

SBI OFFSHORE LIMITED
(Registration No: 199407121D)
Unaudited Financial Statements and Dividend Announcement
For the First Half Year Ended 30 June 2018 (“1H2018”)

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

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

Group	1H2018	1H2017	Change
	US\$'000	US\$'000	%
Revenue	-	441	NM
Cost of sales	-	(428)	NM
Gross profit	-	13	NM
<i>Other items of income</i>			
Interest income	108	77	40.3
Other income	373	173	115.6
<i>Other items of expense</i>			
Administrative and other expenses	(794)	(1,142)	(30.5)
Loss before income tax	(313)	(879)	(64.4)
Income tax	-	(35)	NM
Loss for the financial period	(313)	(914)	(65.8)
Loss attributable to:			
Owners of the parent	(313)	(911)	(65.6)
Non-controlling interests	-	(3)	NM
	(313)	(914)	(65.8)

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

Group	1H2018 US\$'000	1H2017 US\$'000	Change %
<u>Statement of comprehensive income</u>			
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations net of tax of US\$Nil	16	18	(11.1)
Total comprehensive income for the financial period	(297)	(896)	(66.9)
Total comprehensive income attributable to:			
Owners of the parent	(297)	(893)	(66.7)
Non-controlling interests	-	(3)	NM
	(297)	(896)	(66.9)

NM – Not meaningful

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

Loss before tax of the Group is arrived at after charging/(crediting) the following:

	1H2018 US\$'000	1H2017 US\$'000	Change %
Depreciation of property, plant and equipment	4	128	(96.9)
Amortisation of intangible assets	7	6	16.7
Amortisation of land lease prepayment	-	12	NM
Operating lease expenses	34	65	(47.7)
Employees' share-based payments	-	5	NM
Foreign currency exchange loss/(gain)	140	(394)	NM
Loss on disposal of non-current assets held for sale	4	-	NM
Distribution received from a joint venture	-	(66)	NM

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

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	2	6	2	5
Intangible assets	10	17	10	17
Investments in subsidiaries	-	-	-	-
	12	23	12	22
Current assets				
Trade and other receivables	367	469	3,592	3,562
Cash and cash equivalents	16,634	14,722	13,425	13,880
	17,001	15,191	17,017	17,442
Non-current assets held for sale	-	2,299	-	-
	17,001	17,490	17,017	17,442
Total assets	17,013	17,513	17,029	17,464
Current liabilities				
Trade and other payables	758	961	603	777
	758	961	603	777
Net current assets	16,243	16,529	16,414	16,665
Non-current liabilities				
Deferred tax liabilities	4	4	4	4
Net assets	16,251	16,548	16,422	16,683
Equity				
Share capital	25,253	25,253	25,253	25,253
Other reserves	174	56	223	223
Foreign currency translation reserve	289	273	-	-
Accumulated losses	(9,465)	(9,034)	(9,054)	(8,793)
Equity attributable to owners of the parent	16,251	16,548	16,422	16,683
Non-controlling interests	-	-	-	-
Total equity	16,251	16,548	16,422	16,683

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

Not applicable. The Group did not have any borrowings or debt securities as at 30 June 2018 and 31 December 2017.

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

Group	1H2018 US\$'000	1H2017 US\$'000
<u>Cash flows from operating activities</u>		
Loss before income tax	(313)	(879)
Adjustments for:		
Amortisation of intangible assets	7	6
Amortisation of land lease prepayment	-	12
Depreciation of property, plant and equipment	4	128
Distribution received from a joint venture	-	(66)
Employees' share-based payments	-	5
Interest income	(108)	(77)
Loss on disposal of non-current assets held for sale	4	-
Reversal of impairment loss on amount due by a joint venture	-	(51)
Unrealised foreign exchange loss/(gain)	132	(394)
	(274)	(1,316)
Operating cash flows before working capital changes		
Trade and other receivables	(83)	655
Trade and other payables	(41)	(197)
Cash used in operations	(398)	(858)
Interest income	108	77
Income tax paid	-	(35)
Net cash used in operating activities	(290)	(816)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	-	(2)
Purchase of intangible assets	-	(7)
Net proceeds from disposal of non-current assets held for sale	2,369	-
Net cash from/(used in) investing activities	2,369	(9)
<u>Cash flows from financing activity</u>		
Decrease/(increase) in pledged fixed deposits	125	(5)
Net cash from/(used in) financing activity	125	(5)
Net change in cash and cash equivalents	2,204	(830)
Cash and cash equivalents at beginning of financial period	14,580	15,683
Effect of foreign exchange rate changes in cash and cash equivalents	(167)	278
Cash and cash equivalents at end of financial period	16,617	15,131
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	16,634	15,724
Less: Fixed deposits pledged	(17)	(593)
Cash and cash equivalents at end of financial period	16,617	15,131

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital US\$'000	Share-based payment reserve US\$'000	Equity non- controlling interest US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the parent US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2018	25,253	223	(167)	273	(9,034)	16,548	-	16,548
<i>Total comprehensive income for the financial period</i>								
Loss for the financial period	-	-	-	-	(313)	(313)	-	(313)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	16	-	16	-	16
Total comprehensive income for the financial period	-	-	-	16	(313)	(297)	-	(297)
<i>Transactions with owners of the parent recognised directly in equity</i>								
Disposal of a subsidiary	-	-	118	-	(118)	-	-	-
Total transactions with owners of the parent	-	-	118	-	(118)	-	-	-
Balance at 30 June 2018	25,253	223	(49)	289	(9,465)	16,251	-	16,251

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital US\$'000	Share-based payment reserve US\$'000	Equity non- controlling interest US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the parent US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Balance at 1 January 2017	25,253	265	(35)	231	(4,355)	21,359	(128)	21,231
<i>Total comprehensive income for the financial period</i>								
Loss for the financial period	-	-	-	-	(911)	(911)	(3)	(914)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	18	-	18	-	18
Total comprehensive income for the financial period	-	-	-	18	(911)	(893)	(3)	(896)
<i>Transactions with owners of the parent recognised directly in equity</i>								
Employees' share-based payments	-	5	-	-	-	5	-	5
Effects of waiver of amount due from non-controlling interests in a subsidiary	-	-	(118)	-	-	(118)	118	-
Total transactions with owners of the parent	-	5	(118)	-	-	(113)	118	5
Balance at 30 June 2017	25,253	270	(153)	249	(5,266)	20,353	(13)	20,340

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Company</u>	Share capital US\$'000	Share- based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 January 2018	25,253	223	(8,793)	16,683
Total comprehensive income for the financial period	-	-	(261)	(261)
Balance at 30 June 2018	25,253	223	(9,054)	16,422
Balance at 1 January 2017	25,253	265	(2,693)	22,825
Total comprehensive income for the financial period	-	-	(480)	(480)
Transactions with owners of the parent recognised directly in equity				
Employees' share-based payments	-	5	-	5
Total transactions with owners of the parent	-	5	-	5
Balance at 30 June 2017	25,253	270	(3,173)	22,350

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period at the immediately preceding financial year.

Ordinary Shares

There were no changes in the Company's share capital since the end of the previous period reported on.

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

The total number of outstanding share options granted under the ESOS as at 30 June 2018 was 8 million (30 June 2017: 10 million).

There were no outstanding share awards granted under the PSP as at 30 June 2018 (30 June 2017: NIL).

Save for the aforementioned ESOS options and PSP shares, the Company did not have any other outstanding convertibles as at 30 June 2018 and 30 June 2017.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

The total number of issued shares as at 30 June 2018 was 249,680,100 (31 December 2017: 249,680,100). The Company did not have any treasury shares and subsidiary holdings as at 30 June 2018 and 31 December 2017.

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

Not applicable. The Company did not have any treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period on.

Not applicable. The Company did not have any subsidiary holdings as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have neither been audited nor reviewed by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017 except as disclosed in Note 5.

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.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS"), Singapore Financial Reporting Standards (International) ("SFRS(I)", for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 30 June 2018. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group.

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, after deducting any provision for preference dividends.

Group	1H2018	1H2017
Basic loss per share (cents)	(0.13)	(0.36)
Weighted average number of shares ('000)	249,680	249,680
Fully diluted loss per share (cents)	(0.13)	(0.36)
Weighted average number of shares ('000)	249,680	249,680

The basic and diluted loss per share were computed by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares. The effect of diluted potential ordinary shares from the share options granted under the Employee's Share Option Scheme is excluded from the denominator as it is antidilutive for the period ended 30 June 2018 and FY2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

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

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net asset value per share (cents)	6.51	6.63	6.58	6.68
Number of shares in issue ('000)	249,680	249,680	249,680	249,680

Net asset value per ordinary share was calculated by dividing the equity attributable to the owners of the Group and the Company by the number of ordinary shares issued.

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 financial period reported on.

Commentaries on performance

1. There was no revenue generated during 1H2018.
2. In 1H2018, the Group recorded higher interest income of US\$108,000 compared to US\$77,000 in 1H2017, lifted primarily by higher interest rate offered by the financial institutions.
3. Other income in 1H2018 (US\$373,000) mainly comprised of the followings:
 - a) Reversal of directors' fees for FY2017 amounted to S\$227,000 (equivalent to US\$170,000 which was translated at the Company's transaction rate of S\$1: US\$0.7470) as the resolution was not approved by shareholders during the Annual General Meeting held on 25 April 2018;
 - b) US\$100,000 received from joint venturer, RBV Energy Ltd in relation to four manifold contracts transferred from the joint venture-RBV Energy (Singapore) Pte Ltd ("RBVS") to the joint venturer in previous year; and
 - c) US\$100,000 received from RBVS being repayment of the FY2014 dividend waived in FY2017.

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 financial period reported on. (cont'd)

4. Administrative and other expenses decreased 30.5% to US\$794,000 due to the following reasons :

- a) Cost savings measures which lead to a significant reduction in staff related costs by 54.3%, from US\$736,000 in 1H2017 to US\$336,000 in 1H2018. The Group has reduced its headcount from 12 as at 30 June 2017 to 6 as at 30 June 2018.
- b) Depreciation of property, plant and equipment decreased by US\$124,000, mainly due to cessation of depreciation on leasehold property held by the China subsidiary, Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI") from November 2017 onwards, following its reclassification as non-current assets held for sale.
- c) The Group has optimised its structure by restructuring dormant subsidiaries to reduce compliance costs, such as the disposal of Solar Africa Investments (Pty) Ltd in October 2017, dissolution of Solar Power Hera Unip. LDA in November 2017, and striking off of Graess Energy Pte Ltd in March 2018. Hence, the statutory and general operating expenses requirements by the Group in 1H2018 also decreased accordingly.

However, the decrease was partially offset by the foreign currency exchange loss of US\$140,000 in 1H2018, as compared to US\$394,000 foreign currency exchange gain a year ago, arising from the weakening of the Singapore Dollar against the US Dollar.

5. No income tax expense was incurred during the period. The Group's income tax of US\$35,000 in 1H2017 was due largely to under provision of tax in prior years.

6. As a result, the Group registered a net loss attributable to owners of the parent of US\$313,000 in 1H2018 against a net loss of US\$911,000 in 1H2017.

Commentaries on financial position

As at 30 June 2018, the Group's working capital stood at US\$16.3 million. The Group had cash and cash equivalents of US\$16.6 million with zero borrowings at the end of June 2018.

Non-current assets decreased to US\$12,000 from US\$23,000 as at 31 December 2017 solely due to the depreciation and amortisation charged during the period.

Current assets decreased by US\$489,000 largely attributable to:

- a) Repayment of outstanding debts of US\$167,000 by customers;
- b) The disposal of the non-current assets held for sale (leasehold property and land use rights of JSBI) was completed in March 2018 ("Disposal"); and
- c) The prepayment for legal and commission expense (US\$163,000) recognised in FY2017 was utilised upon completion of the Disposal.

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 financial period reported on. (cont'd)

Commentaries on financial position (cont'd)

The effect was partially offset by an amount of S\$227,000 due from directors in 1H2018 for the FY2017 directors' fees which were not approved at AGM (equivalent to US\$166,000 which was translated at the Company's closing rate of S\$1: US\$0.7326 as at 30 June 2018). In addition, the cash and cash equivalents increased by US\$1,912,000 mainly due to the net proceeds received from the Disposal.

Current liabilities decreased to US\$758,000 from US\$961,000 as at 31 December 2017 due mainly to settlement of other payables that were outstanding.

Commentaries on cash flows

Operating cash outflows before changes in working capital decreased from US\$1,316,000 in 1H2017 to US\$274,000 in 1H2018. The Group used net cash of US\$290,000 in operating activities during 1H2018. This was due mainly to the operating loss recorded during the period. This represented a significant reduction compared to the net cash used in operating activities of US\$816,000 in 1H2017.

Net cash from investing activities was approximately US\$2.4 million. This was contributed mainly by the net proceeds received from the Disposal.

Net cash generated from financing activity amounted to US\$125,000 was solely due to the release of the pledged fixed deposits in April 2018.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

While oil prices have risen substantially in recent months, it remains to be seen whether this will translate into a sustainable increase in spending on new projects by oil majors and companies across the entire oil and gas value chain. The Group remains vigilant to positive developments in the oil and gas space and has recently received new orders in this business segment albeit at nominal value. These revenue will be recognised during the second half of the year. We will actively pursue the conversion of recent enquiries into new orders, execute existing orders efficiently and position the Group for the industry recovery.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (cont'd)

At the same time, with a sound balance sheet, backed by cash of US\$16.6 million and no debt, the Group will continue exploring strategic business and investment opportunities in other industries to enhance shareholder value. No definitive agreement has been signed as of now and there is no certainty that any definitive agreements will be executed.

As announced on 25 May 2018, the Board has appointed KordaMentha Pte Ltd as the Independent Reviewer to undertake a review of the matter(s) that may have given rise to the Unauthorised Write-off in FY2015, *inter-alia*, breaches in rules, laws and regulations as well as lapses in control. The scope of the Independent Review will include *inter-alia* reviewing the nature and circumstances of the Unauthorised Write-Off in FY2015, assessing the financial impact, identifying any lapses or weakness in internal control, breaches in rules, laws and regulations, and making the appropriate recommendations. As at the date of this announcement, the Company has not received any preliminary finding from KordaMentha Pte Ltd as the review is still on going. The Group will make further announcements as and when there are material developments on this matter.

11. If a decision regarding dividend has been made:

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

No.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

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).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

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

No dividend has been declared or recommended for 1H2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$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 S\$100,000)
NIL	NIL	NIL

No general mandate has been obtained from shareholders for IPTs. There were no IPTs equal or more than S\$100,000 during 1H2018.

14. Use of Proceeds

In October 2014, the Company issued 62 million new ordinary shares via share placements to four investors at an issue price of S\$0.2605 per share, raising net proceeds of approximately S\$16.1 million (US\$12.8 million). The use of the net proceeds from the issuance of placement shares was as follows:

Use of net proceeds	Amount Utilised			
	Amount allocated S\$'000	Balance brought forward S\$'000	1H2018 S\$'000	Balance S\$'000
1) Funding for new projects	11,306	(2,513)	-	8,793
2) Funding for working capital and existing projects	4,845	(2,460)	(741)	1,644
	<u>16,151</u>	<u>(4,973)</u>	<u>(741)</u>	<u>10,437</u>

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 23 September 2014.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Mirzan Bin Mahathir and James Kho Chung Wah, being two directors do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

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

**James Kho Chung Wah
Independent Director**

Date: 7 Aug 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. ("Sponsor"), 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.

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