

SBI OFFSHORE LIMITED
**Unaudited Financial Statements and Dividend Announcement for the First Half Year Ended 30 June 2013
(All amounts in US\$ unless otherwise indicated)**

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Half year ended		
	30.06.2013	30.06.2012	Increase/ (Decrease) %
	US\$	US\$	
Revenue	31,755,559	3,335,327	>100
Cost of sales	(30,039,437)	(2,281,642)	>100
Gross profit	1,716,122	1,053,685	63
Other income	38,318	12,268	>100
General and administrative expenses	(1,606,638)	(1,354,375)	19
Finance costs	(72,044)	(61,975)	16
Share of results of an associate	91,395	80,320	14
Share of results of a joint venture	288,070	260,975	10
Profit/(loss) before income tax	455,223	(9,102)	NM
Income tax expense	(69,926)	-	NM
Profit/(loss) for the financial period	385,297	(9,102)	NM
Other comprehensive income			
Exchange differences arising from translation of foreign operation, net of tax	65,301	32,255	>100
Total comprehensive income for the financial period	450,598	23,153	>100
Profit/(loss) attributable to			
Owners of the parent	391,668	(1,663)	NM
Non-controlling interests	(6,371)	(7,439)	NM
	385,297	(9,102)	NM
Total comprehensive income attributable to			
Owners of the parent	446,193	30,020	NM
Non-controlling interests	4,405	(6,867)	NM
	450,598	23,153	>100

NM = Not meaningful

1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income.

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

	Group		
	Half year ended		
	30.06.2013 US\$	30.06.2012 US\$	Increase/ (Decrease) %
Depreciation of property, plant and equipment	189,124	183,204	3
Operating lease expenses	103,054	93,837	10
Share option expense	37,000	-	NM
Foreign currency exchange (gain)/loss	(89,231)	30,222	NM

NM = Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at end of the immediately preceding year.

	Group		Company	
	30.06.2013 US\$	31.12.2012 US\$	30.06.2013 US\$	31.12.2012 US\$
Non-current assets				
Property, plant and equipment	5,486,288	5,511,002	156,886	51,649
Investments in subsidiaries	-	-	5,880,008	5,880,000
Investment in an associate	2,625,341	2,533,945	1,800,000	1,800,000
Investment in a joint venture	854,626	566,556	50,000	50,000
Intangible assets	1,247,717	1,260,231	-	-
	<u>10,213,972</u>	<u>9,871,734</u>	<u>7,886,894</u>	<u>7,781,649</u>
Current assets				
Inventories	185,531	173,733	-	11,760
Work in progress	134,379	3,159,051	-	2,746,400
Trade and other receivables	17,273,865	10,989,448	22,576,182	16,059,648
Amount owing by a joint venture	718,024	718,024	718,024	718,024
Cash and cash equivalents	7,264,500	7,954,707	6,927,756	7,379,502
	<u>25,576,299</u>	<u>22,994,963</u>	<u>30,221,962</u>	<u>26,915,334</u>
Current liabilities				
Trade and other payables	13,714,611	17,208,870	14,155,541	17,102,532
Bank borrowings	8,665,563	5,503,234	7,933,225	4,780,783
Current income tax payable	67,962	13,634	67,962	13,634
	<u>22,448,136</u>	<u>22,725,738</u>	<u>22,156,728</u>	<u>21,896,949</u>
Net current assets	<u>3,128,163</u>	<u>269,225</u>	<u>8,065,234</u>	<u>5,018,385</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at end of the immediately preceding year. (Continued)

	Group		Company	
	30.06.2013 US\$	31.12.2012 US\$	30.06.2013 US\$	31.12.2012 US\$
Non-current liabilities				
Deferred tax liabilities	33,595	33,595	4,271	4,271
Net assets	<u>13,308,540</u>	<u>10,107,364</u>	<u>15,947,857</u>	<u>12,795,763</u>
Capital and reserves				
Share capital	9,354,255	6,397,479	9,354,255	6,397,479
Share option reserve	37,000	-	37,000	-
Foreign currency translations	518,312	463,787	-	-
Accumulated profits	3,301,339	3,152,869	6,556,602	6,398,284
Equity attributable to owners of the parent	<u>13,173,906</u>	<u>10,014,135</u>	<u>15,947,857</u>	<u>12,795,763</u>
Non-controlling interests	97,634	93,229	-	-
Total equity	<u>13,308,540</u>	<u>10,107,364</u>	<u>15,947,857</u>	<u>12,795,763</u>

1(b)(i) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	30.06.2013 US\$	31.12.2012 US\$
Bank borrowings		
-secured	8,629,115	5,243,537
-unsecured	36,448	259,697
	<u>8,665,563</u>	<u>5,503,234</u>

Amount repayable after one year – Nil

Details of collaterals

Bank borrowings bear effective interest rate of range from 2.3% to 6.9% per annum

The bank borrowings are secured by way of charge on the Group's and Company's fixed deposits, leasehold land and proceed of collection from a customer.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Half year ended	
	30.06.2013	30.06.2012
	US\$	US\$
Cash flows from operating activities		
Profit/(loss) before income tax	455,223	(9,102)
Adjustments for		
Depreciation of property, plant and equipment	189,124	183,204
Amortization of intangible assets	13,291	14,487
Share option expense	37,000	-
Share of results of an associate	(91,395)	(80,320)
Share of results of a joint venture	(288,070)	(260,975)
Interest income	(7,984)	(760)
Interest expense	72,044	61,974
Operating profit/(loss) before changes in working capital	<u>379,233</u>	<u>(91,492)</u>
Trade and other receivables	(6,213,489)	(9,480,800)
Trade and other payables	(3,484,768)	9,984,912
Inventories	(11,670)	80,348
Work in progress	3,024,766	(699,446)
Interest income	7,984	760
Interest expense	(72,044)	(61,974)
Income tax paid	(74,081)	(22,542)
Net cash used in operating activities	<u>(6,444,069)</u>	<u>(290,234)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(136,616)	(205,730)
Return of capital on investment in a joint venture	-	300,000
Net cash (used in)/from investing activities	<u>(136,616)</u>	<u>94,270</u>
Cash flows from financing activities		
Repayment of bank borrowings	(2,577,412)	(350,505)
Proceeds from bank borrowings	5,733,250	1,986,330
Deposit pledge with bank	(250,000)	(1,931,786)
Proceeds from issuance of shares	2,956,776	-
Dividend paid	(243,196)	(189,772)
Net cash from/(used in) financing activities	<u>5,619,418</u>	<u>(485,733)</u>
Net change in cash and cash equivalents	(961,267)	(681,697)
Cash and cash equivalents at beginning of financial year	1,582,875	1,330,225
Effect of foreign exchange rate changes in cash and cash equivalent	15,817	6,352
Cash and cash equivalent at end of financial period	<u>637,425</u>	<u>654,880</u>
Cash and cash equivalents comprise of the following:		
	30.06.2013	30.06.2012
	US\$	US\$
Cash and bank balances	637,425	654,880
Deposit	5,888,119	1,931,786
Fixed deposits	738,956	280,256
Cash and cash equivalents on consolidated balance sheets	<u>7,264,500</u>	<u>2,866,922</u>
Less : Deposit pledged	(5,888,119)	(1,931,786)
Less: Fixed deposits pledged	(738,956)	(280,256)
	<u>637,425</u>	<u>654,880</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital	Share option reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the parent	Non-controlling interests	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2013	6,397,479	-	463,787	3,152,869	10,014,135	93,229	10,107,364
Total comprehensive income for the financial year							
Profit/(loss) for the financial period	-	-	-	391,668	391,668	(6,371)	385,297
Other comprehensive income							
Exchange differences arising from translation of foreign operation, net of tax	-	-	54,525	-	54,525	10,776	65,301
Total comprehensive income for the financial period	-		54,525	391,668	446,193	4,405	450,598
Transactions with owners of the parent recognised directly in equity							
Share placements	2,956,776	-	-	-	2,956,776	-	2,956,776
Share option reserve	-	37,000	-	-	37,000	-	37,000
Dividends	-	-	-	(243,198)	(243,198)	-	(243,198)
Total transactions with owners of the parent	2,956,776	37,000	-	(243,198)	2,750,578	-	2,750,578
Balance as at 30 June 2013	9,354,255	37,000	518,312	3,301,339	13,210,906	97,634	13,308,540

Group

	Share capital	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$
Balance as at 1 January 2012	6,397,479	368,390	2,687,332	9,453,201	95,870	9,549,071
<i>Total comprehensive income for the financial year</i>						
Loss for the financial period	-	-	(1,663)	(1,663)	(7,439)	(9,102)
<i>Other comprehensive income</i>						
Exchange differences arising from translation of foreign operation, net of tax	-	31,683	-	31,683	572	32,255
Total comprehensive income for the financial period	-	31,683	(1,663)	30,020	(6,867)	23,153
<i>Transactions with owners of the parent recognised directly in equity</i>						
Dividends			(189,772)	(189,772)	-	(189,772)
Total transactions with owners of the parent	-	-	(189,772)	(189,772)	-	(189,772)
Balance as at 30 June 2012	6,397,479	400,073	2,495,897	9,293,449	89,003	9,382,452

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company

	Share capital US\$	Share option reserve US\$	Accumulated profits US\$	Total equity US\$
Balance as at 1 January 2013	6,397,479	-	6,398,284	12,795,763
Total comprehensive income for the financial period	-	-	401,516	401,516
Transactions with owners of the parent recognized directly in equity				
Share placements	2,956,776	-	-	2,956,776
Share option reserve	-	37,000	-	37,000
Dividends	-		(243,198)	(243,198)
Total transactions with owners of the parent	2,956,776	37,000	(243,198)	2,750,578
Balance as at 30 June 2013	9,354,255	37,000	6,556,602	15,947,857
Balance as at 1 January 2012	6,397,479	-	6,002,810	12,400,289
Total comprehensive income for the financial period	-	-	(15,459)	(15,459)
Dividends	-	-	(189,772)	(189,772)
Balance as at 30 June 2012	6,397,479	-	5,797,579	12,195,058

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period immediately preceding financial year.

Ordinary Shares

	Number of shares	S\$	US\$
As at 30 June 2012	121,680,100	9,048,755	6,397,479
As at 31 December 2012	121,680,100	9,048,755	6,397,479
Issue of shares	34,000,000	3,671,980	2,956,776
As at 30 June 2013	155,680,100	12,720,755	9,354,255

On 27 March 2013, the Group issued 34 million new ordinary shares via share placements to various individual investors at an issue price of S\$0.108 per share.

Employees' Share Option Scheme ("ESOS")/Performance Share Plan ("PSP")

The total number of outstanding share options granted under the ESOS as at 30 June 2013 was 10 million (30 June 2012: Nil). The detail of which were as follows:-

Exercise Period	Exercise Price	Outstanding Options granted under ESOS as at 30.06.2013
08/01/2014 – 08/01/2023	S\$0.10	10,000,000

Except as mentioned above, there have been no changes in the issued share capital of the Company since the last period reported on.

At the EGM held on 30 April 2013, shareholders approved the Company's proposal to introduce a performance share plan. The shareholders also approved the proposed grant of award of 10 million shares to Mr Chan Lai Thong under the PSP subject to the performance target and vesting conditions as set out in the shareholders' circular dated 15 April 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company had a total of 155,680,100 and 121,680,100 ordinary shares as at 30 June 2013 and 31 December 2012 respectively.

There were no treasury shares as at 30 June 2013 and 31 December 2012.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. If the figures have been audited or reviewed, provide a statement on whether there are any qualifications or emphasis of matter.

Not applicable. The figures have not been audited nor reviewed by the auditors.

4. Please state whether the same accounting policies and method of computation as the issuer's most recently audited financial statements have been followed.

The Group has adopted all the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2013. The adoption of these new/revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods.

Save for the above mentioned, the Group has applied the same accounting policies and methods of computation in the financial statements as those used in the most recently audited annual financial statements for the financial year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Save for the above mentioned, there was no other changes in the accounting policies and methods of computation for the financial period ended 30 June 2013.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year.

	Group	
	Half year ended	
	30.06.2013	30.06.2012
Earnings per ordinary share ("EPS")	US Cents	US Cents
(a) Basic	0.28	(0.00)
(b) On a fully diluted basis	0.26	(0.00)

For financial period ended 30 June 2013 ("1HFY13") and 30 June 2012 ("1HFY12"), the EPS was computed based on the profit or loss attributable to owners of the parent and divided by the weighted average number of ordinary shares. The performance share plan has not been taken into account in calculating the diluted EPS as no shares have been issued under the plan.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial period

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Net assets (US\$)	13,308,540	10,107,364	15,947,857	12,795,763
Net asset value per ordinary share based on the number of shares in issue at end of year (US cents)	8.55	8.31	10.24	10.52

The net asset value per ordinary share of the Group and the Company as at 30 June 2013 and 31 December 2012 was calculated based on the total number of ordinary shares issued as at the reporting period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of performance

Revenue	1HFY13	1HFY12	Increase
	US\$	US\$	%
Marketing	1,471,599	417,123	>100
Distribution	3,081,668	1,064,670	>100
Design, Engineering and Fabrication	1,271,901	1,462,915	(13)
Manufacturing	225,219	390,619	(42)
Project	25,705,172	-	NM
Total	31,755,559	3,335,327	>100

NM = Not meaningful

The Group's revenue for 1HFY13 increased by \$28.5 million to \$31.8 million compared to \$3.3 million for 1HFY12, a jump of 9.5 times. The increase was mainly due to progressive recognition of project income of \$25.7 million from an existing Engineering, Procurement, Construction and Commissioning ("EPCC") project for an Asian client. The project helped lift gross profit to US\$1.7 million in 1H2013 from US\$1.1 million a year ago. In addition, the distribution segment, reflecting the results of our heightened marketing and sales effort, reported an increase in revenue of nearly three-fold compared to a year ago due to the increase in sales of hoses, piping, lifeboats and davits.

In line with the sharp increase in revenue, cost of sales for 1HFY13 rose to \$30 million from \$2.3 million for 1HFY12.

General and administrative expenses for 1HFY13 increased to \$1.6 million from \$1.4 million for 1HFY2012, in line with expansion of the Group's business activities.

The Group's share of results of an associate for 1HFY13 increased by \$11,000 to \$91,000 compared to 1HFY12, due to higher profit contributed by the associate company, Jianguyin Neptune Marine Appliance Co., Ltd.

The Group's share of results of a joint venture for 1HFY13 increased by \$27,000 to \$288,000 compared to 1HFY12, due to a better performance from the joint venture company, RBV Energy (Singapore) Pte. Ltd ("RBVS").

The Group's results improved to a net profit of \$385,000 in 1HFY13 from a net loss of \$9,000 for the corresponding period a year ago.

Financial position

Non-current assets increased by \$0.3 million to \$10.2 million as at 30 June 2013 from \$9.9 million as at 31 December 2012, mainly due to increase in share of results for a joint venture business.

Current assets increased by \$2.6 million to \$25.6 million as at 30 June 2013 from \$23.0 million as at 31 December 2012. The increase was partly due to higher trade receivables recorded for the reporting period, offset by decrease in work in progress due to recognition of project revenue.

Current liabilities decreased by \$0.3 million to \$22.4 million as at 30 June 2013 from \$22.7 million as at 31 December 2012, mainly due to lower trade and other payables of \$3.5 million offset by an increase in proceeds from bank loans of \$3.2 million.

Capital and reserves increased by \$3.2 million to \$13.3 million as at 30 June 2013 from \$10.1 million as at 31 December 2012, mainly due to the issuance of 34 million new ordinary shares via share placements to various individual investors at an issue price of S\$0.108 per share in March 2013.

Cash flow statement

The Group's net cash used in operations amounted to \$6.4 million for 1HFY13, mainly due to higher trade receivables and higher payment of trade and other payables.

Cash flow generated from financing activities for 1HFY13 amounted to \$5.6 million, mainly comprising net proceeds from bank loans and proceeds from issuance of new ordinary shares.

The Group's cash and cash equivalents (net of fixed deposits pledged) remained as \$0.6 million for 1HFY13, comparable to that of 1HFY12.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 1 March 2013.

10. A commentary of the competitive conditions of the industry in which the group operates and any known factors that might affect the group in the next reporting period and the next 12 months has been provided.

Industry Outlook

Despite continuing global macro-economic uncertainties, the outlook for Singapore's offshore and marine industry will be buoyed by two key factors. The first is the sustained growth in offshore oil and gas expenditure. This spending has been independently forecast to grow 11 per cent this year to US\$104 billion in Asia and Australia, second to Latin America (where substantial offshore development in Brazil has been taking place for years and from where Singapore rig builders have received substantial orders). The healthy outlook in these two regions bodes well for supporting players in South East Asia. Hence, the Group expects to see continued demand for deep-water floaters and premium jack-up rigs. The offshore services players would also benefit from increased offshore construction, pipe-laying, production, inspection, repair and maintenance activities in the offshore oil fields.

The second is the tightening by the central Chinese government of credit extended to China's shipyards – many with excess capacity due to the downturn of the conventional shipping industry – which, in turn, have been able to extend to clients price discounts and financing support. Such loose credit had led to fears of over-building, especially of rigs built for speculation without a committed buyer. This tightening of credit should ease margin pressures exerted in recent years on Singapore yards, and also lead to a flight to quality among rig customers, thereby benefiting more established rig builders in the region.

Both these factors augur well for the Group at a time when its existing Engineering, Procurement, Construction and Commissioning ("EPCC") project has made good progress in terms of completion, and the marketing and distribution segments have experienced encouraging growth. Since FY2012, the Group has embarked on strategic shift towards fabrication and engineering services. The focus on growing the business divisions of RBVS, Sea Reef International and JSBI have already yielded results and will gather momentum as the Group seeks to increase market share and improve revenue and profit growth. With the completion of the EPCC project, the Group is actively marketing to potential new customers, leveraging on its experience, track record, a project team in place and extensive network.

The Group's order book as at 30 June 2013 stood at approximately US\$30 million.

Barring any unforeseen circumstances, the Group expects the FY2013 financial performance to exceed that of FY2012.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No

**(b)(i) Amount per share (cents)
(Optional) Rate (%)**

Not applicable.

(b)(ii) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared or recommended for the preceding reporting period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date.

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2013.

13. Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

No general mandate has been obtained from shareholders for IPTs.

14. Use of Proceeds

Net proceeds of approximately \$3 million generated from the shares placement in March 2013 was fully used for project expenses.

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST

We, Chan Lai Thong and Tan Woo Thian , on behalf of the Board of Directors of the Company, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first half year ended 30 June 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chan Lai Thong
Executive Chairman

Tan Woo Thian
Chief Executive Officer

6 August 2013