


**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 ("1H1718") ended 31 December 2017**

	Group			Group		
	2Q 17/18	2Q 16/17	Change	1st Half	1st Half	Change
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	<b>2,360</b>	<b>3,586</b>	(34.2)	<b>6,142</b>	<b>8,678</b>	(29.2)
Cost of sales	(1,109)	(1,198)	7.4	(2,269)	(2,852)	20.4
<b>Gross profit before direct depreciation</b>	<b>1,251</b>	<b>2,388</b>	(47.6)	<b>3,873</b>	<b>5,826</b>	(33.5)
Direct depreciation	(1,833)	(1,898)	3.4	(3,670)	(3,797)	3.3
<b>Gross profit/(Loss) after direct depreciation</b>	<b>(582)</b>	<b>490</b>	(218.8)	<b>203</b>	<b>2,029</b>	(90.0)
Other income (refer to note below)	131	235	(44.1)	248	302	(17.8)
Other expenses (refer to note below)	(102)	-	nm	(199)	(8)	(2386.9)
Indirect depreciation	2	(6)	125.5	(17)	(16)	(9.2)
Administrative expenses	(938)	(949)	1.2	(1,698)	(2,104)	19.3
<b>Profit/(Loss) from operations</b>	<b>(1,489)</b>	<b>(230)</b>	(547.4)	<b>(1,463)</b>	<b>203</b>	(820.7)
Finance costs	(110)	(58)	(90.4)	(226)	(131)	(72.9)
<b>Profit/(Loss) before income tax and results of associated companies</b>	<b>(1,599)</b>	<b>(288)</b>	(455.4)	<b>(1,689)</b>	<b>72</b>	(2446.4)
Share of results of associated companies	(384)	(7)	(5386.9)	(463)	(361)	(28.3)
<b>Profit/(Loss) before income tax</b>	<b>(1,984)</b>	<b>(295)</b>	(572.4)	<b>(2,153)</b>	<b>(289)</b>	(644.8)
Income tax	-	-	nm	-	-	nm
<b>Profit/(Loss) after income tax</b>	<b>(1,984)</b>	<b>(295)</b>	(572.4)	<b>(2,153)</b>	<b>(289)</b>	(644.8)
<b>Other comprehensive income:</b>	-	-		-	-	
<b>Total comprehensive income/(Loss) for the period</b>	<b>(1,984)</b>	<b>(295)</b>	(572.4)	<b>(2,153)</b>	<b>(289)</b>	(644.8)

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

	Group			Group		
	US\$'000		%	US\$'000		%
	2Q 17/18	2Q 16/17		1st Half	1st Half	
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	US\$'000	US\$'000		US\$'000	US\$'000	
Miscellaneous income	28	10	175.6	28	10	175.6
Interest Income	103	38	170.6	220	46	377.9
Foreign Exchange Gain	-	187	nm	-	246	nm
Foreign Exchange Loss	(102)	-	nm	(199)	-	nm
Sales of Fixed Assets/ Fixed Assets Written Off	-	-	nm	-	(8)	(100.0)

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 2017**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2017</b>	<b>30/6/2017</b>	<b>31/12/2017</b>	<b>30/6/2017</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	6,091	4,668	4,687	2,841
Trade and other receivables	17,934	18,148	60,014	48,748
Prepayments	157	103	53	56
<b>Total current assets</b>	<b>24,182</b>	<b>22,919</b>	<b>64,754</b>	<b>51,645</b>
<b>Non-current assets</b>				
Subsidiary companies	-	-	8,751	8,751
Associated companies	25,355	26,226	5,133	4,986
Fixed assets	93,840	97,420	45,086	59,915
<b>Total non-current assets</b>	<b>119,195</b>	<b>123,646</b>	<b>58,970</b>	<b>73,652</b>
<b>Total assets</b>	<b>143,377</b>	<b>146,565</b>	<b>123,723</b>	<b>125,297</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	2,884	2,472	40,526	39,730
Other payables - deferred gain	403	403	-	-
Borrowings	5,610	5,447	5,610	5,447
Advance from client	-	1,517	-	1,517
Deferred interest income	-	-	3,800	-
<b>Total current liabilities</b>	<b>8,897</b>	<b>9,839</b>	<b>49,936</b>	<b>46,694</b>
<b>Non-current Liabilities</b>				
Borrowings	3,740	3,631	3,740	3,631
Other payables - deferred gain	4,840	5,043	-	-
Client deposit	3,000	3,000	3,000	3,000
Deferred taxation	3,834	3,833	2,583	2,583
<b>Total non-current liabilities</b>	<b>15,414</b>	<b>15,507</b>	<b>9,323</b>	<b>9,214</b>
<b>Capital and reserves</b>				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	(46)	(46)	(46)
Accumulated profits	63,733	65,886	9,132	14,056
<b>Total equity</b>	<b>119,066</b>	<b>121,219</b>	<b>64,465</b>	<b>69,389</b>
<b>Total liabilities and equity</b>	<b>143,377</b>	<b>146,565</b>	<b>123,724</b>	<b>125,297</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\$5.61million) as at 31 Dec 2017  
S\$7.5 million (US equivalent of US\$5.447million) as at 30 Jun 2017

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

S\$5 million (US equivalent of US\$3.74million) as at 31 Dec 2017  
S\$5 million (US equivalent of US\$3.631million) as at 30 Jun 2017

**(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>31/12/2017</b> US\$'000	<b>2nd Qtr</b> <b>31/12/2016</b> US\$'000	<b>1st Half</b> <b>31/12/2017</b> US\$'000	<b>1st Half</b> <b>31/12/2016</b> US\$'000
<b>Operating activities :</b>				
Profit before income tax and results of associated companies	(1,599)	(288)	(1,689)	72
Adjustments for :				
Depreciation	1,832	1,904	3,688	3,813
Interest income	(102)	(38)	(220)	(46)
Interest expense	107	57	219	130
Net foreign exchange loss/(gain) - unrealized	134	(245)	259	(245)
Operating cashflows before working capital changes	372	1,390	2,257	3,724
Trade receivables and other receivables	314	(4,045)	462	(5,510)
Prepayments	60	129	(53)	(45)
Advance from client	(383)	2,149	(1,517)	714
Trade and other payables	(67)	(619)	406	(354)
Cash generated from (used in) operations	297	(996)	1,555	(1,471)
Interest received	5	3	6	14
Interest paid	(51)	-	(214)	-
Net cash from (used in) operating activities	250	(993)	1,347	(1,457)
<b>Investing activities :</b>				
Proceeds on disposal of fixed assets	-	-	-	9
Purchase of fixed assets	-	-	(108)	-
Repayment by associated companies	204	-	204	-
Net cash from investing activities	204	-	96	9
<b>Financing activities :</b>				
Repayment of bank loans	-	-	-	(1,853)
Purchase of treasury shares	-	(8)	-	(46)
Net cash used in financing activities	-	(8)	-	(1,899)
Net increase (decrease) in cash and cash equivalents	454	(1,001)	1,443	(3,347)
Cash and cash equivalents at the beginning of the period	5,644	7,301	4,668	9,711
Effects of exchange rate changes on the balance of cash held in foreign currencies	(7)	(66)	(20)	(130)
<b>Cash and cash equivalents at half year ended</b>				
<b>31 December</b>	<b>6,091</b>	<b>6,234</b>	<b>6,090</b>	<b>6,234</b>

- 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 2016**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
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>

**2nd QUARTER ENDED 31 DECEMBER 2017**

Balance at 1 October 2017	55,379	(46)	65,717	121,050
Profit for the period, representing total comprehensive income for the period	-	-	(1,984)	(1,984)
Purchase of treasury shares	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>63,733</b>	<b>119,066</b>

**COMPANY**

**2nd QUARTER ENDED 31 DECEMBER 2016**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
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>

**2nd QUARTER ENDED 31 DECEMBER 2017**

Balance at 1 October 2017	55,379	(46)	10,106	65,439
Profit for the period, representing total comprehensive income for the period	-	-	(974)	(974)
Purchase of treasury shares	-	-	-	-
<b>Balance at 31 December 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>9,132</b>	<b>64,465</b>

**GROUP**

**1st HALF ENDED 31 DECEMBER 2016**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
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>

**1st HALF ENDED 31 DECEMBER 2017**

Balance at 1 July 2017	55,379	-	65,886	121,265
Profit for the period, representing total comprehensive income for the period	-	-	(2,153)	(2,153)
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 December 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>63,733</b>	<b>119,066</b>

**COMPANY**

**1st HALF ENDED 31 DECEMBER 2016**

	Issued capital US\$'000	Treasury Shares US\$'000	Accumulated profits US\$'000	Total US\$'000
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>

**1st HALF ENDED 31 DECEMBER 2017**

Balance at 1 July 2017	55,379	(46)	14,056	69,389
Profit for the period, representing total comprehensive income for the period	-	-	(4,924)	(4,924)
<b>Balance at 31 December 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>9,132</b>	<b>64,465</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.**

There is no change in the company's share capital since the previous period reported on.

	Number of shares as at	
	31/12/2017	31/12/2016
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</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	
	31/12/2017	30/6/2017
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</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 2017 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 period based on net profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares on issue  
(ii) On a fully diluted basis

	Group	
	1st Half ended 31 December	
	2,017	2,016
US cents	(0.31)	(0.04)
US cents	(0.31)	(0.04)

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:

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

Weighted average number of ordinary shares on issue

Group	
1st Half ended 31 December	
2017	2016
(2,153)	(289)
704,925,531	704,991,384

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 2017 and 31 December 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

	Group		Company	
	31/12/2017	30/6/2017	31/12/2017	30/6/2017
US cents	16.89	17.20	9.14	9.84

- 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) 1st Half ended 31 December 2017 ("1H1718") vs 1st Half ended 31 December 2016 ("1H1617")**

The Group incurred a loss after income tax of US\$2.153 million in 1H1718, US\$1.864 million higher than 1H1617 net loss of US\$289,000. The larger loss was mainly driven by 29.2% decline in revenue and unrealised foreign exchange loss on the revaluation of the Singapore-dollar loan against the US-dollar with the appreciation of Singapore dollar against the US dollar, which was partially offset by 20.5% and 19.3% decline in costs of sale and administrative expenses respectively.

**Revenue**

The 29.2% decline in revenue from US\$8.678 million to US\$6.142 million was mainly due to 2.4% decline in vessel utilization rate from 70.6% in 1H1617 to 68.2% in 1H1718 and significant reduction in charter rates.

**Cost of Sales and Direct Depreciation**

1H1718 Operating expenses decreased 20.5%, in line with the 29.2% decrease in revenue. Gross profit after depreciation margin decline from 23.4% in 1H1617 to 3.3% in 1H1718.

**Administrative Expenses**

Administrative expenses decreased 19.3% to US\$1.698 million in 1H1718 mainly due to recharge of one-time business development costs incurred on Hydra amounting US\$0.2 million to a third party and impact of costs restructuring exercise done previously.

**Finance costs**

72.9% increase in finance costs was mainly due to the drawdown of Spring loan in Apr 17.

**Share of Results of Associated Companies**

Share of associated companies' losses widened 28.3% from a loss of US\$361,000 in 1H1617 to a loss of US\$463,000 in 1H1718 mainly due to lower vessel charter rates and decline in associates' vessel utilization rate from 59% to 38%. Of the 6 associates' vessels, 1 was offhired for a mandatory overhaul, 2 vessels were stacked, 1 on term charter and 2 were on spot charter.

**(b) 2<sup>nd</sup> Quarter ended 31 December 2017 ("2Q1718") vs 2nd Quarter ended 31 December 2016 ("2Q1617")**

The Group incurred a loss after income tax of US\$1.984 million in 2Q1718, 572% higher than 2Q1617 loss after income tax of US\$295,000. The larger loss incurred in 2Q1718 against 2Q1617 was mainly due to 34.2% decline in revenue, significantly larger share of associates' losses and increase in unrealised exchange loss from the revaluation of the SGD loan with the appreciation of SGD against USD.

**Revenue**

The 34.2% decline in revenue from US\$3.586 million in 2Q1617 to US\$2.360 million in 2Q1718 was mainly due to lower charter rates and 6% decline in vessel utilization rate from 64% in 2Q1617 to 58% in 2Q1718.

**Cost of Sales and Direct Depreciation**

Cost of sales decreased 7.5% from US\$1.198 million in 2Q1617 to US\$ 1.108 million in 2Q1718. The decline in costs was lesser than the decline in revenue as the vessels that were offhired were on bareboat contracts previously. 2Q1718 gross profit after direct depreciation was reduced from 13.7% in 2Q1617 to a negative of 24.7% in 2Q1718.

**Administrative Expenses**

There was no material variance in the administrative expenses incurred.

**Finance costs**

90.4% increase in finance costs from US\$58,000 to US\$110,000 was due to the drawdown of Spring Loan in Apr 17.

**Share of Results of Associated Companies**

Share of associates' loss increased from US\$7,000 to US\$384,000 due to significant decline in vessel utilization rate from 58% in 2Q1617 to 31% in 2Q1718.

**A Review of the Financial Position**

The Group net assets value was US\$119.066 million and net asset value per share was 16.89 US cents per share as at 31 December 2017. Current ratio was 2.72 as at 31 December 17.

Cash and cash equivalents increased by US\$1.423 million to US\$6.091 million mainly due to positive cashflow generated from operations.

Trade and other receivables decreased from US\$18.148 million to US\$17.934 million mainly due to repayment from associates which was offset by increase in amount due from the buyer of Hydra and a third party customer.

	31-Dec-17	30-Jun-17	Variance	
Trade and Other Receivables	US\$'000	US\$'000	US\$'000	Reasons for variance
Outside Parties	6,380	5,844	536	Delay in payment from a customer
Associated companies	763	2,095	(1,332)	Repayment from associates
FEG Related parties	4,384	4,328	56	Increase was mainly due to Q1 FY1718 partially paid bareboat charter billing to Passiflora for FEG Merlin
				The increase due to unpaid loan
Ultimate Holding company	4,593	4,461	132	interest by FEG
Other Receivables	1,729	1,312	417	US\$200K due to back charge of Hydra business development expense to a third party. The remaining amount related to Hydra unpaid commission and interest due from the third party
Bunker	85	107	(22)	
	<u>17,934</u>	<u>18,148</u>	<u>(213)</u>	

Trade and other payable increased by US\$412,000 mainly due to longer payment terms negotiated with suppliers.

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.**

While the global oil market has shown encouraging signs of stability and recovery in recent months, which will ultimately lead to an increase in offshore exploration activity, the OSV industry is still facing a situation of excess supply against a backdrop of slow pick up in demand. This resulted in intense downwards pressure on vessel utilisation rates and charter rates. Customer sentiment has improved with the increase in oil price and promising demand for oil developing. However, due to the time required for planning and permitting of new offshore projects, an increase in demand for offshore supply vessels can only be realized later in 2018 or early 2019. In the meantime, the Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash, which 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.

The following are details of the interested person transactions entered into by the Group in 1st half ended 31 December 2017:

	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) (US\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (US\$'000)
Falcon Energy Group of Companies	426	-

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 2017 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 Rule 720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
2 February 2018