FALCON ENERGY GROUP LIMITED
Incorporated in the Republic of Singapore
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Marine & Oilfield Services Provider Falcon Energy Group's FP2008 Net Profit Jumps 61.3% year-on-year to US$28.01 Million, Boosted By OSCL Acquisition

- **Group revenue jumps 53.3% year-on-year to US$59.14 million**
- **Core Marine division records 39.2% revenue growth to US$47.02 million on back of higher vessel charter rates and new vessel charters**
- **Growing Oilfield Services division achieves 152.5% surge in revenue to US$ as new business initiatives gained momentum**

Singapore, 14 November 2008 – Singapore Exchange Catalist-listed Falcon Energy Group Limited ("FEG" or the "Group"), which provides a broad spectrum of services to the marine and oil & gas industries, today announced a set of sterling results for the 12-month period ended 30 September 2008 ("FP2008") that underscored the strengths of recently-acquired Oilfield Services Company Limited ("OSCL").

FEG achieved a strong 53.3% increase in Group revenue to US$59.14 million for FP2008, compared to US$38.58 million for FP2007. The Group's core Marine division contributed 79.5% to total revenue, while the expanding Oilfield Services Division contributed 20.5%. The Group's third division, Oilfield Projects, is anticipated to progress to active operations in early 2009.

Revenue contribution from the Marine Division increased 39.2% to US$47.02 million in FP2008, from US$33.78 million in FP2007. The revenue increase was attributed to higher vessel charter rates compared to the previous financial period, as well as full-year contributions from the charters of additional vessels.

In line with the Group's strategy of widening the work scope under Oilfield Services division, revenue increased 152.5% year-on-year from US$4.80 million to US$12.12 million as new business activities gained momentum.

Gross profit for the Group increased 59.3% to US$33.75 million in FP2008, from US$21.19 million in FP2007. Gross profit margin for the Group improved to 57.1% from 54.9% year-ago, as its Marine segment's gross profit margin improved 4.8 percentage points to 62.5% whilst the Oilfield Services segment's gross profit margin maintained at 35.0%.

Correspondingly, Net profit rose 61.3% to US$28.01 million in FP2008, compared to FP2007's Net profit of US$17.37 million *(after deducting loss from discontinued music-related operations of US$0.49 million and loss of US$0.34 million on disposal of music-related operations).*

Earnings per share* was 4.01 US cents for FP2008, compared to 2.64 US cents for FP2007. Net asset value per share rose to 13.95 US cents as at 30 September 2008 from 10.51 US cents as at 30 September 2007.

Commenting on the Group's financial performance, FEG's Chairman and Chief Executive Officer, Mr. Tan Pong Tyea, said, "We are pleased with our FP2008 results. The marked increase in the top-line of the Group is attributable to the acquisition of OSCL, which has propelled group earnings to new heights."

Looking ahead, Mr. Tan Pong Tyea, said that despite the current financial turmoil and prospects of a recession, the outlook for the marine and oil & gas industries remains positive. The Group believes that the underlying demand trends for these industries over the longer term remain intact. Barring unforeseen circumstances, the Group is optimistic that its prospects will continue to be favourable, as confidence progressively returns to the financial markets."

Net cash generated from operating activities increased to US$51.96 million in FP2008, from US$7.58 million in FP2007. The Group's gearing stood at 0.17 as at 30 September 2008.

ends

**The number of shares used to calculate earnings per share for FP2008 and FP2007 are 698,625,961 and 658,411,773 respectively*

Pursuant to the Group's acquisition of OSCL on 30 April 2008, the consolidated financial statements of the Group for the financial period ended 30 September 2008 have been prepared on a combined basis as if the current group structure had been in existence throughout the periods by applying the *principles of merger accounts, as set out in Recommended Accounting Practice "Merger Accounting for Common Control Combinations".*

The Group had on 1 October 2007 changed its financial year end from 30 September to 31 December.

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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