

**NEWS RELEASE****YONGNAM'S 3QFY2008 NET PROFIT JUMPS TO S\$8.2 million**

- Earnings per share surges by 252.6% to 0.67 cent
- Low net debt-to-equity ratio of 0.69 as at September 30, 2008
- Strong order book of S\$247.2 million as at September 30, 2008

**Financial Highlights:**

S\$m	3QFY07	3QFY08	% Change	9MFY07	9MFY08	% Change
Revenue	46.0	96.3	109.1	124.2	230.0	85.3
Gross Profit	6.4	17.5	172.9	21.4	49.0	129.2
Net Profit Attributable to Shareholders <sup>(1)</sup>	2.2	8.2	277.5	7.8	24.7	215.1
EPS (Basic)(cent) <sup>(2)</sup>	0.19	0.67	252.6	1.83	2.03	10.9

<sup>(1)</sup> Excludes exceptional gain of S\$0.07 million and S\$12.8 million on write-back of impairment on an investment property for 3QFY07 and 9MFY07 respectively

<sup>(2)</sup> EPS per share was computed based on the weighted average number of shares of 1,217,482,983 for 3QFY2008 (3QFY2007: 1,203,313,166) and 1,217,456,316 for 9MFY2008 (9MFY2007: 1,128,223,034).

Singapore, November 13, 2008 – Yongnam Holdings Limited (“Yongnam” or the “Group”), a well-established structural steel contractor and specialist engineering solutions provider, today announced strong top and bottomline growth for its three months ended September 30, 2008 (“3QFY2008”). Net profit increased almost four-fold to S\$8.2 million for 3QFY2008, compared to S\$2.2 million in the previous corresponding quarter (“3QFY2007”).

Cumulatively, the Group’s net profit for the nine months ended September 30, 2008 (“9MFY2008”) increased by 215.1% to S\$24.7 million, from S\$7.8 million in the previous corresponding period (“9MFY2007”).

Said Mr Seow Soon Yong, Chief Executive Officer of Yongnam, "We have continued to deliver strong performance notwithstanding the current global economic slowdown. This is a strong testimony to our established brand name and track record in the structural steelworks and specialist civil engineering industries."

## **Performance Review**

Revenue for the Group's two core divisions, Structural Steelworks and Specialist Civil Engineering, both doubled in 3QFY2008.

Structural Steelworks saw revenue growth of 107.8% from S\$32.5 million in 3QFY2007 to S\$67.4 million in 3QFY2008, due to the commencement of projects such as the New Delhi International Airport, the Marina Bay Sands™ Integrated Resort ("Marina IR"), and increased activities from the Dubai Metro Rail.

The Group's other business division, Specialist Civil Engineering, also registered strong growth, achieving a 123.1% surge in revenue from S\$12.9 million in 3QFY2007 to S\$28.8 million in 3QFY2008, mainly due to commencement of projects at the Marina IR.

All Yongnam's major projects in Singapore and the region have commenced and are progressing smoothly as scheduled. Of the Group's six projects at the Marina IR, one contract had already been completed, another will be substantially completed by the end of this year, and the other four contracts are scheduled for completion by the end of 2009 as planned.

Commented Mr Seow, "Our various projects secured from governmental authorities in Singapore, India and Dubai are all on track for completion. In Singapore, with respect to the Sands projects, we have received all progressive payments on schedule."

In view of higher level of business activities, the Group's general and administrative expenses increased to S\$8.0 million in 3QFY2008, due to increased staff costs, share-based compensation and the write-back of S\$1.3 million in legal costs in 3QFY2007 arising from the successful appeal on the investment property, which was awarded with costs. Finance expenses also rose in tandem with the level of business activities to S\$1.4 million in 3QFY2008.

The Group continued to enjoy a strong balance sheet, with shareholders' equity rising from S\$108.6 million as at December 31, 2007 to S\$137.0 million as at September 30, 2008. Net debt-to-equity ratio remained low at 0.69 as at September 30, 2008, compared to 0.65 as at December 31, 2007.

The Group's strong 3QFY2008 performance also boosted earnings per share from 0.19 cent in 3QFY2007 to 0.67 cent in 3QFY2008, and raised net asset value per share from 8.93 cents as at December 31, 2007 to 11.25 cents as at September 30, 2008.

## **Outlook**

The recent global financial meltdown has impacted several sectors, including the construction industry. However, Yongnam has not been adversely affected as work has been proceeding as usual for its local and regional projects.

"Our current order book stands at S\$247.2 million as at September 30, 2008. Moving forward, we expect our order book to remain strong in the next financial year," added Mr Seow.

## ***About Yongnam Holdings Ltd***

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 operation 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 more 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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165/08/008/YHL  
November 13, 2008