



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

**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE PERIOD ENDED 31 MARCH 2017**

**1 (a) GROUP INCOME STATEMENT**

	<b>Group</b>		
	3 mths 31/3/2017	3 mths 31/3/2016	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	91,460	73,766	24.0
Cost of sales	(88,040)	(65,664)	(34.1)
Gross profit	3,420	8,102	(57.8)
Other income	177	310	(42.9)
General and administrative expenses	(4,059)	(5,102)	20.4
Interest income	7	2	250.0
Finance costs	(1,179)	(1,711)	31.1
(Loss)/Profit before tax	(1,634)	1,601	nm
Taxation	109	109	0.0
Net (loss)/profit	(1,525)	1,710	nm

Attributable to:

Owners of the Company	(1,466)	1,169	nm
Non-controlling interests	(59)	541	nm
	(1,525)	1,710	nm

nm - not meaningful

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

(Gain)/Loss on disposal of property, plant & equipment	(48)	6
Depreciation	7,058	6,791

1(b)(i) BALANCE SHEET

	Group		Company	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	324,347	314,203	-	-
Investment in subsidiaries	-	-	39,430	39,430
Amount due from subsidiaries	-	-	103,724	103,551
Investment in a joint venture	1,518	1,468	-	-
Other investment	-	32	-	-
	<b>325,865</b>	<b>315,703</b>	<b>143,154</b>	<b>142,981</b>
<b>Current assets</b>				
Inventories	44,489	40,353	-	-
Gross amount due from customers for contract work-in-progress	98,039	104,790	-	-
Trade debtors	36,049	35,979	-	-
Sundry debtors and deposits	9,372	13,547	122	113
Prepayments	1,463	2,974	11	4
Cash and bank balances	16,732	15,914	75	192
	<b>206,144</b>	<b>213,557</b>	<b>208</b>	<b>309</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	16,234	13,206	-	-
Trade creditors	87,222	79,395	-	-
Other creditors and accruals	9,593	9,912	560	522
Borrowings	55,817	54,782	-	-
Hire purchase creditors	2,557	2,864	-	-
Provision for taxation	853	837	-	-
	<b>172,276</b>	<b>160,996</b>	<b>560</b>	<b>522</b>
<b>Net current assets/ (liabilities)</b>	<b>33,868</b>	<b>52,561</b>	<b>(352)</b>	<b>(213)</b>
<b>Non-current liabilities</b>				
Borrowings	46,584	51,921	-	-
Hire purchase creditors	4,555	4,499	-	-
Deferred taxation	12,596	12,811	-	-
	<b>63,735</b>	<b>69,231</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>295,998</b>	<b>299,033</b>	<b>142,802</b>	<b>142,768</b>
<b>Equity</b>				
Share capital	129,636	129,636	129,636	129,636
Reserves	166,931	169,907	13,166	13,132
Non-controlling interest	(569)	(510)	-	-
	<b>295,998</b>	<b>299,033</b>	<b>142,802</b>	<b>142,768</b>

Decrease in work-in-progress was due to billing of work done for on-going projects. Other debtors decreased due to reclassification of deposit for purchase of lands in Malaysia to property, plant and equipment upon completion. Increase in trade creditors was due to timing in purchases and payments of trade payables. Net borrowing decreased due to repayment of borrowings during the quarter.

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

	As at 31/3/17		As at 31/12/16	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	44,894	13,480	23,376	34,270
Amount repayable after one year	51,139	-	56,420	-

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 31/03/2017	3 mths 31/03/2016
	\$'000	\$'000
<b>Operating activities</b>		
(Loss)/ Profit before tax	(1,634)	1,601
Add/(less):		
Depreciation	7,058	6,791
(Write back)/ Allowance of consumption allowance	(1,062)	1,124
Interest income	(7)	(2)
Interest expense	1,179	1,711
(Gain)/Loss on disposal of property, plant & equipment	(48)	6
Loss on disposal of other investment	8	-
Effects of changes in foreign exchange	688	(1,510)
<b>Operating cash flows before changes in working capital</b>	6,182	9,721
Decrease/ (Increase) in steel materials and work-in-progress	5,261	(18,513)
Decrease/ (Increase) in trade and other debtors	5,306	(4,353)
Increase/ (Decrease) in trade and other creditors	7,784	(3,786)
<b>Cash flows from/ (used in) operations</b>	24,533	(16,931)
Income tax paid	(1)	(32)
Interest received	7	2
Interest paid	(1,179)	(1,711)
<b>Net cash flows from/(used in) operating activities</b>	23,360	(18,672)
<b>Investing activities</b>		
Purchase of property, plant & equipment	(18,617)	(5,088)
Proceeds from disposal of property, plant & equipment	653	45,399
Increase in investment in joint venture	(50)	-
Proceed from disposal of other investment	24	-
<b>Net cash flows (used in)/from investing activities</b>	(17,990)	40,311
<b>Financing activities</b>		
Proceeds from borrowings	1,447	2,319
Repayment of borrowings	(5,000)	(14,500)
Hire purchase instalments paid	(922)	(2,000)
<b>Net cash flows used in financing activities</b>	(4,475)	(14,181)
<b>Net increase in cash and cash equivalents</b>	895	7,458
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(77)	85
Cash and cash equivalents as at beginning of period	15,914	5,989
<b>Cash and cash equivalents as at end of period</b>	16,732	13,532

1(d)(i) STATEMENT OF COMPREHENSIVE INCOME

	Group		
	3 mths 31/03/2017	3 mths 31/03/2016	Fav/(Unfav)
	\$'000	\$'000	%
(Loss)/Profit after tax	(1,525)	1,710	nm
Foreign currency translation	(1,510)	(1,168)	(29.3)
Total comprehensive income	(3,035)	542	(660.0)

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
<b>GROUP</b>							
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
Balance at 1 January 2016	96,379	6,837	12,800	(4,647)	185,359	645	297,373
Total comprehensive income for the period	-	-	-	(1,168)	1,169	541	542
Balance at 31 March 2016	96,379	6,837	12,800	(5,815)	186,528	1,186	297,915
<b>COMPANY</b>							
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
Balance at 1 January 2016	96,379	-	12,800	-	230	-	109,409
Total comprehensive income for the period	-	-	-	-	10	-	10
Balance at 31 March 2016	96,379	-	12,800	-	240	-	109,419

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

There were no shares issued during the period from 1 January 2017 to 31 March 2017.

As at 31 March 2017, there were 18,305,000 (31 March 2016: 18,305,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

As at 31 March 2017, the total number of issued shares was 475,102,931 (31 December 2016: 475,102,931).

**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 2016, 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 2017. 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 attributable to shareholders:-

	Group (cent)	
	3 mths 31/03/2017	3 mths 31/03/2016
(i) Based on weighted average number of shares in issue	(0.31)	0.37
(ii) On a fully diluted basis	(0.31)	0.37
(i) Weighted average number of shares in issue	475,102,931	316,735,383
(ii) weighted average number of shares for diluted earnings	475,102,931	317,284,576

**7 NET ASSET VALUE PER SHARE**

	Group (cents)		Company (cents)	
	31/3/2017	31/12/2016	31/3/2017	31/12/2016
Net asset value per share	62.30	62.94	30.06	30.05

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

Group revenue increased by 24.0% to \$91.5 million for the quarter ended March 31, 2017 ("1QFY2017"), compared to \$73.8 million in 1QFY2016, due mainly to higher contributions from the Group's Structural Steelworks business.

On a segmental basis, revenue contribution from Structural Steelwork increased 49.6%, from \$45.3 million in 1QFY2016 to \$67.7 million in 1QFY2017. Senoko Food Hub and Jewel Changi Airport were key contributors to Structural Steelwork's revenue in the quarter under review.

Revenue from Specialist Civil Engineering projects remained at \$19.7 million in 1QFY2017 as compared to 1QFY2016. The contributions for the review quarter came from Thomson-East Coast Line and the Hong Kong MTR.

Revenue from Mechanical Engineering decreased from \$8.5 million in 1QFY2016 to \$1.3 million in 1QFY2017 due to the substantial completion of the supply and fabrication of Heat Recovery Steam Generator ("HRSG") non-pressure parts for two power plants in Qatar and Egypt by the end of FY2016.

The Group's gross profit decreased from \$8.1 million in 1QFY2016 to \$3.4 million in 1QFY2017 mainly due to lower margins from the Senoko Food Hub project as well as the overall lower level of strutting and fabrication activities in Singapore and Hong Kong, which resulted in overhead costs not being fully absorbed and therefore depressing the Group's overall gross margin.

General and administrative expenses decreased from \$5.1 million in 1QFY2016 to \$4.0 million in 1QFY2017, mainly due to lower staff costs. Finance costs decreased from \$1.7 million to \$1.2 million, due to lower bank charges and interests.

The Group reported a net loss of \$1.5 million in 1QFY2017, compared to a profit of \$1.7 million in 1QFY2016. Net asset value per share decreased from 62.94 Singapore cents as at 31 December 2016 to 62.30 Singapore cents as at 31 March 2017.

The Group's net gearing remained at a healthy level of 0.31 times as at 31 March 2017, compared to 0.33 times as at 31 December 2016.

**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 2016.

**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**

Upcoming mega public sector infrastructure projects in Singapore this year, which the Group has bid for, include various major contracts for the Circle Line 6, North-South Corridor and Deep Tunnel Sewerage System (DTSS phase 2). Public sector demand is expected to be supported by various 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.

Backed by its strong track record and expertise as a steel specialist accumulated over the years, Yongnam will continue to focus on opportunities presented by the infrastructure sector in Singapore and the region. The Group is currently in active pursuit of \$1.1 billion worth of new infrastructure and commercial projects in Singapore, Hong Kong, Malaysia and the Middle East. As at 31 March 2017, the Group's order book stood at \$218 million.

However, the Group expects the overall business outlook to remain challenging. Most of the potential projects, if awarded, would only commence from the fourth quarter of this year. To enhance its cost competitiveness and operational efficiency, the Group will be relocating part of its factory operations in Singapore to a new site in Johor, Malaysia, in 2018, leaving fabrication with higher automation processes to be carried out in Singapore. This move will enable the Group to ensure cost savings in foreign worker levy, lower fabrication labour cost as well as ancillary staff cost such as accommodation and transportation.

In addition, the Group is also reviewing its cost structure to further manage it and achieve greater efficiencies. With these measures in place, the Group will be better positioned to weather this challenging period.

**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 2017 to be false or misleading.

**15 Use of Rights Issue Proceeds**

The Group had fully utilised the net proceeds of S\$32.6 million raised from Rights Issue as follows:

	\$'000
Payment of operating expenses	12,700
Subcontractor and trade payables	19,900
Total Amount Utilised	32,600

The above utilisations are in accordance with the intended use of proceeds of the Rights Issue, as stated by the Company in the Rights Issue Announcement dated 1 June 2016 and the Offer Information Statement.

**16 Confirmation that the issuer has procured 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**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 15 May 2017