

SBI OFFSHORE LIMITED

Unaudited Half-Year Financial Statements and Dividend Announcement for the 6 months ended 30 June 2009

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").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 1 Raffles Place, #30-03 OUB Centre, Singapore 048616, telephone (65) 6229 8088.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>Group</u> <u>Six Months Ended</u>		<u>Increase/ Decrease</u> %
	<u>30.06.2009</u> US\$	<u>30.06.2008</u> US\$	
Revenue	5,976,752	3,543,097	68.7
Cost of sales	(4,011,755)	(2,566,171)	56.3
Gross profit	<u>1,964,997</u>	<u>976,926</u>	101.1
Other income	16,300	14,261	14.3
General and administrative expenses	(422,474)	(96,873)	336.1
Other expenses	-	(46,186)	-100.0
Finance costs	(11,712)	(12,373)	-5.3
Share of results of an associate	120,149	-	100.0
Profit before income tax	<u>1,667,260</u>	<u>835,755</u>	99.5
Income tax expense	(327,279)	(36,697)	791.8
Profit for the financial period	<u>1,339,981</u>	<u>799,057</u>	67.7
Other comprehensive income:			
Exchange differences arising from translation, net of tax	7,538	-	100.0
Total comprehensive income) for the financial period	<u>1,347,519</u>	<u>799,057</u>	68.6
Profit attributable to:			
Owners of the parent	1,387,097	799,057	73.6
Minority interests	(47,116)	-	100.0
	<u>1,339,981</u>	<u>799,057</u>	67.7
Total comprehensive income attributable to:			
Owners of the parent	1,394,635	799,057	74.5
Minority interests	(47,116)	-	100.0
	<u>1,347,519</u>	<u>799,057</u>	68.6

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

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

	Group		Increase/(Decrease)
	Six Months Ended		
	30.06.2009	30.06.2008	
	US\$	US\$	%
Depreciation of property, plant and equipment	16,248	14,050	15.6
Operating lease expenses	9,529	11,674	-18.4
Foreign currency exchange loss	975	46,186	-97.9

1(b)(i) A balance sheet (for the group), together with a comparative statement as at the corresponding period of immediately preceding year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30.06.2009	31.12.2008	30.6.2009	31.12.2008
	US\$	US\$	US\$	US\$
Non-current assets				
Property, plant and equipment	1,022,215	715,384	658,134	671,383
Investments in subsidiaries	-	-	1,300,291	220,036
Investment in an associate	1,870,149	-	1,750,000	-
Intangible asset	200,385	200,385	-	-
	<u>3,092,749</u>	<u>915,769</u>	<u>3,708,425</u>	<u>891,419</u>
Current assets				
Inventories	292,569	174,477	-	-
Trade and other receivables	4,225,247	5,119,414	3,321,826	5,042,960
Cash and cash equivalents	2,402,853	1,398,144	2,212,931	1,358,355
	<u>6,920,669</u>	<u>6,692,035</u>	<u>5,534,757</u>	<u>6,401,315</u>
Current liabilities				
Trade and other payables	3,832,711	2,299,554	3,030,848	1,957,566
Finance lease payable	10,598	10,583	-	-
Bank borrowing	28,078	35,861	24,856	35,861
Redeemable preference shares	2,082,610	2,079,578	2,082,610	2,079,578
Current income tax payable	658,434	385,798	658,434	385,798

	6,612,432	4,811,374	5,796,748	4,458,803
Net current assets/(liabilities)	308,237	1,880,661	(261,991)	1,942,512
Non-current liabilities				
Finance lease payable	8,829	14,108	-	-
Bank borrowing	435,786	442,197	435,786	442,197
Deferred tax liabilities	4,165	4,158	4,165	4,158
	448,780	460,463	439,951	446,355
Net assets	2,952,206	2,335,967	3,006,483	2,387,576
Capital and reserves				
Share capital	540,281	540,281	540,281	540,281
Foreign currency translation account	8,564	1,026	-	-
Accumulated profits	2,325,639	1,801,050	2,449,362	1,847,295
Equity attributable to owners of the parent	2,874,484	2,432,357	3,006,483	2,387,576
Minority interests	77,722	(6,390)	-	-
Total equity	2,952,206	2,335,967	3,006,483	2,387,576

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

Amount repayable in one year or less, or on demand

	As at 30.06.2009	As at 31.12.2008
	US\$	US\$
Finance lease payable	10,598	10,583
Bank loan	28,078	35,861
Redeemable preference shares	2,082,610	2,079,578
	<u>2,121,286</u>	<u>2,126,022</u>

Amount repayable after one year

	As at 30.06.2009	As at 31.12.2008
	US\$	US\$
Finance lease payable	8,829	14,108
Bank loan	<u>435,786</u>	<u>442,197</u>
	<u>444,615</u>	<u>456,305</u>

Bank loan bears effective interest rate of approximately 5% per annum

The Group's obligation under finance lease is secured by the lessor's title to the leased asset, which will revert to the lessor in the event of default by the Group.

The bank borrowings are secured by way of:

- (i) first legal charge on the Group's leasehold property;
- (ii) existing personal guarantee by a Director of the Company; and
- (iii) charge on the Group's fixed deposits

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	30.06.2009	30.06.2008
	US\$	US\$
Cash flows from operating activities		
Profit before income tax	1,667,260	835,755
Adjustments for:		
Depreciation of property, plant and equipment	16,248	14,050
Share of results of an associate	(120,149)	-
Translation adjustment	10,571	66,352
Income tax paid	(54,636)	(31,891)
Operating profit before changes in working capital	1,519,294	884,266
Trade and other receivables	894,167	(550,516)
Trade and other payables	1,533,157	232,414
Inventories	(118,092)	(1,027)
Net cash generated from operating activities	<u>3,828,526</u>	<u>565,137</u>
Cash flows from investing activities		
Purchase of plant and equipment	(323,079)	(5,681)
Acquisition of a subsidiary	131,228	-
Investment in an associate	(1,750,000)	-
Net cash used in investing activities	<u>(1,941,851)</u>	<u>(5,681)</u>
Cash flows from financing activities		
Repayment of finance lease	(5,264)	-
Repayment/Additions in term loans	(14,194)	13,775
Pledged of fixed deposits with banks	(173,551)	-
Dividends paid	(862,508)	-
Net cash (used in)/from financing activities	<u>(1,055,517)</u>	<u>13,775</u>
Net change in cash and cash equivalents	831,158	573,231
Cash and cash equivalents at beginning of financial period	1,272,848	426,290
Cash and cash equivalent at end of financial period	<u>2,104,006</u>	<u>999,521</u>

Cash and cash equivalents comprise of the following:

	30.06.2009	30.06.2008
	US\$	US\$
Cash and bank balances	2,104,006	999,521
Fixed deposits	298,847	125,296
Cash and cash equivalents on consolidated balance sheets	2,402,853	1,124,817
Less: Fixed deposits pledged	(298,847)	(125,296)
	<u>2,104,006</u>	<u>999,521</u>

1(d)(i) A statement (for the 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

Group – Current Period	Attributable to owners of the parent					
	Share capital US\$	Foreign currency translation account US\$	Accumulated profits US\$	Total US\$	Minority interest US\$	Total equity US\$
Balance at 1 January 2009	540,281	1,026	1,801,050	2,342,357	(6,390)	2,335,967
Incorporation of a subsidiary	-	-	-	-	131,228	131,228
Total comprehensive income for the financial period	-	7,538	1,387,097	1,394,635	(47,116)	1,347,519
Dividends	-	-	(862,508)	(862,508)	-	(862,508)
Balance at 30 June 2009	540,281	8,564	2,325,639	2,874,484	77,722	2,952,206

Group – Previous Period	Attributable to owners of the parent					
	Share capital US\$	Foreign currency translation account US\$	Accumulated profits US\$	Total US\$	Minority Interests US\$	Total equity US\$
Balance at 1 January 2008	540,281	-	1,471,204	2,011,485	-	2,011,485
Total comprehensive income for the financial period	-	66,352	799,057	865,409	-	865,409
Balance at 30 June 2008	540,281	66,352	2,270,261	2,876,894	-	2,876,894

Company

	Share capital US\$	Foreign currency translation account US\$	Accumulated profits US\$	Total US\$	Minority interest US\$	Total Equity US\$
Company – Current Period						
Balance at 1 January 2009	540,281	-	1,847,293	2,387,574	-	2,387,574
Total comprehensive income for the financial period	-	-	1,464,577	1,464,577	-	1,464,577
Dividends	-	-	(845,668)	(845,668)	-	(845,668)
Balance at 30 June 2009	540,281	-	2,449,362	3,006,483	-	3,006,483
Company – Previous Period						
Balance at 1 January 2008	540,281	-	1,471,204	2,011,485	-	2,011,485
Total comprehensive income for the financial period	-	-	865,409	865,409	-	865,409
Balance at 30 June 2008	540,281	-	2,336,613	2,876,894	-	2,876,894

1(d)(iii) 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\$
Issued and fully paid Shares as at 31 December 2008	900,000	900,000	540,281
Issued and fully paid Shares as at 30 June 2009	900,000	900,000	540,281

Subsequent to 30 June 2009 and the placement of 20 million new shares pursuant to the Company's listing on Catalist on 11 November 09 (the "Placement"):

	Number of Shares	S\$	US\$
Share split of 1 share into 10 shares	90,000,000	900,000	540,281
Issue of the Shares to PrimePartners Corporate Finance Pte Ltd pursuant to the Management Agreement and in relation to the Placement	680,100	183,627	127,475
Issued and paid up share capital immediately before the Placement	90,680,100	1,083,627	664,756
New shares issued pursuant to the Placement	20,000,000	5,400,000	3,748,698
Post-Placement issued and paid up share capital	110,680,100	6,483,627	5,081,210

There were no outstanding options or convertibles securities as at 30 June 2008 and 30 June 2009.

There were no treasury shares as at 30 June 2008 and 30 June 2009.

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

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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

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.

In the current reporting period, the Group has adopted all of the new or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these new and revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods.

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 6 Months Ended	
	30.06.2009	30.06.2008
Earnings per ordinary share (EPS)	US Cents	US Cents
(a) Basic	154.12	88.78
(b) On a fully diluted basis	154.12	88.78
(c) Based on Post-Placement Shares	1.25	0.72

The basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the six-month period ended 30 June 2009 ("1H2009") of US\$1,387,097 (six-month period ended 30 June 2008 ("1H2008"): US\$799,057) by the number of shares of 900,000 ordinary shares in issue during 1H2009 (1H2008: 900,000). The calculation for the earnings per share post-Placement is based on 110,680,100 ordinary shares in issue on 11 November 2009.

The fully diluted earnings per share for 1H2009 and 1H2008 are the same as the basic earnings per share 1H2009 and 1H2008 as the Group did not have any potentially dilutive securities outstanding for the respective financial period.

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	
	30.06.2009	31.12.2008	30.06.2009	31.12.2008
Net assets (US\$)	2,674,099	2,141,972	3,006,483	2,387,576
Net asset value per ordinary share based on the number of shares in issue at end of period (US cents)				
- Basic	297.12	238.00	162.73	188.78
- Based on Post-Placement shares	2.42	1.94	1.32	1.54

The net asset value per ordinary share of the Group and the Company as at 30 June 2009 is calculated based on the total issued number of shares of 900,000 (as at 31 December 2008: 900,000). The calculation for the net asset value per share post-Placement is based on 110,680,100 ordinary shares in issue on 11 November 2009

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.

INCOME STATEMENT REVIEW

Six months ended 30 June 2009 ("HY2009") vs six months ended 30 June 2008 ("HY2008")

Breakdown of the Group's revenue for HY2009 and HY2008 is summarized as follows:

	HY2009 US\$	HY2008 US\$
Sale of products and services	5,932,063	3,543,097
Manufacturing	44,689	-
	<u>5,976,752</u>	<u>3,543,097</u>

The Group's revenue for HY2009 increased by approximately US\$2.44 million, from US\$3.54 million in HY2008 to US\$5.98 million in HY2009 as a result of higher sales orders of pipes and fittings from our China customers and higher commission revenue from Aker Solutions ASA and ABB Miljio AS, two of our major customers/principals.

Driven by higher revenue and higher profit margins achieved from agency commissions, the gross profit for the group increased by approximately 101.1% from US\$0.98 million in HY2008 to US\$1.96 million in HY2009.

Total general and administrative expenses for HY2009 amounted to approximately US\$0.42 million, an increase of 336.1% from US\$0.097 million in HY2008. This increase was mainly due to increases in salaries paid to new hires and remuneration to Directors of approximately US\$0.15 million. Our Executive Chairman and Chief Executive Officer, Jonathan Hui, only commenced receiving remuneration with effect from July 2008. The other reason for this increase was higher entertainment, travelling and professional fees incurred amounting to approximately US\$0.10 million.

Our share of results of an associate amounted to US\$0.12 million in HY2009. This was derived from our associate, Jiangyin Neptune Marine Appliance Co., Ltd. ("Jiangyin Neptune"), which we acquired a 35% shareholding interest on 3 March 2009.

Despite an increase in general and administrative expenses recorded for HY2009, the Group's profit before tax ("PBT") increased by approximately 99.5% from US\$0.84 million in HY2008 to US\$1.67 million in HY2009. This is mainly attributable to the Group's strong operating performance in HY2009.

As a result of higher PBT, the Group's profit after tax increased by approximately 67.7% from US\$0.80 million in HY2008 to US\$1.34 million in HY2009.

BALANCE SHEET REVIEW

Non-current assets

Non-current assets increased from approximately US\$0.92 million as at 31 December 2008 to approximately US\$3.09 million as at 30 June 2009, due mainly to the investment in our associated company, Jiangyin Neptune in March 2009 and the acquisition of our subsidiary, SBI Pacific Pte Ltd ("SBI Pacific") in July 2008.

Current assets

The increase in current assets from approximately US\$6.69 million as at 31 December 2008 to US\$6.92 million as at 30 June 2009 was due mainly to the increase in inventories and work-in-progress in our subsidiary, SBI Pacific.

Non-current liabilities

Non-current liabilities decreased from approximately US\$0.46 million as at 31 December 2008 to US\$0.45 million as at 30 June 2009 mainly due to repayment of bank loans.

Current liabilities

Current liabilities increased from approximately US\$4.81 million as at 31 December 2008 to approximately US\$6.61 million as at 30 June 2009. This is mainly attributed to the increased accrued operating expenses of approximately US\$0.61 million, which is in line with the higher revenue generated. The increase was also due to the increase in trade payables of approximately US\$0.04 million which in turn was brought about by the general increase in trade volume and the increase for the provision of taxation of US\$0.27 million.

Share capital and reserves

The increase in share capital and reserves from approximately US\$2.43 million as at 31 December 2008 to US\$2.87 million as at 30 June 2009 was due mainly to the profits from the current financial period reported, partially offset by dividends declared and paid.

Working capital

The Group had positive working capital as at 31 December 2008 and 30 June 2009.

CASH FLOW REVIEW

The Group reported a net increase in cash of US\$1.28 million from US\$1.12 million in HY2008 to US\$2.40 million in HY2009.

Net cash from operating activities amounted to US\$3.8 million, which was due mainly to the higher PBT from the higher revenue and gross profit achieved, decrease in trade and other receivables of US\$0.89 million and increase in trade and other payables of US\$1.53 million.

Cash flow used in investing activities amounted to US\$1.94 million, which is mainly due to the purchase in fixed assets and the investment in our associated company.

Cash flow used in financing activities amounted to US\$0.9 million, which is mainly due to dividends paid out for the current financial period reported.

As at 30 June 2009, the Group has cash and cash equivalents amounting to US\$2.4 million.

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

No forecast or prospect statement for the current financial period has been previously disclosed to shareholders.

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

The Board of Directors are of the view that the turnaround of global economies since the third quarter of 2009, together with higher oil prices recorded in 2009, will contribute positively to the continued growth of the marine and offshore industry in the months ahead.

Capitalizing on a sound marketing strategy backed by our established reputation and our wide network of customers within Asia, the Group is well positioned to tap the growth in demand for offshore equipment.

Company Outlook

In line with our business strategies, the Group continues to be on the lookout for synergistic joint ventures and strategic alliances with business partners to strengthen and expand our key businesses.

Underscored by our strategic initiative to expand into the contract engineering segment, the Group had in November 2009 entered into an exclusive agency agreement with a new principal, Techflow Marine Ltd of the United Kingdom ("Techflow") to market its Fluid Transfer Systems to the offshore and maritime markets in Asia. We expect to fabricate and assemble its systems in China so as to help Techflow to reduce delivery leadtime and shipping costs significantly. In addition, we expect this new business to contribute positively to the Group's performance from 2010.

We continue to invest in our production capability in Jiangyin, by hiring experienced managers and skilled workers. With a strong team, we expect to be able to secure fabrication and assembly jobs for offshore equipment in 2010 especially from our principals.

Subsequent to the end of 1H2009, the Group had in November 2009 successfully renewed a two-year Sales Representative Agreement with Aker MH AS. This renewal reflects the continued confidence placed by the Group's principals on its capabilities and will serve to further consolidate the Group's position as a leading specialist in the marine and offshore industry.

Following the Group's successful listing on Catalist on 11 November 2009, the Group is now poised to tap on the international capital markets and will explore additional opportunities for synergistic acquisitions to drive its future performance.

Barring any unforeseen circumstances, the Group expects its performance in the financial year ending 31 December 2009 ("FY2009") to be significantly better than that of financial year ended 31 December 2008 ("FY2008").

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

An interim dividend for HY2009 has been recommended for the current reporting period.

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

S\$0.002 per share (based on the Post-Placement issued and paid up number of shares of 110,680,100)

**(b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)**

None.

(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).

The dividend is tax exempt

(d) The date the dividend is payable.

The date of the dividend payable will be announced later.

(e) Book closure date.

Notice will be given at a later date on the closure of the Transfer Books and register of Members of the Company to determine members' entitlement to the dividend.

12. Update on use of proceeds as at date of announcement

Payment for redeemed preference shares (as disclosed in the Offer Document dated 4 November 2009) for an amount of approximately S\$1,999,996 has been made on 16 November 2009.

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Jonathan Hui and David Tan, 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 six months ended 30 June 2009 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors of
SBI OFFSHORE LIMITED**

**Jonathan Hui
Executive Chairman and
Chief Executive Officer
8 December 2009**

**David Tan
Executive Director**