

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS**

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>THE GROUP</b>						
	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Increase/ (Decrease)</b>	<b>6M 2016</b>	<b>6M 2015</b>	<b>Increase/ (Decrease)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
<b>Revenue</b>	35,971	53,406	-32.6%	96,716	146,130	-33.8%
Cost of sales	(27,995)	(44,746)	-37.4%	(78,164)	(124,716)	-37.3%
<b>Gross profit</b>	<u>7,976</u>	<u>8,660</u>	-7.9%	<u>18,552</u>	<u>21,414</u>	-13.4%
Other operating income	9,622	17,953	-46.4%	62,307	18,914	229.4%
Administrative expenses	(6,284)	(7,566)	-16.9%	(14,252)	(12,667)	12.5%
Finance costs	(3,103)	(1,141)	172.0%	(6,619)	(2,316)	185.8%
Share of net profit of associates and joint ventures	2,221	2,037	9.0%	3,925	4,625	-15.1%
<b>Profit before income tax</b>	<u>10,432</u>	<u>19,943</u>	-47.7%	<u>63,913</u>	<u>29,970</u>	113.3%
Income tax credit	254	17	NM	108	29	272.4%
<b>Profit for the period</b>	<u><u>10,686</u></u>	<u><u>19,960</u></u>	-46.5%	<u><u>64,021</u></u>	<u><u>29,999</u></u>	113.4%
Profit for the period attributable to:						
Owners of the Company	10,086	19,660	-48.7%	54,864	27,726	97.9%
Non-controlling interests	600	300	100.0%	9,157	2,273	302.9%
<b>Profit for the period</b>	<u><u>10,686</u></u>	<u><u>19,960</u></u>	-46.5%	<u><u>64,021</u></u>	<u><u>29,999</u></u>	113.4%
<b>(a) (ii) Statement of Comprehensive income</b>						
<b>Profit for the period</b>	10,686	19,960	-46.5%	64,021	29,999	113.4%
Other comprehensive income :						
Foreign currency translation of foreign entities	(163)	(51)	219.6%	(279)	(48)	481.3%
<b>Total comprehensive income for the period</b>	<u><u>10,523</u></u>	<u><u>19,909</u></u>	-47.1%	<u><u>63,742</u></u>	<u><u>29,951</u></u>	112.8%
Total comprehensive income attributable to:						
Owners of the company	9,983	19,627	-49.1%	54,741	27,695	97.7%
Non-controlling interests	540	282	91.5%	9,001	2,256	299.0%
<b>Total comprehensive income for the period</b>	<u><u>10,523</u></u>	<u><u>19,909</u></u>	-47.1%	<u><u>63,742</u></u>	<u><u>29,951</u></u>	112.8%

NM=: Not meaningful



**1(a)(ii) Profit before income tax is arrived at after charging / (crediting):-**

	<b>THE GROUP</b>			
	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>6M 2016</b>	<b>6M 2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation	6,343	3,397	12,319	7,117
Exchange (gain) loss - net	(9,032)	1,547	(6,430)	1,747
Interest expense	3,103	1,140	6,619	2,320
Interest income	(277)	(16)	(546)	(23)
Settlement income, net of related expenses	-	-	(53,581)	-
Allowance for doubtful trade debts	26	53	382	199
Loss/(Gain) on disposal of property, plant and equipment	-	(16,872)	4	(16,870)
Change in fair value of derivative financial instrument	-	(3)	-	(8)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>30/9/2015</b>	<b>31/3/2015</b>	<b>30/9/2015</b>	<b>31/3/2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	151,616	134,947	34,571	35,528
Trade receivables	80,240	105,599	-	-
Other receivables	49,344	86,754	297,802	376,623
Inventories	3,428	440	-	-
<b>Total current assets</b>	<b>284,628</b>	<b>327,740</b>	<b>332,373</b>	<b>412,151</b>
<b>Non-current assets</b>				
Other receivables	23,688	23,591	23,688	22,183
Property, plant and equipment	435,964	436,497	6,464	6,518
Subsidiaries	-	-	180,079	179,358
Associates	43,325	42,802	-	-
Joint venture	5,918	3,348	-	-
Available-for-sale investments	2,098	2,098	2,098	2,098
Other intangible assets	2,934	2,937	-	-
Deferred tax assets	329	362	-	-
Goodwill on consolidation	6,376	6,376	-	-
<b>Total non-current assets</b>	<b>520,632</b>	<b>518,011</b>	<b>212,329</b>	<b>210,157</b>
<b>Total assets</b>	<b>805,260</b>	<b>845,751</b>	<b>544,702</b>	<b>622,308</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	29,915	57,095	-	-
Other payables	76,931	50,445	83,983	120,382
Finance leases	240	163	16	17
Borrowings	133,365	176,934	87,125	124,131
Income tax payable	3,724	3,810	25	55
<b>Total current liabilities</b>	<b>244,175</b>	<b>288,447</b>	<b>171,149</b>	<b>244,585</b>
<b>Non-current liabilities</b>				
Notes payables	34,922	36,064	34,922	36,064
Finance leases	671	285	40	49
Borrowings	124,659	166,670	49,380	50,719
Other payables	28,394	29,228	-	-
Deferred tax liabilities	14,612	14,929	-	-
<b>Total non-current liabilities</b>	<b>203,258</b>	<b>247,176</b>	<b>84,342</b>	<b>86,832</b>
<b>Capital and reserves</b>				
Share capital	229,528	229,528	229,528	229,528
Treasury shares	(3,757)	(3,757)	(3,757)	(3,757)
Capital reserve	11,824	11,824	11,824	11,824
Share-based payments	639	639	639	639
Merger reserve	(151,692)	(151,692)	-	-
Foreign currency translation reserve	(290)	(167)	-	-
Accumulated profits	221,454	166,590	50,977	52,657
<b>Equity attributable to owners of the Company</b>	<b>307,706</b>	<b>252,965</b>	<b>289,211</b>	<b>290,891</b>
Non-controlling interests	50,121	57,163	-	-
<b>Total equity</b>	<b>357,827</b>	<b>310,128</b>	<b>289,211</b>	<b>290,891</b>
<b>Total liabilities and equity</b>	<b>805,260</b>	<b>845,751</b>	<b>544,702</b>	<b>622,308</b>

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

	<b>THE GROUP</b>			
	<b>As at 30/9/2015</b>		<b>As at 31/3/2015</b>	
	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>	<b>Secured US\$'000</b>	<b>Unsecured US\$'000</b>
Amount repayable in one year or less, or on demand	133,605	-	176,754	343
Amount repayable after one year	160,252	-	203,019	-
<b>Total</b>	<b>293,857</b>	<b>-</b>	<b>379,773</b>	<b>343</b>

**Details of any collateral:**

- 1) The Group's borrowings are secured by:
  - i) corporate guarantee from Company and certain subsidiaries;
  - ii) legal mortgages over the relevant property;
  - iii) legal mortgages over certain vessels of the Group;
  - iv) certain fixed deposits and bank balances;
  - v) assignment of certain vessels' charter- hire- income and insurance policies, and
  - vi) pledge of a subsidiary's shares.
  
- 2) Obligations under finance lease are secured by the lessor's charge over the leased assets.

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

	<b>THE GROUP</b>	
	<b>6M 2016 US\$'000</b>	<b>6M 2015 US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	63,913	29,970
Adjustments for:		
Depreciation of property, plant and equipment	12,319	7,117
Interest expense	6,619	2,320
Interest income	(546)	(23)
Allowance for doubtful trade debts	382	199
Share of net profit of associates and joint ventures	(3,925)	(4,625)
Loss/(Gain) on disposal of property, plant and equipment	4	(16,870)
Changes in fair value of derivative financial instrument	-	(8)
Settlement income	(60,000)	-
Exchange difference	(4,943)	303
Operating cash flows before movements in working capital	<u>13,823</u>	<u>18,383</u>
Inventories	(2,988)	688
Trade receivables	68,927	24,631
Other receivables	38,145	(36,953)
Trade payables	(27,180)	(48,355)
Other payables	22,690	61,419
Cash generated from operations	<u>113,417</u>	<u>19,813</u>
Settlement income - other	16,050	-
Income tax paid	(476)	(278)
<b>Net cash generated from operating activities</b>	<u>128,991</u>	<u>19,535</u>
<b>Cash flows from investing activities</b>		
Interest received	546	23
Purchases of property, plant and equipment	(11,238)	(32,725)
Purchase of available-for-sales investment	-	(1,049)
Investment in joint ventures	-	(2,870)
Payments for intangible assets	-	(185)
Proceeds from disposal of property, plant and equipment	16	1
<b>Net cash used in investing activities</b>	<u>(10,676)</u>	<u>(36,805)</u>



	<b>THE GROUP</b>	
	<b>6M 2016</b>	<b>6M 2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(6,619)	(2,320)
Dividend paid	(6,265)	(6,551)
Fixed deposit and bank balances pledged	2,851	(37,268)
Repayment of finance lease obligations	(101)	(98)
Repayment of borrowings	(97,415)	(53,431)
Proceeds of borrowings	10,692	50,528
Repayment to related parties	-	(1,749)
Advance from joint ventures	-	23,604
Proceeds from exercise of warrants	-	9
Share buy-back	-	(747)
Issue of Notes	-	39,277
<b>Net cash (used in)/generated from financing activities</b>	<u>(96,857)</u>	<u>11,254</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	21,458	(6,016)
Effect of exchange rate changes	(1,938)	(351)
Cash and cash equivalents at beginning of the year	97,119	40,600
<b>Cash and cash equivalents at end of the year</b>	<u><b>116,639</b></u>	<u><b>34,233</b></u>
<b>Cash and cash equivalents represent:</b>		
Bank and cash balance	40,162	41,544
Fixed deposits	<u>111,454</u>	<u>36,285</u>
	151,616	77,829
Less : fixed deposits and bank balances pledged	<u>(34,977)</u>	<u>(43,596)</u>
<b>Cash and cash equivalents in statement of cash flows</b>	<u><b>116,639</b></u>	<u><b>34,233</b></u>

**FALCON ENERGY GROUP LIMITED**

Registration No. 200403817G



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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding

	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Capital reserve US\$'000	Share option reserve US\$'000	Merger reserve US\$'000	Foreign currency translation reserve US\$'000	Accumulated profits US\$'000	Total attributable to equity holders of the parent US\$'000	Non-controlling interests US\$'000	Total US\$'000
<b>THE GROUP</b>											
Balance as at 1 April 2015	229,528	(3,757)	-	11,824	639	(151,692)	(167)	166,590	252,965	57,163	310,128
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	54,864	54,864	9,157	64,021
Other comprehensive income for the period	-	-	-	-	-	-	(123)	-	(123)	(156)	(279)
<b>Total</b>	-	-	-	-	-	-	(123)	54,864	54,741	9,001	63,742
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Dividends paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(16,043)	(16,043)
<b>Balance as at 30 September 2015</b>	<b>229,528</b>	<b>(3,757)</b>	<b>-</b>	<b>11,824</b>	<b>639</b>	<b>(151,692)</b>	<b>(290)</b>	<b>221,454</b>	<b>307,706</b>	<b>50,121</b>	<b>357,827</b>
Balance as at 1 April 2014	229,519	(1,727)	11,824	-	639	(151,692)	(327)	153,529	241,765	17,462	259,227
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	27,726	27,726	2,273	29,999
Other comprehensive income for the period	-	-	-	-	-	-	(31)	-	(31)	(17)	(48)
<b>Total</b>	-	-	-	-	-	-	(31)	27,726	27,695	2,256	29,951
<b>Transactions with owners of the Company, recognised directly in equity</b>											
Exercise of warrants	9	-	-	-	-	-	-	-	9	-	9
Share buy-back	-	(747)	-	-	-	-	-	-	(747)	-	(747)
Dividends paid	-	-	-	-	-	-	-	(6,551)	(6,551)	-	(6,551)
<b>Total</b>	<b>9</b>	<b>(747)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,551)</b>	<b>(7,289)</b>	<b>-</b>	<b>(7,289)</b>
<b>Balance as at 30 September 2014</b>	<b>229,528</b>	<b>(2,474)</b>	<b>11,824</b>	<b>-</b>	<b>639</b>	<b>(151,692)</b>	<b>(358)</b>	<b>174,704</b>	<b>262,171</b>	<b>19,718</b>	<b>281,889</b>



	Share capital US\$'000	Treasury shares US\$000	Capital reserve US\$000	Share option reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>THE COMPANY</b>						
<b>Balance as at 1 April 2015</b>	229,528	(3,757)	11,824	639	52,657	290,891
Loss for the period representing total comprehensive income for the period	-	-	-	-	(1,680)	(1,680)
<b>Balance as at 30 September 2015</b>	<b>229,528</b>	<b>(3,757)</b>	<b>11,824</b>	<b>639</b>	<b>50,977</b>	<b>289,211</b>
<b>Balance as at 1 April 2014</b>	229,519	(1,727)	11,824	639	61,522	301,777
Loss for the period representing total comprehensive income for the period	-	-	-	-	(950)	(950)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
Exercise of warrants	9	-	-	-	-	9
Dividend paid	-	-	-	-	(6,551)	(6,551)
Share buy-back	-	(747)	-	-	-	(747)
	9	(747)	-	-	(6,551)	(7,289)
<b>Balance as at 30 September 2014</b>	<b>229,528</b>	<b>(2,474)</b>	<b>11,824</b>	<b>639</b>	<b>54,021</b>	<b>293,538</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 issue, as at the end of the current financial periods reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	30 Sept 2015	No of shares 31 Mar 2015	30 Sept 2014
<b>Issued and fully paid ordinary shares</b>			
Balance at the beginning of the financial period	823,442,375	823,415,509	823,415,509
Exercised of warrants	-	26,866	26,866
Balance at the end of the financial period	<u>823,442,375</u>	<u>823,442,375</u>	<u>823,442,375</u>
Less: Treasury shares	<u>(13,945,600)</u>	<u>(13,945,600)</u>	<u>(8,420,000)</u>
Total issued shares excluding treasury shares	<u><u>809,496,775</u></u>	<u><u>809,496,775</u></u>	<u><u>815,022,375</u></u>
Outstanding bonus warrants at an exercise price of S\$0.43 per share	<u>81,971,772</u>	<u>81,971,772</u>	<u>81,971,772</u>
Outstanding share options	<u>4,350,000</u>	<u>4,350,000</u>	<u>4,550,000</u>

The Company did not issue any shares for the financial period ended 30 September 2015.

**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.**

As above.

**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 were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the financial year ended 31 March 2015.

**5. If there were 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.**

There is no change in the accounting policies and methods of computation.



**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.**

	THE GROUP			
	Q2 2016	Q2 2015	6M 2016	6M 2015
Net profit attributable to Owners of the Company (US\$'000)	10,086	19,660	54,864	27,726
Weighted average number of ordinary shares ('000)	809,497	817,409	809,497	817,502
<b>Earnings per ordinary share ("EPS") for the period/year</b>				
(a) Basic EPS (US cents)	1.25	2.41	6.78	3.39
(b) On a fully diluted EPS (US cents) #	1.25	2.41	6.78	3.39

# The outstanding options and the warrants were "out-of-money".

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	THE GROUP		THE COMPANY	
	As at 30/09/2015 US cents	As at 31/03/2015 US cents	As at 30/09/2015 US cents	As at 31/03/2015 US cents
Net asset value ("NAV") per ordinary share based on issued share capital excluding treasury shares as at end of the period reported on	38.01	31.25	35.73	35.93

**Notes:**

The Group's and the Company's NAV (represent as equity attributable to owners of the Company) per ordinary share as at 30 September 2015 and 31 March 2015 have been computed based on the number of 809,496,775 ordinary shares issued.



**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.**

#### 6M 2016 vs 6M 2015

The Group saw a decrease in revenue of US\$49.41 million or 33.8% from US\$146.13 million for the six months ended 30 September 2014 ("**6M 2015**") to US\$96.72 million for the six months ended 30 September 2015 ("**6M 2016**"). The decrease is made up of:

- i) Marine Division's revenue decreased by US\$8.88 million despite the inclusion of CH Offshore Ltd's ("CHO") revenue of US\$12.50 million due to lower deployment rate of the vessels. CHO was newly acquired subsidiary in February 2015.
- ii) Oilfield Services Division decreased by US\$40.54 million due to lesser completed contracts of Engineering, Procurement, Construction & Commissioning ("EPCC").

The Group's average gross profit margin improved from 14.7% to 19.2% in 6M 2016 mainly due to an improved gross profit margin of the Marine Division from 13.0% to 25.7% contributed by the higher margin earned by CHO group. The margin earned by the other divisions remained relative constant.

Other operating income increased by US\$43.39 million and was due primarily to:

- i) One-off settlement income, net of related expenses, of US\$53.5 million which was in relation to the CHO's claim relating to outstanding charter-hire;
- ii) Gain on exchange difference of US\$6.43 million as US dollars appreciated against Singapore dollars on the mostly Singapore dollars denominated borrowings; and offset by
- iii) The absence of gain on sale of plant and equipment recorded in 6M 2015 amounting to US\$16.87 million.

Administrative expenses increased from US\$12.67 million in 6M 2015 to US\$14.25 million in 6M 2016. The increase was due mainly to increase in staff costs and other general office expenses with the inclusion of CHO in 6M 2016.

Finance costs increased by approximately US\$4.30 million from US\$2.32 million in 6M 2015 to US\$6.62 million in 6M 2016 due mainly to the increase in borrowings to finance the purchase of the additional equity interest in CHO in February 2015.

The decrease in the share of profit from associates and joint ventures by US\$0.7 million was due mainly to the absence of equity accounting for CHO, previously an associate in 6M 2015.

With the mentioned factors above, the Group generated a profit before tax of approximately US\$63.91 million in 6M 2016.

#### Q2 2016 vs Q2 2015

For the three months ended 30 September 2015 ("**Q2 2016**"), the Group's revenue is US\$35.97 million, being US\$17.44 million lower than that of for three months ended 30 September 2014 ("**Q2 2015**"). The decrease is the contributed by:

- i) Marine Division's revenue decreased by US\$6.86 million despite the inclusion of CHO's revenue of US\$5.67 million due to lower deployment rate of the vessels.
- ii) Oilfield Services Division decreased by US\$10.58 million due to lesser completed contracts of Engineering, Procurement, Construction & Commissioning ("EPCC").

Despite the fall in revenue, the Group saw a rise in its gross profit margin. For Q2 2016, the gross profit margin stands at 22.2%, which is a 6.0% higher than that in Q2 2015. The increase is due to higher profit margin contributed by CHO.

Other operating income has dropped by US\$8.33 million from US\$17.95 million in Q2 2015 to US\$9.62 million in Q2 2016. The decrease is due to the absence of gain on sale of plant and equipment recorded in Q2 2015 amounting to US\$16.87 million, offset by the gain on exchange difference of US\$9.03 million recorded in Q2 2016.

Administrative expenses decreased by US\$1.28 million from US\$7.57 million in Q2 2015. The decrease is due mainly to absence of exchange loss during Q2 2016.

Finance costs have increased from US\$1.14 million in Q2 2015 to US\$3.10 million in Q2 2016. This is because there is an increase in borrowings to finance the purchase of the additional equity interest in CHO in February 2015.



The increase of the share of profit from associates and joint ventures by US\$0.18 million was due mainly to better profit contribution from joint ventures which offset by the absence of equity accounting for CHO, previously an associate in Q2 2015.

With the mentioned factors above, the Group generated a profit before tax of approximately US\$10.43 million in Q2 2016.

#### Statement of financial position

Non-current assets increased by approximately US\$2.62 million from US\$518.01 million as at 31 March 2015 to US\$520.63 million as at 30 September 2015. The increase was due mainly to better profit contribution from the associates and joint ventures.

Current assets decreased by US\$43.11 million from US\$327.74 million as at 31 March 2015 to US\$284.63 million as at 30 September 2015. The decrease was mainly attributed to (i) decrease in other receivables of US\$35.58 million in amount due from joint ventures and related parties and (ii) decrease in trade receivables of US\$25.36 million due to lower revenue generated during 6M 2016. The decrease is offset by an increase in cash and bank balances of US\$16.67 million.

Non-current liabilities decreased by US\$43.92 million from US\$247.18 million as at 31 March 2015 to US\$203.26 million as at 30 September 2015 and current liabilities decreased by US\$44.27 million from US\$288.45 million as at 31 March 2015 to US\$244.18 million. This was due mainly to decrease in borrowings during this period in relation to the management's effort to contain the cost of borrowing through refinancing and capital repayment.

The Group generated an approximate net cash flow of US\$128.99 million from operating activities. The inflows are mainly due to the collection of trade receivables, amount due from joint ventures and other related parties. Net cash flow used in investing activities amounting to US\$10.68 million was mainly for the purchases of property, plant and equipment. Net cash flow used in financing activities of approximately US\$96.86 million was mainly for repayment of existing loans and interest.

#### ***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 the 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 near-term business environment for the offshore support services industry is expected to remain challenging in line with the protracted slump in the crude oil price. The low crude oil price has resulted in significant reductions in the exploration and production capex and opex of the oil companies. As a result, contract opportunities for offshore support vessels and oilfield services are fewer and increasingly competitive. The down turn in the industry has resulted in oil majors and contractors renegotiating for lower vessel charter.

While the Group is currently profitable with reasonable gross profit margins for its services, it will continue to focus on tight cost management and increased operational efficiency to maintain its margins. It will also widen the spectrum of services that it provides, as well as intensify its marketing efforts. The operational integration of FEG fleet and the fleet of its subsidiary CH Offshore is expected to yield cost savings and synergies between the two Groups and increase the productivity of the enlarged Group.

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

**11. Dividend**

**(a) Current financial period reported on**

**Any dividend declared for the current financial period reported on?**

Yes

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.005 per ordinary share
Tax rate	One-tier tax exempt

**(b) Corresponding period of the immediately preceding financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.005 per ordinary share
Tax rate	One-tier tax exempt

**(c) Date payable**

To be advised at a later date

**(d) Book closure date**

To be advised at a later date

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

Not applicable



**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for Interested Person Transactions.

**Interested Person Transactions**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	US\$'000	US\$'000
<b>CDS International Forwarding (TianJin) Co Ltd <sup>(1)</sup></b>		
- sale of services	354	-
- purchase of services	3,053	-

Note:

(1) Mr Cai Wenxing is a Director of the Company. He holds 70% of the equity interest in CDS International Forwarding (TianJin) Co Ltd.

**14. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)**

The Board of Directors has confirmed that, to the best of their knowledge, nothing material has come to their attention which may render these financial results for the 6-month-period ended 30 September 2015 to be false or misleading.

**Tan Pong Tyea**

**Cai Wenxing**

**BY ORDER OF THE BOARD**

**Tan Pong Tyea**  
Chairman and Chief Executive Officer

**12 November 2015**