



SBI Offshore Limited

SGX-CATALIST LISTED SBI OFFSHORE'S 1H2011 REVENUE INCREASES BY 8.0% TO US\$5.1 MILLION

- *Gross profit margin increases 14.1 percentage points to 44.9% in 1H2011 from 30.8% in 1H2010.*
- *Group confident about long-term prospects as replacement demand for offshore drilling rigs remains high*
- *Recent investments in design capabilities and new alliances forged strengthen Group's positioning in providing value-added offshore and marine equipment and services*

Financial Highlights

US\$ ('mil)	1H2011	1H2010	Change (%)
Revenue	5.1	4.7	8.0
Cost of sales	(2.8)	(3.2)	(14.1)
Gross profit	2.3	1.4	57.7
Gross profit margin (%)	44.9	30.8	14.1
Net profitable attributable to equity holders			
Earnings per share (cents)*	0.23	0.35	
Net asset value (cents)**	6.57	6.42	

**EPS calculated based on weighted average number of shares in issue of 121,680,100 for 1H2011 and 112,009,770 for 1H2010*

***NAV calculated based on total number of issued shares of 121,680,100*

SINGAPORE, 5th August 2011– SBI Offshore Limited (“SBI Offshore” and together with its subsidiaries, the “Group”), an integrated engineering solutions provider to owners and builders of jack-up rigs, semi-submersibles, drillships, mobile offshore production platforms and offshore construction and support vessels in America and Asia, announced today its financial results for the half year ended 30 June 2011 (“1H2011”).



For 1H2011, the Singapore Exchange Catalist-listed Group achieved net profit of US\$0.3 million on revenue of US\$5.1 million, compared to US\$0.4 million and US\$4.7 million, respectively, for the half year ended 30 June 2010 (“**1H2010**”).

In line with previous guidance, the Group has been building up its design capabilities for offshore and marine (“**O&M**”) equipment and forging alliances with partners to ride on the increasing trend of outsourcing of contract manufacturing to Asia by western principals.

The Group incurred higher operating costs related to its design and engineering subsidiaries in the United States and Singapore and as it built up capabilities of its manufacturing subsidiary in China, Jiangyin SBI Offshore Equipment Co. Ltd, which has been qualified by its Aker Solutions of Norway, a leading designer and manufacturer of offshore equipment. SBI Offshore is the distributor of Aker Solutions’ products in Asia.

As a result, total general and administrative expenses for 1H2011 increased 65.2% to US\$1.9 million compared to a year earlier. This in turn contributed to a 21.0% decline in profit before tax to US\$0.4 million in 1H2011 compared to US\$0.5 million a year earlier. Profit after tax declined 30.3% to US\$0.3 million over the comparative periods.

Fully diluted earnings per share based on a share capital base of 121,680,100 shares was 0.23 US cents in 1H2011 compared to 0.35 US cents in 1H2010 (1H2010: 112,009,770 shares).

The Group’s balance sheet remains healthy with cash and cash equivalents of US\$2.1 million, US\$0.5 million higher than US\$1.6 million as at 31 December 2010. Net asset value per share increased to 6.57 US cents as at 30 June 2011 from 6.42 US cents as at 31 December 2010.

Commenting on the outlook, the Company believes that economic growth in Asia and the continued high price of crude oil will continue to sustain demand for offshore oil and gas drilling equipment.



With the introduction of more stringent drilling regulations after the Gulf of Mexico oil spills, rig operators have to replace their ageing fleet with newbuilds that meets the higher safety standards. The continued demand for offshore rigs contributed mainly to 1H2011 revenue even as the Group continued to invest in capabilities.

Order book update

SBI Offshore currently has a healthy order book of approximately US\$6.4 million, mostly for delivery over the next 18 months. The Group expects its new business ventures to bear fruit in the second half of the financial year ending 31 December 2011.

Outlook

Mr Jonathan Hui, Executive Chairman and CEO of SBI Offshore, said: “While the overall trend for the industry is healthy, we remain focused on building capabilities to position us better as a provider of value-added, higher-margin specialised services such as design and contract manufacturing for offshore equipment packages.

Apart from setting up subsidiaries in the United States and Singapore, focusing on designing offshore equipment packages, we have strengthened our own facility in China to cater to contract manufacturing opportunities,” he said.

On 26 July 2011, the Group announced it would expand its contract engineering capabilities while minimising capital expenditure by formalising a joint venture with Hong Kong Exchange-listed Honghua Group Limited (“**Honghua**”). The Group and Honghua expect to work on two major projects to supply cost-competitive drilling equipment to a customer in Europe and another in Asia.

The Group is also working together with international offshore rig and vessel design houses to provide turnkey solutions to owners as well as shipyards. As part of the turnkey solutions, the Group will be providing its various product lines.



These strategies are in line with SBI Offshore's efforts since its initial public offering in November 2009 to sell its own products and to offer contract manufacturing services to leading offshore equipment manufacturers in the world. They are intended to increase its value proposition within the O&M sector and are expected to contribute to higher gross margins once the projects are secured.

"New replacement demand of offshore drilling rigs in 1H2011 continues to be high, such as Petrobras' tender for 21 ultra-deepwater drilling rigs which is expected to boost newbuilds. We are of the optimistic view that stronger growth potential will be realised in the second half of 2011," added Mr Jonathan Hui.

Barring any unforeseen circumstances, the Group is confident that the recent joint ventures and alliances with foreign partners will contribute to the Group's performance in the rest of 2011 and beyond.

End of Release

Issued on behalf of SBI Offshore Limited by WeR1 Consultants Pte Ltd

About SBI Offshore Limited

Established since 1994, SBI Offshore was primarily engaged in the marketing and distribution of offshore equipment to shipyards and builders of jack-up rigs, semi-submersibles, drillships, and mobile offshore production platforms in Asia. Since its public listing in November 2009, it has evolved into an integrated engineering solutions provider to the offshore oil and gas industry with strategic alliances and acquisitions of Western design & engineering houses and equipment OEMs.

The Group's customer base includes most of the leading owners and builders of mobile offshore drilling and production units in the world. The Group's current distribution network currently encompasses Singapore, the People's Republic of China, United States of America, Brazil, Malaysia, Indonesia, the Philippines and Vietnam.



*SBI Offshore Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 November 2009. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").*

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