | 75,957 | 95,556 | - | - |
| Trade debtors | 47,129 | 55,646 | - | - |
| Sundry debtors and deposits | 2,796 | 3,372 | - | - |
| Prepayments | 1,026 | 1,268 | 5 | - |
| Fixed deposits | 12,000 | - | - | - |
| Cash and bank balances | 15,989 | 20,625 | 111 | 341 |
| | 234,875 | 248,457 | 116 | 341 |
| Current liabilities | | | | |
| Gross amount due to customers for contract work-in-progress | 33,635 | 34,638 | - | - |
| Trade creditors | 43,108 | 67,827 | - | - |
| Other creditors and accruals | 18,253 | 22,244 | 414 | 493 |
| Borrowings | 78,478 | 60,440 | 3,000 | - |
| Hire purchase creditors | 8,722 | 8,734 | - | - |
| Provision for taxation | 7,071 | 740 | 12 | 12 |
| | 189,267 | 194,623 | 3,426 | 505 |
| Net current assets / (liabilities) | 45,608 | 53,834 | (3,310) | (164) |
| Non-current liabilities | | | | |
| Borrowings | 13,889 | 57,884 | - | - |
| Hire purchase creditors | 14,241 | 9,945 | - | - |
| Deferred taxation | 29,429 | 24,280 | - | - |
| | 57,559 | 92,109 | - | - |
| Net assets | 291,450 | 235,559 | 117,053 | 123,634 |
| Equity | | | | |
| Share capital | 94,492 | 93,022 | 97,285 | 93,022 |
| Reserves | 196,958 | 142,537 | 19,768 | 30,612 |
| | 291,450 | 235,559 | 117,053 | 123,634 |

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

Trade debtors (non-current) has been transferred to current trade debtors as the amount is expected to be repaid within 12 months. Trade debtors were lower due to collection of receivables during the year.

Trade creditors decreased due to completion and final settlement of certain projects. Reduction in other creditors and accruals was mainly due to the settlement of certain obligations. Net borrowings decreased due to lower working capital funding requirements.

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

| | As at 31/12/11 | | As at 31/12/10 | |
|--|----------------|-----------|----------------|-----------|
| | \$'000 | | \$'000 | |
| | Secured | Unsecured | Secured | Unsecured |
| Amount repayable in one year or less, or on demand | 54,863 | 32,337 | 47,052 | 22,122 |
| Amount repayable after one year | 28,130 | - | 67,383 | 446 |

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

| | FY2011 | FY2010 |
|---|-----------------|-----------------|
| | \$'000 | \$'000 |
| Operating activities | | |
| Profit before tax | 75,238 | 67,740 |
| Add/(less): | | |
| Depreciation | 22,440 | 19,104 |
| Interest income | (23) | (119) |
| Interest expense | 3,297 | 3,904 |
| Allowance for impairment of receivable | 416 | - |
| Loss/(gain) on disposal of property, plant & equipment | 1,349 | (19) |
| Write back for call on performance bond | - | (1,389) |
| Write back impairment of leasehold property | (1,584) | - |
| Share of results of a joint venture | (1,876) | 2,173 |
| Effects of changes in foreign exchange | 695 | (1,738) |
| Share-based compensation | - | 211 |
| Operating cash flows before changes in working capital | 99,952 | 89,867 |
| Decrease in steel materials and work-in-progress | 13,359 | 40,035 |
| Decrease/(Increase) in trade and other debtors | 10,864 | (8,674) |
| Decrease in trade and other creditors | (26,595) | (16,892) |
| Decrease/(Increase) in amount due from a joint venture | 2,470 | (2,320) |
| Cash flows from operations | 100,050 | 102,016 |
| Income tax refund/(paid) | 1 | (244) |
| Interest received | 23 | 119 |
| Interest paid | (3,297) | (3,904) |
| Net cash flows from operating activities | 96,777 | 97,987 |
| Investing activities | | |
| Purchase of property, plant & equipment | (65,632) | (92,765) |
| Proceeds from disposal of property, plant & equipment | 5,717 | 9,273 |
| Proceeds from disposal of asset held for sale | - | 14,186 |
| Net cash flows used in investing activities | (59,915) | (69,306) |
| Financing activities | | |
| Dividend paid | (8,145) | (6,203) |
| Proceeds from borrowings | 103,710 | 45,810 |
| Repayment of borrowings | (116,352) | (63,181) |
| Decrease in pledged fixed deposit and bank balances | - | 3,295 |
| Hire purchase instalments paid | (10,179) | (4,701) |
| Issuance of ordinary shares | 1,468 | 1,511 |
| Net cash flows used in financing activities | (29,498) | (23,469) |
| Net increase in cash and cash equivalents | 7,364 | 5,212 |
| Cash and cash equivalents as at beginning of year | 20,625 | 15,413 |
| Cash and cash equivalents as at end of year | 27,989 | 20,625 |

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

| | Group | | |
|------------------------------|--------------|---------|-------------|
| | FY2011 | FY2010 | Fav/(Unfav) |
| | \$'000 | \$'000 | % |
| Profit after tax | 63,376 | 54,398 | 16.5 |
| Foreign currency translation | (808) | (1,925) | 58.0 |
| Total comprehensive income | 62,568 | 52,473 | 19.2 |

1(d)(ii) **STATEMENT OF CHANGES IN EQUITY**

| | Share capital | Capital reserves | Share option reserves | Foreign currency translation reserves | Retained earnings | Total |
|---|---------------|------------------|-----------------------|---------------------------------------|-------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>GROUP</u> | | | | | | |
| Balance at 1 January 2011 | 93,022 | 17,434 | 12,800 | (2,887) | 115,190 | 235,559 |
| Total comprehensive income for the year | - | - | - | (808) | 63,376 | 62,568 |
| Dividend on ordinary shares | - | - | - | - | (8,145) | (8,145) |
| Issuance of shares | 1,470 | - | - | - | - | 1,470 |
| Conversion of warrants | - | (2) | - | - | - | (2) |
| Balance at 31 December 2011 | 94,492 | 17,432 | 12,800 | (3,695) | 170,421 | 291,450 |
| Balance at 1 January 2010 | 91,509 | 17,436 | 12,589 | (962) | 66,995 | 187,567 |
| Total comprehensive income for the year | - | - | - | (1,925) | 54,398 | 52,473 |
| Dividend on ordinary shares | - | - | - | - | (6,203) | (6,203) |
| Issuance of shares | 1,513 | - | - | - | - | 1,513 |
| Grant of equity-settled share options | - | - | 211 | - | - | 211 |
| Conversion of warrants | - | (2) | - | - | - | (2) |
| Balance at 31 December 2010 | 93,022 | 17,434 | 12,800 | (2,887) | 115,190 | 235,559 |
| <u>COMPANY</u> | | | | | | |
| Balance at 1 January 2011 | 93,022 | 10,597 | 12,800 | - | 7,215 | 123,634 |
| Total comprehensive income for the year | - | - | - | - | 96 | 96 |
| Dividend on ordinary shares | - | - | - | - | (8,145) | (8,145) |
| Issuance of shares | 1,470 | - | - | - | - | 1,470 |
| Conversion of warrants | - | (2) | - | - | - | (2) |
| Balance at 31 December 2011 | 94,492 | 10,595 | 12,800 | - | (834) | 117,053 |
| Balance at 1 January 2010 | 91,509 | 10,599 | 12,589 | - | 17,806 | 132,503 |
| Total comprehensive income for the year | - | - | - | - | (4,388) | (4,388) |
| Dividend on ordinary shares | - | - | - | - | (6,203) | (6,203) |
| Issuance of shares | 1,513 | - | - | - | - | 1,513 |
| Grant of equity-settled share options | - | - | 211 | - | - | 211 |
| Conversion of warrants | - | (2) | - | - | - | (2) |
| Balance at 31 December 2010 | 93,022 | 10,597 | 12,800 | - | 7,215 | 123,634 |

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

For the period from 1 October 2011 to 31 December 2011, 363,000 shares were issued pursuant to the exercise of employee share options.

As at 31 December 2011, there were:

(a) 86,015,000 (31 December 2010: 94,685,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,729,244 (31 December 2010: 364,771,244) unissued ordinary shares relating to outstanding warrants.

As at 31 December 2011, the total number of issued shares was 1,253,776,502 (31 December 2010: 1,245,064,502).

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 year as those in the financial year ended 31 December 2010, 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 2011. 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 (cents) | |
|---|---------------|--------|
| | FY2011 | FY2010 |
| (i) Based on weighted average number of shares in issue | 5.06 | 4.38 |
| (ii) On a fully diluted basis | 4.96 | 4.06 |

The computation of basic earnings per share for year ended 31 December 2011 is based on the weighted average number of shares of 1,252,124,835 (FY2010: 1,240,914,002) and weighted average number of shares for diluted earnings of 1,277,034,205 (FY2010: 1,340,445,250).

7 NET ASSET VALUE PER SHARE

| | Group (cents) | | Company (cents) | |
|---------------------------|---------------|------------|-----------------|------------|
| | 31/12/2011 | 31/12/2010 | 31/12/2011 | 31/12/2010 |
| Net asset value per share | 23.25 | 18.92 | 9.34 | 9.93 |

8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's net profit for the financial year ended 31 December 2011 ("FY2011") increased by 16.5%, from \$54.4 million in FY2010 to \$63.4 million, notwithstanding a marginal 0.7% drop in revenue from \$335.1 million in FY2010 to \$332.7 million.

With strong contributions from milestone projects like the Marina Coastal Expressway, MRT Downtown Line 2, MRT North-South Line Extension and the Hong Kong MTR, revenue from Specialist Civil Engineering soared 35.3%, from \$123.9 million in FY2010 to \$167.7 million in FY2011. Structural Steelworks recorded a decrease of 21.9% in revenue, from \$211.1 million in FY2010 to \$165.0 million in FY2011, due to the substantial completion of the remaining projects at Marina Bay Sands Integrated Resort in FY2010. Ongoing projects like Vista Xchange at One-North, NUH Medical Centre, International Cruise Terminal and Mumbai International Airport were the key contributors to Structural Steelworks revenue in FY2011.

In view of the stronger contributions from higher-margin Specialist Civil Engineering projects, the Group achieved a gross profit of \$103.6 million in FY2011, 8.2% higher than the gross profit of \$95.7 million in FY2010. Accordingly, gross margin improved further, from 28.6% in FY2010 to 31.1% in FY2011.

On a geographical basis, Singapore continued to be the core contributor, accounting for 85.6% of total revenue, compared to 90.3% in FY2010.

At the costs front, general and administrative expenses showed a \$4.7 million increase, from \$22.3 million in FY2010 to \$27.0 million in FY2011, because there was a write back of \$1.4 million provision for a call on performance bond the previous year. Excluding this write back of provision, general and administrative expenses would have increased by \$3.3 million, largely due to an increase in staff costs and lower foreign exchange gains in FY2011. These higher costs were offset by a \$1.9 million contribution from a joint venture as a result of its improved performance. Finance costs decreased by 15.5% due to lower bank charges and interests.

Supported by its improved bottomline, the Group's earnings per share grew 15.5% from 4.38 Singapore cents in FY2010 to 5.06 Singapore cents in FY2011. Net asset value per share improved from 18.92 Singapore cents as at 31 December 2010 to 23.25 Singapore cents at the end of 2011. Yongnam's net gearing was also significantly reduced, from 0.49 times as at 31 December 2010 to 0.30 times at the end of 2011.

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 2011.

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 a number of landmark projects during FY2011, all of which would contribute positively to the Group's financial performance in FY2012.

Business prospects for the Group continue to be promising. In Singapore, there is a healthy pipeline of potential infrastructural and other commercial projects on the drawing board including the upcoming Downtown Line 3 projects, South Beach Development, Market Street project and UIC Building redevelopment. Overseas, the Group is pursuing both infrastructural projects, including MRT projects and commercial projects in Hong Kong, Malaysia, India, Indonesia and the Middle East.

As at 31 December 2011, Yongnam's order book remained strong at \$462 million. The Group is optimistic that it will continue to perform well in FY2012.

11 DIVIDEND

(a) Current financial period reported on

| | |
|-------------------|--|
| Name of Dividend | : Ordinary Share First and Final Dividend (Proposed) |
| Dividend Type | : Cash |
| Dividend Rate | : 1 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

| | |
|------------------|---|
| Name of Dividend | : Ordinary Share First and Final Dividend |
| Dividend Type | : Cash |
| Dividend Rate | : 0.65 Singapore cent per ordinary share |
| Tax Rate | : Tax exempt (One-tier) |
| Date paid | : 20 May 2011 |

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

Not applicable

13 Interested Person Transactions

The Group has not obtained a general mandate from shareholders for Interested Party Transactions. There was no interested party transactions entered into by the Group during the fourth quarter ended 31 December 2011.

14 Segmental Information

| | Singapore \$'000 | Rest of Asia \$'000 | Middle East \$'000 | Eliminations \$'000 | Group \$'000 |
|------------------------------------|---------------------|------------------------|-----------------------|------------------------|-----------------|
| Year ended 31 December 2011 | | | | | |
| Revenue | | | | | |
| External customers | 284,707 | 44,279 | 3,736 | - | 332,722 |
| Inter-segment revenue | - | 12,768 | - | (12,768) | - |
| Total revenue | 284,707 | 57,047 | 3,736 | (12,768) | 332,722 |
| Result | | | | | |
| Segment result | 72,287 | 2,798 | 1,551 | - | 76,636 |
| Finance income | | | | | 23 |
| Finance cost | | | | | (3,297) |
| Share of result of a joint venture | | | | | 1,876 |
| Profit before tax | | | | | 75,238 |
| Tax | | | | | (11,862) |
| Profit after tax | | | | | 63,376 |
| Year ended 31 December 2010 | | | | | |
| Revenue | | | | | |
| External customers | 302,584 | 24,466 | 8,028 | - | 335,078 |
| Inter-segment revenue | - | 8,770 | - | (8,770) | - |
| Total revenue | 302,584 | 33,236 | 8,028 | (8,770) | 335,078 |
| Result | | | | | |
| Segment result | 75,489 | 4,370 | (6,161) | - | 73,698 |
| Finance income | | | | | 119 |
| Finance cost | | | | | (3,904) |
| Share of result of a joint venture | | | | | (2,173) |
| Profit before tax | | | | | 67,740 |
| Tax | | | | | (13,342) |
| Profit after tax | | | | | 54,398 |

| | FY2011 \$'000 | FY2010 \$'000 |
|------------------------------|------------------|------------------|
| Structural steelworks | 164,961 | 211,130 |
| Specialist civil engineering | 167,735 | 123,934 |
| Mechanical engineering | 26 | 14 |
| | 332,722 | 335,078 |

15 Breakdown of sales and profit after tax

| | Group | | |
|---|------------------|------------------|------------------------------|
| | FY2011 \$'000 | FY2010 \$'000 | Increase/ (Decrease) % |
| (a) Sales reported for first half year | 157,279 | 167,154 | (5.9) |
| (b) Profit after tax for first half year | 30,051 | 26,397 | 13.8 |
| (c) Sales reported for second half year | 175,443 | 167,924 | 4.5 |
| (d) Profit after tax for second half year | 33,325 | 28,001 | 19.0 |

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

| | FY2011 \$'000 | FY2010 \$'000 |
|--------------------------|------------------|------------------|
| Final ordinary dividend* | 12,538 | 8,145 |

* 2011 proposed final ordinary dividend is estimated based on share capital of 1,253,776,502 at the end of the financial year.

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 | 56 | Brother of Seow Soon Yong, Seow Soon Hee, Siau Sun King; Cousin of Tan Tin Nam | Production Director; Responsible for all fabrication, logistic, planning, manufacturing and delivery of all manufactured products of the Group 2002 | Nil |
| Cheong Wai Yee | 55 | Sister-in-law of Seow Soon Yong, Seow Soon Hee, Siau Sun King; and Cousin-in-law of Tan Tin Nam | Admin Manager; Responsible for the day-to-day function of the administration department and providing general support for management 1993 | Nil |
| Seow Khng Chai | 54 | Brother of Seow Soon Yong, Seow Soon Hee, Siau Sun King; and Cousin of Tan Tin Nam | 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 | 37 | Son of Siau Sun King, Nephew of Tan Tin Nam, Seow Soon Yong and Seow Soon Hee | Project Manager; Responsible for overseeing the development of projects and other related operational matter 2009 | Nil |

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 29 February 2012