

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2014**

**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.**

	The GROUP					
	3Q 2015 US\$'000	3Q 2014 US\$'000	Increase/ (Decrease) %	9M 2015 US\$'000	9M 2014 US\$'000	Note Increase/ (Decrease) %
<b>Revenue</b>	131,414	44,794	193.4%	277,544	254,466	9.1%
Cost of sales	(113,927)	(32,779)	247.6%	(238,643)	(151,519)	57.5%
<b>Gross profit</b>	<u>17,487</u>	<u>12,015</u>	45.5%	<u>38,901</u>	<u>102,947</u>	-62.2%
Other operating income	753	314	139.8%	19,667	2,332	743.4%
Administrative expenses	(6,132)	(5,506)	11.4%	(18,799)	(13,951)	34.8%
Finance costs	(1,728)	(1,203)	43.6%	(4,044)	(3,760)	7.6%
Share of net profit of associates	693	1,346	-48.5%	3,036	6,021	<b>A</b> -49.6%
Share of net profit/(loss) of joint ventures	791	-	NM	3,073	(13)	NM
<b>Profit before income tax</b>	<u>11,864</u>	<u>6,966</u>	70.3%	<u>41,834</u>	<u>93,576</u>	-55.3%
Income tax expense	(117)	(306)	-61.8%	(88)	(1,662)	-94.7%
<b>Profit for the period</b>	<u><u>11,747</u></u>	<u><u>6,660</u></u>	76.4%	<u><u>41,746</u></u>	<u><u>91,914</u></u>	-54.6%
Profit for the period attributable to:						
Owners of the Company	6,517	6,068	7.4%	34,243	53,204	-35.6%
Non-controlling interests	5,230	592	783.4%	7,503	38,710	-80.6%
<b>Profit for the period</b>	<u><u>11,747</u></u>	<u><u>6,660</u></u>	76.4%	<u><u>41,746</u></u>	<u><u>91,914</u></u>	-54.6%

**(a) (ii) Statement of Comprehensive income**

<b>Profit for the period</b>	11,747	6,660	76.4%	41,746	91,914	-54.6%
Other comprehensive income :						
Foreign currency translation of foreign entities	(147)	(30)	390.0%	(195)	(47)	314.9%
<b>Total comprehensive income for the period</b>	<u><u>11,600</u></u>	<u><u>6,630</u></u>	75.0%	<u><u>41,551</u></u>	<u><u>91,867</u></u>	-54.8%
Total comprehensive income attributable to :						
Owners of the company	6,421	6,050	6.1%	34,116	53,175	-35.8%
Non-controlling interests	5,179	580	792.9%	7,435	38,692	-80.8%
<b>Total comprehensive income for the period</b>	<u><u>11,600</u></u>	<u><u>6,630</u></u>	75.0%	<u><u>41,551</u></u>	<u><u>91,867</u></u>	-54.8%

NM : Note meaningful

Note A:

Adjustment has been made to the share of profit on associates for 1Q 2014 as the Company associate, CH Offshore Ltd had made an allowance of doubtful trade debts of US\$43.95 million on June 30, 2013 and this had been retrospectively restated in the financial statements for the year ended 31 March 2013.



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

	<b>THE GROUP</b>			
	<b>3Q 2015</b>	<b>3Q 2014</b>	<b>9M 2015</b>	<b>9M 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation	3,561	3,611	10,678	10,224
Exchange loss/(gain) - net	(100)	212	1,647	(37)
Interest expense	1,728	1,211	4,048	3,791
Interest income	(14)	(17)	(37)	(26)
Realisation of deferred gain on sale of vessel to joint venture (included in the share of results of joint venture)	(309)	-	(505)	-
Allowable for doubtful trade debts	147	-	346	-
Gain on bargain purchase	-	(7)	-	(7)
Loss on sale of a joint venture	-	3	-	3
Trade debts written off	-	-	-	412
(Gain)/loss on disposal of property, plant and equipment	-	-	(16,871)	575
Change in fair value of derivative financial instrument	-	(9)	(5)	(32)

**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.**

	THE GROUP		THE COMPANY	
	31/12/2014 US\$'000	31/3/2014 US\$'000	31/12/2014 US\$'000	31/3/2014 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	88,935	46,928	40,462	3,226
Trade receivables	115,987	112,463	-	-
Other receivables	81,739	56,161	226,348	189,989
Inventories	504	1,416	-	-
Total current assets	<u>287,165</u>	<u>216,968</u>	<u>266,810</u>	<u>193,215</u>
<b>Non-current assets</b>				
Other receivables	2,021	2,125	294	-
Property, plant and equipment	247,262	227,953	6,552	6,583
Subsidiaries	-	-	179,202	176,552
Associates	98,977	102,332	-	-
Joint venture	27,629	22,191	25,004	22,183
Available-for-sale investments	2,098	1,049	2,098	1,049
Other intangible assets	2,819	2,257	-	-
Deferred tax assets	380	325	-	-
Total non-current assets	<u>381,186</u>	<u>358,232</u>	<u>213,150</u>	<u>206,367</u>
<b>Total assets</b>	<b><u>668,351</u></b>	<b><u>575,200</u></b>	<b><u>479,960</u></b>	<b><u>399,582</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	53,432	91,177	-	-
Other payables	52,865	32,589	120,831	94,469
Finance leases	181	172	18	19
Borrowings	75,791	54,085	27,127	656
Derivative financial liability	-	8	-	-
Income tax payable	1,053	1,381	2	43
Total current liabilities	<u>183,322</u>	<u>179,412</u>	<u>147,978</u>	<u>95,187</u>
<b>Non-current liabilities</b>				
Notes payables	37,850	-	37,850	-
Finance leases	320	417	56	72
Borrowings	125,816	123,496	1,955	2,546
Other payables	23,115	7,520	-	-
Deferred tax liabilities	5,104	5,128	-	-
Total non-current liabilities	<u>192,205</u>	<u>136,561</u>	<u>39,861</u>	<u>2,618</u>
<b>Capital and reserves</b>				
Share capital	229,528	229,519	229,528	229,519
Treasury shares	(3,139)	(1,727)	(3,139)	(1,727)
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	(454)	(327)	-	-
Accumulated profits	181,221	153,529	53,269	61,522
<b>Equity attributable to owners of the Company</b>	<u>267,927</u>	<u>241,765</u>	<u>292,121</u>	<u>301,777</u>
Non-controlling interests	24,897	17,462	-	-
<b>Total equity</b>	<b><u>292,824</u></b>	<b><u>259,227</u></b>	<b><u>292,121</u></b>	<b><u>301,777</u></b>
<b>Total liabilities and equity</b>	<b><u>668,351</u></b>	<b><u>575,200</u></b>	<b><u>479,960</u></b>	<b><u>399,582</u></b>



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

	<b>THE GROUP</b>			
	<b>As at 30 September 2014</b>		<b>As at 31 March 2014</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	75,972	-	54,092	165
Amount repayable after one year	163,986	-	123,913	-
<b>Total</b>	<b>239,958</b>	<b>-</b>	<b>178,005</b>	<b>165</b>

**Details of any collateral:**

- 1) The Group's borrowings are secured by:
  - i) corporate guarantee from Company and certain subsidiary;
  - 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 certain associates' 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>9M 2015</b>	<b>9M 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	41,834	93,576
Adjustments for:		
Depreciation of property, plant and equipment	10,678	10,224
Interest expense	4,048	3,791
Interest income	(37)	(26)
Share of net profit of associates	(3,036)	(6,021)
Share of net(profit)/loss of a joint venture	(3,073)	13
Allowance for doubtful trade debts	346	-
Trade debts written-off	-	412
Changes in fair value of derivative financial instrument	(5)	(32)
Loss on disposal of a joint venture	-	3
Gain on bargain purchase	-	(7)
(Gain)/loss on disposal of property, plant and equipment	(16,871)	575
Exchange difference	(970)	(104)
	<u>32,914</u>	<u>102,404</u>
Operating cash flows before movements in working capital		
Inventories	912	(384)
Trade receivables	(3,870)	(63,133)
Other receivables	(2,739)	(64,831)
Trade payables	(37,745)	52,484
Other payables	21,408	32,325
	<u>10,880</u>	<u>58,865</u>
Cash generated from operations		
Income tax paid	(495)	(669)
	<u>10,385</u>	<u>58,196</u>
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	37	26
Dividends received from associates	6,391	2,482
Investment in joint ventures	(2,365)	-
Purchase of available-for-sale investment	(1,049)	-
Purchases of property, plant and equipment	(49,625)	(70,258)
Payments for intangible assets	(562)	(218)
Net cash flow from acquisition of a subsidiary	-	66
Proceeds from disposal of property, plant and equipment	1	800
	<u>(47,172)</u>	<u>(67,102)</u>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Interest paid	(4,048)	(3,791)
Dividends paid	(6,551)	(3,198)
Fixed deposits and bank balances pledged	(30,150)	(1,041)
Repayment of finance lease obligation	(156)	(130)
Advances from related parties	28,261	38,436
Proceeds from exercise of warrants	9	2,965
Share buy-back	(1,412)	(1,135)
Repayment of borrowings	(84,859)	(32,957)
Proceeds of borrowings	108,885	51,397
Issue of Notes	39,277	-
	<u>49,256</u>	<u>50,546</u>
<b>Net cash generated from financing activities</b>		



	<b>THE GROUP</b>	
	<b>9M 2015</b>	<b>9M 2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	12,469	41,640
Effect of exchange rate changes	(612)	(8)
Cash and cash equivalents at beginning of period	40,600	12,896
<b>Cash and cash equivalents at end of period</b>	<b>52,457</b>	<b>54,528</b>
<b>Cash and cash equivalents represent:</b>		
Bank and cash balance	53,932	57,629
Fixed deposits	35,003	934
	88,935	58,563
Less : fixed deposits and bank balances pledged	(36,478)	(4,035)
	<b>52,457</b>	<b>54,528</b>

**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 financial year.**

	Share capital	Treasury shares	Capital reserve	Warrants reserve	Share based payments	Merger reserve	Foreign currency translation reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>THE GROUP</b>											
<b>Balance as at 1 April 2014</b>	229,519	(1,727)	11,824	-	639	(151,692)	(327)	153,529	241,765	17,462	259,227
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	34,243	34,243	7,503	41,746
Other comprehensive income for the period	-	-	-	-	-	-	(127)	-	(127)	(68)	(195)
Exercise of warrants	9	-	-	-	-	-	-	-	9	-	9
Share buy-back	-	(1,412)	-	-	-	-	-	-	(1,412)	-	(1,412)
Dividends paid	-	-	-	-	-	-	-	(6,551)	(6,551)	-	(6,551)
<b>Balance as at 31 December 2014</b>	<b>229,528</b>	<b>(3,139)</b>	<b>11,824</b>	<b>-</b>	<b>639</b>	<b>(151,692)</b>	<b>(454)</b>	<b>181,221</b>	<b>267,927</b>	<b>24,897</b>	<b>292,824</b>
<b>Balance as at 1 April 2013 (restated)</b>	225,844	-	-	12,534	639	(151,692)	(303)	99,200	186,222	9,083	195,305
Total comprehensive income for the period											
Profit for the period previous reported	-	-	-	-	-	-	-	40,428	40,428	38,710	79,138
Prior year adjustment	-	-	-	-	-	-	-	12,776	12,776	-	12,776
<b>As restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,204</b>	<b>53,204</b>	<b>38,710</b>	<b>91,914</b>
Other comprehensive income for the period	-	-	-	-	-	-	(29)	-	(29)	(18)	(47)
Exercise of warrants	3,675	-	-	(710)	-	-	-	-	2,965	-	2,965
Dividends paid	-	-	-	-	-	-	-	(3,198)	(3,198)	-	(3,198)
Share buy-back	-	(1,135)	-	-	-	-	-	-	(1,135)	-	(1,135)
<b>Balance as at 31 December 2013 (restated)</b>	<b>229,519</b>	<b>(1,135)</b>	<b>-</b>	<b>11,824</b>	<b>639</b>	<b>(151,692)</b>	<b>(332)</b>	<b>149,206</b>	<b>238,029</b>	<b>47,775</b>	<b>285,804</b>



	Share capital US\$'000	Treasury shares US\$'000	Capital Reserve US\$'000	Warrants Reserve US\$'000	Share based payments US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>THE COMPANY</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	-	-	-	-	-	(1,702)	(1,702)
Exercise of warrants	9	-	-	-	-	-	9
Dividends paid	-	-	-	-	-	(6,551)	(6,551)
Share buy-back	-	(1,412)	-	-	-	-	(1,412)
<b>Balance as at 31 December 2014</b>	<b>229,528</b>	<b>(3,139)</b>	<b>11,824</b>	<b>-</b>	<b>639</b>	<b>53,269</b>	<b>292,121</b>
<b>Balance as at 1 April 2013</b>	225,844	-	-	12,534	639	41,739	280,756
Loss for the period, representing total comprehensive income for the period	-	-	-	-	-	(1,615)	(1,615)
Exercise of warrants	3,675	-	-	(710)	-	-	2,965
Dividends paid	-	-	-	-	-	(3,198)	(3,198)
Share buy-back	-	(1,135)	-	-	-	-	(1,135)
<b>Balance as at 31 December 2013</b>	<b>229,519</b>	<b>(1,135)</b>	<b>-</b>	<b>11,824</b>	<b>639</b>	<b>36,926</b>	<b>277,773</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.**

	No of shares	
	31.12.2014	31.12.2013
<b>Issued and fully paid ordinary shares</b>		
Balance at the beginning of the financial period	823,415,509	814,193,170
Exercise of warrants	26,866	9,222,339
Balance at the end of the financial period	823,442,375	823,415,509

The Company has 81,971,772 numbers of outstanding bonus warrants as at 31 December 2014. Each bonus warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.43 per share.

The number of share options outstanding as at 31 December 2014 was 4,550,000 shares (31 December 2013: 4,550,000 shares).

The number of issued shares less treasury shares as at 31 December 2014 was 812,002,375 shares (823,442,375 issued shares less 11,440,000 treasury shares). The number of issued shares less treasury shares as at 31 December 2013 was 819,195,509 shares (823,415,509 less 4,220,000 treasury shares).

**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.**

The total number of issued shares excluding treasury shares as at 31 December 2014 and 31 March 2014 were 812,002,375 and 819,195,509 respectively.

**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.**

The movement of treasury shares is as follows:

	No of shares
Balance as at 1 April 2014	5,820,000
Purchase of treasury shares during the period	5,620,000
Transfer of treasury shares during the period	-
Balance as at 31 December 2014	11,440,000

**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 Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs"), Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2014. The adoption of the new/revised FRSs, INT FRSs and amendments to FRSs has no material effect on the financial statements.

**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.**

Not applicable.

**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			
	3Q 2015 US cents	3Q 2014 US cents	9M 2015 US cents	9M 2014 US cents
<b>Earnings per ordinary share ("EPS") for the period</b>				
(a) Basic EPS	0.79	0.74	4.17	6.53
(b) On a fully diluted EPS**	# 0.79	0.74	4.17	6.53

**Notes:**

- (i) Basic EPS for the three months ended 31 December 2014 was computed by dividing the Group's net profit attributable to owners of the Company by the weighted average number of 821,232,592 (31.12.2013: 820,035,500) shares issued.
- (ii) Basic EPS for the nine months ended 31 December 2014 was computed by dividing the Group's net profit attributable to owners of the Company by the weighted average number of 821,753,057 (31.12.2013: 814,821,561) shares issued.
- (iii) Diluted EPS for the three months ended 31 December 2014 was computed by dividing the Group's net profit attributable to owners of the Company by the weighted average number of 821,232,592 (31.12.2013: 820,035,500) shares issued.
- (iv) Diluted EPS for the nine months ended 31 December 2014 was computed by dividing the Group's net profit attributable to owners of the Company by the weighted average number of 821,753,057 (31.12..2013: 814,821,561) shares issued.

\*\* for the purposes of calculating diluted EPS, assumption was made that the total number of outstanding bonus warrants as at 31 December 2014 and the total employee share option issued would be converted into ordinary shares

# the option and the warrants were "out-of-money" as at 31 December 2014 and 31 December 2013

**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 31/12/2014 US cents	As at 31/3/2014 US cents	As at 31/12/2014 US cents	As at 31/3/2014 US cents
<b>Net asset value ("NAV") per ordinary share based on issued share capital as at end of the period reported on</b>	33.00	29.57	35.98	36.91

**Notes:**

The Group's and the Company's NAV per ordinary share as at 31 December 2014 and 31 March 2014 have been computed based on the share capital of 812,002,375 and 817,595,509 shares respectively.



**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.**

### **9M 2015 vs 9M 2014**

The Group recorded an increase in revenue by 9.1% or approximately US\$23.08 million from US\$254.47 million for the nine months ended 31 December 2013 ("**9M 2014**") to US\$277.54 million for the nine months ended 31 December 2014 ("**9M 2015**"). Revenues from Marine Division, Oilfield Services Division and Oilfield Projects Division were US\$58.03 million (20.9%), US\$213.47 million (76.9%) and US\$6.05 million (2.2%) respectively.

Revenue from Marine Division increased by US\$4.60 million from US\$53.43 million in 9M 2014 to US\$58.03 million in 9M 2015 due mainly to more vessels being deployed and the increase of the third-parties vessels' deployment as compared to 9M 2014.

Revenue from Oilfield Services Division increased by US\$146.30 million from US\$67.17 million to US\$213.47 million and was attributed mainly to the Engineering, Procurement, Construction & Commissioning ("**EPCC**") contracts secured in the second half of 2013 and the increase in the provision of project sundry services.

Revenue from Oilfield Projects Division was US\$6.05 million in 9M 2015 which was the same amount as for 9M 2014.

The revenue from Drilling Division was US\$127.80 million in 9M 2014 but there was no revenue contribution for 9M 2015. This resulted in a substantial decrease in the Group's gross profit by US\$64.05 million from US\$102.95 million in 9M 2014 to US\$38.90 million in 9M 2015.

The gross profit margin for Marine Division declined from 34.4% to 23.3% and was due mainly to the lower margin of the third-parties vessels. The gross profit margin for Oilfield Services Division decreased marginally from 16.5% to 11.0% and was due mainly to the lower margin of the EPCC contracts. The gross profit margin for Oilfield Projects Division remained the same at 31.8% (9M 2014: 31.8%).

As a result of the above factors, the Group's average gross profit margin decreased from 40.5% to 14.0% in 9M 2015.

Other operating income increased substantially by US\$17.34 million to US\$19.67 million in 9M 2015 due primarily to the gain on disposal of a vessel to a Joint Venture Company in Brunei.

Administrative costs increased by US\$4.85 million from US\$13.95 million to US\$18.80 million in 9M 2015. The increase was due mainly to the increase in staff costs for additional headcounts to cope with the expansion of business activities.

Finance costs increased from US\$3.76 million to US\$4.04 million in 9M 2015 due mainly to the increase in borrowings.

The decrease in the Group's share of profit from associates was due mainly to a lower contribution from CH Offshore Ltd.

Due to the foregoing, the Group generated a profit before tax of approximately US\$41.83 million in 9M 2015.

### **3Q 2015 vs 3Q 2014**

The performance of the Group's business segments varied from time to time according to market conditions. As such, the quarter to quarter results may not be a good indication of the overall trend of the Group's results for the whole financial year.

For the three months ended 31 December 2014 ("**3Q 2015**"), the Group's revenue increased substantially by 193.4% or approximately US\$86.62 million as compared to the previous corresponding period last year ("**3Q 2014**"). Revenues from Marine Division, Oilfield Services Division and Oilfield Projects Division were US\$15.56 million (11.9%), US\$113.83 million (86.6%) and US\$2.02 million (1.5%) respectively.

Revenue from Marine Division decreased from US\$18.62 million to US\$15.56 million. Revenue from Oilfield Services Division increased substantially from US\$24.14 million to US\$113.83 million and was due mainly to the higher revenue for Engineering, Procurement, Construction & Commissioning ("**EPCC**") contracts. Revenue from Oilfield Projects Division remained the same at US\$2.02 million as compared to 3Q 2014.

As a result of the lower margin for EPCC contracts, the Group's overall average gross profit margin declined from 26.8% in 3Q 2014 to 13.3% in 3Q 2015.

Other operating income increased by US\$0.44 million to US\$0.75 million in 3Q 2015 and was attributable to the increase in provision of vessel sundry services.

Administrative expenses increased by US\$0.63 million from US\$5.51 million in 3Q 2014 to US\$6.13 million in 3Q 2015.

Finance costs increased from US\$1.20 million in 3Q 2014 to US\$1.73 million in 3Q 2015.

The decrease in the Group's share of net profit from associates was due to a lower profit from our associate, CH Offshore Ltd.

Due the foregoing, the Group generated a profit before tax of approximately US\$11.86 million in 3Q 2015.

**Statement of financial position and Statement of cash flow:**

Non-current assets increased by approximately US\$22.95 million from US\$358.23 million as at 31 March 2014 to US\$381.19 million as at 31 December 2014. The increase was due mainly to the increase in property, plant and equipment, joint ventures and available-for-sale investments after partial set-off against the decrease in associates.

The increase in property, plant and equipment was due mainly to the purchase of new vessels and office premises and the capitalization of the vessel's modification costs. Joint ventures increased by US\$5.44 million and were due mainly to the equity accounting of the share of profits from a joint venture and the additional investment in the rigs joint ventures companies.

Current assets increased from US\$216.97 million as at 31 March 2014 to US\$287.16 million as at 31 December 2014. The higher cash and bank balances was due primarily to the issuance of Notes. The increase in other receivables was due mainly to the increase in amount due from related parties after partial set-off against the decrease in amount to be recovered from customers.

Non-current liabilities increased from US\$136.56 million as at 31 March 2014 to US\$192.21 million as at 31 December 2014 and the increase was due mainly to the issuance of Notes and the deferred income from joint ventures.

Current liabilities increased by US\$3.91 million from US\$179.41 million as at 31 March 2014 to US\$183.32 million in 31 December 2014.

The increase in other payables was due mainly to the deposits received from customers and the increase in provision of sundry expenses.

During the period under review, the Group procured new term loans for the expansion of business activities. The accounted for an increase in the total bank borrowings of approximately US\$24.03 million as at 31 December 2014.

On 19 September 2014, the Company issued a S\$50,000,000 Notes, due on 19 September 2017, with an annual interest rate of 5.5% payable semi-annually in arrears under the S\$500,000,000 Multicurrency Medium Term Note Programme which was established on 8 September 2014.

The Group generated an approximate net cash flow of US\$10.39 million from operating activities. Net cash flow used in investing activities amounting to US\$47.17 million and was mainly for the acquisition of property, plant and equipment and investment in joint ventures and available-for-sales investment after partially set-off against the dividends received from associates. Net cash flow generated from financing activities of US\$49.26 million and was mainly from the issuance of Notes, draw-down of new term loans after partially set-off against the repayment of existing term loans, dividends to shareholders and bank balances pledged with the banks.

***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 Marine Division continues to expand its fleet of vessels to include a greater variety of vessels that will enable it to cater to a wider range of customers. Strategic partnerships in the cabotage markets of Indonesia and Malaysia offer opportunities for expansion of activities.

The Oilfield Services Division will continue to contribute positively to the Group's revenue by providing support in procurement, logistics, engineering and supply of equipment and materials to oil companies and their contractors.

The Oilfield Projects Division will continue to complement the Group's overall financial performance with project-based contracts that are completed within a specified period of time.

Energian Pte. Ltd. (the "**Offeror**"), a wholly-owned subsidiary of the Company, had announced on 11 December 2014, a voluntary conditional cash offer (the "**Offer**") for SGX-ST mainboard listed CH Offshore Ltd. ("**CHO**"), at S\$0.495 per CHO share.

On 26 January 2015, the Offeror announced the extension of closing date of the Offer to 9 February 2015 or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "**Extension Announcement**").

Barring unforeseen circumstances, the Group is cautiously optimistic on its business outlook for the financial year ending 31 March 2015.

**11. Dividend**

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

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

No

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

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

No

**(c) Date payable**

Not applicable

**(d) Book closure date**

Not applicable

**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>		
- purchases of services	2,130	-
- sales of services	386	-
<b>Cai Wenxing <sup>(2)</sup></b>		
- rental of premises	223	-

Note :

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

**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 9-month-period ended 31 December 2014 to be false or misleading.

**Tan Pong Tyea**

**Cai Wenxing**

**BY ORDER OF THE BOARD**

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

**6 February 2015**