

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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			
	FY 2018	FY 2017	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	45,465	106,824	-57.4%
Cost of sales	(23,947)	(70,653)	-66.1%
Gross profit before direct depreciation	<u>21,518</u>	<u>36,171</u>	-40.5%
Direct depreciation	(21,544)	(25,086)	-14.1%
Gross (loss)/profit after direct depreciation	(26)	11,085	
Other operating income	2,266	5,920	-61.7%
Other expenses	(58,709)	(154,058)	-61.9%
Administrative expenses	(19,124)	(23,898)	-20.0%
Finance costs	(9,751)	(9,908)	-1.6%
Share of net loss of associates and joint ventures	(4,600)	(2,929)	57.1%
Loss before income tax	<u>(89,944)</u>	<u>(173,788)</u>	-48.2%
Income tax (expense)/credit	(9)	10,107	NM
Loss for the year	<u>(89,953)</u>	<u>(163,681)</u>	-45.0%
Loss for the year attributable to:			
Owners of the Company	(80,882)	(121,838)	-33.6%
Non-controlling interests	(9,071)	(41,843)	-78.3%
Loss for the year	<u>(89,953)</u>	<u>(163,681)</u>	-45.0%
1(a)(ii) Statement of Comprehensive income			
Loss for the year	(89,953)	(163,681)	-45.0%
Other comprehensive income :			
Foreign currency translation of foreign entities	64	23	178.3%
Total comprehensive loss for the year	<u>(89,889)</u>	<u>(163,658)</u>	-45.1%
Total comprehensive loss attributable to:			
Owners of the company	(80,840)	(121,870)	-33.7%
Non-controlling interests	(9,049)	(41,788)	-78.3%
Total comprehensive loss for the year	<u>(89,889)</u>	<u>(163,658)</u>	-45.1%

Notes:

NM = Not meaningful



1(a)(iii) Loss before income tax is arrived at after charging / (crediting):-

	THE GROUP	
	FY 2018	FY 2017
	US\$'000	US\$'000
Depreciation and amortisation expenses	22,481	26,248
Exchange loss/(gain) - net	1,245	(3,253)
Interest expense	9,751	9,908
Interest income	(375)	(291)
(Gain)/Loss on disposal of property, plant and equipment	(39)	12
Property, plant and equipment written off	145	-
Allowance for doubtful trade receivables	1,977	25,702
Allowance for doubtful other receivables	29,413	25,941
Allowance for impairment of goodwill	-	5,050
Allowance for impairment of property, plant and equipment	15,740	86,813
Allowance for impairment in investment in joint venture	6,605	-
Written off of intangible assets	-	2,748
Bad debts recovered	(261)	-
Write off of other receivables	-	7,804
Write off of trade debts	4,974	-

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	
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	US\$'000	US\$'000	US\$'000	US\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	4,615	10,848	37	28
Trade receivables	48,512	59,359	-	-
Other receivables	17,514	35,252	272	199
Inventories	505	1,012	-	-
Non-current assets held for sale	117,527	5,912	-	5,912
Total current assets	188,673	112,383	309	6,139
Non-current assets				
Other receivables	1,223	12,578	-	11,355
Property, plant and equipment	167,653	290,068	63	171
Subsidiaries	-	-	92,231	92,233
Associates	4,683	30,901	*	*
Joint venture	3,219	11,996	*	*
Available-for-sale investments	2,098	2,098	2,098	2,098
Other intangible assets	186	186	-	-
Deferred tax assets	527	498	-	-
Total non-current assets	179,589	348,325	94,392	105,857
Total assets	368,262	460,708	94,701	111,996
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	14,019	18,538	-	-
Other payables	41,544	34,068	140,374	136,852
Finance leases	106	156	11	17
Borrowings	121,057	135,882	39,453	39,234
Notes payables	-	36,355	-	36,355
Income tax payable	3,595	3,505	-	25
Non-current liabilities held for sales	24,157	-	-	-
Total current liabilities	204,478	228,504	179,838	212,483
Non-current liabilities				
Deferred tax liabilities	5,081	8,934	-	-
Other payables	20,256	34,143	-	-
Finance leases	191	215	-	11
Notes payables	37,752	-	37,752	-
Total non-current liabilities	63,280	43,292	37,752	11
Capital and reserves				
Share capital	231,009	229,528	231,009	229,528
Treasury shares	(4,114)	(4,114)	(4,114)	(4,114)
Capital reserve	(19,608)	(19,608)	11,824	11,824
Share-based payments	639	639	639	639
Merger reserve	(151,692)	(151,692)	-	-
Foreign currency translation reserve	(362)	(404)	-	-
Accumulated (loss)/profits	(4,857)	76,025	(362,247)	(338,375)
Equity attributable to owners of the Company	51,015	130,374	(122,889)	(100,498)
Non-controlling interests	49,489	58,538	-	-
Total equity	100,504	188,912	(122,889)	(100,498)
Total liabilities and equity	368,262	460,708	94,701	111,996

Notes:

* Amount less than US\$1,000

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

	THE GROUP			
	As at 30/6/2018		As at 30/6/2017	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Amount repayable in one year or less, or on demand	130,327	-	172,393	-
Amount repayable after one year	37,943	-	215	-
Total	168,270	-	172,608	-

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.

	THE GROUP	
	FY 2018	FY 2017
	US\$'000	US\$'000
Cash flows from operating activities		
Loss before income tax	(89,944)	(173,788)
Adjustments for:		
Allow ance for doubtful trade receivables	1,977	25,702
Allow ance for doubtful other receivables	29,413	25,941
Allow ance for impairment in investment in joint venture	6,605	-
Allow ance for impairment of goodw ill	-	5,050
Allow ance for impairment of property, plant and equipment	15,740	86,813
Trade receivables w ritten back	-	(583)
Bad debt recovered	(261)	-
Depreciation and amortisation expenses	22,481	26,248
Exchange difference	6,723	(1,032)
Interest expense	9,751	9,908
Interest income	(375)	(291)
(Gain)/Loss on disposal of property, plant and equipment	(39)	12
Property, plant and equipment w ritten off	145	-
Share of net loss/(profit) of associates and joint ventures	4,600	2,929
Write off of intangible assets	-	2,748
Write off of other receivables	-	7,804
Trade debts w ritten off	4,974	-
Operating cash flow s before movements in w orking capital	<u>11,790</u>	<u>17,461</u>
Inventories	368	(619)
Trade receivables	(6,946)	509
Other receivables	(5,558)	(5,724)
Trade payables	(1,120)	(10,637)
Other payables	5,824	11,437
Cash generated from operations	<u>4,358</u>	<u>12,427</u>
Income tax refund	-	39
Net cash generated from operating activities	<u><u>4,358</u></u>	<u><u>12,466</u></u>
Cash flows from investing activities		
Interest received	375	291
Net cash inflow from dilution of interest in a subsidiary	-	14,295
Purchases of property, plant and equipment	(3,862)	(2,162)
Proceeds from disposal of property, plant and equipment	5,570	59
Net cash generated from investing activities	<u><u>2,083</u></u>	<u><u>12,483</u></u>



THE GROUP		
	FY 2018	FY 2017
	US\$'000	US\$'000
Cash flows from financing activities		
Interest paid	(5,375)	(7,507)
Fixed deposit and bank balances pledged	-	538
Repayment of finance lease obligations	(191)	(845)
Repayment of borrowings	(8,612)	(47,004)
Advance from related parties	2,500	-
Share buy-back	-	(97)
Proceeds of borrowings	2,951	15,020
Proceeds from issuance of shares	1,481	-
Net cash used in financing activities	(7,246)	(39,895)
Net decrease in cash and cash equivalents		
Effect of exchange rate changes	(49)	103
Cash and cash equivalents at beginning of the year	9,518	24,361
Cash and cash equivalents at end of the year (Note)	8,664	9,518
Cash and cash equivalents represent:		
Bank and cash balance	7,665	9,645
Fixed deposits	1,199	1,203
	8,864	10,848
Less : fixed deposits and bank balances pledged	(200)	(1,330)
Cash and cash equivalents in statement of cash flows	8,664	9,518

Note:

	FY2018	FY2017
	US\$'000	US\$'000
Cash and bank balances as per Consolidated Statement of Financial Position	4,615	10,848
Cash and bank balances reclassified to Non-current assets held for sales	4,249	-
Cash and cash equivalents as per above	8,864	10,848

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	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
THE GROUP										
Balance as at 1 July 2017	229,528	(4,114)	(19,608)	639	(151,692)	(404)	76,025	130,374	58,538	188,912
Total comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	(80,882)	(80,882)	(9,071)	(89,953)
Other comprehensive income for the year	-	-	-	-	-	42	-	42	22	64
Total	-	-	-	-	-	42	(80,882)	(80,840)	(9,049)	(89,889)
Transactions with owners of the Company, recognised directly in equity										
Issuance of shares	1,481	-	-	-	-	-	-	1,481	-	1,481
Total	1,481	-	-	-	-	-	-	1,481	-	1,481
Balance as at 30 June 2018	231,009	(4,114)	(19,608)	639	(151,692)	(362)	(4,857)	51,015	49,489	100,504
Balance as at 1 July 2016	229,528	(4,017)	10,173	639	(151,692)	(372)	197,863	282,122	56,305	338,427
Total comprehensive income for the year										
Loss for the year	-	-	-	-	-	-	(121,838)	(121,838)	(41,843)	(163,681)
Other comprehensive income for the year	-	-	-	-	-	(32)	-	(32)	55	23
Total	-	-	-	-	-	(32)	(121,838)	(121,870)	(41,788)	(163,658)
Transactions with owners of the Company, recognised directly in equity										
Dilution of interests in subsidiary without losing control	-	-	(29,781)	-	-	-	-	(29,781)	44,021	14,240
Share buy-back	-	(97)	-	-	-	-	-	(97)	-	(97)
Total	-	(97)	(29,781)	-	-	-	-	(29,878)	44,021	14,143
Balance as at 30 June 2017	229,528	(4,114)	(19,608)	639	(151,692)	(404)	76,025	130,374	58,538	188,912

	Share capital US\$'000	Treasury shares US\$000	Capital reserve US\$000	Share option reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
THE COMPANY						
Balance as at 1 July 2017	229,528	(4,114)	11,824	639	(338,375)	(100,498)
Loss for the year representing total comprehensive income for the year	-	-	-	-	(23,872)	(23,872)
Issuance of shares	1,481	-	-	-	-	1,481
Balance as at 30 June 2018	231,009	(4,114)	11,824	639	(362,247)	(122,889)
Balance as at 1 July 2016	229,528	(4,017)	11,824	639	9,223	247,197
Loss for the year representing total comprehensive income for the year	-	-	-	-	(347,598)	(347,598)
<i>Transaction with owners of the Company, recognised directly in equity</i>						
Share buy-back	-	(97)	-	-	-	(97)
Total	-	(97)	-	-	-	(97)
Balance as at 30 June 2017	229,528	(4,114)	11,824	639	(338,375)	(100,498)

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	
	30 June 2018	30 June 2017
Issued ordinary shares		
Balance at the beginning of the financial year	806,631,475	807,441,575
Placement of new shares	70,000,000	-
Less: Treasury shares	-	(810,100)
Balance at the end of the financial year	<u>876,631,475</u>	<u>806,631,475</u>
Outstanding share options	<u>1,090,000</u>	<u>1,090,000</u>

The Company has a share option scheme known as Falcon Energy Group Employee Share Option Scheme ("the Scheme") which was adopted on 28 October 2004 and had lapsed on 27 October 2014. As the Scheme had been discontinued, no further share options may be offered by the Company. The discontinuance of the Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

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.

Balance as at 1 July 2017 / 30 June 2018

No of shares
16,810,900

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computations in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2017.

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.

The Group has adopted the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for current financial period. The adoption of these new and revised FRS, INT FRS does not have a material impact on the financial statements of the Group.

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	
	FY 2018	FY 2017
Net loss attributable to Owners of the Company (US\$'000)	<u>(80,882)</u>	<u>(121,838)</u>
Weighted average number of ordinary shares ('000)	<u>815,262</u>	<u>806,854</u>
Earnings per ordinary share ("EPS") for the year		
(a) Basic EPS (US cents)	(9.92)	(15.10)
(b) On a fully diluted EPS (US cents)#	(9.92)	(15.10)

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 30/06/2018 US cents	As at 30/06/2017 US cents	As at 30/06/2018 US cents	As at 30/06/2017 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

	11.46	23.42	(14.02)	(12.46)
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Notes:

The Group's and the Company's NAV (represented as equity attributable to owners of the Company) per ordinary share as at 30 June 2018 and 30 June 2017 have been computed based on the number of 876,631,475 and 806,631,475 ordinary shares issued excluding treasury 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.**

Full Year Results

The Group recorded a decrease in revenue of US\$61.36 million or 57.4% from US\$106.82 million in FY 2017 to US\$45.46 million in FY 2018. The difference is mainly made up of:

- i) Oilfield and Drilling Services Division's revenue decreased by US\$45.80 million due to a lower volume of works in FY2018.
- ii) Marine Division's revenue decreased by US\$13.18 million mainly due to lower deployment rate of the vessels and decrease in charter rates.

The Group's average gross profit margin reduced from 10.4% in FY2017 to a gross loss margin of 0.1% in FY2018. The Group recorded a gross loss was mainly due to low vessel deployment rate in Marine Division during the financial year. The effect was cushioned by the contribution from Oilfield and Drilling Services Division and Resources Division where both divisions achieved gross profit in FY2018.

Other operating income decreased by US\$3.65 million is due mainly to foreign currency exchange gain in FY2017 and it is a foreign currency exchange loss in FY2018.

Other expenses decreased by US\$95.35 million from US\$154.06 million in FY2017 to US\$58.71 million in FY2018. This was due mainly to lower provision for allowance for impairment of property, plant and equipment of US\$15.74 million (which comprised of US\$11.49 million impairment loss in relation to the partial disposal of CHO's shares subsequent to the year end, impairment loss on vessel of US\$3.33 million and impairment loss of office premises of US\$0.92 million) (FY2017: US\$86.81 million). Allowance for doubtful trade receivables decreased by US\$23.72 million from US\$25.70 million in FY2017 to US\$1.98 million in FY2018. This was due to lesser doubtful trade receivables were identified in FY2018. Allowance for doubtful other receivables of US\$29.41 million (FY2017: US\$25.94 million) comprise mainly the provision of doubtful deposit receivable from a rig builder which amounted to US\$11.48 million and impairment of amount due from joint venture of US\$16.87 million. The Group provided US\$6.61 million for allowance for impairment in investment in joint venture in FY 2018.

Administrative expenses decreased by US\$4.78 million from US\$23.90 million in FY 2017 to US\$19.12 million in FY 2018. This was due mainly to cost reduction initiatives.

Finance costs decreased by US\$0.16 million from US\$9.91 million in FY 2017 to US\$9.75 million in FY 2018 due to lower interest expenses incurred on reduced bank borrowings.

The share of loss from associates and joint ventures increased by US\$1.67 million from US\$2.93 million in FY 2017 to US\$4.60 million in FY 2018 due to operating losses recorded by the associates and joint ventures.

With the mentioned factors above, the Group recorded a loss before tax of approximately US\$89.94 million in FY 2018.

Statement of financial position and Statement of cash flow:

Current assets increased by US\$76.29 million from US\$112.38 million as at FY 2017 to US\$188.67 million as at FY 2018. The increase was mainly due to the reclassification of the assets of CH Offshore Ltd. ("CHO"), amounting to US\$105.69 million, office premises amounting to US\$9.59 million and investment in joint venture amounting to US\$2.25 million as non-current assets held for sales from the respective financial statements line items. The increase was partially offset by the decrease in cash and bank balances and decrease in trade and other receivables. The decrease in trade and other receivables were mainly due to provisions of allowance for doubtful debt for amount of US\$1.98 million and US\$29.41 million respectively.

Non-current assets decreased by US\$168.74 million from US\$348.33 million as at FY 2017 to US\$179.59 million as at FY 2018. This was due mainly to the decrease in property, plant and equipment (decreased by US\$122.42 million as compared to FY 2017), investment in associates (decreased by US\$26.22 million as compared to FY 2017), non-current other receivables (decreased by US\$11.36 million as compared to FY 2017) and investments in joint venture (decreased by US\$8.78 million as compared to FY 2017). Decrease in property, plant and equipment was mainly due to the reclassification as above-mentioned and impairment loss made to the vessels of the Group and impairment loss to office premises. Decrease in non-current other receivables was mainly due to allowance made for doubtful deposit receivable from a rig builder which amounted to US\$11.48 million. Decrease in investment in associates and joint venture was due mainly to the increase in share of loss from associates and joint venture, impairment made for those investments during the financial year and the reclassification of investment in joint venture to non-current assets held for sales as above-mentioned.

Current liabilities decreased by US\$24.02 million from US\$228.50 million as at FY 2017 to US\$204.48 million as at FY 2018. The decrease was mainly due to the reclassification of notes payables amounting to US\$37.75 million. The decrease has offset with the reclassification of CHO's non-current liabilities to non-current liabilities held for sales amounting to US\$7.70 million and increase in other payables of US\$7.47 million. As a result, the Group's current liabilities exceeded its current assets by US\$15.81 million.

Non-current liabilities increased by US\$19.99 million as compared to FY 2017. The increase was due mainly to the reclassification of notes payables and reclassification to non-current liabilities held for sales as above-mentioned.

The Group generated an approximate net cash flow of US\$4.36 million from operating activities was mainly due to working capital changes. Net cash flow generated from investing activities amounting to US\$2.08 million was mainly derived from the proceeds from disposal of property, plant and equipment. Net cash flow used in financing activities of approximately US\$7.25 million was mainly for repayment of existing loans and interest after setting off against the proceeds from issuance of new shares and drawdown of bank borrowings and advances from related parties.

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.

For the 12 months ahead, the operating environment for the offshore support vessels and oilfield services business will continue to be challenging. The OSV market continues to suffer from low rates due to intense competition and low margins. The oilfield services market remains lacklustre due to reductions in CAPEX and OPEX by the oil and gas companies.

The Group will exercise strict financial discipline to remain resilient while the oil and gas sector works out the imbalances in the demand and supply for OSVs and oilfield services. The Group will continue to implement measures to increase the operational efficiency of its fleet and increase the utilisation rate. Business development activities will be focused on geographical areas and niches in the OSV and oilfield services markets which have shown increased activities.

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.

No final dividend has been declared for the financial year ended 30 June 2018.

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
Cai Wenxing ⁽¹⁾		
- rental of premises	259	-
CDS International Forwarding (TianJin) Co Ltd ⁽²⁾		
- sale of services	176	-
- purchase of services	115	-

Note:

(1) Mr Cai Wenxing is a Director of the Company.

(2) Mr Cai Wenxing holds 70% of the equity interest in CDS International Forwarding (TianJin) Co Ltd.

14. CONFIRMATION PURSUANT TO RULE 720(1) OF THE SGX LISTING MANUAL

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

PART 2 - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

Segment information about the Group's operations is presented below:

	Marine US\$'000	Oilfield and drilling services US\$'000	Oilfield projects US\$'000	Resources US\$'000	Corporate US\$'000	Elimination US\$'000	Total US\$'000
BUSINESS SEGEMENT							
1 Jul 2017 to 30 Jun 2018							
Revenue							
External sales	31,296	8,342	4,920	907	-	-	45,465
Inter-segment sales	199	-	-	-	-	(199)	-
Total revenue	<u>31,495</u>	<u>8,342</u>	<u>4,920</u>	<u>907</u>	<u>-</u>	<u>(199)</u>	<u>45,465</u>
Results							
Segment result	(37,641)	(5,374)	1,804	(942)	(33,815)	-	(75,968)
Share of net loss of associates and joint ventures							(4,600)
Interest income	369	6	-	-	-	-	375
Finance costs	(3,526)	(211)	(122)	-	(5,892)	-	(9,751)
Loss before income tax							(89,944)
Income tax credit							(9)
Loss for the year							<u>(89,953)</u>
1 Jul 2016 to 30 Jun 2017							
Revenue							
External sales	44,477	54,144	8,203	-	-	-	106,824
Inter-segment sales	730	-	-	-	-	(730)	-
Total revenue	<u>45,207</u>	<u>54,144</u>	<u>8,203</u>	<u>-</u>	<u>-</u>	<u>(730)</u>	<u>106,824</u>
Results							
Segment result	(90,780)	(40,836)	(2,669)	(6,362)	(20,595)	-	(161,242)
Share of net loss of associates and joint ventures							(2,929)
Interest income	265	7	-	-	19	-	291
Finance costs	(3,773)	(233)	(114)	-	(5,788)	-	(9,908)
Loss before income tax							(173,788)
Income tax expense							10,107
Loss for the year							<u>(163,681)</u>
Assets and liabilities							
30 June 2018							
Segment assets	<u>292,275</u>	<u>69,187</u>	<u>5,956</u>	<u>537</u>	<u>307</u>	<u>-</u>	<u>368,262</u>
Segment liabilities	<u>129,953</u>	<u>50,604</u>	<u>9,404</u>	<u>127</u>	<u>77,670</u>	<u>-</u>	<u>267,758</u>
30 June 2017							
Segment assets	<u>357,261</u>	<u>72,525</u>	<u>9,375</u>	<u>1,534</u>	<u>20,013</u>	<u>-</u>	<u>460,708</u>
Segment liabilities	<u>128,736</u>	<u>40,374</u>	<u>11,622</u>	<u>124</u>	<u>90,940</u>	<u>-</u>	<u>271,796</u>



	Marine US\$'000	Oilfield and drilling services US\$'000	Oilfield projects US\$'000	Resources US\$'000	Corporate US\$'000	Total US\$'000
Other information						
30 Jun 2018						
Allowance for doubtful trade receivables	1,419	558	-	-	-	1,977
Allowance for doubtful other receivables	16,866	118	-	1,068	11,361	29,413
Allowance for impairment in investments in joint venture	6,605	-	-	-	-	6,605
Allowance for impairment of property, plant and equipment	3,333	-	-	-	11,490	14,823
Amortisation of term loan issuing costs	-	-	-	-	760	760
Impairment of investment property	-	917	-	-	-	917
Capital additions	1,670	213	-	-	-	1,883
Depreciation and amortisation expenses	19,315	1,096	1,953	9	108	22,481
Gain on disposal of property, plant and equipment	-	39	-	-	-	39
30 Jun 2017						
Allowance for doubtful trade receivables	1,798	23,904	-	-	-	25,702
Allowance for doubtful other receivables	-	11,865	-	-	14,076	25,941
Capital additions	2,345	19	-	4	-	2,368
Depreciation and amortisation expenses	21,480	1,240	3,285	10	233	26,248
Loss on disposal of property, plant and equipment	12	-	-	-	-	12
Amortisation of notes payable transaction costs	-	-	-	-	179	179
Amortisation of term loan issuing costs	-	-	-	-	1,145	1,145
Allowance for impairment of goodwill	-	-	1,201	-	3,849	5,050
Allowance for impairment of property, plant and equipment	85,013	1,800	-	-	-	86,813
Write off of intangible assets	-	-	-	2,748	-	2,748



Geographical segments

The Group's operations are located in Americas, Asia and Middle East. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services and assets by their respective locations.

	Revenue US\$'000	Non-current assets* US\$'000
30 Jun 2018		
China	1,791	40
Indonesia	19,353	75,957
Mexico	669	326
United Arab Emirates	253	3
Singapore	21,455	97,700
Panama	1,564	30,032
Dubai	220	443
Taiwan	-	2
Norway	-	12
Marshall Island	160	-
British Virgin Islands	-	42,805
Total	45,465	247,320
30 Jun 2017		
Malaysia	565	-
China	49,910	54
Indonesia	28,280	89,616
America	4,924	-
Mexico	701	430
United Arab Emirates	8,248	-
Singapore	11,822	212,726
Dubai	184	6
Vietnam	1,546	-
South Africa	564	-
Mashall Island	80	-
Total	106,824	302,832

* exclude associates, joint ventures, available-for-sale investments and deferred tax assets.

Information about major customers

The Group's revenue derived from customers who individually account for 10% of more of the Group's revenue is detailed below:

	Marine		Oilfield and drilling services		Oilfield projects		Resources	
	2018	2017	2018	2017	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Customer 1	-	-	-	30,442	-	-	-	-

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.

Please refer to paragraph 8 for the review.



17. A breakdown of sales

	The Group		
	Year ended 30 June 2017 (12 months) US\$'000	Year ended 30 June 2017 (12 months) US\$'000	Increase/ (Decrease) %
(a) Sales reported for first 6 months	25,766	57,613	-55%
(b) Operating (loss)/profit after tax reported for first 6 months	(11,674)	1,239	NM
(c) Sales reported for remaining months	19,699	49,211	-60%
(d) Operating loss after tax reported for remaining months	(78,279)	(164,920)	-53%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No annual dividend paid for the financial year ended 2018 and 2017.

19. Disclosure of person occupying a managerial positions in the issuer of any of its principal subsidiaries who is 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.

Not applicable.

BY ORDER OF THE BOARD

Tan Pong Tyea
Chairman and Chief Executive Officer

26 August 2018