



YONGNAM HOLDINGS LIMITED

Co. Reg. No. 199407612N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

1 (a) GROUP INCOME STATEMENT

	Group		
	FY2010	FY2009	Fav / (Unfav)
	\$'000	\$'000	%
Revenue	335,078	346,821	(3.4)
Cost of sales	(239,335)	(269,395)	11.2
Gross profit	95,743	77,426	23.7
Other income	300	624	(51.9)
General and administrative expenses	(22,345)	(24,882)	10.2
Interest income	119	32	nm
Finance costs	(3,904)	(4,747)	17.8
Share of results of joint venture	(2,173)	363	(698.6)
Profit before tax	67,740	48,816	38.8
Taxation	(13,342)	(8,741)	(52.6)
Net profit attributable to shareholders of the Company	54,398	40,075	35.7

nm - not meaningful

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

(Gain) / loss on disposal of property, plant & equipment	(19)	288
Depreciation	19,104	17,067
(Write back) / provision for call on performance bond	(1,389)	1,389
Write off of amount due arising from a lower arbitration settlement	897	-

1(b)(i)

BALANCE SHEET

	Group		Company	
	31/12/10	31/12/09	31/12/10	31/12/09
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	269,135	223,202	-	-
Investment in subsidiaries	-	-	39,026	39,125
Amount due from subsidiaries	-	-	84,772	91,815
Investment in joint ventures	70	419	-	-
Amount due from a joint venture	1,056	560	-	-
Other investment	100	100	-	-
Other receivable	3,473	-	-	-
Fixed deposits	-	1,409	-	-
	273,834	225,690	123,798	130,940
Current assets				
Asset held for sale	-	14,186	-	-
Steel materials, at cost	71,990	61,640	-	-
Gross amount due from customers for contract work-in-progress	95,556	131,595	-	-
Trade debtors	55,646	47,823	-	-
Sundry debtors and deposits	3,372	3,627	-	-
Prepayments	1,268	2,247	-	-
Fixed deposits	5	-	-	-
Cash and bank balances	20,620	17,299	341	2,015
	248,457	278,417	341	2,015
Current liabilities				
Gross amount due to customers for contract work-in-progress	34,638	38,559	-	-
Trade creditors	67,827	80,602	-	-
Other creditors and accruals	22,178	26,308	427	440
Borrowings	60,440	58,453	-	-
Hire purchase creditors	8,765	8,076	-	-
Provision for taxation	740	1,099	12	12
	194,588	213,097	439	452
Net current assets / (liabilities)	53,869	65,320	(98)	1,563
Non-current liabilities				
Borrowings	57,884	77,242	-	-
Hire purchase creditors	9,914	15,304	-	-
Deferred taxation	24,280	10,897	-	-
	92,078	103,443	-	-
Net assets	235,625	187,567	123,700	132,503
Equity				
Share capital	93,022	91,509	93,022	91,509
Reserves	142,603	96,058	30,678	40,994
	235,625	187,567	123,700	132,503

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 31/12/10		As at 31/12/09	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	47,083	22,122	46,898	19,631
Amount repayable after one year	67,352	446	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**

	FY2010	FY2009
	\$'000	\$'000
Operating activities		
Profit before tax	67,740	48,816
Add/(less):		
Depreciation	9,036	7,067
Interest income	(119)	(32)
Interest expense	3,904	4,747
(Gain)/loss on disposal of property, plant & equipment	(19)	288
(Write back)/provision for call on performance bond	(1,389)	1,389
Share of results of a joint venture	2,173	(363)
Effects of changes in foreign exchange	(1,738)	162
Share-based compensation	277	4,288
Operating cash flows before changes in working capital	79,865	66,362
Decrease in steel materials and work-in-progress	50,103	11,249
Increase in trade and other debtors	(8,674)	(11,553)
Decrease in trade and other creditors	(16,958)	(10,499)
Increase in amount due from a joint venture	(2,320)	(2,480)
Cash flows from operations	102,016	53,079
Income tax paid	(244)	(1,078)
Interest received	119	32
Interest paid	(3,904)	(4,747)
Net cash flows from operating activities	97,987	47,286
Investing activities		
Purchase of property, plant & equipment	(92,765)	(87,135)
Proceeds from disposal of property, plant & equipment	9,273	3,632
Proceeds from disposal of asset held for sale	14,186	-
Net cash flows used in investing activities	(69,306)	(83,503)
Financing activities		
Dividend paid	(6,203)	(4,895)
Proceeds from borrowings	45,810	45,689
Repayment of borrowings	(63,181)	(19,357)
Decrease in pledged fixed deposit and bank balances	3,295	784
Hire purchase instalments paid	(4,701)	(6,741)
Issuance of ordinary shares	1,511	1,290
Net cash flows (used in)/from financing activities	(23,469)	16,770
Net increase/(decrease) in cash and cash equivalents	5,212	(19,447)
Cash and cash equivalents as at beginning of year	15,413	34,860
Cash and cash equivalents as at end of year	20,625	15,413

Note:-

Depreciation charge for FY2010 amounted to approximately \$19,104,000 (FY2009: \$17,067,000) of which approximately \$10,068,000 (FY2009: \$10,000,000) had been allocated to work in progress.

In FY2009, cash and cash equivalents exclude \$3,295,000 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		
	FY2010	FY2009	Fav/(Unfav)
	\$'000	\$'000	%
Profit after tax	54,398	40,075	35.7
Foreign currency translation	(1,925)	(934)	(106.1)
Total comprehensive income	52,473	39,141	34.1

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

	Share capital	Capital reserves	Share option reserves	Foreign currency translation reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP						
Balance at 1 January 2010	91,509	17,436	12,589	(962)	66,995	187,567
Total comprehensive income for the year	-	-	-	(1,925)	54,398	52,473
Dividend on ordinary shares	-	-	-	-	(6,203)	(6,203)
Issuance of shares	1,513	-	-	-	-	1,513
Grant of equity-settled share options	-	-	277	-	-	277
Conversion of warrants	-	(2)	-	-	-	(2)
Balance at 31 December 2010	93,022	17,434	12,866	(2,887)	115,190	235,625
Balance at 1 January 2009	90,172	17,483	8,300	(28)	31,815	147,742
Total comprehensive income for the year	-	-	-	(934)	40,075	39,141
Dividend on ordinary shares	-	-	-	-	(4,895)	(4,895)
Issuance of shares	1,337	-	-	-	-	1,337
Conversion of warrants	-	(47)	-	-	-	(47)
Grant of equity-settled share options	-	-	4,289	-	-	4,289
Balance at 31 December 2009	91,509	17,436	12,589	(962)	66,995	187,567
COMPANY						
Balance at 1 January 2010	91,509	10,599	12,589	-	17,806	132,503
Total comprehensive income for the year	-	-	-	-	(4,388)	(4,388)
Dividend on ordinary shares	-	-	-	-	(6,203)	(6,203)
Issuance of shares	1,513	-	-	-	-	1,513
Grant of equity-settled share options	-	-	277	-	-	277
Conversion of warrants	-	(2)	-	-	-	(2)
Balance at 31 December 2010	93,022	10,597	12,866	-	7,215	123,700
Balance at 1 January 2009	90,172	10,646	8,300	-	22,597	131,715
Total comprehensive income for the year	-	-	-	-	104	104
Dividend on ordinary shares	-	-	-	-	(4,895)	(4,895)
Issuance of shares	1,337	-	-	-	-	1,337
Conversion of warrants	-	(47)	-	-	-	(47)
Grant of equity-settled share options	-	-	4,289	-	-	4,289
Balance at 31 December 2009	91,509	10,599	12,589	-	17,806	132,503

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

For the period from 1 October 2010 to 31 December 2010, 1,810,000 shares were issued pursuant to the exercise of 1,796,000 employee share options and 14,000 warrants.

As at 31 December 2010, there were:

(a) 94,685,000 (31 December 2009: 108,119,000) unissued ordinary shares relating to options granted and unexercised under the Employee Share Option Scheme.

(b) 364,771,244 (31 December 2009: 364,839,244) unissued ordinary shares relating to outstanding warrants.

As at 31 December 2010, the total number of issued shares was 1,245,064,502 (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 year 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 year based on net profit attributable to shareholders:-

	Group (cents)	
	FY2010	FY2009
(i) Based on weighted average number of shares in issue	4.38	3.27
(ii) On a fully diluted basis	4.06	3.19

The computation of basic earnings per share for year ended 31 December FY2010 is based on the weighted average number of shares of 1,240,914,002 (FY2009: 1,226,033,071) and weighted average number of shares for diluted earnings of 1,340,445,250 (FY2009: 1,257,075,951).

7 NET ASSET VALUE PER SHARE

	Group (cents)		Company (cents)	
	31/12/10	31/12/09	31/12/10	31/12/09
Net asset value per share	18.92	15.22	9.94	10.76

8 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's net profit for the financial year ended 31 December 2010 ("FY2010") increased by 35.7%, from \$40.1 million in FY2009 to \$54.4 million, notwithstanding a marginal 3.4% drop in revenue from \$346.8 million in FY2009 to \$335.1 million.

Revenue from Structural Steelworks saw a decrease of 17.8%, from \$256.8 million in FY2009 to \$211.1 million in FY2010. This is because many projects had been completed in FY2009. The New Delhi Airport project was completed in June 2009, the Dubai Metro Rail project was substantially completed by the third quarter of FY2009, and some of the Group's projects at Marina Bay Sands Integrated Resort at the end of FY2009. Key contributors to Structural Steelworks revenue in 2010 included contributions from ongoing projects like Crystal Pavilion and Art Science Museum at the Marina Bay Sands, Vista Xchange at One-North, Gardens by the Bay and Mumbai International Airport.

Strong contributions from the Group's Marina Coastal Expressway ("MCE") contracts led to an increase of 37.8% in revenue from Specialist Civil Engineering, from \$90.0 million in FY2009 to \$123.9 million in FY2010.

Structural Steelworks recorded improvement in margins compared to FY2009. In addition, the shift in revenue mix, with higher contributions from Specialist Civil Engineering, which enjoys comparatively better margins, resulted in further improved earnings for FY2010. The Group achieved a gross profit of \$95.7 million in FY2010, 23.7% higher than the gross profit of \$77.4 million in FY2009.

On a geographical basis, Singapore remained the core contributor, with revenue growing 16.2% to \$302.6 million compared to \$260.3 million in FY2009, contributing 90% of total revenue.

The Group's profit before tax registered a strong 38.8% improvement to \$67.7 million in FY2010, from \$48.8 million in FY2009. General and administrative expenses decreased by 10.2% to \$22.3 million, largely due to a write back of \$1.4 million provision for a call on performance bond in FY2010. This provision was made in FY2009. Excluding this provision from both financial years, general and administrative expenses would have increased by 1.0%. Lower bank charges and interests reduced finance costs by 17.8% to \$3.9 million. Accordingly, group net profit after tax increased by 35.7% to \$54.4 million.

Supported by its improved bottomline, the Group's earnings per share grew 33.9% from 3.27 Singapore cents in FY2009 to 4.38 Singapore cents in FY2010. Net asset value per share improved from 15.22 Singapore cents as at 31 December 2009 to 18.92 Singapore cents at the end of 2010. Yongnam's net gearing also improved from 0.75 times as at 31 December 2009 to 0.49 times at the end of 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 September 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

Prospects for the Group remain promising, with a healthy pipeline of potential projects in Singapore as well as 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 DTL 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 in addition to commercial projects in Hong Kong, Malaysia, India, Abu Dhabi, Qatar, Oman, Saudi Arabia and Europe.

The Group will look toward further improvements in its productivity and efficiency in the light of the recent budget announcement on the increase in Foreign Workers Levy and Employer CPF.

As at 31 December 2010, Yongnam's order book remained strong at \$450 million. The Group is optimistic that it will continue to perform well in FY2011.

11 DIVIDEND

(a) Current financial period reported on

Name of Dividend : Ordinary Share First and Final Dividend (Proposed)
Dividend Type : Cash
Dividend Rate : 0.65 Singapore cent per ordinary share
Tax Rate : Tax exempt (One-tier)
Book Closure Date : To be announced in due course
Payment Date : To be announced in due course

(b) Corresponding period of the immediately preceding financial year

Name of Dividend : Ordinary Share First and Final Dividend
Dividend Type : Cash
Dividend Rate : 0.5 Singapore cent per ordinary share
Tax Rate : Tax exempt (One-tier)
Date paid : 26 May 2010

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

Not applicable

Segmental Information

	Singapore \$'000	Middle East \$'000	Malaysia \$'000	Others \$'000	Eliminations \$'000	Group \$'000
Year ended 31 December 2010						
Revenue						
External customers	302,584	8,028	11,008	13,458	-	335,078
Inter-segment revenue	-	-	8,770	-	(8,770)	-
Total revenue	<u>302,584</u>	<u>8,028</u>	<u>19,778</u>	<u>13,458</u>	<u>(8,770)</u>	<u>335,078</u>
Result						
Segment result	75,499	(6,161)	3,029	1,331	-	73,698
Finance income						119
Finance cost						(3,904)
Share of result of a joint venture						(2,173)
Profit before tax						<u>67,740</u>
Tax						(13,342)
Profit after tax						<u>54,398</u>
Year ended 31 December 2009						
Revenue						
External customers	260,334	63,612	2,091	20,784	-	346,821
Inter-segment revenue	-	-	23,117	-	(23,117)	-
Total revenue	<u>260,334</u>	<u>63,612</u>	<u>25,208</u>	<u>20,784</u>	<u>(23,117)</u>	<u>346,821</u>
Result						
Segment result	50,865	215	3,037	(949)	-	53,168
Finance income						32
Finance cost						(4,747)
Share of result of a joint venture						363
Profit before tax						<u>48,816</u>
Tax						(8,741)
Profit after tax						<u>40,075</u>

	FY2010 \$'000	FY2009 \$'000
Structural steelworks	211,130	256,841
Specialist civil engineering	123,934	89,938
Mechanical engineering	14	42
	<u>335,078</u>	<u>346,821</u>

Breakdown of sales and profit after tax

	Group		
	FY2010 \$'000	FY2009 \$'000	increase/ (decrease) %
(a) Sales reported for first half year	167,154	183,245	(8.8)
(b) Profit after tax for first half year	26,397	20,663	27.8
(c) Sales reported for second half year	167,924	163,576	2.7
(d) Profit after tax for second half year	28,001	19,412	44.2

A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2010 \$'000	FY2009 \$'000
Ordinary	6,203	4,895
Preference	-	-
Total	<u>6,203</u>	<u>4,895</u>

BY ORDER OF THE BOARD

SEOW SOON YONG
Chief Executive Officer

CHIA SIN CHENG
Finance & Executive Director

Date: 28 February 2011