SBI Offshore Limited

(Incorporated in the Republic of Singapore on 1 October 1994)

(Company Registration Number: 199407121D)

SBI OFFSHORE BUSINESS AND CORPORATE UPDATE

The Board of Directors (the "Board") of SBI Offshore Limited ("SBI Offshore" or the "Group") is pleased to provide the following updates pertaining to the Group's latest business and financial outlook.

Overview of Offshore Oil & Gas Sector

Despite global economic uncertainty resulting from the financial crisis, the offshore oil and gas sector continues to witness sustained growth. The relatively stable prices of crude oil, and ongoing exploration and production programmes for deep-sea activities continues to underpin demand for the Group's activities – primarily marketing and distribution, and also manufacturing and contract engineering. The Group continues to witness growth in its key markets, Singapore and the People's Republic of China ("PRC"), and has also developed further inroads into new markets such as Vietnam and Brazil. To capitalise on the growth trend, the Group has been expanding the production capabilities of our Jiangyin (China) facility to secure additional contract engineering jobs and explore synergistic merger & acquisition opportunities with potential partners.

Marketing and Distribution Business

In the second half ("2HFY09") of the financial year ended 31 December 2009 ("FY2009"), the Group entered into new distribution agreements with 2 key European suppliers as well as renewed for a further 2 years, its Sales Representative Agreement with Aker MH AS – one of the world's largest provider of drilling equipment packages. Currently, we have outstanding orders of approximately US$13.7 million. Furthermore, we have between US$600 million to US$700 million in outstanding quotes on hand for our principals from customers in Asia, for which we will receive commission income of between US$6.0 million to US$7.0 million if we are successful in helping our principals to win all the orders.

Manufacturing and Contract Engineering Business

The continued expansion of the Manufacturing and Contract Engineering Business division is part of the Group's strategic initiative to further augment its core revenue streams. To further strengthen the capabilities of these two relatively newer business divisions, the Group had, in January 2010, announced the acquisition of the davit manufacturing assets and business from Jiangyin Neptune Marine Appliances Co. Ltd ("NPT"), a 35% associate company of the Group, by the Group's 95%-owned PRC subsidiary Jiangyin SBI Offshore Equipment Co. Ltd. ("JSBI"), which will enable the

Group to jump start its Manufacturing and Contract Engineering division by providing modern facilities and skilled manpower to take on new projects immediately. At the same time, JSBI will be manufacturing davits to sell to NPT as well as to the Group and their respective customers. The Group will continue to actively explore opportunities to invest in or acquire synergistic targets to further expand its Manufacturing and Contract Engineering division.

The current industry trend for manufacturers of offshore equipment is to accelerate the outsourcing of parts or even complete products to Asia from Europe and United State of America to achieve lower costs and faster delivery times. The Group has commenced small-scale outsourced components in Jiangyin (China) facility and expects to accelerate these contract engineering activities from the financial year ending 31 December 2010 ("FY2010"). This will be achieved via stepped-up marketing to secure agency rights combined with contract engineering, and also possibly investments or joint ventures with some of these equipment manufacturers to expand our product portfolio and capabilities.

In view of the factors outlined above, while the Directors expect to record growth in all three business divisions for FY2010 and for the financial year ending 31 December 2011 ("FY2011"), the combined revenue contribution from Manufacturing and Contract Engineering is likely to increase to approximately 60%, for FY2011 from 3% for FY2009; while the revenue contribution from the Marketing and Distribution business is likely to be reduced to approximately 40% for FY2011, as compared to 97% for FY2009.

Based on the management accounts, the Group expects:

- the revenue and profit for FY2009 (the "PAT") to improve upon what was achieved for the financial year ended 2008 ("FY2008"). The Group had recorded revenue of US$8.3 million and PAT of US$1.6 million respectively in FY2008;

- the PAT for FY2009 will be in the range of approximately US$1.9 million to approximately US$2.2 million (after deducting IPO-related expenses of approximately US$0.5 million).

The Group expects to release its FY2009 results on or about 25 February 2010 upon completion of the annual audit.

The Group also expects to recommend a final dividend payout of 0.2 Singapore cents per share for FY2009, on top of the interim dividend of 0.2 Singapore cent per share announced in conjunction with its unaudited half year financial results for the six months ended 30 June 2009.

SBI Offshore remains on the lookout for opportunities to develop its core businesses while exploring synergistic joint ventures or investments to enhance shareholders value.

By Order of the Board
Jonathan Hui
27 January 2010

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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.

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