


**Unaudited 1st Half Financial Statement And Related Announcement**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the first half ("1H1617") ended 31 December 2016**

	Group			Group		
	2Q 16/17 31/12/2016 US\$'000	2Q 15/16 31/12/2015 US\$'000	Change %	1st Half 31/12/2016 US\$'000	1st Half 31/12/2015 US\$'000	Change %
<b>Revenue</b>	<b>3,586</b>	<b>5,575</b>	(35.7)	<b>8,678</b>	<b>11,071</b>	(21.6)
Cost of sales	(1,198)	(1,397)	(14.2)	(2,852)	(2,650)	7.6
<b>Gross profit before direct depreciation</b>	<b>2,388</b>	<b>4,178</b>	(42.8)	<b>5,826</b>	<b>8,421</b>	(30.8)
Direct depreciation	(1,898)	(1,923)	(1.3)	(3,797)	(3,809)	(0.3)
<b>Gross profit after direct depreciation</b>	<b>490</b>	<b>2,255</b>	(78.3)	<b>2,029</b>	<b>4,612</b>	(56.0)
Other income - refer to note below	235	218	7.8	294	206	42.7
Indirect depreciation	(6)	(12)	50.0	(16)	(21)	23.8
Administrative expenses	(949)	(1,402)	(32.3)	(2,104)	(2,568)	(18.1)
<b>Profit from operations</b>	<b>(230)</b>	<b>1,059</b>	(121.7)	<b>203</b>	<b>2,229</b>	(90.9)
Finance costs	(58)	-	nm	(131)	-	nm
<b>Profit before income tax and results of associated companies</b>	<b>(288)</b>	<b>1,059</b>	(127.2)	<b>72</b>	<b>2,229</b>	(96.8)
Share of results of associated companies	(7)	(12)	(41.7)	(361)	53	(781.1)
<b>Profit before income tax</b>	<b>(295)</b>	<b>1,047</b>	(128.2)	<b>(289)</b>	<b>2,282</b>	(112.7)
Income tax	-	-	nm	-	-	nm
<b>Profit after income tax</b>	<b>(295)</b>	<b>1,047</b>	(128.2)	<b>(289)</b>	<b>2,282</b>	(112.7)
<b>Other comprehensive income:</b>	-	-		-	-	
<b>Total comprehensive income for the period</b>	<b>(295)</b>	<b>1,047</b>	(128.2)	<b>(289)</b>	<b>2,282</b>	(112.7)

1(a)(ii) **Notes to the statement of profit or loss and other comprehensive income**

	Group			Group		
	2nd Qtr 31/12/2016 US\$'000	2nd Qtr 31/12/2015 US\$'000	Change %	1st Half 31/12/2016 US\$'000	1st Half 31/12/2015 US\$'000	Change %
Miscellaneous income	10	19	(47.4)	10	46	(78.3)
Sales of Fixed Assets/ Fixed Assets Written off	-	-	nm	(8)	-	nm
Interest Income	38	11	245.5	46	180	(74.4)
Foreign Exchange Gain/ (Loss)	187	188	(0.5)	246	(20)	(1330.0)

Note: "nm" means not meaningful

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

**Statements of financial position as at 31 December 2016**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2016</b>	<b>30/06/2016</b>	<b>31/12/2016</b>	<b>30/06/2016</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,234	9,711	5,706	9,057
Trade and other receivables	14,780	9,223	46,324	39,684
Prepayments	221	176	109	146
<b>Total current assets</b>	<b>21,235</b>	<b>19,110</b>	<b>52,139</b>	<b>48,887</b>
<b>Non-current assets</b>				
Subsidiary companies	-	-	8,751	8,751
Associated companies	32,969	33,533	4,986	4,986
Fixed assets	131,483	135,305	70,007	72,066
<b>Total non-current assets</b>	<b>164,452</b>	<b>168,838</b>	<b>83,744</b>	<b>85,803</b>
<b>Total assets</b>	<b>185,687</b>	<b>187,948</b>	<b>135,883</b>	<b>134,690</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	2,432	2,656	41,151	39,448
Provision	15	-	-	-
Other payables - deferred gain	403	403	-	-
Loans and borrowings	5,183	7,411	5,183	7,411
Advance from client	3,812	3,098	3,812	3,098
<b>Total current liabilities</b>	<b>11,845</b>	<b>13,568</b>	<b>50,146</b>	<b>49,957</b>
<b>Non-current Liabilities</b>				
Other payables - deferred gain	5,243	5,446	-	-
Client deposit	3,000	3,000	3,000	3,000
Deferred taxation	4,589	4,589	2,500	2,500
<b>Total non-current liabilities</b>	<b>12,832</b>	<b>13,035</b>	<b>5,500</b>	<b>5,500</b>
<b>Capital and reserves</b>				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	-	(46)	-
Accumulated profits	105,677	105,966	24,904	23,854
<b>Total equity</b>	<b>161,010</b>	<b>161,345</b>	<b>80,237</b>	<b>79,233</b>
<b>Total liabilities and equity</b>	<b>185,687</b>	<b>187,948</b>	<b>135,883</b>	<b>134,690</b>

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

**(a) Amount repayable in one year or less, or on demand**

S\$7.5 million (US equivalent of US\$5.183million)  
(As at 30 June 2016: S\$10 million (US equivalent of US\$7.411 million))

**(b) Amount repayable after one year**

NIL

**(c) Details of any collaterals.**

Borrowing is unsecured.

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

**Consolidated statement of cash flows**

	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>1st Half</b>	<b>1st Half</b>
	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities :</b>				
Profit before income tax and results of associated companies	(288)	1,059	72	2,229
Adjustments for :				
Depreciation	1,904	1,935	3,813	3,830
Interest income	(38)	(11)	(46)	(180)
Interest expense	57	-	130	-
Net foreign exchange (gain)/ loss - unrealized	(245)	(248)	(245)	(31)
Operating cashflows before working capital changes	<u>1,390</u>	<u>2,735</u>	<u>3,724</u>	<u>5,848</u>
Trade receivables and other receivables	(4,060)	(7,421)	(5,525)	(6,875)
Provisions	15	-	15	-
Prepayments	129	(62)	(45)	(67)
Advance from client	2,149	-	714	-
Trade and other payables	(619)	2,409	(354)	(1,852)
Cash generated from operations	<u>(996)</u>	<u>(2,339)</u>	<u>(1,471)</u>	<u>(2,946)</u>
Interest received	3	101	14	306
Net cash (used) from operating activities	<u>(993)</u>	<u>(2,238)</u>	<u>(1,457)</u>	<u>(2,640)</u>
<b>Investing activities :</b>				
Proceeds on disposal of fixed assets	-	-	9	6
Purchase of fixed assets	-	(2,835)	-	(8,890)
Proceeds on club membership	-	-	-	3
Net cash used in investing activities	<u>-</u>	<u>(2,835)</u>	<u>9</u>	<u>(8,881)</u>
<b>Financing activities :</b>				
Repayment of bank loans	-	-	(1,853)	-
Purchase of treasury shares	(8)	-	(46)	-
Dividends paid	-	(73,520)	-	(120,661)
Net cash used in financing activities	<u>(8)</u>	<u>(73,520)</u>	<u>(1,899)</u>	<u>(120,661)</u>
Net decrease in cash and cash equivalents	(1,001)	(78,593)	(3,347)	(132,182)
Cash and cash equivalents at the beginning of the period	7,301	83,476	9,711	139,047
Effects of exchange rate changes on the balance of cash held in foreign currencies	(66)	1,958	(130)	(24)
<b>Cash and cash equivalents at half year ended</b>				
<b>31 December</b>	<u><u>6,234</u></u>	<u><u>6,841</u></u>	<u><u>6,234</u></u>	<u><u>6,841</u></u>

- 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.

**Statement of changes in equity**

**GROUP**

**2nd QUARTER ENDED 31 DECEMBER 2015**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
Balance at 1 October 2015	55,379	-	114,036	169,415
Profit for the period, representing total comprehensive income for the period	-	-	1,047	1,047
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>-</b>	<b>115,083</b>	<b>170,462</b>

**2nd QUARTER ENDED 31 DECEMBER 2016**

Balance at 1 October 2016	55,379	(38)	105,972	161,313
Profit for the period, representing total comprehensive income for the period	-	-	(295)	(295)
Purchase of treasury shares	-	(8)	-	(8)
<b>Balance at 31 December 2016</b>	<b>55,379</b>	<b>(46)</b>	<b>105,677</b>	<b>161,010</b>

**COMPANY**

**2nd QUARTER ENDED 31 DECEMBER 2015**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
Balance at 1 October 2015	55,379	-	3,040	58,419
Profit for the period, representing total comprehensive income for the period	-	-	21,116	21,116
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>-</b>	<b>24,156</b>	<b>79,535</b>

**2nd QUARTER ENDED 31 DECEMBER 2016**

Balance at 1 October 2016	55,379	(38)	24,627	79,968
Profit for the period, representing total comprehensive income for the period	-	-	277	277
Purchase of treasury shares	-	(8)	-	(8)
<b>Balance at 31 December 2016</b>	<b>55,379</b>	<b>(46)</b>	<b>24,904</b>	<b>80,237</b>

**GROUP**

**1st HALF ENDED 31 DECEMBER 2015**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
Balance at 1 July 2015	55,379	-	186,321	241,700
Profit for the period, representing total comprehensive income for the period	-	-	2,282	2,282
Payment of dividends	-	-	(73,520)	(73,520)
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>-</b>	<b>115,083</b>	<b>170,462</b>

**1st HALF ENDED 31 DECEMBER 2016**

Balance at 1 July 2016	55,379	-	105,966	161,345
Profit for the period, representing total comprehensive income for the period	-	-	(289)	(289)
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 December 2016</b>	<b>55,379</b>	<b>(46)</b>	<b>105,677</b>	<b>161,010</b>

**COMPANY**

**1st HALF ENDED 31 DECEMBER 2015**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
Balance at 1 July 2015	55,379	-	75,496	130,875
Profit for the period, representing total comprehensive income for the period	-	-	22,180	22,180
Payment of dividends	-	-	(73,520)	(73,520)
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>-</b>	<b>24,156</b>	<b>79,535</b>

**1st HALF ENDED 31 DECEMBER 2016**

Balance at 1 July 2016	55,379	-	23,854	79,233
Profit for the period, representing total comprehensive income for the period	-	-	1,050	1,050
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 December 2016</b>	<b>55,379</b>	<b>(46)</b>	<b>24,904</b>	<b>80,237</b>

- 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.**

The Company purchased a total of 43,000 (31 Dec 2015: Nil) of its ordinary shares by way of on-market purchase for a total consideration of approximately S\$11,700 (31 Dec 2015: Nil) in Q21617. As at 31 Dec 16, the company has a total of 198,000 (YTD Dec 2015: Nil) of shares held as treasury shares and were recorded separately in shareholders' equity.

On 27 May 2016, the shareholders of the Company has approved the adoption of an Employee Share Option Scheme. No option has been granted under the scheme.

	Number of shares as at	
	31/12/2016	31/12/2015
Total number of issued shares, excluding treasury shares @ 30 Sep 16	704,935,514	705,090,514
Less: Treasury shares	(43,000)	-
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>705,090,514</u>

- 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.**

	Number of shares as at	
	31/12/2016	30/06/2016
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	-
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>705,090,514</u>

- 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.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

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

The figures have not 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 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2016 except as disclosed in paragraph 5 below.

- 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.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT") that are relevant in the current financial period. The adoption of these new and revised FRS and INT has no material effect on the financial statements.

- 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.**

Earnings per ordinary share for the year based on profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares on issue

US cents

Group	
1st Half ended 31 December	
2016	2015
(0.04)	0.32

- (ii) On a fully diluted basis

US cents

(0.04) 0.32

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

Group	
1st Half ended 31 December	
2016	2015
(289)	2,282
704,991,384	705,090,514

Net profit attributable to members (US\$'000)

Weighted average number of ordinary shares on issue

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 December 2016 and 31 December 2015.

- 7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

US cents

Group		Company	
31/12/2016	30/06/2016	31/12/2016	30/06/2016
22.84	22.88	11.38	11.24

- 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.**

**(a) Profit/ (loss) after Tax**

The Group incurred a loss of US\$295,000 in 1H1617, US\$2.571 million lower than 1H1516 profit after income tax of US\$2.282 million. 1H1617 loss was incurred in 2Q1617. Overall utilization rate for the Group's vessels including our associates' vessels was 66% in 1H1617, 5% lower than 1H1516 of 71%vessels. The low 1H1516 utilization rate was due to dry docking of vessels.

The Group's 2Q1617 performance was US\$1.342million worse off than 2Q1516. This was mainly due to lower charter rates negotiated and lower utilization rate achieved for CHO owned vessels. Utilization for CHO owned vessels was 54% in 2Q1617, 18% lower than 2Q1516 utilization rate of 72%. The lower utilization rate was due to loss of contracts, and in between contract for 2 vessels. The charter rates negotiated for the 2 vessels were significantly lower than the previous contract.

**Revenue**

Revenue decreased 21.6% from US\$11.071 million in 1H1516 to US\$8.678 million in 1H1617. 2Q1617 revenue showed a 35.7% decline as compared to corresponding period last year. The decrease was driven by contracts termination and lower charter rates negotiated on new term and spot charters in 2Q1617. 2 vessels were charter free and 1 vessels was on spot job as at 31 Dec 16.

**Cost of Sales and Direct Depreciation**

1H1617 Operating costs were 7.6% higher than 1H1516 despite revenue reduction. This was mainly due to higher fuel costs incurred for tow jobs and stacking costs incurred on charter free vessels.

2Q1617 operating costs were 14.2% lower than 2Q1516 due to decision made to cold stacked some non-working vessels.

**Gross Profit after direct depreciation**

With higher costs and lower revenue, gross profit after direct depreciation margin decreased 56% from US\$4,612 million in 1H1516 to US\$2,029 million in 1H1617. Gross profit margin decreased from 42% in 1H1516 to 23% in 1H1617.

The reduction in gross profit margin is strongly felt in 2Q1617. 2Q1617 Gross profit margin was 14%, 9% lower than 1H1617 gross profit margin of 23% and 26% lower than 2Q1516 gross profit margin of 40%.

**Administrative Expenses**

Administrative expenses decreased 18.1% to US\$2.104 million in 1H1617 as compared to 1H1516. 2Q1617 Administration expenses also showed a 32.3% decline as compared to 2Q1516. The decline was mainly driven by cost rationalization exercise taken and lesser manpower related costs incurred during the current period. Corporate headcount has reduced from a high of 45 to 31 as of 31 Dec 16. In addition, there was also sharing of corporate resources with related parties to further bring down overall administrative expenses.

**Share of Results of Associated Companies**

Share of results of associated companies dipped 781.1% from a profit of US\$53,000 in 1H1516 to a loss of US\$361,000 in 1H1617. The decreased was mainly due to the lower utilization rate and charter rate achieved by the associates. Utilization rate reduced from 67% in 1H1516 to 59% in 1H1617. Associates performed slightly better in 2Q1617 than 2Q1516 due to higher utilization rate achieved for its 12000BHP vessel and cold stacking of one of its smaller vessel.

**A Review of the Financial Position**

The Group net assets value stood at US\$161.010 million and net asset value per share was 22.84 US cents per share as at 31 December 2016, not materially different from the end of immediately preceding financial year and. Current ratio was 1.79 as at 31 December 16, an improvement compared to current ratio of 1.41 as at 30 June 16. The improvement was due to partial repayment of bank loan of US\$1.853 million in July 16 and increase in trade and other receivables by US\$5.557 million.

Trade and other receivables increased US\$5.557 million to US\$14.780 million mainly due to loan amounting US\$3.73 million made to ultimate parent company in 2Q1617, US\$0.6M increase in receivable from related party and delay in payment from one of our client and longer payment terms granted to new client. The outstanding from the client has increased US\$0.9 million since the end of immediately preceding financial year.

Cash and cash equivalents decreased US\$3.477 million to US\$6.234 million since the last financial year-end. This was mainly driven by negative operating cashflow of US\$1.457 million generated and partial repayment of bank loan amounting US\$1.899 million made during the period.

Provision relates to withholding tax provided for a charter contract.

The advance from client as at 30 Jun 16 has been fully earned as at 31 Dec 16. The US\$3.812 million advance from client as at 31 Dec 16 relates to another 10-months advance payment received from a client at the end of 2016.

- 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 this 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 offshore support industry remains challenging. While oil prices have recovered due in large measure to OPEC's historic agreement to cut production commencing in Jan. 2017, offshore activity remains extremely weak, with 2017 capital budgets expected to fall from 2016 levels, hence further reducing the level of offshore activity and offshore support vessels requirements in 2017. Charter rates have continued to demonstrate downwards pressure. The group will continue to trim operating and overhead costs and focus on maintaining and gaining fleet utilization in 2017.

Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

**11 Dividend**

Any dividend declared for the financial period reported on?

- (a) Present Period No  
 (b) Previous Corresponding Period Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	2.50 SGD cents per ordinary share (one-tier tax-exempt)
Tax Rate	0%

- (c) Date payable Not applicable  
 (d) Books closure date Not applicable

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

No dividend has been declared or recommended.

**13 Interested Person Transactions**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

	Aggregate value of all IPTs during the financial period 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 \$100,000)
	(US\$'000)	(US\$'000)
Falcon Energy Group of Companies	4,554	-

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

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first half ended 31 December 2016 to be false or misleading in any material respect.

**15 Confirmation of compliance to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
 Company Secretary  
 10 February 2017