YONGNAM HOLDINGS LIMITED
(Co Reg No : 199401612N)

FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD ENDED 31 MARCH 2018

1 (a) GROUP INCOME STATEMENT

	Group		
	3 mths 31/3/2018	3 mths 31/3/2017	Fav / (Unfav)
	$'000	$'000	%
Revenue	54,062	91,460	(40.9)
Cost of sales	(53,583)	(88,040)	39.1
Gross profit	479	3,420	(86.0)
Other income	59	177	(66.7)
General and administrative expenses	(4,258)	(4,059)	(4.9)
Interest income	2	7	(71.4)
Finance costs	(1,676)	(1,179)	(42.2)
Loss before tax	(5,394)	(1,634)	(230.1)
Taxation	610	109	(459.6)
Net loss	(4,784)	(1,525)	(213.7)

Attributable to:

Owners of the Company	(4,623)	(1,466)	(215.3)
Non-controlling interests	(161)	(59)	(172.9)
	(4,784)	(1,525)	(213.7)

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

Loss/(Gain) on disposal of property, plant & equipment	204	(48)
Depreciation	6,965	7,058

1(b)(i) BALANCE SHEET

	Group		Company	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	$'000	$'000	$'000	$'000
Non-current assets				
Property, plant and equipment	307,813	312,914	-	-
Investment in subsidiaries	-	-	39,430	39,430
Amount due from subsidiaries	-	-	127,537	127,422
	307,813	312,914	166,967	166,852
Current assets				
Inventories	41,442	38,570	-	-
Contract assets	93,891	98,546	-	-
Trade debtors	18,891	21,984	-	-
Other debtors and deposits	4,579	3,891	9	9
Prepayments	6,887	1,573	11	4
Tax recoverable	2	4	-	-
Cash and bank balances	14,760	10,195	46	95
	180,452	174,763	66	108
Current liabilities				
Contract liabilities	7,218	5,008	-	-
Trade creditors	71,716	81,683	-	-
Other creditors and accruals	4,932	7,060	546	481
Amount due to a joint venture partner	490	-	-	-
Borrowings	36,053	75,802	-	-
Hire purchase creditors	1,791	1,957	-	-
	122,200	171,510	546	481
Net current assets/ (liabilities)	58,252	3,253	(480)	(373)
Non-current liabilities				
Borrowings	71,331	15,340	-	-
Hire purchase creditors	2,873	3,293	-	-
Deferred taxation	9,615	10,292	-	-
	83,819	28,925	-	-
Net assets	**282,246**	**287,242**	**166,487**	**166,479**
Equity				
Share capital	141,445	141,445	141,445	141,445
Reserves	145,921	150,756	25,042	25,034
Non-controlling interest	(5,120)	(4,959)	-	-
	282,246	**287,242**	**166,487**	**166,479**

Decrease in net contract assets was due to billing of work done for on-going projects. Trade debtor decreased due to collection of billings during the quarter. Other debtors increased mainly due to refundable deposits paid for rental of yards and dormitory as well as deposit paid for purchase of machinery. Increase in prepayment is mainly due to prepaid loan facility fees and front end fees to be amortised over the loan period.

Decrease in trade creditors was due to payments made to trade payables during the quarter. Other creditors and accruals reduced due to payment of certain obligations. Net borrowing increased due to drawdown of new borrowings during the quarter.

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

	As at 31/3/18		As at 31/12/17	
	$'000		$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	30,834	7,010	70,350	7,409
Amount repayable after one year	74,204	-	18,633	-

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 31/03/2018	3 mths 31/03/2017
	$'000	$'000
Operating activities		
Loss before tax	(5,394)	(1,634)
Add/(less):		
Depreciation	6,965	7,058
Allowance/(Write back) of consumption allowance	591	(1,062)
Interest income	(2)	(7)
Interest expense	1,676	1,179
Loss/ (Gain) on disposal of property, plant & equipment	204	(48)
Loss on disposal of other investment	-	8
Effects of changes in foreign exchange	369	688
Operating cash flows before changes in working capital	4,409	6,182
Decrease in steel materials and work-in-progress	3,773	5,261
(Increase)/ Decrease in trade and other debtors	(3,563)	5,306
(Decrease)/ Increase in trade and other creditors	(10,956)	7,784
Cash flows (used in)/from operations	(6,337)	24,533
Income tax paid	(4)	(1)
Interest received	2	7
Interest paid	(1,676)	(1,179)
Net cash flows (used in)/from operating activities	(8,015)	23,360
Investing activities		
Purchase of property, plant & equipment	(5,095)	(18,617)
Proceeds from disposal of property, plant & equipment	2,916	653
Increase in investment in joint venture	-	(50)
Proceed from disposal of other investment	-	24
Net cash flows used in investing activities	(2,179)	(17,990)
Financing activities		
Proceeds from borrowings	66,000	1,447
Repayment of borrowings	(50,349)	(5,000)
Hire purchase instalments paid	(897)	(922)
Net cash flows from/ (used in) financing activities	14,754	(4,475)
Net increase in cash and cash equivalents	4,560	895
Effect of exchange rate changes on cash and cash equivalents	5	(77)
Cash and cash equivalents as at beginning of period	10,195	15,914
Cash and cash equivalents as at end of period	14,760	16,732

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 mths 31/03/2018	3 mths 31/03/2017	Fav/(Unfav)
	$'000	$'000	%
Loss after tax	(4,784)	(1,525)	(213.7)
Foreign currency translation	(212)	(1,510)	86.0
Total comprehensive loss	(4,996)	(3,035)	(64.6)

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	Non-controlling interests $'000	Total $'000
GROUP							
Balance at 1 January 2018	141,445	6,837	12,800	(6,827)	137,946	(4,959)	287,242
Adoption of the SFRS(I) 1	-	-	-	6,827	(6,827)	-	-
Total comprehensive income for the period	-	-	-	(212)	(4,623)	(161)	(4,996)
Balance at 31 March 2018	141,445	6,837	12,800	(212)	126,496	(5,120)	282,246
Balance at 1 January 2017	129,636	6,837	12,800	(3,451)	153,722	(511)	299,033
Total comprehensive income for the period	-	-	-	(1,510)	(1,466)	(59)	(3,035)
Balance at 31 March 2017	129,636	6,837	12,800	(4,961)	152,256	(570)	295,998
COMPANY							
Balance at 1 January 2018	141,445	-	12,800	-	12,234	-	166,479
Total comprehensive income for the period	-	-	-	-	8	-	8
Balance at 31 March 2018	141,445	-	12,800	-	12,242	-	166,487
Balance at 1 January 2017	129,636	-	12,800	-	332	-	142,768
Total comprehensive income for the period	-	-	-	-	34	-	34
Balance at 31 March 2017	129,636	-	12,800	-	366	-	142,802

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

There were no shares issued during the period from 1 January 2018 to 31 March 2018.

As at 31 March 2018, there were 7,520,304 (31 March 2017: 18,305,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 March 2018, the total number of issued shares was 522,602,931 (31 December 2017: 522,602,931).

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 2017, except as disclosed in paragraph 5 below.

5 CHANGES IN ACCOUNTING POLICIES

On 29 December 2017, the Accounting Standards Council issued SFRS(I), Singapore's equivalent of the International Financial Reporting Standards ("IFRSs"). Singapore-incorporated companies listed on the Singapore Exchange will apply SFRS(I) for annual financial period beginning on or after 1 January 2018.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9 Financial Instruments
SFRS(I) 15 Revenue from Contracts with Customers

<u>SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)</u>
SFRS(I) requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies.

On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group expects to reclassify an amount of $3,451,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

<u>SFRS(I) 9 Financial Instruments</u>
SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

The Group plans to adopt the standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

<u>SFRS(I) 15 Revenue from Contracts with Customers</u>
FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Under FRS 115, the Group expects to account for its construction contracts with customers as a single performance obligation, given the significant integration and interrelation of various goods and services in the contract. The Company currently recognises revenue over time using the percentage of completion method for contracts under FRS 11 Construction Contracts. Under FRS 115, the Company expects to continue to recognise revenue over time based on its costs incurred to date relative to the total expected costs as an input method to faithfully depict the Company's performance towards the satisfaction of its performance obligation over time.

The Group has adopted SFRS(I) 15 using the retrospective approach and applies all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 on the Group's financial statements:

<u>Balance sheets as at 31 December 2017 and 1 January 2018</u>

	31 December 2017 & 1 January 2018		
	As previously reported	Effect of SFRS (I) 1	As restated
	$'000	$'000	$'000
Foreign currency translation reserves	(6,827)	6,827	-
Retained earnings	137,946	(6,827)	131,119

6 EARNINGS PER SHARE

Earnings per share for the year based on net loss attributable to shareholders:-

	Group (cent)	
	3 mths 31/03/2018	3 mths 31/03/2017
(i) Based on weighted average number of shares in issue	(0.88)	(0.31)
(ii) On a fully diluted basis	(0.88)	(0.31)
(i) Weighted average number of shares in issue	522,602,931	475,102,931
(ii) weighted average number of shares for diluted earnings	522,602,931	475,102,931

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
Net asset value per share	54.99	55.91	31.86	31.86

8 REVIEW OF THE PERFORMANCE OF THE GROUP

Group revenue decreased by 40.9% to $54.1 million for the quarter ended March 31, 2018 ("1QFY2018"), compared to $91.5 million in 1QFY2017, due mainly to lower contribution from the Group's Structural Steelworks business.

On a segmental basis, revenue contribution from Structural Steelwork decreased 52.4%, from $67.7 million in 1QFY2017 to $32.2 million in 1QFY2018 due to the substantial completion of Senoko Food Hub and Jewel Changi Airport projects at the end of FY2017. Outram Community Hospital and Evonik methionine plant in Jurong Island were key contributors to Structural Steelwork's revenue in the quarter under review.

Revenue from Specialist Civil Engineering projects decreased marginally by 3.4% from $19.7 million in 1QFY2017 to $19.1 million in 1QFY2018. The contributions for the review quarter came from Thomson-East Coast Line and the Hong Kong MTR.

The Group's gross profit decreased from $3.4 million in 1QFY2017 to $0.5 million in 1QFY2018 mainly in line with the drop in revenue. Gross profit margin is depressed by the continued low level of strutting and other activities in Singapore and Hong Kong, resulting in overhead costs not being fully absorbed.

General and administrative expenses increased from $4.1 million in 1QFY2017 to $4.3 million in 1QFY2018, mainly due to loss on disposal of fixed asset during the quarter. Finance costs increased from $1.2 million to $1.7 million, due to higher borrowings, bank charges and interests.

As a result, the Group reported a net loss of $4.8 million in 1QFY2018, compared to a loss of $1.5 million in 1QFY2017. Net asset value per share decreased from 55.91 Singapore cents as at 31 December 2017 to 54.99 Singapore cents as at 31 March 2018.

The Group's net gearing remained at a healthy level of 0.34 times as at 31 March 2018, compared to 0.30 times as at 31 December 2017.

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 2017.

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 had submitted bids for upcoming mega public sector infrastructure projects in Singapore this year which includes various major contracts for the North-South Corridor, and are awaiting tender results. The Group is also bidding for various infrastructure projects in Hong Kong and Australia.

In the medium term, public sector demand in Singapore is expected to be supported by upcoming mega infrastructure projects, such as the Jurong Regional Line, Cross Island Line, the Kuala Lumpur – Singapore High Speed Rail and various infrastructure developments for Changi Airport Terminal 5.

The Group is currently in active pursuit of $1.1 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia and the Middle East. As at 31 March 2018, the Group's order book stood at $142 million.

The Group continues to invest time and resources in bidding for potential projects in Singapore and regionally. Most of the potential projects, if awarded, are expected to make an impact only from the later part of 2018.

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 2018 to be false or misleading.

15 Confirmation that the issuer has precured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

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

Date: 15 May 2018