



Falcon Energy Group Limited

Falcon Energy posts net profit of US\$3.3m for first quarter ended March 2011

SINGAPORE, 10 May 2011 – MAINBOARD-LISTED Falcon Energy Group Limited (FEG or the Group) today released results for its first quarter ended 31 March 2011, posting profit after tax attributable to equity holders of US\$3.3 million, compared to US\$8.1 million recorded in the previous corresponding period.

Quarter under review

The Group's revenue stood at US\$16.4 million for the first three months ended 31 March 2011 (1Q2011), compared to the US\$18.1 million previously. Of its three core businesses, Oilfield Services Division contributed the highest share at US\$10.2 million, or 62%, of the total revenue. This is an increase of US\$7.2 million compared to the same period last year as the Group secured a one-off short term contract and also saw an increase in sundry services rendered.

Marine Division contributed US\$2.9 million or 18% of the total revenue relative to US\$13.2 million previously. The dip was mainly due to completion of several charter hire contracts following which vessels were back for modification and maintenance work, resulting in fewer vessels being deployed as compared to the same period last year.

Oilfield Projects Division made up the rest of the 20% of revenue or US\$3.3 million, growing by 67% mainly due to a contract secured in June 2010.

Overall, gross profit came in at US\$3.0 million compared to US\$10.0 million in the corresponding period a year ago.



Falcon Energy Group Limited

Share of profit from associates for the period rose from US\$0.3 million to US\$4.7 million, largely because of the share of profit from Federal Offshore Services Pte Ltd and its 29.07%-owned associate, CH Offshore Ltd, following the completion of the acquisition on 28 April 2010.

Mr. Tan Pong Tyea, FEG's Chairman and Chief Executive Officer, said: "We've managed to turn in a fairly creditable set of results considering that the market is still recovering, albeit gradually, from the recession. But things appear to be looking up. Some of our vessels that are currently under maintenance and modification will be available for charter soon and we are in talks with customers regarding new charter contracts. As for the other two divisions, Oilfield Services and Oilfield Projects, they are still on track for steady growth."

FEG is one of the region's leading providers of integrated support services for the international Offshore Marine and Oil & Gas sectors, supporting clients along the entire oil production cycle. It has a proven track record and solid reputation in servicing global oil majors and oil contractors, focusing on the production phase of oilfield activities.

Financial position

The Group's financial position continued to stay strong. As at 31 March 2011, the Group's net working capital was positive at US\$13.2 million with cash and bank balances of US\$13.4 million and registered net cash flows from operations of US\$2.0 million. Net assets attributable to equity shareholders were US\$192.5 million with net asset value per share of 23.6 US cents as at 31 March 2011.

Market capitalisation was S\$293.1 million, derived from yesterday closing price of S\$ 0.36. The total number of shares issued was 814,139,970 as at 31 March 2011.



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Update on on-going businesses

Mr Tan said its fleet expansion plans for its Marine Division are progressing, albeit at a slower pace, and the Group is still looking to double its fleet in the next few years, when activities in this sector are projected to start picking up strongly, particularly in Asia, Southeast Asia and the Middle East.

For its Oilfield Services Division, its move into oil trading and other related activities will help to enhance its revenue sources. With the expansion of its activities, it is anticipated to grow and continue contributing to Group revenues and earnings in the future.

In December 2010, the Group established a new Resources Division to tap into the energy resource sector. Currently, the Group is exploring coal trading and mining opportunities in Kalimantan, Indonesia and anticipates production to start in the third quarter of the year. The Group is also in talks with prospective customers for long-term contracts for the supply of coal.

Barring any unforeseen circumstances, the Group expects to remain profitable in the current financial year.

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Falcon Energy Group Limited

About Falcon Energy Group Limited (www.falconenergy.com.sg)

Falcon Energy Group Limited is a SGX Mainboard-listed leading player in the regional Offshore Marine and Oil & Gas sectors. The Group provides a full spectrum of support services for the Offshore Marine and Oil & Gas cycle, from initial exploration and drilling to production and post-production stage, with a specialist focus on the production phase of oilfield activities.

The Group has four business divisions with operations spanning Southeast Asia, India and Australia. Its Marine Division provides offshore support vessels for services such as offshore hook up and commissioning, offshore conductor piling and pipe trenching, among others. Its Oilfield Services Division provides services such as agencies, warehousing, logistics, procurement and other general support activities. Through its Oilfield Projects Division, the Group is involved in projects and investments related to the Marine and Oil & Gas industry. The new Resource Division, currently working on coal mining in Kalimantan.

The Group has built up a solid track record over the past 30 years. Its commitment to top quality operations, professional practices and safety standards has resulted in a clientele base that includes some of the largest oil majors in the world including Shell, ExxonMobil, Chevron, BP and TOTAL as well as oil contractors comprising McDermott, Halliburton, PetroChina, and COSL.

Falcon currently has a fleet of 15 Offshore Support Vessels (OSVs) including 9 multi-purpose support vessels.

The Group was listed on SGX SESDAQ on 2 December 2004 through a reverse takeover of Sembawang Music Holdings Limited and changed its name to Falcon Energy Group Limited on 13 November 2006. It was upgraded to SGX Mainboard on 8 September 2009.

Issued on behalf of **Falcon Energy Group Limited** by: Waterbrooks Consultants Pte Ltd

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