

Yantai Raffles posts a S\$26.9 million net profit for FY 2008 in a challenging year

- Group chalked up revenue of \$891.0 million as more projects are in advanced stages of production
- Robust order book of S\$2.5 billion as at 31 December 2008

In S\$'million	12 months ended 31 December		
	FY2008	FY2007	Change (%)
Revenue	891.0	323.4	175.5
Gross profit	121.5	52.6	131.0
Profit from operations	40.2	45.4	(11.5)
Profit before income tax	36.2	52.1	(30.5)
Profit after income tax	25.1	42.7	(41.2)
Net profit attributable to equity holders	26.9	35.9	(25.1)
EPS (basic)	9.9 cents	14.0 cents	(29.3)
EPS (diluted)	9.9 cents	14.1 cents	(29.8)
	FY2008	FY2007	Change (Pts)
Gross margin (%)	13.6	16.3	(2.7)
Operating margin (%)	4.5	14.0	(9.5)
Net margin (%)	2.8	13.2	(10.4)

Singapore, 3 June 2009 – Oslo OTC-traded Yantai Raffles Shipyard Limited ('YRS' or the 'Group'), the largest builder of semi-submersible drilling rigs in the PRC, announces a net profit of S\$26.9 million.

Production of vessel and rig building projects under construction contributed to a 176% increase in revenue to S\$891.0 million for the year ended 31 December 2008 ("FY2008") compared to S\$323.4 million in FY2007. Gross profit increased by 131.0% to S\$121.5 million as a consequence.

Notwithstanding the increase in gross profit, gross profit margins declined to 13.6% in FY2008 from 16.3% in FY2007, mainly reflecting a combination of

higher costs incurred in offshore facility construction projects and contingency provisions for certain projects.

Net profit attributable to equity holders declined from FY2007 by 25.1% to S\$26.9 million. The Group incurred other losses aggregating S\$25.1million, due mainly to provision for losses of S\$10.8million on marked-to-market available-for-sale investments, net foreign exchange losses of S\$11.0 million, S\$30.9 million of fair value loss on derivatives (partially offset by a S\$23.2 million gain on forward contracts). These losses, together with increased administrative expenses primarily related to planned increases in headcount, and an increase in borrowing costs, all contributed to a reduction in operating and net margins compared to FY2007.

Based on the latest full-year results, the Group's earnings per ordinary share was 9.9 Singapore cents, while net asset value per share was S\$2.06.

Said Mr Brian Chang, Deputy Chairman and CEO of YRS: "FY2008 has indeed been a challenging year for us. Our strong order book (approximately S\$2.5 billion) will provide us with a sustainable revenue stream through to 2011. We are in the production phase for most of our building projects, reflected by an encouraging upward trend in revenue and gross profit."

Highlights of 2008

In March 2008, and in order to meet the needs of its customers, the Group built a fabrication yard in Haiyang to complement its main yard facility at Yantai. Haiyang is approximately 130 kilometres away from Yantai.

"The Haiyang yard has far exceeded our initial productivity and quality targets. Haiyang is looking very promising, and we will be building upon this most encouraging start," explained Mr Chang.

In April 2008, the Group's "Taisun" crane set a new Guinness World Record by successfully lifting 20,133 metric tonnes (MT) in one single operation. The crane's two beams, each tested at 12,500 MT, thereby providing a total lifting capability of 25,000 MT, performed this single lift.

On 22 November 2008, "Taisun" performed its first successful commercial lift of a 14,000 MT deck box in a mating ceremony for a semi-submersible drilling platform, the "COSL Pioneer". The Governor of Shandong Province, Mr Jiang Daming, and representatives from owners, classification societies, financial institutions and other stakeholders attended the ceremony.

Strategic Development

In November 2008, China International Marine Containers (Group) Co., Ltd ("CIMC") acquired an initial 10% stake in YRS, and is now a substantial and YRS' second largest beneficial shareholder, with a shareholding of approximately 18.3%. CIMC's President, Mr Mai Bo Liang, was appointed Chairman of YRS' Board on 3 November 2008. In a short span of time, CIMC has added significant value to the Group, particularly in the areas of procurement, outsourcing, human resources, finance and new business opportunities in China.

Prospects

Mr Chang added, "Despite the current challenging economic conditions, the Group is confident of the long term fundamentals of the oil and gas industry. The Group believes that oil will always be regarded as a highly prized commodity, and sophisticated deep-water offshore vessels and rigs will always be vital for the offshore oil and gas exploration and production activities to meet the world's energy demands. Notably, these offshore vessels make up the major part of YRS' order book and strategic focus."

“Going forward, the Group will continue to focus on growing its revenue through securing new-build orders. In addition, the Group also plans to tap on its substantial pool of resources and modern, world-class infrastructure to pursue turnkey solutions to satisfy global demand for such services.”

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About Yantai Raffles Shipyard Ltd

Traded on the Oslo OTC Stock Exchange in Norway since May 2006, Yantai Raffles Shipyard (“YRS”) is one of China’s leading offshore yards for building oil service equipment. It is the majority owner and operator of the Yantai Raffles shipyard in Yantai, Shandong Province, China. The shipyard’s principal business is building and fabricating vessels and equipment for the marine and offshore oil and gas markets. The shipyard has a flexible manufacturing facility and is able to undertake projects ranging from semi-submersible drilling rigs, jack-up drilling rigs, FPSO, offshore vessels, commercial vessels and other units. YRS has over 4,000 employees and some of the largest shipbuilding facilities in the world.