



**NEWS RELEASE**

**YONGNAM'S FY2010 PROFIT BEFORE TAX UP 38.8% TO S\$67.7 MILLION**

- ***5th consecutive year of record earnings***
- ***Order book remains strong at S\$450 million as at 31 December 2010***
- ***Declares final dividend of 0.65 Singapore cent per ordinary share***

***Financial Highlights:***

	<b>FY2010</b>	<b>FY2009</b>	<b>% Change</b>
<b>Revenue (S\$m)</b>	<b>335.1</b>	<b>346.8</b>	<b>-3.4</b>
<b>Gross Profit (S\$m)</b>	<b>95.7</b>	<b>77.4</b>	<b>+23.7</b>
<b>Profit before tax (S\$m)</b>	<b>67.7</b>	<b>48.8</b>	<b>+38.8</b>
<b>EPS (Basic)(Singapore cents) <sup>(1)</sup></b>	<b>4.38</b>	<b>3.27</b>	<b>+33.9</b>
<b>NAV per share (Singapore cents)</b>	<b>18.92</b>	<b>15.22</b>	<b>+24.3</b>

*<sup>(1)</sup>EPS per share was computed based on the weighted average number of shares of 1,240,914,002 for FY2010 and 1,226,033,071 for FY2009*

Singapore, February 28, 2011 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a record profit before tax of S\$67.7 million for the full year ended December 31, 2010 (“FY2010”), notwithstanding a marginal 3.4% drop in revenue to S\$335.1 million. This is the Group’s fifth consecutive year of record earnings since FY2006.

In line with its record performance, Yongnam plans to reward shareholders with the Group's highest dividend ever paid of 0.65 Singapore cent per ordinary share, equivalent to a dividend yield of 2.6%, for FY2010, an increase of 30% over the 0.50 Singapore cent paid in FY2009.

The improved bottomline for FY2010 was due to both higher contributions from Specialist Civil Engineering which enjoys better margins, as well as improved margins in the Group's Structural Steelworks business. The Group achieved a gross profit of S\$95.7 million in FY2010, 23.7% higher than the gross profit of S\$77.4 million in FY2009. Gross margin improved from 22.3% in FY2009 to 28.6% in FY2010.

Mr Seow Soon Yong, Chief Executive Officer of Yongnam said: "We are pleased to deliver yet another year of record profits. Yongnam's established brand name and unparalleled track record gives the Group a strong competitive advantage and we continue to benefit from the increased spending on major infrastructural projects in the region."

### **Performance Review**

Strong contributions from the Group's contracts for the Marina Coastal Expressway boosted revenue from Specialist Civil Engineering by 37.8%, from S\$90.0 million in FY2009 to S\$123.9 million in FY2010.

Revenue from Structural Steelworks decreased 17.8% from S\$256.8 million in FY2009 to S\$211.1 million in FY2010. This was due to the completion of several projects in FY2009, including the New Delhi Airport project in June, the Dubai Metro Rail project which was substantially completed by the third quarter and some of the Group's projects at the Marina Bay Sands Integrated Resort at the end of FY2009. For FY2010, key contributors to Structural Steelworks revenue were ongoing projects like Crystal Pavilion and Art Science Museum at the Marina Bay Sands Integrated Resort, Vista Xchange at One-North, Gardens by the Bay and Mumbai International Airport.

Geographically, Singapore remained the Group's core contributor, accounting for 90% of total revenue, growing 16.2% to S\$302.6 million, compared to S\$260.3 million in FY2009.

The Group's profit before tax registered a strong 38.8% improvement to S\$67.7 million in FY2010, from S\$48.8 million in FY2009. General and administrative expenses decreased by 10.2% to S\$22.3 million, largely due to a write-back of S\$1.4 million provision for a call on performance bond in FY2010. Lower bank charges and interests reduced finance costs by 17.8% to S\$3.9 million. Accordingly, group net profit after tax increased 35.7% to S\$54.4 million.

The Group's balance sheet remained strong, with cash balances of S\$20.6 million and shareholder's equity of S\$235.6 million as at December 31, 2010. The improved bottomline boosted earnings per share by 33.9%, increased from 3.27 Singapore cents in FY2009 to 4.38 Singapore cents in FY2010. Net asset value per share strengthened 24.3% from 15.22 cents as at December 31, 2009 to 18.92 cents as at December 31, 2010. Net gearing improved from 0.75 times as at December 31, 2009 to 0.49 times as at December 31, 2010.

## **Outlook**

The prospects for the Group remain promising, with a healthy pipeline of potential projects in Singapore as well as in the region, including Hong Kong, India, the Middle East and Europe.

In Singapore, potential projects include infrastructural projects like the Singapore Sports Hub, the MRT Downtown Line Phase 3, MRT North-South line extension and other commercial projects. Overseas, the Group is pursuing infrastructural projects like airport terminals, offshore structures and MRT projects in addition to commercial projects in Hong Kong, Malaysia, India, Abu Dhabi, Qatar, Oman, Saudi Arabia and Europe.

In FY2010, Yongnam secured new contracts worth approximately S\$240 million. The Group secured four contracts for the Singapore MRT Downtown Line 2 project worth approximately S\$109.0 million. For the Marina Coastal Expressway project, Yongnam bagged its fifth and sixth wins worth a total of S\$56.1 million, bringing total contract wins for the project to S\$363 million. In April 2010, Yongnam won a S\$71.1 million contract for the Mumbai International Airport, the Group's second major contract win in India. As at 31 December 2010, Yongnam's order book remained strong at \$450 million.

"Infrastructure spending in the region is set to remain strong. With the solid fundamentals of the industry, together with the Group's established brand name and sterling track record of iconic commercial properties and major infrastructural projects, Yongnam is well-positioned to capture more opportunities from the promising pipeline of potential projects in our key markets. We are optimistic that Yongnam will continue to perform well in FY2011," added Mr Seow.

### **About Yongnam Holdings Limited**

With 40 years of experience in steel fabrication, Yongnam excels in adding value to steel construction. The Group's two production facilities in Singapore and Nusajaya, Johor, Malaysia have 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. Yongnam's 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. With a traceability procedure that meets the requirements of the Singapore Building and Construction Authority, its modular strutting system is the first to be certified by an independent auditor for reusability in earth retaining or stabilizing structures.

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, detailers, technicians, welders, riggers and fitters are consistently adding value to its clients' projects.

Yongnam is an ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified 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. Yongnam has also achieved a bizSAFE Star Level award.

The Group aims to be the provider of choice and partner in solutions for the steel industry.

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