



**SBI Offshore Limited**

(Incorporated in the Republic of Singapore on 1 October 1994)  
(Company Registration Number: 199407121D)

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**MATERIAL DIFFERENCES BETWEEN UNAUDITED FULL YEAR FINANCIAL RESULTS  
ANNOUNCEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 2017**

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The Board of Directors (the “**Board**”) of SBI Offshore Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) refers to the unaudited full year financial results announcement for the financial year ended 31 December 2017 (“**FY2017**”) released on 1 March 2018 (“**Unaudited Results FY2017**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce and clarify the differences between the Unaudited Results FY2017 and the Audited Financial Statements for the FY2017 (“**Audited FS FY2017**”), after audit finalisation by the Company’s external auditors, Messrs BDO LLP, which Management has adopted accordingly.

Details and explanation for such material differences are set out below:

1. An income statement and statement of comprehensive income for the Group, together with a comparative Unaudited Results FY2017.

**Group**

	<b>Audited FS FY2017 US\$'000</b>	<b>Unaudited Results FY2017 US\$'000</b>	<b>Variance US\$'000</b>
Revenue	448	448	-
Cost of sales	(433)	(433)	-
Gross profit	15	15	-
<b>Other items of income</b>			
Interest income	177	177	-
Other income	921	921	-
<b>Other items of expense</b>			
Administrative and other expenses	(5,772)	(5,399)	(373) <sup>(1)</sup>
Share of results of a joint venture, net of tax	-	-	-
<b>Loss before income tax</b>	<b>(4,659)</b>	<b>(4,286)</b>	<b>(373)<sup>(1)</sup></b>
Income tax	(24)	(24)	-
<b>Loss for the financial year</b>	<b>(4,683)</b>	<b>(4,310)</b>	<b>(373)<sup>(1)</sup></b>
<b>Loss attributable to:</b>			
Owners of the parent	(4,679)	(4,306)	(373) <sup>(1)</sup>
Non-controlling interests	(4)	(4)	-
	<b>(4,683)</b>	<b>(4,310)</b>	<b>(373)<sup>(1)</sup></b>

	Audited FS FY2017 US\$'000	Unaudited Results FY2017 US\$'000	Variance US\$'000
<b><u>Statement of comprehensive income</u></b>			
<b>Other comprehensive income:</b>			
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>			
Exchange differences			
On translation of foreign operations net of tax of US\$Nil	23	35	(12) <sup>(3)</sup>
Reclassification to profit or loss from foreign currency reserve, resulting from disposal of a foreign subsidiary	19	19	-
<b>Total comprehensive income for the financial year</b>	<b>(4,641)</b>	<b>(4,256)</b>	<b>(385)<sup>(2)</sup></b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(4,637)	(4,252)	(385) <sup>(2)</sup>
Non-controlling interests	(4)	(4)	-
	<b>(4,641)</b>	<b>(4,256)</b>	<b>(385)<sup>(2)</sup></b>

2. A statement of financial position for the Group, together with a comparative Unaudited Results FY2017.

#### Group

	Audited FS FY2017 US\$'000	Unaudited Results FY2017 US\$'000	Variance US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	6	6	-
Land lease prepayment	-	-	-
Intangible assets	17	17	-
Investments in subsidiaries	-	-	-
	<b>23</b>	<b>23</b>	-
<b>Current assets</b>			
Inventories	-	-	-
Trade and other receivables	469	469	-
Cash and cash equivalents	14,722	14,722	-
	15,191	15,191	-
Non-current asset held for sale	2,299	2,299	-
	<b>17,490</b>	<b>17,490</b>	-
<b>Total assets</b>	<b>17,513</b>	<b>17,513</b>	-
<b>Current liabilities</b>			
Trade and other payables	961	576	385 <sup>(2)</sup>
Current income tax payable	-	-	-
	<b>961</b>	<b>576</b>	<b>385<sup>(2)</sup></b>
<b>Net current assets</b>	<b>16,529</b>	<b>16,914</b>	<b>(385)<sup>(2)</sup></b>

<b>Non-current liability</b>			
Deferred tax liability	4	4	-
<b>Net assets</b>	<b>16,548</b>	<b>16,933</b>	(385) <sup>(2)</sup>
<b>Equity</b>			
Share capital	25,253	25,253	-
Other reserves	56	56	-
Foreign currency translation reserve	273	285	(12) <sup>(3)</sup>
Accumulated losses	(9,034)	(8,661)	(373) <sup>(1)</sup>
Equity attributable to owners of the parent	16,548	16,933	(385) <sup>(2)</sup>
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>16,548</b>	<b>16,933</b>	(385) <sup>(2)</sup>

3. A statement of cash flows for the Group, together with a comparative Unaudited Results FY2017.

### Group

	Audited FS FY2017 US\$'000	Unaudited Results FY2017 US\$'000	Variance US\$'000
<b><u>Cash flows from operating activities</u></b>			
Loss before income tax	(4,659)	(4,286)	(373) <sup>(1)</sup>
Adjustments for:			
Amortisation of intangible assets	13	13	-
Amortisation of land lease prepayment	20	20	-
Reversal of overprovision of withholding tax	(35)	(35)	-
Depreciation of property, plant and equipment	207	207	-
Loss on disposal of plant and equipment	1	1	-
Loss on disposal of a subsidiary	24	24	-
Unrealised foreign exchange gain	(597)	(597)	-
Write-down of inventories	460	460	-
Gain on disposal of inventory sold as scrap	(27)	-	(27) <sup>(4)</sup>
Reversal of impairment loss on amount due by a joint venture	(73)	(73)	-
Impairment loss on trade and other receivables	10	10	-
Impairment loss on non-current assets held for sale	2,182	2,182	-
Provision for tax-related liabilities	373	-	373 <sup>(1)</sup>
Interest income	(177)	(177)	-
Share-based payment credited	(42)	(42)	-
Waiver of debts granted to a joint venture	16	16	-
<b>Operating cash flows before working capital changes</b>	<b>(2,304)</b>	<b>(2,277)</b>	<b>(27)</b>
Working capital changes:			
Inventories	26	(1)	27 <sup>(4)</sup>
Trade and other receivables	785	778	7
Trade and other payables	(618)	(614)	(4)
<b>Cash used in operations</b>	<b>(2,111)</b>	<b>(2,114)</b>	<b>3</b>
Interest income	177	177	-
Income tax paid	(24)	(24)	-
<b>Net cash used in operating activities</b>	<b>(1,958)</b>	<b>(1,961)</b>	<b>3</b>

**Cash flows from investing activities**

Purchase of plant and equipment	(2)	(2)	-
Purchase of intangible assets	(10)	(7)	(3)
Disposal of subsidiary, net of cash disposed	(27)	(27)	-
Payments received from disposal of an associate	-	-	-
<b>Net cash used in investing activities</b>	<b>(39)</b>	<b>(36)</b>	<b>(3)</b>

**Cash flows from financing activity**

Decrease in pledged fixed deposits	446	446	-
<b>Net cash from financing activity</b>	<b>446</b>	<b>446</b>	-

**Net change in cash and cash equivalents**

	<b>(1,551)</b>	<b>(1,551)</b>	-
Cash and cash equivalents at beginning of financial period	15,683	15,683	-
Effect of foreign exchange rate changes in cash and cash equivalent	448	448	-
<b>Cash and cash equivalents at end of financial period</b>	<b>14,580</b>	<b>14,580</b>	-

**Cash and cash equivalents comprise the following:**

Cash and cash equivalents	14,722	14,722	-
Less: Fixed deposits pledged	(142)	(142)	-
<b>Cash and cash equivalents at end of financial period</b>	<b>14,580</b>	<b>14,580</b>	-

4. Earnings per ordinary share of the group, together with a comparative Unaudited Results FY2017.

**Group**

	<b>Audited FS FY2017</b>	<b>Unaudited Results FY2017</b>	<b>Variance</b>
Basic loss per share (cents)	(1.87)	(1.72)	(0.15) <sup>(5)</sup>
Weighted average number of shares ('000)	249,680	249,680	-
Fully diluted loss per share (cents)	(1.87)	(1.72)	(0.15) <sup>(5)</sup>
Weighted average number of shares ('000)	249,680	249,680	-

5. Net asset value of the group per ordinary share based on the total number of issued shares excluding treasury shares of the issuer, together with a comparative Unaudited Results FY2017.

**Group**

	<b>Audited FS FY2017</b>	<b>Unaudited Results FY2017</b>	<b>Variance</b>
Net asset value per share (cents)	6.63	6.78	(0.15)
Number of shares in issue ('000)	249,680	249,680	-

Explanatory Notes for the material variances:

- (1) The variance of US\$373,000 is solely due to the provision of the tax-related expenses amounted to approximately RMB2.5 million which was translated at average exchange rate of the Group (US\$1: RMB6.7416).

The tax-related expenses arose in relation to an amount of RMB17.3 million (equivalent to US\$2.65 million) payable by Jiangyin SBI Offshore Equipment Co., Ltd. (“**JSBI**”) to the Company that was written off (the “**Write-off**”) in the audited financial statements of JSBI for the year ended 31 December 2015 for the purposes of statutory and tax filing in the People’s Republic of China (“**PRC**”) without the authorisation of the Board. Whilst the Write-Off was made in JSBI’s audited PRC financial statements, the Write-Off was not made or adjusted for in JSBI’s accounting records to date.

The Board has determined that the Write-off is unauthorised and will seek to reverse the written-off amount in JSBI’s PRC financial statements. On the advice of the PRC tax advisors, the Group recorded a provision of US\$373,000 for potential tax-related liabilities in relation to the Write-off in the Group’s financial statements for FY2017.

In consultation with the Company’s Sponsor and Singapore Exchange Securities Trading Limited, the Board will appoint an Independent Reviewer to investigate matter(s) that may have given rise to this issue, inter-alia breaches in rules, laws and regulations as well as lapses in control.

- (2) The provision for tax-related liabilities amounted to RMB2.5 million (as explained in (Note 1)) was translated at closing exchange rate of the Group (US\$1: RMB6.52). This resulted in the variance of US\$385,000.
- (3) The difference of US\$373,000 (Note 1) and US\$385,000 (Note 2) was recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.
- (4) Gain on disposal of inventory sold as scrap now shown separately as add-backs to cash flows from operating activities.
- (5) The loss per share was increased due to higher administrative and other expenses in view of the provision of the tax-related expenses as explained in Note 1 above, which results in additional loss attributable to the owners of the Company.

Save as disclosed above, there were no material variances for the audited Consolidated Statement of Comprehensive Income, Statements of Financial Position, and Consolidated Statement of Cash Flows for the Group and the preliminary full year results as announced on 1 March 2018.

**By Order of the Board**

**Mirzan Bin Mahathir**  
**Executive Non-Independent Chairman**

**3 April 2018**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“Exchange”). The Company’s Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange 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 Liao H.K.  
Telephone number: 6221 0271*