



**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

1 (a) **GROUP INCOME STATEMENT**

	<b>Group</b>		
	FY2013	FY2012	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	361,636	301,600	19.9
Cost of sales	(323,490)	(225,731)	(43.3)
Gross profit	38,146	75,869	(49.7)
Other income	265	150	76.7
General and administrative expenses	(31,082)	(24,218)	(28.3)
Interest income	28	27	3.7
Finance costs	(3,007)	(2,916)	(3.1)
Profit before tax	4,350	48,912	(91.1)
Taxation	1,189	(5,404)	nm
Net profit attributable to shareholders of the Company	5,539	43,508	(87.3)

nm - not meaningful

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

Loss on disposal of property, plant & equipment	7,083	42
Allowance for/ (write back) impairment of receivable	4,864	(150)
Depreciation	27,448	25,106

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

	<b>Group</b>		<b>Company</b>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	356,974	346,320	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	64,124	69,655
Investment in a joint venture	-	52	-	-
Other investment	140	100	-	-
Trade debtor	1,988	1,985	-	-
	<b>359,102</b>	<b>348,457</b>	<b>103,150</b>	<b>108,681</b>
<b>Current assets</b>				
Steel materials, at cost	64,373	71,861	-	-
Gross amount due from customers for contract work-in-progress	119,455	94,298	-	-
Trade debtors	34,692	42,643	-	-
Sundry debtors and deposits	5,522	3,736	1,226	20
Prepayments	2,442	1,292	22	8
Cash and bank balances	14,859	11,162	623	245
	<b>241,343</b>	<b>224,992</b>	<b>1,871</b>	<b>273</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	3,189	18,589	-	-
Trade creditors	57,344	60,726	-	-
Other creditors and accruals	11,394	16,519	439	456
Borrowings	50,815	83,110	-	3,000
Hire purchase creditors	8,427	9,089	-	-
Provision for taxation	245	4,728	13	6
	<b>131,414</b>	<b>192,761</b>	<b>452</b>	<b>3,462</b>
<b>Net current assets / (liabilities)</b>	<b>109,929</b>	<b>32,231</b>	<b>1,419</b>	<b>(3,189)</b>
<b>Non-current liabilities</b>				
Borrowings	111,623	10,369	-	-
Hire purchase creditors	11,732	16,787	-	-
Deferred taxation	29,249	30,406	-	-
	<b>152,604</b>	<b>57,562</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>316,427</b>	<b>323,126</b>	<b>104,569</b>	<b>105,492</b>
<b>Equity</b>				
Share capital	96,379	95,512	96,379	95,512
Reserves	220,048	227,614	8,190	9,980
	<b>316,427</b>	<b>323,126</b>	<b>104,569</b>	<b>105,492</b>

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

Increase in work-in-progress was in line with increased revenue. Trade debtors decreased due to timing in billing and collection of receivables for on-going projects. Sundry debtors and deposits increased due to yard rental deposit and expenses reimbursable from third parties.

Trade creditors decreased due to timing in progress billings and payment of payables for on-going projects. Decrease in other creditors and accruals was mainly due to lower accrued expense as at year-end. Net borrowings increased due to higher working capital requirements.

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

	As at 31/12/13		As at 31/12/12	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	11,709	47,533	12,895	79,304
Amount repayable after one year	18,355	105,000	27,156	-

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**

	FY2013	FY2012
	\$'000	\$'000
<b>Operating activities</b>		
Profit before tax	4,350	48,912
Add/(less):		
Depreciation	27,448	25,106
Consumption allowance	1,532	3,509
Interest income	(28)	(27)
Interest expense	3,007	2,916
Allowance/ (write back) for impairment of receivable	4,864	(150)
Loss on disposal of property, plant & equipment	7,083	42
Write off of property, plant & equipment	1,386	111
Effects of changes in foreign exchange	(1,298)	1,501
<b>Operating cash flows before changes in working capital</b>	<b>48,344</b>	<b>81,920</b>
Increase in steel materials and work-in-progress	(33,757)	(26,062)
Decrease in trade and other debtors	2,548	986
(Decrease)/ Increase in trade and other creditors	(8,155)	16,341
Decrease in amount due from a joint venture	-	480
<b>Cash flows from operations</b>	<b>8,980</b>	<b>73,665</b>
Income tax paid	(4,429)	(6,763)
Interest received	28	27
Interest paid	(3,007)	(2,916)
<b>Net cash flows from operating activities</b>	<b>1,572</b>	<b>64,013</b>
<b>Investing activities</b>		
Increase in investment of quoted share	(40)	-
Investment in a joint venture	52	-
Purchase of property, plant & equipment	(55,984)	(67,648)
Proceeds from disposal of property, plant & equipment	10,773	6,861
<b>Net cash flows used in investing activities</b>	<b>(45,199)</b>	<b>(60,787)</b>
<b>Financing activities</b>		
Dividend paid	(12,640)	(12,610)
Proceeds from borrowings	193,699	77,918
Repayment of borrowings	(124,424)	(75,431)
Hire purchase instalments paid	(10,145)	(10,820)
Issuance of ordinary shares	867	999
<b>Net cash flows from/(used in) financing activities</b>	<b>47,357</b>	<b>(19,944)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,730</b>	<b>(16,718)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(33)</b>	<b>(109)</b>
Cash and cash equivalents as at beginning of year	11,162	27,989
<b>Cash and cash equivalents as at end of year</b>	<b>14,859</b>	<b>11,162</b>

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

	<b>Group</b>		
	FY2013	FY2012	Fav/(Unfav)
	\$'000	\$'000	%
Profit after tax	5,539	43,508	(87.3)
Foreign currency translation	(465)	(220)	(111.4)
Total comprehensive income	5,074	43,288	(88.3)

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
<b><u>GROUP</u></b>						
Balance at 1 January 2013	95,512	17,411	12,800	(3,916)	201,319	323,126
Total comprehensive income for the year	-	-	-	(465)	5,539	5,074
Dividend on ordinary shares	-	-	-	-	(12,640)	(12,640)
Issuance of shares	867	-	-	-	-	867
Balance at 31 December 2013	96,379	17,411	12,800	(4,381)	194,218	316,427
Balance at 1 January 2012	94,493	17,432	12,800	(3,696)	170,421	291,450
Total comprehensive income for the year	-	-	-	(220)	43,508	43,288
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	998	-	-	-	-	998
Conversion of warrants	21	(21)	-	-	-	-
Balance at 31 December 2012	95,512	17,411	12,800	(3,916)	201,319	323,126
<b><u>COMPANY</u></b>						
Balance at 1 January 2013	95,512	10,574	12,800	-	(13,394)	105,492
Total comprehensive income for the year	-	-	-	-	10,850	10,850
Dividend on ordinary shares	-	-	-	-	(12,640)	(12,640)
Issuance of shares	867	-	-	-	-	867
Balance at 31 December 2013	96,379	10,574	12,800	-	(15,184)	104,569
Balance at 1 January 2012	94,493	10,595	12,800	-	(835)	117,053
Total comprehensive income for the year	-	-	-	-	51	51
Dividend on ordinary shares	-	-	-	-	(12,610)	(12,610)
Issuance of shares	998	-	-	-	-	998
Conversion of warrants	21	(21)	-	-	-	-
Balance at 31 December 2012	95,512	10,574	12,800	-	(13,394)	105,492

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

There was no shares issued during the period from 1 October 2013 to 31 December 2013

As at 31 December 2013, there was 73,220,000 (31 December 2012: 77,757,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 December 2013, the total number of issued shares was 1,266,942,003 (31 December 2012: 1,262,405,003).

**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 2012, 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 2013. 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)	
	FY2013	FY2012
(i) Based on weighted average number of shares in issue	0.44	3.45
(ii) On a fully diluted basis	0.43	3.39

The computation of basic earnings per share for year ended 31 December 2013 is based on the weighted average number of shares of 1,265,446,253 (FY2012: 1,260,076,369) and weighted average number of shares for diluted earnings of 1,286,548,664 (FY2012: 1,281,602,124).

**7 NET ASSET VALUE PER SHARE**

	Group (cents)		Company (cents)	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset value per share	24.98	25.60	8.25	8.36

## 8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's revenue for the financial year ended 31 December 2013 ("FY2013") increased by 19.9%, to \$361.6 million, compared to \$301.6 million in FY2012.

The higher Group revenue was largely due to contributions from Structural Steelwork projects which increased by 62.8%, from \$131.7 million in FY2012 to \$214.5 million in FY2013. On-going projects like the Singapore Sports Hub, National Art Gallery, Market Street, South Beach Development and the belt conveyor structure project in Malaysia were the key contributors.

Revenue from Specialist Civil Engineering, however, decreased by 13.4% year-on-year, from \$169.7 million to \$147.0 million. Contributions were received from on-going projects like MRT Downtown Line 2 and Downtown Line 3 in Singapore, the Hong Kong MTR and residual revenue from the iconic Marina Coastal Expressway.

On a geographical basis, Singapore continued to be the core contributor, accounting for 80.1% of total revenue, compared to 89.7% in FY2012. The other contributors were from Hong Kong and Malaysia.

Compared to FY2012 when the Group enjoyed higher gross margins from a couple of iconic projects, current projects in FY2013 delivered reduced gross profit margins. The lower revenue mix from the traditionally high-margin Specialist Civil Engineering projects was another factor. In addition, substantial cost overruns, especially from three on-going Structural Steelwork projects further reduced the overall gross margin.

A one-off non-recurring loss of \$8.1 million on disposal of fixed assets in 3QFY2013 and a \$5.1 million provision made on amounts owing from Alpine Bau GmbH, the insolvent main contractor for MRT Downtown Line 2 in 2QFY2013 caused General and Administrative expenses to spike from \$24.2million in FY2012 to \$31.1million in FY2013. However, this increase was partially offset by a decrease of \$6.3 million in staff expenses during the year. Bank interests and charges increased marginally from \$2.9million in FY2012 to \$3.0 million in FY2013.

In 4QFY2013, the Group factored in lower contributions from a Specialist Civil Engineering project and also took in additional costs and accepted lower than expected final settlements for a few projects. All these impacted the Group's bottom-line for FY2013.

Consequently, net profit attributable to shareholders fell 87.3% from \$43.5 million in FY2012 to \$5.5 million in FY2013. Accordingly, the Group's earnings per share was 0.44 Singapore cent in FY2013 as compared to 3.45 Singapore cents in FY2012. Net asset value per share declined marginally from 25.60 Singapore cents as at 31 December 2012 to 24.98 Singapore cents as at 31 December 2013. Yongnam's net gearing remained at a healthy 0.53 times as at 31 December 2013.

## 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 2013.

## 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

Outlook for infrastructural developments and commercial projects in Singapore and the region remain positive, mainly anchored by public sector infrastructure projects.

In November 2013, the Group secured a record landmark structural steelwork project that is expected to contribute financially until its completion in the first quarter of 2016. This \$168 million sub-contract for the Marina One mixed-use development is being developed by M+S Pte Ltd, a company owned 60:40 by Khazanah Nasional Bhd and Temasek Holdings Pte Ltd.

Yongnam, together with JGC Corporation and Changi Airport Planners and Engineers, is one of four consortiums invited by the Department of Civil Aviation, the Ministry of Transport, Myanmar, to resubmit its proposal for the design, construction, operation and maintenance of Hanthawaddy International Airport and its facilities on the basis of a public-private partnership agreement for a 30-year concession period.

In addition, the Group continues to actively pursue \$1.2 billion worth of new infrastructural and commercial projects in Singapore, Hong Kong, Macau and the Middle East of which 68%, if awarded, is expected to commence from mid-2014.

The Group expects the first half of FY2014 to be challenging as its performance will be dependent on the rate and extent of success in securing the above-mentioned contracts, most of which would start contributing materially from the second half of FY2014.

Yongnam's order book stood at \$340 million at the end of December 2013.

11 **DIVIDEND**

(a) **Current financial period reported on**

Name of Dividend : Ordinary Share First and Final Dividend (Proposed)  
 Dividend Type : Cash  
 Dividend Rate : 0.6 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 : 1 Singapore cent per ordinary share  
 Tax Rate : Tax exempt (One-tier)  
 Date paid : 30 May 2013

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 2013.

14 **Segmental Information**

	Singapore \$'000	Rest of Asia \$'000	Middle East \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2013					
<b>Revenue</b>					
External customers	289,673	71,963	-	-	361,636
Inter-segment revenue	-	22,117	-	(22,117)	-
Total revenue	289,673	94,080	-	(22,117)	361,636
<b>Result</b>					
Segment result	(9,327)	16,820	(164)	-	7,329
Finance income					28
Finance cost					(3,007)
Profit before tax					4,350
Tax					1,189
Profit after tax					5,539
Year ended 31 December 2012					
<b>Revenue</b>					
External customers	270,486	31,047	67	-	301,600
Inter-segment revenue	-	25,032	-	(25,032)	-
Total revenue	270,486	56,079	67	(25,032)	301,600
<b>Result</b>					
Segment result	41,888	10,086	(173)	-	51,801
Finance income					27
Finance cost					(2,916)
Profit before tax					48,912
Tax					(5,404)
Profit after tax					43,508

	FY2013 \$'000	FY2012 \$'000
Structural steelworks	214,460	131,698
Specialist civil engineering	147,019	169,698
Mechanical engineering	157	204
	361,636	301,600

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

	<b>Group</b>		
	FY2013 \$'000	FY2012 \$'000	Decrease %
(a) Sales reported for first half year	197,037	145,335	35.6
(b) Profit after tax for first half year	20,150	23,514	(14.3)
(c) Sales reported for second half year	164,599	156,265	5.3
(d) Profit after tax for second half year	(14,611)	19,994	(173.1)

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

	FY2013 \$'000	FY2012 \$'000
Final ordinary dividend*	7,602	12,640

\* 2013 proposed final ordinary dividend is estimated based on share capital of 1,266,942,003 at the end of the financial year.

17 **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	58	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	57	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	56	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	39	Son of Siau Sun King, Nephew of Tan Tin Nam, Seow Soon Yong and Seow Soon Hee	Senior Project Manager; Responsible for overseeing the development of projects and other related operational matter  2012	Nil

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 27 February 2014