

SBI OFFSHORE LIMITED
(Registration No: 199407121D)
Unaudited Financial Statements and Dividend Announcement
For the First Half Year Ended 30 June 2017 (“1H2017”)

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	1H2017 US\$'000	1H2016 US\$'000	Change %
Revenue	441	942	(53.2)
Cost of sales	(428)	(725)	(41.0)
Gross profit	13	217	(94.0)
<i>Other items of income</i>			
Interest income	77	99	(22.2)
Other income	173	276	(37.3)
<i>Other items of expense</i>			
Administrative and other expenses	(1,142)	(2,142)	(46.7)
Share of results of a joint venture, net of tax	-	(12)	NM
Loss before income tax	(879)	(1,562)	(43.7)
Income tax	(35)	-	NM
Loss for the financial period	(914)	(1,562)	(41.5)
Loss attributable to:			
Owners of the parent	(911)	(1,525)	(40.3)
Non-controlling interests	(3)	(37)	(91.9)
	(914)	(1,562)	(41.5)

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	1H2017 US\$'000	1H2016 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	18	(50)	NM
Total comprehensive income for the financial period	(896)	(1,612)	(44.4)
Total comprehensive income attributable to:			
Owners of the parent	(893)	(1,575)	(43.3)
Non-controlling interests	(3)	(37)	(91.9)
	(896)	(1,612)	(44.4)

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:

	1H2017 US\$'000	1H2016 US\$'000	Change %
Depreciation of property, plant and equipment	128	178	(28.1)
Amortization of intangible assets	6	23	(73.9)
Amortization of land lease prepayment	12	13	(7.7)
Operating lease expenses	65	52	25.0
Employees' share-based payments	5	12	(58.3)
Foreign currency exchange gain	(394)	(242)	62.8
Provision for doubtful debt	-	463	NM
Gain on disposal of an associate	-	(197)	NM
Loss on disposal of plant and equipment	-	55	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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	3,547	3,577	11	23
Land lease prepayment	933	921	-	-
Intangible assets	24	20	24	9
Investments in subsidiaries	-	-	2,839	2,839
	4,504	4,518	2,874	2,871
Current assets				
Inventories	534	459	534	459
Trade and other receivables	392	999	5,167	5,406
Cash and cash equivalents	15,724	16,271	14,662	15,277
	16,650	17,729	20,363	21,142
Total assets	21,154	22,247	23,237	24,013
Current liabilities				
Trade and other payables	775	977	848	1,149
Current income tax payable	35	35	35	35
	810	1,012	883	1,184
Net current assets	15,840	16,717	19,480	19,958
Non-current liabilities				
Deferred tax liabilities	4	4	4	4
Net assets	20,340	21,231	22,350	22,825
Equity				
Share capital	25,253	25,253	25,253	25,253
Other reserves	117	230	270	265
Foreign currency translation reserve	249	231	-	-
Accumulated losses	(5,266)	(4,355)	(3,173)	(2,693)
Equity attributable to owners of the parent	20,353	21,359	22,350	22,825
Non-controlling interests	(13)	(128)	-	-
Total equity	20,340	21,231	22,350	22,825

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 2017 and 31 December 2016.

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	1H2017 US\$'000	1H2016 US\$'000
<u>Cash flows from operating activities</u>		
Loss before income tax	(879)	(1,562)
Adjustments for:		
Amortization of intangible assets	6	23
Amortization of land lease prepayment	12	13
Depreciation of property, plant and equipment	128	178
Distribution received from a joint venture	(66)	-
Employees' share-based payments	5	12
Gain on disposal of an associate	-	(197)
Interest income	(77)	(99)
Loss on disposal of plant and equipment	-	55
Reversal of impairment loss on amount due by a joint venture	(51)	-
Provision for doubtful debt	-	463
Share of results of a joint venture	-	12
Unrealised foreign exchange gain	(394)	-
Operating cash flows before working capital changes	(1,316)	(1,102)
Trade and other receivables	655	1,094
Trade and other payables	(197)	(310)
Cash used in operations	(858)	(318)
Interest income	77	57
Income tax paid	(35)	-
Net cash used in operating activities	(816)	(261)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(2)	(1)
Purchase of intangible assets	(7)	(14)
Proceeds from disposal of plant and equipment	-	6
Net cash used in investing activities	(9)	(9)
<u>Cash flows from financing activities</u>		
Increase in pledged fixed deposits	(5)	-
Net cash used in financing activities	(5)	-
Net change in cash and cash equivalents	(830)	(270)
Cash and cash equivalents at beginning of financial period	15,683	17,578
Effect of foreign exchange rate changes in cash and cash equivalent	278	63
Cash and cash equivalents at end of financial period	15,131	17,371
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	15,724	17,958
Less: Fixed deposits pledged	(593)	(587)
Cash and cash equivalents at end of financial period	15,131	17,371

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.

Group

	Share capital US\$'000	Share-based payment reserve US\$'000	Equity non- controlling interest US\$'000	Foreign currency translation reserve US\$'000	Accumulated profits/(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 2016	25,253	242	(35)	383	176	26,019	(73)	25,946
<i>Total comprehensive income for the financial period</i>								
Loss for the financial period	-	-	-	-	(1,525)	(1,525)	(37)	(1,562)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	(50)	-	(50)	-	(50)
Total comprehensive income for the financial period	-	-	-	(50)	(1,525)	(1,575)	(37)	(1,612)
<i>Transactions with owners of the parent recognised directly in equity</i>								
Employees' share-based payments	-	12	-	-	-	12	-	12
Total transactions with owners of the parent	-	12	-	-	-	12	-	12
Balance at 30 June 2016	25,253	254	(35)	333	(1,349)	24,456	(110)	24,346

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.

Company

	Share capital US\$'000	Share- based payment reserve US\$'000	Accumulated profits/ (losses) US\$'000	Total equity US\$'000
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
recognized 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

Balance at 1 January 2016	25,253	242	(623)	24,872
Total comprehensive income for the financial period	-	-	579	579

**Transactions with owners of the parent
recognized directly in equity**

Employees' share-based payments	-	12	-	12
Total transactions with owners of the parent	-	12	-	12
Balance at 30 June 2016	25,253	254	(44)	25,463

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 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 of 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 2017 was 10 million (30 June 2016: 10 million).

There were no outstanding share awards granted under the PSP as at 30 June 2017 (30 June 2016: NIL).

Save for the aforementioned ESOS options and PSP shares, the Company did not have any other outstanding convertibles as at 30 June 2017 and 30 June 2016.

The Company did not have any treasury shares as at 30 June 2017 and 30 June 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares 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 2017 was 249,680,100 (31 December 2016: 249,680,100). The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

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.

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.

Save as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation adopted in the financial statements for the current financial period compared with those of the audited annual financial statements for the financial year ended 31 December 2016.

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 financial period, the Group adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are mandatory for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRS and INT FRS did not result in significant change to the Group's accounting policies and has no material effect on the Group's results.

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	1H2017	1H2016
Basic loss per share (cents)	(0.36)	(0.61)
Weighted average number of shares ('000)	249,680	249,680
Fully diluted loss per share (cents)	(0.36)	(0.61)
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 2017 and FY2016.

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	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Net asset value per share (cents)	8.15	8.55	8.95	9.14
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. Marketing and distribution revenue for 1H2017 declined 53.2% to \$0.4 million from of \$0.9 million in 1H2016 as a result of contracts being at the tail end of completion, which is typically of lower margin.
2. The Group reported a gross profit of \$13,000 in 1H2017 compared to a gross profit of \$217,000 in 1H2016, mainly due to the lower revenue and competitive pressure in the offshore and marine sector.
3. Interest income decreased to \$77,000 in 1H2017 from \$99,000 in 1H2016 due to lower fixed deposits placed with financial institutions.
4. Other income decreased by \$103,000, primarily due to gain on disposal of an associate, Jiangyin Neptune Marine Appliance Co., Ltd of \$197,000 that was recorded in 1H2016, wage credit reduced by \$23,000 but partially offset by reversal of \$51,000 for impairment loss on amount due by a joint venture and a distribution of \$66,000 received from a joint venture, RBV Energy (Singapore) Pte. Ltd ("RBVS") during the period.
5. Administrative and other expenses decreased by \$1.0 million (46.7%) mainly due to the following reasons :
 - a) cost savings measures which lead to a significant reduction in staff costs by \$339,000 or 31.5%. The Group has reduced its headcount from 16 as at 31 December 2016 to 12 as at 30 June 2017.
 - b) depreciation of property, plant and equipment decreased by \$50,000, mainly due to certain assets being fully impaired and depreciated as at 30 June 2017.
 - c) higher foreign exchange gain by \$152,000 arising from the strengthening of Singapore Dollar against the US Dollar.
 - d) provision for a potential bad debt of \$463,000 in relation to the writ of summon filed against a formal director that reported in 1H2016.
6. The Group's income tax of \$35,000 in 1H2017 was due largely to under provision of tax in prior years.
7. The Group had impaired its investment in the joint venture, RBVS in full as RBVS ceased its operations during the FY2016. There was no share of results from RBVS in 1H2017.
8. As a result, the Group registered a net loss attributable to owners of the parent of \$911,000 in 1H2017 against a net loss of \$1.5 million in 1H2016.

The actual results for 1H2017 are in line with the performance guidance announced by the Company on 1 August 2017.

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 financial position

Non-current assets decreased by \$14,000, mainly due to the depreciation and amortization of \$146,000 charges during the period but partially offset by the currency realignment of \$120,000 and addition of intangible assets and office equipment of \$10,000 and \$2,000 respectively.

Current assets decreased by \$1.1 million largely attributable to: i) repayment of outstanding debts of \$92,000 by customers, ii) a sales discount of \$20,000 given to a customer, iii) repayment of judgement sum of \$432,000 from a former director, iv) reversal of \$51,000 for impairment loss on amount due by a joint venture and v) lower cash and cash equivalent. The effect is partially offset by the increase in inventories of \$66,000 arising from the distribution from RBVS during the period.

Current liabilities decreased by \$202,000 due to lower trade and other payables resulting from payments to vendors.

The Group's working capital position stood at \$15.8 million as at 30 June 2017, as compared to working capital of \$16.7 million as at 31 December 2016.

Commentaries on cash flows

The Group's net cash used in operating activities amounted to \$816,000, mainly due to the operating loss recorded in 1H2017. This compares with the net cash used from operating activities of \$261,000 in 1H2016.

There was minimal cash flow movement for investing activities in 1H2017.

Net cash used in financing activities amounted to \$5,000 was due to the rollover of the interest received in pledged fixed deposits.

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.

The Group announced on 10 March 2017 that its legal advisor UniLegal LLC (“UniLegal”) had provided an update on interim findings relating to conflicting sets of agreements on the acquisition and disposal of a 35% stake in China-based Jiangyin Neptune Marine Appliance Co, Ltd. That interim report also advised the Group on the possibility of legal proceedings against the two former Executive Directors in relation to claims for breach of duties. As at the date of this Announcement, the Final Report on the matter is being put in place by UniLegal. The Group expects to make a further announcement on this shortly, and further announcements as and when there are material developments on this matter.

While the Group will continue to explore and execute new projects for its solar energy business, it also remains on the lookout for strategic investment opportunities in other sectors, with a view to enhancing shareholder value.

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 1H2017.

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 more than \$100,000 during 1H2017.

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:

	Amount Utilised			
	Amount	balance brought forward	1H2017	Balance
Use of net proceeds	Allocated S\$'000	S\$'000	S\$'000	S\$'000
1) Funding for new projects	11,306	(1,626)	(727)	8,953
2) Funding for existing projects	4,845	(2,460)	-	2,385
	16,151	(4,086)	(727)	11,338

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 Chan Lai Thong, 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 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Mirzan Bin Mahathir
Director

Chan Lai Thong
Director

Date: 14 Aug 2017

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.

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