



Unaudited Financial Statement And Related Announcement for the Year Ended 30 June 2017

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 financial year ended 30 June 2017

	Group		
	12 Months 30/6/2017 US\$'000	12 Months 30/6/2016 US\$'000	Change %
Revenue	16,405	24,725	(33.7)
Cost of sales	(4,924)	(6,012)	18.1
Gross profit before direct depreciation	11,481	18,713	(38.6)
Direct depreciation	(7,441)	(7,715)	3.6
Gross profit after direct depreciation	4,040	10,998	(63.3)
Other income (refer to note below)	344	9,192	(96.3)
Other expenses (refer to note below)	(33,470)	(2,600)	(1187.3)
Indirect depreciation	(26)	(43)	nm
Administrative expenses	(4,530)	(5,225)	13.3
(Loss) / Profit from operations	(33,642)	12,322	(373.0)
Finance costs	(290)	(143)	nm
(Loss) / Profit before income tax and results of associated companies	(33,932)	12,179	(378.6)
Share of results of associated companies	(6,904)	(1,964)	(251.5)
(Loss) / Profit before income tax	(40,836)	10,215	(499.8)
Income tax	756	(4,589)	nm
(Loss) / Profit after income tax	(40,080)	5,626	(812.4)
Other comprehensive income	-	-	
Total comprehensive income for the year	(40,080)	5,626	(812.4)

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

	Group		
	12 Months 30/6/2017 US\$'000	12 Months 30/6/2016 US\$'000	Change %
Interest income	136	197	(31.0)
Reversal of over accrued foreign tax & commission expenses	-	8,946	nm
Miscellaneous income	163	49	nm
Foreign exchange gain/(loss)	45	(327)	113.8
Loss on sale of club membership	-	(3)	nm
Impairment loss	(31,076)	(1,001)	(3004.5)
Provision for doubtful debt	(2,383)	(1,269)	(87.8)
Miscellaneous expenses	(11)	-	nm

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 30 June 2017

	Group		Company	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	US\$'000	US\$'000	US\$'000	US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	4,668	9,711	2,841	9,057
Trade and other receivables	18,040	9,223	48,741	39,684
Inventories	108	-	7	-
Prepayments	103	176	56	146
Total current assets	22,919	19,110	51,645	48,887
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	26,226	33,533	4,986	4,986
Fixed assets	97,420	135,305	59,915	72,066
Total non-current assets	123,646	168,838	73,652	85,803
Total assets	146,565	187,948	125,297	134,690
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade and other payables	2,394	2,656	39,730	39,448
Provisions	78	-	-	-
Other payables - deferred gain	403	403	-	-
Borrowings	5,447	7,411	5,447	7,411
Advance from client	1,517	3,098	1,517	3,098
Total current liabilities	9,839	13,568	46,694	49,957
Non-current liabilities				
Borrowings	3,631	-	3,631	-
Other payables - deferred gain	5,043	5,446	-	-
Client deposit	3,000	3,000	3,000	3,000
Deferred taxation	3,833	4,589	2,583	2,500
Total non-current liabilities	15,507	13,035	9,214	5,500
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury shares	(46)	-	(46)	-
Accumulated profits	65,886	105,966	14,056	23,854
Total equity	121,219	161,345	69,389	79,233
Total liabilities and equity	146,565	187,948	125,297	134,690

- 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 (equivalent to US\$5.447 million) as at 30 June 2017
S\$10 million (equivalent to US\$7.411 million) as at 30 June 2016

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

S\$5.0 million (equivalent to US\$3.631 million)
Nil as at 30 June 2016

(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

	Group	
	FY ended 30 June	
	2017	2016
	US\$'000	US\$'000
Operating activities :		
(Loss)/Profit before income tax and results of associated companies	(33,932)	12,179
Adjustments for :		
Depreciation and impairment	38,543	8,759
(Gain)/Loss on disposal of fixed assets	(5)	-
Provision for doubtful debt	2,383	1,001
Interest income	(136)	(197)
Interest expense	277	-
Net foreign exchange (gain)/loss - unrealised	(75)	307
Operating cash flows before working capital changes	<u>7,055</u>	<u>22,049</u>
Trade and other receivables	(11,084)	(5,404)
Prepayments	73	(81)
Advance from client	(1,581)	3,098
Inventories	(108)	-
Trade and other payables	(221)	(9,223)
Provisions	78	(5,209)
Cash (used in)/generated from operations	<u>(5,788)</u>	<u>5,230</u>
Interest received	19	320
Interest paid	(318)	-
Net cash (used in)/generated from operating activities	<u>(6,087)</u>	<u>5,550</u>
Investing activities :		
Proceeds on disposal of fixed assets	14	42
Purchase of fixed assets	(667)	(8,857)
Proceeds on club membership	-	3
Net cash used in investing activities	<u>(653)</u>	<u>(8,812)</u>
Financing activities :		
Proceeds from bank loan	3,579	7,411
Repayment of bank loan	(1,853)	-
Purchase of treasury shares	(46)	-
Dividends paid	-	(133,123)
Net cash generated from/(used in) financing activities	<u>1,680</u>	<u>(125,712)</u>
Net decrease in cash and cash equivalents	(5,060)	(128,974)
Cash and cash equivalents at the beginning of the period	9,711	139,047
Effects of exchange rate changes on the balance of cash held in foreign currencies	17	(362)
Cash and cash equivalents at the end of the year	<u><u>4,668</u></u>	<u><u>9,711</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.

Statements of changes in equity

	Issued capital US\$'000	Treasury shares US\$'000	Accumulated profits US\$'000	Total US\$'000
<u>GROUP</u>				
<u>YEAR ENDED 30 JUNE 2016</u>				
Balance at 1 July 2015	55,379	-	186,321	241,700
Profit for the year representing total comprehensive income for the year	-	-	5,626	5,626
Payment of dividends	-	-	(85,981)	(85,981)
Balance at 30 June 2016	55,379	-	105,966	161,345
<u>YEAR ENDED 30 JUNE 2017</u>				
Balance at 1 July 2016	55,379	-	105,966	161,345
Loss for the year representing total comprehensive income for the year	-	-	(40,080)	(40,080)
Purchase of treasury shares	-	(46)	-	(46)
Balance at 30 June 2017	55,379	(46)	65,886	121,219
<u>COMPANY</u>				
<u>YEAR ENDED 30 JUNE 2016</u>				
Balance at 1 July 2015	55,379	-	75,496	130,875
Profit for the year representing total comprehensive income for the year	-	-	34,339	34,339
Payment of dividends	-	-	(85,981)	(85,981)
Balance at 30 June 2016	55,379	-	23,854	79,233
<u>YEAR ENDED 30 JUNE 2017</u>				
Balance at 1 July 2016	55,379	-	23,854	79,233
Loss for the year representing total comprehensive income for the year	-	-	(9,798)	(9,798)
Purchase of treasury shares	-	(46)	-	(46)
Balance at 30 June 2017	55,379	(46)	14,056	69,389

- 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.**

During the financial year ended 30 June 2017, the Company purchased a total of 198,000 (30 Jun 2016: Nil) of its ordinary shares by way of on-market purchase for a total consideration of approximately S\$63,000 (30 Jun 2016: Nil). These shares were 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	
	30/6/2017	30/6/2016
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)(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	
	30/6/2017	30/6/2016
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 FRS") that are relevant in the current financial period. The adoption of these new and revised FRS and INT FRS 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
(ii) On a fully diluted basis

Group		
As at 30 June		
	2017	2016
US cents	(5.69)	0.80
US cents	(5.69)	0.80

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	
	As at 30 June	
	2017	2016
Net profit attributable to members (US\$'000)	(40,080)	5,626
Weighted average number of ordinary shares on issue	704,942,221	705,090,514

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 30 June 2017 and 30 June 2016.

- 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	
30/6/2017	30/6/2016	30/6/2017	30/6/2016
17.20	22.88	9.84	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.**

Full Year Results - FY ended 30 June 2017 ("FY1617") vs FY ended 30 June 2016 ("FY1516")

The Group recorded a full year loss of US\$40.080 million in FY1617, against a full year profit of US\$5.626 million in FY1516. The Group's loss was mainly attributable to (1) lower vessel charter rates and utilisation, (2) one-time vessel impairment charge of US\$36.259 million & (3) doubtful debt provision of US\$2.383 million.

Revenue

The Group's revenue decrease by US\$8.32 million or 34% as compared to corresponding period for FY1516 due to lower vessel charter rates and utilisation. Average vessel utilisation rate was 73%, against an average vessel utilization rate of 79% in FY1516.

Cost of Sales and Gross Profit before Direct Depreciation

The Group responded to the harsh charter market environment by reining in on operating expenditure. Thorough review on our vessel operating costs had resulted in 18% reduction in operating expenditure from US\$6.012 million in FY1516 to US\$4.924 million in FY1617. However, the reduction in operating expenditure was not enough to offset the revenue reduction, resulting in gross profit margins before direct depreciation reduced from 76% in FY1516 to 70% in FY1617.

Other Income and Other Expenses

The Group recorded other income of US\$0.344 million in FY1617, 96% lower than the other income recorded in FY1516. Other income in FY1516 comprised mainly of the reversal of prior years' foreign tax provision of US\$5.209 million and the reversal of commission fee payable of US\$3.737 million, which is related to the claim settlement in FY1415. FY1617 mainly comprised of interest income of US\$0.136 million, foreign exchange gain of US\$0.045 million and reversal of prior year over-provided expenses amounting US\$0.163 million.

With the Group adopting a prudent approach in doubtful debt and vessel impairment assessment, a doubtful debt provision of US\$2.383 million and vessel impairment charge of US\$31.076 million charges were recorded in FY1617. This resulted in a net increase in other expense by US\$30.869 million as compared to FY1516. Other expense in FY1516 comprised of an allowance for doubtful debts of US\$1.269 million and a vessel impairment charge of US\$1.001 million.

Administrative Expenses

Administrative expenses decreased from US\$5.225 million in FY1516 to US\$4.530 million in FY1617. The reduction was mainly driven by the Group series of cost rationalisation and business streamlining initiatives.

Share of Results of Associated Companies

The Group recorded a share of associated companies' losses of US\$6.904 million in FY1617, against a share of loss of US\$1.964 million in FY1516. The losses widened as compared to prior year due the recognition of impairment expenses on jointly owned vessels. The Group's share of impairment expenses amounted to US\$5.183 million.

Income Tax

The deferred tax expense relates to its Singapore-owned, foreign flagged vessels.

Review of the Financial Position as at 30 June 2017

The losses incurred by the Group during the financial year has resulted in the decrease of its net assets value from US\$161.345 million as at 30 June 16 to US\$120.219 million as at 30 June 17. The Group's net asset value per share decreased from 22.88 US cents as at 30 June 2016 to 17.20 US cents as at 30 June 2017. Despite the challenging environment, the Group's liquidity remained healthy with a current ratio of 2.3.

The Group's cash decreased from US\$9.711 million to US\$4.668 million largely due to loan granted to ultimate parent company, funding of related parties' and associates' companies expenditure and incurrence of dry docking expenditure amounting US\$0.667 million for one of the vessel.

Trade and other receivables increased by US\$8.817 million to US\$18.040 million as compared to US\$9.223 million as at 30 June 2016. The increase was largely due to US\$4.3 million loan granted to ultimate parent company and increase in amount due from associates and related parties by US\$1.9 million. The Group also faced increasing pressure from clients to grant longer credit term.

As at 30 June 2017, the Group's non-current assets which comprised of the Group's vessels and its investment in associates decreased US\$45.192 million or 27% as compared to the end of last financial year. The decreased was mainly due to recognition of impairment charges of both the Group's owned and co-owned vessels after an in-depth evaluation of the carrying value of the vessels.

Provisions balance comprised of foreign withholding tax accrued.

The Group's total current and non-current loan and borrowings include term loan and credit line. Short-term loans and borrowing as at 30 June 2017 decreased US\$1.964 million as compared to 30 June 2016 due to partial repayment of short-term credit line. The Group has during the year, took steps to increase its long-term borrowing by tapping on the Spring Singapore's Bridging Loan financial support scheme, which explained the increase in long-term loan by US\$3.631 million.

Advance from client decreased US\$1.581 million from US\$3.098 million as at 30 June 2016 to US\$1.517 million as at 30 June 2017 due to the recognition of revenue earned from advance payment made by a customer.

There was a reversal of deferred tax provision of US\$756,000 in FY1617 due to impairment charge arising from its Singapore-owned, foreign-flagged vessels.

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 oil and gas sector faces more uncertainty in the year ahead. As a result of the late 2016 agreement among the Organization of the Petroleum Exporting Countries ("OPEC") to cut oil production, crude oil prices increased during FY 2016 from the historical lows experienced in the last several years. However, the increase in the production of oil from shale deposits on land in the United States together with weaker than expected demand for oil is creating an uncertain horizon for the continued strength or increase in oil prices. The ease with which shale oil well can be revived for production when prices rise add to the clouded outlook for oil prices in the year ahead. Any rebound in the offshore and marine market is also handicapped by the fact that offshore oil and gas projects now must compete for capital with lower-cost onshore projects.

Despite the uncertainty ahead, there are indications that the worst may be over. Crude oil price have likely seen their low for the current cycle. With the rebalancing of costs across the offshore oil and gas industry, new offshore oil and gas development is becoming profitable again, even at current oil prices. In short, the seeds of the ultimate recovery in the sector have been planted.

The Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash that will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.

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	No
(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 S\$100,000)
	(US\$'000)	(US\$'000)
Falcon Energy Group of Companies	5,187	NIL

14 Confirmation of Compliance to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 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.**

As the main focus is on the generation of revenue for the group, the CEO makes decision to charter the vessels based on the charter rates, timing and availability of the vessels. Hence, vessels are deployed worldwide and wherever clients required them subject to safety factors, for example, war zones or areas prone to piracy. As a result, it is not meaningful to present the revenue by countries or geographical locations.

- 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.**

The operations of the group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. Hence, any material changes in contributions to turnover and earnings by the business are covered in the review in Paragraph 8 above.

- 17 **A breakdown of sales.**

- (a) Sales reported for first half year
 (b) Profit after tax for first half year
 (c) Sales reported for second half year
 (d) Profit after tax for second half year

Group		
US\$'000		%
Latest Year 30/6/2017	Previous Year 30/6/2016	Change
8,678	11,251	-23%
(289)	2,282	-113%
7,727	13,474	-43%
(39,791)	3,344	-1290%

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

	Latest Full Year (SGD'000)	Previous Full Year (SGD'000)
Ordinary	-	14,102
Special	-	105,764
Total:	-	119,866

- 19 **Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a 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.**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of our knowledge to date, there is no person occupying a managerial position in the Company, or in any of its principal subsidiaries, who is a relative of a Director or the Chief Executive Officer or a Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Lim Mee Fun
 Company Secretary
 21 August 2017