CH OFFSHORE LTD

(Co. Reg. No. 197600666D)

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 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 comprehensive income for the 3rd Quarter ("3Q1314") ended 31 March 2014**

	Group			Group		
	3 Months 31/3/2014 US$'000	**3 Months 31/3/2013 US$'000**	Change %	**9 Months 31/3/2014 US$'000**	**9 Months 31/3/2013 US$'000**	Change %
Revenue	**8,968**	**8,210**	9.2	**26,035**	**35,686**	(27.0)
Cost of sales	(1,422)	(2,658)	(46.5)	(2,897)	(9,020)	(67.9)
Gross profit before direct depreciation	**7,546**	**5,552**	35.9	**23,138**	**26,666**	(13.2)
Direct depreciation	(1,790)	(1,853)	(3.4)	(5,512)	(5,618)	(1.9)
Gross profit after direct depreciation	**5,756**	**3,699**	55.6	**17,626**	**21,048**	(16.3)
Other income (refer to note)	9	3	200.0	53	59	(10.2)
Indirect depreciation	(13)	(12)	8.3	(38)	(36)	5.6
Administrative expenses	(862)	(803)	7.3	(2,630)	(2,517)	4.5
Profit before income tax and results of associated companies	**4,890**	**2,887**	69.4	**15,011**	**18,554**	(19.1)
Share of results of associated companies	1,041	1,879	(44.6)	5,011	5,501	(8.9)
Profit before income tax	**5,931**	**4,766**	24.4	**20,022**	**24,055**	(16.8)
Income tax	-	(9)	(100.0)	8	(48)	(116.7)
Profit after income tax	**5,931**	**4,757**	24.7	**20,030**	**24,007**	(16.6)
Other comprehensive (expense) income:						
Cash flow hedge	-	-	-	-	152	(100.0)
Total comprehensive income for the period	**5,931**	**4,757**	24.7	**20,030**	**24,159**	(17.1)

1(a)(ii) **Notes to the statement of comprehensive income**

	Group			Group		
	US$'000		%	**US$'000**		%
	3 Months 31/3/2014 US$'000	**3 Months 31/3/2013 US$'000**	Change	**9 Months 31/3/2014 US$'000**	**9 Months 31/3/2013 US$'000**	Change
Foreign exchange gain	7	3	133.3	36	42	(14.3)
Miscellaneous income	2	-	nm	17	17	0.0

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 2014	**Group**		**Company**	
	31/3/2014	**30/6/2013**	**31/3/2014**	**30/6/2013**
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Current assets				
Cash and cash equivalents	76,797	65,655	75,931	64,768
Trade receivables	5,670	6,072	4,514	4,727
Other receivables and prepayments	462	1,013	34,299	41,542
Total current assets	82,929	72,740	114,744	111,037
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	33,349	29,483	5,084	5,926
Club membership	3	3	3	3
Fixed assets	139,152	143,626	79,449	81,626
Total non-current assets	172,504	173,112	93,287	96,306
Total assets	**255,433**	**245,852**	**208,031**	**207,343**
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	10,725	9,725	14,663	15,482
Other payables	3,000	3,000	57,121	54,079
Other payables - deferred gain	403	403	-	-
Income tax payable	22	79	22	79
Total current liabilities	14,150	13,207	71,806	69,640
Non-current Liabilities				
Other payables - deferred gain	6,353	6,655	-	-
Total non-current liabilities	6,353	6,655	-	-
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Accumulated profits	179,551	170,611	80,846	82,324
Total equity	234,930	225,990	136,225	137,703
Total liabilities and equity	**255,433**	**245,852**	**208,031**	**207,343**

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

	3 Months 31/3/2014	3 Months 31/3/2013	9 Months 31/3/2014	9 Months 31/3/2013
	US$'000	US$'000	US$'000	US$'000
Operating activities :				
Profit before income tax and results of associated companies	4,890	2,887	15,011	18,554
Adjustments for :				
Depreciation	1,803	1,865	5,550	5,654
Interest income	(139)	(134)	(341)	(488)
Net foreign exchange (gain) loss	(7)	-	(32)	-
Operating cashflows before working capital changes	6,547	4,618	20,188	23,720
Trade receivables	59	(4,989)	402	(17,779)
Other receivables and prepayments	233	128	583	(195)
Trade payables	2,366	5,573	1,001	7,155
Cash generated from operations	9,205	5,330	22,174	12,901
Interest received	141	127	309	538
Income tax paid	-	-	(49)	(27)
Net cash from operating activities	9,346	5,457	22,434	13,412
Investing activities :				
Purchase of fixed assets	(3)	(1,149)	(1,076)	(1,152)
Repayment by an associated company	490	-	843	-
Net cash used in investing activities	487	(1,149)	(233)	(1,152)
Financing activities :				
Dividends paid	(2,757)	-	(11,090)	(22,963)
Net cash used in financing activities	(2,757)	-	(11,090)	(22,963)
Net decrease in cash and cash equivalents	7,076	4,308	11,111	(10,703)
Cash and cash equivalents at the beginning of the period	69,714	61,911	65,655	76,770
Effects of exchange rate changes on the balance of cash held in foreign currencies	7	-	31	152
Cash and cash equivalents at half year ended 31 December	76,797	66,219	76,797	66,219
	-		-	

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

GROUP	Issued capital US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
9 MONTHS ENDED 31 MARCH 2013				
Balance at 1 July 2012	55,379	(152)	200,682	255,909
Total comprehensive income for the period	-	152	19,250	19,402
Dividends	-	-	(22,963)	(22,963)
Balance at 31 December 2012	55,379	-	196,969	252,348
Total comprehensive income for the period	-	-	4,757	4,757
Balance at 31 March 2013	55,379	-	201,726	257,105
9 MONTHS ENDED 31 MARCH 2014				
Balance at 1 July 2013	55,379	-	170,611	225,990
Total comprehensive income for the period	-	-	14,099	14,099
Dividends	-	-	(8,333)	(8,333)
Balance at 31 December 2013	55,379	-	176,377	231,756
Total comprehensive income for the period	-	-	5,931	5,931
Dividends	-	-	(2,757)	(2,757)
Balance at 31 March 2014	55,379	-	179,551	234,930

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COMPANY	Issued capital US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
9 MONTHS ENDED 31 MARCH 2013				
Balance at 1 July 2012	55,379	(152)	128,002	183,229
Total comprehensive income for the period	-	152	11,987	12,139
Dividends	-	-	(22,963)	(22,963)
Balance at 31 December 2012	55,379	-	117,026	172,405
Total comprehensive income for the period	-	-	1,136	1,136
Balance at 31 March 2013	55,379	-	118,162	173,541
9 MONTHS ENDED 31 MARCH 2014				
Balance at 1 July 2013	55,379	-	82,324	137,703
Total comprehensive income for the period	-	-	6,535	6,535
Dividends	-	-	(8,333)	(8,333)
Balance at 31 December 2013	55,379	-	80,526	135,905
Total comprehensive income for the period	-	-	3,077	3,077
Dividends	-	-	(2,757)	(2,757)
Balance at 31 March 2014	55,379	-	80,846	136,225

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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 31 March 2014 and 30 June 2013, 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 2013 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:		Group	
		9 Months ended 31 March	
		2014	**2013**
(i) Based on weighted average number of ordinary shares on issue	**US cents**	2.841	3.405
(ii) On a fully diluted basis	**US cents**	2.841	3.405

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	
	2014	**2013**
Net profit attributable to members (US$'000)	20,030	24,007
Weighted average number of ordinary shares on issue	705,090,514	705,090,514

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 2014 and 31 March 2013.

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	
		31/3/2014	30/6/2013	31/3/2014	30/6/2013
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	**US cents**	33.32	32.05	19.32	19.53

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 2014 ("9M1314") vs 9 Months ended 31 March 2013 ("9M1213")

For the first nine months ended 31 March 2014 ("9M1314"), the Group recorded profit after income tax of US$ 20.03 million. This was 16.6% lower than the profit after income tax of US$24.007 million for the previous corresponding nine months ended 31 March 2013 ("9M1213").

Revenue

For the current nine months, revenue declined 27% to US$26.035 million from US$35.686 million for 9M1213. This was primarily due to lower bareboat charter rates secured for two vessels which commenced their current charters on 1 September 2013 as compared with the higher time charter rates during the previous corresponding period.

Gross Profit after Direct Depreciation

Cost of sales decreased 67.9% to US$2.897 million from US$9.02 million for 9M1213. This was due to costs of operation were generally lower as more vessels are on bareboat charters. On top of this, during the current first quarter, the Group had reversed provisions for demobilisation made in the previous financial year ended 30 June 2013 amounting to US$2.68 million for two vessels which were no longer required as there was no further requirement to demobilise the vessels back to Asia. However, the 67.9% decline in operating costs was not enough to mitigate the lower revenue generated during 9M1314. As a result, gross profit after direct depreciation dipped 16.3% to US$17.626 million from US$21.048 million for 9M1213.

Share of Results of Associated Companies

Share of results of associated companies dropped 8.9% to US$5.011 million from US$5.501 million for 9M1213. These were derived from its three associated companies. The decrease in contributions was primarily due to one of the vessels was docked for its first mandatory major surveys and another vessel for repairs.

Profit after Income Tax

The 27% drop in revenue generated during the 9M1314 together with lower contributions from the associates resulted in a lower profit after income tax of US$20.03 million which was 16.6% lower than the previous corresponding nine months' profit after income tax of US$24.007 million.

(b) 3rd Quarter ended 31 March 2014 ("3Q1314") vs 3rd Quarter ended 31 March 2013 ("3Q1213")

For the three months ended 31 March 2014 ("3Q1314"), we have achieved profit after income tax of US$5.931 million. This was 24.7% higher than the profit after income tax of US$4.757 million for the previous corresponding three months ended 31 March 2013 ("3Q1213").

Revenue

Current 3rd quarter generated a higher revenue of US$8.968 million which was 9.2% higher than 3Q1213 revenue of US$8.21 million. During the corresponding 3Q1213, utilization rate was lower as two vessels were docked for their first mandatory surveys and inspection.

Gross Profit after Direct Depreciation

Cost of sales declined 46.5% to US$1.422 million from US$2.658 million due to lower operating costs. Direct depreciation declined by 3.4% to US$1.79 million from US$1.853 million. As a result, gross profit after direct depreciation rose 55.6% to US$5.756 million from US$3.699 million for 3Q1213.

Share of Results of Associated Companies

Share of results of associated companies decreased 44.6% to US$1.041 million from US$1.879 million for 3Q1213. The decrease in contributions was primarily due to two vessels were docked. One for its first mandatory major surveys and inspection and the other for repairs.

Profit after Income Tax

Despite lower contributions from its associates during 3Q1314, the 9.2% higher revenue generated together with a 46.5% drop in cost of sales resulted in an increase in profit after income tax of US$5.931 million, which was 24.7% higher than 3Q1213 profit after income tax of US$4.757 million.

FINANCIAL POSITION

As at 31 March 2014, the financial position of the Group remained healthy. Both total shareholders' funds and net assets value ("NAV") have risen by 4% to US$234.93 million from US$225.99 million and to 33.32 US cents from 32.05 US cents as at 30 June 2013 respectively. The sound financial position continued to be supported by a good operating performance which resulted in surplus cash from operations of US$22.174 million. Besides, the Group has no bank borrowings as at 31 March 2014.

Investment in associated companies rose 13.1% to US$33.349 million from US$29.483 million as at 30 June 2013 due to good operating performance which was equity-accounted for. Other receivables and prepayments decreased 54.4% to US$0.462 million from US$1.013 million primarily due to decrease in bunker purchased and insurance claims.

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.**

Further to the Company's update on 5 February 2014 on litigation against PDV Marina S.A. and Astilleros De Venezuela C.A., the Board of Directors wishes to inform that the trial has been fixed on 20 April 2015.

The Company will make further appropriate announcements as and when there are material developments in the matter.

The OSV market remains stable and Group fleet is enjoying healthy 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	**NO**
(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.

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 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD
Valerie Tan
Company Secretary
2 May 2014