



SBI Offshore Limited

## SBI OFFSHORE, CHARTING NEW INTEGRATED OFFSHORE AND MARINE STRATEGY, REPORTS 10% GROWTH IN NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS IN 1HFY2014

US\$'000	1HFY2014	1HFY2013	Change (%)
Revenue	7,866	31,755	(75)
Cost of sales	(5,603)	(30,039)	(81)
Gross profit	2,263	1,716	32
Gross profit margins (%)	29	5	24 <i>pt</i>
Net profit attributable to equity holders	429	391	10
Earnings per share on fully diluted basis (cents) <sup>(1)</sup>	0.22	0.26	(15)
Net asset value per ordinary share (cents) <sup>(2)</sup>	9.41	9.34	0.7

(1) EPS calculated based on weighted average number of ordinary shares of 195,973,000 and 149,713,000 shares as at 30 June 2014 and 30 June 2013, respectively.

(2) NAV calculated based on total number of ordinary shares in issue of 180,680,000 and 177,680,000 shares as at 30 June 2014 and 31 December 2013, respectively.

**SINGAPORE, 14 August 2014 – SBI Offshore Limited** (“SBI Offshore” or the “Group”) – which has announced a major shift in strategy to move up the value chain and focus on providing one-stop engineering solutions and drilling equipment for the oil and gas industry – announced today its results for the half-year ended 30 June 2014 (“1HFY2014”).

SGX Catalyst-listed SBI Offshore said its 1HFY2014 gross profit rose 32% to US\$2.3 million compared to US\$1.7 million a year ago. Gross profit margin increased sharply to 29% in 1HFY2014 compared to 5% in 1HFY2013 due to higher gross profit from projects and distribution. The Group’s net profit in 1HFY2014 grew 10% to US\$429,000 as compared to 1HFY2013.

Revenue in 1HFY2014 of US\$7.9 million was 75% lower compared to a year ago when it recognized the bulk of a major engineering, procurement, construction and commissioning (“EPCC”) project for a Malaysian client worth approximately US\$30 million. The completion of this EPCC project marks an important milestone in the Group’s pursuit of larger-scale offshore or land-based oil and gas projects.

As part of its efforts to move up the value chain to become an integrated offshore and marine engineering solutions provider, the Group announced on 2 July 2014 that it will form a 70%-held joint venture (“JV”) with U.S.-based oilfield equipment manufacturer, Axon Energy Products Inc. (“Axon”). This will allow the Company to consolidate revenue and profits from the JV instead of only recognizing commissions derived from its legacy relationship with Aker MH AS (“Aker MH”).



Commission income, including amounts received under a settlement agreement with Aker MH, contributed to the US\$1.1 million Marketing revenue in 1HFY2014, a 24% decrease from US\$1.5 million last year. SBI Offshore had on 3 July 2014 announced that it would not continue the sales representative agreement with Aker.

Distribution income – from the distribution of lifeboats, davits, fitting and pipes – remained relatively stable across the comparative periods at US\$3.2 million.

The Group's share of profits contributed by its 35%-held associate company, Jiangyin Neptune Marine Appliance Co., Ltd ("NPT") increased 57% to US\$143,000 in 1HFY2014 while contribution from its 50%-owned joint venture company, RBV Energy (Singapore) Pte Ltd ("RBVS") remained relatively stable across both reporting periods.

NPT reported revenue of approximately US\$3.2 million (35%) for 1HFY2014, while RBVS recorded revenue of approximately US\$3.9 million (50%) for 1HFY2014. Both the revenue figures from NPT and RBVS are not included in the Group's consolidated revenue.

As at 30 June 2014, the Group's cash and cash equivalents, net of deposits pledged, increased to US\$4.0 million compared to US\$0.6 million as at 30 June 2013. Fully diluted earnings per share was 0.22 U.S. cents in 1HFY2014, while net asset value per share increased to 9.41 U.S. cents as at 30 June 2014 from 9.34 U.S. cents as at 31 December 2013.

Mr. Chan Lai Thong, Executive Chairman of SBI Offshore, said: "SBI Offshore is at an inflexion point as we transition from a focus on commission income towards offering integrated engineering solutions for the offshore and marine sector and providing specialized drilling equipment systems through our JV with Axon."

"As competition in the industry intensifies, we are moving up the value chain while seeking out larger-scale and higher-value projects which may involve manufacturing and supplying land rigs. This strategy is intended to have the combined effect of increasing revenue, margins and profit. We will continue to work aggressively together with our JV partners to secure and execute new projects to enhance shareholder value," he added.

**## End of Release ##**

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

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