



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

Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2024

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A. Condensed interim consolidated statement of comprehensive income

	Note	Group		Change %
		6 months ended 30 June 2024	6 months ended 30 June 2023	
		US\$'000	US\$'000	
Revenue	4	14,817	8,496	74.4
Cost of sales		(9,267)	(7,465)	24.1
Gross profit before direct depreciation		5,550	1,031	438.3
Direct depreciation		(2,291)	(2,309)	(0.8)
Gross profit/(loss) after direct depreciation		3,259	(1,278)	n.m.
Other income		215	140	53.6
Other expenses		(159)	(1,529)	(89.6)
Indirect depreciation		(6)	(11)	(45.5)
Administrative expenses		(1,774)	(1,590)	11.6
Finance cost		(171)	(181)	(5.5)
Profit/(loss) before income tax and results of associated companies		1,364	(4,449)	n.m.
Share of results of associated companies		–	–	n.m.
Profit/(loss) before income tax	6	1,364	(4,449)	n.m.
Income tax (expense)/credit	7	(254)	82	n.m.
Profit/(loss) for the period representing total comprehensive income for the period		1,110	(4,367)	n.m.
Attributable to:				
Equity holders of the Company		554	(4,389)	n.m.
Non-controlling interests		556	22	n.m.
Total comprehensive income for the period		1,110	(4,367)	n.m.
Profit/(loss) per share:				
Basic and fully diluted (US cents)		0.08	(0.62)	

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 Jun 2024 US\$'000	31 Dec 2023 US\$'000	30 Jun 2024 US\$'000	31 Dec 2023 US\$'000
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents		7,323	4,726	2,118	1,452
Trade and other receivables	5	6,769	6,021	16,330	23,327
Inventories		445	716	12	361
Loan to associated company		3,027	3,027	-	-
Prepayments		735	270	28	55
Total current assets		18,299	14,760	18,488	25,195
Non-current assets					
Other receivables		-	-	9,066	4,676
Subsidiary companies		-	-	8,703	8,704
Associated companies		-	-	-	-
Fixed assets	9	40,029	39,719	4,319	12,911
Total non-current assets		40,029	39,719	22,088	26,291
Total assets		58,328	54,479	40,576	51,486
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Payables and accruals		9,809	6,448	29,215	43,841
Borrowings	10	5,463	5,597	5,463	5,597
Income tax payable		1,088	709	378	-
Total current liabilities		16,360	12,754	35,056	49,438
Non-current liabilities					
Borrowings	10	163	663	163	663
Deferred tax liabilities		402	780	177	555
Total non-current liabilities		565	1,443	340	1,218
Capital and reserves					
Issued capital	11	55,379	55,379	55,379	55,379
Treasury shares		(46)	(46)	(46)	(46)
Accumulated losses		(14,887)	(15,441)	(50,153)	(54,503)
		40,446	39,892	5,180	830
Non-controlling interests		957	390	-	-
Total equity		41,403	40,282	5,180	830
Total liabilities and equity		58,328	54,479	40,576	51,486

C. Condensed interim statements of changes in equity

Group	Issued capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling Interest US\$'000	Total equity US\$'000
2024						
Balance at 1 January 2024	55,379	(46)	(15,441)	39,892	390	40,282
Profit for the period, representing total comprehensive income for the period	-	-	554	554	556	1,110
Total comprehensive income	55,379	(46)	(14,887)	40,446	946	41,392
<u>Changes in ownership interests in subsidiaries</u>						
Issuance of shares to non-controlling interests	-	-	-	-	11	11
Balance at 30 June 2024	55,379	(46)	(14,887)	40,446	957	41,403
2023						
Balance at 1 January 2023	55,379	(46)	(6,828)	48,505	15	48,520
Loss 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

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

<u>Company</u>	Issued capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total equity US\$'000
2024				
Balance at 1 January 2024	55,379	(46)	(54,503)	830
Profit for the period, representing total comprehensive income for the period	-	-	4,350	4,350
Balance at 30 June 2024	55,379	(46)	(50,153)	5,180
2023				
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

D. Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended 2024	6 months ended 2023
		US\$'000	US\$'000
Cash flows from operating activities			
Profit/(loss) before tax		1,364	(4,449)
Adjustments for:			
Depreciation of property, plant and equipment		2,297	2,319
Profit on sale of fixed assets		(2)	–
Interest income		(16)	(89)
Interest expense		171	181
Unrealised foreign exchange loss, net		170	363
Write-back of expected credit losses on trade receivables		(116)	–
Expected credit losses on trade receivables		–	1,082
Operating cash flows before working capital changes		3,868	(593)
Decrease in inventories		271	163
Increase in prepayment		(465)	(107)
(Increase)/decrease in trade and other receivables		(804)	973
Increase in payables and accruals		3,369	1,421
Cash flows generated from operations		6,239	1,857
Interest received		16	89
Interest paid		(173)	(177)
Income tax paid		(253)	(4)
Net cash flows generated from operating activities		5,829	1,765
Cash flows from investing activities			
Purchase of fixed assets		(2,607)	(1,145)
Proceeds from disposal of fixed assets		2	–
Net cash flows used in investing activities		(2,605)	(1,145)
Cash flows from financing activity			
Repayment of bank loans		(473)	(537)
Proceeds from issuance of shares to non-controlling interests		11	–
Net cash flows used in financing activity		(462)	(537)
Net increase in cash and cash equivalents		2,762	83
Effect of exchange rate changes on cash and cash equivalents		(165)	(92)
Cash and cash equivalents at beginning of financial period		4,726	7,322
Cash and cash equivalents at end of financial period		7,323	7,313

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 2024 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 2024 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 2023.

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 2023.

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	
	6M2024	6M2023
	US\$'000	US\$'000
Charter hire revenue	7,224	3,531
Other ancillary charter hire revenue	7,400	4,785
Management and agency fee	193	180
	<hr/>	<hr/>
	14,817	8,496
	<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 2024 and 31 December 2023:

	Group		Company	
	30 Jun 2024 US\$'000	31 Dec 2023 US\$'000	30 Jun 2024 US\$'000	31 Dec 2023 US\$'000
Financial assets				
Trade and other receivables	6,769	6,021	27,267	29,079
Cash and cash equivalents	7,323	4,726	2,118	1,452
Loan to associated company	3,027	3,027	–	–
Total undiscounted financial assets	17,119	13,774	29,385	30,531
Financial liabilities				
Payables and accruals	9,809	6,448	29,215	43,841
Borrowings	5,723	6,405	5,723	6,405
Total undiscounted financial liabilities	15,532	12,853	34,938	50,246
Total net undiscounted financial assets/(liabilities)	1,587	921	(5,553)	(19,715)

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 2024, the Group reversed an allowance for ECL amounting to US\$116,000 due to exchange rate differences. The Group has assessed the new ECL provision recorded to be adequate.

6. Profit/(loss) before income tax

6.1 Significant items

	Group	
	6M2024 US\$'000	6M2023 US\$'000
Income:		
Grant income	41	26
Write-back of expected credit losses on trade receivables, net	116	–
Expenses:		
Net foreign exchange loss	159	447
Expected credit losses on trade receivables, net	–	1,082

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:

	Group	
	6M2024	6M2023
	US\$'000	US\$'000
Management and agency fee from associated companies	24	24
Transactions with related companies:		
- Rental paid	(46)	(56)
- Fees paid for services rendered to its vessels	(149)	(226)
- Management and agency fee earned	146	141

7. Income tax expense/(credit)

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

	Group	
	6M2024	6M2023
	US\$'000	US\$'000
<i>Income tax:</i>		
– Current	634	157
– Over provision in respect of prior years	(2)	–
<i>Deferred income tax:</i>		
– Origination and reversal of temporary differences	(378)	(239)
Income tax expense/(credit) recognised in the statement of comprehensive income	254	(82)

8. Earnings Per Share and Net Asset Value Per Share

Basic earnings per ordinary share for the six months ended 30 June 2024 and 2023 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 2024 and 30 June 2023.

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Net asset value per ordinary share based on issued share capital at the end of the period (in US cents)	5.74	5.66	0.73	0.12

Net asset value per ordinary share as at 30 June 2024 and 31 December 2023 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 2024, the Group acquired assets amounting to US\$2,607,000 (30 June 2023: US\$1,145,000) mainly from dry-docking of 1 vessel and disposed assets amounting to US\$18,000 (30 June 2023: US\$9,000).

Impairment testing on vessels

As at 31 December 2023, the Group carried out a review of the recoverable amount of its vessels to determine whether there is any indication that those vessels have suffered an impairment loss or previously recognised impairment loss has reversed. The recoverable amount of the vessels was based on its value in use and the pre-tax discount rate of 12.0%.

The Company commenced arbitration proceedings in Singapore against its charterer for unpaid charter hire on one of the Company's vessels which the charterer filed a counterclaim and the legal proceedings is still in progress. Due to the unavailability of this vessel for chartering operations until completion of the legal proceedings, the Company has recorded an impairment charge of US\$3.1 million for the year ended 31 December 2023.

The Group has not performed any further review of the recoverable amount of its vessels during the six months ended 30 June 2024 because there were no significant impairment indicators at 30 June 2024.

10. Borrowings

	Group and Company	
	30 Jun 2024	31 Dec 2023
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	4,425	4,547
Unsecured	1,038	1,050
	<hr/>	<hr/>
	5,463	5,597
	<hr/>	<hr/>
<u>Amount repayable after one year</u>		
Unsecured	163	663
	<hr/>	<hr/>
	163	663
	<hr/>	<hr/>
Total borrowings	5,626	6,260
	<hr/>	<hr/>

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

11. Share capital

	Group and Company			
	30 Jun 2024		31 Dec 2023	
	No. of shares	US\$'000	No. of shares	US\$'000
Issued and fully paid:				
At 30 June 2024 and 31 December 2023	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 2024 and 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

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 2024 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 earned a profit after income tax of \$1.11 million in the six months ended 30 June 2024 (“1H2024”) compared to the net loss of \$4.37 million incurred in the six months ended 30 June 2023 (“1H2023”). The profits in the current year was mainly due to higher gross profits and lower other expenses in 1H2024 compared to 1H2023.

Revenue

Revenue increased by 74.4% from \$8.50 million for 1H2023 to \$14.82 million for 1H2024. The increase was due to an increase in utilisation rate from 42% for 1H2023 to 59% for 1H2024 for CHO-owned vessels and higher revenue generated from third-party chartered vessels.

Cost of sales and Direct depreciation

Operating expenses for 1H2024 of \$9.27 million was higher than 1H2023 of \$7.47 million due to higher charter fees in line with the increase in revenue from third-party chartered vessels. Direct depreciation for 1H2024 of US\$2.29 million remains comparable to the direct depreciation for 1H2023 of \$2.31 million.

Administrative expenses and other expenses

Corporate overheads and other administrative expenses increased by 11.6% from \$1.59 million in 1H2023 to \$1.77 million in 1H2024 mainly due to higher salaries due to the increase in headcount. Other expenses decreased by 89.6% from \$1.53 million in 1H2023 to \$0.16 million in 1H2024 mainly due to the decrease in allowance for expected credit losses. Tax expenses was \$0.25 million in 1H2024 compared to a tax credit of \$0.08 million in 1H2023 due to higher tax provision for the profit generated in 1H2024.

Financial position and Cash Flow

The Group’s shareholders’ equity increased from \$39.89 million as at 31 December 2023 to \$40.45 million as at 30 June 2024 due to the profit earned in 1H2024.

Cash and cash equivalents increased from \$4.73 million as at 31 December 2023 to \$7.32 million as at 30 June 2024 mainly due to the positive cashflows generated from operating activities but 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

The Group's unaudited results for 1H2024 are broadly in line with the Company's profit guidance announced on 19 July 2024.

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

Although the OSV chartering market has shown some improvements, geopolitical tensions still feature significantly resulting in some market volatility. As such, 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 22 April 2024. The following are details of the interested person transactions entered into by the Group in 1H2024:

	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)
Baker Technology Group of Companies	Associates of Company's Controlling Shareholder	(US\$'000) -	(US\$'000) 327

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 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Gee Aik
Board Chairman

Dr Benety Chang
CEO

BY ORDER OF THE BOARD

Lim Mee Fun
Company Secretary
29 July 2024