YONGNAM HOLDINGS LIMITED
(Co Reg No : 199401612N)

FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 MARCH 2015

1 (a) GROUP INCOME STATEMENT

	Group		
	3 mths 31/3/2015	3 mths 31/3/2014	Fav / (Unfav)
	$'000	$'000	%
Revenue	65,896	71,785	(8.2)
Cost of sales	(59,980)	(68,866)	12.9
Gross profit	5,916	2,919	102.7
Other income	424	268	58.2
General and administrative expenses	(3,985)	(4,383)	9.1
Interest income	142	4	3,450.0
Finance costs	(1,454)	(1,311)	(10.9)
Profit/(Loss) before tax	1,043	(2,503)	NA
Taxation	(310)	592	NA
Net profit/(loss) attributable to shareholders of the Company	733	(1,911)	NA

NA - Not Applicable

Profit/(loss) before tax is arrived at after charging/(crediting):		
Loss on disposal of property, plant & equipment	1,099	228
Write back impairment of receivable	(30)	-
Depreciation	6,904	6,808

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

	Group		Company	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	319,221	320,997	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	70,817	70,593
Investment in a joint venture	1,468	1,468	-	-
Other investment	140	140	-	-
	320,829	322,605	109,843	109,619
Current assets				
Inventories	58,582	60,211	-	-
Gross amount due from customers for contract work-in-progress	120,945	101,652	-	-
Trade debtors	29,352	27,657	-	-
Sundry debtors and deposits	7,152	50,323	-	7
Prepayments	1,588	1,108	11	6
Cash and bank balances	14,150	5,989	103	235
	231,769	246,940	114	248
Current liabilities				
Gross amount due to customers for contract work-in-progress	2,492	3,838	-	-
Trade creditors	54,866	56,288	-	-
Other creditors and accruals	9,861	11,240	574	496
Borrowings	74,680	81,849	-	-
Hire purchase creditors	7,205	7,429	-	-
Provision for taxation	577	540	2	3
	149,681	161,184	576	499
Net current assets/ (liabilities)	82,088	85,756	(462)	(251)
Non-current liabilities				
Borrowings	80,000	85,000	-	-
Hire purchase creditors	3,317	4,595	-	-
Deferred taxation	19,050	18,713	-	-
	102,367	108,308	-	-
Net assets	**300,550**	**300,053**	**109,381**	**109,368**
Equity				
Share capital	96,379	96,379	96,379	96,379
Reserves	204,171	203,674	13,002	12,989
	300,550	**300,053**	**109,381**	**109,368**

Increase in work-in-progress was due to unbilled work done for on-going projects. Trade debtors increased due to timing in billing and collection of receivables for on-going projects. Decrease in sundry debtors and deposits was due to receipt of sale proceed from disposal of Malaysia property held in escrow as at previous year end.

Decrease in other creditors and accruals was mainly due to settlement of obligations in the quarter.

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

	As at 31/3/15		As at 31/12/14	
	$'000		$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	7,205	74,680	7,429	81,849
Amount repayable after one year	3,317	80,000	4,595	85,000

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**

	3 mths 31/03/2015	3 mths 31/03/2014
	$'000	$'000
Operating activities		
Profit/ (Loss) before tax	1,043	(2,503)
Add/(less):		
Depreciation	6,904	6,808
Consumption allowance	1,124	918
Interest income	(142)	(4)
Interest expense	1,454	1,311
Write back for impairment of receivable	(30)	-
Loss on disposal of property, plant & equipment	1,099	228
Effects of changes in foreign exchange	(1,510)	(324)
Operating cash flows before changes in working capital	9,942	6,434
Increase in steel materials and work-in-progress	(18,513)	(10,240)
(Increase)/Decrease in trade and other debtors	(4,353)	6,116
(Decrease)/Increase in trade and other creditors	(3,786)	344
Cash flows from operations	(16,710)	2,654
Income tax paid	(32)	(326)
Interest received	142	4
Interest paid	(1,454)	(1,311)
Net cash flows (used in)/ from operating activities	(18,054)	1,021
Investing activities		
Purchase of property, plant & equipment	(5,088)	(6,516)
Proceeds from disposal of property, plant & equipment	45,399	1,791
Net cash flows from/ (used in) investing activities	40,311	(4,725)
Financing activities		
Proceeds from borrowings	2,319	26,859
Repayment of borrowings	(14,500)	(23,555)
Hire purchase instalments paid	(2,000)	(2,125)
Issuance of ordinary shares	-	-
Net cash flows (used in)/ from financing activities	(14,181)	1,179
Net increase/(decrease) in cash and cash equivalents	8,076	(2,525)
Effect of exchange rate changes on cash and cash equivalents	85	(10)
Cash and cash equivalents as at beginning of period	5,989	14,818
Cash and cash equivalents as at end of period	14,150	12,283

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

	Group		
	3 mths 31/03/2015	3 mths 31/03/2014	Fav/(Unfav)
	$'000	$'000	%
Profit/(Loss) after tax	733	(1,911)	NA
Foreign currency translation	(236)	(444)	46.8
Total comprehensive income/(loss)	497	(2,355)	NA

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 2015	96,379	17,411	12,800	(4,662)	178,125	300,053
Total comprehensive income for the period	-	-	-	(236)	733	497
Balance at 31 March 2015	96,379	17,411	12,800	(4,898)	178,858	300,550
Balance at 1 January 2014	96,379	17,411	12,800	(4,381)	194,218	316,427
Total comprehensive income for the period	-	-	-	(444)	(1,911)	(2,355)
Balance at 31 March 2014	96,379	17,411	12,800	(4,825)	192,307	314,072
COMPANY						
Balance at 1 January 2015	96,379	10,574	12,800	-	(10,385)	109,368
Total comprehensive income for the period	-	-	-	-	13	13
Balance at 31 March 2015	96,379	10,574	12,800	-	(10,372)	109,381
Balance at 1 January 2014	96,379	10,574	12,800	-	(2,834)	116,919
Total comprehensive income for the period	-	-	-	-	12	12
Balance at 31 March 2014	96,379	10,574	12,800	-	(2,822)	116,931

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

There were no shares issued during the period from 1 January 2015 to 31 March 2015.

As at 31 March 2015, there were 73,220,000 (31 March 2014: 73,220,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 March 2015, the total number of issued shares was 1,266,942,003 (31 December 2014: 1,266,942,003).

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 2014, 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 2015. 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/ (loss) attributable to shareholders:-

	Group (cent)	
	3 mths 31/03/2015	3 mths 31/03/2014
(i) Based on weighted average number of shares in issue	0.06	(0.15)
(ii) On a fully diluted basis	0.06	(0.15)

The computation of basic earnings per share for the period ended 31 March 2015 is based on the weighted average number of shares of 1,266,942,003 (1Q FY2014: 1,266,942,003) and weighted average number of shares for diluted earnings of 1,273,401,709 (1Q FY2014: 1,285,788,714).

7 **NET ASSET VALUE PER SHARE**

	Group (cents)		**Company (cents)**	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
Net asset value per share	23.72	23.68	8.63	8.63

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

Group revenue decreased marginally by 8.2% to $65.9 million for the quarter ended March 31, 2015 (“1QFY2015”), compared to $71.8 million in 1QFY2014, due mainly to lower contributions from the Group’s Specialist Civil Engineering business.

On a segmental basis, revenue contribution from Specialist Civil Engineering decreased 23.2% year-on-year, from $28.5 million in 1QFY2014 to $21.9 million in 1QFY2015. With the substantial completion of the Downtown Line 2 projects at the end of FY2014, contributions for the review quarter came from on-going projects, including MRT Downtown Line 2, Downtown Line 3, Thomson Line and the Hong Kong MTR.

Revenue from Structural Steelwork projects decreased marginally by 1.6%, from $43.3 million in 1QFY2014 to $42.7 million in 1QFY2015. Marina One and Changi Terminal 4 were the key contributors to Structural Steelwork’s revenue in the quarter under review.

Despite a marginal drop in revenue, the Group’s gross profit increased two-fold, from $2.9 million to $5.9 million due to better project margin for on-going projects. Gross profit margin also improved from 4.1% to 9.0%. While reported margins were higher in the review quarter, the Group continues to experience margin pressure arising from a lower level of fabrication and erection activities, which is insufficient to absorb the Group’s production and overhead costs.

Other income increased from $0.3 million in 1QFY2014 to $0.4 million in 1QFY2015, mainly due to higher wage credit received from the government and sale of material. General and administrative expenses decreased from $4.4 million in 1QFY2014 to $4.0 million in 1QFY2015, mainly due to lower staff expenses and other general and administrative expenses incurred in the quarter. Finance costs increased marginally, from $1.3 million to $1.5 million, due to higher bank charges and interests.

Consequently, the Group reported a net profit of $0.7 million in 1QFY2015, a reversal from a net loss of $1.9 million in 1QFY2014.

Net asset value per share increased from 23.68 Singapore cents as at 31 December 2014 to 23.72 Singapore cents as at 31 March 2015.

The Group’s net gearing remained at a healthy level of 0.50 times as at 31 March 2015, compared to 0.58 times as at 31 December 2014.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The results were in line with statements made in results announcement for the financial year ended 31 December 2014.

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**

The Group expects the outlook for infrastructure development, civil engineering services and commercial projects to remain positive, backed by the renewal and expansion of urban infrastructure in Singapore and the region. For Singapore, the Building and Construction Authority (“BCA”) anticipates that construction demand for 2015 is expected to range between $29 billion to $36 billion, with public sector projects accounting for approximately 60% of the total demand .

In 1QFY2015, the Group’s 51%:49% joint venture with Jian Huang Construction Co. Pte Ltd, successfully secured a $159 million contract for the development of the JTC Food Hub @ Senoko. This new contract is expected to contribute to the Group’s financial performance in FY2015.

The Group is currently in active pursuit of the $1.3 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East. Leveraging its A1 gradings from BCA in both General Building and Civil Engineering, the Group also intends to selectively participate in joint-venture partnerships to pursue civil engineering and building projects as the main contractor.

As at 31 March 2015, the Group’s order book stood at a healthy $428 million, an increase from $405 million as at the end of December 2014. The Group expects about 46% of the existing orders to be fulfilled by the end of FY2015.

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**

Not applicable

13 **Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1)(a)ii.

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 2015 to be false or misleading.

BY ORDER OF THE BOARD

SEOW SOON YONG	**CHIA SIN CHENG**
Chief Executive Officer	Finance & Executive Director

Date: 12 May 2015