

CH OFFSHORE LTD

Co. Reg. No. 197600666D



Unaudited 1st Quarter Financial Statements And Dividend 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 financial period ended 30 September 2016

	Group		Change %
	1Q16/17 30/9/2016 US\$'000	1Q15/16 30/9/2015 US\$'000	
Revenue	5,092	5,496	(7.4)
Cost of sales	(1,654)	(1,253)	(32.0)
Gross profit before direct depreciation	3,438	4,243	(19.0)
Direct depreciation	(1,899)	(1,886)	(0.7)
Gross profit after direct depreciation	1,539	2,357	(34.7)
Other income / (expenses) - refer to note below	59	(12)	591.7
Indirect depreciation	(10)	(9)	(11.1)
Administrative expenses	(1,155)	(1,166)	0.9
Profit from Operations	433	1,170	(63.0)
Finance Costs	(73)	-	n.m.
Profit before Income Tax and results of associated Companies	360	1,170	
Share of results of associated companies	(354)	65	(644.6)
(Loss) / Profit before income tax	6	1,235	(99.5)
Income tax	-	-	0.0
(Loss) / Profit after income tax	6	1,235	(99.5)
Other comprehensive income:	-	-	-
Total comprehensive income for the period	6	1,235	(99.5)

1(a)(ii) Notes to the Statement of Comprehensive Income

	Group		% Change
	1Q16/17 30/9/2016 US\$'000	1Q15/16 30/9/2015 US\$'000	
Miscellaneous Income	-	27	(100.0)
Sales of Fixed Assets/ Fixed Assets Written off	(8)	-	n.m.
Interest Income	8	169	(95.3)
Foreign Exchange Gain/ (Loss)	59	(208)	128.4

- 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 30 September 2016

	Group		Company	
	30/9/2016 US\$'000	30/6/2016 US\$'000	30/9/2016 US\$'000	30/6/2016 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,301	9,711	6,816	9,057
Trade and other receivables	10,583	9,223	41,631	39,684
Prepayments	453	176	226	146
Total current assets	18,337	19,110	48,673	48,887
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	33,078	33,533	4,986	4,986
Fixed assets	133,387	135,305	71,036	72,066
Total non-current assets	166,465	168,838	84,773	85,803
Total assets	184,802	187,948	133,446	134,690
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	2,995	2,656	40,820	39,448
Other payables - deferred gain	403	403	-	-
Loans and borrowings	5,495	7,411	5,495	7,411
Advance from client	1,663	3,098	1,663	3,098
Total current liabilities	10,556	13,568	47,978	49,957
Non-current Liabilities				
Other payables - deferred gain	5,344	5,446	-	-
Client deposit	3,000	3,000	3,000	3,000
Deferred taxation	4,589	4,589	2,500	2,500
Total non-current liabilities	12,933	13,035	5,500	5,500
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(38)	-	(38)	-
Accumulated profits	105,972	105,966	24,627	23,854
Total equity	161,313	161,345	79,968	79,233
Total liabilities and equity	184,802	187,948	133,446	134,690

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

(a) Amount repayable in one year or less, or on demand	S\$7.5 million (US equivalent of US\$5.5million) (As at 30 June 2016: S\$10 million (US equivalent of US\$7.411 million))
(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

	Q1	Q1
	30/09/2016	30/09/2015
	US\$'000	US\$'000
Operating activities:		
Profit before income tax and results of associated companies	360	1,170
Adjustments for :		
Depreciation	1,909	1,895
Interest income	(8)	(170)
Interest expense	73	-
Net foreign exchange loss - unrealized	(62)	217
Operating profit before working capital changes	<u>2,272</u>	<u>3,112</u>
Trade receivables and other receivables	(1,363)	857
Prepayments	(277)	(315)
Trade and other payables	265	(4,261)
Advance from client	(1,434)	-
Cash used in operations	<u>(537)</u>	<u>(607)</u>
Interest received	11	205
Net cash used in operating activities	<u>(526)</u>	<u>(402)</u>
Investing activities:		
Purchases of fixed assets	-	(6,054)
Proceeds from disposal of plant and equipment	9	5
Proceeds from disposal of club membership	-	3
Net cash generated from/ (used in) investing activities	<u>9</u>	<u>(6,046)</u>
Financing activities:		
Repayments of bank loans	(1,853)	-
Purchase of treasury shares	(38)	-
Dividends paid	-	(47,141)
Net cash used in financing activities	<u>(1,891)</u>	<u>(47,141)</u>
Net decrease in cash and cash equivalents	(2,408)	(53,589)
Cash and cash equivalents at the beginning of the year	9,711	139,047
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2)	(1,982)
Cash and cash equivalents at the end of the period	<u><u>7,301</u></u>	<u><u>83,476</u></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.

<u>Statements of changes in equity</u>	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Total US\$'000
GROUP				
QTR 1 ENDED 30 SEPTEMBER 2015				
Balance at 1 July 2015	55,379	-	186,321	241,700
Profit for the period, representing total comprehensive income for the period	-	-	1,235	1,235
Dividends representing transactions with owners, recognised directly in equity	-	-	(73,520)	(73,520)
Balance at 30 September 2015	55,379	-	114,036	169,415
QTR 1 ENDED 30 SEPTEMBER 2016				
Balance at 1 July 2016	55,379	-	105,966	161,345
Profit for the period, representing total comprehensive income for the period	-	-	6	6
Purchase of treasury shares	-	(38)	-	(38)
Balance at 30 September 2016	55,379	(38)	105,972	161,313
COMPANY				
QTR 1 ENDED 30 SEPTEMBER 2015				
Balance at 1 July 2015	55,379	-	75,496	130,875
Profit for the period, representing total comprehensive income for the period	-	-	1,064	1,064
Dividends representing transactions with owners, recognised directly in equity	-	-	(73,520)	(73,520)
Balance at 30 September 2015	55,379	-	3,040	58,419
QTR 1 ENDED 30 SEPTEMBER 2016				
Balance at 1 July 2016	55,379	-	23,854	79,233
Profit for the period, representing total comprehensive income for the period	-	-	773	773
Purchase of treasury shares	-	(38)	-	(38)
Balance at 30 September 2016	55,379	(38)	24,627	79,968

- 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.

During the financial period ended 30 September 2016, the Company purchased a total of 155,000 (30 Sep 2015: Nil) of its ordinary shares by way of on-market purchase for a total consideration of approximately S\$52,000 (30 Sep 2015: Nil). These shares were held as treasury shares and were recorded separately in shareholders' equity.

On 27 May 2016, the shareholders of the Company has approved the adoption of an Employee Share Option Scheme. No option has been granted under the scheme.

	Number of shares as at	
	30/9/2016	30/9/2015
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(155,000)	-
Total number of issued shares, excluding treasury shares	<u>704,935,514</u>	<u>705,090,514</u>

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.

	Number of shares as at	
	30/9/2016	30/6/2016
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(155,000)	-
Total number of issued shares, excluding treasury shares	<u>704,935,514</u>	<u>705,090,514</u>

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.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

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 2016 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.

		Group	
		Q1 ended 30 Sept	
		2016	2015
Earnings per ordinary share for the period based on net profit attributable to shareholders:			
(i) Based on weighted average number of ordinary shares on issue	US cents	0.00	0.18
(ii) On a fully diluted basis	US cents	0.00	0.18

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the weighted average number of ordinary shares on issue.

	Group	
	Q1 ended 30 Sept	
	2016	2015
Net profit attributable to members (US\$'000)	6	1,235
Weighted average number of ordinary shares on issue	705,064,030	705,090,514

Note to item 6 (ii)

Group basic earnings per share is the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2016 and 30 September 2015.

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

	Group		Company	
	30/9/2016	30/6/2016	30/9/2016	30/6/2016
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on				
US cents	22.88	22.88	11.34	11.24

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.

The Group made a slight profit of US\$6,000 in the first quarter ended 30 September 2016 ("1Q1617") as compared to a profit after income tax of US\$1.235 million in the quarter ended 30 September 2015 ("1Q1516"). The decrease was mainly driven by US\$0.4 million decrease in revenue, US\$0.4 million increase in operating expenses and US\$0.4 million increase in its share of associates' losses.

Revenue

The Group's revenue decreased 7.4% from US\$5.496 million in 1Q1516 to US\$5.092 million in 1Q1617 despite higher vessel utilization rate of 77% in 1Q1617 as compared to 70% in 1Q1516. The lower revenue was mainly driven by lower charter rates negotiated by some clients.

Cost of Sales and Depreciation

1Q1617 Operating expenses were 32% or US\$0.401 million higher as compared to 1Q1516. The higher operating expenses were mainly due to charter fee paid to an associate for the hiring of a vessel and higher commission cost incurred in 1Q1617. Direct depreciation for 1Q1617 was slightly higher than 1Q1516 by 0.7%.

Gross Profit after Direct Depreciation

Gross profit margins after direct depreciation was 30.2% in 1Q1617, representing a 34.7% decrease compared to the 42.9% in 1Q1516.

Administrative Expenses

Administrative expenses decreased 0.9% to US\$1.155 million in 1Q1617 from US\$1.166 million in 1Q1516. The decrease was mainly due to lower staff cost but was partially offset by one-time incurrence of rental termination expense of US\$0.11 million and marketing expense of US\$0.14 million.

Share of Results of Associated Companies

The Group's share of associates loss was US\$0.354 million in 1Q1617, a US\$0.419 million decline from its' share of profit of US\$0.065 million in 1Q1516. This was mainly driven by lower charter and utilization rate. The associates have a vessel utilization rate of 59% in 1Q1617 as compared to 62% in 1Q1516.

Profit after Income Tax

Profit after income tax of the Group had been badly affected by the low demand in OSV market. Profit after tax has decreased from US\$1.235 million in 1Q1516 to a slight profit of US\$6,000 in 1Q1617. Lower revenue generated, higher operating cost and weak profit contributions from its associates had impacted the Group's profitability in 1Q1617.

A Review of the Financial Position

The Group net assets value was US\$161.253 million and net asset value per share was 22.88 US cents per share as at 30 September 2016. Current ratio was 1.74 as at 30 September 16, an improvement compared to current ratio of 1.41 as at 30 June 16.

Cash and cash equivalents decreased US\$2.41 million or 24.8% to US\$7.301 million as at 30 September 2016 compared to 30 June 2016. The decrease was mainly due to loan repayment of US\$1.853 million in July 2016 and the generation of negative operating cashflow of US\$0.526 million in 1Q1617. The negative operating cashflow was mainly driven by delay in payment from a client and increase in outstanding due from the Group's related parties and associates.

Trade and other receivables increased US\$1.36 million or 15% to US\$10.583 million as at 30 September 2016 compared to 30 June 2016. US\$0.76 million increase was contributed by the Group's related parties and associates and the balance US\$0.6 million was due to delay in payment from a client.

The Group made a partial loan repayment in July 2016, largely explaining the lower Loans and borrowings amount of US\$5.495 million as at 30 September 2016.

A client paid the Group one-year charter revenue in advance at the beginning of 2016. Advance from Client decreased US\$1.435 million in line with the charter services provided in 1Q 201617.

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. While the price of oil has improved off a multi-year low reached earlier in the year, offshore activity remains at historic lows. The significant capital spending cuts announced by exploration and production companies earlier in the year and in 2015 have resulted in a decrease in offshore activity, 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 24 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 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 for the period has been declared?

- (a) Present Period No
- (b) Previous Corresponding Period No
- (c) Date payable Not applicable
- (d) Books closing 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 did not obtain a general mandate from shareholders for Interested Person Transactions.

The following are details of the interested person transactions entered into by the Group in 1st Quarter ended 30 September 2016:

	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	(US\$'000)	(US\$'000)
Falcon Energy Group of Companies	- =====	- =====

14 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 first quarter ended 30 September 2016 to be false or misleading in any material respect.

15 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 Rule720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Lim Mee Fun
Company Secretary
4 November 2016