

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF YEAR AND FULL YEAR RESULTS**

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | <b>THE GROUP</b>                     |                                      |                                 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
|   | <b>FY 2017</b>                       | <b>FY 2016</b>                       | <b>Increase/<br/>(Decrease)</b> |
|   | <b>1 Jul 2016 to<br/>30 Jun 2017</b> | <b>1 Jul 2015 to<br/>30 Jun 2016</b> | <b>%</b>                        |
|   | <b>US\$'000</b>                      | <b>US\$'000</b>                      |                                 |
| <b>Revenue</b>  | 106,824                              | 242,548                              | -56.0%                          |
| Cost of sales   | (94,338)                             | (192,925)                            | -51.1%                          |
| <b>Gross profit</b>   | <u>12,486</u>                        | <u>49,623</u>                        | -74.8%                          |
| Other operating income                                      | 5,920                                | 12,355                               | -52.1%                          |
| Allowance for impairment of assets                          | (153,092)                            | (19,939)                             | NM                              |
| Administrative expenses                                     | (23,895)                             | (27,789)                             | -14.0%                          |
| Finance costs   | (9,908)                              | (11,398)                             | -13.1%                          |
| Share of net (loss)/profit of associates and joint ventures | (3,815)                              | 3,472                                | NM                              |
| <b>(Loss)/Profit before income tax</b>                      | <u>(172,304)</u>                     | <u>6,324</u>                         | NM                              |
| Income tax credit/(expense)                                 | 10,106                               | (4,450)                              | NM                              |
| <b>(Loss)/Profit for the period</b>                         | <u><u>(162,198)</u></u>              | <u><u>1,874</u></u>                  | NM                              |
| (Loss)/Profit for the period attributable to:               |                                      |                                      |                                 |
| Owners of the Company                                       | (121,175)                            | (4,957)                              | NM                              |
| Non-controlling interests                                   | (41,023)                             | 6,831                                | NM                              |
| <b>(Loss)/Profit for the period</b>                         | <u><u>(162,198)</u></u>              | <u><u>1,874</u></u>                  | NM                              |
| <b>1(a)(ii) Statement of Comprehensive income</b>           |                                      |                                      |                                 |
| <b>(Loss)/Profit for the period</b>                         | (162,198)                            | 1,874                                | NM                              |
| Other comprehensive income :                                |                                      |                                      |                                 |
| Foreign currency translation of foreign entities            | (33)                                 | (367)                                | NM                              |
| <b>Total comprehensive income for the period</b>            | <u><u>(162,231)</u></u>              | <u><u>1,507</u></u>                  | NM                              |
| Total comprehensive income attributable to:                 |                                      |                                      |                                 |
| Owners of the company                                       | (121,208)                            | (5,146)                              | NM                              |
| Non-controlling interests                                   | (41,023)                             | 6,653                                | NM                              |
| <b>Total comprehensive income for the period</b>            | <u><u>(162,231)</u></u>              | <u><u>1,507</u></u>                  | NM                              |

**Notes:**

- (1) NM = Not meaningful
- (2) In FY2015/16, the Company has changed its financial year end from 31 March to 30 June (please refer to the announcement reference no SG150916OTHRCX3J dated 16 September 2015). The comparative results in this announcement covered the financial year from 1 July 2016 to 30 June 2017 ("FY 2017") against 1 July 2015 to 30 June 2016 ("FY 2016").



**1(a)(iii) Profit before income tax is arrived at after charging / (crediting):-**

|   | <b>THE GROUP</b> |                 |
|---|------------------|-----------------|
|   | <b>FY 2017</b>   | <b>FY 2016</b>  |
|   | <b>US\$'000</b>  | <b>US\$'000</b> |
| Depreciation and amortisation expenses                    | 25,350           | 27,597          |
| Exchange gain - net                                       | (3,253)          | (887)           |
| Interest expense  | 9,908            | 11,398          |
| Interest income   | (291)            | (505)           |
| Loss/(Gain) on disposal of property, plant and equipment  | 12               | (291)           |
| Allowance for doubtful receivables                        | 58,480           | 7,302           |
| Allowance for impairment of goodwill                      | 5,050            | 2,527           |
| Allowance for impairment of property, plant and equipment | 86,814           | 10,110          |
| Allowance for impairment of intangible assets             | 2,748            | -               |
| Trade debts written off                                   | -                | 38              |

**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.**

|   | THE GROUP             |                       | THE COMPANY           |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30/6/2017<br>US\$'000 | 30/6/2016<br>US\$'000 | 30/6/2017<br>US\$'000 | 30/6/2016<br>US\$'000 |
| <b>ASSETS</b>                                       |                       |                       |                       |                       |
| <b>Current assets</b>                               |                       |                       |                       |                       |
| Cash and bank balances                              | 10,848                | 26,484                | 28                    | 3,326                 |
| Trade receivables                                   | 60,146                | 84,987                | -                     | -                     |
| Other receivables                                   | 35,450                | 49,602                | 2,923                 | 271,347               |
| Inventories   | 2,412                 | 393                   | -                     | -                     |
| Non-current asset held for sale                     | 5,912                 | -                     | 5,912                 | -                     |
| <b>Total current assets</b>                         | <b>114,768</b>        | <b>161,466</b>        | <b>8,863</b>          | <b>274,673</b>        |
| <b>Non-current assets</b>                           |                       |                       |                       |                       |
| Other receivables                                   | 12,536                | 26,374                | 11,283                | 25,003                |
| Property, plant and equipment                       | 290,068               | 406,575               | 171                   | 6,316                 |
| Subsidiaries  | -                     | -                     | 78,199                | 157,065               |
| Associates  | 30,901                | 39,576                | *                     | *                     |
| Joint venture                                       | 11,110                | 7,944                 | *                     | *                     |
| Available-for-sale investments                      | 2,098                 | 2,098                 | 2,098                 | 2,098                 |
| Other intangible assets                             | 186                   | 2,934                 | -                     | -                     |
| Deferred tax assets                                 | 498                   | 354                   | -                     | -                     |
| Goodwill on consolidation                           | -                     | 5,050                 | -                     | -                     |
| <b>Total non-current assets</b>                     | <b>347,397</b>        | <b>490,905</b>        | <b>91,751</b>         | <b>190,482</b>        |
| <b>Total assets</b>                                 | <b>462,165</b>        | <b>652,371</b>        | <b>100,614</b>        | <b>465,155</b>        |
| <b>LIABILITIES AND EQUITY</b>                       |                       |                       |                       |                       |
| <b>Current liabilities</b>                          |                       |                       |                       |                       |
| Trade payables                                      | 18,538                | 29,175                | -                     | -                     |
| Other payables                                      | 36,746                | 28,876                | 133,524               | 126,257               |
| Finance leases                                      | 156                   | 264                   | 17                    | 17                    |
| Borrowings  | 135,882               | 85,187                | 39,234                | 23,099                |
| Notes payables                                      | 36,480                | -                     | 36,480                | -                     |
| Income tax payable                                  | 3,676                 | 3,572                 | -                     | 25                    |
| <b>Total current liabilities</b>                    | <b>231,478</b>        | <b>147,074</b>        | <b>209,255</b>        | <b>149,398</b>        |
| <b>Non-current liabilities</b>                      |                       |                       |                       |                       |
| Deferred tax liabilities                            | 8,934                 | 18,791                | -                     | -                     |
| Other payables                                      | 31,143                | 27,315                | 3,201                 | -                     |
| Finance leases                                      | 215                   | 771                   | 11                    | 29                    |
| Notes payables                                      | -                     | 37,059                | -                     | 37,059                |
| Borrowings  | -                     | 82,934                | -                     | 31,472                |
| <b>Total non-current liabilities</b>                | <b>40,292</b>         | <b>166,870</b>        | <b>3,212</b>          | <b>68,560</b>         |
| <b>Capital and reserves</b>                         |                       |                       |                       |                       |
| Share capital                                       | 229,528               | 229,528               | 229,528               | 229,528               |
| Treasury shares                                     | (4,114)               | (4,017)               | (4,114)               | (4,017)               |
| Capital reserve                                     | (19,608)              | 10,173                | 11,824                | 11,824                |
| Share-based payments                                | 639                   | 639                   | 639                   | 639                   |
| Merger reserve                                      | (151,692)             | (151,692)             | -                     | -                     |
| Foreign currency translation reserve                | (405)                 | (372)                 | -                     | -                     |
| Accumulated profits                                 | 76,688                | 197,863               | (349,730)             | 9,223                 |
| <b>Equity attributable to owners of the Company</b> | <b>131,036</b>        | <b>282,122</b>        | <b>(111,853)</b>      | <b>247,197</b>        |
| Non-controlling interests                           | 59,359                | 56,305                | -                     | -                     |
| <b>Total equity</b>                                 | <b>190,395</b>        | <b>338,427</b>        | <b>(111,853)</b>      | <b>247,197</b>        |
| <b>Total liabilities and equity</b>                 | <b>462,165</b>        | <b>652,371</b>        | <b>100,614</b>        | <b>465,155</b>        |

**Notes:**

\* Amount less than US\$1,000



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

|  | <b>THE GROUP</b>            |                               |                             |                               |
|--|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|  | <b>As at 30/6/2017</b>      |                               | <b>As at 30/6/2016</b>      |                               |
|  | <b>Secured<br/>US\$'000</b> | <b>Unsecured<br/>US\$'000</b> | <b>Secured<br/>US\$'000</b> | <b>Unsecured<br/>US\$'000</b> |
| Amount repayable in one year or less, or on demand | 172,518                     | -                             | 85,451                      | -                             |
| Amount repayable after one year                    | 215                         | -                             | 120,764                     | -                             |
| <b>Total</b>                                       | <b>172,733</b>              | <b>-</b>                      | <b>206,215</b>              | <b>-</b>                      |

**Details of any collateral:**

- 1) The Group's borrowings are secured by:
  - i) corporate guarantee from Company and certain subsidiaries;
  - ii) legal mortgages over the relevant property;
  - iii) legal mortgages over certain vessels of the Group;
  - iv) certain fixed deposits and bank balances;
  - v) assignment of certain vessels' charter- hire- income and insurance policies; and
  - vi) pledge of a subsidiary's shares.
  
- 2) Obligations under finance lease are secured by the lessor's charge over the leased assets.

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

|   | <b>THE GROUP</b> |                 |
|---|------------------|-----------------|
|   | <b>FY 2017</b>   | <b>FY 2016</b>  |
|   | <b>US\$'000</b>  | <b>US\$'000</b> |
| <b>Cash flows from operating activities</b>                   |                  |                 |
| (Loss)/Profit before income tax                               | (172,304)        | 6,324           |
| Adjustments for:  |                  |                 |
| Allow ance for doubtful receivables                           | 58,480           | 7,302           |
| Allow ance for impairment of goodwill                         | 5,050            | 2,527           |
| Allow ance for impairment of property, plant and equipment    | 86,814           | 10,110          |
| Allow ance for impairment of intangible assets                | 2,748            | -               |
| Depreciation and amortisation expenses                        | 25,350           | 27,597          |
| Exchange difference   | (1,052)          | (1,545)         |
| Interest expense  | 9,908            | 11,398          |
| Interest income   | (291)            | (505)           |
| Loss/(Gain) on disposal of property, plant and equipment      | 12               | (291)           |
| Share of net loss/(profit) of associates and joint ventures   | 3,815            | (3,472)         |
| Reversal of accrued foreign tax and accrued commission fee    | -                | (8,945)         |
| Trade debts w ritten off                                      | -                | 38              |
| Operating cash flow s before movements in w orking capital    | 18,530           | 50,538          |
| Inventories   | (2,020)          | 366             |
| Trade receivables   | 12,296           | 20,946          |
| Other receivables   | (3,678)          | 5,830           |
| Trade payables  | (10,637)         | (11,067)        |
| Other payables  | (875)            | (42,668)        |
| Cash generated from operations                                | 13,616           | 23,945          |
| Income tax paid   | -                | (723)           |
| <b>Net cash generated from operating activities</b>           | <b>13,616</b>    | <b>23,222</b>   |
| <b>Cash flows from investing activities</b>                   |                  |                 |
| Interest received   | 291              | 505             |
| Advance to associates   | -                | (2,820)         |
| Net cash outflow from acquisition of a subsidiary             | -                | (3,000)         |
| Net cash inflow from dilution of interest in a subsidiary     | 14,316           | -               |
| Purchases of property, plant and equipment                    | (1,408)          | (4,991)         |
| Proceeds from disposal of property, plant and equipment       | 33               | 177             |
| Proceeds from disposal of club membership                     | -                | 3               |
| <b>Net cash generated from/(used in) investing activities</b> | <b>13,232</b>    | <b>(10,126)</b> |



|   | <b>THE GROUP</b>     |                      |
|---|----------------------|----------------------|
|   | <b>FY 2017</b>       | <b>FY 2016</b>       |
|   | <b>US\$'000</b>      | <b>US\$'000</b>      |
| <b>Cash flows from financing activities</b>                 |                      |                      |
| Interest paid   | (9,719)              | (9,579)              |
| Fixed deposit and bank balances pledged                     | 1,366                | 35,960               |
| Repayment of finance lease obligations                      | (845)                | (213)                |
| Repayment of borrowings                                     | (41,974)             | (152,120)            |
| Share buy-back  | (97)                 | (260)                |
| Proceeds of borrowings                                      | 9,984                | 11,780               |
| Dividend paid   | -                    | (26,254)             |
| <b>Net cash used in financing activities</b>                | <u>(41,285)</u>      | <u>(140,686)</u>     |
| <b>Net decrease in cash and cash equivalents</b>            | (14,437)             | (127,590)            |
| Effect of exchange rate changes                             | 422                  | (2,919)              |
| Cash and cash equivalents at beginning of the year          | 24,361               | 154,870              |
| <b>Cash and cash equivalents at end of the year</b>         | <u><b>10,346</b></u> | <u><b>24,361</b></u> |
| <b>Cash and cash equivalents represent:</b>                 |                      |                      |
| Bank and cash balance                                       | 9,645                | 18,469               |
| Fixed deposits  | 1,203                | 8,015                |
| Bank overdraft  | -                    | (255)                |
|   | <u>10,848</u>        | <u>26,229</u>        |
| Less : fixed deposits and bank balances pledged             | (502)                | (1,868)              |
| <b>Cash and cash equivalents in statement of cash flows</b> | <u><b>10,346</b></u> | <u><b>24,361</b></u> |

**FALCON ENERGY GROUP LIMITED**

Registration No. 200403817G



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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding

|   | Share capital<br>US\$'000 | Treasury shares<br>US\$'000 | Capital reserve<br>US\$'000 | Share option reserve<br>US\$'000 | Merger reserve<br>US\$'000 | Foreign currency translation reserve<br>US\$'000 | Accumulated profits<br>US\$'000 | Total attributable to equity holders of the parent<br>US\$'000 | Non-controlling interests<br>US\$'000 | Total<br>US\$'000 |
|---|---------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------|--|---------------------------------|--|---------------------------------------|-------------------|
| <b>THE GROUP</b>  |                           |                             |                             |                                  |                            |  |                                 |  |                                       |                   |
| <b>Balance as at 1 July 2016</b>  | 229,528                   | (4,017)                     | 10,173                      | 639                              | (151,692)                  | (372)  | 197,863                         | 282,122  | 56,305                                | 338,427           |
| <b>Total comprehensive income for the period</b>                              |                           |                             |                             |                                  |                            |  |                                 |  |                                       |                   |
| Loss for the period   | -                         | -                           | -                           | -                                | -                          | -  | (121,175)                       | (121,175)  | (41,023)                              | (162,198)         |
| Other comprehensive income for the period                                     | -                         | -                           | -                           | -                                | -                          | (33)   | -                               | (33)   | -                                     | (33)              |
| <b>Total</b>  | -                         | -                           | -                           | -                                | -                          | (33)   | (121,175)                       | (121,208)  | (41,023)                              | (162,231)         |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                           |                             |                             |                                  |                            |  |                                 |  |                                       |                   |
| Dilution of interest in subsidiary without losing control                     | -                         | -                           | (29,781)                    | -                                | -                          | -  | -                               | (29,781)   | 44,077                                | 14,296            |
| Share buy-back  | -                         | (97)                        | -                           | -                                | -                          | -  | -                               | (97)   | -                                     | (97)              |
| <b>Total</b>  | -                         | (97)                        | (29,781)                    | -                                | -                          | -  | -                               | (29,878)   | 44,077                                | 14,199            |
| <b>Balance as at 30 June 2017</b>   | 229,528                   | (4,114)                     | (19,608)                    | 639                              | (151,692)                  | (405)  | 76,688                          | 131,036  | 59,359                                | 190,395           |
| <b>Balance as at 1 July 2015</b>  | 229,528                   | (3,757)                     | 11,824                      | 639                              | (151,692)                  | (183)  | 211,368                         | 297,727  | 59,435                                | 357,162           |
| <b>Total comprehensive income for the period</b>                              |                           |                             |                             |                                  |                            |  |                                 |  |                                       |                   |
| Loss for the period   | -                         | -                           | -                           | -                                | -                          | -  | (4,957)                         | (4,957)  | 6,831                                 | 1,874             |
| Other comprehensive income for the period                                     | -                         | -                           | -                           | -                                | -                          | (189)  | -                               | (189)  | (178)                                 | (367)             |
| <b>Total</b>  | -                         | -                           | -                           | -                                | -                          | (189)  | (4,957)                         | (5,146)  | 6,653                                 | 1,507             |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |                           |                             |                             |                                  |                            |  |                                 |  |                                       |                   |
| Share buy-back  | -                         | (260)                       | -                           | -                                | -                          | -  | -                               | (260)  | -                                     | (260)             |
| Dilution of interests in subsidiary without losing control                    | -                         | -                           | (1,651)                     | -                                | -                          | -  | -                               | (1,651)  | 1,651                                 | -                 |
| Dividends paid  | -                         | -                           | -                           | -                                | -                          | -  | (8,548)                         | (8,548)  | -                                     | (8,548)           |
| Dividends paid to non-controlling shareholders                                | -                         | -                           | -                           | -                                | -                          | -  | -                               | -  | (11,434)                              | (11,434)          |
| <b>Total</b>  | -                         | (260)                       | (1,651)                     | -                                | -                          | -  | (8,548)                         | (10,459)   | (9,783)                               | (20,242)          |
| <b>Balance as at 30 June 2016</b>   | 229,528                   | (4,017)                     | 10,173                      | 639                              | (151,692)                  | (372)  | 197,863                         | 282,122  | 56,305                                | 338,427           |



|  | Share capital<br>US\$'000 | Treasury shares<br>US\$000 | Capital reserve<br>US\$000 | Share option reserve<br>US\$'000 | Accumulated profits<br>US\$'000 | Total<br>US\$'000 |
|--|---------------------------|----------------------------|----------------------------|----------------------------------|---------------------------------|-------------------|
| <b>THE COMPANY</b>   |                           |                            |                            |                                  |                                 |                   |
| <b>Balance as at 1 July 2016</b>   | 229,528                   | (4,017)                    | 11,824                     | 639                              | 9,223                           | 247,197           |
| Loss for the period representing total comprehensive income for the period                       | -                         | -                          | -                          | -                                | (358,953)                       | (358,953)         |
| Share buy-back representing transaction with owners of the Company recognised directly in equity | -                         | (97)                       | -                          | -                                | -                               | (97)              |
| <b>Balance as at 30 June 2017</b>  | <u>229,528</u>            | <u>(4,114)</u>             | <u>11,824</u>              | <u>639</u>                       | <u>(349,730)</u>                | <u>(111,853)</u>  |
| <b>Balance as at 1 July 2015</b>   | 229,528                   | (3,757)                    | 11,824                     | 639                              | 45,350                          | 283,584           |
| Loss for the period representing total comprehensive income for the period                       | -                         | -                          | -                          | -                                | (27,579)                        | (27,579)          |
| <b>Transaction with owners of the Company, recognised directly in equity</b>                     |                           |                            |                            |                                  |                                 |                   |
| Share buy-back   | -                         | (260)                      | -                          | -                                | -                               | (260)             |
| Dividend paid  | -                         | -                          | -                          | -                                | (8,548)                         | (8,548)           |
| <b>Total</b>   | <u>-</u>                  | <u>(260)</u>               | <u>-</u>                   | <u>-</u>                         | <u>(8,548)</u>                  | <u>(8,808)</u>    |
| <b>Balance as at 30 June 2016</b>  | <u>229,528</u>            | <u>(4,017)</u>             | <u>11,824</u>              | <u>639</u>                       | <u>9,223</u>                    | <u>247,197</u>    |

**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 issue, as at the end of the current financial periods reported on and as at the end of the corresponding period of the immediately preceding financial year.**

|  | No of shares        |                     |
|--|---------------------|---------------------|
|  | 30 June 2017        | 30 June 2016        |
| <b>Issued ordinary shares</b>                    |                     |                     |
| Balance at the beginning of the financial period | 823,442,375         | 823,442,375         |
| Less: Treasury shares                            | <u>(16,810,900)</u> | <u>(16,000,800)</u> |
| Total issued shares excluding treasury shares    | <u>806,631,475</u>  | <u>807,441,575</u>  |
| <br>   |                     |                     |
| Outstanding share options                        | <u>1,090,000</u>    | <u>2,280,000</u>    |

The Company has a share option scheme known as Falcon Energy Group Employee Share Option Scheme ("the Scheme") which was adopted on 28 October 2004 and had lapsed on 27 October 2014. As the Scheme had been discontinued, no further share options may be offered by the Company. The discontinuance of the Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

**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.**

As above.





**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.**

|                             | No of shares      |
|-----------------------------|-------------------|
| Balance as at 1 July 2016   | 16,000,800        |
| Purchase of treasury shares | 810,100           |
| Balance as at 30 June 2017  | <u>16,810,900</u> |

**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 Company's auditors.

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

Not applicable.

**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 accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the year ended 30 June 2016.

**5. If there were 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.**

There is no change in the accounting policies and methods of computation.

**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.**

|  | THE GROUP        |                |
|--|------------------|----------------|
|  | FY 2017          | FY 2016        |
| Net loss attributable to Owners of the Company (US\$'000)      | <u>(121,175)</u> | <u>(4,957)</u> |
| Weighted average number of ordinary shares ('000)              | <u>806,854</u>   | <u>809,460</u> |
| <b>Earnings per ordinary share ("EPS") for the period/year</b> |                  |                |
| (a) Basic EPS (US cents)                                       | (15.02)          | (0.61)         |
| (b) On a fully diluted EPS (US cents)#                         | (15.02)          | (0.61)         |

# the outstanding options and the warrants were "out-of-money".



**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.**

|   | THE GROUP  |            | THE COMPANY |            |
|---|------------|------------|-------------|------------|
|   | As at      | As at      | As at       | As at      |
|   | 30/06/2017 | 30/06/2016 | 30/06/2017  | 30/06/2016 |
|   | US cents   | US cents   | US cents    | US cents   |
| <b>Net asset value ("NAV") per ordinary share based on issued share capital excluding treasury shares as at end of the period reported on</b> | 16.24      | 34.94      | (13.87)     | 30.61      |

**Notes:**

The Group's and the Company's NAV (represented as equity attributable to owners of the Company) per ordinary share as at 30 June 2017 and 30 June 2016 have been computed based on the number of 806,631,475 and 807,441,575 ordinary shares issued excluding treasury shares respectively.

**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 current financial period reported on.**

Full Year Results

The Group saw a decrease in revenue of US\$135.73 million or 56.0% from US\$242.55 million in FY 2016 to US\$106.82 million in FY 2017. The difference is mainly made up of:

- i) Oilfield and Drilling Services Division decreased by US\$110.01 million due to a lower volume of works in FY2017.
- ii) Marine Division's revenue decreased by US\$25.69 million mainly due to lower deployment rate of the vessels and decrease in charter rates.

The Group's average gross profit margin reduced from 20.5% to 11.7% in FY 2017 mainly due to lower gross profit contributed by the Marine Division and Oilfield & Drilling Services Division.

Other operating income decreased by US\$6.44 million is due mainly to one-off reversal of accrued foreign tax and accrued commission fee recognized in FY2016.

*Administrative expenses decreased by US\$3.89 million from US\$27.79 million in FY 2016 to US\$23.90 million in FY 2017. This was due mainly to cost reduction initiatives.*

*Allowance for impairment of assets increased by US\$133.15 million from US\$19.94 million in FY 2016 to US\$153.09 million in FY 2017. This was due mainly to higher provision for allowance for impairment of property, plant and equipment of US\$86.81 million (of which US\$85.01 million was related to vessels, which included US\$73.93 million which was CHO-related, and US\$1.80 million was related to revaluation of an office unit owned by a subsidiary) (FY 2016: US\$10.11 million), and higher provision for allowance for doubtful receivables of US\$58.48 million (of which US\$48.63 million was related to rigs business and US\$9.85 million was related to other receivables write-off) (FY 2016: US\$7.30 million); such provisions made in view of the prolonged depressed oil and gas industry and long outstanding receivables.*

Finance costs decreased by US\$1.49 million from US\$11.40 million in FY 2016 to US\$9.91 million in FY 2017 due to lower interest expenses incurred on reduced bank borrowings.

The share of profit from associates and joint ventures decreased by US\$7.29 million from US\$3.47 million in FY 2016 to a loss of US\$3.82 million in FY 2017 due to operating losses recorded by the associates.

With the mentioned factors above, the Group generated a loss before tax of approximately US\$172.30 million in FY 2017.

Statement of financial position and Statement of cash flow:

Current assets decreased by US\$46.70 million from US\$161.47 million as at FY 2016 to US\$114.77 million as at FY 2017. The decrease was mainly due to decrease in trade and other receivable for provision of allowance for doubtful debts for

amount of US\$58.48 million which partially offset by reclassification of two office premises as non-current asset held for sale of US\$5.91 million from property, plant and equipment.

Non-current assets decreased by US\$143.51 million from US\$490.91 million as at FY 2016 to US\$347.40 million as at FY 2017. This was due mainly to a reclassification of US\$5.91 million as non-current asset held for sale, recognition of impairment of US\$86.81 million, and a routine depreciation of US\$25.35 million in property, plant and equipment. In addition, allowance for impairment of goodwill and allowance for impairment of intangible assets were made in the amounts of US\$5.05 million and US\$2.75 million respectively. The loss incurred by associates amounting to US\$8.68 million was offset against the profit earned by joint ventures of US\$3.17 million. This also includes the write-off of the rigs deposits in the amount of US\$10.90 million due to the termination of the construction contracts relating to the jack-up rigs.

Current liabilities increased by US\$84.41 million from US\$147.07 million as at FY 2016 to US\$231.48 million as at FY 2017 and non-current liabilities decreased by US\$126.58 million as at FY 2017 compared to FY 2016. Both were due mainly to reclassification of US\$36.48 million of notes payables and bank borrowings which have become current. As a result, the Group has a negative working capital of US\$116.71 million.

The Group generated an approximate net cash flow of US\$13.62 million from operating activities was mainly due to the collection of trade receivables and offset by payment made for trade payables. Net cash flow generated from investing activities amounting to US\$13.23 million was mainly for proceeds from dilution of interest in a subsidiary that was used to repay the existing bank loans. Net cash flow used in financing activities of approximately US\$41.29 million was mainly for repayment of existing loans and interest after setting off against the draw-down of bank facilities.

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

In line with the proposed statement made in FY2017 and with the profit guidance announced on 11 August 2017.

***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 macro business environment remains challenging. Crude oil prices have not shown indicative upward trend and are still subject to the evolving dynamics between traditional production and U.S. shale oil production. Margins for vessel charter rates and fees for oilfield services are slim due to intensified competition and the increased bargaining power of clients.

In view of the above and the exercise in dilution the Group's interest in a subsidiary while retaining significant control, the Group has undertaken an exercise to rationalize and assess the carrying value of the assets of the Group. Accordingly, full or appropriate impairment allowances have been made to reflect the fair carrying value of the relevant assets using the existing operations and projections.

The Group will maintain its focus on prudent financial management, cash preservation, and the continual improvement of its operational efficiency to ride out the protracted downturn of the oil and gas cycle.

The Group will continue its effort to intensify its business development activities, cross-marketing of services across its subsidiaries, and create more value-add services for its clients. The Group's objective is to be a leaner, nimbler, and more resilient group that will be able to respond and adapt to fast-changing market conditions.

***11. Dividend***

***(a) Current financial period reported on***

***Any dividend declared for the current financial period reported on?***

No

**(b) Corresponding period of the immediately preceding financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No final dividend has been declared for the financial year ended 30 June 2017.

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

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

**Interested Person Transactions**

| Name of Interested Person   | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000) |
|---|---|---|
|   | US\$'000  | US\$'000  |
| <b>Cai Wenxing <sup>(1)</sup></b>                                   |   |   |
| - rental of premises  | 269   | -   |
| <b>CDS International Forwarding (TianJin) Co Ltd <sup>(2)</sup></b> |   |   |
| - sale of services  | 173   | -   |
| - purchase of services  | 251   | -   |

Note:

(1) Mr Cai Wenxing is a Director of the Company.

(2) Mr Cai Wenxing holds 70% of the equity interest in CDS International Forwarding (TianJin) Co Ltd.

**14. CONFIRMATION PURSUANT TO RULE 720(1) OF THE SGX LISTING MANUAL**

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**PART 2 - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Segment information about the Group's operations is presented below:

|  | Marine<br>US\$'000 | Oilfield and<br>drilling<br>services<br>US\$'000 | Oilfield<br>projects<br>US\$'000 | Resources<br>US\$'000 | Corporate<br>US\$'000 | Elimination<br>US\$'000 | Total<br>US\$'000 |
|--|--------------------|--|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------|
| <b>BUSINESS SEGEMENT</b>                             |                    |  |                                  |                       |                       |                         |                   |
| <b>1 Jul 2016 to 30 Jun 2017</b>                     |                    |  |                                  |                       |                       |                         |                   |
| <b>Revenue</b>                                       |                    |  |                                  |                       |                       |                         |                   |
| External sales                                       | 42,798             | 55,996   | 8,030                            | -                     | -                     | -                       | 106,824           |
| Inter-segment sales                                  | 790                | -  | -                                | -                     | -                     | (790)                   | -                 |
| Total revenue  | <u>43,588</u>      | <u>55,996</u>                                    | <u>8,030</u>                     | <u>-</u>              | <u>-</u>              | <u>(790)</u>            | <u>106,824</u>    |
| <b>Results</b>                                       |                    |  |                                  |                       |                       |                         |                   |
| Segment result                                       | (97,823)           | (38,262)   | (2,787)                          | (6,362)               | (13,638)              | -                       | (158,872)         |
| Share of net loss of associates and joint ventures   |                    |  |                                  |                       |                       |                         | (3,815)           |
| Interest income                                      | 265                | 7  | -                                | -                     | 19                    | -                       | 291               |
| Financial costs                                      | (3,823)            | (233)  | (114)                            | -                     | (5,738)               | -                       | (9,908)           |
| Profit before income tax                             |                    |  |                                  |                       |                       |                         | (172,304)         |
| Income tax credit                                    |                    |  |                                  |                       |                       |                         | 10,106            |
| Profit for the year                                  |                    |  |                                  |                       |                       |                         | <u>(162,198)</u>  |
| <b>1 Jul 2015 to 30 Jun 2016</b>                     |                    |  |                                  |                       |                       |                         |                   |
| <b>Revenue</b>                                       |                    |  |                                  |                       |                       |                         |                   |
| External sales                                       | 68,487             | 166,007  | 8,054                            | -                     | -                     | -                       | 242,548           |
| Inter-segment sales                                  | 748                | -  | -                                | -                     | -                     | (748)                   | -                 |
| Total revenue  | <u>69,235</u>      | <u>166,007</u>                                   | <u>8,054</u>                     | <u>-</u>              | <u>-</u>              | <u>(748)</u>            | <u>242,548</u>    |
| <b>Results</b>                                       |                    |  |                                  |                       |                       |                         |                   |
| Segment result                                       | (2,307)            | 22,973   | 1,541                            | (1,050)               | (7,412)               | -                       | 13,745            |
| Share of net profit of associates and joint ventures |                    |  |                                  |                       |                       |                         | 3,472             |
| Interest income                                      | 95                 | 8  | -                                | -                     | 402                   | -                       | 505               |
| Financial costs                                      | (3,458)            | (331)  | (37)                             | -                     | (7,572)               | -                       | (11,398)          |
| Profit before income tax                             |                    |  |                                  |                       |                       |                         | 6,324             |
| Income tax expense                                   |                    |  |                                  |                       |                       |                         | (4,450)           |
| Profit for the year                                  |                    |  |                                  |                       |                       |                         | <u>1,874</u>      |
| <b>Assets and liabilities</b>                        |                    |  |                                  |                       |                       |                         |                   |
| <b>30 June 2017</b>                                  |                    |  |                                  |                       |                       |                         |                   |
| Segment assets                                       | <u>354,408</u>     | <u>75,904</u>                                    | <u>9,375</u>                     | <u>1,659</u>          | <u>20,819</u>         | <u>-</u>                | <u>462,165</u>    |
| Segment liabilities                                  | <u>128,577</u>     | <u>45,633</u>                                    | <u>11,622</u>                    | <u>124</u>            | <u>85,814</u>         | <u>-</u>                | <u>271,770</u>    |
| <b>30 June 2016</b>                                  |                    |  |                                  |                       |                       |                         |                   |
| Segment assets                                       | <u>471,403</u>     | <u>115,454</u>                                   | <u>15,979</u>                    | <u>7,457</u>          | <u>42,078</u>         | <u>-</u>                | <u>652,371</u>    |
| Segment liabilities                                  | <u>162,130</u>     | <u>46,475</u>                                    | <u>12,120</u>                    | <u>214</u>            | <u>93,005</u>         | <u>-</u>                | <u>313,944</u>    |



|   | Marine<br>US\$'000 | Oilfield and<br>drilling<br>services<br>US\$'000 | Oilfield<br>projects<br>US\$'000 | Resources<br>US\$'000 | Corporate<br>US\$'000 | Total<br>US\$'000 |
|---|--------------------|--|----------------------------------|-----------------------|-----------------------|-------------------|
| <b>Other information</b>                                  |                    |  |                                  |                       |                       |                   |
| <b>30 Jun 2017</b>  |                    |  |                                  |                       |                       |                   |
| Allowance for doubtful receivables                        | 27,558             | 23,118   | 1,923                            | 2,823                 | 3,058                 | 58,480            |
| Capital additions   | 1,389              | 19   | -                                | -                     | -                     | 1,408             |
| Depreciation and amortisation expenses                    | 20,483             | 1,240  | 3,384                            | 10                    | 233                   | 25,350            |
| Loss on disposal of property, plant and equipment         | 12                 | -  | -                                | -                     | -                     | 12                |
| Allowance for impairment of goodwill                      | -                  | -  | 1,201                            | -                     | 3,849                 | 5,050             |
| Allowance for impairment of intangible asset              | -                  | -  | -                                | 2,748                 | -                     | 2,748             |
| Allowance for impairment of property, plant and equipment | 85,014             | 1,800  | -                                | -                     | -                     | 86,814            |
| <b>30 June 2016</b>                                       |                    |  |                                  |                       |                       |                   |
| Allowance for doubtful trade receivables                  | 7,525              | (223)  | -                                | -                     | -                     | 7,302             |
| Capital additions   | 4,219              | 721  | 50                               | 1                     | -                     | 4,991             |
| Depreciation and amortisation expenses                    | 26,119             | 1,190  | 38                               | 18                    | 232                   | 27,597            |
| Gain on disposal of property, plant and equipment         | -                  | (291)  | -                                | -                     | -                     | (291)             |
| Trade debts written off                                   | 38                 | -  | -                                | -                     | -                     | 38                |
| Allowance for impairment of goodwill                      | -                  | -  | -                                | -                     | 2,527                 | 2,527             |
| Allowance for impairment of property, plant and equipment | 10,110             | -  | -                                | -                     | -                     | 10,110            |



**Geographical segments**

The Group's operations are located in Americas, Asia and Middle East. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services and assets by their respective locations.

|                      | <b>Revenue<br/>US\$'000</b> | <b>Non-current<br/>assets*<br/>US\$'000</b> |
|----------------------|-----------------------------|---|
| <b>30 Jun 2017</b>   |                             |   |
| Malaysia             | 565                         | 15,346                                      |
| China                | 49,910                      | 2,435                                       |
| Indonesia            | 28,280                      | 94,532                                      |
| America              | 4,924                       | 28,516                                      |
| Mexico               | 701                         | 430   |
| United Arab Emirates | 8,248                       | 3,993                                       |
| Singapore            | 11,821                      | 116,157                                     |
| Dubai                | 184                         | 473   |
| Vietnam              | 1,546                       | 20,069                                      |
| South Africa         | 564                         | 20,820                                      |
| Marshall Island      | 81                          | -   |
| Norway               | -                           | 17  |
| Taiwan               | -                           | 2   |
| <b>Total</b>         | <b>106,824</b>              | <b>302,790</b>                              |
| <b>30 Jun 2016</b>   |                             |   |
| Malaysia             | 1,951                       | -   |
| China                | 107,592                     | 1,356                                       |
| Myanmar              | 329                         | -   |
| Indonesia            | 41,410                      | 139,075                                     |
| India                | 5,040                       | -   |
| Mexico               | 1,628                       | 477   |
| United Arab Emirates | 7,144                       | -   |
| Singapore            | 35,502                      | 293,094                                     |
| Dubai                | 13,866                      | 506   |
| Vietnam              | 10,244                      | -   |
| Brazil               | 16,853                      | 6,425                                       |
| Africa               | 989                         | -   |
| <b>Total</b>         | <b>242,548</b>              | <b>440,933</b>                              |

\* exclude associates, joint ventures, available-for-sale investments and deferred tax assets.

**Information about major customers**

The Group's revenue derived from customers who individually account for 10% of more of the Group's revenue is detailed below:

|            | Marine           |                  | Oilfield and drilling services |                  | Oilfield projects |                  | Resources        |                  |
|------------|------------------|------------------|--------------------------------|------------------|-------------------|------------------|------------------|------------------|
|            | 2017<br>US\$'000 | 2016<br>US\$'000 | 2017<br>US\$'000               | 2016<br>US\$'000 | 2017<br>US\$'000  | 2016<br>US\$'000 | 2017<br>US\$'000 | 2016<br>US\$'000 |
| Customer 1 | -                | -                | 30,442                         | 104,265          | -                 | -                | -                | -                |

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 for the review.



**17. A breakdown of sales**

|  | The Group   |   |                              |
|--|---|---|------------------------------|
|  | Year ended 30<br>June 2017<br>(12 months)<br>US\$'000 | Year ended 30<br>June 2016<br>(12 months)<br>US\$'000 | Increase/<br>(Decrease)<br>% |
|  | (a) Sales reported for first 6 months                 | 57,613  | 95,172                       |
| (b) Operating profit after tax reported for first 6 months   | 1,239   | 8,525   | -85%                         |
| (c) Sales reported for remaining months                      | 49,211  | 147,376   | -67%                         |
| (d) Operating profit after tax reported for remaining months | (163,437)   | (6,651)   | NM                           |

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

|            | The Group           |                     |
|------------|---------------------|---------------------|
|            | FY 2017<br>US\$'000 | FY 2016<br>US\$'000 |
| Ordinary   | -                   | 2,863               |
| Preference | -                   | -                   |
| Total      | -                   | 2,863               |

**19. Disclosure of person occupying a managerial positions in the issuer of any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

**BY ORDER OF THE BOARD**

**Tan Pong Tyea**  
Chairman and Chief Executive Officer

**29 October 2017**