


**Unaudited 3rd Quarter 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 3rd Quarter ("3Q1718") ended 31 March 2018

	Group			Group		
	3 Months	3 Months	Change	9 Months	9 Months	Change
	31/3/2018	31/3/2017		31/3/2018	31/3/2017	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
<b>Revenue</b>	<b>2,146</b>	<b>3,484</b>	(38)	<b>8,287</b>	<b>12,162</b>	(32)
Cost of sales	(1,186)	(999)	(19)	(3,454)	(3,851)	10
<b>Gross profit before direct depreciation</b>	<b>960</b>	<b>2,485</b>	(61)	<b>4,833</b>	<b>8,311</b>	(42)
Direct depreciation	(1,777)	(1,818)	2	(5,448)	(5,615)	3
<b>Gross profit after direct depreciation</b>	<b>(817)</b>	<b>667</b>	(222)	<b>(615)</b>	<b>2,696</b>	(123)
Other income (refer to note below)	166	61	171	414	235	76
Other expenses (refer to note below)	(125)	(120)	(4)	(324)	-	nm
Indirect depreciation	(6)	(5)	(11)	(23)	(21)	(5)
Administrative expenses	(1,247)	(1,127)	(11)	(2,951)	(3,231)	9
<b>Profit from operations</b>	<b>(2,028)</b>	<b>(524)</b>	(287)	<b>(3,498)</b>	<b>(321)</b>	(990)
Finance costs	(110)	(51)	(115)	(329)	(182)	(81)
<b>Profit before income tax and results of associated companies</b>	<b>(2,138)</b>	<b>(575)</b>	(272)	<b>(3,827)</b>	<b>(503)</b>	(661)
Share of results of associated companies	(656)	(447)	(47)	(1,119)	(808)	(39)
<b>Profit before income tax</b>	<b>(2,794)</b>	<b>(1,022)</b>	(173)	<b>(4,946)</b>	<b>(1,311)</b>	(277)
Income tax	-	-	nm	-	-	nm
<b>Profit after income tax</b>	<b>(2,794)</b>	<b>(1,022)</b>	(173)	<b>(4,946)</b>	<b>(1,311)</b>	(277)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the period</b>	<b>(2,794)</b>	<b>(1,022)</b>	(173)	<b>(4,946)</b>	<b>(1,311)</b>	(277)

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

	Group			Group		
	US\$'000		%	US\$'000		%
	3 Months	3 Months		9 Months	9 Months	
31/3/2018	31/3/2017	Change	31/3/2018	31/3/2017	Change	
	US\$'000	US\$'000		US\$'000	US\$'000	
Miscellaneous income	11	2	457.9	40	12	231.0
Sales of Fixed Assets/ Fixed Assets Written off	-	14	(100)	-	6	(100)
Interest Income	154	45	243	374	91	311
Foreign Exchange Gain	-	-	nm	-	126	nm
Foreign Exchange Loss	(125)	(120)	(4.0)	(324)	-	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 31 March 2018**

	Group		Company	
	31/3/2018	30/6/2017	31/3/2018	30/6/2017
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5,979	4,668	3,650	2,841
Trade and other receivables	17,959	18,148	61,105	48,748
Prepayments	217	103	77	56
<b>Total current assets</b>	<b>24,155</b>	<b>22,919</b>	<b>64,832</b>	<b>51,645</b>
<b>Non-current assets</b>				
Subsidiary companies	-	-	8,751	8,751
Associated companies	24,600	26,226	5,133	4,986
Fixed assets	92,147	97,420	44,302	59,915
<b>Total non-current assets</b>	<b>116,747</b>	<b>123,646</b>	<b>58,186</b>	<b>73,652</b>
<b>Total assets</b>	<b>140,902</b>	<b>146,565</b>	<b>123,018</b>	<b>125,297</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	3,126	2,472	41,074	39,730
Other payables - deferred gain	403	403	-	-
Borrowings	5,716	5,447	5,716	5,447
Advance from client	-	1,517	-	1,517
Deferred interest income	-	-	3,687	-
<b>Total current liabilities</b>	<b>9,245</b>	<b>9,839</b>	<b>50,477</b>	<b>46,694</b>
<b>Non-current Liabilities</b>				
Other payables - deferred gain	4,740	5,043	-	-
Client deposit	3,000	3,000	3,000	3,000
Borrowings	3,811	3,631	3,811	3,631
Deferred taxation	3,834	3,833	2,583	2,583
<b>Total non-current liabilities</b>	<b>15,385</b>	<b>15,507</b>	<b>9,394</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	60,939	65,886	7,813	14,056
<b>Total equity</b>	<b>116,272</b>	<b>121,219</b>	<b>63,146</b>	<b>69,389</b>
<b>Total liabilities and equity</b>	<b>140,902</b>	<b>146,565</b>	<b>123,018</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\$5.716million) as at 31 Mar 2018  
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\$3.811million) as at 31 Mar 2018  
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>3 Months</b>	<b>3 Months</b>	<b>9 Months</b>	<b>9 Months</b>
	<b>31/3/2018</b>	<b>31/3/2017</b>	<b>31/3/2018</b>	<b>31/3/2017</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities :</b>				
Loss before income tax and results of associated companies	(2,138)	(575)	(3,827)	(503)
Adjustments for :				
Depreciation	1,783	1,823	5,471	5,636
Interest income	(154)	(45)	(374)	(91)
Interest expense	110	-	329	-
Net foreign exchange (gain)/ loss - unrealized	139	(126)	356	(126)
Operating cashflows before working capital changes	<u>(260)</u>	<u>1,077</u>	<u>1,955</u>	<u>4,916</u>
Trade and other receivables	144	(4,957)	601	(10,519)
Prepayments	(63)	37	(116)	(8)
Advance from client	-	(1,171)	(1,517)	(457)
Trade and other payables	291	(21)	703	(230)
Cash generated from/ (used in) operations	<u>112</u>	<u>(5,035)</u>	<u>1,626</u>	<u>(6,298)</u>
Interest received	11	31	16	82
Interest paid	(165)	-	(378)	-
Net cash (used in)/ generated from operating activities	<u>(42)</u>	<u>(5,004)</u>	<u>1,264</u>	<u>(6,216)</u>
<b>Investing activities :</b>				
Proceeds on disposal of fixed assets	-	-	-	9
Purchase of fixed assets	(89)	-	(197)	-
Repayment by associated companies	-	-	204	-
Net cash (used in)/ generated from investing activities	<u>(89)</u>	<u>-</u>	<u>7</u>	<u>9</u>
<b>Financing activities :</b>				
Repayment of bank loans	-	-	-	(1,853)
Purchase of treasury shares	-	-	-	(46)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,899)</u>
Net (decrease)/ increase in cash and cash equivalents	(131)	(5,004)	1,271	(8,106)
Cash and cash equivalents at the beginning of the period	6,091	6,234	4,668	9,711
Effects of exchange rate changes on the balance of cash held in foreign currencies	19	312	41	(63)
<b>Cash and cash equivalents at quarterly ended</b>				
<b>31 March</b>	<u><u>5,979</u></u>	<u><u>1,542</u></u>	<u><u>5,980</u></u>	<u><u>1,542</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**

**3rd QUARTER ENDED 31 MARCH 2017**

	Issued Capital US\$'000	Treasury Shares US\$'000	Accumulated Profits US\$'000	Total US\$'000
Balance at 31 December 2016	55,379	(46)	105,677	161,010
Profit for the period representing total comprehensive income for the period	-	-	(1,022)	(1,022)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>104,655</b>	<b>159,988</b>

**3rd QUARTER ENDED 31 MARCH 2018**

Balance at 31 December 2017	55,379	(46)	63,733	119,066
Profit for the period representing total comprehensive income for the period	-	-	(2,794)	(2,794)
<b>Balance at 31 March 2018</b>	<b>55,379</b>	<b>(46)</b>	<b>60,939</b>	<b>116,272</b>

**COMPANY**

**3rd QUARTER ENDED 31 MARCH 2017**

	Issued Capital US\$'000	Treasury Shares US\$'000	Accumulated Profits US\$'000	Total US\$'000
Balance at 31 December 2016	55,379	(46)	24,904	80,237
Profit for the period representing total comprehensive income for the period	-	-	104	104
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>25,008</b>	<b>80,341</b>

**3rd QUARTER ENDED 31 MARCH 2018**

Balance at 31 December 2017	55,379	(46)	9,132	64,465
Profit for the period representing total comprehensive income for the period	-	-	(1,319)	(1,319)
<b>Balance at 31 March 2018</b>	<b>55,379</b>	<b>(46)</b>	<b>7,813</b>	<b>63,146</b>

**GROUP**

**9 MONTHS ENDED 31 MARCH 2017**

	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	-	-	(1,311)	(1,311)
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>104,655</b>	<b>159,988</b>

**9 MONTHS ENDED 31 MARCH 2018**

Balance at 1 July 2017	55,379	-	65,885	121,264
Profit for the period representing total comprehensive income for the period	-	-	(4,946)	(4,946)
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 March 2018</b>	<b>55,379</b>	<b>(46)</b>	<b>60,939</b>	<b>116,272</b>

**COMPANY**

**9 MONTHS ENDED 31 MARCH 2017**

	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	-	-	1,154	1,154
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>25,008</b>	<b>80,341</b>

**9 MONTHS ENDED 31 MARCH 2018**

Balance at 1 July 2017	55,379	(46)	14,056	69,389
Profit for the period representing total comprehensive income for the period	-	-	(6,243)	(6,243)
<b>Balance at 31 March 2018</b>	<b>55,379</b>	<b>(46)</b>	<b>7,813</b>	<b>63,146</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	
	31/3/2018	31/3/2017
Total number of issued shares @ 1 Jan	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares @ 31 Mar	<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	
	31/3/2018	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 year based on profit attributable to shareholders:

Group	
9 months ended 31 March	
2018	2017
US cents (0.7)	(0.19)
US cents (0.7)	(0.19)

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

- (ii) On a fully diluted basis

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	
9 months ended 31 March	
2018	2017
(4,946)	(1,311)
704,920,873	704,914,014

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 March 2018 and 31 March 2017.

- 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	
	31/3/2018	30/6/2017	31/3/2018	30/6/2017
US cents	16.49	17.20	8.96	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) 9 Months ended 31 March 2018 ("9M1718") vs 9 Months ended 31 March 2017 ("9M1617")**

For the first nine months ended 31 March 2018 ("9M1718"), the Group recorded a loss after income tax of US\$4.946 million. The loss increased 277% as compared to the previous corresponding nine months ended 31 March 2017 ("9M1617") mainly driven by the 32% or US\$3.875 million decline in revenue and the recognition of unrealised foreign exchange loss of US\$324,000 largely from the revaluation of the Sing dollar loan against the US dollar. An unrealised exchange gain of US\$126,000 was recorded in 9M1617.

**YTD Revenue**

Revenue declined 32% year-on-year due to lower charter rate as well as vessel utilization rate. Utilization rate decline from 68% in 9M1617 to 63% in 9M1718.

**YTD Cost of Sales**

Cost of sales decreased 10% from US\$3.851 million to US\$3.454 million year-on-year due to aggressive efforts to trim costs while ensuring operational safety. Operating expense has already been trimmed to the minimal and there is little room for further reduction.

**Interest Income**

Interest income increased by 311% year-on year from US\$91,000 to US\$374,000 mainly due to interest income earned from the loan made to FEG group and unpaid amount due from a third party.

**Administrative Expenses**

Administrative expenses decreased 9% to US\$2.951 million in 9M1718 from US\$3.231 million in 9M1617. The decreased was mainly due to the impact of cost restructuring exercise performed previously.

**Finance Costs**

Higher finance costs were due to the interest expenses incurred on bank loan drawn down in Apr 2017.

**Share of Results of Associated Companies**

Share of loss of associated companies increased from US\$0.808 million in 9M1617 to US\$1.119 million in 9M1718. The increase in loss was primarily due to charter rate reduction and the off-hire of a vessel for drydocking in 9M1718.

**(b) 3rd Quarter ended 31 March 2018 ("3Q1718") vs 3rd Quarter ended 31 March 2017 ("3Q1617")**

The group's loss increased by 173% from US\$1.022 million in 3Q1617 to US\$2.794 million in 3Q1718 mainly due to 38% or US\$1.338 million decline in revenue, 19% or US\$0.187 million increase in costs of sale, 11% or US\$0.12 million increase in administrative expense and higher share of loss from associates companies.

**Revenue**

3Q1718 revenue was 38% lower than 3Q1617 mainly due to significant decline in charter and vessels' utilization rate. Vessel utilization rate declined from 67% in 3Q1617 to 52% in 3Q1718 due to the off-hire of one vessel in Mar 18 for repair work and termination of 2 charter contracts.

**Cost of Sales**

Cost of sales increased 19% from US\$0.999 million in 3Q1617 to US\$1.186 million in 3Q1718 due to significant increase in vessel repair and maintenance costs incurred in 3Q1718.

The lower revenue and higher costs has resulted in the Group gross profit margin before direct depreciation decreasing from 71% in 3Q1617 to 45% in 3Q1718 .

**Administrative Expenses**

Administrative expenses increased 11% from US\$1.127 million in 3Q1617 to US\$1.247 million in 3Q1718 due mainly to the back-charge of equipment rental and manpower costs by ultimate holding company to CHO amounting US\$0.224 million.

**Share of Results of Associated Companies**

Share of loss of associates companies increased from US\$447,000 in 3Q1617 to US\$656,000 in 3Q1718 due mainly to the 52% decrease in revenue due to low vessel utilization rate achieved.

**FINANCIAL POSITION**

The Group has a net assets value ("NAV") of US\$116.272 million as at 31 March 2018. This is equivalent to 16.49 US cents per share.

Cash balance has increased from US\$4.668 million as at 30 June 2017 to US\$5.979 million as at 31 March 2018 mainly due to positive cashflow generated from operations and repayment from associates.

Trade and other receivables has declined from US\$18.148 million as at 31 June 2017 to US\$17.959 million as at 31 March 2018.

	31-Mar-18	30-Jun-17	Variance	
<b>Trade and Other Receivables</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>Reasons for variance</b>
Outside Parties	6,504	5,844	660	Delay in payment from a customer
Associated companies	472	2,095	(1,624)	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
Ultimate Holding company	4,659	4,461	198	loan interest by FEG
Other Receivables	1,823	1,312	511	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	117	107	10	
	<u>17,959</u>	<u>18,148</u>	<u>(189)</u>	

The decline in investment in associated companies was mainly due to the share of associates' loss during the financial year.

Trade and other payable increased US\$654K from US\$2.472 million as at 30 June 2017 to US\$3.126 million as at 31 March 2017 mainly due to significant expenditure incurred on the ongoing dry docking of a vessel and major repair of another vessel.

Advance from client relates to prepaid charter received from a client. The charter service has been earned, resulting in nil balance as at 31 March 2018.

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 may only be realized later beyond current financial year. 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?

<b>(a) Present Period</b>	No
<b>(b) Previous Corresponding Period</b>	No
<b>(c) Date payable</b>	Not applicable.
<b>(d) Books closure date</b>	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) (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	569	5,065

**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 nine months ended 31 March 2018 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  
4 May 2018