


**Unaudited 3rd Quarter Financial Statement And Related Announcement**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the 3rd Quarter ("3Q1516") ended 31 March 2016**

	Group			Group		
	3 Months	3 Months	Change	9 Months	9 Months	Change
	31/3/2016	31/3/2015		31/3/2016	31/3/2015	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
<b>Revenue</b>	<b>6,900</b>	<b>7,796</b>	(11.5)	<b>18,151</b>	<b>25,656</b>	(29.3)
Cost of sales	(1,646)	(1,336)	23.2	(4,296)	(4,060)	5.8
<b>Gross profit before direct depreciation</b>	<b>5,254</b>	<b>6,460</b>	(18.7)	<b>13,855</b>	<b>21,596</b>	(35.8)
Direct depreciation	(1,905)	(1,853)	2.8	(5,714)	(5,566)	2.7
<b>Gross profit after direct depreciation</b>	<b>3,349</b>	<b>4,607</b>	(27.3)	<b>8,141</b>	<b>16,030</b>	(49.2)
Other income	(3)	-	nm	43	15	nm
Indirect depreciation	(11)	(6)	nm	(32)	(19)	nm
Administrative expenses	(1,547)	(1,275)	21.3	(4,135)	(3,450)	19.9
<b>Profit before income tax and results of associated companies</b>	<b>1,788</b>	<b>3,326</b>	(46.2)	<b>4,017</b>	<b>12,576</b>	(68.1)
Share of results of associated companies	(12)	522	(102.3)	41	2,280	(98.2)
<b>Profit before income tax</b>	<b>1,776</b>	<b>3,848</b>	(53.8)	<b>4,058</b>	<b>14,856</b>	(72.7)
Income tax	-	-	nm	-	-	nm
<b>Profit after income tax</b>	<b>1,776</b>	<b>3,848</b>	(53.8)	<b>4,058</b>	<b>14,856</b>	(72.7)
<b>Other comprehensive income: period</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
	<b>1,776</b>	<b>3,848</b>	(53.8)	<b>4,058</b>	<b>14,856</b>	(72.7)

1(a)(ii) **Notes to the statement of profit or loss and other comprehensive income**

	Group			Group		
	US\$'000		%	US\$'000		%
	3 Months	3 Months	Change	9 Months	9 Months	Change
31/3/2016	31/3/2015	31/3/2016		31/3/2015		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Miscellaneous income	(3)	-	nm	43	15	nm

Note: "nm" means not meaningful

- 1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

**Statements of financial position as at 31 March 2016**

	<b>Group</b>		<b>Company</b>	
	<b>31/3/2016</b>	<b>30/6/2015</b>	<b>31/3/2016</b>	<b>30/6/2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	4,923	139,047	3,855	138,540
Trade and other receivables	12,043	4,942	37,387	31,561
Security deposit	4,657	-	4,657	-
Prepayments	340	95	219	69
<b>Total current assets</b>	<b>21,963</b>	<b>144,084</b>	<b>46,118</b>	<b>170,170</b>
<b>Non-current assets</b>				
Subsidiary companies	-	-	8,751	8,751
Associated companies	35,639	35,901	4,986	4,986
Club membership	-	3	-	3
Fixed assets	138,373	135,249	73,078	76,109
<b>Total non-current assets</b>	<b>174,012</b>	<b>171,153</b>	<b>86,815</b>	<b>89,849</b>
<b>Total assets</b>	<b>195,975</b>	<b>315,237</b>	<b>132,933</b>	<b>260,019</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	10,001	11,879	45,051	73,738
Provisions	5,209	5,209	5,209	5,209
Other payables - deferred gain	403	403	-	-
Loans and borrowings	7,411	-	7,411	-
Advance from client	4,629	-	4,629	-
Dividend Payable	-	47,197	-	47,197
<b>Total current liabilities</b>	<b>27,653</b>	<b>64,688</b>	<b>62,300</b>	<b>126,144</b>
<b>Non-current Liabilities</b>				
Other payables - deferred gain	5,546	5,849	-	-
Deposit from client	3,000	3,000	3,000	3,000
<b>Total non-current liabilities</b>	<b>8,546</b>	<b>8,849</b>	<b>3,000</b>	<b>3,000</b>
<b>Capital and reserves</b>				
Issued capital	55,379	55,379	55,379	55,379
Accumulated profits	104,397	186,321	12,254	75,496
<b>Total equity</b>	<b>159,776</b>	<b>241,700</b>	<b>67,633</b>	<b>130,875</b>
<b>Total liabilities and equity</b>	<b>195,975</b>	<b>315,237</b>	<b>132,933</b>	<b>260,019</b>

- 1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

(a) **Amount repayable in one year or less, or on demand**

S\$10M (US equivalent of US\$7.411M)

(b) **Amount repayable after one year** NIL

(c) **Details of any collaterals.** Borrowing is unsecured.

- 1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated statement of cash flows**

	<b>3 Months</b>	<b>3 Months</b>	<b>9 Months</b>	<b>9 Months</b>
	<b>31/3/2016</b>	<b>31/3/2015</b>	<b>31/3/2016</b>	<b>31/3/2015</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities :</b>				
Profit before income tax and results of associated companies	1,788	3,326	4,017	12,576
Adjustments for :				
Depreciation	1,916	1,859	5,746	5,585
Interest income	(6)	(164)	(186)	(516)
Net foreign exchange (gain) loss	306	173	275	261
Operating cashflows before working capital changes	<u>4,004</u>	<u>5,194</u>	<u>9,852</u>	<u>17,906</u>
Trade and other receivables	(600)	1,902	(7,226)	2,106
Prepayments	70	159	(245)	(68)
Guarantee deposit	(4,657)	-	(4,657)	-
Advance from client	4,629	-	4,629	-
Trade and other payables	(26)	(1,260)	(1,878)	(272)
Cash generated from operations	<u>3,420</u>	<u>5,995</u>	<u>475</u>	<u>19,672</u>
Interest received	5	174	311	478
Net cash generated (used) from operating activities	<u>3,425</u>	<u>6,169</u>	<u>786</u>	<u>20,150</u>
<b>Investing activities :</b>				
Proceeds on disposal of fixed assets	36	-	42	-
Purchase of fixed assets	(22)	(1,559)	(8,912)	(3,559)
Repayment by an associated company	-	-	-	98
Proceeds on club membership	-	-	3	-
Net cash used in investing activities	<u>14</u>	<u>(1,559)</u>	<u>(8,867)</u>	<u>(3,461)</u>
<b>Financing activities :</b>				
Proceeds from bank loans	7,411	-	7,411	-
Dividends paid	(12,462)	-	(133,123)	(22,451)
Net cash used in financing activities	<u>(5,051)</u>	<u>-</u>	<u>(125,712)</u>	<u>(22,451)</u>
Net increase (decrease) in cash and cash equivalents	(1,612)	4,610	(133,793)	(5,762)
Cash and cash equivalents at the beginning of the period	6,841	69,470	139,047	79,949
Effects of exchange rate changes on cash balance held in foreign currencies	(306)	(197)	(331)	(304)
<b>Cash and cash equivalents at quarterly ended</b>				
<b>31 March</b>	<u>4,923</u>	<u>73,883</u>	<u>4,923</u>	<u>73,883</u>

- 1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statement of changes in equity**

<b>GROUP</b>	<b>Issued capital US\$'000</b>	<b>Accumulated profits US\$'000</b>	<b>Total US\$'000</b>
<b><u>9 MONTHS ENDED 31 MARCH 2015</u></b>			
Balance at 1 July 2014	55,379	184,602	239,981
Profit for the period representing total comprehensive income for the period	-	11,008	11,008
Payment of dividends	-	(22,451)	(22,451)
<b>Balance at 31 December 2014</b>	<b>55,379</b>	<b>173,159</b>	<b>228,538</b>
Profit for the period representing total comprehensive income for the period	-	3,848	3,848
<b>Balance at 31 March 2015</b>	<b>55,379</b>	<b>177,007</b>	<b>232,386</b>

**9 MONTHS ENDED 31 MARCH 2016**

Balance at 1 July 2015	55,379	186,321	241,700
Profit for the period representing total comprehensive income for the period	-	2,282	2,282
Payment of dividends	-	(73,520)	(73,520)
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>115,083</b>	<b>170,462</b>
Profit for the period representing total comprehensive income for the period	-	1,776	1,776
Payment of dividends	-	(12,462)	(12,462)
<b>Balance at 31 March 2016</b>	<b>55,379</b>	<b>104,397</b>	<b>159,776</b>

**COMPANY**

**9 MONTHS ENDED 31 MARCH 2015**

	<b>Issued capital US\$'000</b>	<b>Accumulated profits US\$'000</b>	<b>Total US\$'000</b>
Balance at 1 July 2014	55,379	82,880	138,259
Profit for the period representing total comprehensive income for the period	-	5,182	5,182
Payment of dividends	-	(22,451)	(22,451)
<b>Balance at 31 December 2014</b>	<b>55,379</b>	<b>65,611</b>	<b>120,990</b>
Profit for the period representing total comprehensive income for the period	-	2,345	2,345
<b>Balance at 31 March 2015</b>	<b>55,379</b>	<b>67,956</b>	<b>123,335</b>

**9 MONTHS ENDED 31 MARCH 2016**

Balance at 1 July 2015	55,379	75,496	130,875
Profit for the period representing total comprehensive income for the period	-	22,180	22,180
Payment of dividends	-	(73,520)	(73,520)
<b>Balance at 31 December 2015</b>	<b>55,379</b>	<b>24,156</b>	<b>79,535</b>
Profit for the period representing total comprehensive income for the period	-	560	560
Payment of dividends	-	(12,462)	(12,462)
<b>Balance at 31 March 2016</b>	<b>55,379</b>	<b>12,254</b>	<b>67,633</b>

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no change in the company's share capital since the end of the previous period reported on.

There was no treasury share as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding year.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2016 and 30 June 2015, the total number of issued shares excluding treasury shares was 705,090,514.

- 1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2015 except as disclosed in paragraph 5 below.

- 5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT") that are relevant in the current financial period. The adoption of these new and revised FRS and INT has no material effect on the financial statements.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share for the year based on profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares on issue

US cents

- (ii) On a fully diluted basis

US cents

Group	
9 months ended 31 March	
2016	2015
0.58	2.11
0.58	2.11

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

Group	
9 months ended 31 March	
2016	2015
4,058	14,856
705,090,514	705,090,514

Net profit attributable to members (US\$'000)

Weighted average number of ordinary shares on issue

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 March 2016 and 31 March 2015.

- 7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

US cents

Group		Company	
31/3/2016	30/6/2015	31/3/2016	30/6/2015
22.66	34.28	9.59	18.56

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(a) Overview**

CHO Group achieved a net profit after tax of US\$1.776 million in Q3 1516, representing a 53.8% decline as compared to the 3 months ended 31 Mar 15 ("Q3 1415") mainly driven by lower charter revenue and contributions from associated companies and higher operating expenses. For the nine months ended 31 March 2016 ("9M 1516"), the Group recorded a profit after income tax of US\$4.058 million. This was 72.7% lower than the profit after income tax of US\$14.856 million for the previous corresponding nine months ended 31 March 2015 ("9M 1415").

**Revenue**

CHO Group generated a total revenue of US\$6.9 million in Q3 1516, 11.5% lower as compared to Q3 1415. The lower revenue was due to Q3 1516 vessels utilization rate of 85% being 5% lower than the utilization rate achieved in Q3 1415 and the Group experienced significant decline in charter rates.

The Group achieved a year-to date revenue of US\$18.151 million, 29.3% lower than 9M 1415 revenue of US\$25.656 million. 9M 1516 average vessel utilization rate was 78%, 15% lower than the average utilization rate of 93% achieved in the previous corresponding nine months ended 31 Mar 15. Two vessels were on short-term jobs and 2 vessels underwent drydocking during the 9M 1516 period.

**Cost of Sales**

Q3 1516 Cost of sales was 23.2% higher than Q3 1415 despite a 11.5% decrease in revenue. This was due to the additional costs incurred to maintain off-hired vessel that was on bare-boat charter previously and the incurrence of ad-hoc repair and maintenance expense during the quarter.

9M1516 Cost of sales of US\$4.296M was 5.8% higher than the cost of sales incurred during the nine months ended 31 Mar 15 driven mainly by the need to maintain off-hired vessel with the expiry of the bare-boat charter contract.

**Administrative Expenses**

Q3 1516 Administrative expense was 21.3% higher than Q3 1415 due to the recognition of an unrealised exchange loss of US\$0.362 million on the revaluation of the S\$10M loan. Excluding the exchange loss, Q3 1516 administrative expense would have been 7% lower than Q3 1415. Management has been very cautious in spending and had just completed a right-sizing exercise in Feb 16.

9M 1516 administrative expense was 19.9% higher than 9M 1415. In addition to the above mentioned unrealised exchange loss, restructuring and integration costs due to the takeover of the Group by Energian Pte Ltd, a 100%-owned subsidiary of Falcon Energy Group Limited ("FEG") also contributed to the higher administrative cost in 9M 1516. This takeover resulted in headcount increase as well as redundancy payouts during 9M1516. As part of the integration plan, the Group moved to its new office in September 2015. The previous rental agreement would only expire end of 2016, resulting in higher rental expense in the interim period.

**Share of Results of Associated Companies**

Q3 1516 Share of results of associated companies fell 102.3% as compared to Q3 1415 due mainly to bad debt provision made by one of the associated company. CHO Group's share of the bad debt provision amounted to US\$0.294 million. The lower Q3 1516 contributions from associated companies was also due to lower charter rates.

9M 1516 Share of results of associated companies was 98.2% lower than 9M 1415 due to 9M 1516 utilization rate of 73% being 12% lower than 9M 1415 utilization rate of 85%, significantly lower charter rates and bad debt provision made in 9M1516.

**FINANCIAL POSITION**

CHO Group's net assets value as at 31 Mar 16 has decreased by US\$81.924 million to US\$159.776 million as compared to the net assets value as at the end of the immediate preceding financial year. Correspondingly, net assets per share decreased to 22.66 US cents from 34.28 US cents. This was mainly attributed to dividend payment of US\$133.123 million during the period. The dividend payment and poor operating performance has resulted in the Group having a negative working capital of US\$5.690 million.

Cash and cash equivalent declined by 96.5% to US\$4.923 million from US\$139.047 million as at 30 June 2015 due mainly to dividend payment of US\$133.123 million, the purchase of a vessel from FEG's group at US\$6.5 million and the placement of security deposit with the Court amounting US\$4.657 million to secure the release of one of the Group's vessel that was arrested in Africa. The Group has obtained a short-term bank loan of US\$7.411 million (equivalent to S\$10M) during Q3 1516 to fund working capital requirements.

Trade and other receivables increased US\$7.101 million from US\$4.942 million to US\$12.043 million due mainly to longer credit term granted customer. Related parties' receivables also contributed to the increase with increasing business activities between related parties from 2Q 1516.

Trade and other payables declined by 16% from US\$11.879 million to US\$10.001 million with the completion of the vessels' mandatory major overhaul and the paydown of expenses.

Loans and borrowings increased US\$7.411M due to drawdown of bank credit facility to fund working capital requirements.

Advance from client increased US\$4.639 million due to a client paying the Group one-year charter revenue in advance.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10 A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The offshore support industry remains challenging. The continued low oil price has caused exploration and production companies to reduce their capital spending for offshore projects, which has resulted in a decrease in activity for offshore support vessels. Overall fleet utilization for the offshore support industry has fallen significantly over the last 21 months, increasing the number of available vessels that are pursuing the fewer opportunities. As a result, there is significant competition for offshore projects, leading to a decrease in the day rates available for offshore support vessels. The low oil price environment is expected to extend through 2016. The group will continue to trim operating and overhead costs and focus on maintaining and gaining fleet utilization.

Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

**11 Dividend**

Any dividend declared for the financial period reported on?

**(a) Present Period** **No**  
**(b) Previous Corresponding Period** **Yes**

Name of Dividend	Special One-tier Tax-exempt
Dividend Type	Cash
Dividend Rate (SGD cents per share)	9.00

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended.

**13 Interested Person Transactions**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (US\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (US\$'000)
Falcon Energy Group of Companies	7,734	nil

**14 Confirmation of compliance to Rule 720(1) of the Listing Manual.**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

**15 Negative assurance confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual.**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the nine months ended 31 March 2016 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
 Company Secretary  
 12-May-16