



YONGNAM HOLDINGS LIMITED

Co. Reg. No: 199407612N

NEWS RELEASE

YONGNAM'S 2QFY2010 NET PROFIT UP 27.2% TO S\$13.3 MILLION

- Earnings per share improves 24.4% to 1.1 Singapore cents
- Order book remains strong at S\$460 million as at end June 2010

Financial Highlights:

S\$m	2QFY09	2QFY10	% Change	1HFY09	1HFY10	% Change
Revenue	86.4	84.1	(2.7)	183.2	167.2	(8.8)
Gross Profit	20.8	24.4	+17.1	42.4	48.7	+14.8
Profit After Tax	10.5	13.3	+27.2	20.7	26.4	+27.8
EPS (Basic) (Singapore cent) ⁽¹⁾	0.86	1.07	+24.4	1.69	2.13	+26.0

⁽¹⁾EPS per share was computed based on the weighted average number of shares of 1,242,054,835 for 2QFY2010 (1,223,722,368 for 2QFY2009) and 1,237,837,835 for 1HFY2010 (1,221,480,176 for 1HFY2009)

Singapore, August 13, 2010 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist civil engineering solutions provider, today reported a 27.2% jump in the Group’s net profit to S\$13.3 million for the three months ended June 30, 2010 (“2QFY2010”).

This was largely due to the higher revenue mix from Specialist Civil Engineering which contributed better margins. The Group achieved a gross profit of S\$24.4 million in 2QFY2010, 17.1% higher than the gross profit of S\$20.8 million in 2QFY2009.

Mr Seow Soon Yong, Chief Executive Officer of Yongnam said: “Leveraging on Yongnam’s established brand name and unparalleled trusted track record, the Group continues to deliver another strong quarter, with high double-digit growth in net profit.

Moving forward, we believe we are well-positioned to benefit from the consistently high Governmental investments in infrastructure projects in the region. Our strong relationships with all the large construction companies operating in the region also augur well for the Group.”

Cumulatively, for the half-year to June 30, 2010 (“1HFY2010”), the Group achieved a 27.8% increase in net profit to S\$26.4 million.

Performance Review

With the completion of the New Delhi Airport in June 2009, the substantial completion of the Dubai Metro by the third quarter of FY2009 and some of its projects at Marina Bay Sands Integrated Resort at the end of last year, Yongnam saw a decrease of 28.3% in revenue from Structural Steelworks, from S\$69.9 million in 2QFY2009 to S\$50.1 million in 2QFY2010. For the quarter under review, ongoing projects like Vista Xchange at One-North, Gardens by the Bay and Crystal Pavilion at the Marina Bay Sands were the key contributors to Structural Steelworks revenue.

Increased contributions from the Group’s Marina Coastal Expressway (“MCE”) and MRT contracts led to a more than two-fold increase in revenue from Specialist Civil Engineering, which jumped from S\$16.5 million to S\$34.0 million during the same period.

Gross profit registered a 17.1% increase to S\$24.4 million in 2QFY2010 on better margins achieved from this revenue mix. Gross margins improved from 24.1% in 2QFY2009 to 29.0% in 2QFY2010.

For 1HFY2010, gross profit rose 14.8% to S\$48.7 million whilst group net profit registered a strong 27.8% jump to S\$26.4 million.

Improved Financial Fundamentals

Supported by its improved bottomline, the Group's earnings per share grew 24.4% from 0.86 Singapore cent in 2QFY2009 to 1.07 Singapore cents in 2QFY2010. Net asset value per share improved from 15.22 Singapore cents as at December 31, 2009 to 16.90 Singapore cents as at June 30, 2010.

Despite the purchase of additional struts required for its various projects, the Group's cash flow from operations, after deducting cash outflow for its investing activities for 2QFY2010, was S\$20.6 million; aided by the cash proceeds from the sale of an investment property. Yongnam's net gearing improved from 0.75 times as at December 31, 2009 to 0.61 times as at June 30, 2010.

Outlook

During 2QFY2010, Yongnam secured another three large contracts. It won another two contracts worth S\$56.1 million– the Group's fifth and sixth contracts - for the MCE project, bringing total contract value to S\$364.3 million. In addition, the Group clinched a second prestigious contract in India – a S\$71.1 million contract (awarded to a joint venture company in which the Group has 50% interest) to build a roof structure and steel columns for a new integrated terminal building for the Mumbai International Airport.

All three contracts are expected to contribute positively to the Group's financial performance in FY2010.

Going forward, prospects for the Group remain promising with a healthy pipeline of potential projects which the Group is pursuing in Singapore, Middle East, India and Hong Kong.

In Singapore, potential projects include infrastructural projects like the Singapore Sports Hub, the MRT Downtown Line Phases 2 and 3 and other commercial projects. Overseas, the Group is pursuing infrastructural projects like airport terminals and MRT in addition to commercial projects.

As at 30 June 2010, Yongnam's order book remained strong at \$460 million.

"With our unparalleled track record giving Yongnam a strong competitive edge, we believe the Group is well-positioned to benefit from the promising potential projects in our key markets. As such, we are optimistic that Yongnam will perform well in FY2010," added Mr Seow.

About Yongnam Holdings Limited

With over 30 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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