



FALCON ENERGY GROUP LIMITED

Incorporated in the Republic of Singapore
Registration No.200403817G

**Falcon Energy Group's 15 Months FY2008 Net Profit Nearly
Doubles to US\$36.1 Million From 12 Months FY2007; Proposed
Dividend of 0.01 Singapore dollar per ordinary share**

- **Revenue increased 91.4% to US\$73.8 million as overall business improved significantly**
- **Proposed Longzhu acquisition expected to contribute positively to Oilfield Services Segment once approved by shareholders**
- **Strong fundamentals; Well positioned to seize emerging opportunities to expand scope of operations**

Singapore, 25 February 2009 – Falcon Energy Group Limited (“FEG” or the “Group”), which provides a broad spectrum of services to the marine and oil & gas industry, announced today its results for the 15 months ended 31 December 2008 (“FY2008”) compared to the 12 months ended 30 September 2007 (“FY2007”), as a result of its change of financial year from 30 September to 31 December.

SGX Catalist-listed FEG said its revenue for FY2008 increased 91.4% to US\$73.8 million, from US\$38.6 million in FY2007. The Marine Segment contributed 79.4%, while Oilfield Services Segment contributed 20.6% to total revenue.

Revenue contribution from the Marine Segment increased 73.6% to US\$58.6 million in FY2008, from US\$33.8 million in FY2007. The increase in revenue in the Marine Segment is attributed to significant higher revenue contribution from vessels commanding higher charter rates as well as full year contributions from two vessels which commenced business in April and May 2007. As FEG continued to expand its oilfield services business, the Oilfield Services Segment revenue increased from US\$4.8 million in FY2007 to US\$15.2 million in FY2008.

Corresponding to the increase in revenue, gross profit for the Group increased 99.4% to US\$41.6 million in FY2008, from US\$20.9 million in FY2007. The Group recorded overall gross profit margin of 56.3%, with gross profit margin for the Oilfield Services Segment

maintained at 35.0% whilst gross profit margin for the Marine Segment improved 5.2 percentage points, to 61.9% in FY2008 from 56.7% in FY2007. The Group posted net profit of US\$36.1 million in FY2008, up 98.4 % from US\$18.2 million in FY2007.

Net cash generated from operating activities increased to US\$52.3 million in FY2008, from US\$7.5 million in FY2007. As at 31 December 2008, the Group's cash and cash equivalents stood at US\$10.3 million.

Earnings per share* (after restatement of share capital under merger accounting) was 5.15 US cents for FY2008, compared to 2.64 US cents for FY2007. Net asset value per share** (after restatement of share capital under merger accounting) rose to 15.03 US cents as at 31 December 2008 from 10.51 US cents as at 30 September 2007.

The Group has proposed a 1-tier first and final dividend payout of 0.01 Singapore dollar per share and pending shareholder approval, will be paid out at a date to be announced later.

Commenting on the Group's financial performance, Chairman and Chief Executive Officer, Mr. Tan Pong Tyea said, "We are pleased with our performance for FY2008 and we look forward to improve FEG's operating performance for FY2009. The Group remains positive on the outlook for the marine and oil & gas industry and although market conditions in 2009 are expected to become tougher, we believe that abundant opportunities will present themselves at more realistic valuations."

"The prudence FEG exercised during the past years has helped us avoid over-investment and over-commitment at high valuations. As such the Group is in a strong financial position which enables us to capitalise on any emerging opportunities." He added.

The proposed acquisition by FEG of majority stakes in Longzhu Group of companies has received approval-in-principle from SGX. Pending an Extraordinary General Meeting and shareholder approval, the acquisition will pave the way for FEG to expand its emerging Oilfield Services Segment, to supplement the Group's performing core Marine Segment.

**The number of shares used to calculate earnings per share for FY2008 and FY2007 are 701,016,889 and 658,411,773 respectively.*

***The number of shares used to calculate net asset value per share for FY2008 and FY2007 are 710,418,754 and 690,202,538 respectively.*

Stirling Coleman Capital Limited was the financial adviser ("Financial Adviser") to the Group in relation to the acquisition of OSCL completed on 30 April 2008. The Financial Adviser assumes no responsibility for the contents of this document.

About Falcon Energy Group Limited (“FEG”)

Singapore Exchange Catalist-listed Falcon Energy Group Limited (“FEG” or the “Group”) is in the business of providing offshore support vessels for charter and ship management services, oilfield services and other marine and oil & gas projects through its three business divisions namely Marine, Oilfield Services and Oilfield Projects.

FEG provides its services to the marine and oil & gas industry focusing on the production stage. Through its wholly-owned subsidiary Oilfield Services Company Limited (“OSCL”), FEG owns a fleet of offshore support vessels under its marine division and has plans to expand the current fleet to cater to deep water operations. FEG also plans to expand beyond its current operations in South East Asia, India and Australia, to other regions such as Africa and Middle East. The Group also plans to expand its business to oilfield services and oilfield projects.

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