



YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

NEWS RELEASE

YONGNAM REGISTERS ANOTHER RECORD QUARTERLY NET PROFIT OF S\$15.1 MILLION FOR 2QFY2011

- *Earnings per share increases 12.1% to 1.2 Singapore cents*
- *Strong order book of S\$509 million as at June 30, 2011*

Financial Highlights:

S\$m	2QFY10	2QFY11	% Change	1HFY10	1HFY11	% Change
Revenue	84.1	82.5	(1.9)	167.2	157.3	(5.9)
Gross Profit	24.4	24.4	+0.1	48.7	49.2	+0.9
Profit After Tax	13.3	15.1	+12.9	26.4	30.1	+13.8
EPS (Basic) (Singapore cent) ⁽¹⁾	1.07	1.20	+12.1	2.13	2.40	+12.7
NAV per share (Singapore cent) ⁽²⁾	-	-	-	18.92	20.54	+8.6

⁽¹⁾EPS per share was computed based on the weighted average number of shares of 1,253,176,835 for 2QFY2011 (2QFY2010:1,242,054,835) and 1,250,731,835 for 1HFY2011 (1HFY2010: 1,237,837,835)

⁽²⁾NAV per share as at December 31, 2010 and June 30, 2011 respectively

Singapore, August 8, 2011 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, reported another record quarterly net profit for the three months ended June 30, 2011 (“2QFY2011”). Net profit improved 12.9% to S\$15.1 million from S\$13.3 million in the previous corresponding quarter (“2QFY2010”), notwithstanding a marginal 1.9% dip in revenue from S\$84.1 million in 2QFY2010 to S\$82.5 million in 2QFY2011.

Mr Seow Soon Yong, CEO of Yongnam, said: “Yongnam has achieved yet another record setting performance this quarter. Building on our robust business model, we continue to enhance our sterling track record with major infrastructure projects in Singapore as well as in the region.”

Performance Review

The Group’s good performance in 2QFY2011 was largely attributable to higher contributions from the higher margin Specialist Civil Engineering segment. As a result, the Group’s gross profit margin increased from 29.0% in 2QFY2010 to 29.6% in 2QFY2011.

Revenue from Specialist Civil Engineering increased by 17.7%, from S\$34.0 million in 2QFY2010 to S\$40.0 million in 2QFY2011, accounting for about 48.5% of Group revenue. Key contributors to this segment were the Marina Coastal Expressway, MRT Downtown Line 2, Hong Kong MTR and the New Doha International Airport projects.

With the substantial completion of the remaining projects at Marina Bay Sands Integrated Resort in FY2010, revenue from Structural Steelworks decreased 15.2%, from S\$50.1 million in 2QFY2010 to S\$42.5 million in 2QFY2011. On-going projects like Vista Xchange at One-North, Gardens by the Bay, International Cruise Terminal and Mumbai International Airport were the key contributors to this segment.

Profit before tax increased 7% to S\$18.1 million in 2QFY2011, from S\$16.9 million in 2QFY2010. General and administrative expenses decreased by 16.9% to S\$5.6 million, due largely to decrease in staff costs and increase in foreign exchange gains. Lower borrowings led to a 25% decrease in finance costs to S\$0.8 million. Accordingly, profit after tax increased by 12.9% to S\$15.1 million.

The Group maintains a strong balance sheet with cash and bank balances of approximately S\$18.6 million. The Group's net gearing improved from 0.49 times as at 31 December 2010 to 0.45 times as at 30 June 2011. Net asset value per share increased by 8.6%, from 18.92 Singapore cents as at 31 December 2010 to 20.54 cents as at 30 June 2011.

Outlook

Prospects for the Group continue to be promising. In 2QFY2011, Yongnam secured four contracts worth a total of approximately S\$193 million; comprising a S\$75 million structural steelworks contract for the Singapore Sports Hub, a S\$19 million contract for the new National University Hospital Medical Centre, a S\$50 million contract for the National Art Gallery and a S\$49 million specialised civil engineering contract for the Hong Kong section of the Express Rail Link. All these contracts are expected to have a favourable impact on the Group's financial performance in FY2011.

"In Singapore, there is a healthy pipeline of potential projects, including the MRT Downtown Line 3 as well as other commercial projects. We are actively pursuing infrastructural projects like MRT projects as well as commercial projects in Hong Kong, Malaysia, India, Indonesia and Saudi Arabia. The Group is also planning to expand its geographical footprint, targeting offshore structures in new markets in Europe.

"The underlying fundamentals of our industry remain sound, with continued momentum in infrastructure development across the region. Leveraging on our established brand name and solid track record, we will actively pursue these growth opportunities. With a good first half performance, supported by a strong order book, we are optimistic that the Group will perform well in FY2011," Mr Seow added.

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 production capacity of 78,000 tons of steel fabrication.

The Group utilizes 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 more 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 stabilising 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 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. The Group's Quality Management System takes a planned approach towards continuous improvement of its products, processes and services.

Moving forward, Yongnam aims to be the provider of choice and partner in solutions for the steel industry.

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