



YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

NEWS RELEASE

YONGNAM'S 3QFY2009 PROFIT AFTER TAX SURGES 68.2% TO S\$11.2 MILLION

- Impressive net profit performance despite 14.2% decline in revenue to S\$82.6 million in 3QFY2009;
- New record order book of S\$540 million as at end September 2009;
- Balance sheet remains strong with earnings per share up 65.5% and net asset value improving 19.9%.

Financial Highlights:

S\$'m	3QFY08	3QFY09	% Change	9MFY08	9MFY09	% Change
Revenue	96.3	82.6	-14.2	230.0	265.8	+15.6
Gross Profit	17.4	25.0	+43.1	48.6	67.8	+39.4
Profit After Tax	6.7	11.2	+68.2	20.2	32.0	+58.7
Earnings Per Share (Basic) (Singapore cent) ⁽¹⁾	0.55	0.91	+65.5	1.66	2.61	+57.2
Net Asset Value Per Share (Singapore cent) ⁽²⁾	12.14	14.55	+19.9	-	-	-

⁽¹⁾EPS per share was computed based on the weighted average number of shares of 1,229,219,763 for 3QFY2009 (1,217,482,983 for 3QFY2008) and 1,224,060,038 for 9MFY2009 (1,217,456,316 for 9MFY2008)

⁽²⁾NAV per share was computed based on the number of shares of 1,217,482,983 as at December 31, 2008 and 1,231,384,502 as at September 30, 2009 respectively

Singapore, November 12, 2009 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a 68.2% surge in profit after tax to S\$11.2 million in the three months ended September 30, 2009 (“3QFY2009”), from S\$6.7 million recorded in the previous corresponding period (“3QFY2008”). The stronger bottomline was achieved despite a 14.2% decline in the Group’s topline from S\$96.3 million in 3QFY2008 to S\$82.6 million in 3QFY2009.

Said Mr Seow Soon Yong, Chief Executive Officer of Yongnam: “We are delighted to be able to report a third consecutive quarter of strengthened bottomline, despite revenue declining this quarter as a result of the substantial completion of the Dubai Metro Rail and the New Delhi Airport projects. This proves that our cost-control measures have been fruitful and we will continue our prudence in capital and cost management moving ahead.”

On a cumulative basis, the Group recorded increases in both its top and bottomlines. Profit after tax jumped 58.7% from S\$20.2 million in the nine months ended September 30, 2008 (“9MFY2008”) to S\$32.0 million in the nine months ended September 30, 2009 (“9MFY2009”). Revenue increased 15.6% from S\$230.0 million in 9MFY2008 to S\$265.8 million in 9MFY2009, largely due to the many ongoing mega infrastructural projects the Group is working on.

Performance Review

Structural Steelworks maintained its position as the key contributor to the Group’s total revenue, albeit a contraction in revenue for this quarter. Revenue for this division fell 17.7% from S\$67.4 million in 3QFY2008 to S\$55.5 million in 3QFY2009, as the increased activities at the Marina Bay Sands™ Integrated Resort (“MBS IR”) were insufficient to offset the substantial completion of the Dubai Metro Rail and the New Delhi Airport projects. This division contributed 67.2% of the Group’s total revenue in 3QFY2009.

The Group’s Specialist Civil Engineering recorded a marginal 6.0% decrease in revenue from S\$28.8 million in 3QFY2008 to S\$27.0 million in 3QFY2009. This was mainly due to the substantial completion of the MBS IR projects, offset by the commencement of works at the Marina Coastal Expressway (“MCE”) C485 project – the Group’s single largest contract-to-date valued at S\$185.5 million. The remaining 32.8% of the Group’s total revenue in 3QFY2009 was derived from this division.

Although general and administrative expenses rose 10.9% to S\$10.2 million and finance cost increased by 11.0% to S\$1.2 million during the period under review, the Group achieved a laudable 68.2% growth in profit after tax in 3QFY2009.

In view of the stronger performance this quarter, the Group's balance sheet strengthened considerably. Earnings per share surged 65.5% from 0.55 Singapore cent in 3QFY2008 to 0.91 Singapore cent in 3QFY2009 while net asset value per share improved from 12.14 Singapore cents as at December 31, 2008 to 14.55 Singapore cents as at September 30, 2009. With the increase in project financing to support the higher level of activities, Yongnam's net gearing increased from 0.56 times as at December 31, 2008 to 0.72 times as at September 30, 2009.

Outlook

Yongnam remains highly involved with several mega infrastructural projects in Singapore, such as the MBS IR and the MCE, over the past nine months. In August, the Group clinched a contract for another notable local infrastructural project – Gardens by the Bay. Sub-contracted by Woh Hup Private Limited, Yongnam is tasked to design, supply and construct structural steelworks for the Cooled Conservatories Complex at Gardens by the Bay. Valued at S\$58.2 million, contract works have commenced and is expected to be completed in October 2010.

In the same month, the Group also announced the win of its 9th contract for the MBS IR, taking its total contract value clinched for the iconic development to over S\$340 million. The contract, valued at S\$38.7 million, was awarded to Yongnam for the supply and construction of structural steelworks required to support the Roof and Façade of the North Crystal and South Crystal Pavilions.

Said Mr Seow: "Our appointment to another prestigious national iconic development and successive contract wins for the MBS IR reaffirms our regional standing in infrastructural developments. With the global economy gradually on the mend, we believe that construction expenditure will eventually recover to healthy levels. Our

established and trusted track record will position us ahead of competition to capitalise on growth opportunities in the region.”

As at September 30, 2009, the Group’s order book stood at S\$540 million, a record-breaking figure surpassing the S\$517 million achieved in end March 2009. Supported by a strong order book, Yongnam is optimistic that it will continue to perform well in the next 12 months.

About Yongnam Holdings Limited

With over 30 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. The Group’s new fabrication factory in Nusajaya, Johor, Malaysia, with an annual production capacity of 42,000 tons of steel fabrication, commenced operations in September 2008. Together with its production facilities in Singapore, which are housed at its mega-site in Tuas, the Group has a total annual production capacity of 78,000 tons of steel fabrication.

The Group utilises the latest fabrication technologies and design innovation to offer solutions to its clients on a fast-track basis. Its modular strutting system continues to give the Group a strong competitive edge in meeting increasingly stringent design and project requirements in infrastructure and construction projects. Yongnam’s technical and value engineering solutions for steel fabrication and erection have resulted in increased productivity, improved yield and lower costs. The Group’s in-house pool of experienced and qualified engineers, technicians, welders, riggers, fitters and detailers are consistently adding value to its clients’ projects.

Yongnam is an ISO-9001:2000, IQNet and OHSAS 18001 qualified company and accredited fabricator of the highest S1 category from the Singapore Structural Steel Society. Its Quality Management System takes a planned approach towards continuous improvement of its products, processes and services. The Group aims to be the provider of choice and partner in solutions for the steel industry.

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