



Falcon Energy Group Limited

MEDIA RELEASE

For Immediate Release

FALCON ENERGY GROUP'S REVENUE SURGED 202% TO US\$350.8 MILLION WITH NET PROFIT OF US\$60.8 MILLION FOR FY2014

Highlights:

- Core Marine and Oilfield Services divisions contributed strong revenue and earnings growth
- New Drilling division contributed US\$128.4 million in revenue from the gain on disposal of two jackup rigs
- Final Dividend of 1.0 Singapore cent per ordinary share brings Total Dividend to 1.5 Singapore cents per ordinary share for FY2014

FYE 31 March (US\$' million)	FY2014	FP2013 ⁽¹⁾	Change
Revenue	350.8	116.2	+ 201.9%
Gross Profit	117.0	33.0	+ 254.5%
<i>Gross Margin (%)</i>	<i>33.4%</i>	<i>28.4%</i>	5 ppts
Net Profit attributable to shareholders	60.8	(3.0)	NM ⁽²⁾
Earnings per share (US cents)	7.45	(0.37)	NM ⁽²⁾

Note:

1. The Group announced the change of its financial year end on 19 October 2012. With the change of financial year from 31 December to 31 March, the current financial period covers 12 months from 1 April 2013 to 31 March 2014 ("FY2014") as compared to the previous financial period of 15 months from 1 January to 31 March 2013 ("FP2013").
2. NM denotes not meaningful.

SINGAPORE, 28 May 2014 – Mainboard listed **Falcon Energy Group Limited** ("Falcon Energy" or the "Group"), a provider of a wide spectrum of services to the oil and gas industry today announced a commendable set of results for the twelve months ended 31 March 2014 ("FY2014"). Revenue increased by 201.9% to US\$350.8 million, with a sterling net profit attributable to shareholders of US\$60.8 million. Good performances from the core Marine and Oilfield Services divisions continued to drive earnings and the new Drilling division boosted the set of results with gains from the disposal of two jack-up rigs in FY2014.

In view of the Group's good financial performance for FY2014, the Group's Board of Directors has proposed a final dividend (one- tier tax-exempt) of 1.0 Singapore cent per ordinary share. This adds to the interim dividend of 0.5 Singapore cent per ordinary share paid on 8 January 2014, bringing the total dividend for FY2014 to 1.5 Singapore cents per ordinary share.

Commenting on the Group's financial performance, Falcon Energy Group's Chairman and Chief Executive Officer, Mr Tan Pong Tyea said, *"I am delighted with the results which validate the Group's business strategy of focusing on our core Marine and Oilfield Services Divisions, to lay a strong foundation for growing new businesses such as our Drilling Division."*

Revenue contributions by business divisions

Division	FY2014	FP2013	Change
Marine	70.5	53.3	+ 32.3%
Oilfield Services	143.0	46.1	+ 210.2%
Oilfield Projects	8.8	16.8	- 47.6%
Drilling	128.4	-	+100.0%

Revenue for Marine division increased by 32.3% or approximately US\$17.2 million to US\$70.5 million in FY2014, from US\$53.3 million in FP2013. The increase was due to more vessels being deployed in FY2014.

Revenue for Oilfield Services division rose 210.2% or approximately US\$96.9 million from US\$46.1 million in FP2013 to US\$143.0 in FY2014. The increase was mainly driven by several procurement contracts secured during the year and the increase in provision of project sundry services.

Revenue of US\$128.4 million for Drilling division in FY2014 was derived from the gain on disposal of two jackup rigs from the Group's JV for the construction of offshore rigs. These two jackup rigs were ordered in October 2011 and currently, the Group's JV with strategic partners has an order book for five (5) jackup rigs to be delivered between mid-2015 and mid-2016.

Gross profit for FY2014 has increased substantially in tandem with the increase in revenue, from US\$33.0 million in FP2013 to US\$117.0 million in FY2014. The significant increase was attributed to higher contribution from Oilfield Services division and the booster from Drilling

division. Overall, the Group's average gross margin was uplifted from 28.4% in FP2013 to 33.4% in FY2014.

Share of net profit of associates increased by US\$15.6 million from a loss of US\$8.4 million in FP2013 to a profit of US\$7.2 million in FY2014 and was due mainly to the allowance of doubtful debts of US\$12.8 million taken up in FP2013.

As a result of stronger income contributions from Oilfield Services and Drilling divisions, the provision for income tax expense increased from US\$0.7 million in FP2013 to US\$6.1 million in FY2014. No provision for tax expense was made in respect of the income in Marine and Oilfield Projects divisions as the income were derived from outside Singapore, which was tax exempt.

The Group registered net profit attributable to shareholders of US\$60.8 million in FY2014, reversed its net loss attributable to shareholders of US\$3.0 million in FP2013.

Earnings per Ordinary Share was 7.45 US cents for FY2014 as compared with a loss of 0.37 US cents in FP2013.

Financial Position Review

The Group continues to strengthen its balance sheet in the financial year. Cash and bank balances increased from US\$15.9 million as at 31 March 2013 to US\$46.9 million as at 31 March 2014. Current assets increased by 133.6% to US\$217.0 million as at 31 March 2014 as compared to US\$92.9 million as at 31 March 2013, attributed to higher cash and bank balances, and trade receivables. Current liabilities rose from US\$74.7 million as at 31 March 2013 to US\$177.4 million as at 31 March 2014, mainly due to higher trade and other payables. Non-current liabilities increased from US\$118.1 million as at 31 March 2013 to US\$138.5 million as at 31 March 2014 on the back of higher borrowings to facilitate the business operations.

Shareholders' equity increased from US\$186.2 million as at 31 March 2013 to US\$241.8 million as at 31 March 2014. Net Asset Value per share was 29.3% higher at 29.57 US cents as at 31 March 2014, as compared to 22.87 US cents as at 31 March 2013.

Business Prospects

Falcon Energy has benefited from the strong demand in the segment of oilfield that we operate in. Stable oil prices has also created a conducive environment for exploration and

production activities. This in turn generates demand for the Group's production and offshore support vessels as well as oilfield services. New technologies that enable the extraction of more oil from depleted wells and marginal fields have also created a demand for the Group's services as oil majors and national oil companies re-work their marginal fields to stem depleting output from old wells.

Barring unforeseen circumstances, the Group is cautiously optimistic about the outlook of its core businesses. The Group will continue to improve its business operations and reward the Shareholders accordingly.

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This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 28 May 2014

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

Falcon Energy Group Limited ("FEG") is an established player in the oil and gas industry, providing a spectrum of services to global oil companies and contractors, from the initial exploration stage to production and post-production stage.

Besides its traditional core businesses in marine, oilfield services and oilfield projects, the Group is expanding its business by venturing into related energy business such as resources and drilling services.

The Marine Division has a fleet of offshore support vessels to provide direct support to its customers, mainly in the production phase of oil and gas projects. The Oilfield Services Division provides services such as agencies, logistics and procurement and other general support activities, while the Oilfield Project Division executes various projects for oil companies.

Since FEG entered the offshore oil drilling business through its order of two technically advanced jack-up drilling rigs, the Drilling Services Division will be developed into a full-fledged drilling service provider for the oil majors and national oil companies. The Resources Division taps into the energy resource sector to carry out coal trading, coal mining and other related businesses

The Group was listed on Singapore Exchange 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 Mainboard on 8 September 2009.

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