



**YONGNAM HOLDINGS LIMITED**  
(Co Reg No : 199401612N)

## FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014

### 1 (a) GROUP INCOME STATEMENT

	Group		
	3 mths 31/3/2014	3 mths 31/3/2013	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	71,785	81,909	(12.4)
Cost of sales	(68,866)	(62,386)	(10.4)
Gross profit	2,919	19,523	(85.0)
Other income	268	54	396.3
General and administrative expenses	(4,383)	(6,151)	28.7
Interest income	4	4	0.0
Finance costs	(1,311)	(691)	(89.7)
(Loss)/ profit before tax	(2,503)	12,739	NA
Taxation	592	(1,217)	NA
Net (loss)/profit attributable to shareholders of the Company	(1,911)	11,522	NA

NA - Not Applicable

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

Loss/(gain) on disposal of property, plant & equipment	228	(460)
Write back impairment of receivable	-	(50)
Depreciation	6,808	6,663

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

	<b>Group</b>		<b>Company</b>	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	353,679	356,867	-	-
Investment in subsidiaries	-	-	39,026	39,026
Amount due from subsidiaries	-	-	76,731	76,474
Investment in a joint venture	1,025	1,025	-	-
Other investment	140	140	-	-
Trade debtor	3,976	3,976	-	-
	<b>358,820</b>	<b>362,008</b>	<b>115,757</b>	<b>115,500</b>
<b>Current assets</b>				
Inventories	62,510	64,373	-	-
Gross amount due from customers for contract work-in-progress	128,046	116,045	-	-
Trade debtors	30,522	35,684	-	-
Sundry debtors and deposits	5,374	5,395	1,143	1,226
Prepayments	1,468	2,442	-	22
Cash and bank balances	12,283	14,818	442	623
	<b>240,203</b>	<b>238,757</b>	<b>1,585</b>	<b>1,871</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	3,453	3,508	-	-
Trade creditors	59,145	57,453	-	-
Other creditors and accruals	9,962	11,286	405	439
Borrowings	59,813	50,815	-	-
Hire purchase creditors	8,219	8,427	-	-
Provision for taxation	24	245	6	13
	<b>140,616</b>	<b>131,734</b>	<b>411</b>	<b>452</b>
<b>Net current assets</b>	<b>99,587</b>	<b>107,023</b>	<b>1,174</b>	<b>1,419</b>
<b>Non-current liabilities</b>				
Borrowings	105,874	111,623	-	-
Hire purchase creditors	9,928	11,732	-	-
Deferred taxation	28,533	29,249	-	-
	<b>144,335</b>	<b>152,604</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>314,072</b>	<b>316,427</b>	<b>116,931</b>	<b>116,919</b>
<b>Equity</b>				
Share capital	96,379	96,379	96,379	96,379
Reserves	217,693	220,048	20,552	20,540
	<b>314,072</b>	<b>316,427</b>	<b>116,931</b>	<b>116,919</b>

Increase in work-in-progress was due to unbilled work done for some of the on-going projects. Trade debtors decreased due to timing in billing and collection of receivables for on-going projects. Decrease in other creditors and accruals was mainly due to settlement of obligations in the quarter.

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

	As at 31/3/14		As at 31/12/13	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	11,462	56,570	11,709	47,533
Amount repayable after one year	15,802	100,000	18,355	105,000

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 31/03/2014 \$'000	3 mths 31/03/2013 \$'000
<b>Operating activities</b>		
(Loss)/ profit before tax	(2,503)	12,739
Add/(less):		
Depreciation	6,808	6,663
Consumption allowance	918	505
Interest income	(4)	(4)
Interest expense	1,311	691
Write back for impairment of receivable	-	(50)
Loss/(gain) on disposal of property, plant & equipment	228	(460)
Effects of changes in foreign exchange	(324)	(679)
<b>Operating cash flows before changes in working capital</b>	6,434	19,405
Increase in steel materials and work-in-progress	(10,240)	(18,585)
Decrease in trade and other debtors	6,116	10,789
Increase/(decrease) in trade and other creditors	344	(4,937)
<b>Cash flows from operations</b>	2,654	6,672
Income tax (paid)/ received	(326)	159
Interest received	4	4
Interest paid	(1,311)	(691)
<b>Net cash flows from operating activities</b>	1,021	6,144
<b>Investing activities</b>		
Investment in a joint venture	-	52
Purchase of property, plant & equipment	(6,516)	(11,650)
Proceeds from disposal of property, plant & equipment	1,791	1,636
<b>Net cash flows used in investing activities</b>	(4,725)	(9,962)
<b>Financing activities</b>		
Proceeds from borrowings	26,859	19,612
Repayment of borrowings	(23,555)	(13,198)
Hire purchase instalments paid	(2,125)	(2,741)
Issuance of ordinary shares	-	128
<b>Net cash flows from financing activities</b>	1,179	3,801
<b>Net decrease in cash and cash equivalents</b>	(2,525)	(17)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(10)	19
Cash and cash equivalents as at beginning of period	14,818	11,162
<b>Cash and cash equivalents as at end of period</b>	12,283	11,164

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

	Group		
	3 mths 31/03/2014	3 mths 31/03/2013	Fav/(Unfav)
	\$'000	\$'000	%
(Loss)/profit after tax	(1,911)	11,522	NA
Foreign currency translation	(444)	235	NA
Total comprehensive income	(2,355)	11,757	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
<b><u>GROUP</u></b>						
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)
Issuance of shares	-	-	-	-	-	-
Balance at 31 March 2014	96,379	17,411	12,800	(4,825)	192,307	314,072
Balance at 1 January 2013	95,512	17,411	12,800	(3,916)	201,319	323,126
Total comprehensive income for the period	-	-	-	235	11,522	11,757
Issuance of shares	128	-	-	-	-	128
Balance at 31 March 2013	95,640	17,411	12,800	(3,681)	212,841	335,011
<b><u>COMPANY</u></b>						
Balance at 1 January 2014	96,379	10,574	12,800	-	(2,834)	116,919
Total comprehensive income for the period	-	-	-	-	12	12
Issuance of shares	-	-	-	-	-	-
Balance at 31 March 2014	96,379	10,574	12,800	-	(2,822)	116,931
Balance at 1 January 2013	95,512	10,574	12,800	-	(13,394)	105,492
Total comprehensive income for the period	-	-	-	-	160	160
Issuance of shares	128	-	-	-	-	128
Balance at 31 March 2013	95,640	10,574	12,800	-	(13,234)	105,780

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

There were no shares issued during the period from 1 January 2014 to 31 March 2014.

As at 31 March 2014, there were 73,220,000 (31 March 2013: 76,767,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 March 2014, the total number of issued shares was 1,266,942,003 (31 December 2013: 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 2013, 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 2014. 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 (loss) / profit attributable to shareholders:-

	<b>Group (cents)</b>	
	<b>3 mths 31/03/2014</b>	<b>3 mths 31/03/2013</b>
(i) Based on weighted average number of shares in issue	(0.15)	0.91
(ii) On a fully diluted basis	(0.15)	0.89

The computation of basic earnings per share for the period ended 31 March 2014 is based on the weighted average number of shares of 1,266,942,003 (1Q FY2013: 1,262,735,003) and weighted average number of shares for diluted earnings of 1,285,788,714 (1Q FY2013: 1,292,529,217).

**7 NET ASSET VALUE PER SHARE**

	<b>Group (cents)</b>		<b>Company (cents)</b>	
	<b>31/3/2014</b>	<b>31/12/2013</b>	<b>31/3/2014</b>	<b>31/12/2013</b>
Net asset value per share	24.79	24.98	9.23	9.23

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

Group revenue dropped 12.4% to \$71.8 million for the quarter ended March 31, 2014 ("1QFY2014"), compared to \$81.9 million in 1QFY2013 with the completion of the mega Marina Coastal Expressway ("MCE") projects at the end of FY2013.

Revenue contribution from Specialist Civil Engineering decreased by 22.1% year-on-year, from \$36.5 million in 1Q FY2013 to \$28.5 million in 1QFY2014. The contributions were received from on-going projects, including MRT Downtown Line 2, Downtown Line 3 and the Hong Kong MTR.

Revenue from Structural Steelwork projects decreased marginally by 4.5%, from \$45.4 million in 1QFY2013 to \$43.3 million in 1QFY2014. The Singapore Sports Hub, South Beach Development, National Art Gallery, Market Street and Marina One were the key contributors to Structural Steelworks revenue in the quarter under review.

Lower-margin projects in 1QFY2014 coupled with higher fixed production and project overheads as a result of lower fabrication and erection activities caused the Group's gross profit margin to fall to 4.1%, compared to 23.8% in 1QFY2013.

While general and administrative expenses decreased from \$6.2 million in 1QFY2013 to \$4.4 million in 1QFY2014, mainly due to lower staff expenses, bank interest and charges increased from \$0.7 million to \$1.3 million due to higher bank borrowings during the quarter under review. Consequently, the Group registered a net loss of \$1.9 million in 1QFY2014, compared to a profit of \$11.5 million in 1QFY2013.

Net asset value per share declined marginally from 24.98 Singapore cents as at 31 December 2013 to 24.79 Singapore cents as at 31 March 2014.

Nonetheless, net gearing remained at a healthy level of 0.55 times as at 31 March 2014, notwithstanding a marginal increase from 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 were in line with prospect statement made in results announcement for the financial year ended 31 December 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**

The Group expects FY2014 to be difficult as its performance continues to be dependent on the rate and extent of success in securing new contracts, most of which would start contributing only from the second half of FY2014.

However, outlook for infrastructural developments and commercial projects in Singapore and the region remains positive.

In 1Q FY2014, the Group has secured orders amounting to \$54.3 million, including two new structural steelworks subcontracts for the upcoming Changi International Airport Terminal 4 and the redevelopment of the UIC Building along Shenton Way, Singapore.

The Group, together with consortium partners, Changi Airport Planners and Engineers and JGC Corporation had, on 22 April 2014, re-submitted its proposal for the design, construction, operation and maintenance of the Hanthawaddy International Airport in Myanmar.

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 73%, if awarded, is expected to commence in the second half of FY2014.

The Group's order book stood at \$316 million at the end of March 2014.

**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. There were no interested party transactions entered into by the Group during the quarter ended 31 March 2014.

**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 2014 to be false or misleading.

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 15 May 2014