



**CH OFFSHORE LTD.**  
**(UEN 197600666D)**  
**(Incorporated in Singapore)**

**Unaudited Condensed Interim Financial Statements**  
**For the six months ended 30 June 2023**

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## A. Condensed interim consolidated statement of comprehensive income

	Note	Group		Change %
		6 months ended 30 June 2023 US\$'000	6 months ended 30 June 2022 US\$'000	
<b>Revenue</b>	4	8,496	9,424	(9.8)
Cost of sales		(7,465)	(4,489)	66.3
<b>Gross profit before direct depreciation</b>		1,031	4,935	(79.1)
Direct depreciation		(2,309)	(2,302)	0.3
<b>Gross (loss)/profit after direct depreciation</b>		(1,278)	2,633	n.m.
Other income		140	165	(15.2)
Other expenses		(1,529)	(1,150)	33.0
Indirect depreciation		(11)	(12)	(8.3)
Administrative expenses		(1,590)	(1,399)	13.7
Finance cost		(181)	(146)	24.0
<b>(Loss)/profit before income tax and results of associated companies</b>		(4,449)	91	n.m.
Share of results of associated companies		–	–	n.m.
<b>(Loss)/profit before income tax</b>	6	(4,449)	91	n.m.
Income tax credit	7	82	16	412.5
<b>(Loss)/profit for the period representing total comprehensive income for the period</b>		(4,367)	107	n.m.
Attributable to:				
Equity holders of the Company		(4,389)	107	n.m.
Non-controlling interests		22	–	n.m.
<b>Total comprehensive income for the period</b>		(4,367)	107	n.m.
<b>(Loss)/profit per share:</b>				
Basic and fully diluted (US cents)		(0.62)	0.02	

## B. Condensed interim statements of financial position

	Note	Group		Company	
		30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
<b><u>ASSETS</u></b>					
<b>Current assets</b>					
Cash and cash equivalents		7,313	7,322	2,485	2,410
Trade and other receivables		2,833	5,224	23,498	20,145
Inventories		576	739	184	376
Loan to associated company		3,458	3,458	-	-
Prepayments		376	269	107	154
Total current assets		14,556	17,012	26,274	23,085
<b>Non-current assets</b>					
Subsidiary companies		-	-	8,704	8,704
Associated companies		-	-	-	-
Fixed assets	9	44,020	45,194	16,355	25,353
Total non-current assets		44,020	45,194	25,059	34,057
<b>Total assets</b>		<b>58,576</b>	<b>62,206</b>	<b>51,333</b>	<b>57,142</b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>Current liabilities</b>					
Payables and accruals		5,892	4,473	42,751	44,375
Borrowings	10	5,370	5,481	5,370	5,481
Income tax payable		172	19	153	-
Total current liabilities		11,434	9,973	48,274	49,856
<b>Non-current liabilities</b>					
Borrowings	10	1,124	1,609	1,124	1,609
Deferred tax liabilities		1,865	2,104	979	1,218
Total non-current liabilities		2,989	3,713	2,103	2,827
<b>Capital and reserves</b>					
Issued capital	11	55,379	55,379	55,379	55,379
Treasury shares		(46)	(46)	(46)	(46)
Accumulated losses		(11,217)	(6,828)	(54,377)	(50,874)
		44,116	48,505	956	4,459
Non-controlling interests		37	15	-	-
Total equity		44,153	48,520	956	4,459
<b>Total liabilities and equity</b>		<b>58,576</b>	<b>62,206</b>	<b>51,333</b>	<b>57,142</b>

**C. Condensed interim statements of changes in equity**

<b>Group</b>	<b>Issued capital</b> US\$'000	<b>Treasury shares</b> US\$'000	<b>Accumulated losses</b> US\$'000	<b>Total</b> US\$'000	<b>Non-controlling Interest</b> US\$'000	<b>Total equity</b> US\$'000
<b>2023</b>						
Balance at 1 January 2023	55,379	(46)	(6,828)	48,505	15	48,520
Profit for the period, representing total comprehensive income for the period	-	-	(4,389)	(4,389)	22	(4,367)
Balance at 30 June 2023	55,379	(46)	(11,217)	44,116	37	44,153
<b>2022</b>						
Balance at 1 January 2022	55,379	(46)	(3,468)	51,865	-	51,865
Loss for the period, representing total comprehensive income for the period	-	-	107	107	-	107
Balance at 30 June 2022	55,379	(46)	(3,361)	51,972	-	51,972

**C. Condensed interim statements of changes in equity (cont'd)**

<b><u>Company</u></b>	<b>Issued capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>
<b>2023</b>				
Balance at 1 January 2023	55,379	(46)	(50,874)	4,459
Loss for the period, representing total comprehensive income for the period	-	-	(3,503)	(3,503)
Balance at 30 June 2023	55,379	(46)	(54,377)	956
<b>2022</b>				
Balance at 1 January 2022	55,379	(46)	(48,012)	7,321
Profit for the period, representing total comprehensive income for the period	-	-	(534)	(534)
Balance at 30 June 2022	55,379	(46)	(48,546)	6,787

#### D. Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended 30 June 2023	2022
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(4,449)	91
Adjustments for:			
Depreciation of property, plant and equipment		2,319	2,313
Interest income		(89)	(2)
Interest expense		181	146
Unrealised foreign exchange loss/(gain), net		363	(295)
Write-back of expected credit losses on trade receivables		–	(331)
Expected credit losses on trade receivables		1,082	1,481
<b>Operating cash flows before working capital changes</b>		(593)	3,403
Decrease in inventories		163	26
Increase in prepayment		(107)	(235)
Decrease/(increase) in trade and other receivables		973	(1,632)
(Decrease)/increase in payables and accruals		1,421	(47)
<b>Cash flows generated from operations</b>		1,857	1,515
Interest received		89	76
Interest paid		(177)	(147)
Income tax paid		(4)	(16)
<b>Net cash flows generated from operating activities</b>		1,765	1,428
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,145)	(3)
Repayment from loan to associate		–	853
<b>Net cash flows (used in)/generated from investing activities</b>		(1,145)	850
<b>Cash flows from financing activity</b>			
Repayment of bank loans		(537)	(921)
<b>Net cash flows used in financing activity</b>		(537)	(921)
Net increase in cash and cash equivalents		83	1,357
Effect of exchange rate changes on cash and cash equivalents		(92)	(43)
Cash and cash equivalents at beginning of financial period		7,322	6,931
<b>Cash and cash equivalents at end of financial period</b>		<b>7,313</b>	<b>8,245</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

CH Offshore Ltd. (the “Company”) is listed on the Singapore Exchange Securities Trading Limited and is incorporated and domiciled in the Republic of Singapore. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprised the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of investment holding and the owning and chartering of vessels. The principal activities of the Group are investment holding, ship management and the owning and chartering of vessels.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States Dollar (USD or US\$), which is the Company’s functional currency, and all values in the tables are rounded to the nearest thousand (US\$’000), except when otherwise indicated.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions were reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

## 2.2 Use of judgements and estimates (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 5 – provision for expected credit losses on trade receivables
- Note 9 – impairment test on vessels

## 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 4. Segment and revenue information

The operations of the Group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. The Chief Executive Officer ("CEO") is the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

As the main focus is on the generation of revenue for the group, the CEO makes decision to charter the vessels based on the charter rates, timing and availability of the vessels. Hence, vessels are deployed worldwide and wherever clients required them subject to safety factors, for example, war zones or areas prone to piracy. As a result, it is not meaningful to present the revenue by countries or geographical locations.

### Disaggregation of revenue

	Group	
	6M2023	6M2022
	US\$'000	US\$'000
Charter hire revenue	3,531	4,227
Other ancillary charter hire revenue	4,785	4,784
Management and agency fee	180	413
	<hr/>	<hr/>
	8,496	9,424
	<hr/> <hr/>	<hr/> <hr/>



## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
<b>Financial assets</b>				
Trade and other receivables	2,833	5,224	23,498	20,145
Cash and cash equivalents	7,313	7,322	2,485	2,410
Loan to associated company	3,458	3,458	–	–
Total undiscounted financial assets	13,604	16,004	25,983	22,555
<b>Financial liabilities</b>				
Payables and accruals	5,892	4,473	42,751	44,375
Borrowings	6,639	7,290	6,639	7,290
Total undiscounted financial liabilities	12,531	11,763	49,390	51,665
Total net undiscounted financial assets/(liabilities)	1,073	4,241	(23,407)	(29,110)

### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit loss (ECL) for trade receivables. The provision matrix is initially derived based on the Group's historical observed default rates and calibrated to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of ECL is a significant estimate as it is sensitive to changes in circumstances and forecast economic conditions. For the six months ended 30 June 2023, the Group passed an allowance for ECL amounting to US\$1,082,000. The Group has assessed the new ECL provision recorded to be adequate.

## 6. (Loss)/profit before income tax

### 6.1 Significant items

	Group	
	6M2023 US\$'000	6M2022 US\$'000
<b>Income:</b>		
Grant income	26	77
Net foreign exchange gain	–	86
<b>Expenses:</b>		
Net foreign exchange loss	447	–
Expected credit losses on trade receivables, net	1,082	1,150

## 6.2 Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	<b>Group</b>	
	<b>6M2023</b>	<b>6M2022</b>
	US\$'000	US\$'000
Management and agency fee from associated companies	24	24
Transactions with related companies:		
- Rental paid	(56)	(46)
- Fees paid for services rendered to its vessels	(226)	(2)
- Management and agency fee earned	141	109

## 7. Income tax credit

The Group calculates the period income tax credit using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the condensed interim consolidated statement of comprehensive income are:

	<b>Group</b>	
	<b>6M2023</b>	<b>6M2022</b>
	US\$'000	US\$'000
<i>Income tax:</i>		
– Current	157	–
– Over provision in respect of prior years	–	(16)
<i>Deferred income tax:</i>		
– Origination and reversal of temporary differences	(239)	–
Income tax credit recognised in the statement of comprehensive income	(82)	(16)

## 8. Earnings Per Share and Net Asset Value Per Share

Basic earnings per ordinary share for the six months ended 30 June 2023 and 2022 are calculated by dividing loss for the financial period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial periods of 704,892,514.

The Group has no dilution in its earnings per share at 30 June 2023 and 30 June 2022.

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
Net asset value per ordinary share based on issued share capital at the end of the period (in US cents)	6.26	6.88	0.14	0.63

Net asset value per ordinary share as at 30 June 2023 and 31 December 2022 are calculated based on the number of ordinary shares in issue of 704,892,514.

## 9. Fixed assets

During the six months ended 30 June 2023, the Group acquired assets amounting to US\$1,145,090 (30 June 2022: US\$3,103) mainly from dry-docking of 1 vessel and disposed assets amounting to US\$8,676 (30 June 2022: US\$4,150).

### Impairment testing on vessels

As at 31 December 2022, the Group carried out a review of the recoverable amount of its vessels due to the continued weakness in the oil and gas industry. The recoverable amount of the vessels was based on its value in use and the pre-tax discount rate was 10.5%. No impairment loss had been recognised in 2022 as the recoverable amount of the vessels was computed to be higher than the carrying amount. The Group has not performed any further review of the recoverable amount of its vessels during the six months ended 30 June 2023 because there were no significant impairment indicators at 30 June 2023.

## 10. Borrowings

	<b>Group and Company</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	4,437	4,477
Unsecured	933	1,004
	<hr/>	<hr/>
	5,370	5,481
	<hr/>	<hr/>
<u>Amount repayable after one year</u>		
Unsecured	1,124	1,609
	<hr/>	<hr/>
	1,124	1,609
	<hr/>	<hr/>
Total borrowings	6,494	7,090

The secured bank borrowings are secured by a 12,000 BHP vessel.

## 11. Share capital

	<b>Group and Company</b>			
	<b>30 Jun 2023</b>		<b>31 Dec 2022</b>	
	<b>No. of shares</b>	<b>US\$'000</b>	<b>No. of shares</b>	<b>US\$'000</b>
<b>Issued and fully paid:</b>				
At 30 June 2023 and 31 December 2022	704,892,514	55,379	704,892,514	55,379

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

The Company held 198,000 treasury shares as at 30 June 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

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

There was no sale, transfer, cancellation and/or use of subsidiary holdings during the current reported financial period.

## **F. Other information required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of CH Offshore Ltd. and its subsidiaries (collectively, the “Group”) as at 30 June 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

The Group incurred a loss after income tax of \$4.39 million in the six months ended 30 June 2023 (“1H2023”) compared to the net profit of \$0.11 million earned in the six months ended 30 June 2022 (“1H2022”). The losses in the current year was mainly due to lower revenue and higher cost of sales in 1H2023 compared to 1H2022.

#### **Revenue**

Revenue decreased by 9.8% from \$9.42 million for 1H2022 to \$8.50 million for 1H2023. The decrease was due to decrease in utilisation rate from 89% for 1H2022 to 42% for 1H2023 for CHO-owned vessels as certain vessels, one of which is related to the arbitration proceedings, were offhired during the period. This decrease is slightly offset by higher revenue generated from third-party chartered vessels.

#### **Cost of sales and Direct depreciation**

Operating expenses for 1H2023 of \$7.47 million was higher than 1H2022 of \$4.49 million due to higher operating costs when CHO-owned vessels were not utilised and higher charter fees in line with the increase in revenue from third-party chartered vessels. Direct depreciation for 1H2023 of US\$2.31 million remains comparable to the direct depreciation for 1H2022 of \$2.30 million.

#### **Administrative expenses and other expenses**

Corporate overheads and other administrative expenses increased by 13.7% from \$1.40 million in 1H2022 to \$1.59 million in 1H2023 mainly due to higher professional fees incurred for the recovery of receivables. Other expenses increased by 33.0% from \$1.15 million in 1H2022 to \$1.53 million in 1H2023 mainly due to higher foreign exchange losses from receivables balances. The 1H2023 income tax credit arose from an inter-company sale of a vessel. This tax credit arises due to the write-back of deferred tax liabilities, partially offset by the balancing charges from the difference between the sale price and the tax written down value of the vessel.

#### **Financial position and cash flow**

The Group’s shareholders’ equity decreased from \$48.52 million as at 31 December 2022 to \$44.15 million as at 30 June 2023 due to the loss of \$4.37 million incurred in 1H2023.

Cash and cash equivalents decreased from \$7.32 million as at 31 December 2022 to \$7.31 million as at 30 June 2023. The positive cashflows generated from operating activities was partially offset by repayment of bank loans and the dry-docking costs of 1 vessel.

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

Not applicable.

**4. A commentary at the date of the 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 oil and gas market remains uncertain as oil prices have remained volatile in the first half of 2023. With high interest rates and continuing inflationary pressures, the global economic outlook remains unpredictable. The Group will continue to manage its operations conservatively to adapt to the ever-changing environment.

**5. Dividend information**

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

5c. Date Payable

Not applicable

5d. Book Closure Date

Not applicable

No dividend has been declared or recommended in view of the Group's operational and financial cash needs.

**6. Interested person transactions**

The Company has obtained a general mandate from shareholders for interested person transactions with Baker Technology Group of Companies during the Annual General Meeting held on 21 April 2023. The following are details of the interested person transactions entered into by the Group in 1H2023:

	Nature of relationship	Aggregate value of all interested person transactions 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 S\$100,000)
		(US\$'000)	(US\$'000)
Baker Technology Group of Companies	Associates of Company's Controlling Shareholder	-	365
Falcon Energy Group of Companies	Associates of Company's Controlling Shareholder	89	-

**7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in format set out in Appendix 7.7) under Rule 720(1)**

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

**8. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and of the Group for the half year ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Thia Peng Heok George  
Board Chairman

Dr Benety Chang  
CEO

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
31 July 2023