

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 financial period ended 31 March 2019

	Group		
	1Q2019 31/3/2019 US\$'000	1Q2018 31/3/2018 US\$'000	Change %
Revenue	3,414	2,146	59.1
Cost of sales	(2,076)	(1,186)	75.0
Gross profit before direct depreciation	1,338	960	39.4
Direct depreciation	(1,856)	(1,777)	4.4
Gross profit after direct depreciation	(518)	(817)	(36.6)
Other income (refer to note below)	72	166	(56.6)
Other expenses (refer to note below)	-	(125)	(100.0)
Indirect depreciation	(3)	(6)	(50.0)
Administrative expenses	(726)	(1,247)	(41.8)
Loss from operations	(1,175)	(2,029)	(42.1)
Finance costs	(117)	(110)	-
Loss before income tax and results of associated Companies	(1,292)	(2,139)	
Share of results of associated companies	(411)	(656)	(37.3)
Loss before income tax	(1,703)	(2,795)	(39.1)
Income tax	-	-	0.0
Loss after income tax	(1,703)	(2,795)	(39.1)
Total comprehensive income for the period	(1,703)	(2,795)	(39.1)
Attributable to:			
Shareholders of the company	(1,718)	(2,795)	
Non-controlling interests	15	-	
	(1,703)	(2,795)	

1(a)(ii) Notes to the Statement of Comprehensive Income

	Group		
	1Q2019 31/3/2019 US\$'000	1Q2018 31/3/2018 US\$'000	% Change
Miscellaneous income	2	11	(81.8)
Interest income	68	154	(55.8)
Write back of allowance of doubtful debt	2	-	n.m.
Foreign exchange loss	-	(125)	(100.0)

- 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 2019

	Group		Company	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,899	5,700	4,477	4,490
Trade and other receivables	5,954	5,667	38,910	39,841
Inventories	210	301	33	36
Loan to associated company	4,537	4,298	-	-
Prepayments	206	185	66	62
Total current assets	16,806	16,151	43,486	44,429
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	3,239	3,651	-	-
Loan to associated company	2,050	2,497	-	-
Other receivables	-	-	7,892	7,736
Fixed assets	83,376	85,234	40,894	41,743
Total non-current assets	88,665	91,382	57,537	58,230
Total assets	105,471	107,533	101,023	102,659
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	3,647	3,979	39,860	40,448
Borrowings	6,405	6,194	6,405	6,194
Income tax payable	4	5	-	-
Total current liabilities	10,056	10,178	46,265	46,642
Non-current Liabilities				
Borrowings	2,745	2,982	2,745	2,982
Deferred tax liabilities	4,065	4,065	2,907	2,907
Total non-current liabilities	6,810	7,047	5,652	5,889
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	(46)	(46)	(46)
Accumulated profits/(losses)	33,243	34,961	(6,227)	(5,205)
	88,576	90,294	49,106	50,128
Non-controlling interests				
	29	14	-	-
Total equity	88,605	90,308	49,106	50,128
Total liabilities and equity	105,471	107,533	101,023	102,659

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

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

S\$8.750 million (US equivalent to US\$6.405million) as at 31 Mar 2019
S\$8.438 million (US equivalent of US\$6.194million) as at 31 Dec 2018

(b) Amount repayable after one year

S\$3.750 million (US equivalent to US\$2.745million) as at 31 Mar 2019
S\$4.063 million (US equivalent of US\$2.982million) as at 31 Dec 2018

(c) Details of any collaterals

Borrowing is secured by a 12,000 BHP vessel.

- 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	Q1
	31/03/2019	31/03/2018
	US\$'000	US\$'000
Operating activities:		
Loss before income tax	(1,703)	(2,795)
Adjustments for :		
Share of loss of associates	411	656
Depreciation	1,859	1,783
Interest income	(68)	(154)
Interest expense	117	110
Net foreign exchange (gain) / loss - unrealized	(16)	140
Operating cashflow before working capital changes	600	(260)
Trade receivables and other receivables	(262)	144
Prepayments	(21)	(63)
Inventories	92	-
Trade and other payables	(272)	291
Cash generated from operations	137	112
Interest received	37	11
Interest paid	(179)	(165)
Net cash used in operating activities	(5)	(42)
Investing activities:		
Purchases of fixed assets	-	(89)
Repayment from associates	208	-
Net cash generated from / (used in) investing activities	208	(89)
Net increase / (decrease) in cash and cash equivalents	203	(131)
Cash and cash equivalents at the beginning of the year	5,700	6,091
Effects of exchange rate changes on the balance of cash held in foreign currencies	(4)	19
Cash and cash equivalents at the end of the period	5,899	5,979
	-	

- 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.

<u>Statements of changes in equity</u>	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Other Reserve US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
GROUP							
QTR 1 ENDED 31 MARCH 2018							
Balance at 1 January 2018	55,379	(46)	63,734	-	119,067	-	119,067
Profit for the period, representing total comprehensive income for the period	-	-	(2,795)	-	(2,795)	-	(2,795)
Balance at 31 March 2018	55,379	(46)	60,939	-	116,272	-	116,272
QTR 1 ENDED 31 MARCH 2019							
Balance at 1 January 2019	55,379	(46)	34,961	-	90,294	14	90,308
Profit for the period, representing total comprehensive income for the period	-	-	(1,718)	-	(1,718)	-	(1,718)
Other changes in non-controlling interest	-	-	-	-	-	15	15
Balance at 31 March 2019	55,379	(46)	33,243	-	88,576	29	88,605
COMPANY							
QTR 1 ENDED 31 MARCH 2018							
Balance at 1 January 2018	55,379	(46)	9,132	-	64,465	-	64,465
Profit for the period, representing total comprehensive income for the period	-	-	(1,319)	-	(1,319)	-	(1,319)
Balance at 31 March 2018	55,379	(46)	7,813	-	63,146	-	63,146
QTR 1 ENDED 31 MARCH 2019							
Balance at 1 January 2019	55,379	(46)	(5,205)	-	50,128	-	50,128
Profit for the period, representing total comprehensive income for the period	-	-	(1,022)	-	(1,022)	-	(1,022)
Balance at 31 March 2019	55,379	(46)	(6,227)	-	49,106	-	49,106

- 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 change in the company's share capital since the previous period reported on.

	Number of shares as at	
	31/3/2019	31/3/2018
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</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	
	31/3/2019	31/12/2018
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</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 31 December 2018 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 SFRS(I)s which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of the new standards did not have any material effect on the Group's and Company's financial statements. Accordingly, there has been no adjustment made to opening retained earnings on the initial adoption of SFRS(I) 16.

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.

Loss per ordinary share for the period based on net profit attributable to shareholders:

(i) Based on weighted average number of ordinary shares on issue

(ii) On a fully diluted basis

	Group	
	Q1 ended 31 Mar	
	2019	2018
US cents	(0.24)	(0.40)
US cents	(0.24)	(0.40)

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the weighted average number of ordinary shares on issue.

Net loss attributable to members (US\$'000)

Weighted average number of ordinary shares c US\$ 2,390,644

	Group	
	Q1 ended 31 Mar	
	2019	2018
	(1,718)	(2,795)
	704,892,514	704,892,514

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 31 March 2019 and 31 March 2018.

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

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

US cents

	Group		Company	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
	12.57	12.81	6.97	7.11

- 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.**

The Group made a loss of US\$1.703 million in the first quarter ended 31 March 2019 ("1Q2019") as compared to a loss after income tax of US\$2.795 million in the quarter ended 31 March 2018 ("1Q2018"). The decrease in losses were mainly driven by US\$0.299 million improvement in gross profit after direct depreciation, US\$0.521 million decrease in administrative expenses and US\$0.244 million decrease in losses from share of results of associated companies.

Revenue

The Group's revenue increased 59% from US\$2.146 million in 1Q2018 to US\$3.414 million in 1Q2019 largely attributed to the better performance by the larger vessels and revenue contribution from the addition of 2 vessels to CHO fleet. Vessel utilization rate improved from 52% in 1Q2018 to 61% in 1Q2019.

Cost of Sales and Gross Profit Before Direct Depreciation

Operating expenses increased 75% from US\$1.186 million in 1Q2018 to US\$2.076 million in 1Q2019 largely due to take over costs incurred on the 2 additional vessels as well as operating expenditure incurred on the smaller vessels while they were off-hired. This led to the drop in gross profit before direct depreciation by 6% from 45% in 1Q2018 to 39% in 1Q2019.

Administrative Expenses

Administrative expenses decreased 42% from US\$1.247 million in 1Q2018 to US\$0.726 million in 1Q2019. The decrease in administrative cost was partly due to US\$0.270 million decrease in staff and rental expense incurred. In addition, there was a one-off back charge of office upkeep and rental amounting US\$0.224 million in 1Q2018.

Share of Results of Associated Companies

The Group's share of associates loss narrowed from US\$0.656 million in 1Q2018 to US\$0.411 million in 1 Q2019 largely due to improvement in vessel utilization rate from 25% in 1Q2018 to 57% in 1Q2019.

Loss after Income Tax

The Group incurred a loss after tax of US\$1.703 million in 1Q2019, significantly lower than the US\$2.795 million loss incurred in 1Q2018. This was due to higher revenue, lower administrative cost and the absence of exchange loss.

A Review of the Financial Position

The Group net assets value was US\$88.605 million and net asset value per share was 12.57 US cents per share as at 31 March 2019. Current ratio was 1.67 as at 31 March 19.

Cash and cash equivalents increased by US\$0.199 million or 4% to US\$5.899 million as at 31 March 2019 compared to 31 December 2018. The increase was mainly due to repayment from associates amounting US\$0.208 million in 1Q2019. The Group generated a slight negative net operating cashflow US\$5,000 during the quarter due to delay in payment from a related company and paying down of trade creditors.

Trade and other receivables increased by US\$0.287 million or 5% to US\$5.954 million as at 31 March 2019 compare to 31 December 2018 largely driven by delay in payments from a related company and increase in other receivables.

Trade and Other Receivables	31-Mar-19	31-Dec-18	Variance	Variance	Reasons for variance
	US\$'000	US\$'000	US\$'000	%	
Outside Parties	4,546	4,783	(237)	-5%	-
Associated companies	382	300	82	27%	Delay in payment of accounting service fee by associated company
Related companies	517	261	256	98%	Delay payment from a related company
Other Receivables	509	323	186	58%	Increase in other receivables was due to security deposit of US\$126K placed with a charterer during the quarter. The balance increase was due to delay in payment from a ship owner for payments made on behalf of the ship owner.
	<u>5,954</u>	<u>5,667</u>	<u>287</u>		

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.**

Market uncertainty remains due to volatility in oil prices and potential geopolitical risks. Charter rates continue to be under pressure due to oversupply within the sector. The Group continues to focus on operational efficiency to reduce cost and preserve cash.

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 did not obtain a general mandate from shareholders for Interested Person Transactions with Falcon Energy Group of Companies.

The Company has obtained a general mandate from shareholders for IPTs with Baker Tech Group of Companies during the Annual General Meeting held on 28 March 2019. The Group did not enter into any IPT of more than S\$100,000 in value with Baker Tech Group of Companies between 28 March 2019 to 31 March 2019.

The following are details of the interested person transactions entered into by the Group in 1st Quarter ended 31 March 2019:

	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	<u>(US\$'000)</u>	<u>(US\$'000)</u>
Falcon Energy Group of Companies	267	NIL

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 31 March 2019 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
6 May 2019