

## RELEASE

# **Yantai Raffles Shipyard Limited** ***Consolidated Results for the Eight Months ended*** ***31 August 2007 (“8M07”)***

SINGAPORE, 5 November 2007

### **Results for 8M07**

For 8M07, the Company recorded consolidated revenue of S\$205.8 million with net profit attributable to equity holders of S\$18.0 million, compared to S\$183.5 million and S\$13.3 million respectively for the eight months ended 31 August 2006 (“8M06”). The higher revenue was due to increases in the aggregate value of our contracts and in the number of vessels under construction in 8M07 compared to 8M06. The gross profit margin for 8M07 was 21.3%, compared to 24.1% in 8M06, mainly as a result of a higher number of projects that have not reached the accounting threshold for profit recognition as at 31 August 2007. Revenues on these projects were recognized only to the extent of costs incurred. Notwithstanding the lower gross profit, the net profit attributable to equity holders for 8M07 was higher, primarily due to the following factors:

- an increase in net finance income as a result of improved cash flow position in all of our projects;
- lower losses on disposal of property plant and equipment;
- no claims for damages from customers. A provision for damages of S\$4.1 million made in 8M06 will be written back in fourth quarter 2007 as we have subsequently successfully settled that potential claim, and
- a foreign exchange gain of S\$2.1 million in 8M07 compared to foreign exchange losses in 8M06 of S\$4.4 million due primarily to a decrease in our US\$ assets and an increase in our US\$ liabilities when the US\$ depreciated against the RMB and S\$ during the 8M07. We do not have any current or past exposures to foreign currency forward contracts, options, or other foreign currency derivative instruments.

The above positive factors more than offset the increase in administrative expenses that reflects increased levels of activity in all areas of our operations.

**Results for 8M07 (Continued)**

In 8M07, we secured new orders with an aggregate contract value of US\$634.4 million, comprising one semi-submersible drilling rigs and five support vessels.

The net profit margin attributable to the equity holders of the Company was higher at 8.8% for 8M07, up from 7.3% in 8M06.

The 8M07 consolidated financial statements have been prepared using the same accounting policies as the re-audited consolidated financial statements for the financial years ended 31 December 2004, 2005 and 2006 (see below).

**Re-audited consolidated financial statements for FY2004, 2005 and 2006**

The Company is currently contemplating a corporate exercise that has involved a re-audit of its consolidated financial statements for the three financial years ended 31 December 2004, 2005 and 2006, and a review of its consolidated financial statements for the 8M07. Ernst & Young was appointed as the Company's independent auditor in 2007, and Ernst & Young has undertaken both the re-audit of the three years' consolidated financial statements and the 8M07 interim review. An extract of the Company's unaudited consolidated Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement for 8M07 is attached, together with an extract of the Company's re-audited consolidated Profit & Loss Accounts, Balance Sheets, Statements of Changes in Equity and Cash Flow Statements for the years ended 31 December 2004, 2005 and 2006.

The re-audit has resulted in some material adjustments to the Company's previously audited consolidated financial statements. These adjustments were primarily due to the following reasons:

- 1) The stage of completion of projects in the re-audited consolidated financial statements is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total cost to complete each project. Prior to the re-audit, the stage of completion was determined by engineers' estimates of the percentage of each project's completion. Although both methods are acceptable under the Singapore Financial Reporting Standards ("SFRS"), the adoption of the cost incurred basis for the re-audit enables the Company to recognize contract revenue and contract costs in its financial statements in line with industry practice.

**Re-audited consolidated financial statements for FY2004, 2005 and 2006  
(Continued)**

- 2) As our projects are typically long term (18 to 36 months), contract revenue in the re-audited consolidated financial statements is recognised only to the extent of costs incurred that are expected to be recoverable before a project reaches a stage where its outcome can be reliably estimated. Prior to reaching that stage of completion (currently 20%), no profit element is recognized in the re-audited consolidated financial statements, nor will it to be so recognized in the Company's consolidated financial statements henceforth. Prior to the re-audit, the profit element was recognized from the commencement of each project.
- 3) Irrespective of the stage of completion of contract activity, any expected foreseeable loss or additional costs, such as probable liquidated damages, are recognized in the re-audited consolidated financial statements as an expense as soon as it is deemed probable that such costs can be reasonably identified and measured reliably.
- 4) Other audit adjustments relating to cut-off adjustments, as well as recognition of certain balance sheet and profit and loss accounts items, such as sea use rights, the amortization of sea use rights, impairment of receivables, additional cost accruals, interest income and expenses.
- 5) Corresponding tax adjustments arising from the re-audited consolidated pre-tax results.
- 6) For consistency, changes have also been adopted in the classification and presentation of revenue and expenses in the Profit and Loss Accounts and assets, liabilities and equity in the Balance Sheets .

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**

(Incorporated in Singapore)

**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNTS**

For the financial period from 1 January 2007 to 31 August 2007

	<b>For the financial period from 1 January to 31 August</b>	
	2007	2006
	Unaudited	Unaudited
	\$'000	\$'000
Revenue	205,826	183,526
Cost of sales	(161,885)	(139,271)
<b>Gross profit</b>	<b>43,941</b>	<b>44,255</b>
Other gains/(losses), net	4,298	(13,575)
Expenses		
- Distribution and marketing expenses	(341)	(289)
- Administrative expenses	(23,083)	(14,802)
<b>Profit from operating activities</b>	<b>24,815</b>	<b>15,589</b>
Finance income	5,669	4,622
Finance costs	(1,758)	(3,427)
Net finance income	3,911	1,195
Share of loss of an associated company	(272)	-
<b>Profit before income tax</b>	<b>28,454</b>	<b>16,784</b>
Income tax expenses	(6,412)	(1,793)
<b>Net profit for the period</b>	<b>22,042</b>	<b>14,991</b>
<b>Attributable to:</b>		
Equity holders of the Company	18,028	13,312
Minority interests	4,014	1,679
	<b>22,042</b>	<b>14,991</b>
<b>Earnings per share attributable to equity holders of the Company</b>		
- Basic (cents)	7.15	6.64
- Diluted (cents)	7.12	6.64

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**

(Incorporated in Singapore)

**UNAUDITED CONSOLIDATED BALANCE SHEETS**

As at 31 August 2007

	<b>31 August 2007</b>	<b>31 December 2006</b>
	Unaudited	Audited
	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	288,295	295,786
Trade and other receivables	91,691	107,329
Inventories	122,436	17,400
Vessel under construction	17,144	-
Construction work-in-progress in excess of progress billings	46,670	50,623
Other current assets	163,382	44,127
Loan to an associated company	21,931	-
	<u>751,549</u>	<u>515,265</u>
<b>Non-current assets</b>		
Advance payment	-	5,437
Financial assets, available-for-sale	65,587	12,008
Property, plant and equipment	264,267	220,401
Investment in an associated company	542	-
Prepayment for intangible assets	1,615	590
Intangible assets	22,269	19,207
Deferred income tax assets	4,548	6,348
	<u>358,828</u>	<u>263,991</u>
<b>Total assets</b>	<u>1,110,377</u>	<u>779,256</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Progress billing in excess of construction work-in-progress	489,790	261,293
Advances from customers	32,106	1,853
Trade and other payables	118,995	71,115
Borrowings	78,223	98,218
Amounts due to related parties	16	16
Provision for income tax	1,998	4,064
Provision for other liabilities	11,002	10,439
	<u>732,130</u>	<u>446,998</u>
<b>Non-current liabilities</b>		
Borrowings	20,823	15,943
Other long term liabilities	1,580	1,752
	<u>22,403</u>	<u>17,695</u>
<b>Total liabilities</b>	<u>754,533</u>	<u>464,693</u>
<b>Net assets</b>	<u>355,844</u>	<u>314,563</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	417,608	417,608
Other reserves	26,467	4,671
Accumulated losses	(100,699)	(118,727)
	<u>343,376</u>	<u>303,552</u>
<b>Minority interests</b>	12,468	11,011
<b>Total equity</b>	<u>355,844</u>	<u>314,563</u>

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**

(Incorporated in Singapore)

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the financial period from 1 January 2007 to 31 August 2007

	<b>Attributable to equity holders of the Company</b>				<b>Total equity \$'000</b>
	<b>Share capital and share premium \$'000</b>	<b>Other reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Minority interests \$'000</b>	
<b>Unaudited</b>					
<b>As at 1 January 2007</b>	417,608	4,671	(118,727)	11,011	314,563
Financial assets, available-for-sale					
- Fair value gain	-	19,993	-	-	19,993
Currency translation differences	-	1,196	-	300	1,496
Net gain recognised directly in equity	-	21,189	-	300	21,489
Net profit for the period	-	-	18,028	4,014	22,042
<b>Total recognised gains</b>	-	21,189	18,028	4,314	43,531
Acquisition of minority interests in subsidiaries (Note 4)	-	-	-	(2,857)	(2,857)
Employee share option scheme:					
- Grant of equity-settled share options to employees	-	607	-	-	607
<b>As at 31 August 2007</b>	417,608	26,467	(100,699)	12,468	355,844
<b>Unaudited</b>					
<b>As at 1 January 2006</b>	182,617	7,863	(132,846)	8,755	66,389
Financial assets, available-for-sale					
- Fair value losses	-	(338)	-	-	(338)
Currency translation differences	-	(710)	-	(372)	(1,082)
Net losses recognised directly in equity	-	(1,048)	-	(372)	(1,420)
Net profit for the period	-	-	13,312	1,679	14,991
<b>Total recognised gains/(losses)</b>	-	(1,048)	13,312	1,307	13,571
Issue of shares	250,802	-	-	-	250,802
Share issue expenses	(15,811)	-	-	-	(15,811)
<b>As at 31 August 2006</b>	417,608	6,815	(119,534)	10,062	314,951

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**

(Incorporated in Singapore)

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS**

For the financial period from 1 January 2007 to 31 August 2007

	For the financial period from 1 January to 31 August	
	2007 Unaudited \$'000	2006 Unaudited \$'000
<b>Cash flow from operating activities</b>		
Profit before income tax	28,454	16,784
Adjustments for:		
- Amortisation of intangible assets	507	297
- Depreciation and impairment charges	3,906	2,960
- Loss on disposal of property, plant and equipment	466	6,149
- Translation differences	(4,645)	(602)
- Share options expense	607	-
- Interest expense	1,758	3,427
- Interest income	(5,669)	(4,622)
- Share of loss of an associated company	272	-
Operating cash flow before working capital changes	25,656	24,393
Change in operating assets and liabilities		
- Inventories	(105,036)	20,340
- Vessel under construction	(11,622)	-
- Construction work-in-progress and excess progress billings	232,450	103,485
- Trade and other receivables	15,638	(38,898)
- Other current assets	(119,255)	(17,700)
- Advances from customers	30,253	(2,871)
- Trade and other payables	47,752	(4,148)
- Other long term liabilities	(172)	(297)
- Notes payable	-	(1,468)
- Provision for other liabilities	563	4,451
Cash generated from operations	116,227	87,287
Interest received	5,669	3,790
Income tax paid	(6,573)	(1,259)
Cash pledged for performance bonds and bank overdrafts	(2,623)	(42,391)
<b>Net cash generated from operating activities</b>	<b>112,700</b>	<b>47,427</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	168	1,003
Purchase of property, plant and equipment and intangible assets	(48,395)	(24,257)
Prepayment of intangible assets	(1,025)	(590)
Advance payment	-	(1,482)
Purchase of financial assets, available-for-sale	(31,805)	(18,274)
Loan to an associated company	(21,931)	-
Acquisition of an associated company	(814)	-
<b>Net cash used in investing activities</b>	<b>(103,802)</b>	<b>(43,600)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	250,802
Share issue expenses	-	(15,811)
Proceeds from borrowings from banks	86,170	23,451
Repayment of borrowings from banks	(103,785)	(69,104)
Net (repayment of)/proceeds from loan from related party balances	-	(31,866)
Net (repayment of)/proceeds from trust receipts	-	(256)
Interest paid	(1,630)	(3,427)
<b>Net cash (used in)/provided by financing activities</b>	<b>(19,245)</b>	<b>153,789</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,347)</b>	<b>157,616</b>
Cash and cash equivalents at beginning of financial period	185,123	54,075
<b>Cash and cash equivalents at end of financial period</b>	<b>174,776</b>	<b>211,691</b>

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**  
*(Formerly known as Yantai Raffles Shipyard Pte Ltd)*  
(Incorporated in Singapore)

**AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNTS**

For the financial years ended 31 December 2004, 2005 and 2006

	2004 \$'000	2005 \$'000	2006 \$'000
Revenue	115,032	196,871	258,537
Cost of sales	(107,662)	(171,204)	(194,311)
<b>Gross profit</b>	<u>7,370</u>	<u>25,667</u>	<u>64,226</u>
Other (losses)/gains, net	(26,241)	(24,647)	(17,703)
Expenses			
- Distribution and marketing expenses	(219)	(264)	(383)
- Administrative expenses	(12,177)	(13,940)	(24,898)
<b>(Loss)/profit from operating activities</b>	<u>(31,267)</u>	<u>(13,184)</u>	<u>21,242</u>
Finance income	215	355	7,649
Finance costs	(9,507)	(6,874)	(5,381)
Net finance (costs)/income	(9,292)	(6,519)	2,268
<b>(Loss)/profit before income tax</b>	<u>(40,559)</u>	<u>(19,703)</u>	<u>23,510</u>
Income tax credit/(expenses)	1,269	(3,321)	(2,323)
<b>Net (loss)/profit for the year</b>	<u>(39,290)</u>	<u>(23,024)</u>	<u>21,187</u>
<b>Attributable to:</b>			
Equity holders of the Company	(37,520)	(26,627)	18,491
Minority interests	(1,770)	3,603	2,696
	<u>(39,290)</u>	<u>(23,024)</u>	<u>21,187</u>
<b>(Losses)/earnings per share attributable to equity holders of the Company</b>			
- Basic and diluted (cents)	<u>(42.41)</u>	<u>(25.40)</u>	<u>8.49</u>

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**  
*(Formerly known as Yantai Raffles Shipyards Pte Ltd)*  
(Incorporated in Singapore)

**AUDITED CONSOLIDATED BALANCE SHEETS**

As at 31 December 2004, 2005 and 2006

	2004 \$'000	2005 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	18,022	66,668	295,786
Trade and other receivables	27,560	75,642	107,329
Inventories	25,862	44,272	17,400
Construction work-in-progress in excess of progress billings	81,536	69,348	50,623
Financial assets, available-for-sale	-	41	-
Other current assets	28,792	21,365	44,127
	<u>181,772</u>	<u>277,336</u>	<u>515,265</u>
<b>Non-current assets</b>			
Financial assets, available-for-sale	-	-	12,008
Property, plant and equipment	168,558	179,633	220,401
Prepayment for intangible assets	-	-	590
Intangible assets	18,011	18,138	19,207
Advance payment	-	-	5,437
Deferred income tax assets	5,592	4,670	6,348
	<u>192,161</u>	<u>202,441</u>	<u>263,991</u>
<b>Total assets</b>	<u>373,933</u>	<u>479,777</u>	<u>779,256</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Progress billings in excess of construction work-in-progress	11,600	93,000	261,293
Advances from customers	22,397	2,951	1,853
Trade and other payables	107,732	84,096	71,115
Borrowings	118,751	136,822	98,218
Amounts due to related parties	10,547	13,893	16
Provision for income tax	666	1,815	4,064
Provision for other liabilities	591	28,076	10,439
	<u>272,284</u>	<u>360,653</u>	<u>446,998</u>
<b>Non-current liabilities</b>			
Borrowings	47,558	32,507	15,943
Amounts due to related parties	34,485	17,989	-
Other long term liabilities	2,437	2,239	1,752
	<u>84,480</u>	<u>52,735</u>	<u>17,695</u>
<b>Total liabilities</b>	<u>356,764</u>	<u>413,388</u>	<u>464,693</u>
<b>Net Assets</b>	<u>17,169</u>	<u>66,389</u>	<u>314,563</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital and share premium	110,919	182,617	417,608
Other reserves	6,681	7,863	4,671
Accumulated losses	(105,654)	(132,846)	(118,727)
	<u>11,946</u>	<u>57,634</u>	<u>303,552</u>
<b>Minority interests</b>	<u>5,223</u>	<u>8,755</u>	<u>11,011</u>
<b>Total equity</b>	<u>17,169</u>	<u>66,389</u>	<u>314,563</u>

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**  
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(Incorporated in Singapore)

**AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the financial years ended 31 December 2004, 2005 and 2006

	<u>Attributable to equity holders of the Company</u>				<b>Total equity \$'000</b>
	<b>Share capital and share premium \$'000</b>	<b>Other reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Minority interests \$'000</b>	
<b>As at 1 January 2004, as previously reported</b>	72,757	614	(5,146)	16,285	84,510
Prior year adjustments	-	2,907	(61,558)	(9,767)	(68,418)
<b>As at 1 January 2004, as re-stated</b>	<u>72,757</u>	<u>3,521</u>	<u>(66,704)</u>	<u>6,518</u>	<u>16,092</u>
Currency translation differences, being net gain recognised directly in equity	-	1,730	-	475	2,205
Net loss for the year	-	-	(37,520)	(1,770)	(39,290)
<b>Total recognised gains/(losses)</b>	-	1,730	(37,520)	(1,295)	(37,085)
Transfer to PRC statutory surplus reserve	-	1,430	(1,430)	-	-
Issue of shares	38,162	-	-	-	38,162
<b>As at 31 December 2004 and 1 January 2005</b>	<u>110,919</u>	<u>6,681</u>	<u>(105,654)</u>	<u>5,223</u>	<u>17,169</u>
Currency translation differences, being net gain recognised directly in equity	-	617	-	283	900
Net (loss)/profit for the year	-	-	(26,627)	3,603	(23,024)
<b>Total recognised gains/(losses)</b>	-	617	(26,627)	3,886	(22,124)
Transfer to PRC statutory surplus reserve	-	565	(565)	-	-
Issue of shares	72,839	-	-	-	72,839
Share issue expenses	(1,141)	-	-	-	(1,141)
Dividend paid to minority interest	-	-	-	(354)	(354)
<b>As at 31 December 2005 and 1 January 2006</b>	<u>182,617</u>	<u>7,863</u>	<u>(132,846)</u>	<u>8,755</u>	<u>66,389</u>
Financial assets, available-for-sale					
- Fair value losses	-	(6,836)	-	-	(6,836)
Currency translation differences	-	(865)	-	(440)	(1,305)
Net losses recognised directly in equity	-	(7,701)	-	(440)	(8,141)
Net profit for the year	-	-	18,491	2,696	21,187
<b>Total recognised gains/(losses)</b>	-	(7,701)	18,491	2,256	13,046
Transfer to capital reserve	-	3,041	(3,041)	-	-
Transfer to PRC statutory surplus reserve	-	1,331	(1,331)	-	-
Employee share option scheme:					
- Grant of equity-settled share options to employees	-	137	-	-	137
Issue of shares	250,802	-	-	-	250,802
Share issue expenses	(15,811)	-	-	-	(15,811)
<b>As at 31 December 2006</b>	<u>417,608</u>	<u>4,671</u>	<u>(118,727)</u>	<u>11,011</u>	<u>314,563</u>

**YANTAI RAFFLES SHIPYARD LIMITED AND ITS SUBSIDIARIES**  
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(Incorporated in Singapore)

**AUDITED CONSOLIDATED CASH FLOW STATEMENTS**  
For the financial years ended 31 December 2004, 2005 and 2006

	2004	2005	2006
	\$'000	\$'000	\$'000
<b>Cash flow from operating activities</b>			
(Loss)/profit before income tax	(40,559)	(19,703)	23,510
Adjustments for:			
- Amortisation of intangible assets	724	346	525
- Depreciation and impairment charges	3,180	5,775	6,185
- Loss on disposal of property, plant and equipment	114	670	6,343
- Translation differences	3,213	(535)	1,248
- Share options expense	-	-	137
- Interest expense	9,507	6,874	5,381
- Interest income	(215)	(355)	(7,649)
Operating cash flow before working capital changes	(24,036)	(6,928)	35,680
Change in operating assets and liabilities			
- Inventories	(2,407)	(18,410)	26,872
- Construction work-in-progress and excess progress billings	(103,224)	93,588	187,018
- Trade and other receivables	31,471	(48,082)	(31,687)
- Other current assets	(11,752)	7,427	(22,762)
- Advances from customers	21,337	(19,446)	(1,098)
- Trade and other payables	28,462	(23,636)	(12,981)
- Other long term liabilities	(722)	(198)	(487)
- Notes payables	1,356	112	(1,468)
- Provision for other liabilities	(2,838)	27,485	(17,637)
Cash (used in)/generated from operations	(62,353)	11,912	161,450
Interest received	215	355	7,649
Income tax paid	(2,604)	(1,012)	(1,978)
Cash pledged for performance bonds and bank overdrafts	(11,325)	284	(98,509)
<b>Net cash (used in)/generated from operating activities</b>	<b>(76,067)</b>	<b>11,539</b>	<b>68,612</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	36	317	1,105
Purchase of property, plant and equipment and intangible assets	(24,113)	(10,445)	(65,038)
Prepayment for intangible assets	-	-	(590)
Advance payment for acquisition of minority interests of subsidiaries	-	-	(5,437)
Proceeds from sales of financial assets, available-for-sale	-	-	41
Purchase of financial assets, available-for-sale	-	(41)	(19,597)
<b>Net cash used in investing activities</b>	<b>(24,077)</b>	<b>(10,169)</b>	<b>(89,516)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	38,162	72,839	250,802
Share issue expenses	-	(1,141)	(15,811)
Proceeds from borrowings from banks	186,948	153,053	102,677
Net proceeds from/(repayment of) related party balances	13,896	(13,150)	(31,866)
Net (repayment of)/proceeds from trust receipts	(6,625)	104	(256)
Repayment of borrowings from banks	(138,925)	(156,472)	(148,213)
Dividend paid to minority interests	-	(354)	-
Interest paid	(9,507)	(6,874)	(5,381)
<b>Net cash provided by financing activities</b>	<b>83,949</b>	<b>48,005</b>	<b>151,952</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(16,195)</b>	<b>49,375</b>	<b>131,048</b>
Cash and cash equivalents at beginning of financial year	20,895	4,700	54,075
<b>Cash and cash equivalents at end of financial year</b>	<b>4,700</b>	<b>54,075</b>	<b>185,123</b>

**About Yantai Raffles Shipyard Limited**

*Admitted to the Oslo OTC System in May 2006, Singapore headquartered Yantai Raffles Shipyard ("YRS") specializes in the construction of various marine and offshore projects that include jack-up drilling rigs, semi-submersible drilling rigs, FPSOs, platform supply vessels, luxury yachts and other units. The shipyard boasts state-of-the-art building facilities, including the 'Tai Sun' gantry crane, and employs the latest technologies to achieve operational efficiencies and lower costs. With its core mission of attaining excellent quality, competitive pricing and client satisfaction, YRS remains committed to be The Yard Of Choice.*

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Email : [ir@yantai-raffles.com](mailto:ir@yantai-raffles.com)Please visit us at [www.yantai-raffles.com](http://www.yantai-raffles.com)**Forward Looking Statements**

*The announcement contains forward-looking statements that are not based on historical fact, including those identified by the use of forward-looking terminology such as statements containing the words "believes", "will", "estimates", "continue", "anticipates", "intends", "expects", "should", or the negatives thereof and words of similar import. All forward-looking statements involve risks and uncertainties, including, but not limited to, customer acceptance and market share gains, competition from companies that have greater financial resources; introduction of new products into the marketplace by competitors; successful product development; dependence on significant customers; the ability to recruit and retain quality employees as Yantai Raffles grows; and economic and political conditions globally. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The forward-looking statements speak only as of the date of this release and Yantai Raffles assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.*