



**FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

1 (a) GROUP INCOME STATEMENT

	Group					
	3Q 2012	3Q 2011	Fav /	9 Months	9 Months	Fav /
	30/9/2012	30/9/2011	(Unfav)	30/9/2012	30/9/2011	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	71,712	86,518	(17.1)	217,047	243,797	(11.0)
Cost of sales	(53,473)	(60,378)	11.4	(158,527)	(168,478)	5.9
Gross profit	18,239	26,140	(30.2)	58,520	75,319	(22.3)
Other income	88	14	528.6	122	39	212.8
General and administrative expenses	(5,965)	(7,465)	20.1	(18,480)	(19,025)	2.9
Interest income	3	4	(25.0)	24	11	118.2
Finance costs	(724)	(888)	18.5	(2,205)	(2,507)	12.0
Share of results of joint venture	-	1,876	(100.0)	-	1,876	(100.0)
Profit before tax	11,641	19,681	(40.9)	37,981	55,713	(31.8)
Taxation	(1,328)	(2,852)	53.4	(4,154)	(8,833)	53.0
Net profit attributable to shareholders of the Company	10,313	16,829	(38.7)	33,827	46,880	(27.8)

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

(Gain)/ Loss on disposal of property, plant & equipment	(260)	(27)	137	(157)
Depreciation	6,410	5,920	17,899	16,390
Write back of provision for doubtful debt	(100)	-	(100)	-

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

	Group		Company	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	336,258	302,769	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	69,445	81,337
Investment in a joint venture	52	52	-	-
Amount due from joint ventures	-	480	-	-
Other investment	100	100	-	-
	336,410	303,401	108,471	120,363
Current assets				
Steel materials, at cost	78,520	79,978	-	-
Gross amount due from customers for contract work-in-progress	81,622	75,957	-	-
Trade debtors	38,556	47,129	-	-
Sundry debtors and deposits	4,397	2,796	20	-
Prepayments	511	1,026	8	5
Fixed deposit	-	12,000	-	-
Cash and bank balances	13,511	15,989	223	111
	217,117	234,875	251	116
Current liabilities				
Gross amount due to customers for contract work-in-progress	13,226	33,635	-	-
Trade creditors	51,096	43,108	-	-
Other creditors and accruals	16,756	18,253	336	414
Borrowings	87,726	78,478	3,000	3,000
Hire purchase creditors	9,381	9,302	-	-
Provision for taxation	823	7,071	-	12
	179,008	189,847	3,336	3,426
Net current assets/ (liabilities)	38,109	45,028	(3,085)	(3,310)
Non-current liabilities				
Borrowings	11,384	13,889	-	-
Hire purchase creditors	15,586	13,661	-	-
Deferred taxation	33,916	29,429	-	-
	60,886	56,979	-	-
Net assets	313,633	291,450	105,386	117,053
Equity				
Share capital	95,405	94,493	95,405	94,493
Reserves	218,228	196,957	9,981	22,560
	313,633	291,450	105,386	117,053

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

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

Trade creditors increased due to timing in progress billings for on-going projects. Decrease in other creditors and accruals was mainly due to the settlement of certain obligations. Net borrowings increased due to higher working capital requirements.

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

	As at 30/09/12		As at 31/12/11	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	38,330	58,777	55,443	32,337
Amount repayable after one year	26,970	-	27,550	-

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

	3Q 2012 30/09/2012	3Q 2011 30/09/2011	9 Months 30/09/2012	9 Months 30/09/2011
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before tax	11,641	19,681	37,981	55,713
Add/(less):				
Depreciation	6,410	5,920	17,899	16,390
Consumption allowance	854	707	2,576	2,833
Interest income	(3)	(4)	(24)	(11)
Interest expense	724	888	2,205	2,507
Write back of provision for doubtful debt	(100)	-	(100)	193
Loss/(profit) on disposal of property, plant & equipment	(260)	(27)	137	(157)
Share of results of a joint venture	-	(1,876)	-	(1,876)
Effects of changes in foreign exchange	854	(1,918)	844	(2,061)
Operating cash flows before changes in working capital	20,120	23,371	61,518	73,531
(Increase)/Decrease in steel materials and work-in-progress	(360)	182	(25,096)	14,104
(Increase)/Decrease in trade and other debtors	(6,222)	(2,360)	7,426	(7,417)
Increase/(Decrease) in trade and other creditors	6,476	1,326	6,738	(13,711)
Decrease in amount due from a joint venture	80	9	480	-
Cash flows from operations	20,094	22,528	51,066	66,507
Income tax paid	(2,476)	-	(5,911)	(2)
Interest received	2	4	24	11
Interest paid	(724)	(888)	(2,205)	(2,507)
Net cash flows from operating activities	16,896	21,644	42,974	64,009
Investing activities				
Purchase of property, plant & equipment	(19,144)	(20,159)	(49,774)	(54,032)
Proceeds from disposal of property, plant & equipment	1,373	298	3,610	788
Net cash flows used in investing activities	(17,771)	(19,861)	(46,164)	(53,244)
Financing activities				
Dividend paid	-	-	(12,610)	(8,145)
Proceeds from borrowings	13,688	26,113	45,517	71,172
Repayment of borrowings	(5,805)	(31,691)	(37,384)	(76,274)
Hire purchase instalments paid	(2,450)	(2,683)	(7,687)	(7,382)
Issuance of ordinary shares	2	36	899	1,419
Net cash flows from/(used in) financing activities	5,435	(8,225)	(11,265)	(19,210)
Net (decrease)/increase in cash and cash equivalents	4,560	(6,442)	(14,455)	(8,445)
Effect of exchange rate changes on cash and cash equivalents	-	-	(23)	(60)
Cash and cash equivalents as at beginning of period	8,951	18,562	27,989	20,625
Cash and cash equivalents as at end of period	13,511	12,120	13,511	12,120

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

	Group					
	3Q 2012 30/09/2012	3Q 2011 30/09/2011	Fav/(Unfav)	9 Months 30/09/2012	9 Months 30/09/2011	Fav/(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after tax	10,313	16,829	(38.7)	33,827	46,880	(27.8)
Foreign currency translation	187	(662)	128.2	70	(2,086)	103.4
Total comprehensive income	10,500	16,167	(35.1)	33,897	44,794	(24.3)

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

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Retained earnings \$'000	Total \$'000
GROUP						
Balance at 1 January 2012	94,493	17,432	12,800	(3,696)	170,421	291,450
Total comprehensive income for the period	-	-	-	(117)	23,514	23,397
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	896	-	-	-	-	896
Conversion of warrants	14	(14)	-	-	-	-
Balance at 30 June 2012	95,403	17,418	12,800	(3,813)	181,325	303,133
Total comprehensive income for the period	-	-	-	187	10,313	10,500
Issuance of shares	-	-	-	-	-	-
Conversion of warrants	2	(2)	-	-	-	-
Balance at 30 September 2012	95,405	17,416	12,800	(3,626)	191,638	313,633
Balance at 1 January 2011	93,022	17,434	12,800	(2,887)	115,190	235,559
Total comprehensive income for the period	-	-	-	(1,424)	30,051	28,627
Dividend on ordinary shares	-	-	-	-	(8,145)	(8,145)
Issuance of shares	1,383	-	-	-	-	1,383
Conversion of warrants	2	(2)	-	-	-	-
Balance at 30 June 2011	94,407	17,432	12,800	(4,311)	137,096	257,424
Total comprehensive income for the period	-	-	-	(662)	16,829	16,167
Issuance of shares	36	-	-	-	-	36
Balance at 30 September 2011	94,443	17,432	12,800	(4,973)	153,925	273,627
COMPANY						
Balance at 1 January 2012	94,493	10,595	12,800	-	(833)	117,055
Total comprehensive income for the period	-	-	-	-	28	28
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	896	-	-	-	-	896
Conversion of warrants	14	(14)	-	-	-	-
Balance at 30 June 2012	95,403	10,581	12,800	-	(13,415)	105,369
Total comprehensive income for the period	-	-	-	-	17	17
Issuance of shares	-	-	-	-	-	-
Conversion of warrants	2	(2)	-	-	-	-
Balance at 30 September 2012	95,405	10,579	12,800	-	(13,398)	105,386
Balance at 1 January 2011	93,022	10,597	12,800	-	7,215	123,634
Total comprehensive income for the period	-	-	-	-	97	97
Dividend on ordinary shares	-	-	-	-	(8,145)	(8,145)
Issuance of shares	1,383	-	-	-	-	1,383
Conversion of warrants	2	(2)	-	-	-	-
Balance at 30 June 2011	94,407	10,595	12,800	-	(833)	116,969
Total comprehensive income for the period	-	-	-	-	(7)	(7)
Issuance of shares	36	-	-	-	-	36
Balance at 30 September 2011	94,443	10,595	12,800	-	(840)	116,998

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

For the period from 1 July 2012 to 30 September 2012, 7,000 shares were issued pursuant to the exercise of 7,000 warrants.

As at 30 September 2012, there were:

(a) 78,615,000 (30 September 2011: 86,378,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,259,244 (30 September 2011: 364,729,244) unissued ordinary shares relating to outstanding warrants.

As at 30 September 2012, the total number of issued shares was 1,261,646,502 (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)			
	3Q 2012 30/09/2012	3Q 2011 30/09/2011	9 Months 30/09/2012	9 Months 30/09/2011
(i) Based on weighted average number of shares in issue	0.82	1.34	2.69	3.75
(ii) On a fully diluted basis	0.80	1.32	2.64	3.67

The computation of basic earnings per share for 3Q2012 is based on the weighted average number of shares of 1,261,644,169 (3Q2011: 1,253,310,502) and weighted average number of shares for diluted earnings of 1,284,055,762 (3Q2011: 1,278,616,682).

The computation of basic earnings per share for 9 months FY2012 is based on the weighted average number of shares of 1,259,347,946 (9M2011: 1,251,591,391) and weighted average number of shares for diluted earnings of 1,281,759,540 (9M2011: 1,276,897,571).

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Net asset value per share	24.86	23.25	8.35	9.34

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Compared with a strong record quarter in the corresponding period in 2011 ("3Q2011"), the Group's revenue was lower at \$71.7 million in 3Q2012, compared to \$86.5 million in 3Q2011.

Towards the end of FY2011, the International Cruise Terminal, the Vista Xchange at One North in Singapore and the Mumbai International Airport were substantially completed. The substantial completion of these Structural Steelworks projects, coupled with slower progress in certain ongoing Structural Steelworks projects, resulted in lower Group revenue for the quarter under review.

Consequently, Yongnam saw a decrease of 23.9% in revenue from Structural Steelworks, from \$38.9 million in 3Q2011 to \$29.6 million in 3Q2012. On-going projects like Singapore Sport Hub, NUH Medical Centre, Victoria Theatre & Concert Hall and the Petrochemical Plants at Jurong Island were the key contributors to Structural Steelworks revenue in the quarter under review.

Revenue from Specialist Civil Engineering decreased by 11.6% from \$47.6 million in 3Q2011 to \$42.1 million in 3Q2012, due to lower revenue recognised from the Marina Coastal Expressway ("MCE") projects in the current quarter. In addition to MCE, other key contributors to Specialist Civil Engineering revenue in the quarter under review include ongoing projects like the MRT Downtown Line 2, the MRT North-South Line Extension and the Hong Kong MTR.

As higher-margin projects were completed in FY2011, the Group recorded a gross profit of \$18.2 million in 3Q2012 which was 30.2% lower than the Group's gross profit of \$26.1 million in 3Q2011.

At the cost front, general and administrative expenses decreased by \$1.5 million, from \$7.5 million in 3Q2011 to \$6.0 million in 3Q2012. This is largely due to lower staff costs in 3Q2012. Finance costs reduced by 18.5%, from \$0.9 million in 3Q2011 to \$0.7 million in 3Q2012, due to lower bank charges and interests.

At the bottomline, all these resulted in a 38.7% decline in net profit attributable to shareholders, from \$16.8 million in 3Q2011 to \$10.3 million in 3Q2012.

Accordingly, the Group's earnings per share decreased from 1.34 Singapore cents in 3Q2011 to 0.82 Singapore cent in 3Q2012. Yongnam's net gearing increased marginally but remained conservative, from 0.30 times as at 31 December 2011 to 0.35 times as at 30 September 2012. Conversely, net asset value per share improved from 23.25 Singapore cents as at 31 December 2011 to 24.86 Singapore cents as at 30 September 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 period ended 30 June 2012.

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 \$38.5 million in 3Q2012. Amongst others, they include Yongnam's first key project in Malaysia since 2005 to build a belt conveyor structure for a German company. Subsequently, on 5 November 2012, Yongnam announced that it has been awarded two Structural Steelworks contracts worth a total of \$27.0 million for commercial development at Fusionopolis Phase 2A Tower A & Tower B and South Beach.

The Group continues to actively pursue \$1.4 billion worth of new projects in Singapore and the region. Overseas, the Group continues to pursue both infrastructural projects and commercial projects in Hong Kong, Malaysia, India, Indonesia and the Middle East.

The Group expects to perform reasonably well in 2012 though a lack of higher-margin iconic projects will affect earnings in 2012.

As at 30 September 2012, Yongnam's order book remained strong at \$442.0 million compared to \$475.0 million as at 30 June 2012.

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 30 September 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 9 months ended 30 September 2012 to be false or misleading.

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 6 November 2012