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 first quarter ("1Q14/15") ended 30 September 2014.**

	Group		
	1Q14/15 30/9/2014 US$'000	**1Q13/14 30/9/2013 US$'000**	Change %
Revenue	**9,067**	**7,888**	14.9
Cost of sales (refer note (i))	(1,471)	221	765.6
Gross profit before direct depreciation	**7,596**	**8,109**	(6.3)
Others - Direct depreciation	(1,834)	(1,892)	(3.1)
Gross profit after direct depreciation	**5,762**	**6,217**	(7.3)
Other income (refer to 1(a)(ii))	15	33	(54.5)
Other expenses - Indirect depreciation	(7)	(10)	(30.0)
Administrative expenses	(927)	(791)	17.2
Profit before income tax and results of associated companies	**4,843**	**5,449**	(11.1)
Share of results of associated companies	721	1,978	(63.5)
Profit before income tax	**5,564**	**7,427**	(25.1)
Income tax	-	(51)	(100.0)
Profit after income tax	5,564	7,376	(24.6)
Other comprehensive income:	-	-	-
Total comprehensive income for the period	**5,564**	**7,376**	(24.6)

1(a)(ii) **Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Group		
	1Q14/15 30/9/2014 US$'000	**1Q13/14 30/9/2013 US$'000**	% Change
Gain in exchange	-	32	(100.0)
Miscellaneous income	15	1	1400.0

Notes:

(i) For review on Cost of sales, please refer to page 6

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 2014

	Group		Company	
	30/9/2014	**30/6/2014**	**30/9/2014**	**30/6/2014**
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Current assets				
Cash and cash equivalents	84,911	79,949	84,433	79,394
Trade receivables	5,771	7,422	4,063	4,493
Other receivables and prepayments	621	302	31,349	34,233
Total current assets	91,303	87,673	119,845	118,120
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	34,227	33,608	5,083	5,083
Club membership	3	3	3	3
Fixed assets	136,116	137,333	77,985	78,413
Total non-current assets	170,346	170,944	91,822	92,250
Total assets	**261,649**	**258,617**	**211,667**	**210,370**
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	6,551	8,981	11,131	14,175
Other payables	3,000	3,000	59,232	57,936
Other payables - deferred gain	403	403	-	-
Total current liabilities	9,954	12,384	70,363	72,111
Non-current Liabilities				
Other payables - deferred gain	6,150	6,252	-	-
Total non-current liabilities	6,150	6,252	-	-
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Accumulated profits	190,166	184,602	85,925	82,880
Total equity	245,545	239,981	141,304	138,259
Total liabilities and equity	**261,649**	**258,617**	**211,667**	**210,370**
	-	-	-	-

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

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

(b) Amount repayable after one year NIL

(c) Details of any collaterals. Not applicable

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 30/09/2014** US$'000	**Q1 30/9/2013** US$'000
Operating activities:		
Profit before income tax and results of associated companies	4,843	5,449
Adjustments for :		
Depreciation	1,841	1,902
Interest income	(178)	(116)
Net foreign exchange loss (gain) - unrealized	51	(32)
Operating profit before working capital changes	6,557	7,203
Trade receivables	1,651	856
Other receivables and prepayments	(295)	351
Trade payables	(2,430)	(2,493)
Cash generated from operations	5,483	5,917
Interest received	150	110
Income tax paid	-	7
Net cash from operating activities	5,633	6,034
Investing activities:		
Purchases of fixed assets	(624)	(919)
Net cash used in investing activities	(624)	(919)
Net increase in cash and cash equivalents	5,009	5,115
Cash and cash equivalents at the beginning of the year	79,949	65,655
Effects of exchange rate changes on the balance of cash held in foreign currencies	(47)	34
Cash and cash equivalents at the end of the period	84,911	70,804

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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.**

Statements of changes in equity

GROUP	**Issued capital US$'000**	**Accumulated profits US$'000**	**Total US$'000**
QTR 1 ENDED 30 SEPTEMBER 2013			
Balance at 1 July 2013	55,379	170,611	225,990
Profit for the period, representing total comprehensive income for the period	-	7,376	7,376
Balance at 30 September 2013	55,379	177,987	233,366
QTR 1 ENDED 30 SEPTEMBER 2014			
Balance at 1 July 2014	55,379	184,602	239,981
Profit for the period, representing total comprehensive income for the period	-	5,564	5,564
Balance at 30 September 2014	55,379	190,166	245,545

COMPANY	**Issued capital US$'000**	**Accumulated profits US$'000**	**Total US$'000**
QTR 1 ENDED 30 SEPTEMBER 2013			
Balance at 1 July 2013	55,379	82,324	137,703
Profit for the period, representing total comprehensive income for the period	-	3,574	3,574
Balance at 30 September 2013	55,379	85,898	141,277
QTR 1 ENDED 30 SEPTEMBER 2014			
Balance at 1 July 2014	55,379	82,880	138,259
Profit for the period, representing total comprehensive income for the period	-	3,045	3,045
Balance at 30 September 2014	55,379	85,925	141,304

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 were no treasury shares 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 30 September 2014 and 30 June 2014, 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 2014 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	
	Earnings per ordinary share for the period based on profit attributable to shareholders:		Q1 ended 30 Sept	
			2014	2013
(i)	Based on weighted average number of ordinary shares on issue	US cents	0.79	1.05
(ii)	On a fully diluted basis	US cents	0.79	1.05

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	
	Q1 ended 30 Sept	
	2014	2013
Net profit attributable to members (US$'000)	5,564	7,376
Weighted average number of ordinary shares on issue	705,090,514	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 2014 and 30 September 2013.

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	
		30/9/2014	30/6/2014	30/9/2014	30/6/2014
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	US cents	34.82	34.04	20.04	19.61

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.**

For the first quarter ended 30 September 2014 ("1Q14/15"), the Group recorded profit after income tax of US$5.564 million. This is 24.6% lower than the profit after income tax of US$7.376 million for the previous corresponding first quarter ended 30 September 2013 ("1Q13/14").

Revenue

Revenue for 1Q14/15 increased 14.9% to US$9.067 million from US$7.888 million for 1Q13/14. The increase in revenue generated in the first quarter was primarily due to higher utilisation from its fleet of vessels. During the current 1st Quarter, only one vessel was offhired for docking around early-September 2014 as it was scheduled for mandatory overhaul and inspection. Comparing with 1Q13/14, two vessels commenced their new charters only on 1st September 2013 after they had completed their compulsory major overhaul and upgrading works in July 2013.

Cost of Sales and Depreciation

Cost of sales for 1Q14/15 rose 765.6% to US$1.471 million. Cost of sales for 1Q13/14 was a credit balance of US$0.221 million. This was due to the reversal of provisions for demobilisation of two vessels during 1Q13/14 which were no longer required as both vessels secured charters at location and no longer needed to be redeployed back to Asia. The provisions reversed during 1Q13/14 amounted to US$2.68 million. Without the reversal, cost of sales for 1Q13/14 would have been higher than 1Q14/15. Direct depreciation for 1Q14/15 was slightly lower than 1Q13/14 by 3.1%

Gross Profit after Direct Depreciation

Notwithstanding the higher revenue, gross profit after direct depreciation dropped by 7.3% to US$5.762 million from US$6.217 million. However, excluding the reversal of provisions for demobilisation, gross profit after direct depreciation for 1Q14/15 would have been higher than 1Q13/14.

Administrative Expenses

Administrative expenses increased 17.2% to US$0.927 million for 1Q14/15 from US$0.791 million as a result of higher legal fees and unrealised loss in exchange. The unrealised loss in exchange came about due to stronger United States Dollars (USD) at the close of 1Q14/15.

Share of Results of Associated Companies

Share of results of associated companies for the current first quarter dipped 63.5% to US$0.721 million from US$1.978 million. This was primarily contributed by its Indonesian associated company due to lower fleet utilisation during 1Q14/15.

Profit after Income Tax

Compared to 1Q13/14 profit after tax of US$7.376 million, 1Q14/15 profit after income tax of US$5.564 million was 24.6% lower. 1Q13/14 profit after tax was higher as it included a write-back of provisions for demobilisation of US$2.68 million. Otherwise, profit after tax for 1Q14/15 would have exceeded profit after tax for 1Q13/14.

A Review of the Financial Position

As at 30 September 2014, the Group's financial position remained robust. The total shareholders' fund continued to trend upward, rose 2.3% to US$245.545 million whilst the net assets value increased to 34.82 US cents from 34.04 US cents. The Group was able to generate US$5.483 million cash from its operations and had cash and cash equivalents of US$84.911 million as at 30 September 2014. The Group has no bank borrowings due to its strong cash position.

Trade receivables reduced 22.2% to US$5.771 million due to prompt payments from customers. Trade payables also declined 27.06% to US$6.551 million due to prompt settlement of accounts. As total receipts from clients exceeded total payments made during 1Q14/15, cash and cash equivalent increased 6.2% to US$84.911 million from US$79.949 million. Other receivables and prepayments comprised mainly prepaid insurance and bunker, rose 105.6% to US$0.621 million from US$0.302 million as at 30 June 2014.

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 current OSV market continues to be relatively stable. Barring unforeseen circumstances, we expect the utilization of the Group's fleet of vessels excluding those vessels which are due for their respective mandatory docking for major overhaul within the financial year to remain healthy.

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

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 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD
Valerie Tan
Company Secretary
30 October 2014