


**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 ("3Q1617") ended 31 March 2017**

	Group			Group		
	3 Months	3 Months	Change	9 Months	9 Months	Change
	31/03/2017	31/03/2016		31/03/2017	31/03/2016	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
<b>Revenue</b>	<b>3,484</b>	<b>6,891</b>	(49)	<b>12,162</b>	<b>17,962</b>	(32)
Cost of sales	(999)	(1,646)	(39)	(3,851)	(4,296)	(10)
<b>Gross profit before direct depreciation</b>	<b>2,485</b>	<b>5,245</b>	(53)	<b>8,311</b>	<b>13,666</b>	(39)
Direct depreciation	(1,818)	(1,905)	(5)	(5,615)	(5,714)	(2)
<b>Gross profit after direct depreciation</b>	<b>667</b>	<b>3,340</b>	(80)	<b>2,696</b>	<b>7,952</b>	(66)
Other income / (expenses) - refer to note below	(59)	(322)	(82)	235	(117)	nm
Indirect depreciation	(5)	(11)	(55)	(21)	(32)	(34)
Administrative expenses	(1,127)	(1,164)	(3)	(3,231)	(3,731)	(13)
<b>Profit from operations</b>	<b>(524)</b>	<b>1,843</b>	(128)	<b>(321)</b>	<b>4,072</b>	(108)
Finance costs	(51)	(55)	(7)	(182)	(55)	231
<b>Profit before income tax and results of associated companies</b>	<b>(575)</b>	<b>1,788</b>	(132)	<b>(503)</b>	<b>4,017</b>	(113)
Share of results of associated companies	(447)	(12)	3625	(808)	41	(2071)
<b>Profit before income tax</b>	<b>(1,022)</b>	<b>1,776</b>	(158)	<b>(1,311)</b>	<b>4,058</b>	(132)
Income tax	-	-	nm	-	-	nm
<b>Profit after income tax</b>	<b>(1,022)</b>	<b>1,776</b>	(158)	<b>(1,311)</b>	<b>4,058</b>	(132)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the period</b>	<b>(1,022)</b>	<b>1,776</b>	(158)	<b>(1,311)</b>	<b>4,058</b>	(132)

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		9 Months	9 Months	
31/03/2017	31/03/2016	Change	31/03/2017	31/03/2016	Change	
	US\$'000	US\$'000		US\$'000	US\$'000	
Miscellaneous income	2	-	nm	12	45	nm
Sales of Fixed Assets/ Fixed Assets Written off	14	(3)	(567)	6	(2)	(400)
Interest Income	45	9	400	91	189	(52)
Foreign Exchange Gain/ (Loss)	(120)	(328)	(63)	126	(349)	(136)

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 2017**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2017</b>	<b>30/06/2016</b>	<b>31/03/2017</b>	<b>30/06/2016</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,542	9,711	1,152	9,057
Trade and other receivables	19,752	9,223	49,255	39,684
Prepayments	184	176	94	146
<b>Total current assets</b>	<b>21,478</b>	<b>19,110</b>	<b>50,501</b>	<b>48,887</b>
<b>Non-current assets</b>				
Subsidiary companies	-	-	8,751	8,751
Associated companies	32,422	33,533	4,986	4,986
Fixed assets	129,660	135,305	69,039	72,066
<b>Total non-current assets</b>	<b>162,082</b>	<b>168,838</b>	<b>82,776</b>	<b>85,803</b>
<b>Total assets</b>	<b>183,560</b>	<b>187,948</b>	<b>133,277</b>	<b>134,690</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	2,380	2,656	39,426	39,448
Provisions	47	-	-	-
Other payables - deferred gain	403	403	-	-
Loans and borrowings	5,369	7,411	5,369	7,411
Advance from client	2,641	3,098	2,641	3,098
<b>Total current liabilities</b>	<b>10,840</b>	<b>13,568</b>	<b>47,436</b>	<b>49,957</b>
<b>Non-current Liabilities</b>				
Other payables - deferred gain	5,143	5,446	-	-
Client deposit	3,000	3,000	3,000	3,000
Deferred taxation	4,589	4,589	2,500	2,500
<b>Total non-current liabilities</b>	<b>12,732</b>	<b>13,035</b>	<b>5,500</b>	<b>5,500</b>
<b>Capital and reserves</b>				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	-	(46)	-
Accumulated profits	104,655	105,966	25,008	23,854
<b>Total equity</b>	<b>159,988</b>	<b>161,345</b>	<b>80,341</b>	<b>79,233</b>
<b>Total liabilities and equity</b>	<b>183,560</b>	<b>187,948</b>	<b>133,277</b>	<b>134,690</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\$7.5 million (US equivalent of US\$5.369 million)  
(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**

	<b>3 Months</b>	<b>3 Months</b>	<b>9 Months</b>	<b>9 Months</b>
	<b>31/03/2017</b>	<b>31/03/2016</b>	<b>31/03/2017</b>	<b>31/03/2016</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities :</b>				
Profit before income tax and results of associated companies	(575)	1,788	(503)	4,017
Adjustments for :				
Depreciation	1,823	1,916	5,636	5,746
Interest income	(45)	(6)	(91)	(186)
Net foreign exchange (gain)/ loss	(126)	306	(126)	275
Operating cashflows before working capital changes	1,077	4,004	4,916	9,852
Trade and other receivables	(4,957)	(600)	(10,519)	(7,226)
Prepayments	37	70	(8)	(245)
Guarantee deposit	-	(4,657)	-	(4,657)
Provisions	32	-	47	-
Advance from client	(1,171)	4,629	(457)	4,629
Trade and other payables	(53)	(26)	(277)	(1,878)
Cash generated from operations	(5,035)	3,420	(6,298)	475
Interest received	31	5	82	311
Net cash generated (used) from operating activities	(5,004)	3,425	(6,216)	786
<b>Investing activities :</b>				
Proceeds on disposal of fixed assets	-	36	9	42
Purchase of fixed assets	-	(22)	-	(8,912)
Proceeds on club membership	-	-	-	3
Net cash used in investing activities	-	14	9	(8,867)
<b>Financing activities :</b>				
(Repayment) proceeds from bank loans	-	7,411	(1,853)	7,411
Purchase of treasury shares	-	-	(46)	-
Dividends paid	-	(12,462)	-	(133,123)
Net cash used in financing activities	-	(5,051)	(1,899)	(125,712)
Net increase (decrease) in cash and cash equivalents	(5,004)	(1,612)	(8,106)	(133,793)
Cash and cash equivalents at the beginning of the period	6,234	6,841	9,711	139,047
Effects of exchange rate changes on the balance of cash held in foreign currencies	312	(306)	(63)	(331)
<b>Cash and cash equivalents at quarterly ended</b>				
<b>31 March</b>	<b>1,542</b>	<b>4,923</b>	<b>1,542</b>	<b>4,923</b>

- 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>Issued Capital US\$'000</b>	<b>Treasury Shares US\$'000</b>	<b>Accumulated Profits US\$'000</b>	<b>Total US\$'000</b>
<b>GROUP</b>				
<b><u>3rd QUARTER ENDED 31 MARCH 2016</u></b>				
Balance at 31 December 2015	55,379	-	115,083	170,462
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>-</b>	<b>104,397</b>	<b>159,776</b>
<b><u>3rd QUARTER ENDED 31 MARCH 2017</u></b>				
Balance at 31 December 2016	55,379	(46)	105,677	161,010
Profit for the period representing total comprehensive income for the period	-	-	(1,022)	(1,022)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>104,655</b>	<b>159,988</b>
<b>COMPANY</b>				
<b><u>3rd QUARTER ENDED 31 MARCH 2016</u></b>				
Balance at 31 December 2015	55,379	-	24,156	79,535
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>-</b>	<b>12,254</b>	<b>67,633</b>
<b><u>3rd QUARTER ENDED 31 MARCH 2017</u></b>				
Balance at 31 December 2016	55,379	(46)	24,904	80,237
Profit for the period representing total comprehensive income for the period	-	-	104	104
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>25,008</b>	<b>80,341</b>
<b>GROUP</b>				
<b><u>9 MONTHS ENDED 31 MARCH 2016</u></b>				
Balance at 1 July 2015	55,379	-	186,321	241,700
Profit for the period representing total comprehensive income for the period	-	-	4,058	4,058
Payment of dividends	-	-	(85,982)	(85,982)
<b>Balance at 31 March 2016</b>	<b>55,379</b>	<b>-</b>	<b>104,397</b>	<b>159,776</b>
<b><u>9 MONTHS ENDED 31 MARCH 2017</u></b>				
Balance at 1 July 2016	55,379	-	105,966	161,345
Profit for the period representing total comprehensive income for the period	-	-	(1,311)	(1,311)
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>104,655</b>	<b>159,988</b>
<b>COMPANY</b>				
<b><u>9 MONTHS ENDED 31 MARCH 2016</u></b>				
Balance at 1 July 2015	55,379	-	75,496	130,875
Profit for the period representing total comprehensive income for the period	-	-	22,740	22,740
Payment of dividends	-	-	(85,982)	(85,982)
<b>Balance at 31 March 2016</b>	<b>55,379</b>	<b>-</b>	<b>12,254</b>	<b>67,633</b>
<b><u>9 MONTHS ENDED 31 MARCH 2017</u></b>				
Balance at 1 July 2016	55,379	-	23,854	79,233
Profit for the period representing total comprehensive income for the period	-	-	1,154	1,154
Purchase of treasury shares	-	(46)	-	(46)
<b>Balance at 31 March 2017</b>	<b>55,379</b>	<b>(46)</b>	<b>25,008</b>	<b>80,341</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 is no purchase of treasury shares in Q3 FY1617. As at 31 Mar 17, the company has a total of 198,000 (YTD Mar 2016: Nil) of shares 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	
	31/03/2017	31/03/2016
Total number of issued shares, excluding treasury shares @ 31 Dec16 & 31 Dec 15	704,935,514	705,090,514
Less: Treasury shares		-
Total number of issued shares, excluding treasury shares @ 31 Mar 17 & 31 Mar 16	<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	
	31/03/2017	31/03/2016
Total number of issued shares @ 1 Jul 16 & 1 Jul 15	705,090,514	705,090,514
Less: Treasury shares	(198,000)	-
Total number of issued shares, excluding treasury shares @ 31 Mar 17 & 31 Mar 16	<u>704,892,514</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.**

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

- (i) Based on weighted average number of ordinary shares on issue  
(ii) On a fully diluted basis

US cents  
US cents

Group	
9 months ended 31 March	
2017	2016
(0.19)	0.58
(0.19)	0.58

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	
2017	2016
(1,311)	4,058
704,914,014	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 2017 and 31 March 2016.

- 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**

	Group		Company	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	22.70	22.88	11.40	11.24

US cents

- 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) 9 Months ended 31 March 2017 ("9M1617") vs 9 Months ended 31 March 2016 ("9M1516")**

For the first nine months ended 31 March 2017 ("9M1617"), the Group recorded a loss after income tax of US\$1.311 million. This was against a profit after income tax of US\$4.058 million earned during the previous corresponding nine months ended 31 March 2016 ("9M1516"). The loss was mainly attributable to lower revenue generated and significant reduction in our charter margin.

**Revenue**

US\$12.162 million Revenue was generated in 9M1617, a 32% reduction as compared to the US\$17.962 million revenue generated during the previous corresponding financial period 9M1516. The lower revenue was mainly due to lower vessel utilization rate achieved. Vessels achieved an average utilization rate of 68% in 9M1617 versus an average utilization rate of 77% in 9M1516. The lower revenue was also due to lower charter rates negotiated.

**Cost of Sales**

9M1617 cost of sales expense was 10% lower as compared to 9M1516. The lower costs of sale was mainly due to lower catering expenses incurred. CHO provided catering services to a client last year. No such service was provided this financial year.

**Gross Profit Margin**

Gross profit margins before direct depreciation were 68% in 9M1617 and 76% in 9M1516. The decline was mainly due to the continued downwards pressure on charter rates during the year. Direct depreciation for 9M1617 was slightly lower than 9M1516 by 2%.

**Administrative Expenses**

Administrative expenses decreased 13% to US\$3.231 million for 9M1617 from US\$3.731 million. The decline was mainly driven by cost rationalization exercise taken and lesser manpower related costs incurred during the current period. Corporate headcount has reduced from a high of 45 to 34 as of 31 Mar 17.

**Finance Costs**

Increase in finance costs due to the interest expenses incurred on the bank loan drawn down in Feb 2016.

**Share of Results of Associated Companies**

Share of results of associated companies decreased US\$0.849 million from a profit of US\$41,000 in 9M1516 to a loss of US\$0.808 million in 9M1617. The decrease was due to lower vessel utilization rate achieved. The associated vessels achieved an average utilization rate of 49% in 9M1617, significantly lower than the 71% achieved in 9M1516. The dry docking of one vessel since Feb 17 contributed to the lower 9M1617 utilization rate. The charter rates of associated companies also suffered severe downward revision.

**(b) 3rd Quarter ended 31 March 2017 ("3Q1617") vs 3rd Quarter ended 31 March 2016 ("3Q1516")**

The Group's incurred a net loss of US\$0.295 million in 3Q1617, US\$1.342 million lower than 3Q1516. This was mainly due to lower revenue and charter margin achieved.

**Revenue**

CHO generated a revenue of US\$3.484 million in 3Q1617, which was 49% lower than 3Q1516 revenue of US\$6.891 million. This was mainly attributable to lower charter rates negotiated and lower utilization rate achieved for CHO owned vessels. Utilization for CHO owned vessels was 66% in 3Q1617, 19% lower than 3Q1516 utilization rate of 85%. The lower utilization rate was due to the offhire of 2 vessels towards the end of last quarter. One of the offhired vessels managed to secure a new contract commencing work in mid Mar 17.

**Cost of Sales**

3Q1617 Cost of sales was 39% lower as compared to 3Q1516, US\$1.646 million. The lower costs of sale was mainly driven due to lower catering expense incurred, the cold stacking of a vessel and lower commission expense.

**Gross Profit Margin**

The lower market charter rates have resulted in a lower gross profit margin before direct depreciation achieved. Gross profit margins before direct depreciation were 71% in 3Q1617 and 76% in 3Q1516.

**Share of Results of Associated Companies**

Share of associated companies' losses increased from US\$12,000 in 3Q1516 to US\$447,000 for 3Q1617 due to lower charter rates negotiated and lower vessel utilization rate achieved. 3Q1617 vessel utilization rate was 30% as compared to 84% achieved in 3Q1516. Two vessels were charter hire free after the completion of their contract in Sep 2016 and Oct 2016 respectively. One vessel was offhired towards the end Jan 2017 for dry docking which is expected to complete by mid May 2017. 2 other vessels were on spot assignments.

**FINANCIAL POSITION**

The Group net assets value ("NAV") stood at US\$159.988 million and net asset value per share was 22.7 US cents as at 31 March 2017, not materially different from the end of immediately preceding financial year. The current ratio for the Group as at 31 Mar 2017 was 1.98 compared to 1.41 as at 30 Jun 2016. The higher current ratio was mainly due to the partial repayment of loans and borrowings in Jul 16 and US\$10.529 million increase in trade and other receivable.

The increase in trade and other receivables was mainly attributable to i) the US\$4.4M loan granted to ultimate holding company, Falcon Energy Group during the year ii) funding contribution payment of US\$2.4m to a third party as part of the sales consideration per the share sale and purchase agreement dated 20 Jan 17. iii) US\$1.9 million net increase in trade receivable due to delay in payment from a client and longer payment term granted to new client and iv) US\$1.7 million increase in receivable from associates (US\$1 million) and related parties (US\$0.7 million).

Cash and cash equivalents as at 31 Mar 17 decreased 84% as compared to 30 Jun 16. The decrease in cash and cash equivalents was mainly due to the extension of loan to Falcon Energy Group and funding contribution payment made to a 3rd party. Excluding the one-off payments, CHO Group would have generated a positive operating cash flow of about US\$0.6 million during the financial year.

Trade and other payables reduced in line with lesser expenditure incurred. Provision was related to the withholding tax payable on the new charter contract.

The reduction in loan and borrowings was due to the partial loan repayment in Jul 16.

- 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 oil prices have slowly recovered due in large measure to OPEC's historic agreement to cut production commencing in Jan. 2017, offshore activity remains extremely weak with 2017 capital budgets expected to fall from 2016 levels, hence further reducing the level of offshore activity and offshore support vessels requirements in 2017. Charter rates have continued to demonstrate downwards pressure. The group will continue to trim operating and overhead costs and focus on maintaining and gaining fleet utilization in 2017.

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?

<b>(a) Present Period</b>	No
<b>(b) Previous Corresponding Period</b>	No
<b>(c) Date payable</b>	Not applicable.
<b>(d) Books closure date</b>	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	5,065	-

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 nine months ended 31 March 2017 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 Rule 720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
9 May 2017