



**FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

**1 (a) GROUP INCOME STATEMENT**

	<b>Group</b>					
	3rd Qtr	3rd Qtr	Fav /	9 Months	9 Months	Fav /
	30/09/10	30/09/09	(Unfav)	30/09/10	30/09/09	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	80,762	82,574	(2.2)	247,916	265,819	(6.7)
Cost of sales	(58,442)	(62,914)	7.1	(176,879)	(205,191)	13.8
Gross profit	22,320	19,660	13.5	71,037	60,628	17.2
Other income	48	42	14.3	324	193	67.9
General and administrative expenses	(4,103)	(4,982)	17.6	(18,129)	(18,460)	1.8
Interest income	47	12	nm	106	22	nm
Finance costs	(880)	(999)	11.9	(3,061)	(3,479)	12.0
Share of results of joint venture	-	260	nm	(306)	178	nm
<b>Profit before tax</b>	<b>17,432</b>	<b>13,993</b>	<b>24.6</b>	<b>49,971</b>	<b>39,082</b>	<b>27.9</b>
Taxation	(3,782)	(2,670)	(41.6)	(9,924)	(7,095)	(39.9)
<b>Net profit attributable to shareholders of the Company</b>	<b>13,650</b>	<b>11,323</b>	<b>20.6</b>	<b>40,047</b>	<b>31,987</b>	<b>25.2</b>

nm - not meaningful

Profit before tax is arrived at after charging/(crediting):

Loss on disposal of property, plant & equipment	48	398	214	813
Depreciation	4,963	5,102	13,751	11,427
(Write back) / provision for call on performance bond	(1,389)	-	(1,389)	1,389
Write off of amount due arising from an arbitration settlement	897	-	897	-

## 1(b)(i) BALANCE SHEET

	Group		Company	
	30/09/10	31/12/09	30/09/10	31/12/09
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	253,030	223,202	-	-
Investment in subsidiaries	-	-	39,125	39,125
Amount due from subsidiaries	-	-	88,192	91,815
Investment in joint ventures	113	419	-	-
Amount due from a joint venture	4,880	560	-	-
Other investment	100	100	-	-
Fixed deposits	-	1,409	-	-
	<b>258,123</b>	<b>225,690</b>	<b>127,317</b>	<b>130,940</b>
<b>Current assets</b>				
Asset held for sale	-	14,186	-	-
Steel materials, at cost	83,702	61,640	-	-
Gross amount due from customers for contract work-in-progress	82,449	131,595	-	-
Trade debtors	51,713	47,823	-	-
Sundry debtors and deposits	2,723	3,627	-	-
Prepayments	1,069	2,247	-	-
Fixed deposits	5	-	-	-
Cash and bank balances	20,527	17,299	833	2,015
	<b>242,188</b>	<b>278,417</b>	<b>833</b>	<b>2,015</b>
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	24,313	38,559	-	-
Trade creditors	75,826	80,602	-	-
Other creditors and accruals	20,082	26,141	342	440
Borrowings	53,826	58,453	-	-
Hire purchase creditors	8,140	8,076	-	-
Provision for taxation	1,195	1,266	12	12
	<b>183,382</b>	<b>213,097</b>	<b>354</b>	<b>452</b>
<b>Net current assets</b>	<b>58,806</b>	<b>65,320</b>	<b>479</b>	<b>1,563</b>
<b>Non-current liabilities</b>				
Borrowings	64,670	77,242	-	-
Hire purchase creditors	9,591	15,304	-	-
Deferred taxation	20,432	10,897	-	-
	<b>94,693</b>	<b>103,443</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>222,236</b>	<b>187,567</b>	<b>127,796</b>	<b>132,503</b>
<b>Equity</b>				
Share capital	92,694	91,509	92,694	91,509
Reserves	129,542	96,058	35,102	40,994
	<b>222,236</b>	<b>187,567</b>	<b>127,796</b>	<b>132,503</b>

Increase in property, plant and equipment was due mainly to purchases of struts required for various new projects. Decrease in asset held for sale was due to disposal of the Springleaf Tower in the second quarter ended 30 June 2010.

Steel materials increased due to various projects requirement and the decrease in work in progress was in line with the decreased activities in the Middle East, India and Marina Bay Sands Integrated Resort projects.

Trade creditors decreased due to completion and final settlement of certain projects. Reduction in other creditors and accruals was mainly due to the settlement of certain obligations. Net borrowings decreased due to lower working capital requirements.

**1(b)(ii) GROUP BORROWINGS AND DEBT SECURITIES**

	As at 30/09/10		As at 31/12/09	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	37,620	24,346	46,898	19,631
Amount repayable after one year	73,375	886	90,371	2,175

Details of collateral:

Certain group borrowings (including HP creditors) are secured by way of a fixed charge on certain assets of the Group's principal subsidiaries.

**1(c) GROUP CONSOLIDATED CASH FLOW STATEMENT**

	3rd Qtr 30/09/10	3rd Qtr 30/09/09	9 Months 30/09/10	9 Months 30/09/09
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before tax	17,432	13,993	49,971	39,082
Add/(less):				
Depreciation	2,140	1,263	6,558	5,945
Interest income	(47)	(12)	(106)	(22)
Interest expense	880	999	3,061	3,479
Loss on disposal of property, plant & equipment	48	398	214	813
Share of results of a joint venture	-	(260)	306	(178)
Effects of changes in foreign exchange	(1,017)	(547)	(2,173)	(109)
Share-based compensation	-	1,018	277	4,016
<b>Operating cash flows before changes in working capital</b>	<b>19,436</b>	<b>16,852</b>	<b>58,108</b>	<b>53,026</b>
Decrease/(Increase) in steel materials and work-in-progress	546	23,180	29,438	(7,925)
Decrease/(Increase) in trade and other debtors	2,478	(32)	(1,808)	(4,635)
(Decrease)/Increase in trade and other creditors	9,038	(15,957)	(11,055)	(8,815)
<b>Cash flows from operations</b>	<b>31,498</b>	<b>24,043</b>	<b>74,683</b>	<b>31,651</b>
Income tax received/(paid)	62	(6)	(244)	(714)
Interest received	47	12	106	22
Interest paid	(880)	(999)	(3,061)	(3,479)
<b>Net cash flows from operating activities</b>	<b>30,727</b>	<b>23,050</b>	<b>71,484</b>	<b>27,480</b>
<b>Investing activities</b>				
Advances to a joint venture	-	-	(4,320)	-
Purchase of property, plant & equipment	(17,811)	(30,983)	(53,289)	(55,134)
Proceeds from disposal of property, plant & equipment	242	302	1,630	1,587
Proceeds from disposal of asset held for sale	-	-	14,186	-
<b>Net cash flows used in investing activities</b>	<b>(17,569)</b>	<b>(30,681)</b>	<b>(41,793)</b>	<b>(53,547)</b>
<b>Financing activities</b>				
Dividend paid	-	-	(6,203)	(4,894)
Proceeds from borrowings	1,423	17,252	34,281	27,143
Repayment of borrowings	(8,515)	(3,750)	(51,479)	(8,750)
Decrease in pledged fixed deposit and bank balances	632	1,212	2,493	358
Hire purchase instalments paid	(1,781)	(1,728)	(5,649)	(4,701)
Issuance of ordinary shares	39	852	1,183	1,273
<b>Net cash flows (used in)/from financing activities</b>	<b>(8,202)</b>	<b>13,838</b>	<b>(25,374)</b>	<b>10,429</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,956</b>	<b>6,207</b>	<b>4,317</b>	<b>(15,638)</b>
Cash and cash equivalents as at beginning of period	14,774	13,015	15,413	34,860
<b>Cash and cash equivalents as at end of period</b>	<b>19,730</b>	<b>19,222</b>	<b>19,730</b>	<b>19,222</b>

Note:-

Depreciation charge for 3Q FY2010 amounted to approximately \$4,963,000 (3Q FY2009: \$5,102,000) of which approximately \$2,823,000 (3Q FY2009: \$3,839,000) had been allocated to work in progress.

Depreciation charge for the 9 months ended 30 September 2010 ("9 Mth FY2010") amounted to approximately \$13,751,000 (9 Mth FY2009: \$11,427,000) of which approximately \$7,193,000 (9 Mth FY2009: \$5,482,000) had been allocated to work in progress.

Cash and cash equivalents exclude approximately \$802,000 (9 Mth FY2009: \$3,719,000) being pledged bank balances for the payment of interest on certain borrowings over the next 12 months.

**1(d)(i) STATEMENT OF COMPREHENSIVE INCOME**

	Group					
	3rd Qtr 30/09/10	3rd Qtr 30/09/09	Fav/(Unfav)	9 Months 30/09/10	9 Months 30/09/09	Fav/(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after tax	13,650	11,323	20.6	40,047	31,987	25.2
Foreign currency translation	(1,464)	(800)	(83.0)	(635)	(921)	31.1
Total comprehensive income	12,186	10,523	15.8	39,412	31,066	26.9

**1(d)(ii) STATEMENT OF CHANGES IN EQUITY**

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation	Retained earnings \$'000	Total \$'000
				reserves \$'000		
<b>GROUP</b>						
Balance at 1 January 2010	91,509	17,436	12,589	(959)	66,992	187,567
Total comprehensive income for the period	-	-	-	829	26,397	27,226
Dividend on ordinary shares	-	-	-	-	(6,203)	(6,203)
Issuance of shares	1,146	-	-	-	-	1,146
Grant of equity-settled share options	-	-	277	-	-	277
Conversion of warrants	-	(2)	-	-	-	(2)
Balance at 30 June 2010	92,655	17,434	12,866	(130)	87,186	210,011
Total comprehensive income for the period	-	-	-	(1,464)	13,650	12,186
Issuance of shares	39	-	-	-	-	39
Balance at 30 September 2010	92,694	17,434	12,866	(1,594)	100,836	222,236
Balance at 1 January 2009	90,172	17,483	8,300	(28)	31,815	147,742
Total comprehensive income for the period	-	-	-	(121)	20,663	20,542
Dividend on ordinary shares	-	-	-	-	(4,894)	(4,894)
Issuance of shares	434	-	-	-	-	434
Conversion of warrants	-	(13)	-	-	-	(13)
Grant of equity-settled share options	-	-	2,998	-	-	2,998
Balance at 30 June 2009	90,606	17,470	11,298	(149)	47,584	166,809
Total comprehensive income for the period	-	-	-	(800)	11,323	10,523
Issuance of shares	887	-	-	-	-	887
Conversion of warrants	-	(35)	-	-	-	(35)
Grant of equity-settled share options	-	-	1,018	-	-	1,018
Balance at 30 September 2009	91,493	17,435	12,316	(949)	58,907	179,202
<b>COMPANY</b>						
Balance at 1 January 2010	91,509	10,599	12,589	-	17,806	132,503
Total comprehensive income for the period	-	-	-	-	29	29
Dividend on ordinary shares	-	-	-	-	(6,203)	(6,203)
Issuance of shares	1,146	-	-	-	-	1,146
Grant of equity-settled share options	-	-	277	-	-	277
Conversion of warrants	-	(2)	-	-	-	(2)
Balance at 30 June 2010	92,655	10,597	12,866	-	11,632	127,750
Total comprehensive income for the period	-	-	-	-	7	7
Issuance of shares	39	-	-	-	-	39
Balance at 30 September 2010	92,694	10,597	12,866	-	11,639	127,796
Balance at 1 January 2009	90,172	10,646	8,300	-	22,597	131,715
Total comprehensive income for the period	-	-	-	-	13	13
Dividend on ordinary shares	-	-	-	-	(4,894)	(4,894)
Issuance of shares	434	-	-	-	-	434
Conversion of warrants	-	(13)	-	-	-	(13)
Grant of equity-settled share options	-	-	2,998	-	-	2,998
Balance at 30 June 2009	90,606	10,633	11,298	-	17,716	130,253
Total comprehensive income for the period	-	-	-	-	153	153
Issuance of shares	887	-	-	-	-	887
Conversion of warrants	-	(35)	-	-	-	(35)
Grant of equity-settled share options	-	-	1,018	-	-	1,018
Balance at 30 September 2009	91,493	10,598	12,316	-	17,869	132,276

## 1(d)(iii)&(iv) SHARE CAPITAL

For the period from 1 July 2010 to 30 September 2010, 273,000 shares were issued pursuant to the exercise of 273,000 employee share options.

As at 30 September 2010, there were:

(a) 96,481,000 (30 September 2009: 108,685,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,785,244 (30 September 2009: 364,844,244) unissued ordinary shares relating to outstanding warrants.

As at 30 September 2010, the total number of issued shares was 1,243,254,502 (31 December 2009: 1,231,955,502).

## 2 AUDIT

These figures have not been audited or reviewed by the auditors.

## 3 AUDITOR'S REPORT

Not applicable.

## 4 ACCOUNTING POLICIES

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the financial year ended 31 December 2009, except as disclosed in paragraph 5 below.

## 5 CHANGES IN ACCOUNTING POLICIES

The Group adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these FRS and INT FRS did not have any significant impact on the financial statements of the Group.

## 6 EARNINGS PER SHARE

Earnings per share for the period based on net profit attributable to shareholders:-

- (i) Based on weighted average number of shares in issue  
(ii) On a fully diluted basis

Group (cents)			
3rd Qtr 30/09/10	3rd Qtr 30/09/09	9 Months 30/09/10	9 Months 30/09/09
1.10	0.92	3.23	2.61
1.05	0.89	3.10	2.51

The computation of basic earnings per share for 3Q FY2010 is based on the weighted average number of shares of 1,243,183,169 (3Q FY2009: 1,229,219,763) and weighted average number of shares for diluted earnings of 1,295,017,870 (3Q FY2009: 1,276,837,889).

The computation of basic earnings per share for 9 months FY2010 is based on the weighted average number of shares of 1,239,619,613 (9 Mths FY2009: 1,224,060,038) and weighted average number of shares for diluted earnings of 1,291,453,751 (9 Mths FY2009: 1,273,397,643).

## 7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	30/9/10	31/12/09	30/9/10	31/12/09
Net asset value per share	17.88	15.22	10.28	10.76

## 8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group continued to perform well for the quarter ended 30 September 2010 ("3QFY2010"), with a 20.6% increase in net profit to \$13.7 million, notwithstanding a marginal 2.2% drop in revenue to \$80.8 million.

With 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 7.9% in revenue from Structural Steelworks, from \$55.5 million in 3QFY2009 to \$51.1 million in 3QFY2010. 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.

Strong contributions from the Group's Marina Coastal Expressway ("MCE") contracts led to an increase of 9.7% in revenue from Specialist Civil Engineering, from \$27.0 million to \$29.7 million during the same period.

Notwithstanding the marginal decline in revenue, the Group continued to enjoy higher margins in 3QFY2010 compared to the same corresponding period last year. This is due to higher contribution to the revenue mix from Specialist Civil Engineering which enjoyed better margins, coupled with improved margins achieved for Structural Steelworks projects. The Group achieved a gross profit of \$22.3 million in 3QFY2010, 13.5% higher than the gross profit of \$19.7 million in 3QFY2009.

The Group's profit before tax increased by 24.6% to \$17.4 million in 3QFY2010, from \$14.0 million in 3QFY2009. Compared to the corresponding quarter of the previous year, general and administrative expenses decreased by 17.6% to \$4.1 million, mainly due to write back of provision of \$1.4 million for a call on performance bond which offset an increase in staff costs in 3QFY2010. Profit after tax increased by 20.6% from \$11.3 million in 3QFY2009 to \$13.7 million in 3QFY2010.

For the 9 months ended 30 September 2010, gross profit rose 17.2% to \$71.0 million whilst group net profit after tax registered a strong 25.2% jump to \$40.0 million.

Supported by its improved bottomline, the Group's earnings per share grew 19.6% from 0.92 Singapore cent in 3QFY2009 to 1.10 Singapore cents in 3QFY2010. Net asset value per share improved from 15.22 Singapore cents as at 31 December 2009 to 17.88 Singapore cents as at 30 September 2010. Yongnam's net gearing improved from 0.75 times as at 31 December 2009 to 0.52 times as at 30 September 2010.

## 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The results are in line with prospect statement made in results announcement for the financial period ended 30 June 2010.

## 10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or event that may effect the group in the next reporting period and the next 12 months

In 3QFY2010, the Group secured its first MRT Downtown Line 2 ("DTL 2") contract in August 2010 for \$25 million and in quick succession, secured another contract worth \$27.5 million in September 2010. In October 2010, two additional contracts for DTL 2 worth a total of \$56.5 million were secured. These bring the total DTL 2 contracts to date to \$109.0 million.

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 DTL Phase 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 September 2010, Yongnam's order book remained strong at \$451 million. Consequently, the Group is optimistic that it will perform well in FY2010.

## 11 DIVIDEND

### (a) Current financial period reported on

None

### (b) Corresponding period of the immediately preceding financial year

None

## 12 If no dividend has been declared / recommended, a statement to the effect

No dividend has been recommended for the period ended 30 September 2010.

13 **Negative assurance**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the 9 months ended 30 September 2010 to be false or misleading.

BY ORDER OF THE BOARD

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 10 November 2010