



Falcon Energy Group Limited

MEDIA RELEASE

For Immediate Release

Falcon Energy's net profit soars 8 folds to US\$34.4 mil for first half ended September 2013

- Declares Interim dividend of 0.5 SG cent per share

US\$'mil	1H2014 ended 30 Sep 2013	1H2013 ended 30 Sep 2012	Change
Revenue	209.7	34.3	↑511%
Gross Profit	90.9	9.7	↑839%
Gross Profit Margin (%)	43	28	↑15ppts
Net Profit after Tax attributable to shareholders	34.4	3.9	↑776%

SINGAPORE, 05 November 2013 – MAINBOARD-LISTED Falcon Energy Group Limited (FEG or the Group) today released its results for first half ended 30 September 2013 (1H2014). The Group posted a 776 per cent rise in Net Profit after tax attributable to shareholders (net profit) from US\$3.9 million in 1H2013 to US\$34.4 million. This was on the back of a 511 per cent jump in revenue to US\$209.7 million.

The Group's overall gross profit improved by 839 per cent to US\$90.9 million with a higher overall gross profit margin of 43 per cent compared to 28 per cent in the previous corresponding period.

FEG's strong performance for 1H2014 is a confirmation that its growth strategy is yielding positive results. The Group's revenue rose substantially on the back of business expansion by moving up the value chain in oil and gas services industry.

As a result of the strong performance, the board of directors is pleased to declare an interim dividend of 0.5 Singapore cent per share.

The Group will continue to solidify its foundation for long term sustainable growth by focusing on its core Marine and Oilfield Services businesses even as it continues to actively develop the other business segments.

Revenue by Business Division (US\$m)	1H2014	1H2013	Change
Marine	34.8	20.0	↑74%
Oilfield Services	43.1	9.0	↑377%
Oilfield Projects	4.0	5.3	↓25%
Drilling Services	127.8	-	NA

During the period under review, the Marine Division contributed to 17 per cent of Group revenue, while the Oilfield Services Division accounted for 21 per cent. Revenues from the Oilfield Projects and Drilling Services Divisions constituted the remaining 2 per cent and 60 per cent of Group revenue respectively.

On a segmental basis, the new Drilling Services Division posted gross profit margin of 56 per cent on revenue of US\$127.8 million for 1H2014 derived from the disposal of two jack-up rigs where FEG's beneficial interest was 45.5 per cent.

The Marine Division's revenue was US\$34.8 million, an increase of 74 per cent, mainly driven by firmer charter rates coupled with higher vessel utilisation rate for its marine fleet. Gross profit margin increased to 36 per cent as compared to 25 per cent in the previous corresponding period.

The Oilfield Services Division's revenue rose 377 per cent to US\$ 43.1 million but gross profit margin decreased to 13 per cent due to lower margin of one-off short-term contracts secured in 1H2014. Revenue from the Oilfield Projects Division decreased 25 per cent to US\$4.0 million with gross profit margin of 30 per cent.

The Group's financial position remains healthy backed by net assets of US\$229.2 million as at 30 September 2013.

Business Update and Outlook

With buoyant demand and stable oil prices conducive to rising levels of exploration and production activities, the Group is optimistic about the business prospects for Marine, Drilling Services, Oilfield Projects and Oilfield Services Divisions.

- **Marine Division**

The Marine Division is expected to have strong growth with higher charter rates on longer term contracts leading to better utilisation rates and profits. One of the two 78-metre DP2 MFSVs that the Group ordered in October 2011 has been delivered and is currently on a long term 3 years bare-boat charter to a Mexican company. The second DP2 MFSV is expected to be delivered by end of this year.

- **Drilling Services Division**

There is an increase in demand for rigs globally as the rig market has entered a replacement cycle. The Group has ventured into the oil rig business strategically since 2011 by partnering companies with strong financials and track record. Drilling Services Division has made its first revenue contribution to the Group from its share of income derived from the disposal of the two jack-up rigs.

- **Oilfield Projects and Oilfield Services Divisions**

The Oilfield Projects and Oilfield Services Divisions continue to generate stable income for the Group. They have been able to maintain their competitive edge despite stronger competition.

- **Resources Division**

The Resources Division will complement the Group's traditional businesses by accumulating energy resources assets in Indonesia so as to build up its coal reserves for production at a suitable time.

The Group will continue its strategy of growing its existing core businesses by expanding the range of services it offers.

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

This press release should be read in conjunction with the full SGX results announcement released by FEG dated 5 November 2013. A copy of the announcement is available on www.sgx.com.

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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 energy-related businesses such as drilling services and coal mines.

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 Projects Division executes various projects for companies in the oil and gas sectors.

The Drilling Services Division will own and operate oil rigs and be developed into a full-fledged drilling service provider for the oil majors, national oil companies and independent oil exploration companies.

The Resources Division taps into the Energy resource sector to carry out 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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