



# YONGNAM HOLDINGS LIMITED

Co. Reg. No. 199407612N

## FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2012

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

|  | Group               |                     |                  |
|--|---------------------|---------------------|------------------|
|  | 3 mths<br>31/3/2012 | 3 mths<br>31/3/2011 | Fav /<br>(Unfav) |
|  | \$'000              | \$'000              | %                |
| Revenue  | 67,275              | 74,792              | (10.1)           |
| Cost of sales  | (47,534)            | (49,995)            | 4.9              |
| Gross profit   | 19,741              | 24,797              | (20.4)           |
| Other income   | 22                  | 14                  | 57.1             |
| General and administrative expenses                    | (6,338)             | (5,998)             | (5.7)            |
| Interest income  | 20                  | 6                   | 233.3            |
| Finance costs  | (746)               | (844)               | 11.6             |
| Profit before tax                                      | 12,699              | 17,975              | (29.4)           |
| Taxation   | (1,263)             | (2,974)             | 57.5             |
| Net profit attributable to shareholders of the Company | 11,436              | 15,001              | (23.8)           |

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

|   |         |         |
|---|---------|---------|
| Gain on disposal of property, plant & equipment | 5       | 53      |
| Depreciation                                    | (5,644) | (4,996) |

1(b)(i)

**BALANCE SHEET**

|   | <b>Group</b>   |                | <b>Company</b> |                |
|---|----------------|----------------|----------------|----------------|
|   | 31/3/2012      | 31/12/2011     | 31/3/2012      | 31/12/2011     |
|   | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Non-current assets</b>                                     |                |                |                |                |
| Property, plant and equipment                                 | 308,989        | 302,769        | -              | -              |
| Investment in subsidiaries                                    | -              | -              | 39,026         | 39,026         |
| Amount due from subsidiaries                                  | -              | -              | 81,436         | 81,337         |
| Investment in a joint venture                                 | 52             | 52             | -              | -              |
| Amount due from a joint venture                               | 80             | 480            | -              | -              |
| Other investment  | 100            | 100            | -              | -              |
|   | <b>309,221</b> | <b>303,401</b> | <b>120,462</b> | <b>120,363</b> |
| <b>Current assets</b>   |                |                |                |                |
| Steel materials, at cost                                      | 79,851         | 79,978         | -              | -              |
| Gross amount due from customers for contract work-in-progress | 71,881         | 75,957         | -              | -              |
| Trade debtors   | 34,199         | 47,129         | -              | -              |
| Sundry debtors and deposits                                   | 4,509          | 2,796          | -              | -              |
| Prepayments   | 807            | 1,026          | 3              | 5              |
| Fixed deposit   | -              | 12,000         | -              | -              |
| Cash and bank balances  | 13,207         | 15,989         | 436            | 111            |
|   | <b>204,454</b> | <b>234,875</b> | <b>439</b>     | <b>116</b>     |
| <b>Current liabilities</b>                                    |                |                |                |                |
| Gross amount due to customers for contract work-in-progress   | 24,693         | 33,635         | -              | -              |
| Trade creditors   | 40,092         | 43,108         | -              | -              |
| Other creditors and accruals                                  | 9,743          | 18,253         | 423            | 414            |
| Borrowings  | 65,089         | 78,478         | 3,000          | 3,000          |
| Hire purchase creditors                                       | 9,062          | 9,302          | -              | -              |
| Provision for taxation  | 5,008          | 7,071          | 3              | 12             |
|   | <b>153,687</b> | <b>189,847</b> | <b>3,426</b>   | <b>3,426</b>   |
| <b>Net current assets / (liabilities)</b>                     | <b>50,767</b>  | <b>45,028</b>  | <b>(2,987)</b> | <b>(3,310)</b> |
| <b>Non-current liabilities</b>                                |                |                |                |                |
| Borrowings  | 13,170         | 13,889         | -              | -              |
| Hire purchase creditors                                       | 12,312         | 13,661         | -              | -              |
| Deferred taxation   | 31,026         | 29,429         | -              | -              |
|   | <b>56,508</b>  | <b>56,979</b>  | <b>-</b>       | <b>-</b>       |
| <b>Net assets</b>   | <b>303,480</b> | <b>291,450</b> | <b>117,475</b> | <b>117,053</b> |
| <b>Equity</b>   |                |                |                |                |
| Share capital   | 94,897         | 94,493         | 94,897         | 94,493         |
| Reserves  | 208,583        | 196,957        | 22,578         | 22,560         |
|   | <b>303,480</b> | <b>291,450</b> | <b>117,475</b> | <b>117,053</b> |

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

Trade debtors decreased due to collection of receivables during the quarter. Sundry debtors and deposits increased due to deposits paid for acquisition of certain equipments.

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 requirements.

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

|  | As at 31/03/12 |           | As at 31/12/11 |           |
|--|----------------|-----------|----------------|-----------|
|  | \$'000         |           | \$'000         |           |
|  | Secured        | Unsecured | Secured        | Unsecured |
| Amount repayable in one year or less, or on demand | 49,725         | 24,426    | 55,443         | 32,337    |
| Amount repayable after one year                    | 25,482         | -         | 27,550         | -         |

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**

|   | 3 mths<br>31/03/2012 | 3 mths<br>31/03/2011 |
|---|----------------------|----------------------|
|   | \$'000               | \$'000               |
| <b>Operating activities</b>                                   |                      |                      |
| Profit before tax   | 12,699               | 17,975               |
| Add/(less):   |                      |                      |
| Depreciation  | 5,644                | 4,996                |
| Interest income   | (20)                 | (6)                  |
| Interest expense  | 746                  | 844                  |
| Gain on disposal of property, plant & equipment               | (5)                  | (53)                 |
| Consumption allowance   | 374                  | 161                  |
| Effects of changes in foreign exchange                        | 249                  | (276)                |
| <b>Operating cash flows before changes in working capital</b> | <b>19,687</b>        | <b>23,641</b>        |
| Increase in steel materials and work-in-progress              | (3,932)              | (1,801)              |
| Decrease in trade and other debtors                           | 11,591               | 11,334               |
| Decrease in trade and other creditors                         | (11,646)             | (17,689)             |
| Decrease/(Increase) in amount due from a joint venture        | 400                  | (7)                  |
| <b>Cash flows from operations</b>                             | <b>16,100</b>        | <b>15,478</b>        |
| Income tax paid   | (1,732)              | (2)                  |
| Interest received   | 20                   | 6                    |
| Interest paid   | (746)                | (844)                |
| <b>Net cash flows from operating activities</b>               | <b>13,642</b>        | <b>14,638</b>        |
| <b>Investing activities</b>                                   |                      |                      |
| Purchase of property, plant & equipment                       | (13,761)             | (9,388)              |
| Proceeds from disposal of property, plant & equipment         | 55                   | 211                  |
| <b>Net cash flows used in investing activities</b>            | <b>(13,706)</b>      | <b>(9,177)</b>       |
| <b>Financing activities</b>                                   |                      |                      |
| Proceeds from borrowings                                      | 13,684               | 18,896               |
| Repayment of borrowings                                       | (26,128)             | (34,595)             |
| Hire purchase instalments paid                                | (2,655)              | (2,357)              |
| Issuance of ordinary shares                                   | 404                  | 1,309                |
| <b>Net cash flows used in financing activities</b>            | <b>(14,695)</b>      | <b>(16,747)</b>      |
| <b>Net decrease in cash and cash equivalents</b>              | <b>(14,759)</b>      | <b>(11,286)</b>      |
| Effect of exchange rate changes on cash and cash equivalents  | (23)                 | (60)                 |
| Cash and cash equivalents as at beginning of period           | 27,989               | 20,625               |
| <b>Cash and cash equivalents as at end of period</b>          | <b>13,207</b>        | <b>9,279</b>         |

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

|                              | <b>Group</b>         |                      |             |
|------------------------------|----------------------|----------------------|-------------|
|                              | 3 mths<br>31/03/2012 | 3 mths<br>31/03/2011 | Fav/(Unfav) |
|                              | \$'000               | \$'000               | %           |
| Profit after tax             | 11,436               | 15,001               | (23.8)      |
| Foreign currency translation | 189                  | (361)                | 152.4       |
| Total comprehensive income   | 11,625               | 14,640               | (20.6)      |

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

|   | Share<br>capital<br>\$'000 | Capital<br>reserves<br>\$'000 | Share option<br>reserves<br>\$'000 | Foreign<br>currency<br>translation<br>reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000 |
|---|----------------------------|-------------------------------|------------------------------------|--|--------------------------------|-----------------|
| <b>GROUP</b>                              |                            |                               |                                    |  |                                |                 |
| Balance at 1 January 2012                 | 94,493                     | 17,432                        | 12,800                             | (3,695)  | 170,421                        | 291,451         |
| Total comprehensive income for the period | -                          | -                             | -                                  | 189  | 11,436                         | 11,625          |
| Issuance of shares                        | 404                        | -                             | -                                  | -  | -                              | 404             |
| Balance at 31 March 2012                  | 94,897                     | 17,432                        | 12,800                             | (3,506)  | 181,857                        | 303,480         |
| Balance at 1 January 2011                 | 93,022                     | 17,434                        | 12,800                             | (2,887)  | 115,190                        | 235,559         |
| Total comprehensive income for the period | -                          | -                             | -                                  | (361)  | 15,001                         | 14,640          |
| Issuance of shares                        | 1,311                      | -                             | -                                  | -  | -                              | 1,311           |
| Conversion of warrants                    | -                          | (2)                           | -                                  | -  | -                              | (2)             |
| Balance at 31 March 2011                  | 94,333                     | 17,432                        | 12,800                             | (3,248)  | 130,191                        | 251,508         |
| <b>COMPANY</b>                            |                            |                               |                                    |  |                                |                 |
| Balance at 1 January 2012                 | 94,493                     | 10,595                        | 12,800                             | -  | (834)                          | 117,054         |
| Total comprehensive income for the period | -                          | -                             | -                                  | -  | 17                             | 17              |
| Issuance of shares                        | 404                        | -                             | -                                  | -  | -                              | 404             |
| Balance at 31 March 2012                  | 94,897                     | 10,595                        | 12,800                             | -  | (817)                          | 117,475         |
| Balance at 1 January 2011                 | 93,022                     | 10,597                        | 12,800                             | -  | 7,215                          | 123,634         |
| Total comprehensive income for the period | -                          | -                             | -                                  | -  | 7                              | 7               |
| Issuance of shares                        | 1,311                      | -                             | -                                  | -  | -                              | 1,311           |
| Conversion of warrants                    | -                          | (2)                           | -                                  | -  | -                              | (2)             |
| Balance at 31 March 2011                  | 94,333                     | 10,595                        | 12,800                             | -  | 7,222                          | 124,950         |

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

For the period of 1 January 2012 to 31 March 2012, 3,967,000 shares were issued pursuant to the exercise of 3,950,000 employee share options and 17,000 warrants.

As at 31 March 2012, there were:

(a) 82,065,000 (31 December 2011: 86,015,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,712,244 (31 December 2011: 364,729,244) unissued ordinary shares relating to outstanding warrants.

As at 31 March 2012, the total number of issued shares was 1,257,743,502 (31 December 2011: 1,253,776,502).

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 period as those in the financial year ended 31 December 2011, 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 2012. 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 period based on net profit attributable to shareholders:-

|   | Group (cents)        |                      |
|---|----------------------|----------------------|
|   | 3 mths<br>31/03/2012 | 3 mths<br>31/03/2011 |
| (i) Based on weighted average number of shares in issue | 0.91                 | 1.20                 |
| (ii) On a fully diluted basis                           | 0.89                 | 1.15                 |

The computation of basic earnings per share for the period ended 31 March 2012 is based on the weighted average number of shares of 1,255,115,502 (1Q FY2011: 1,248,286,835) and weighted average number of shares for diluted earnings of 1,291,758,436 (1Q FY2011: 1,307,560,148).

#### 7 NET ASSET VALUE PER SHARE

|                           | Group (cents) |            | Company (cents) |            |
|---------------------------|---------------|------------|-----------------|------------|
|                           | 31/3/2012     | 31/12/2011 | 31/3/2012       | 31/12/2011 |
| Net asset value per share | 24.13         | 23.25      | 9.34            | 9.34       |

#### 8 REVIEW OF THE PERFORMANCE OF THE GROUP

With the completion of Gardens by the Bay, the substantial completion of Vista Xchange at One North, Singapore and the Mumbai International Airport at the end of FY2011 and coupled with delays in two projects from Structural Steelworks in 1QFY2012; Group revenue was lower at \$67.3 million.

Structural Steelworks recorded a decrease of 44.9% in revenue, from \$43.3 million in 1QFY2011 to \$23.8 million in 1QFY2012. A significant 37.8% increase in Specialist Civil Engineering revenue, from \$31.5 million in 1QFY2011 to \$43.5 million in 1QFY2012, helped to partially offset the revenue decrease in Structural Steelworks. Projects like Marina Coastal Expressway, MRT Downtown Line 2, MRT North-South Line Extension and the Hong Kong MTR were the key contributors to the strong performance by Specialist Civil Engineering in 1QFY2012.

The completion of higher-margin projects in FY2011 and delays in commencement of two major projects resulted in a lower Group gross profit of \$19.7 million in 1QFY2012, 20.4% lower than the Group's gross profit of \$24.8 million in 1QFY2011 which ranks as one of the highest recorded. As such, gross profit margin decreased from 33.2% in 1QFY2011 to 29.3% in 1QFY2012.

At the costs front, general and administrative expenses showed a \$0.3 million increase, from \$6.0 million in 1QFY2011 to \$6.3 million in 1QFY2012, largely due to lower foreign exchange gains in 1QFY2012. Lower bank interests and charges, however, helped to reduce finance costs by 11.6 %, from \$0.8 million in 1QFY2011 to \$0.7 million in 1QFY2012.

At the bottomline, net profit attributable to shareholders reflected a 23.8% decline, from \$15.0 million in 1QFY2011 to \$11.4 million in 1QFY2012.

Accordingly, the Group's earnings per share decreased from 1.20 Singapore cents in 1QFY2011 to 0.91 Singapore cent in 1QFY2012. Net asset value per share improved from 23.25 Singapore cents as at 31 December 2011 to 24.13 Singapore cents as at 31 March 2012. Yongnam's net gearing was also reduced, from 0.30 times as at 31 December 2011 to 0.28 times as at 31 March 2012.

**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 year ended 31 December 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 contracts worth a total of \$74.3 million in 1QFY2012, comprising another Specialist Civil Engineering contract for the MRT Downtown Line 3 and two Structural Steelwork contracts for the fabrication of steel components for jack-up structures in the offshore sector and structural steelwork for a 9-storey business park development located at Portsdown Road/Fusionopolis Way, Singapore.

In Singapore, there is a healthy pipeline of infrastructural and other commercial projects, including the upcoming Downtown Line 3 projects, South Beach Development and Market Street project for which the Group is bidding. Overseas, the Group is pursuing both infrastructural projects, including MRT projects and commercial projects in Hong Kong, Malaysia, India, Indonesia and the Middle East. These new projects in the pipeline worth about \$1.3 billion are expected to commence later in the year.

Although the Group is optimistic that it would perform reasonably well in FY2012, strong competition will affect the gross margins which were recorded in FY2011.

As at 31 March 2012, Yongnam's order book remained strong at \$469 million.

**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 period ended 31 March 2012.

**13 Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Party Transactions.

**14 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 2012 to be false or misleading.

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 10 May 2012