


Unaudited Financial Statement And Related Announcement for the Year Ended 30 June 2018
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 2018**

	Group		
	12 Months 30/6/2018 US\$'000	12 Months 30/6/2017 US\$'000	Change %
	Revenue	9,906	16,405
Cost of sales	(5,302)	(4,924)	8
Gross profit before direct depreciation	4,604	11,481	(60)
Direct depreciation	(7,165)	(7,441)	(4)
Gross profit after direct depreciation	(2,561)	4,040	(163)
Other income (refer to note below)	476	344	38
Other expenses (refer to note below)	(12,238)	(33,470)	(63)
Indirect depreciation	(29)	(26)	12
Administrative expenses	(3,938)	(4,543)	(13)
Loss from operations	(18,290)	(33,655)	(46)
Finance costs	(436)	(277)	57
Loss before income tax and results of associated companies	(18,726)	(33,932)	(45)
Share of results of associated companies	(5,747)	(6,904)	(17)
Loss before income tax	(24,473)	(40,836)	(40)
Income tax	(122)	756	nm
Loss after income tax	(24,595)	(40,080)	(39)
Other comprehensive income	-	-	
Total comprehensive income for the year	(24,595)	(40,080)	(39)

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

	Group		
	12 Months 30/6/2018 US\$'000	12 Months 30/6/2017 US\$'000	Change %
	Interest income	341	136
Miscellaneous income	135	163	(17)
Foreign exchange (loss)/gain	(9)	45	(120)
Impairment loss	(3,333)	(31,076)	(89)
Provision for doubtful debt	(8,657)	(2,383)	263
Provision for impairment of investment in associated company	(239)	-	nm
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 2018

	Group		Company	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,249	4,668	2,667	2,841
Trade and other receivables	9,800	18,040	55,359	48,741
Inventories	140	108	44	7
Loan to associated company	3,595	-	-	-
Prepayments	122	103	42	56
Total current assets	17,906	22,919	58,112	51,645
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	10,069	26,226	-	4,986
Loan to associated company	3,818	-	-	-
Fixed assets	88,988	97,420	43,429	59,915
Total non-current assets	102,875	123,646	52,180	73,652
Total assets	120,781	146,565	110,292	125,297
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	3,705	2,394	39,974	39,730
Withholding tax accruals	260	78	-	-
Other payables - deferred gain	321	403	-	-
Borrowings	5,651	5,447	5,651	5,447
Advance from client	-	1,517	-	1,517
Income tax payable	3	-	-	-
Client deposit	3,000	-	3,000	-
Deferred interest income	-	-	696	-
Total current liabilities	12,940	9,839	49,321	46,694
Non-current liabilities				
Borrowings	3,513	3,631	3,513	3,631
Other payables - deferred gain	3,752	5,043	-	-
Client deposit	-	3,000	-	3,000
Deferred interest income	-	-	2,660	-
Deferred taxation	3,952	3,833	2,769	2,583
Total non-current liabilities	11,217	15,507	8,942	9,214
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury shares	(46)	(46)	(46)	(46)
Accumulated profits	41,291	65,886	(3,304)	14,056
Total equity	96,624	121,219	52,029	69,389
Total liabilities and equity	120,781	146,565	110,292	125,297

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

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

S\$7.7 million (equivalent to US\$5.651million) as at 30 Jun 2018
S\$7.5 million (equivalent to US\$5.447million) as at 30 Jun 2017

(b) Amount repayable after one year

S\$4.8 million (equivalent to US\$3.513million) as at 30 Jun 2018
S\$5 million (equivalent to 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

	Group	
	FY ended 30 June	
	2018	2017
	US\$'000	US\$'000
Operating activities :		
Loss before income tax and results of associated companies	(18,726)	(33,932)
Adjustments for :		
Depreciation and impairment	10,527	38,543
Gain on disposal of fixed assets	-	(5)
Provision for doubtful debt	8,657	2,382
Provision for doubtful debt for associated company	239	-
Interest income	(341)	(136)
Interest expense	436	277
Net foreign exchange loss/(gain) - unrealised	38	(76)
Operating cash flows before working capital changes	830	7,053
Trade and other receivables	(335)	(11,083)
Inventories	(32)	(108)
Prepayments	(19)	73
Trade and other payables	1,334	(221)
Withholding tax accruals	182	78
Advance from client	(1,517)	(1,581)
Cash generated used in operations	443	(5,789)
Interest received	96	19
Interest paid	(430)	(318)
Net cash generated used in operating activities	109	(6,088)
Investing activities :		
Proceeds on disposal of fixed assets	-	14
Additions to fixed assets	(1,095)	(667)
Repayment by associated companies	556	-
Net cash used in investing activities	(539)	(653)
Financing activities :		
Proceeds from bank loan	-	3,579
Repayment of bank loan	-	(1,853)
Purchase of treasury shares	-	(46)
Net cash generated from financing activities	-	1,680
Net decrease in cash and cash equivalents	(430)	(5,061)
Cash and cash equivalents at the beginning of the period	4,668	9,711
Effects of exchange rate changes on the balance of cash held in foreign currencies	11	18
Cash and cash equivalents at the end of the year	4,249	4,668

- 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

GROUP

YEAR ENDED 30 JUNE 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
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

YEAR ENDED 30 JUNE 2018

Balance at 1 July 2017	55,379	(46)	65,886	121,219
Loss for the year representing total comprehensive income for the year	-	-	(24,595)	(24,595)
Balance at 30 June 2018	55,379	(46)	41,291	96,624

COMPANY

YEAR ENDED 30 JUNE 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
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

YEAR ENDED 30 JUNE 2018

Balance at 1 July 2017	55,379	(46)	14,056	69,389
Loss for the year representing total comprehensive income for the year	-	-	(17,360)	(17,360)
Balance at 30 June 2018	55,379	(46)	(3,304)	52,029

- 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	
	30/6/2018	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)(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	
	30/6/2018	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:

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

	Group	
	As at 30 June	
	2018	2017
US cents	(3.49)	(5.69)
US cents	(3.49)	(5.69)

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	
	As at 30 June	
	2018	2017
Net profit attributable to members (US\$'000)	(24,595)	(40,080)
Weighted average number of ordinary shares on issue	704,917,333	704,942,221

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 2018 and 30 June 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

US cents

Group		Company	
30/6/2018	30/6/2017	30/6/2018	30/6/2017
13.71	17.20	7.38	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.**

Full Year Results - FY ended 30 June 2018 ("FY1718") vs FY ended 30 June 2017 ("FY1617")

The Group recorded a full year loss of US\$24.595 million in FY1718, a 39% decrease from prior year's loss of US\$40.080 million. US\$14.330 million of FY1718 Group's loss were attributable to one-off adjustments which include impairment provision for CHO owned and jointly-owned vessels amounting to US\$3.333 million and US\$2.101 million respectively, impairment provision for investment in associated company amounting to US\$0.239 million and doubtful debt provision amounting to US\$8.657 million for outstanding debt due from FEG and its related companies. In addition, the Group shared a loss on disposal of associated company vessels amounting to US\$2.409 million. The remaining losses of US\$7.856 million were attributable to lower vessel utilization and charter rates and higher operating and financing expenditure incurred. Average vessel utilisation rate including jointly-owned vessels was 53% in FY1718, against an average vessel utilization rate of 63% in FY1617.

Revenue

The Group's revenue decrease by US\$6.499 million or 40% as compared to prior year due to lower vessel charter rates and utilisation rate.

Cost of Sales and Gross Profit before Direct Depreciation

The cost of sales increased by 8% from US\$4.924 million to US\$5.302 million mainly due to higher stacked and repair costs and expenditure incurred to takeover a vessel from a client who has defaulted on the charter contract. Due to the lower revenue and higher cost of sales, the Group's gross profit margin before direct depreciation decrease from 70% to 46% in FY1718.

Other Income

The Group recorded other income of US\$0.476 million in FY1718 which was 38% higher than in FY1617. FY1718 Other income comprised mainly of fixed deposit interest income, interest charge to third parties for outstanding debt due to the Group, interest income from loan made to associated company and government grants received. FY1617 other income comprised fixed deposit interest income of US\$0.136 million and reversal of prior year over-provided expenses amounting US\$0.163 million.

Other Expenses

The Group FY1718 other expense comprised mainly of doubtful debt, vessel impairment and investment in associated company impairment provision adjustments of US\$8.657 million, US\$3.333 million and US\$0.239 million respectively. This is against prior year doubtful debt and vessel impairment provision adjustments of US\$2.383 million and US\$31.076 million respectively.

Administrative Expenses

Administrative expenses decreased from US\$4.543 million in FY1617 to US\$3.938 million in FY1718. The decreased was mainly due to prudent cost management.

Share of Results of Associated Companies

The Group's share of associated companies' losses declined 17% from US\$6.904 million to US\$5.747 million in FY1718. FY1718 share of associates' losses included the Group's share of vessel impairment provision of US\$2.101 million and loss on disposal of fixed assets amounting US\$2.409 million. Excluding one-off provision adjustments, the Group's share of associated companies' losses would have been US\$1.237 million in FY1718 and US\$1.720 million in FY1617. The lower adjusted losses, despite a 6% year-on-year reduction in vessel utilisation rate to 42% in FY1718, was mainly due to prudent management of operating expenses.

Income Tax

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

Review of the Financial Position as at 30 June 2018

The losses incurred by the Group during the financial year has resulted in the decrease of its net assets value from US\$121.219 million as at 30 June 17 to US\$96.624 million as at 30 June 18. The Group's net asset value per share decreased from 17.20 US cents as at 30 June 2017 to 13.71 US cents as at 30 June 2018.

The Group's cash balance decreased by 9% from US\$4.668 million to US\$4.249 million mainly due to drydocking expenditure incurred on a vessel which was partially offset by the positive cash flow generated from operating activities and repayment from associated companies.

Trade and other receivables decreased US\$8.240 million from US\$18.040 million as at 30 June 2017 to US\$9.800 million as at 30 June 2018 largely due to provision for doubtful debt of US\$8.657 million made on amount due from FEG and related parties.

Trade and Other Receivables	30-Jun-18	30-Jun-17	Variance	Reasons for variance
	US\$'000	US\$'000	US\$'000	
Outside Parties	7,770	5,844	1,926	Delay in payment from customers
Associated companies	229	2,095	(1,866)	Repayment from associates
FEG Related parties	-	4,328	(4,328)	Full provision on amount due from FEG related parties
FEG	-	4,461	(4,461)	Full provision on amount due from FEG
Other Receivables	1,801	1,312	489	US\$200K due to back charge of Hydra business development expense to a third party. The remaining amount related to unpaid commission and interest due from a third party
	<u>9,800</u>	<u>18,040</u>	<u>(8,240)</u>	

The Group's investment in associates declined US\$16.157 million from US\$26.226 million as at 30 June 2017 to US\$10.069 million as at 30 June 2018 mainly due to reclassification of long term shareholder's loan amounting US\$7.413 million from "investment in associates" to "short- and long-term loan to associates" due to revision to the terms of the shareholder's loan agreement. The decline was also due to partial repayment of shareholders' loan by associates amounting US\$1.385 million, share of associates losses before deferred gain adjustment of US\$7.120 million and impairment provision for investment in associated company amounting US\$0.239 million made during the year.

The decline in fixed assets value were mainly due to annual depreciation adjustments of US\$7.165 million and vessel impairment provision of US\$3.333 million which were partially offset by fixed assets addition of US\$2.095 million during the year. 2 vessels were acquired from one associated company by offsetting receivables and shareholder's loan due from the associate against the purchase price.

Trade and other payable increased US\$1.311 million from US\$2.394 million as at 30 June 2017 to US\$3.705 million as at 30 June 2018 mainly due to the dry docking expenditure incurred on a vessel.

Withholding tax accrual balance increased due to delay in collections from customers. Withholding tax is only payable upon payment from customers.

The Group's total current and non-current borrowings include term loan and credit line. The variances between current and previous year loan balances were due to unrealised foreign exchange movement. No further loan was taken by the Group during FY1718.

There was no advance from client as at 30 June 2018 as the revenue has been earned during the financial year.

The client deposit has been reclassified from non-current to current as the contract has been terminated by the Group during the financial year.

Deferred gain balance relates to the gain from sale of vessels by CHO to the associated companies previously. The deferred gain was partially reversed against share of result of associated companies due to the sale of 2 jointly-owned vessels by one of the associated company during the year.

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.

On 26 July 2018, Baker Technology Limited announced that its wholly-owned subsidiary BT Investment Pte. Ltd. has acquired 371,646,150 shares representing 52.72% of the total shares in the capital of the Company. Following the acquisition, BT Investment Pte. Ltd. has made a mandatory unconditional cash offer for all the remaining shares in the Company at S\$0.13 per share. Full details of the mandatory unconditional cash offer are set out in the Company's announcement dated 10 August 2018. As of 26 July 2018, Baker Technology Limited has replaced Falcon Energy Group Limited as the ultimate holding company of the Company.

The oil and gas sector are showing sign of improvement with tender activities picking up. If oil prices continue to strengthen through 2018 and 2019, infill well drilling should resume and new production should commence as E&P companies grow more confident of oil price strength. However, in the near term, charter rates are not expected to improve due to the oversupply situation. Barring any unexpected geopolitical developments or a decline in oil prices that could derail the sector recovery, we are cautiously optimistic that the market will find its balance in the medium term.

The Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash. This is the simple strategy 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	682	Nil

14 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.

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 30/6/2018	Previous Year 30/6/2017	Change
6,142	8,678	-29%
(2,153)	(289)	645%
3,764	7,727	-51%
(22,442)	(39,791)	-44%

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	-	-
Special	-	-
Total:	-	-

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
 17 August 2018